BCAP NewsClips

September 20, 2019

Reuters Energy bills will soon become more affordable for some low-income Pennsylvanians.

Digital sports platform DAZN reaches distribution deal with Comcast

New York Post
Merger of Dish and DirecTV probably won't be happening

USA Today
If AT&T dumps DirecTV, where does that leave the viewer?

Bloomberg
Netflix Threatens U.K. TV's Home Advantage With Production Drive

Washington Post
Bezos and Zuckerberg Take Their Pitches to Washington

Zap2It
Cable Top 25 for Week Ending September 15

Philadelphia Inquirer
Pa. Dems renew call for Sen. Daylin Leach to resign after inquiry cites sex jokes but clears him of workplace discrimination

Allentown Morning Call
Two Pa. House members might consider designation as Republican candidate for Senate seat vacated by Mike Folmer

In a 3-2 vote Thursday, the state Public Utility Commission passed a motion that would reduce the impact of energy costs on the 2 million Pennsylvanians enrolled in customer assistance programs, or CAPs. Since 1992, the PUC's CAP policy statement has meant that low-income customers getting assistance might spend up to 17% of their income on energy costs.

But a study launched by the commission in 2017 found that percentage was too high and much higher than neighboring states like New York and New Jersey, whose maximum energy burdens are both 6%. Some of the lowest-income families in Pennsylvania were spending nearly 20% of their income on combined gas and electric costs, the study found. To put that in perspective, someone with a household income of $10,000 could be spending $1,200 to $2,000 a year on energy bills.

The study also showed that the high threshold resulted in low-income customers enrolled in CAP programs paying more than non-CAP customers. On average, residents not enrolled in assistance programs put 4% of their income toward energy costs, while CAP customers on average spent 12% to 14% of their income toward gas heating and electric bills, and 8% to 10% on electric heat. Now, in the biggest change to the commission's policy in more than two decades, the PUC has amended its policy statement, reducing the CAP energy burden to 6% for the lowest-income households.

Robert Ballenger, senior attorney in the energy unit at Philadelphia-based Community Legal Services, cheered the change. "Poor people can expect their bills to go down," he said. "That is fantastic news. That is the right step here in Pennsylvania." The changes would benefit only those enrolled in CAP programs and would be tiered based on household income and energy source. For example, those making 51% to 150% of the federal poverty income guideline would pay up to 10% on energy bills, while those making even less would pay only 6%.

Ballenger said the changes will result in fewer low-income customers in the Philadelphia area having their heat and electricity shut off. "The loss of services has such dire consequences for our clients," he said, including the loss of child custody and illness. PUC Vice Chair David Sweet, co-author of the motion, acknowledged that the changes would cause energy costs to go up by about $15 a year for those not enrolled in CAP programs, but he called it "a perceivably nominal difference to what is a tremendous savings for customers who otherwise struggle to pay for a basic household necessity."

However, Commissioner Norman Kennard, who voted against the motion, said those increases were not fair to other customers, particularly those who just miss the income cutoff to participate in assistance programs. "We cannot simply open the ratepayers' checkbooks to pay for others' bills," Kennard said. Sweet was also quick to point out that universal services costs affect those across the state differently, depending on a utility's program and customer base, and he pointed to PGW in Philadelphia as an example in which non-CAP customers already pay $81.26 a year to support PGW's assistance programs.

He noted that PGW currently pays $18 million to the City of Philadelphia each year, and another $1 million per year on top of that to the Philadelphia Gas Commission. "I urge the city to forgo these

payments and devote the money instead to a full-scale effort by PGW to significantly reduce the heating bills of its low-income residents," Sweet said. Beyond that, Sweet recommended that utility assistance be funded by a statewide pool, rather than utility by utility, to make assistance programs more equitable.

The next steps involve implementation of the policy statement. The commission is giving utilities 60 days to come back with plans on how they'll implement the changes by or before Jan. 1, 2021. The PUC also began a rulemaking process Thursday that will take the amended policy statement and other matters related to universal service and codify them into formal regulations, giving the commission the tools it needs to enforce the new policies. That rulemaking will be considered by the PUC by the first quarter of 2020. **– *WHYY-TV/FM*, Philadelphia; more in *Philadelphia Inquirer***

AT&T Inc. 's chief executive met this week with the activist investor who is pressing the company to rethink its strategy and sell off more assets, according to people familiar with the matter. AT&T boss Randall Stephenson and Jesse Cohn, the portfolio manager at Elliott Management Corp. who challenged the telecom veteran, met Tuesday in New York for an introductory conversation, the people said. The hedge-fund manager **discussed streamlining operations and Elliott's other ideas**, the people said.

In a letter last week, Elliott challenged AT&T's leadership, criticized its shift into the media business and **called on the company to review units** that might not fit its long-term strategy, highlighting its DirecTV satellite division and Mexican wireless operations. AT&T has publicly discussed shedding smaller assets that would help reduce debt but not alter its overall strategy. The company is considering the sale of four regional sports networks and a stake in a TV operator in central Europe acquired through its Time Warner purchase. It is also marketing $500 million worth of real estate.

The phone giant is also exploring parting with the DirecTV business, a discussion that began before Elliott launched its campaign, some of the people said. It has **considered various options for DirecTV**, including a spinoff into a separate company and a combination with rival Dish Network Corp. , The Wall Street Journal reported this week. Assets sales could help the company pay down some of its roughly $160 billion of net debt, but there are few potential buyers for DirecTV, which has been losing millions of subscribers. It would be hard for Dish to buy the business outright because Dish is half the size and has little cash on hand.

A combination with Dish could be structured in another way, one in which the new entity takes on debt and returns the proceeds back to AT&T, analysts and people familiar with the matter say. But there are formidable obstacles to such a deal. AT&T finance chief John Stephens last week said combining two satellite providers has been tried before and failed. "From a regulatory perspective, it hasn't been successful and I don't know that there is any change in that regulatory perspective," he said at an investor conference.

Another complication comes from President Trump, who opposed AT&T's purchase of Time Warner and has been openly antagonistic toward its CNN unit. Some people close to AT&T are skeptical they

can get approval for any deal under the current administration. The day Elliott disclosed its stake in AT&T, Mr. Trump tweeted: “Great news that an activist investor is now involved with AT&T.”

The two nationwide satellite-TV providers tried to merge in 2001 but regulators blocked the move on antitrust grounds. The advent of streaming services has upended the pay-TV marketplace, but combining DirecTV and Dish would still face regulatory hurdles, antitrust experts say. AT&T has about 23 million pay-TV subscribers. Dish has about 12 million. Times have changed over the past 18 years. More telephone companies have entered cable-TV markets, while streaming services like Netflix Inc. and Hulu arguably meet the Justice Department’s longstanding definition of a pay-TV provider.

New online video services from Comcast Corp., Apple Inc., Walt Disney Co. and AT&T’s WarnerMedia are joining the fray. “In short, it is only a matter of time, if the time is not already here, before the government will have to adopt a new product market definition,” New Street Research analyst Blair Levin, a former Federal Communications Commission official in charge of its Obama-era national broadband plan, wrote in a note to clients.

Antitrust experts say the closest comparison is the 2008 deal between Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. Federal regulators in that case agreed with the companies’ argument that they would **still compete against a range of in-car entertainment** aside from satellites. Merging two satellite-TV providers could still trouble competition watchdogs looking out for rural viewers. Broadband access in far-flung parts of the country is growing, allowing more access to TV channels delivered over the internet. About 5% of Americans don’t have access to cable or internet TV, according to Moody’s Investors Service. A satellite-TV monopoly in those places could hurt the deal’s prospects in Washington.

To head off that problem, the two satellite providers could work together via a joint venture to combine their back office, control of their satellite fleets and installations, Moody’s analyst Neil Begley wrote in a note to clients. “That would potentially provide material cost synergies while still leaving two separate competitors intact.” – ***Wall Street Journal***

State Rep. Chris Rabb faced the ire of Bob Brady, chairman of the Democratic City Committee, and former City Controller Alan Butkovitz in a meeting of ward leaders last week. His crime: Rabb was **one of five elected officials** who on Aug. 26 endorsed Kendra Brooks, a Working Families Party candidate seeking one of two City Council at-large seats traditionally held by Republicans. He also endorsed Nicholas O’Rourke, another Working Families Party at-large Council candidate.

Unlike the others, Rabb is a ward leader. Some in the party think he’s breaking the rules. One of them is Butkovitz, who is also a ward leader and knocks Rabb’s claim that he can personally support the third-party candidates while also backing the Democrats’ five at-large candidates. Clout hears that Rabb and Butkovitz had to be separated. Rabb said he was “lambasted” by Brady. Brady confirms he “went ballistic" and informed Rabb he is “full of s—.” Rabb suspects an ulterior motive: Butkovitz is mulling a run for auditor general next year. “I think it was a political decision,” Rabb said. “I think it was out of

enlightened self-interest. It's red meat forward leaders who don't like what I'm doing." – **Chris Brennan's "Clout" column in *Philadelphia Daily News***

BCAP
Broadband
Cable Association
of Pennsylvania
127 State Street Harrisburg, PA 17101
717-214-2000 (f) 717-214-2020
bcapa.com

First in Broadband.
The Future of Broadband.®