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BCAP NewsClips **September 21, 2015**

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USA Today
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Pennsylvania Senate passes short-term spending plan

Pittsburgh Post-Gazette
Online voter registration builds

No industry, except maybe health insurers, has benefited so much from Obama policy as cable companies. Their stocks have been pretty much straight up since the president introduced his net-neutrality utility regulation policy in November.

Overwhelmingly, the signal from the markets is that cable's dominance of fast broadband is *less under threat* today than it was the day before the Federal Communications Commission supinely aligned itself with the Obama diktat. The latest proof is Moroccan-born French entrepreneur Patrick Drahi's $17.7 billion deal to take over Cablevision, America's fourth-biggest cable operator, at a towering valuation that exceeds even the price, on a per subscriber basis, that John Malone's Charter Communications has agreed to pay in its pending deal for Time Warner Cable.

Mr. Drahi is paying steeply even as the cable bundle erodes, and even as Cablevision is uniquely exposed to Verizon's formidable fiber offering. Several analysts who are bullish on cable insist Mr. Drahi won't be able to cut costs or raise prices enough. Where will he find revenue to make his play pay? Answer: by cannibalizing the increasingly vulnerable revenues the big wireless operators generate from providing cell service.

More than half of the bit traffic generated by mobile-device users already bypasses the cellular network and travels over Wi-Fi, i.e., the fixed network. That's not surprising since momentum

Pittsburgh Tribune-Review
A new theory regarding Kathleen Kane's behavior

Philadelphia Inquirer
Kane bracing for license suspension, plots counterpunch

Pittsburgh Tribune-Review
Pennsylvania one-ups Illinois in governmental race to the bottom

we mostly use our mobile devices at home and work, where a Wi-Fi signal is readily available. And even this understates the potential since wireless carriers keep a lot of voice traffic on their own networks that could easily travel through Wi-Fi.

A cell-industry nightmare has long been that an Apple or Google would get into the "virtual" network provider business, selling cell service under their own powerful brands and relegating the Verizons and Sprints to commodity providers of low-margin connection services. A more pressing likelihood today, though, is that cable operators, with their entrenched position in local broadband and burgeoning Wi-Fi networks, will be the ones to reduce the cellular operators to vassalage. Mr. Drahi has already hinted that, after the bloodletting he expects in wireless, he looks forward to picking up a U.S. wireless operator cheap.

This is a sad turnaround. Cellular networks are indisputably valuable on the go, but to compete in the converged world, wireless operators were always going to have to stop pricing their mobile services using high-cost, government-supplied bandwidth as if it's a premium form of connectivity. Until recently, the mobile operators were actually expected to lead the revolution themselves, by adapting their increasingly speedy networks to challenge local cable. After all, the mobile industry is already fiercely competitive, unlike the stodgy cable sector. But doing so would mean deploying fresh capital. How quickly this hope has faded since Mr. Obama's intervention.

Dish Network founder Charlie Ergen, who has acquired gobs of unused spectrum, has backed down from a plan to develop a national cable alternative. He's now looking to sell his spectrum to other players. Sprint has made zero progress under its ambitious Japanese owner, SoftBank entrepreneur Masayoshi Son, thanks to the FCC's shooting down of a potential deal with T-Mobile. Perhaps most alarming is a waning of animal spirits in the promising "WISP" sector, small entrepreneurs using new wireless technologies to bring broadband to markets ignored by cable. Their trade group complains loudly that Obama utility regulation is scaring off angel investors.

Even industry leader Verizon has been satisfied with rolling out an unambitious new wireless video product aimed at millennials that doesn't leverage Verizon's fixed broadband and TV business. AT&T is one wireless operator whose stock has shown life this year as the company reinvests in old-style TV with its just-completed purchase of satellite TV operator DirecTV—that is, mimics the cable TV business model.

Maybe we shouldn't be surprised. Regulation always favors incumbents because incumbents are best positioned to use politics to entrench their incumbency. But it will be a surprise to those net-neut advocates who made cable their whipping boys, and who now discover regulation is actually strengthening rather than weakening cable's hold on the broadband business. One who has already figured this out is our new French cable guy, Mr. Drahi. – ***Wall Street Journal***

Charles and James Dolan spent 37 years building Cablevision Systems Corp. into a telecommunications and media powerhouse. Over the last five, they have systematically dismantled it. If and when the $17.7 billion sale to Altice SA, announced Thursday, goes through, they will officially be out of the business of providing cable TV and Internet to customers. The deal will be lucrative for the Dolans, who control about 72 percent of Cablevision's votes, and for their investors, who will get $34.90 a share, almost double the company's share price less than six months ago.

It also suggests the Dolans think that the best days of cable are behind them. The Dolans' timing has raised some eyebrows, given their extensive experience in the industry. "That the Dolan family has finally decided that now is the time to sell, after thirty years of feeling just the opposite, is perhaps a bit unsettling," Craig Moffett, of MoffettNathanson L.L.C. research firm, wrote in a note to clients.

The pressure on cable companies has been growing. Cable providers have been losing

TV subscribers en masse since 2010 as customers have cut service to watch video on cheaper alternatives such as Netflix and have switched to rival providers, including FiOS, DirecTV. and Dish Network. And the Obama administration has been threatening to regulate broadband, which could hurt profits if price increases are eventually capped.

Cablevision, specifically, has been facing increased competition from Verizon's FiOS service. The territory of the two providers overlaps significantly in the New York area, forcing Cablevision to compete on price. Cablevision began its disintegration in 2010 by spinning off Madison Square Garden Co., owner of the New York Knicks basketball team and the New York Rangers hockey team. Shares of MSG, which the Dolan family still controls, have since gained more than 250 percent. Another spin-off, AMC Networks Inc., which began trading in June 2011, has more than doubled. The Dolan family remained in control of each, and today, its personal fortune is valued at $4.3 billion, according to Bloomberg Billionaires. In 2013, Cablevision sold Bresnan Broadband Holdings L.L.C., a collection of Northwest U.S. cable assets, to Charter Communications Inc. for $1.6 billion.

The Dolans may also be looking to sell the cable networks they still own through MSG. That company plans to split into two on Sept. 30: One entity will own the sports teams and real estate, including Madison Square Garden and Radio City Music Hall, and the other will own its regional sports networks. The split paves the way for MSG to sell its cable networks to 21st Century Fox Inc. or Comcast Corp., Brandon Ross, an analyst for BTIG in New York, said in April.

James Dolan is in line to receive at least $128 million if he's dismissed as CEO after Altice, headed by Patrick Drahi, acquires the company, according to company filings. If nothing else, Dolan, 60, could have more time to devote to his band, JD & the Straight Shot, and to rebuilding the Knicks, who have posted a losing record for 11 of the last 14 years. – ***Bloomberg***

Bright House Networks won't pull the plug on Tymber Skan residents until at least Oct. 9. The cable company, concerned about the safety of technicians who service the crime-ridden condominium complex, had planned to cut TV, Internet and phone services to Tymber Skan on Sept. 21. Residents called on Orange County government this week to intercede.

Mayor Teresa Jacobs arranged a meeting between officials of the cable company and the Orange County Sheriff's Office. "I understand Bright House Networks' position, however, considering the circumstances I have asked for a delay in discontinuing services while Orange County seeks a means to ensure residents would still have the capability to contact 911 in the event of an emergency," Jacobs said. A Bright House tech was robbed at gunpoint in July at Tymber Skan, prompting the company's decision to end service. – ***Orlando Sentinel***

Comcast capitalist David Cohen has a funny story about Richard Gere.

As probably all of Philadelphia knows by now, Richard was just here. I was one lucky reporter who got to interview him on a red carpet laid out Thursday at the Ritz East (125 S. 2nd St.), in Old City. He was in town for the premiere of his new movie, "Time Out of Mind," in which he plays a homeless man trying to survive the mean streets of New York City. But back to Cohen.

When the Comcast executive chaired the Marian Anderson Award dinner in 2007, Gere was the award recipient. (He's had a long history of social activism and philanthropy - look it up.) Before the ceremony, a photo was taken of Cohen, his wife and Gere in the middle. Later, someone gave Cohen a beautifully framed copy, which the Cohens then displayed in their home. "About two months later, I'm wandering around the house and I'm oblivious," Cohen told me. "I look at the picture and I see a picture of Richard Gere and my wife - in that frame. Originally, in the frame, it was all three of us. I say, 'Rhonda,

	did you get your own picture taken with Richard Gere?' She said, 'No, I had you cropped out.' " The photo hangs in the Cohen house - sans David - to this day. – ***Philadelphia Daily News***

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127 State Street, Harrisburg, PA 17101
717.214.2000 • bcapa.com

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