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July 20, 2017

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[Reuters TV Networks Try New Tricks to Woo Pay TV Partners as Ratings Slide](#)

A leading [Senate](#) Democrat on Wednesday questioned the independence of a Federal Communications Commission nominee who worked as a top aide to the current chairman. If confirmed, Brendan Carr, a Republican [nominated](#) last month by President Trump, would be the commission's swing vote on Chairman Ajit Pai's proposal to dismantle tough net neutrality rules for online traffic. Carr hasn't publicly stated his position on the matter, but the assumption is he would support Pai, a fellow Republican and his former boss. Members of the Senate Commerce Committee did not ask Carr for his position on net neutrality during a confirmation hearing Wednesday.

But Sen. Bill Nelson (D-Fla.), the committee's top Democrat, pressed him to name an example of an issue on which he "substantively disagreed" with Pai. Carr, an attorney who served as a legal advisor to Pai from 2014 to 2017, promised to be independent but said he did not want to discuss advice he gave to Pai. "I'll make my own decisions. I'll call it the way I see it based on the facts, the record and what I think serves the public interest independent of where other people come out," Carr told Nelson. "I think my record over the years shows that I'm not a shrinking violet and am confident standing on my own feet and making my own decisions," said Carr, who became the FCC's general counsel in January.

Nelson asked the question several times and was not happy with Carr's answer. "Mr. Carr, that is not confidence-building for those of us who are wondering about your future independence from the boss that you have so ably served in the last number of years," Nelson told him.

With a Republican Senate majority, Carr should have no trouble being confirmed. No Republicans at the hearing raised any concerns about Carr. He was joined at the confirmation hearing by Pai, who has been nominated for a second five-year term, and Jessica Rosenworcel, who was nominated to fill a Democratic vacancy on the five-person commission.

Rosenworcel served as a commissioner from May 2012 until January, when her term expired after Senate Republicans would not bring her renomination up for a vote. If all are confirmed as expected, the FCC would have a 3-2 Republican majority and be poised to roll back the net neutrality rules put in place in 2015 when the commission was controlled by Democrats. Rosenworcel voted for those rules. Pai opposed them.

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Inquirer
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says Philly's
Brian Sims
called me an
'ignorant,
racist bigot'**

**Editorials on
the state
budget from
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Morning Call,
Bucks County
Courier
Times,
Harrisburg
Patriot-News
and
Philadelphia
Inquirer**

The rules prohibit broadband providers from slowing Internet speeds for video streams and other content, selling faster lanes for delivering data or otherwise discriminating against any legal online material. To enforce the rules, the FCC took the controversial step of classifying broadband as a more highly regulated utility-like service under Title 2 of federal telecommunications law. Broadband



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providers strongly opposed the move.

Pai has proposed repealing the Title 2 designation and wants to return to what he called "the light-touch regulatory framework" that allowed the Internet to flourish. The FCC voted 2-1 along party lines in May to **start a formal rulemaking process** on Pai's proposal. The White House said Tuesday it backed Pai's move but wants Congress to pass net neutrality legislation to keep the rules from changing each time the FCC's majority switches. "We support the FCC chair's efforts to review and consider rolling back these rules, and believe that the best way to get fair rules for everyone is for Congress to take action and create regulatory and economic certainty," said White House Deputy Press Secretary Sarah Huckabee Sanders.

Commerce Committee Chairman John Thune (R-S.D.) has pushed for legislation that would

enshrine the FCC's rules without using the Title 2 oversight that opens the door to rate regulation and other stricter oversight in the future. Net neutrality supporters staged a **day of action** last week, urging the public to tell the FCC not to change the rules.

More than 10 million online comments have been filed at the FCC during a 90-day period that ended on Monday, the most the agency has ever received about an issue. The public has until Aug. 16 to file replies to those comments. Thune said Wednesday he was concerned about reports that thousands of pro-net neutrality comments are suspicious, including 300,000 from the same address in Russia. "How do you weigh these kinds of suspicious comments with those comments that are more substantive and based on sound policy arguments?" Thune asked Pai.

Pai said the FCC wanted to set up an open process to allow the public to comment but understands that “there have been concerns on all sides about the veracity of some of these comments.” The agency will weigh the comments and make a judgment “based on those facts that are in the record,” Pai said. – *Los Angeles Times*

Senators applauded the qualifications of three nominees to the Federal Communications Commission at a hearing on Wednesday, but remained sharply divided on the policies they will try to enact once confirmed. Senators from both parties heaped praise on the FCC picks. Sen. John Thune (R., S.D.), the Commerce Committee chairman, termed them “well qualified,” adding that “the FCC will be in very good hands when all three of these nominees are confirmed.” Following the hearing, he said he hopes to get the confirmations “moving quickly.”

The three nominees are current Chairman Ajit Pai, a Republican who is seeking another term; Republican Brendan Carr, the current FCC general counsel and a former aide to Mr. Pai; and Democrat Jessica Rosenworcel, who previously served on the commission. But Wednesday’s hearing also highlighted continued partisan differences among lawmakers over a range of high-tech policy issues, particularly **net neutrality**, the principle that internet providers should treat all traffic the same.

Mr. Pai, who was named chairman by President Donald Trump, had to fend off attacks during the hearing from some Democrats over his efforts to roll back Obama-era rules on net neutrality. Cable and wireless companies have argued those rules were a regulatory overreach. Sen. Ed Markey (D., Mass.) repeatedly disputed Mr. Pai’s claim that the rules, adopted in 2015, might have harmed investment in broadband. “I feel the evidence right now is not there,” Mr. Markey said. Mr. Pai said the FCC is conducting its rollback now to gather more evidence about the rule’s actual effects. For his part, Mr. Thune said he was “pleased” that Mr. Pai has “sought to hit the reset button” on the net-neutrality rules.

Mr. Thune said he continues to believe the best way to address the issue is through compromise legislation that would codify net-neutrality principles while balancing concerns about investment and innovation. If Democrats are wavering in their recent resistance to legislation, there was little sign of it at Wednesday’s hearing, however. None suggested they would pursue a bipartisan bill.

Sen. Bill Nelson of Florida, the panel’s top Democrat, complained that Mr. Pai’s actions would “make the internet less free and less open.” In the hearing, Republicans and Democrats also disagreed about some broadband pricing issues, with Democrats raising concerns that internet providers could need closer scrutiny. – *Wall Street Journal*

Univision Communications Inc., the owner of the dominant Spanish-language broadcaster in the U.S., has been fielding interest from potential bidders after the media company’s initial public offering was delayed, according to people familiar with the matter.

Among the suitors has been cable mogul John Malone, some of the people said. Mr. Malone and Greg Maffei, chief executive of Mr. Malone’s Liberty Media Corp. holding company, held talks with Univision’s owners about acquiring a significant stake, the people said. Mr. Malone and Mr. Maffei met with Univision backers billionaire Haim Saban and Providence Equity Partners’ Jonathan Nelson at the Sun Valley media conference this month, the people said. However, the two sides were far apart on valuation, and it is unclear if a deal—with Mr. Malone or anyone else—could be reached. It is also unclear what terms were discussed.

Univision’s owners also haven’t ruled out an IPO in the first half of next year, some of the people said. Boutique investment bank LionTree is among the advisers that have been working with Univision to help evaluate interest from possible bidders, some of the people said. Univision’s owners, which include several private-equity firms, have been searching for an exit for years. The \$13.7 billion purchase of Univision a decade ago was one of the biggest deals during the leveraged-buyout boom, just before the financial crisis. Private-equity firms often seek to sell out after three to five years but are usually loath to sell for much less than what they paid.

Univision’s backers have been aiming to launch an IPO **since registering with regulators in 2015** but have repeatedly postponed it because of weak performance among media-company stocks and a generally rocky IPO market. In 2007, Univision was taken private by investors including Saban Capital Group, Madison Dearborn Partners, Providence Equity Partners, TPG and Thomas H. Lee Partners, but the deal saddled the company with billions in debt.

A significant player in a new deal would be Mexican TV giant Grupo Televisa SAB. The world’s biggest producer of Spanish-language television programming is a minority investor in Univision and has a

longstanding programming relationship with it. Televisa is considered a potential buyer of Univision if regulators relax restrictions on foreign ownership, people close to the company said.

Mr. Malone, a 76-year-old mogul who has significant interests in companies ranging from cable giant Charter Communications Inc. to Sirius XM radio to Formula One, has been especially active lately in scouting deals that could expand his empire and consolidate smaller players in the content world. Discovery Communications Inc., in which he holds a 28% voting interest, is **in talks to purchase** rival cable TV outfit Scripps Networks Interactive, The Wall Street Journal first reported Tuesday.

Mr. Malone's Liberty Interactive Corp. **recently bought out** the remainder of Home Shopping Network that it didn't already own, to combine it with QVC. And last year, premium cable channel Starz, in which Mr. Malone was the largest voting shareholder, **sold to the studio** Lions Gate Entertainment Corp., where the mogul also had an interest. Mr. Malone has also looked for opportunities in wireless, where Charter is looking to expand. Sprint Corp. Chairman Masayoshi Son **has sounded out** Mr. Malone about investing in the carrier.

One potential concern for Mr. Malone and other potential bidders is Univision's debt burden. Though it has eased somewhat in recent years, it is still a point of contention when it comes to determining a valuation for the company, some people said. Thanks to the cash the business generates, borrower-friendly credit markets and recent refinancing deals, Univision reduced its long-term debt to \$8.3 billion as of March 31, down from \$10.7 billion two years earlier. But the debt burden is still significant, amounting to about 6.9 times adjusted earnings, according to S&P Global Market Intelligence.

In addition to the questions over valuation and debt, many large media companies would face hurdles in doing a deal with Univision because of a cap on ownership of local TV stations, limiting interest from major station owners. Televisa was among the **media companies approached** by Univision's owners three years ago, when the backers were asking for north of \$20 billion, The Wall Street Journal reported at the time.

Televisa holds a minority stake of 10% in Univision and warrants for an additional 26%. Earlier this year, the U.S. Federal Communications Commission cleared it to own as much as 49% of the broadcaster and up to 40% of its voting shares. Univision pays Televisa more than \$300 million a year to produce a significant portion of its shows, and earlier this year the two companies merged content development and production operations. Televisa added three board members in 2015 with ties to Mr. Malone, including Jon Feltheimer, chief executive of Lions Gate, in which Mr. Malone owns a stake; Michael Fries, CEO of Liberty Global; and David Zaslav, CEO of Discovery. After several years of slumping ratings, Univision said its ratings improved in the first quarter compared with the fourth quarter.

Univision's prime-time audience this season is still on pace to be down more than 10% from a year earlier to an average of 1.8 million viewers, according to Nielsen data. Meanwhile, Telemundo has improved in recent years but still trails Univision by about 400,000 people in prime time. In the May sweeps period, the media company said its Univision and UniMas networks ranked first and second in prime-time ratings among Spanish-language networks, topping Telemundo. Univision also owns 64 radio stations, 59 television stations and a slate of cable networks, such as Galavision.

Univision has also been expanding its digital footprint. It acquired the former Gawker Media properties, excluding the flagship Gawker.com site; purchased a stake in humor site The Onion; and bought out Walt Disney Co.'s stake in their Fusion joint venture. – **Wall Street Journal**

