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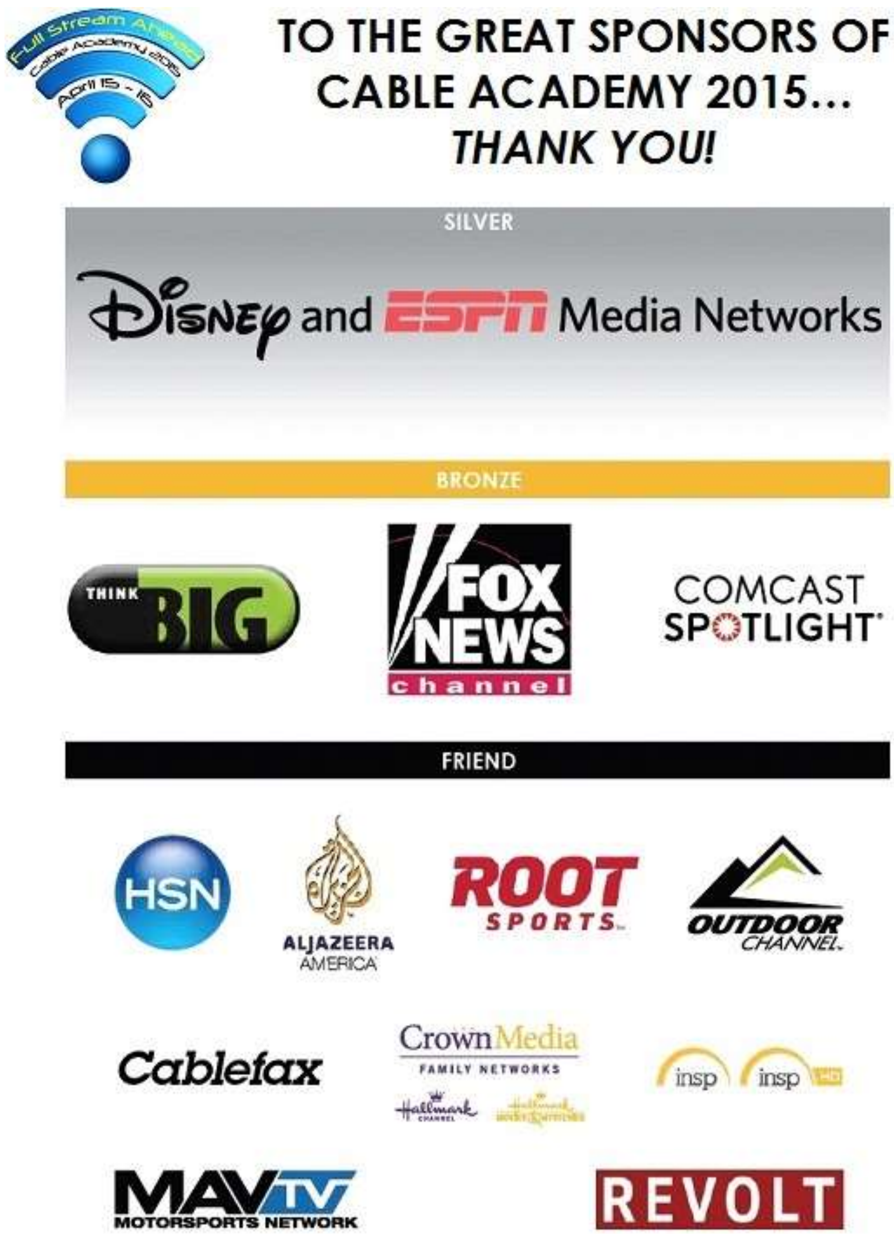
Charter Communications , which is said to be working on a formal bid for Time Warner Cable , can bank on a much smoother regulatory process than the long, arduous road that Comcast traveled in its failed attempt to buy the broadband operator, analysts say.



Comcast withdrew its $45 billion bid for Time Warner Cable last week after regulators said the proposed merger wasn't in the best interest of consumers. Waiting in the wings, St. Louis-based Charter promptly initiated its own takeover conversations with the country's second-largest cable-TV operator, according to reports.

Time Warner Cable, in an apparent effort to play the field, approached Cox Communications, the privately held Atlanta-based cable-TV provider about a potential merger, Dow Jones Business News reported. Cox, however, wasn't interested.

Charter, meanwhile, would like to buy Time Warner Cable as quickly and efficiently as possible, and has already approached banks about financing, according to a Bloomberg report. But regardless of the money involved, if Charter and Time Warner Cable do agree

grand jury about leaks, and how it fits with testimony from her aides

Philadelphia Daily News
Oh, the drip, drip of the Kane case

Pittsburgh Post-Gazette
Editorial: Kane must go – The attorney general's office has lost credibility

to merge it's likely to present far fewer concerns for regulators than having Comcast in the mix.

For one, the Federal Communications Commission and the Department of Justice balked at Comcast's takeover plans because it would have made an already dominant company even stronger. In the case of Charter combining with Time Warner Cable, neither is the country's largest broadband provider or cable-TV operator. Instead, a more robust rival to Comcast would be created, said Paul Gallant, a media analyst at Guggenheim Securities. "We think this bodes well for Charter-Time Warner Cable by creating a company with sufficient scale to rival Comcast in how it deals with subscribers, competitors and others," Gallant said in an April 27 investor note.

Also working in Charter's favor are compliance issues. Regulators were concerned about being able to police Comcast, having raised questions about its compliance with previous deals, including its acquisition of NBC/Universal. Charter, on the other hand, "doesn't have that history," Gallant said.

At only 70% the size of Comcast, the combined Charter-Time Warner company would also have less leverage to curb its rival's online video offerings, known in the industry as "over-the-top," or OTT, programming. "Promoting OTT was the FCC/DOJ's top focus in Comcast-Time Warner Cable," Gallant said. "But Charter was not involved in the Netflix interconnection dispute and hasn't had the friction." Charter is the fourth-largest U.S. cable operator by revenue with 5.9 million customers. Its largest shareholder is Liberty Media with a roughly 26% stake.

Had the Comcast deal gone through, Charter would have acquired 1.4 million subscribers from the resulting company as part of the plan, which also included swapping another 1.4 million subscribers for a smooth geographic market share. Charter would have also spun off 2.5 million subscribers into a separate, publicly traded company in which it would hold a 33% stake and former Time Warner Cable shareholders would have held 67%.

On March 31, Charter announced it will snap up Syracuse, N.Y.-based Bright House Networks, the sixth-largest cable operator with 2.5 million subscribers, for about $10.4 billion. With Bright House, Charter will become the second-largest cable operator in the U.S. behind Comcast. Charter has tried several times to acquire and merge with Time Warner. Most recently, in January 2014, its $132.50 per share bid was rejected. Investors won't likely give Charter the roughly 14-month time frame Comcast took in its failed attempt.

While a Charter deal does appear to be in better regulatory shape, it's not free of challenges. Regulators may be hesitant to allow another cable company of Comcast's behemoth size, Gallant said. Also, consumers may have set a difficult anti-merger backdrop with their push against Comcast's proposal. Finally, regulators still have much to learn and decide about Charter, Gallant said, including logistics on its approach to how it would handle the merger for consumers. **- *The Street***

Federal regulators may reject Dish Network Corp.'s attempt to benefit from billions of dollars in small business discounts in a record auction of wireless licenses, people familiar with the matter said. The possibility follows weeks of review and raises a new element of uncertainty around the satellite broadcaster's haul of spectrum from the $45 billion auction that ended in January.

Dish surprised the industry earlier this year when it won $13.3 billion worth of bids in the auction – second only to AT&T Inc. – and then claimed $3.3 billion in discounts aimed at small businesses. The company didn't win any licenses or file for the discounts itself. Instead, it bankrolled two tiny companies called SNR Wireless and Northstar Wireless that coordinated with each other and Dish to place all the winning bids. Shortly after the auction wrapped up, FCC Chairman Tom Wheeler told the commission's staff to study SNR and Northstar's applications closely, saying something didn't smell right, one of the people said.

The FCC has yet to approve the discounts and may decide the companies aren't eligible, the people said. While the agency is still weeks away from an official determination, the review has turned up a number of issues that could make the road to approval tough, they said. Dish has said it followed all of the auction's rules and disclosed its bidding plans in advance, and that its participation in the auction introduced competition to wireless giants Verizon Communications Inc. and AT&T.

A rejection of the discounts would leave SNR and Northstar on the hook to pay the additional billions or risk losing the licenses altogether. Dish has also said in filings with the FCC that it could take over the spectrum in that case. The dispute over Dish's behavior has added a controversial coda to an auction that drew twice as much in total bidding as any previous sale of spectrum. Wireless companies need access to more airwaves to handle increasing demand for YouTube videos, live-streaming sports and other traffic. Analysts say Dish's aggressive approach to the bidding helped make the auction more lucrative than expected for the government.

AT&T and Verizon contend that Dish's strategy distorted the results. In a meeting with the FCC on Wednesday, Verizon told agency officials that Dish and its partners divided markets and coordinated in ways that reduced their overall bill. SNR and Northstar's combined spectrum winnings allowed them together to cover the entire U.S., even though there were broad areas where each didn't win any licenses. "This result is virtually impossible to explain in the absence of coordination and collusion," Verizon said.

Dish has said it followed the FCC's rules and that the auction was fair. "We are confident that we fully complied with all legal requirements," a Dish spokesman said, "including antitrust law." The FCC has already approved the license applications from Verizon, AT&T and T-Mobile US Inc. The FCC's standard process is to put SNR and Northstar's applications up for public comment, something that could happen soon, the people said. Critics will have 10 calendar days to file petitions to deny the licenses. After that, the FCC will determine whether the companies should get the discounts. – ***Wall Street Journal***

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