

Cablefax Daily™

Thursday — June 22, 2017

What the Industry Reads First

Volume 28 / No. 119

Petition to Deny: Liberty's Proposed GCI Deal Draws Some Opposition

Not everyone's thrilled to have *John Malone* expanding his media empire into Alaska. The FCC has received two petitions requesting that it deny **Liberty Interactive's** \$1.1bn deal to buy **GCI**, Alaska's largest telecom operator. Not surprisingly, the objections came from GCI competitors. Initial comments and petitions on the deal were due to the FCC this week. The only other comment to be filed in the docket came from Alaska House member *David Guttenberg* (D), who asked the FCC to consider how to possibly revise a combined GCI-Liberty's commitment to the 10-year Alaska Plan, an initiative aimed at increasing broadband and mobile service throughout the state. He wants the FCC to take into account the increased capabilities the acquisition would create. "While I am encouraged by the prospect that this acquisition will strengthen the applicant's efforts to provide broadband Internet access to Alaskans throughout the state, I believe that the current framework of the Alaska Plan does not do nearly enough to serve the public interest of expanding access to reliable, reasonably priced broadband services," he wrote. **Alaska Communications**, which competes against GCI in segments such as local exchange and broadband data services, including wholesale and retail broadband transmission services, filed a petition to deny the combination. While they are competitors, Alaska Comm relies on GCI for middle-mile telecommunications to facilities in many rural and remote communities. It contends that GCI as the only fiber-based terrestrial and submarine middle-mile facilities provider already essentially has a monopoly and will have greater incentive to leverage its market power to deprive competitors and retail customers of affordable access to its network and services. Also asking the FCC to reject the deal is **Quintillion**, which is completing the build of submarine fiber systems that are slated to be fully operational by year-end. Like Alaska Comm, it relies on GCI to extend its network capabilities as needed. "It is GCI's stranglehold on middle-mile facilities and its resulting effective as gatekeeper on competition in much of the rest of the state that is of concern and which the proposed transaction cannot be permitted to exacerbate," Quintillion told the FCC in its petition to deny the deal. The two argue that with deeper Liberty pockets behind it, GCI will have more assets and protection to hinder rivals. If the FCC approves the deal, Alaska Comm proposed several conditions, including requiring that all infrastructure deployed by the new company that relies in on federal subsidies (such as E-Rate support or federal high-cost support) be subject to certain basic common carrier requirements, such as making access available



**SECURE YOUR CONGRATULATORY ADS
IN THE 2017 TOP OPS
MAGAZINE TODAY!**

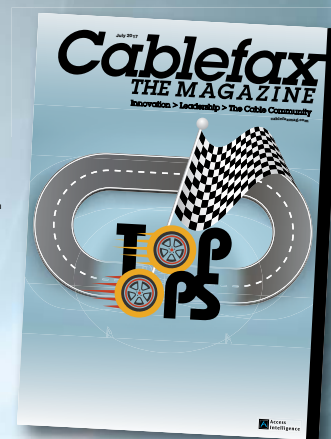
Published ad close: June 27 | Ads due: July 6

Saluting the Best in Content Distribution!
Honorees will be featured in Cablefax: The Magazine.

Secure Your Ads Now:

Olivia Murray, omurray@accessintel.com

Rich Hauptner, rhauptner@accessintel.com



30295

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Community Editor: Alex Silverman, 212.621.4951, asilverman@accessintel.com ● Dir. of Bus Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Marketing Manager: Alex Virden, 301.354.1619, avirden@accessintel.com ● Production Manager: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

upon reasonable and non-discriminatory terms. It also recommends the Commission require that GCI's wholesale rates on subsidized middle-mile facilities be subject to an imputation test, ensuring that the wholesale rates GCI charges other competitors serving a particular community be imputed to the retail rates GCI provides to its own end-user customers in that same community. Quintillion asked the FCC to probe the companies on how GCI will avoid collusion and ensure that federal funding intended to promote development of broadband and telecom in Alaska is in fact spent in Alaska. GCI and Liberty have urged for deal approval, saying it will serve the public interest by providing GCI with more stable access to financial markets and reduced exposure to Alaska-specific market fluctuations. What's more, they contend it creates no new combinations that would affect competition in any geographic market. GCI and Liberty have until July 5 to file reply comments and opposition to the petitions.

Eye on FuboTV: Sports-centric virtual MVPD **fuboTV** reached a deal with **CBS** to carry its flagship broadcast net, as well as **The CW**, **CBS Sports Network** and **Pop**. The agreement also includes carriage of **CBSN**, the company's 24-hour digital news service. All nets in the deal will be available through fubo's entry-level bundle, and **Showtime** will be offered as an add-on service. The deal makes a number of CBS' sports properties available on fubo, including **NFL** games, the **NCAA** basketball tournament, **SEC** football and golf. The addition of the CBS nets brings fubo's entry-level lineup to 60 channels, 35 of which carry sports programming.

Stop that AT&T Merger: Sen *Al Franken* (D-MN) and 10 other senators are making a last-ditch push to stop **AT&T's** \$85bn **Time Warner** merger. "We maintain that AT&T's proposed acquisition of Time Warner would result in higher prices, fewer choices, and worse service for consumers—consequences that we believe cannot be remedied by unenforceable behavioral conditions," the Dems wrote in a letter to AG *Jeff Sessions* Wednesday. Their list of concerns includes the combined company prioritizing TWX content, expanding zero-rating (no data charges) to Time Warner content and just generally controlling too much content. "AT&T-Time Warner could restrict its subscribers' access to alternative viewpoints, such as those offered by competing news outlets like **Fox**, **MSNBC** or *Breitbart*," they wrote.

Ad Spat: The **National Advertising Division** on Wednesday referred **Comcast's** challenge of advertising claims made by **Verizon** to the **FTC** and **FCC** for further review after Verizon refused to participate in a hearing before the investigative advertising arm. Comcast's challenge centers around a number of claims made by Verizon, each of which implies that its Internet speeds are superior to those of competitors, including Comcast. Regarding Verizon's claim that FiOS offers the "fastest Internet available," Comcast argued that testing relied upon by the **FCC** proved Comcast's service is faster and more reliable. The company also disputed a claim that "only FiOS gives you equal upload and download speeds," as well as one that the competition "doesn't even come close" to matching the 750 Mbps offered by Verizon. In addition, Comcast asserted Verizon's claim that FiOS is "PC Magazine's #1 For Internet Speed 10 Years Running" is misleading, as Verizon doesn't currently hold that distinction.

NBC's Esports Foray: **NBC Sports** will launch a new esports tournament this summer that it will present across its linear, digital and VOD platforms. The "Rocket League" tournament will utilize **FACEIT's** competitive gaming platform to allow gamers to compete in pairs for \$100K in prizes. Entrants will be placed into regional online qualifiers divided into competitions for all eight NBC Sports RSNs, as well as additional American and European qualifying regions. The event will then move to in-studio regional final competitions and culminate in a two-day Grand Final. NBC joins **Turner** and **ESPN** as media companies televising esports on linear cable nets.

Women in Technology Noms: Nominations are being accepted through July 21 for this year's Women in Technology Award, which is jointly presented by **WICT**, **SCTE/ISBE** and **Cablefax**. The award, which dates back to 1995, annually honors a woman in tech who has demonstrated significant personal and professional growth and has contributed to the advancement of the industry. It will be presented during Cable-Tec Expo in Denver. **Comcast** svp/group technical advisor *Theresa Hennesy* took home the award in 2016. [Click here or see the career Development section of WICT.org for information and the online nomination application.](#)

People: E! evp, marketing *Jen Neal* takes on the expanded role of exec producer for the network's live events, including "Live from the Red Carpet" and "New York Fashion Week." She'll continue to serve as evp, marketing.

Think about that for a minute...

Amazin' Amazon

Commentary by Steve Effros

There are some things you just can't make up. No one would believe you. But here we are, less than a month away from a manufactured "day of action" staged by the likes of Amazon and Netflix which intend to tell all of their customers on July 12 to inundate the FCC and Congress with complaints about the Chairman's plan to "destroy the Internet," and Amazon announces that it has gotten a patent to ... you guessed it, destroy your ability to use the Internet!

First, the "day of action." Here's what is being blasted out on web sites: "The FCC wants to destroy net neutrality and give big cable companies control over what we see and do online. If they get their way, they'll allow widespread throttling, blocking, censorship, and extra fees. On July 12th, the Internet will come together to stop them."

Should I bother to mention that virtually every statement in that call to action is false? The FCC doesn't want to destroy net neutrality, and there is little if any danger that it would, especially as to blocking, censorship, or throttling. The FCC is looking at which part of the Communications Act is appropriate to use to regulate broadband distribution. It's also looking at whether fees for things like the electronic equivalent of Express Mail should be pre-emptively prohibited by the government, as is now the case. All reasonable questions.

But the folks who want "action" simply want to pile up numbers of comments and tie up Congressional telephone lines in an effort to intimidate decision makers regarding serious policy questions which are not addressed at all by most of those doing the "action." This is called "astroturf" lobbying when corporations, associations, or advocacy groups get consumers to "pad"



the record. Somehow companies like Amazon and Netflix are allowed to do it on a massive scale, as here, but if Verizon or Comcast try to get folks to contact the FCC (also a waste of time, in my opinion...for the same reasons) then it's an outrage! But forget consistency or integrity of thought when it comes to this stuff, they "left the building" long ago.

And just to prove it, we have Amazon, allegedly all hot and bothered about trying to protect consumer's ability to use the Internet and go wherever they want whenever they want, announcing a new patent that allows the company (or any other offeror of free WiFi in participating stores) to block the ability of any shopper to try to compare prices on the Internet, for instance, while they are in the store! Not only would the store owner know what the consumer was trying to do and be able to block it, they could also use that information, for instance, to send a "sales associate" over to the WiFi user to intercept them.

So this is the picture we get: Netflix and Amazon are the lead actors trying to gin up a "day of action" against redesigning the "net neutrality" rules in such a way that they don't like. After all, those two companies already have huge private "content distribution networks" that they use for "fast lanes" on the Internet. They sure don't want anyone else getting the ability to compete with them! The solution: astroturf to keep the regs which block competition! And, of course, call it a "consumer campaign" and get all the "public interest" groups to front it. Meanwhile, develop technology to do the precise "blocking" you claim to be trying to protect against! Amazin'.

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

SCTE • ISBE

**ENHANCE YOUR
CAREER & EXPERTISE**
UPGRADE TO EXECUTIVE MEMBERSHIP

Learn more at scte.org/membership

Benefits of Executive Membership include:

- :: LiveLearning Webinars™ for Executives – these quarterly webinars contain advanced content designed specifically for executives and feature leading business and industry experts
- :: Recognition through an executive listing in your member profile and the SCTE • ISBE member directory
- :: Invitations to national and local VIP networking events
- :: Cable-Tec Expo® – advanced access to executive benefits and invitations to VIP events
- :: Thought-leadership opportunities to author new content

Take your career to the next level. Become an SCTE • ISBE Executive Member today.

© 2017 Society of Cable Telecommunications Engineers, Inc. All rights reserved. | scte.org • isbe.org