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As Philadelphia officials consider a new franchise agreement with Comcast for cable service in the city, some of the many positive impacts Comcast has on our great city are worth noting.



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A Philadelphia business for more than 50 years, Comcast is the lone Fortune 500 company based here and has contributed \$13 billion in operations and related activity to Philadelphia in the past five years. It employs 8,000 people and plans to add another 2,800 permanent jobs once the Comcast Innovation and Technology Center is completed. The 59-story tower will become a dedicated home for the company's growing workforce of technologists, engineers, and software architects, and will create a media center in the heart of the city.

Look around and you will see Comcast sponsoring an array of worthy causes. Its low-cost Internet Essentials program provides access for children and families who might not have it. Many local employees take part in the company's community service efforts.

Comcast is a growing pillar of Philadelphia's business community and has shown real civic dedication to improving the city as a whole. — **letter to philly.com** from **Rob Wonderling, former state senator and current President & CEO of the Greater Philadelphia Chamber of Commerce**

radio system project.

At their April 22 meeting, the county commissioners approved a contract with Advent Communication

Indiana County is moving to upgrade and streamline its office telephone systems by taking advantage of the fiber optic network installed during the county's public safety

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Systems totaling \$212,800.78 for equipment and installation of a new telephone system. The change will reduce the number of individual phone lines required by about two-thirds. "I think that the county is just now beginning to understand some of the benefits from the optic fiber network," Commissioner Mike Baker said. "This is just the beginning of some of the savings and some of the capabilities we're going to have."

Baker said the county will save roughly \$39,000 in interest by paying for the work in full rather than agreeing to a lease-to-own plan for the equipment. He anticipated telephone bill savings averaging more than \$13,000 per year over the first five years of the system being operational. The fiber optic network has the potential for major upgrades to the county's Internet service and savings on associated costs as well, Baker said. "The excitement here is that we're improving the efficiency and the effectiveness of the communications in the county that is really an offshoot of what we've done with the public safety radio system," commissioners Chairman Rodney Ruddock said. "By installing fiber as part of that system and the integrity of that system, we're able to now make use of that to carry the fiber into the government aspect of improving services. The second part of that is our next plan, and that is to take it into the residential areas and take that fiber where it's installed and carry it out to the homes that do not have any kind of broadband service. – *Blairsville (Indiana co.) Dispatch*

The collapse of Comcast Corp.'s bid to acquire Time Warner Cable Inc. has led to a flurry of talks in the cable industry over other possible deals. And there is an unlikely player at the center of the unfolding drama: the Newhouse family's Bright House Networks LLC. In the week since Comcast's deal fell apart, Time Warner Cable and Charter Communications Inc. have separately been in touch with Bright House at the highest levels to discuss an acquisition of the company, people familiar with the talks say. The talks are preliminary, the people said.

For Charter, the fourth-largest U.S. cable operator, acquiring Bright House, an operator with two million customers and steady cash flow, could be a steppingstone to go after the much larger Time Warner Cable, people familiar with Charter's thinking said. Such a deal would strengthen Charter's balance sheet and increase its borrowing capacity. Charter had announced a \$10.4 billion acquisition of Bright House in March, but it was contingent on the Comcast deal closing, so the two sides must renegotiate. Charter and its largest shareholder, Liberty Broadband Corp., have made no secret of their interest in Time Warner Cable. More than a year ago, Charter pursued a hostile takeover of Time Warner Cable before Comcast entered with its offer.

One reason Time Warner Cable rejected Charter's bids last time around was its concern about the resulting debt load on the combined company. This time, Charter is interested in friendly negotiations as it lays the groundwork for a potential bid, people familiar with the company's thinking say. For Time Warner Cable, an acquisition of Bright House would accomplish two things: it would take away an asset that could help Charter's deal ambitions, while making Time Warner Cable more expensive and complex to acquire. "Bright House now finds itself as kingmaker in the cable consolidation story," said Craig Moffett, analyst at MoffettNathanson. "Whoever gets Bright House has the inside track to roll up the rest of the industry."

Buying Bright House could help Time Warner Cable fend off Charter, especially if TWC also raises its own debt levels by borrowing money for a stock buyback, said Neil Begley, analyst at Moody's Investors Service. "I wouldn't call it a poison pill, but it's a bigger pill to swallow," he said. Charter's last offer for the company was valued in January 2014 at \$132.50 a share. Time Warner Cable shares closed at \$155.52 on Thursday, after the company reported first-quarter results. Time Warner Cable posted solid subscriber additions, though profit fell on higher expenses and revenue was below Wall Street estimates. Charter reports earnings on Friday.

Charter and Time Warner Cable each believe they can offer a better deal to the Newhouse family that controls Bright House. The cable business is the biggest contributor of profit to the family's media empire, which also includes Advance Publications, which owns magazine giant Condé Nast. Part of Time Warner Cable's likely pitch to the Newhouses would be that they would wind up the largest individual shareholder of the combined company, with more influence than they would have through a tie-up with Charter, one of the people familiar with Time Warner Cable's thinking said. In Charter's March deal with Bright House—the one contingent on the Comcast transaction closing—John Malone's Liberty Broadband would have emerged with the largest voting stake of any individual shareholder at 25%.

Charter and Advance/Newhouse agreed as part of that deal that if Comcast-Time Warner Cable failed to close, there would be a 30-day "good faith" period during which they could try to renegotiate their deal, the people familiar with the matter said. Time Warner Cable can still make its own offer to Bright House during that period, which is ongoing. Charter may tout its operating team and the vote of confidence from cable pioneer Mr. Malone as a sign that it is the better partner for the Newhouses. The Newhouse family highly regards Charter Chief Executive Tom Rutledge, people familiar with the matter said.

If the various talks result in an eventual combination of all three players— Time Warner Cable, Charter and Bright House—that giant would serve about 24 million total customers, in striking distance of Comcast's roughly 27 million. Complicating Charter's pursuit is a long-standing relationship between Time Warner Cable and the Newhouse family that dates back to the early 1990s.

As part of that relationship, Time Warner Cable for years has negotiated programming and technology deals for Bright House, in return for an annual fee. Time Warner Cable also has the right of first offer on the family's cable systems, subject to some exceptions, and can choose to match or beat any offer Charter makes to Bright House, people familiar with the agreement said. Time Warner Cable CEO Rob Marcus helped draft the original partnership agreement when he was a lawyer before joining Time Warner Inc., the former parent of Time Warner Cable. The Newhouse family agreed to sell to Charter earlier this year largely because it may have been difficult under the proposed Comcast-Time Warner Cable deal to maintain that hugely beneficial relationship.

But now, doing a deal with Charter may not make sense unless it's along with a Time Warner Cable deal, one person close to the deal talks noted. That is because just a Charter-Bright House combined company alone wouldn't achieve the programming scale benefits that Bright House already enjoys today under its agreement with Time Warner Cable. The Newhouse family could choose not to sell Bright House, a person familiar with the matter said, and continue to watch how the takeover drama among the larger companies plays out. – *Wall Street Journal*

As the state Legislature gets set to debate new taxes on the natural gas industry to help increase funding for public education, a new study shows a big jump in the industry's campaign donations to state politicians. The study, by Common Cause/PA and Conservation Voters of PA, was released this week and says campaign giving in the 2013/2014 election cycle is up 47 percent over the previous cycle. The industry gave \$2.8 million this time around, bringing its total contributions since 2007 to \$8.2 million, according to data compiled by the groups in a project dubbed MarcellusMoney. Republican recipients far outpaced Democrats: \$2.1 million to \$519,814.

Former Republican Gov. Corbett got \$794,884. Democratic Gov. Wolf got \$59,500. Former Democratic gubernatorial candidate (now Wolf's chief of staff) Katie McGinty got \$72,500. In the Legislature, Republican Senate President Pro Tem Joe Scarnati pulled in \$101,788; GOP House leader Dave Reed, \$81,250; Democratic Senate leader Jay Costa, \$48,700; GOP state Rep. Jeff Pyle, \$44,745 (his district's in the heart of drill-land); former GOP Senate leader Dominic Pileggi, \$44,000; current GOP Senate leader Jake Corman, \$40,750; GOP House Speaker Mike Turzai, \$27,500.

You can read the [full report here](#).

Wolf is seeking a 5-percent natural gas extraction tax estimated to be worth \$1 billion in new state revenue. Pennsylvania is the largest gas-producing state without such a tax but it does impose a local impact fee on the industry that collects about \$225 million annually. Since Republicans control the Legislature and continue to win the gas industry's, um, purse prize, the outcome of Wolf's new-tax efforts and who votes how should prove instructive, no? – *philly.com*



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