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October 11, 2017

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North Wales Borough (Montgomery Co.) has joined on to a regional effort to oppose state legislation critics say could have a big impact on local towns. House Bill 1620 could allow telecommunications companies to set up infrastructure such as cell towers with minimal local input, and North Wales has joined a growing list of local towns opposing the measure. “It could be quite detrimental, even to a small borough like ourselves, because you think you don’t have room for something, and then boom, there you have it, it goes right up, and you didn’t have any say,” said Borough Manager Christine Hart.

House Bill 1620 was introduced in June and would amend Act 191 of 2012, the state’s Wireless Broadband Collocation Act, to set new rules for wireless telecommunication facilities. Proponents say the new bill would “limit the imposition of fees, permitting requirements, and general policies above and beyond fees, requirements and policies imposed on other companies occupying the public rights-of-way,” according to a memo from bill sponsors Rep. Nick Miccarelli, R-162, and Frank Farry, R-142.

Targets Netflix

Zap2It
Cable Top 25 for Week Ending October 8

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A new Republican enters Pennsylvania governor's race

Philadelphia Inquirer
After big promises, Trump returns to Pa. on Wednesday still seeking a major victory

Pennlive
What will Trump say in Harrisburg? White House official dishes on that and more

Pittsburgh Post-Gazette
House speaker pressured Murphy to resign, sources in D.C., Pa. say

"Because siting decisions are made on a municipal level in Pennsylvania, the wireless industry is faced with varying and inconsistent fees and siting procedures that hamper its ability to deploy this critical wireless infrastructure," said the lawmakers in their memo seeking support for the bill, which is currently before the House Consumer Affairs Committee. "The Commonwealth has 2,562 local governments with varying municipal zoning ordinances that address wireless infrastructure siting. Compliance is burdensome, time consuming, costly and not only impedes but sometimes outright prohibits the deployment of small cell wireless infrastructure needed to meet consumer demands," they said.

Based on talks with the Pennsylvania State Association of Boroughs and a similar state association for townships, Hart said, that control is necessary to keep at the local level, because the bill would remove restrictions municipalities would normally be allowed to place on wireless facilities inside public rights of way. "The bill would strip municipalities of nearly all their authority to regulate wireless towers and antennas in the public right of way. It would severely limit the fees that could be assessed for these facilities in the right of ways, and it would exclude the public from the approval process," she said.

The bill would also prohibit municipalities from requiring the planned projects to have legal protections such as bonding or insurance coverage, according to the manager. "It would also allow wireless contractors to submit up to 50 applications in a single bundle, and limit the time frame for municipalities to review them," she said. Borough council voted unanimously Tuesday to pass a motion expressing opposition to the bill and contacting local lawmakers to express that opposition.

Lansdale Borough council discussed its own resolution opposing the house bill in early September and voted unanimously last month to state its opposition. "The long and the short of it is, it strips away from municipalities all of your zoning rights, for any wireless communication facilities in public rights-of-way," Lansdale Councilman Leon Angelichio said. "What it takes away from you is the ability to govern and manage your property, inside the borough." If a company wanted to build a project that residents oppose, he said, "we as a group would have very little recourse on what we could do to oppose something our constituents might not want." – ***Lansdale (Montgomery Co.) Reporter***

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When Google Fiber launched in 2011, it was supposed to disrupt the telecommunications industry. Needless to say, the unit's performance since then has failed to live up to this hype, prompting parent company Alphabet to halt plans for further expansion last year. But in the process Google Fiber has highlighted the harsh economic realities facing network providers, illustrating that the industry is not nearly as profitable as critics sometimes claim. Last week, the company revealed that it will not offer cable service when it rolls out service to San Antonio and Louisville. As with its earlier strategic decisions, this announcement says less about Alphabet than it does about the future of the cable industry and the once-vaunted triple-play bundle.

Until now, a subscription television package was always part of the Google Fiber value proposition. Fiber customers are able to purchase up to 220 channels and a DVR that can record multiple shows simultaneously. The addition of cable television service to high-speed broadband helped boost profitability, as cable service is delivered over the same fiber-optic cables and therefore its revenue could help recover the costs of broadband installation and service. Analysts also thought cable service was necessary so that Google's bundle would be competitive with cable and telco company offerings in the same market.

So what prompted Google Fiber to cut the cable cord? It likely experienced the same margin squeeze that plagues other cable operators. After decades of growth, cable subscribership rates plateaued around the time when Fiber launched. Some estimate that by 2021, only 70 percent of American households will subscribe to traditional pay television — down from 86 percent a decade ago. At the same time, programming costs are rising. With viewership (and therefore ad revenue) flat, broadcasters depend on increasing retransmission consent fees to drive overall growth. Expensive sports licensing fees and rising program costs also raise the cost of linear cable channels. This is why consumers have seen more retransmission disputes, blackouts, and lineup changes in recent years, as programmers and cable operators battle for a share of a shrinking pie.

On its blog announcing the change, Google Fiber cited the way that over-the-top video content providers have disrupted traditional pay television. Internet-based video services such as Netflix, Hulu, and Google's own YouTube TV have evolved from cable complements to cable substitutes, as consumers (particularly those without interests in sports) look for less expensive or more diverse video entertainment. Some traditional cable channels, such as HBO, are experimenting with direct-to-consumer delivery, while "virtual cable" companies such as DirecTV Now and PlayStation Vue are pioneering cable service over the internet.

Google Fiber explained that instead of competing in this crowded marketplace, it would rather focus on providing high-speed broadband that facilitates competition among these providers (including sister company YouTube). Fiber's shift mirrors a similar transition at NCTA, the industry's largest trade association, which canceled its cable-focused trade show last year and recently rebranded itself from the "National Cable and Telecommunications Association" to "NCTA—The Internet and Television Association."

This shift reflects cable's current position in the "product life cycle" familiar to any MBA graduate. The early stages of introduction and growth are marked by sharp increases in product sales. The company's primary strategy is to build product awareness and then market share. But once the product approaches maturity, sales stagnate, competition appears, and the company's primary goal is to defend market share. In the decline phase, the goal is to control costs to remain a viable competitor for as long as possible.

This observation has implications for regulatory policy. Cable is no longer the "bottleneck" that Congress once assumed it was for delivering video into American homes. This calls into question the continuing value of must-carry, retransmission consent and other regimes based on this premise. As a mature-to-declining product, cable must cut costs to remain viable against new competitors. This dynamic explains the recent rise in merger activity among cable operators. Building economies of scale can strengthen regional cable operators' negotiations with programmers and can help them compete more effectively against Netflix and other alternatives, which are national in scope. It is important that antitrust regulators recognize cable as only one part of a larger market for video services — and allow them to compete accordingly. – ***aei.org* (American Enterprise Institute)**

Apple Inc. is betting on acclaimed director and producer Steven Spielberg for its first major foray into creating original video content. The tech giant has struck a deal with Mr. Spielberg's Amblin Television and Universal Television, a unit of Comcast Corp.'s NBCUniversal, to make new episodes of "Amazing Stories," a science fiction and horror anthology series that ran on NBC in the 1980s. The agreement between Apple, Amblin and Universal Television calls for 10 episodes of "Amazing Stories." Mr. Spielberg will likely be an executive producer for new the version of the show, which he created, people familiar with the matter said.

The budget for "Amazing Stories" will be significantly more than $5 million an episode, higher than most broadcast shows but on par with budgets of high-end shows on Netflix , HBO and some cable networks, according to an executive involved in the project. "Amazing Stories" is the first show to be greenlit by Apple since it poached Sony Corp.'s top Hollywood television executives Zack Van Amburg and Jamie Erlicht in June to help spearhead the tech company's push into original programming.

Apple gave the duo, who helped produce "Breaking Bad," a budget of roughly $1 billion to develop original programming over the next year. They have also been tasked with building out a video strategy that is expected to include a streaming service that rivals Netflix Inc., Amazon.com Inc. and others. NBC Entertainment President Jennifer Salke said, "We love being at the forefront of Apple's investment in scripted programming, and can't think of a better property than Spielberg's beloved 'Amazing Stories' franchise." Also involved in the show as the day-to-day show runner is Bryan Fuller, whose credits include NBC's "Hannibal." Apple declined to comment.

In tapping Mr. Spielberg, Apple landed an internationally renowned director with broad appeal whose lengthy list of credits includes "Jaws," "Raiders of the Lost Ark," "E.T." and "Schindler's List." Amblin Television is headed by Justin Falvey and Darryl Frank, two well-regarded executives whose credits include such critically acclaimed shows as "The Americans" for FX. Apple is betting that carving out a space in the crowded original content field can help drive subscriptions across more than 1 billion iPhones, iPads, Apple TVs and other devices world-wide.

The company will need star power to help sell subscriptions as it aims to double its services business to about $50 billion by 2020, especially after two of its early shows—"Planet of the Apps" and "Carpool Karaoke"—received critical or lukewarm reviews. Reviving "Amazing Stories" could be a challenge for Apple. Recognition of the 1980s series is low among younger generations who are more likely to turn to their iPhone for video programming than a TV set.

"Amazing Stories" won five Emmys and was able to attract big names in front of and behind the cameras, including actors Kevin Costner and Tim Robbins, and Martin Scorsese and Clint Eastwood as directors. While the show was a critical success, it never rose above cult status and ended after two seasons. The company faces steep competition in original programming. Netflix Inc., Amazon.com Inc. and HBO all have larger budgets and have an earlier start on programming. Apple also has to avoid jeopardizing the 15% cut of subscription revenues its app stores take in from those services, money that is a growing contributor to its services business.

The "Amazing Stories" deal wrapped up as news broke that Apple was dropping an Elvis Presley biopic show it planned to develop with Weinstein Co. The show had been commissioned before the arrival Mr. Van Amburg and Mr. Erlicht, who are now co-heads of video programming world-wide, at a time when Apple had been focused on producing music-themed programming to bolster its streaming-music service. Harvey Weinstein's removal from Weinstein Co. in the wake of numerous allegations of sexual misconduct against him activated a "key man" clause in Apple's deal that allowed the company to pull the plug on the show, a person with knowledge of the matter said. – ***Wall Street Journal***

As pumpkins replace summertime flower pots and forecasters predict winter's wrath, the prognosticators of matters fiscal in Harrisburg haven't a clue when or even if the Legislature and governor will come to terms on a 2017-18 state budget. More than 100 days overdue, a completed general fund budget that addresses a $2.2 billion revenue deficit is no closer now than when lawmakers hailed passage of a $32 billion spending plan back on June 30. Proposals have since ranged from the fiscally bizarre — with all manner of new and increased taxes — to the ridiculous.

That brings us to Gov. Tom Wolf's latest proposal to borrow $1.2 billion to keep the state's lights on, which he'd pay off with future proceeds from the Pennsylvania Liquor Control Board — which would have to agree to this deal. And why not, if that preserves Pennsylvania's antiquated liquor monopoly for years to come. Mr. Wolf also wants to lease the Pennsylvania Farm Show Complex for an estimated $200 million upfront cash payment, although it's unclear whether he has the authority to do so.

As budget talks collapsed last week, the Guv broke his silence and told state newspaper editors, "I'm going to do it myself." He accused GOP leaders of engaging in "dysfunctional bomb-throwing," then tossed out one of his own: "I can do this indefinitely," he said when asked about managing the state's finances. Should this ill-advised fiscal course proceed, that spending package glad-handed by lawmakers months ago is going to be a lot more expensive than anyone imagined. – ***Pittsburgh Tribune-Review*** **editorial**

If you weren't one of the 1,000 people invited to hear President Donald Trump speak in Harrisburg, there will be a chance to see the commander-in-chief in an interview with Sean Hannity. The exclusive interview with Trump will be aired on "Hannity" at 9 p.m. on Fox News. The interview is expected to span newsworthy topics including tax reform and Trump's immigration plan. The interview was scheduled for last week in West Virginia but was rescheduled after the mass shooting in Las Vegas. Trump is expected to take the stage inside a hangar at the Air National Guard base at the Harrisburg International Airport Wednesday evening prior to the TV interview. – ***Pennlive***

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