

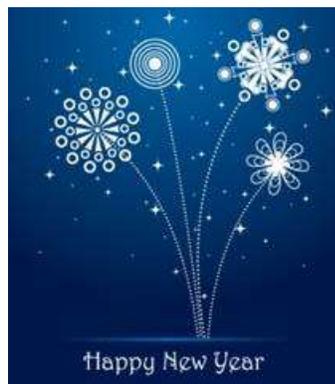
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BCAP offices will be closed Thursday & Friday, December 31 & January 1

A standoff between a consortium of small cable companies and AMC Networks could speed up the death of the cable bundle, sources tell The New York Post. The consortium, which represents about four million homes, is refusing to pay a demand for what they claim is a tripling of AMC Networks' fees — and are telling subscribers they can get AMC's popular "The Walking Dead" through streaming services.

The consortium, called the National Cable TV Co-operative, is tired of skyrocketing fees. Overall, small cable operator margins on pay TV service are about 10 percent. Meanwhile, the margin on broadband service is as high as 90 percent, insiders said.

That means some small cable operators, faced with carriage standoffs, aren't afraid of killing the TV bundle to speed up cord-cutting because broadband TV is more profitable, cable sources tell The Post. The shift could influence the bigger cable companies, like Comcast, where this year the number of broadband subscribers passed pay-TV customers. The possible end of the cable bundle is such a hot topic on Wall Street that BTIG analyst Rich Greenfield is chronicling the issue with the Twitter hashtag #goodluckbundle.



The battle between NCTC and AMC Networks includes Gannett's GCI in Alaska. The group is ready to drop AMC when its deal expires at 12:01 a.m. on Jan 1. There's also a separate dispute with Spanish-language service Univision. Analyst Rich Tullo estimates AMC Networks is receiving 67 cents per subscriber per month under its NCTC deal. It is looking for a more common market rate of around \$2 to \$3 a month, he said. AMC Networks declined comment on the numbers.

NCTC is standing firm, telling consumers they can watch current episodes of "The Walking Dead" via any number of apps from Vudu to iTunes to Google Play. But a single episode could cost consumers anywhere between \$2 and \$3 while a season pass is \$27.50 at the Google Play store or \$42.99 on iTunes. The sixth season of "The Walking Dead" already began and returns to AMC in February after a short hiatus.

Rich Fickle, chief executive of NCTC, allowed that a fee increase is in order as AMC Networks, run by CEO Josh Sapan, now offers five channels, including BBC America, among other services. But the size of the ask is what's at stake. The two sides say the talks continue. "The bundle was great for many years, but it's under pressure and that's what's at stake," said Fickle adding that seven big media companies control 90 percent of the costs. "We're hitting an inflection point. We're a leading indicator, the thread on the sweater," said Fickle, explaining that smaller cable companies have been under greater pressure to eat higher programming costs.

AMC said in a statement: "We have extraordinarily high regard for the NCTC and for its members. We have long supported smaller cable operators, and the particular challenges and considerations that they face in the service of their markets. We will continue to endeavor to do everything we can to make them successful." – *New York Post*

It looks like Google is getting more serious about Google Fiber, its plan to bring fast fiber-optic internet connections to the US.

The company just hired Gabriel Stricker into a new role running policy and communications for the group. Google Fiber, led by former Qualcomm executive Dennis Kish, launched in 2010 in Kansas City, Kansas, and has since expanded to a handful of other small cities, including Austin, Nashville, and Salt Lake City. But earlier this month, **Google announced plans** to expand to LA and Chicago — the second- and third-largest US cities, respectively.

Google Fiber is technically no longer part of Google, but was spun off into a separate company within Alphabet, the new larger holding company that includes Google's core online, advertising, and Android businesses — still called Google — plus newer "moonshot" projects like self-driving cars. The fact that Alphabet sees the need for a dedicated policy and communications person suggests that it's turning Fiber from an experiment — and a way to spur internet providers to offer faster access — into a serious business.

Google's capital expenditures increased dramatically between 2013 and 2014 — they've since leveled off — and while new Alphabet CFO Ruth Porat said that most of its capex was spent on the core Google businesses, she also said that capex **will increase further** as the company begins to expand into new areas: "In particular in Access and Energy, which contains our Fiber business among other efforts." In fact, it's possible that part of the reason for the new Alphabet structure was to explain this rising capex as an investment in a new business rather than a simple expansion of its data centers.

Google and Comcast also hold different positions on policies like net neutrality. Google, as one of the biggest web-content providers, has a natural business desire for all internet traffic to be treated the same way, and not to allow service providers to charge extra money to make certain

content flow faster.

Comcast has said that it **basically agrees with the current policy**, but has held firm against changes to the law that would force Comcast and other internet providers to be regulated like telephone carriers. Stricker was one of the leaders of Google's communications group back in its fast-growth days, and Nicholas Carlson's "Marissa Mayer and the Fight to Save Yahoo" credited Stricker with helping Google shine the spotlight on Mayer back when they were both at the company. Stricker left Google in 2012 to head up Twitter's communications policy, but left earlier this year when cofounder Jack Dorsey reclaimed the CEO reins. – ***Business Insider***



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