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Unhappy with what they see as an "obscure" proposal from FCC Chairman Tom Wheeler that sounds an awful lot like the "AllVid" scheme they've been stridently resisting for months, the pay-TV industry united Wednesday in a rhetorical show of strength.

"This is a solution in search of a problem," said the Future of TV Coalition, a group of 47 pay-TV companies and constituents, shortly before Wheeler issued his proposal to replace CableCard. The group, which includes every major pay-TV company, plus industry bodies such as the National Cable Telecommunications Association (NCTA) and the American Cable Association (ACA), said product innovation opening the pay-TV ecosystem to third-party devices -- the core goal of Wheeler's proposal -- is already occurring in the form of multiscreen apps.

"Multichannel (MVPD) apps already support twice the number of retail consumer video devices as there are set-top boxes, including the most popular retail set-top box, the apps-based Roku, which outsells TiVo's 'unbundled' box 10:1. Apps ARE software running on consumer owned devices — the market has already delivered," the coalition said in statement. Wheeler said his proposal would keep intact packaging conditions agreed upon in licensing deals between operators and programmers, a notion the group also resists.

"Under the proposed framework, content providers ARE NOT assured their agreed-upon channel location or how they will be packaged, they ARE NOT protected from third party ads and marketing that compete with or dilute the advertising agreed to with that programmer, ARE NOT provided the audit and ad verification reports that advertisers depend on, and ARE NOT provided the technical tools for the interactive enhancements they have added to their programming," Future of TV added.

Among a litany of other issues, the group also disagreed with Wheeler's assertion that the industry is making as much as $14 billion a year in set-top leasing. "MVPDs pay significant sums to buy and maintain boxes from third party manufacturers, then discount the price in packages and promotions," the group said. "MVPDs are not wedded to the box — that is why they have poured resources into making apps work on third party devices that consumers actually use."

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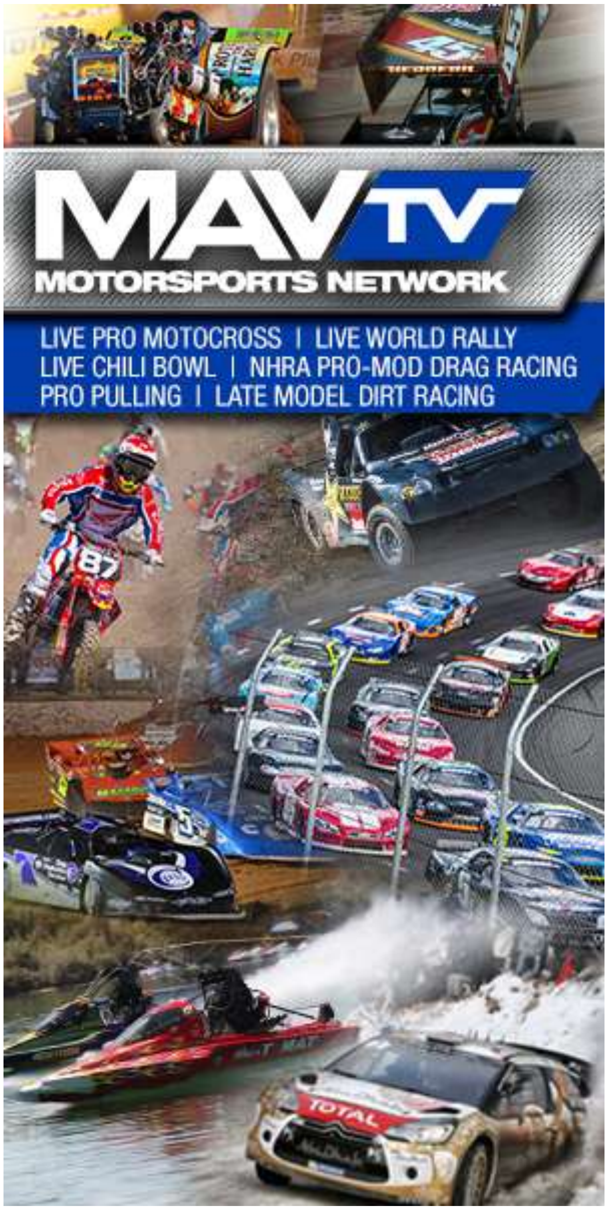

Wheeler's said his proposals are aimed at opening the $20 billion revenue business of pay-TV companies leasing set-tops to customers to outside set-top manufacturers, reducing consumer costs. Releasing its own statement through its blog, the NCTA said his proposal is essentially AllVid, a technology that places a device on the operator network to "decode" encrypted signals for third-party devices. "It looks like the FCC is attempting to move forward with a technology mandate that would replace app innovation with government regulation – often referred to as 'AllVid,' which the FCC wisely decided not to pursue in 2010," the NCTA said in a statement.

"AllVid would force programmers and TV providers to dismantle their shows and services for companies to repackage, reuse, and exploit as they see fit and without paying for the content," the NCTA added. "And they want to do it by forcing additional hardware into the home of viewers who want fewer, not more devices. This all comes as quite a surprise as today, apps are re-inventing how we access programming on what seems like a daily basis."

For its part, the ACA stopped short of calling Wheeler's proposal "AllVid." But it said it has "many flaws," and that the FCC should have learned more from the failure of CableCard, another technology mandate intended to open up the pay-TV ecosystem to third-party device manufacturers. "ACA is especially troubled by the agency's one-size-fits-all approach that will disproportionately burden smaller cable operators," said ACA President and CEO Matthew Polka. "Incidentally, many ACA members have responded to the new media environment rich with apps and devices by deploying TiVo set-tops boxes, which integrate Netflix and other popular OTT services that consumers can access from a single remote. The FCC's experience with the CableCard, a costly failure recognized by the FCC itself, suggests that some humility is in order when the justification for government intervention seems at best tenuous amid so much head-spinning change occurring in the multichannel pay-TV environment." – ***Fierce Cable*****; more from *Philadelphia Inquirer* and *New York Times***

Chet Kanojia, the tech entrepreneur who set off one of the biggest legal battles in recent television history with the Aereo streaming service, unveiled a new wireless venture Wednesday for high-speed Internet services to challenge Comcast Corp. and others.

At a news conference near New York's Madison Square Garden, Kanojia said his Starry Inc. venture will offer lower monthly broadband prices, gigabit speeds, and no data-consumption caps. "There is an insane amount of available spectrum, and on top of that there is unlicensed spectrum," said Kanojia, pooh-poohing the notion that he wouldn't find spectrum capacity for Starry.

The capital investment to expand his network, Kanojia estimated, will be about $25 per home because of his low-cost wireless technology, which rides on narrow-wave high-frequency spectrum that until now has been deployed mostly for tower-to-tower, or point-to-point, data communications. By contrast, a wireline Internet provider such as Google Fiber or Verizon has to dig up roads or string fiber-optic wires on telephone poles and can spend about $2,500 per home, Kanojia claimed.

Comcast, the nation's largest residential Internet provider, will be the first of the telecom incumbents Kanojia will target as Starry rolls out in the Boston area this summer. Asked whether he would price Starry's Internet service below Comcast's stand-alone Internet service, Kanojia smiled and flashed two thumbs up, indicating he would try to beat Comcast's price point, which he set at about $85 a month.

Boston would be a good market to launch, Kanojia said, because Verizon has skipped over many towns with its FiOS Internet business, leaving the high-speed wireline Internet business to Comcast. Asked about the lawsuits that forced him to liquidate Aereo in late 2014, Kanojia said: "I don't see a legal problem, but this will be a huge execution issue." He added that he has approval from federal regulators to experiment with high-frequency spectrum for the Starry service.

Indeed, Starry uses mostly untested technology, and the company will have to install the wireless base stations, similar to how Verizon, AT&T, and other mobile companies build out their networks with cell towers. Consumers will be asked to self-install Starry's coffee-mug-sized receivers on their homes, mostly on the outside of windows. Another device, the size of a waffle maker, will need to be inside the window.

As it does for satellite TV providers, rain could degrade the Internet service, a company executive said, and it probably won't work in tropical areas. In addition to the broadband service, Kanojia on Wednesday unveiled a sleek touch-screen WiFi router for homes to familiarize consumers with the Starry brand. Starry officials say the new venture is backed by "tens of millions of dollars" from investors that include Tiger Global, KKR, and Quantum Strategic Partners.

The company now has about 50 employees, including about 25 transfers from Aereo, which Kanojia launched in 2012. Its technology grabbed local ABC, CBS, NBC, and Fox television signals on tiny antennas, stored the TV content briefly on computer servers, then individually streamed the content over the Internet to subscriber smartphones and tablets.

Kanojia, who was raised in Bhopal, India, sold his first venture to Microsoft. Many considered his Aereo service cutting-edge for its streaming applications. But broadcasters blasted Kanojia for stealing TV signals and sued to stop him. Aereo raised about $100 million in venture capital, and longtime TV executive Barry Diller supported the venture.

Judge Denny Chin of the U.S. Court of Appeals for the Second Circuit called Aereo's technology a "sham" and a "Rube Goldberg-like contrivance." In a lightning-fast time - two years - the Aereo case made it all the way to the U.S. Supreme Court. By a 6-3 decision in June 2014, the high court said that Aereo was a "cable-like" service and couldn't simply grab the TV signals off the air and stream them over the Internet.

The firm had to negotiate financial terms with broadcasters. But doing so would force Aereo to raise its monthly rates and undermine its business model. So Aereo filed for bankruptcy protection in November 2014. At the time, Kanojia said he would be back, and, on Wednesday, he said that even while he was running Aereo he was thinking about a broadband service like Starry. – ***Philadelphia Inquirer*; more from *Boston Globe***

Resurgent customer growth of 214,000 subscribers for AT&T's recently acquired DirecTV division was offset in the fourth quarter by losses of 240,000 video subscribers for the legacy U-verse service. "The DirecTV subscriber additions were stronger than expected … but the U-verse losses were much worse," said MoffettNathanson analyst Craig Moffett, summing up AT&T's fourth quarter pay-TV performance.

"Financially, this is a good trade; a big reason AT&T [acquired DirecTV] was to get out from under burdensome programming costs that plague U-verse. Still, this result is, in aggregate, a clear disappointment," Moffett added. Factoring in the meager 20,000 net video customer additions for the fourth quarter reported by Verizon last week for its FiOS platform, pay-TV's telco sector had its worst quarter ever.

AT&T CEO Randall Stephenson said AT&T is still getting its "legs under it" for selling and installing DirecTV. "We don't even have our installation work force up to full speed," he said. He added that the relationship between DirecTV and U-verse subscriber growth will get better. "We're doing some things to shore up the U-verse base," he said. "We are focused on the satellite product … But we did some things on pricing to help mitigate the U-verse churn."

Specifically, Stephenson said AT&T tied unlimited wireless plans to U-verse in promotions. AT&T said its "entertainment group," which includes TV, broadband and other services, had revenue of $13 billion in the fourth quarter. That's an increase of $5.6 billion over the year-ago period. Operating income for the unit was $1.5 billion, an improvement over a $296 million loss in the fourth quarter of 2014. AT&T attributed much of the improvement to the DirecTV acquisition.

AT&T did not make a major announcement regarding its much anticipated mobile video offering. "Things are coming together very nicely," Stephenson said. "You're going to see a phased rollout over the next 45 days." Overall, AT&T reported total revenue of $44.1 billion for the fourth quarter, a 22 percent uptick over the year-ago period, and driven primarily by the net additions of 2.8 million wireless connections. – ***Fierce Cable***

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