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Pittsburgh Mayor Bill Peduto's office is questioning whether Verizon has complied with an agreement struck with the city six years ago in which the cable franchise agreed to extend service throughout Pittsburgh rather than just select neighborhoods.

The city law department sent the company a letter last month asking for confirmation that it had offered service "to all subscribers in all residential areas of the city," asked for a list of "any residential areas in the city for which Verizon does not yet offer cable services" and requested a meeting with company representatives.

Mr. Peduto said last week that the company was supposed to have provided its Fios fiber-optic Internet, television and phone service to the entire city by now under the 2009 agreement, which allowed the cable and Internet giant to compete with Comcast in Pittsburgh. "They have now broken that agreement," the mayor said. "Now we have to seek the damages that were agreed to through the contract. … They certainly make money by being able to provide the service."

Tim McNulty, the mayor's spokesman, said city officials are scheduled to meet with the company Oct. 21. "As of right now, we're waiting for them to prove whether they are in compliance," Mr. McNulty said. "They could be subject to fines. We're not there yet." Verizon spokesman John Bonomo

Pittsburgh Post-Gazette
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pennlive.com
Pa. senator charged with 3rd DUI hopes for program for 1st-time offenders

Associated Press
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said in an email that the city “may not have all of the data as it relates to the current status of Verizon’s multimillion-dollar upgrade of its network throughout the city.”

Mr. Bonomo said the company has heavily invested in the city and offers service to all neighborhoods. It has also paid the required franchise fees and “PEG” grants, a fee of 70 cents per subscriber per month to help fund public, educational and governmental programming. “Verizon just recently responded in writing to a city inquiry and confirmed its compliance with the terms of the deployment and provision of cable service requirements in the cable franchise and has scheduled an in-person meeting with city staff to answer any questions in more detail,” Mr. Bonomo wrote. “We look forward to continuing the dialogue with the city staff and believe this meeting will clear up any misunderstandings.” – ***Pittsburgh Post-Gazette***

Companies like BuzzFeed, Vice Media and Huffington Post are known as “new-media” specialists—makers of lists, articles and videos designed to go viral online and lure young audiences. Now, they’re venturing aggressively into a decidedly old-media stronghold: television.

There are a variety of potential models, most of which involve some sort of tie-up with traditional media companies: BuzzFeed says it may create TV shows with Comcast Corp. ’s Universal Studios. Vice Media is in talks to take control of a cable channel from A+E Networks. Complex, a network of websites focused on fashion, music and pop culture, says it may funnel video content into Hearst Corp.’s television properties after receiving an investment from the company. And the Daily Mail is working to develop a syndicated program with daytime TV king Dr. Phil that is set to air next fall.

On one level, it’s a jarring and seemingly illogical shift for companies that have prided themselves on being the opposite of traditional. The TV business is in turmoil, as networks fret over young audiences lost to cord-cutting and the fragmentation of viewing from having so much original content on so many cable channels. The new-media outlets appear to have been a beneficiary of this: many young viewers have fled in their direction, industry executives say. Why, then, would they want to launch into the TV business?

For one thing, TV offers new—and more predictable—revenue streams for digital-media upstarts that until now have been largely dependent on advertising. The owner of a TV show gets the right to license it in many ways, to TV networks, mobile-phone companies and international media players. “Even having a little exposure to those platforms can be pretty lucrative for us,” said Jonah Peretti, founder and chief executive of New York-based BuzzFeed, which has a staff of 230 in Los Angeles creating around 75 video segments a week and is working on developing content for television. “The economics of traditional platforms are still so much richer,” he said.

Trying to break into television has become the next logical step for many sites that have watched valuations climb to eye-popping levels in their investment rounds and now have to deliver on those expectations. Despite its problems, TV is still a bigger business than online advertising: TV ad spending is forecast to be $70 billion this year, compared with $7.8 billion for online video, according to eMarketer, a research firm.

In August, BuzzFeed received a $200 million investment from NBCUniversal, valuing the company at about $1.5 billion. Mr. Peretti said BuzzFeed may produce its own TV shows but will also seek to team up with traditional studios like Universal to create half-hour comedies or hourlong dramas. “There are a lot of possibilities—if we were doing something that felt like a traditional show on broadcast TV we’d want to do that in partnership with people who know how to make TV and film,” he said. Mr. Peretti said in early September that he would soon be moving from New York to Los Angeles, where the company’s video operation, BuzzFeed Motion Pictures, is based.

Making TV is costly and can be a frustrating process even for veteran Hollywood

tastemakers. An hour-long drama can easily cost $3 million or $4 million an episode. And media companies place a number of bets every year, only to decide that most of their pilots, or new shows, aren't worth picking up, and many of those shows aren't popular enough to get to a second season.

Digital media executives argue that they can improve on that process by testing ideas on their online audiences and avoiding unnecessary investments. "We can do a short-form Web version and test audience reaction instantaneously without having to do third-party focus groups and the typical way of testing that TV has to do because we can just look at our comments and the views that it gets and get a gut-check sense of what'll work," said Andrew Creighton, co-president of Vice Media, which has been producing content for television since 2010. "If things start doing very well, then you put more money behind it."

Vice, which was valued at more than $2.5 billion in an investment round last year, has become a model for other companies on how to shift away from being too reliant on advertising. The company, which doesn't disclose its financials, says a significant chunk of its revenue now comes from various licensing deals and content partnerships around the world.

At the core is a multiyear programming arrangement with HBO. Vice has also been in negotiations to take over the H2 channel owned by A+E Networks and made its programming available on Verizon Communications Inc.'s new Go90 wireless video service. Overseas, the company has signed deals to create Vice channels in Canada and Greece, and has sold its programming to TV channels in Germany, France and Italy. The lifestyle site Refinery29 has hired 60 people in recent months to create documentary and scripted video content, some of which it hopes will find its way to TV.

The Huffington Post, whose parent company AOL Inc. was recently acquired by Verizon, is building an operation that will broadcast a mix of live programming, short- and long-form video and documentaries 24 hours a day. That will include HuffPost TV, which will develop and produce programming with the intention of striking licensing deals with broadcasters around the world. "There are changes happening in the television business, and digital media now resembles in many ways what cable looked like in the 80s," said Arianna Huffington, the site's founder. "There are tremendous opportunities to reach audiences in new ways." – ***Wall Street Journal***