

Cable Views

Ohio Cable Telecommunications Association

Issue 2 2016

From the Executive Director: FCC Overreaches with Set-Top Box Proposal – Industry Responds, “Ditch the Box”



*Jonathon McGee,
OCTA Executive Director*

Most of us give little thought to what goes on inside our “cable box.” We turn it on and select, from a vast array of information and entertainment, our favorite program. But most of us are not federal telecommunications regulators.

The Federal Communications Commission (FCC) has been thinking about, of all things, that cable box and, under the guise of promoting competition in the marketplace for set-top boxes, it recently proposed regulations that would

harm innovation and confuse consumers. Fortunately, our industry has responded with a new proposal that we believe is a better approach.

The proposed FCC regulations would compel multichannel video providers (cable and satellite) to cede their entire stream of video content and data, which the TV provider pays to get from content creators, to third-party box manufacturers. Those manufacturers could then rearrange, repurpose, and monetize MVPD content without corresponding responsibilities or obligations to the content creator or to the public. It is no wonder that the proposal has drawn widespread opposition from content creators, minority programmers, civil rights advocacy groups, unions, and business (see www.TheFutureOfTV.com).

The FCC somewhat anachronistically calls the cable converter box a “set-top box” (STB) – I couldn’t get my box to sit on my HD set even if I tried. Today, TV viewing is moving away from hardware to apps residing on not only that HD set of mine, but also on my mobile phone and other connected devices. This new video world is devoid of the STB, freeing development of new delivery methods, for new programming, from new creators. The FCC in proposing these rules ignores the fact that Americans today are getting their video more and more over the internet via apps. This officious federal proposal would lock consumers into a delivery system that is being displaced and disrupted.

The FCC’s proposed rule would also grant the STB manufacturers access to video content for free, while cable operators would continue to pay for that access. And, due to the nature of the government proposal, it’s possible that consumer privacy protections would be badly compromised under the government plan.

Charter completes TWC deal, Buckeye changes name

Charter Communications has completed the transactions with Time Warner Cable and Bright House Networks, and soon you’ll get to know them by the name, Spectrum. They are proud to be the fastest growing TV, internet, and voice provider in the United States and are committed to bringing customers the most advanced products and services for home and business.

Exciting changes are in the works, but for now, Time Warner Cable, Bright House Networks and Charter Spectrum will continue offering their current suite of services to customers in their markets. In the coming months, you’ll hear more as it relates to network, product and service improvements.

And in northwest Ohio, Buckeye CableSystem has announced it is changing its name to Buckeye Broadband to better reflect the company’s direction and the importance of high-speed internet.

A variety of major companies and organizations – including the National Cable & Telecommunications Association (NCTA) – have a better idea. They have asked the FCC to “ditch the box” and consider a software-based proposal that would enable even more competition in the video navigation device market, but to do so in a way far more in line with our increasing thirst for apps.

The industry proposal calls for binding, enforceable obligations for multichannel video providers with 1 million or more subscribers, to enable customers to ditch their STBs and access live and on demand programming via boxless apps – built on the HTML5 open standard – that are compatible with a wide range of retail devices, including smart TVs, game consoles, streaming devices, laptops, tablets, phones and more.

The advantages of this approach? The ability of customers to ditch their STBs and commensurate monthly leasing fees, in favor of downloadable apps; an open-standards approach available to any company that hopes to serve this market; protecting diversity while strengthening, not weakening, the ecosystem for creative content; the chance for consumers to use seamless search and discovery for multichannel video and online content; and, the ability to preserve consumer privacy at the level consumers have come to expect in the TV marketplace.

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Face **to** Face

with State Representative Ryan Smith

State Representative Ryan Smith is currently serving his second term in the Ohio House of Representatives, where he represents the 93rd District, which includes Jackson and Gallia counties, as well as portions of Lawrence and Vinton counties.

Smith serves as chairman of the House Finance Committee.

Smith is a 1995 graduate of The Ohio State University, where he earned his bachelor's degree in finance. He has worked as a financial advisor for nearly 20 years.

In the past, he has served as president of the Gallia County Chamber of Commerce and the Gallia County Community Improvement Corporation. Representative Smith is a former member of the Gallipolis School Board of Education and is active in his local church.

Smith and his wife, Vicki, have been married for 19 years and have four children. They live in the Gallia County community of Bidwell.

Fast Facts:

Favorite Professional Football Team:	Cleveland Browns
Favorite Professional Baseball Team:	Cincinnati Reds
Favorite College Team:	The Ohio State Buckeyes
Favorite Cable Channel:	CNBC



Jonathon McGee: You were born and raised in Gallipolis and graduated from Gallia Academy High School (go Blue Devils!). What were your interests and passions growing up?

Ryan Smith: Mainly sports. I liked to hunt and fish.

JM: You've been involved in your community for many years, including time on the Gallipolis school board and, today, in the Ohio House. What drew you to community service and, later, to elective office?

RS: I've always been involved in the community in some shape or form. I felt like where we were going to live we wanted to help shape what it was going to look like. Getting involved and volunteering, I just have a lot of respect for people that do that and I feel like that has led me down the path I'm on.

JM: What prompted you to seek election to the Ohio House of Representatives?

RS: When my predecessor, John Carey, stepped down, it was an opportunity for me to maybe take on a leadership role in a more regional perspective for southeastern Ohio. I'd always worked in Gallia County throughout the community and this was more of a step up to make a bigger difference and that is what kind of led me down this path.

JM: You have the honor of serving as chairman of the House Finance Committee. Tell us about that experience.

RS: Always interesting. I realized this was a diverse state when I first got here and as Finance chair, working with my colleagues, you realize their interests and why their interests are what they are. It really gives you a better appreciation of the complete diversity in the State of Ohio and the needs throughout. Probably the toughest thing about being Finance chairman is having to say "no" to a lot of good ideas and what's important to different people.

JM: Your tenure in the legislature has coincided with a period of fairly extensive debate and reform in the education arena. As a former school board member and someone known for his interest in education issues, this must be an interesting time to serve in the legislature.

RS: Education issues, I think, are always at the forefront here at the Statehouse and certainly for the time that I have been here, we have talked a lot about it. There have been a lot of changes. I think we have made some good strides forward and we have a long way to go. But, we are certainly headed in the right direction.

JM: More broadly, any thoughts you'd like to share regarding issues you believe will be on the legislature's radar during lame duck and the 2017 budget deliberations?

RS: I'm sure that lame duck will be very interesting, as it always is. There will be a lot of issues that we will discuss in the budget. Education funding is always one of the big pieces of that. As far as health care goes, Medicaid expansion

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Capital Update

Legislative Update

In what many seasoned observers dubbed an “early lame duck,” the Ohio House and Senate, in a flurry of activity, passed scores of bills just before breaking for the summer. The Ohio House of Representatives has announced that the House will not reconvene until after the November election. The House has scheduled eight session days for the remainder of the year, three of which are “if needed.” The Senate has scheduled 21 session days for the remainder of the year, seven of which are “if needed.” Six of the Senate’s scheduled session days are prior to the November 8 elections.

Utility Service Tax (UST): In the midst of the pre-summer break activity, an amendment repealing the UST was added to House Bill 390 (Schaffer/Retherford) in the Senate Ways and Means Committee on May 18. However, the bill was not reported out of the committee until the evening of May 25 after having several other items amended into it (see infra, Ohio Film Production Tax Credit). It then went immediately to the Senate floor where it passed unanimously with the House concurring in the Senate amendments. The governor is expected to sign the bill.

The repeal of this county-imposed tax was important to the cable industry because this tax, as with other locally imposed taxes, would be preempted by federal law and not paid by direct broadcast satellite (DBS) customers, thereby giving our largest competitor another government-sanctioned advantage. Further, after Hamilton County considered adopting this tax earlier this year, at least two other counties also began exploring the issue. Had the UST not been repealed, cable operators could have faced the tax in each of Ohio’s 88 counties.

Many thanks go out to Senate President Keith Faber, House Speaker Cliff Rosenberger, Sen. Bob Peterson, and Reps. Ron Amstutz, Kirk Schuring and Ryan Smith for their leadership in repealing this outdated, never-used and onerous tax. Thanks also go to Reps. Tim Schaffer and Wes Retherford for agreeing that their HB 390 was a good vehicle to accomplish the repeal.

Sales Tax on Advertising: Late last year, the Ohio Department of Taxation issued an updated Information Release that unmistakably targeted digital advertising fees for imposition of the sales tax. House Bill 466 was introduced in mid-February by Rep. Ryan Smith, R- Bidwell, and was passed by the House on May 4. This bill would prevent this bureaucratic overreach. In the flurry of the “early lame duck,” the Senate also passed this bill, which is now on its way to the governor, who is expected to sign it.

Ohio Film Production Tax Credit: The UST was not the only item amended into HB 390 that was of interest to the Ohio cable industry. The final legislation also raised the annual cap on the Ohio Film Production Tax Credit from its current \$20 million to \$40 million. This change in the cap was originally introduced by Rep. Kirk Schuring, R-Canton, in HB 475. Schuring had sought to increase the cap to \$75 million. Nevertheless, it was doubled which should help Ohio secure more film productions. Many thanks to Rep. Schuring for his leadership on this important economic development issue.

House Bill 151: Sponsored by Rep. Marlene Anielski, R-Walton Hills, this measure expands the offense of menacing by stalking and telecommunications harassment. The legislation has been signed into law by Governor John Kasich.

Cable Views

Bill documents may be reviewed here:

<http://bit.ly/OhioHB151-131stGA>

Representatives Resign: A pair of northwest Ohio legislators recently resigned. Term-limited Rep. Barbara Sears, R-Monclova Township, is joining the Kasich administration as assistant director for the Office of Health Transformation. Rep. Tim Brown, R-Bowling Green, is departing to become president of the Toledo Metropolitan Area Council of Governments. Brown was seeking re-election and Republicans are expected to name a replacement candidate for the November general election. Sears’ and Brown’s terms in the House expire at year’s end and appointments to fill those unexpired terms are decided by the House Republican caucus.

PUCO Update

New PUCO Chairman: The Public Utilities Commission of Ohio has a new chairman. PUCO vice chair Asim Haque was named by Kasich to fill the chairmanship which was left vacant when commission member Andre Porter resigned. To fill Porter’s vacant seat, Kasich named attorney Howard Petricoff, who recently retired after more than 30 years with Vorys, Sater, Seymour and Pease. He holds a bachelor’s degree from American University, a master’s degree in public administration from Harvard University and a juris doctor from the University of Cincinnati. Kasich said with decades of experience in utility and energy law, Petricoff is “exceptionally well versed in how these issues impact economic growth and job creation.

Pole Attachment Proceedings: The PUCO has now issued decisions in several cases involving tariffs filed by AT&T, Cincinnati Bell Telephone, Windstream Ohio and Windstream Western Reserve, and the Century Link proceedings. The OCTA filed Requests for Rehearing in the AT&T and CBT proceedings. We are currently reviewing the Century Link decision for its impact on cable operators. For further information on specific pole attachment cases, including the new rates for those companies whose tariffs were not suspended, please see “2015 Pole Cases” in the “Members Only” section at www.octa.org.

Retail Rules: The PUCO opened a docket to review its Retail Telephone Rules contained in Ohio Administrative Code 4901:1-6. We still await a decision from the PUCO on the rules.

All filings in this docket may be reviewed here:

<http://bit.ly/PUCO14-1554-TP-ORD>

IP Transition Collaborative: As part of the ILEC deregulation provisions of House Bill 64, a collaborative process was created to study the IP transition and to assist the PUCO when an ILEC is preparing to abandon BLES service. The most recent meeting of the collaborative was on May 19. At this meeting, the Ohio Consumers’ Counsel presented on reliability and consumer protection, and PUCO staff gave an update on consumer education. The PUCO staff does not believe that the collaborative will need to meet again until August. At the August meeting, staff will present its preliminary report to the General Assembly on the information it has gathered from the collaborative process.

2016 Legislative Reception and Technology Demonstration

State lawmakers talked with cable officials, viewed cutting-edge technology and visited with some of Ohio's future innovators during this year's Ohio Cable Telecommunications Association legislative reception and technology demonstration at the Riffe Center.

demonstrations of advanced cable and broadband technology, including Intelligent Home and mobile applications.

Time Warner Cable officials were on hand to provide

The event included demonstrations by several students, who showcased their innovative ideas and problem solving skills as part of the Invention Connection program, which is supported by Time Warner Cable.

Thank you to everyone who helped make OCTA's June 13 golf outing at Pinnacle Golf Club in Grove City a success!

28th Annual OCTA Golf Outing

Breakfast & Massage Therapy Sponsor: Comcast

(2) Hole-In-One Sponsor: Buckeye Broadband

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Golf Cart Sponsor: HBO

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Bruce Vermule – B.A. Vermule Cable Contracting LLC

John Risinger – Discovery Communications

Bob Gessner – MCTV

Alexandra Soviero – HBO

Kasey Newton – NBC Universal



MCTV President Robert Gessner (left) talks with Reps. Kirk Schuring and Ron Amstutz at this year's legislative reception and technology demonstration.

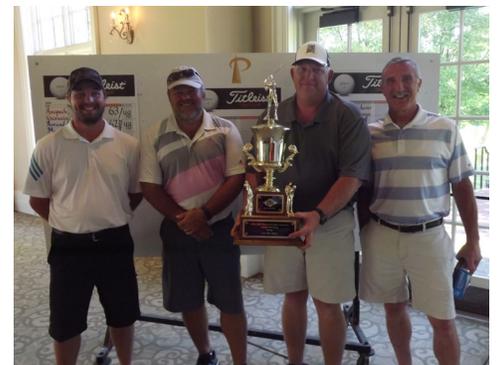


Senator Bob Hackett, R-London, presents Beaver Creek third grader Matthew Allison with recognition from the Ohio Senate for his work in the Invention Connection program.



This year's OCTA golf outing Low Gross Winners, from left to right: Mark Marazza, Anthony Marazza, Paul Arrendale and Rod Staats.

This year's OCTA golf outing Low Net Winners, from left to right: Damon Cooley, Joe Karl, Chris Graves and Jim Purtee.



Former OCTA Board of Directors President Ed Kozelek and OCTA Executive Director Jonathon McGee share a light moment at this year's golf outing. After 26 years in the industry – 16 with OCTA and 10 with Time Warner – Kozelek retired in June.

is always a hot topic as well. So, there are plenty of topics to discuss. I don't know, as far as lame duck, what we will try to tackle during that time period. As you know, time is compacted and we have a short period of time to try to get a lot of policy done that we have been working on for the past two years. So, we will probably concentrate on what we have close to the finish line.

JM: What about the 2017 budget, any prognostications for that?

RS: No. It's always an allocation of resources and hopefully we will have a lot of good ideas. We've got a lot of members that are currently working on different ideas that I think we can incorporate into this. As far as the education funding goes, I think one of the big things we have been hearing about is the charter deduct through the public schools. I think that will be a big issue for the budget that we will need to consider.

JM: Beyond your service in the Ohio House, you also work as a financial consultant. Tell us about that and how you became involved in that line of work?

RS: My father and my uncle are my partners. In 1995, I graduated from Ohio State in finance and I went to work with them. So, it was more of a family business and I came into that to build my book and then became a part of their business as well. Actually, I have another uncle who's in the finance advisory business as well. It's just something that the family has been involved in, so, I just went down that path as well.

JM: Tell us about your family.

RS: Vicki and I have been married for 19 years. We have four kids. Grant is 15, Blake will be 13, Kennedy is 10 and Cameron will be five in July.

JM: How did you meet your wife?

RS: We met after I graduated from Ohio State. She went to the same high school as I did and we knew each other in high school but it wasn't until coming home after Ohio State and starting to work that we started dating.

JM: Are your kids in sports, as you were growing up?

RS: Some. Grant is my long distance runner, so, he runs cross country and track. Blake is more into golf. Kennedy is a softball player and Cameron is yet to be determined, probably will be all of the above.

JM: It seems as though you keep a pretty full schedule. What hobbies or interests do you have beyond your professional responsibilities?

RS: I like to do things with the family, obviously, but that usually involves hunting or fishing. Skiing, whether it's snow skiing or water skiing, I like to do that. And golfing, those would be my interests when I have time to do it.

JM: What's your handicap?

RS: Too high! Much higher than it used to be before I came

here.

JM: Finally, do you have any advice for the cable industry?

RS: Anything that we can do to expand broadband in my area and the underserved areas would be great. But, the best advice I can give you is what you already do and that's take care of our constituents.

Read more *Face to Face* interviews online.
Click on *CableViews* at www.octa.org

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The FCC's original set-top box proposal clearly is not only dubious from a policy standpoint but, experts say, it exceeds the agency's constitutional and statutory authority. Let us hope that reason prevails; that the government and industry can agree together that "apps are the future of TV," and that a solution embracing that future, which doesn't require the consumer to buy yet another set-top box, will prevail.

Ohio Cable★PAC

Ohio Cable Political Action Committee

2016 Ohio Cable-PAC/PAT Participation

(January 1 – June 14, 2016)

Company	Amount Raised	Goal
Armstrong Cable	\$2,496	\$2,496
Buckeye CableSystem	\$825	\$10,972
Comcast	\$0	\$1,430
Cox Communications	\$115	\$3,068
G.L.W. Broadband	\$0	\$400
MCTV	\$25,000	\$3,270
Suddenlink	\$0	\$1,400
Total	\$28,436	\$23,036

Individual Contributions

Armstrong

Dru Sedwick

Cox Communications

Odell Anderson
Steve Wild

Buckeye Broadband

Jeff Abbas
Mike Bilik
Laurie Cichy
Pam Koontz
Brad Mefferd
Jessica Pitzen
Sarah Riedeman
Charles Riley
Nicholas Vitou
James Wolsiffer

MCTV

Richard Gessner
Susan Gessner

OCTA

Jonathon McGee



Cable Calendar

CSG Midwest Legislative Conference

www.csgmidwest.org
When: July 17-20
Where: Hyatt Regency
Milwaukee, WI

WICT Leadership Conference

www.wict.org
When: September 19-20
Where: New York Marriott Marquis
New York, NY

ALEC Annual Meeting

www.alec.org
When: July 27-29
Where: J.W. Marriott
Indianapolis, IN

30th Annual NAMIC Conference

www.namic.com
When: September 20-21
Where: NY Marriott Marquis
New York, NY

NCSL Legislative Summit

www.ncsl.org
When: August 8-11
Where: McCormick Place W
Chicago, IL

SAVE THE DATE - OCTA Annual Meeting

www.octa.org
When: October 13
Where: Longaberger Alumni House
Columbus, OH

SCTE Buckeye Chapter Golf Outing & Vendor Day

www.scte.org
When: August 9-10
Where: SAFARI Golf Club
Powell, OH

For all the latest news and events updates, OCTA members can sign up to receive our weekly broadcast email bulletin. Contact abarrowman@octa.org to subscribe.

WE HAVE MOVED!

The OCTA has relocated its office. Our phone number will remain the same. Our new mailing address will be:
172 E. State St., Suite 302
Columbus, OH 43215

www.octa.org

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