BCAP NewsClips May 8, 2015

San Francisco Chronicle
Startups worry that Rand Paul will crush net neutrality rules

Wall Street Journal
CBS to Roll Out Internet-Delivered Version of Showtime

Washington Post
The week that cable news failed free expression

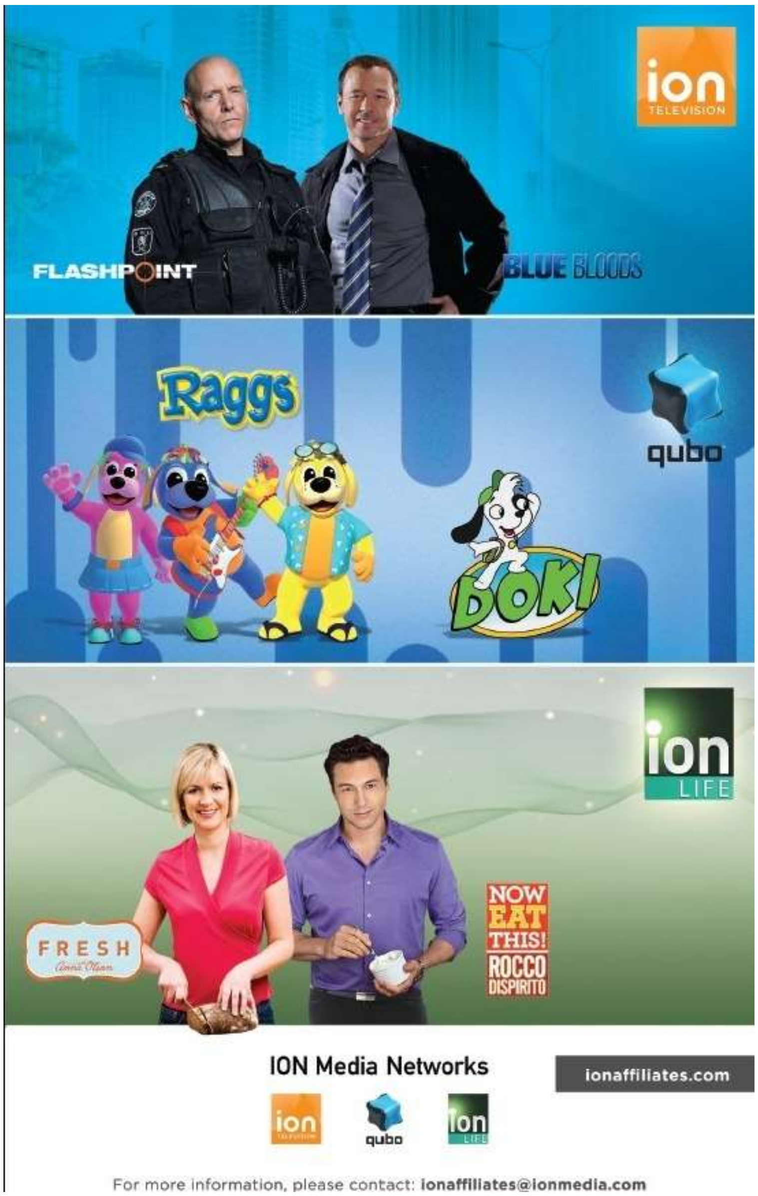
New York Times
Google, Dominant in Search, Tries Disruptor Role in Wireless and Broadband

USA Today
Does Facebook contribute to a political echo chamber?

TV NewsCheck
CBS Stations Revenue Dip 3% In First Quarter

Seattle Times
Editorial: What's missing in Seattle –

Pennsylvania Governor Tom Wolf's pick as the new head of the Pennsylvania Public Utility Commission is a sign that the new administration is serious about choosing key officials who can make a difference on energy efficiency and climate change, environmental campaigners said on Thursday. The Democratic governor named Gladys Brown, a current member of the utilities regulator, as its new chair, replacing Robert Powelson, who remains on the panel as a commissioner.



Brown's record as an advocate for energy efficiency, especially among low-income populations, indicates that she will steer the panel toward policies such as efficient appliances and renewable fuels to reduce carbon emissions, said Jackson Morris, director of eastern energy for the Natural Resources Defense Council. "We are very excited about the announcement, and see it as an indication that Governor Wolf really wants to put his stamp on clean-energy policy," Morris said. "Gladys Brown will be a great chair of the PUC to push through policies that are supportive of clean energy and energy efficiency."

Brown, an attorney who recently joined the board of the Central Pennsylvania Food Bank, has served as a PUC commissioner since 2013. Her current term expires in 2018. Prior to serving on PUC, she served as an aide and counsel to the Pennsylvania State Senate for nearly 23 years. Morris said the appointment is consistent with Gov. Wolf's recognition of climate change and his desire to offset it with measures like energy efficiency. "They wouldn't have made this selection unless the chair was going to be on board with that agenda," Morris said.

Brown's predecessor, Rob Powelson, had been a member of the Energy Action Team, a

affordable universal broadband

Pittsburgh Post-Gazette
Pennsylvania Senate OKs public employee collective bargaining bills

Pittsburgh Tribune-Review
Editorial: Taming the Pa. Legislature – Start with abiding by Article II, Section 8

Lancaster Intelligencer
Editorial: Cut the Pa. General Assembly down to size, but do it right

Allentown Morning Call
Joe Sestak critical of Toomey, welcomes Pawlowski bid

group of business leaders, politicians, and academics convened by the Greater Philadelphia Chamber of Commerce to strategize about how to expand the fossil fuel energy industry in Southeastern Pennsylvania. Powelson left the group after StateImpact revealed a conflict of interest. Brown has supported the state's Act 129 energy efficiency program that encourages more efficient appliances, homes and commercial buildings, a portfolio that's overseen by the PUC. "Her decisions and statements on those sorts of programs historically indicate that's a priority for her," Morris said.

Brown is expected to promote energy-saving programs, especially among affordable multifamily housing, and to look closely at current PECO and PPL applications to increase the fixed-charge portions of their bills, a provision that NRDC opposes because it erodes the incentive for people to reduce energy consumption. Under Brown, the PUC will also play an important role in determining how Pennsylvania complies with the new rules on power-plant emissions issued by the U.S. Environmental Protection Agency, Morris said.

Rob Altenburg, director of the energy center at PennFuture, said Brown would likely help his organization's goals on energy saving and renewables. "I think that she's going to be receptive to a lot of the issues that we care about," he said. But he said appointment of Brown, a Democrat, won't change the panel's political composition — which is currently dominated by Republican appointees by a majority of three to two – until the term of Commissioner Pamela Witmer, a Republican, expires in about a year's time.

At that point, Gov. Wolf can be expected to appoint another Democrat, switching the majority party, and increasing the likelihood of the energy-efficient policies favored by Brown, Altenburg said. "That's when you might see policy changes," he said. In a statement, Wolf said Brown would help to achieve the administration's energy goals. "We have a real opportunity to reposition the commonwealth as a leader in developing renewable energy and energy efficiencies," he said. "Gladys shares my vision and has the experience to help advance policies to achieve this. – ***State Impact Pennsylvania***

The traditional cable-TV box is dying a slow death as Internet streaming video services blossom. That has some in the cable industry ready to join the streamers. Over the past two weeks a half-dozen smaller cable-TV companies, including Cablevision Systems, have announced plans to integrate Hulu's streaming service into the boxes they lease to customers. Those deals follow several that Netflix forged last year to incorporate its fare into the boxes used by many small cable companies and Dish Network, and are similar to the integrations Netflix has done with European pay-TV providers.

The goal is to make switching from cable-TV viewing to these "over the top" streaming services as quick and painless as possible for consumers. Cable operators believe merging a streaming video service into the cable box will help them sell high-speed Internet to subscribers by making their Internet connection that much more important. Faster speeds enable a better user experience, and cable providers can charge more for speedier connections.

Across the industry, cable companies are investing to increase their speeds, which will allow them to offer new tiers of service—and boost profit margins. "The more you can intertwine your traditional linear video product with the Internet, the easier it's going to be to sell your Internet product," says Tom Larsen, a vice president at Mediacom Communications, which has 1.3 million subscribers, mainly in rural areas of the Midwest and the South. Mediacom was one of five small cable operators that on Tuesday announced plans to integrate Hulu, which is jointly owned by Walt Disney, 21st Century Fox, and NBCUniversal.

The streaming video services, for their part, expect the deals to yield more customers. Yet as cable TV recognizes the change in consumers' behavior and gets cozier with streaming services, it isn't clear how these new relationships will affect the traditional cable bundle of 50 to 150 channels, many airing programs also available on the streaming services. Will consumers pay $7.99 a month for Hulu and $7.99 for Netflix on top of their regular cable-TV bill? "I think that the biggest danger is probably to the premium channels," says Tom Eagan, an analyst with Telsey Advisory Group, noting the abundance of films both services offer. "It could be that you find less of a need to get HBO or Showtime."

The shift comes as the U.S. cable industry scrambles to reorient its business model from one centered on television viewing—which provided decades of robust profit margins—to one featuring ever-faster Internet service. Like most cable companies, Mediacom has seen sales of broadband Internet service outpace video and telephone sales in recent years. "You have to go with the market and where the market is going," Larsen says. "And clearly the market is saying that Internet is the most important service."

This transition from video to broadband has arguably occurred most dramatically at Cablevision, which has about 3 million subscribers in the tri-state area around New York City. In March, Cablevision became the first notable cable company to embrace HBO's standalone streaming service, HBO Now, and surprised many on April 28 when it announced its deal to add Hulu's $7.99 monthly service. That news came five days after Cablevision released two new packages aimed at "cord cutters" and "cord nevers," those who shun cable TV and watch their video online.

Both packages toss in a digital antenna for watching local channels over the air. "We think that video is akin to the eggs and the milk in a convenience store. You have to have it, but you don't make a lot of money on it," Cablevision Chief Executive Officer James Dolan told analysts on Monday during a quarterly earnings call. "Now, connectivity is a whole other basket. It's more like the soda and chips aisle. And if you provide great connectivity, because it provides great value to the consumer, you can differentiate yourself and you can charge more, and the margins are good on it."

"On the margins, it's positive for cable companies," says Amy Yong, an analyst with Macquarie Capital, since moving streaming services closer to the bundle is likely to help entrench both in households. "I don't think that these products are trying to cannibalize the traditional products." – ***Wall Street Journal***

Music-streaming company Spotify AB is laying plans to enter the hotly competitive Web-video business, according to people familiar with the matter, preparing to take on powerhouses like YouTube and Facebook Inc. in a strategy that may put growth ahead of profit. The closely held streaming service, which has shaken up the recording industry over the past few years, has been in talks with several digital-media companies about potential partnerships, these people familiar said.

Spotify has approached so-called multichannel networks that specialize in creating and distributing video for YouTube to discuss both acquiring their material and co-creating original video series, the people said. It also contacted some well-known traditional-media companies about potential alliances. Time Inc., Tastemade, Maker Studios and Fullscreen are among companies talking to Spotify, according to people familiar with the matter. The Swedish company could announce its video plans as early as this month, the people said. It said Thursday that it will hold a media event on May 20 in New York, but offered no details.

Spotify has yet to turn a profit in the streaming-music industry, where its rivals include Pandora Media Inc., Apple Inc.'s Beats and rapper Jay Z's Tidal. Spotify said in January that it had 60 million users going into 2015, 15 million of which were paying $9.99 a month for its ad-free premium service. The video service Spotify envisions likely would be available to subscribers and nonsubscribers alike, and could eventually include advertising, said people familiar with its plans. Getting traction in the online-video business won't be easy. In the world of ad-supported content, Google Inc.'s YouTube is a juggernaut, though Facebook is making inroads, and a range of other players like Vessel and Twitter are in the mix.

The industry's economics can be unforgiving. Many video creators complain that YouTube takes a 45% share of revenue generated from ads. And YouTube, after taking in about $4 billion of revenue in 2014, roughly broke even, The Wall Street Journal has reported. Among subscription video services, Netflix Inc. dominates, followed by Amazon.com Inc., Hulu and others that have a strong presence in individual markets outside the U.S. Jonathan Miller, partner at early stage investment firm Advancit Capital and former chief digital officer at News Corp, pointed to important differences between the digital-music industry, where competitors essentially have the same catalog of songs, and the digital-video business, where rivals bid for the choicest offerings. "Spotify would have to develop the ability to compete through programming," he said.

Paul Verna, analyst at research firm eMarketer, predicted that Spotify rival Pandora also might eventually venture into video. Tidal already offers high-definition music videos. Mr. Verna said there are synergies between music and video entertainment, citing the successful expansion of Apple's iTunes store from selling digital music to also offering movies, TV shows and podcasts. "So many companies have doubled down in this space that differentiation and monetization are going to be increasingly difficult," he said.

Spotify is hoping to enjoy an advantage in producing video based on the data it already has about consumers from their music-listening habits, the people familiar with the plans said. For example, music users who elect to listen to songs in Spotify's "chill" genre may be offered different content than those who listen to music targeted for working out or travel, they say.

The video foray coincides with talks in which Spotify is seeking to raise more than $400 million from investors in a round of funding that would value the company at more than $8.4 billion, The Wall Street Journal has reported, citing people familiar with the matter. That valuation reflects expectations that Spotify eventually will show big profits. But despite its fast user growth, the company has posted deep losses since it was founded in 2006 by Swedish entrepreneurs Daniel Ek and Martin Lorentzon. It has invested heavily in international expansion, product development and head count.

Users pay about $120 a year for Spotify's premium service, and the company pays out 70% of its revenue in royalties to record labels and publishers, who pay a percentage to artists that varies with their contracts. The service has been under pressure from its owners, which include major record companies, to convert more of its free users into paying subscribers

Some artists have complained that Spotify doesn't pay enough. Its free "tier" has been a particular bone of contention. Pop star Taylor Swift last year pulled her music from the service when it wouldn't let her put it only on the premium subscription tier, which pays artists far more per listen than the free, ad-supported offering. In November, Spotify said its losses had narrowed as revenue shot up more than 70%. The 2013 net loss came in at €57.8 million (US$65.6 million), compared with a net loss of €86.7 million for 2012. Revenue hit €746.9 million, up from €430.3 million the year before. Spotify won't release 2014 results until the fall.

Company executives have said they are confident Spotify ultimately can get into the black, adding that the service is already profitable in some of its markets. For now, however, it is focused on plowing more money into building a wider audience. "The company's priority one, two and three are growth, growth and growth," Mark Williamson, Spotify's head of artist services, said in a recent interview. – ***Wall Street Journal***

And the cost to taxpayers for seemingly unending investigations of Pennsylvania public officials just goes on and on. Now comes a report from Harrisburg TV's ABC27 that more than a quarter-million dollars in tax money has been spent on legal cases involving embattled state Attorney General Kathleen Kane and disgraced former state Treasurer

Rob McCord. You can see the report **here.**

This comes after millions in tax dollars was spent on cases involving lawmakers and their staffs a few years back during investigations of illegal bonuses (paid with tax dollars) and other crimes of political corruption. The TV report documents about $58,000 spent on outside counsel charging up to $395 an-hour to prepare AG staffers for testimony before a grand jury investigating Kane -- $30,700 to Center City Philly lawyer Howard Bruce Klein. This is despite Kane's testimony before the House Appropriations Committee in March during which she said no tax dollars were being spent in her defense.

Her latest spokesman, Chuck Ardo, tells the TV station Kane probably was thinking of her personal defense costs, which she is paying, and not "more broadly" about agency personnel. When public officials are subpoenaed, the state picks up costs of their legal representation unless or until charges are brought. Kane's costs, however, pale to McCord's. When the feds were preparing an extortion case against McCord, taxpayers paid $171,000 in legal bills to the law firms of Pepper Hamilton and Eckert Seamans to prepare documents and ready a Treasury staffer to testify in the case. So keep paying all your state taxes, please, your public servants need the best legal representation your money can buy. – ***philly.com***

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