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**pennlive.com 'Boy's Club' fights back: former Pa. Attorney**

With the city continuing to press Verizon to comply with a cable franchise agreement it signed in 2009, Pittsburgh Mayor Bill Peduto met this week with workers and union leaders representing 44 local technicians the company laid off this past summer as it started contract negotiations with thousands of employees in six states.

“Verizon has not lived up to the commitments that are under the franchise agreement, whether it is how the system is being put in and where the system has been completed. And under that agreement there are fines that will have to start going into effect,” Mr. Peduto said Wednesday. “At the same time, instead of hiring more people to be able to finish this job, they’ve been laying off more people, and these workers now, who could have been completing the commitment that Verizon owes the city of Pittsburgh, find themselves unemployed.”

Verizon was supposed to offer 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.

Tom Crawford, west region vice president of Communication Workers of America Local 13000, which represents 39,000 Verizon workers in Pennsylvania and five other states, said Verizon isn’t interested in expanding Fios, is abandoning its older traditional copper wire network and is pushing customers to Verizon Voice Link. That system uses a wireless device about the size of a router to provide phone service. “If you live in the city, many residents still cannot get Fios,” Mr. Crawford said. “They are refusing to expand on the Fios build, but they still have to fulfill the obligations they have to cities.” The union has filed numerous grievances against the telecommunications giant, he added.

City lawyers met with Verizon officials this month, but no fines have been assessed, Mr. Peduto said. A Verizon spokesman would not make company officials available for interviews or discuss the meeting with the city. “While we will not discuss the particulars of our meeting with the city, we do feel the meeting was positive, and we

demonstrated Verizon’s compliance with the agreement,” John Bonomo, the spokesman, wrote in an email. “With respect to your question about our technicians, each was offered to take a similar job in another location, but they all declined. We believe we have the appropriate staffing levels to meet customer-service needs.” – *Pittsburgh Post-Gazette*

General  
staffers sue  
Kathleen Kane

Delaware  
County Daily  
Times

Editorial:  
There's an end  
in sight to Pa.  
budget standoff

Hulu is seeking to sell a stake to Time Warner Inc. as part of a deal that would value the streaming-video service at more than \$5 billion and advance its efforts to compete with Netflix Inc. and Amazon.com Inc., according to people familiar with the matter. The companies have been in talks about Time Warner becoming an equal stakeholder in Hulu alongside Walt Disney Co., 21st Century Fox Inc. and Comcast Corp. Such a deal would likely involve the current owners, who own one-third each, drawing down their stakes to 25%. One of the people familiar with the discussions said the talks aren't advanced.

For Hulu, such a deal would help the company take on Netflix and broaden its content offerings. Under the terms that have been discussed, Time Warner would invest cash in Hulu and commit to license content to the streaming service beyond what it already has sold, the people said. Hulu's interest in bringing Time Warner on board is about "long-term strategy," one of the people said. Time Warner owns the Warner Bros. studio, which produces TV programming for all major broadcast and cable networks, and its Turner Broadcasting unit includes channels such as TNT, TBS, Cartoon Network and truTV. Time Warner also owns HBO.

The current owners committed to injecting \$750 million into Hulu after taking it off the sales block in 2013. Over the past 18 months, Hulu has become an aggressive buyer of library and original programming, increasing its content outlays from \$600 million in 2014 to \$1.5 billion this year, according to estimates from Nomura Securities.

In Disney's latest quarterly earnings conference call, Disney Chief Operating Officer Thomas Staggs said Hulu will keep stepping up its investment in content, which will "continue to increase their losses in the near term." Disney reported that a Hulu-driven equity loss hurt operating income at its broadcasting unit in the quarter ended Oct. 3. Still, Disney and Fox executives have touted the long-term value of building up Hulu. In the conversations with Time Warner, the companies are valuing Hulu at \$5 billion to \$6 billion, the people familiar with the matter said. 21st Century Fox and Wall Street Journal-owner News Corp. were part of the same company until 2013.

Hulu has billed itself as a friend to the TV industry as networks and studios fret over the effects of licensing their content in recent years to Netflix. Some TV executives fear Netflix is luring audiences away from traditional pay TV, enabling more cord-cutting and contributing to lower ratings. That has helped the much-smaller Hulu land several exclusive library deals with major media companies, including a pact with Time Warner's Turner Broadcasting in April.

J.P. Morgan said in a September research note that the market is underappreciating Hulu's strategic value to its owners. The firm said Hulu is valued at \$5 billion to \$6 billion today, but it could be worth \$7 billion to \$8 billion by the end of 2016. That is based on an estimated growth trajectory from 10 million to 16 million subscribers in the next couple of years, powered by Hulu's new ad-free subscription option and content investments.

Bringing Time Warner on board could be hugely beneficial to Hulu if the terms are similar to the arrangements with current owners. Under its current operating structure, Hulu gets the rights to offer many of its owners' broadcast network shows within days of airing on TV. That gives it access to programming from NBC, ABC and Fox and has been a major selling point of the service for would-be cord-cutters.

Time Warner, meanwhile, has been shifting its digital strategy lately to contend with changes in the media landscape. On the company's third-quarter earnings call last week, Chief Executive Jeff Bewkes said Time Warner is stepping up its investment in digital distribution, and it will hold back more of its shows for longer on its own on-demand platforms before selling them to streaming services like Netflix. An investment in Hulu, a streaming service with a different DNA than Netflix, would be a wrinkle in that strategy. — *Wall Street Journal*

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Last month, we reported that a federal jury slapped Cox Communications with a \$6 million penalty for breaking antitrust laws. Cox had illegally forced customers to rent the company's set-top box as a condition of receiving premium cable service, the jury ruled. Now, a federal judge has overturned that verdict, saying that the consumers who initially sued Cox didn't do enough to prove that the company misbehaved.

Every year, the average household pays hundreds of dollars a year to rent cable set-top boxes from their TV provider. It's become an important revenue stream for some cable companies. According to the consumer complaint, Cox acted improperly by making it so that customers couldn't subscribe to its premium tier without also renting its set-top box, a fact that critics said was anticompetitive.

The jury agreed in October, but on Thursday Judge Robin Cauthron threw out the verdict because the case failed to show that Cox had actually prevented competitors from selling their own alternatives. "There simply is no evidence from which a reasonable jury could determine that that arrangement led to a foreclosure of commerce," the judge's order reads.

Cox said in a statement that it was pleased to hear its behavior didn't violate antitrust law. "Cox's primary goal is to provide its customers with high value video services," the company said, "and this victory ensures that Cox will be free to continue to provide those services in the future."

This represents the latest twist in a saga that could shape the future of set-top box competition. Under this finding, cable companies are allowed to link their most attractive services to equipment rental fees that consumers may not want to pay, so long as nobody can prove that competing services are being harmed. – **Washington Post**

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Schuylkill County received its first round of state funding under new legislation for the emergency communications center. The county was credited \$889,449.60, Paul Buber, county finance director, said. In July, new legislation was approved to raise millions for emergency call centers throughout the state by increasing the monthly fees paid by phone customers to \$1.65. Previously, landline calls carried a \$1.25 fee while wireless and VoIP calls were \$1. The increase went into effect in August. It was the first change to the fee since 2004.

The Pennsylvania Emergency Management Agency collects wireless fees from service providers and then distributes that revenue to the counties. Under Act 12, 80 percent of the funds are distributed to counties. Up to 15 percent will be used for competitive incentive grants for system improvements, consolidation and system efficiencies, a flat 3 percent will be divided uniformly among the counties and the two city-based systems, and PEMA will keep 2 percent for administration and support. Funding is distributed quarterly. – **Pottsville Republican Herald**



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