

**[Fierce Cable  
James Nuzzo  
becomes latest  
Cablevision  
exec to hop to  
Charter](#)**

**[Bloomberg  
AT&T-DirecTV  
Leverage With  
Programmers  
May Not Cut  
Bills](#)**

**[TV NewsCheck  
FCC To Offer  
Spectrum  
Payment  
Estimates](#)**

**[Philadelphia  
Inquirer  
Pa. House  
approves  
budget plan and  
sends it to the  
Senate](#)**

**[pennlive.com  
As June 30  
draws near,  
state lawmakers'  
legislative  
appetites vary](#)**

**[Philadelphia  
Daily News  
Editorial:  
Pennsylvtucker  
out](#)**

Barry Diller was clear from the beginning. If streaming-TV company Aereo Inc. loses in court, he told The Wall Street Journal in 2012, "there's no Plan B."

Wednesday's Supreme Court ruling against Aereo dealt a heavy and potentially fatal blow to the insurgent television-streaming company that CEO Chet Kanojia started in 2012—and Mr. Diller backed—and preserved the existing television ecosystem, analysts and media lawyers say. "It's the end of the live service," said John Hane, a lawyer at the Pillsbury law firm who has worked for broadcasters in the past. "They might be able to offer the time-delayed service, but the question is—is that a viable business?" Many analysts think not.

"As a result of the ruling, we believe Aereo will likely cease offering its service," wrote Standard & Poor's. "While Aereo could decide to pay licensing fees to the TV broadcasters, given the retransmission consent fees that the broadcasters typically seek from cable and satellite operators of roughly \$1-\$2 per subscriber per channel, and the \$8 per month fee Aereo charges subscribers for its base plan, we believe the company would need to materially alter its business model to remain viable." Aereo is still regrouping. Mr. Kanojia vowed to "continue to fight for our consumers," though what he meant by that was not entirely clear. A source close to Aereo said the company is evaluating its options moving forward.

Some analysts expect Aereo to sell off its expertise in capturing video signals, transferring them to digital streams and storing them in the "cloud" to the existing television industry, which has been trying to roll-out online streaming of its content to mobile devices on its own terms. Gus Hurwitz, an assistant professor of law at the University of Nebraska College of Law, said Aereo does have the option "to work with the broadcast industry, instead of trying to disrupt it." "Aereo would bring a known and trusted brand and working distribution platform to the market and could, conceivably, license content from local broadcasters," Mr. Hurwitz said, in an interview done before the ruling.

Aereo could also lobby to try to change the law, though most experts familiar with the ways of Washington put the odds of success between slim and none. Aereo is a two-year-old company that picks up television signals and sends them to the Internet-connected devices of Aereo subscribers, all without permission from or payment to the broadcasters who provide the programming. The broadcasters, including Walt Disney Co.'s ABC, Comcast Corp.'s NBC, CBS Corp. and 21st Century Fox, argued that Aereo is an illegal operation because it violates the networks' exclusive rights to transmit their shows to the public. (21st Century Fox and News Corp, owner of The Wall Street Journal, were until mid-2013 part of the same company.)

For broadcasters, their victory in court means a return to business as usual, minus the cloud of uncertainty that Aereo cast over the continued projected increases of the fees they charge pay-TV distributors to carry their signals. These fees have become increasingly important to broadcasters, making up \$3.3 billion for the industry last year and expected to hit \$7.6 billion by 2019, according to SNL Kagan. The growth in fees has helped broadcasters offset a slowdown in advertising revenue. If Aereo's technology had been blessed by the Supreme Court, broadcasters worried that "cable and satellite companies could potentially devise Aereo-like workarounds of their own," they wrote in their brief, cutting them out of retransmission revenue.

While media lawyers and executives say this maneuver is exceedingly unlikely, they did concede that a legal Aereo would reduce the leverage that broadcasters had in their retransmission consent negotiations, since consumers would be able to turn to

Aereo to get their local broadcast content if a broadcaster decided to "go dark" as a way of holding out for a higher fee from a cable or satellite distributor. Aereo's loss means retransmission consent fees will likely continue to climb, along with pay-TV bills, analysts said.

It also means there is one less enticement for people to cut the proverbial cord, thereby protecting the pay-TV "bundle." If you live in an area where television antennas don't work well and you want to watch "Sunday Night Football," you're going to have to pay a hefty pay-TV bill to do it—even if these games are broadcast "free" over the air. The removal of Aereo as a threat gives broadcasters some more breathing room to come up with their own online streaming options on their own terms. Dubbed "TV Everywhere," these apps and websites allow viewers to watch cable and broadcast television live on their computers or mobile devices, so long as they enter a password proving that they pay for pay-TV.

But these apps have been slow to come on line, partly because they require television networks to navigate a labyrinth of copyright approvals with everyone from the studios that own the shows to the advertisers that appear in them. Each cable operator, phone company and satellite television provider must negotiate separate agreements for online rights to every cable and broadcast channel. Over a year ago, ABC, which has led the broadcast networks in TV Everywhere, announced that it was rolling out a live streaming app requiring a pay-TV login in its owned and operated ABC stations as well as 13 ABC affiliates that Hearst owns in the coming months. The 13 Hearst markets don't yet have the function because they are waiting for the next round of deals with pay-TV distributors.

The process illustrates the challenging complexity of giving consumers the ability to watch television anywhere they want, on any of their devices—while holding the lucrative pay-TV bundle together. One outcome of the two-year-long Aereo saga is that it has helped light a fire underneath broadcasters to get their competing TV Everywhere apps up and running. "I think everybody in this existing legitimate business has focused on making content available on multiple screens and multiple locations sooner," Mr. Hane said. Indeed, lately there have been signs of progress. TV Everywhere usage more than tripled in the first quarter of this year, compared to the year-earlier period, according to the Adobe Digital Index. And Nielsen is going to begin incorporating mobile viewing into its television ratings this fall. *Wall Street Journal*; From CNN: [What will Aereo's customers do now?](#) And the *Los Angeles Times*' editorial board asks ["Did the justices really understand Aereo?"](#)

---

Much as the anticipation for a swifter Internet for Kansas City continues to grow, so do complaints about the sometimes inconvenient construction of Google Inc.'s infobahn.

Rutted lawns. Busted gas lines. Unannounced construction workers in the backyard.

Residents have been calling City Hall for help in prodding Google Fiber's many contractors for fixes since the work began, registering gripes that have grown with the network's speeding rollout this spring and summer. City officials give Google high marks for pressuring its contractors to make right when things go wrong. The California tech titan says that, for a project that's so far crisscrossed 7,000 miles across the metro area on utility poles and underground lines, it's fielded relatively few complaints and rarely found one that it couldn't rectify. "Unfortunately, from time to time there is disruption," said Google Fiber spokeswoman Jenna Wandres. "When we hear about issues, we work to fix them as soon as possible."

Still, the massive Internet build-out leaves some residents peeved. "It seems like they're just slamming this stuff in there," said Mac Andrew. He was annoyed by the sometimes after-dark hours kept by crews in his Verona Hills neighborhood, along with the mess workers left out during the work and the time it took to repair a

sidewalk. Andrew was public works director for both Jackson and Johnson counties and was assistant director of water services for Kansas City. Andrew said that from what he's seen, "it's just a sloppy operation."

Emails circulated to and among Kansas City officials, and shared with the Kansas City Star in response to a public records request, give a snapshot of dissatisfaction. Homeowners complain of workers crossing their properties without notice — something Google said it tells contractors not to do. Some residents reached out to City Hall after their lawns were damaged, buried sprinklers were busted, or water, telephone, cable TV, electrical or gas lines were cut. "You just wouldn't believe what a nightmare this has been for me," said Mary Jo Kaifer, who lives in the Amber Meadows neighborhood in Clay County, Mo. "They're doing a pretty darn crummy job."

Kaifer said Google contractors hit a gas line while digging under her driveway. The gas line was repaired quickly, but she said her yard and driveway haven't been repaired to her satisfaction. The complaints reflect the scale of a massive private infrastructure that can only be wired across the metropolitan sprawl with much digging and tree-trimming. Google is attempting in a few years to build the sort of network that other telecommunications companies pieced together over decades. Google's work is distinct because it strings fiber-optic cables — glass wires that can move huge amounts of data through pulses of light — directly into homes and apartments.

Then-Everest Communications — later called SureWest and now known as Consolidated Communications — drew similar complaints in 2002 when it built a smaller network in parts of Kansas City and Johnson County. Everest then, like Google today, drew fire when its construction ruptured gas lines or tore up yards. "Building a fiber-optic communications network to every neighborhood, past every home, is not a simple undertaking," said Kevin Anderson, Everest's CEO at the time. "It does involve trenching and burying cable. It does involve situations where we need to restore people's yards. There is machinery in the neighborhoods. It will not be without some disruption locally."

The payoff was competition for the existing cable company. Likewise, the Google project offers more competition. The new residential service makes Kansas City the largest market in the country with upload and download speeds nearing a gigabit per second. That is 50 to 100 times faster than most American home broadband. AT&T Inc. has said it is contemplating a similar service in Kansas City, meaning more construction and resulting disruptions. But Google is building its network from scratch. AT&T would only need to extend fiber-optic connections from existing switching stations to homes, suggesting less digging and inconvenience.

Tens of thousands of construction permits have been issued for Google's work in Kansas City. They give the company and its contractors permission to plant metal boxes on public rights of way — land where utilities and governments have authority to operate on private property — and to slice through lawns, sidewalks, driveways and other places where utility easements exist. Grading the company's record of keeping headaches to a minimum is difficult. Industry analysts say there is no easy yardstick to judge by. Meantime, city officials and other utilities — they share some of the same power poles and underground conduit — give Google high marks for responding to construction complaints.

Rick Usher, Kansas City's assistant city manager and point man on Google Fiber, said complaints appear to have climbed this summer along with the speed of construction. Google has said it expects to complete installation to all its customers in the city by year's end. It will move into suburbs after that. The company has established a complaint hotline and in recent months begun to staff those phones around the clock. Google's agreement with Kansas City granting the authority to build the network does not require the company to reveal how many complaints it fields. "I don't have a clear picture," Usher said. "I don't know if the city is seeing 5 percent (of complaints to

Google) or 20 percent.” *St. Louis Post-Dispatch*



127 State Street · Harrisburg, PA 17101 · 717-214-2000  
bcapa.com

First in Broadband. The Future of Broadband.®

