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**Editorial:**

Tennessee's Department of Economic and Community Development is evaluating the availability of broadband Internet in Tennessee through a statewide assessment. The survey, which began Tuesday, stems from Commissioner Randy



Boyd's listening tour in 2015, during which business and economic officials voiced their concerns about a lack of broadband access in rural parts of the state. "Tennessee's economic future is directly tied to our broadband access," Boyd said.

"Broadband access impacts our quality of life, educational opportunities, health care and our businesses' ability to compete. We must measure who has broadband Internet access and how they are using it. Help us make sure every Tennessee community has access to broadband by taking this assessment."

The goal of the 20-minute survey is to be able to define the size and scope of broadband access, unclear at this point, and determine the

cost of possible solutions, Boyd said. "Everybody says, 'We need more rural broadband,' but no one can tell you is it 5 percent of people who don't have it or is it 20 percent?" he said. "Once we know what percentage needs to be built out, then we need to determine what the cost is. Is it \$30 million or \$300 million or a \$30 billion problem?" The department of economic development will also examine best practices in other states and present those to Gov. Bill Haslam and the state legislature to help them find the best solution for Tennessee. The state officials plan to present a full report in June.

The survey, assessing business and household access, will run through March 15. To take the online assessment residents can visit [www.tn.gov/broadband](http://www.tn.gov/broadband). For those who lack Internet access, they can complete the survey at libraries and

Patience taxed  
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deserve a  
complete  
budget...now

Tennessee workforce centers, Boyd said. The initiative comes as a group of state legislators pushes for greater access to municipal Internet providers in rural areas. Legislation that would allow municipal providers to expand has failed during previous sessions and was rolled over in 2015 to the upcoming session.

State Rep. Kevin Brooks, R-Cleveland, who is sponsoring the bill, welcomed the analysis from Boyd's office and underscored the urgency of more broadband options for those living in rural areas. "They can't wait any longer," Brooks said in an emailed statement. "They can't work, continue their education online and their children can't do their school work from home. Businesses are considering moving out of my district because of the lack of adequate connectivity. "It's important for my district's competitiveness and for the state's competitiveness that we do all that we can to make high-speed broadband available to all Tennesseans without further delay."

Boyd said his department's initiative will go beyond the impact of the areas near existing municipal providers, but the information they gather will help inform that debate. Separately, lawmakers held an advisory commission hearing Tuesday on broadband availability, with researchers explaining current shortcomings on available information about Internet access.

The department of economic development department has enlisted Strategic Networks Groups, a group of economists focused on broadband, and NEO Fiber, a network engineering and strategy firm, to work on the assessment. Both groups are based in Colorado. It will also work with telecommunications companies on assessing the need and potential solutions.

Boyd said the issue of Internet connection emerged at each of his town hall meetings when he first began as commissioner and at times dominated the discussion. Given the role the Internet plays in business and education, he says addressing the problems is vital to the state's economy. "Today businesses can be anywhere in the world as long as there is connection," he said. "If our rural communities don't have a connection they are going to lose that one key element to improving their ability to create entrepreneurs and develop their economy." – **Nashville Tennessean**

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Workers accidentally struck oil in Lima, Ohio in 1885, putting this tiny city on the map as the world's biggest oil field—a valuable patch that John D. Rockefeller later controlled. Now Lima, (pronounced lye-ma), a rust belt town of 38,000 people, has another highly sought-after resource. This time, the riches are above ground and the deep-pocketed buyer is the U.S. government.

The Federal Communications Commission recently set opening prices for an auction of airwaves it gave away to many local TV stations across the country more than half a century ago. And by next week, broadcasters have to decide if they want to join the auction that will let wireless carriers like AT&T Inc. and Verizon Communications Inc. acquire those station rights for tens of billions of dollars.

The process gives small TV stations a chance to cash out just as their business faces challenges from online video, wireless services and shifting audience behavior. After multiple delays, the process is expected to begin in March. Nearly 2,000 stations across the country could join the auction to sell their broadcasting licenses. In giant media markets like New York City and Los Angeles, the bidding will start out high. One station broadcasting in Manhattan, an affiliate of Telemundo, has an opening bid of \$900 million. But smaller cities may hit the jackpot, too. In Lima, the first—and maximum—offer for its most-watched station is about \$110 million.

The auction demonstrates the shift in technology taking place across the media landscape—and resources being adapted to meet new needs. Momentum is tilting from over-the-air television to the Internet. As people use their smartphones to stay connected and watch video on the go, more bandwidth is needed to provide that

connectivity. “The FCC’s goal is to make the most efficient use of the spectrum,” says Lawrence Chu, an investment banker who worked as an adviser to the agency. “It is in high demand.”

The process will start off similar to a Dutch auction, in which values are set at a high level and then diminish until the FCC gets the licenses it needs at the lowest possible price. Once it determines the amount it will pay for each station, the agency will then turn around and sell the licenses to carriers like AT&T, Verizon and T-Mobile US Inc. in a traditional auction with rising bids. Sprint Corp. has decided to skip the auction. Any difference in the amount paid out to the broadcasters and the resale will go in the U.S. treasury. If the bids from the buyers are too low, the whole process will restart.

Television stations that agree to sell their spectrum have two options: Take the full payout and go off the air, or be moved to another frequency for a lesser cut of the money. Either way, those channels could still be viewable on systems like cable and satellite. Stations that decide not to join the auction may be relocated to another spot on the dial whether they want to or not. The FCC’s auction is optional but the participation of certain stations in smaller markets could unlock important licenses in much larger markets. For example, channels relinquishing their airwaves in Lima could give the government more options for moving around stations in Toledo, which in turn could free up space in Detroit.

In Lima, stations could pull in as much as those in much bigger cities like Phoenix, a city nearly 40 times its size. Like any auction, the outcome isn’t a sure thing for any participant. Some stations could be frozen immediately, meaning their sale is accepted, while others could ultimately find that they aren’t in demand. Local media mogul Allan Block is one owner who has a quandary on his hands. The 61-year-old is the scion of a 115-year-old media dynasty which owns nearly all the local TV stations in Lima, a small cable television system—as well as the Toledo Blade newspaper and the Pittsburgh Post-Gazette. His twin brother John is editor in chief and publisher at both.

In a quirk that could only happen in a small-town market, Block Communications owns all four network affiliates in Lima. The same live nightly local news program is simulcast—both at 6 p.m. and 11 p.m.—across its NBC, CBS and ABC channels. The stations, including the local FOX channel, broadcast from a single 550-foot tower that sits in the middle of a residential neighborhood. “Lima has never been a great growth market,” says Mr. Block, who lives in Toledo, about an hour-and-a-half drive away. “But it is very steady.”

Block’s portfolio of local broadcast stations, which includes the Fox affiliate in Louisville, and an NBC station in Decatur, Ill., have opening bids of more than \$1.2 billion from the FCC, he says. He has hired lawyers and financial advisers and is planning to jump into the auction. To drum up interest in the auction, officials at the FCC spent months on the road trying to convince stations to give up their licenses. They even took the unusual step of enlisting Mr. Chu—now a managing director at investment bank Moelis & Co.—to make the pitch directly to station owners. The agenda for the roadshow listed Lima among the roughly 50 markets whose participation the agency deemed as potentially crucial.

The airwaves being shuffled around are prime for sending signals far into the countryside but are also good for penetrating deep into buildings, both qualities that are attractive for wireless service providers. The government’s last airwaves auction—the first major sale since 2008—closed in January 2015 with bids of nearly \$45 billion. The dollar amounts connected to the auction are staggering for some of the stations in the government’s sights, especially outfits such as PBS affiliates and religious broadcasters that are used to operating on shoestring budgets. “We have spectrum and we always need money,” says PBS Chief Executive Paula Kerger, referring to member stations. She is worried that some areas could lose their access to local PBS stations, noting that some of its member stations have 20% of their audience receiving an over-the-air

signal. "There are no do-overs," she says, "once you sell your spectrum, it is gone."

In Pittston, Pa., a town of 7,700 nestled between the bigger markets of Scranton and Wilkes-Barre, local PBS channel WVIA has decided to enter the auction after months of deliberation. The FCC's opening bid for WVIA's broadcast license is more than \$300 million. The station occupied two rooms in a church at a local college when it was founded in 1966. It now resides in a small one-story building on a side road with few other businesses nearby. One of its most popular shows is "Pennsylvania Polka," which features locals dancing to a live polka band.

But it won't consider going off the air, President Tom Curra says, because it would lose its PBS affiliation and go against the station's stated mission of serving the public. The channel, which has a \$5 million annual budget, estimates its signal covers about a third of the state and that 10% to 15% of its viewers watch using over-the-air reception. Although bids will likely fall from the opening price, a station like WVIA could still walk away with substantial funds. In a report, the FCC estimated in October 2014 that the median compensation for channels in the Pittston area would be \$140 million—more than the \$120 million projected for stations in Chicago and enough to cover WVIA's strained annual budget for decades.

The issue is delicate. In Bowling Green, Ohio, PBS station WBGU triggered public outcry when it said it was considering entering the auction and shutting down its broadcast. The station's signal covers Lima, but it is considered to be in the Toledo market. Feedback at local town hall meetings helped convince the station's owner, Bowling Green University, to keep it on the air—but it will enter the auction nonetheless. "It is a very complicated issue and one of the challenges was separating the emotion from the facts," says university spokesman Dave Kielmeyer. "It was a painful process but it was a good process."

Back in Lima, nonprofit religious broadcaster WTLW could get an almost unthinkable amount of cash from the auction. The station, with 12 full-time workers and an annual budget of \$1.3 million, hired consultants to help it reach a decision to enter the auction. It prefers to stay broadcasting but hasn't ruled out going off the air, says station President Kevin Bowers. WTLW operates out of an old airport, a relic of the days when the city was served by commercial flights. Its programming tends to be family oriented, ranging from local sports and Christian-oriented shows, alongside reruns of *The Donna Reed Show* and *The Beverly Hillbillies*. The station's sports editors work out of the old waiting room and the studio was once the airplane hanger.

The station gets a third of its donations from over-the-air viewers and 12% of households in the viewing area depend on antennas. That has made the station sensitive to cutting off viewers, but it says it plans to use proceeds from the auction to invest in ways to deliver its programming other than on cable and satellite systems. "We aren't blind to changing technology," says Mr. Bowers. "How people view is changing." The station, he says, is looking into wireless streaming and over-the-top options that would allow people to continue watching its offerings. "Even older viewers have an expectation of video on demand."

For Mr. Block, the issue is whether the final bids will be high enough to relinquish the airwaves above Lima. With four affiliates going over the air, he could free up some bandwidth by downgrading to standard definition from high definition for some of the over-the-air signals. Mr. Block expresses frustration that a station's market share or community role won't factor into the amount of money being ultimately paid by the government. Struggling or failing stations could get the same bids as more successful channels. "Some of these people did nothing but run bad stations," he says.

An FCC spokesman says the bid prices strictly reflect the licenses' value in the auction. Block Communications first arrived in Lima in 1972, when it bought local station WLIO for about \$1.5 million. In 2008, it reached a deal to buy the other affiliates

in the city, which were being broadcast at lower power, for \$2.3 million. WLIO has always broadcast from the same small brick building, which resembles a ranch house, and could blend into the surrounding residential neighborhood except for the 34 satellite dishes on the lawn. During the 1969 Moon landing, it provided a live video feed to U.S. networks from Neil Armstrong's parents' house in nearby Wapakoneta, Ohio.

One possible solution for some broadcasters may be a channel-sharing agreement, which would let a station sell its spectrum in the auction and share a signal with another local broadcaster. Mr. Block acknowledges he owns excess spectrum in Lima and that his business may vanish with the opening bids. "I'd rather not have to deal with this," he says. "I suppose the day after we get the check I might think differently." – **Wall Street Journal**



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