BCAP NewsClips July 14, 2015

lancasteronline.com
[Op-ed from PUC Commissioner Pam Witmer: Keeping communications secure in Pa. a priority]

New York Post
[Apple, networks progressing in talks over cable-killer TV app]

Reuters
[Local TV takes news to Web in fight for cord cutters]

New York Times
[Verizon to Add Vice Content to Its Coming Mobile Video Service]

Washington Post
[Is this the end of the phone subsidy?]

pennlive.com
[Republicans, Gov. Tom Wolf battle over proposed tax increases]

Pittsburgh Tribune-Review
[Pa. Dems' disarray could boost GOP in 2016]

Washington Post
[Opinion: Rick Santorum's 2012 support abandons him]

Life may soon be getting harder for New York City's largest publicly traded company when it comes to dealing with one of its biggest customers—the city of New York. The de Blasio administration is putting Verizon Communications on notice that business it used to do with city agencies will now go through City Hall, which could choose to block discretionary transactions if it deems the company a "bad actor." The move is aimed at pressuring the telecommunications giant to make good on its overdue promise to deliver broadband service citywide.

In a meeting at the end of June, Mayor Bill de Blasio told commissioners and agency heads they must inform the Department of Information Technology and Telecommunications of all major contract negotiations with Verizon and other service providers. The mayor's counsel, Maya Wiley, will issue final approval of any discretionary deal. It's no small threat: Verizon's voice and data business for government agencies has totaled close to $650 million during the past five years, according to city estimates.

The edict reflects the administration's **[frustration with Verizon]**. An audit last month found the company had not lived up to its 2008 franchise agreement to make its fiber-optic cable-television service available to all New Yorkers. The de Blasio administration's new protocol has been described by insiders as an attempt to keep Verizon from continuing with business as usual while failing to make good on its FiOS franchise commitments—or even acknowledging the shortcomings of its FiOS rollout. Verizon, in a 30-page addendum to the audit report, disputed almost all its findings.

FiOS is of particular concern to the mayor because he has made universal broadband access a key component of his effort to reduce income inequality. The franchise agreement, reached during the Bloomberg administration, not only calls for the build-out of New York's lone citywide fiber-optic network, but aims to spur competition by bringing choice to neighborhoods currently served by a single cable television and high-speed Internet provider.

City officials say they are not making threats. But they want Verizon to know the game has changed. "We'll treat Verizon fairly," said Ms. Wiley, who leads broadband strategy for the mayor. "But where we have the power to make decisions, we will make decisions that benefit good corporate actors. They have to demonstrate to us that they are good corporate actors if they want us to use our discretion in ways that benefit them."

The new approach also reflects how public the city's battles with Verizon have become. In a recent Wall Street Journal story, Anne Roest, commissioner of the Department of Information Technology and Telecommunications, cited reports she had received of Verizon competitors having trouble running fiber-optic cable through conduits the company controls in Manhattan, Brooklyn and

Queens.

Broadband providers have long complained privately about the added costs of working with Verizon in the outer boroughs. In Manhattan, Verizon subsidiary Empire City Subway oversees the underground conduits, which providers say are **costly and difficult to navigate**. But Ms. Roest's comments appear to have been the first by a city official about the complaints. Leecia Eve, Verizon's vice president for state government affairs and a former Cuomo administration official, said the company has received no complaints from providers about the conduits. She suggested that if they were unhappy, they should call Verizon.

More significantly, the city and Verizon seem further apart than ever on the central issues surrounding the 2008 agreement. The audit found Verizon hasn't even finished putting its fiber network in the ground—something the company said it had done by last November. Verizon, in its rebuttal, said the city has changed the definition of what it means for the network to be completed, and lists uncooperative landlords and other difficulties getting access to buildings as the main challenges to bringing FiOS from the street into homes. Veterans of franchise disputes say there's a long tradition to these disagreements. "There is always a tension between the expectations of the city for performance, and what, on a business basis, franchise providers are able to deliver," said Kathryn Wylde, chief executive of the Partnership for New York City, a business advocacy group that counts Verizon as a member. She noted that she is unable to get FiOS in her Bay Ridge, Brooklyn, neighborhood.

Verizon, too, insists the current disagreements are in many ways part of working with a longtime partner. "I put the challenges we are facing right now within a much broader, multifaceted context," Ms. Eve said. "We have a very strong relationship with the city across the board." She even put a happy face on the city's decision to erect a City Hall hoop that Verizon must jump through for every deal. "It's easier to have one point of contact," she said.

The greater pressure may be on City Hall, which has thrown down the gauntlet with the audit and needs to show it is not powerless against a corporate behemoth. "We'll continue to talk with [Verizon]—as well as centralize our communications and look at the relationship holistically," Ms. Wiley said. "And look at all our options depending on how they respond."

As if Verizon didn't have enough problems with its FiOS rollout and the de Blasio administration, the Working Families Party chimed in last week with an accusation that surely went overboard. "For most New Yorkers, there isn't an alternative to unreliable Internet service," the union-backed party's Amy Witacco wrote in an email blast. "Verizon does have a cutting-edge fiber optic network called FiOS that breaks that monopoly, but for years they've been picking only the wealthiest neighborhoods in which to install it."

Even the city's harsh audit didn't make that claim. FiOS is unavailable in many pricey areas, while some poor sections have been wired. Verizon first connected Staten Island, a middle-class borough, because its above-ground wires and single-family homes made the job easy. A Working Families Party spokesman cited a study by CWA, a union at odds with Verizon, showing Verizon wired suburbs around Buffalo, Albany, Syracuse, Boston and Baltimore but not the cities themselves. New York City was not part of the study. – ***Crain's New York Business***

Comcast Corp. said Monday that it will launch a new $15-a-month streaming-video service, the cable giant's first major move to offer TV over the Web to people who don't want a big bundle of cable channels. For now, the service, dubbed "Stream," will consist of local broadcast stations and HBO—leaving out cable channels like ESPN, AMC and Fox News. It will also include "thousands" of on-demand movies and shows as well as a cloud-based digital video recorder.

There are several limitations, however. It will be available only to Comcast's broadband customers. Stream will launch in Boston later this summer, followed by Chicago and Seattle later this year, the company said in a **blog post**. Comcast said it is planning a rollout to its entire footprint next year. That approach differs from Dish Network Corp.'s Sling TV and Sony Corp.'s PlayStation Vue Web TV services, which are available nationwide to anyone with a broadband subscription.

The Stream service itself is unlikely to be very profitable for Comcast, but it could encourage customers to sign up for faster, more expensive broadband subscriptions, and allow the company to collect more revenue from "cord-cutters" who have dropped traditional cable-TV subscriptions. The trick will be to pull off that feat without encouraging more customers to downgrade from high-price cable-TV packages. At launch, the service won't be accessible through streaming media devices like Roku, so customers won't be able to watch shows on their TV sets. The spokeswoman said Comcast is focused for now on catering to younger consumers who want to access content on laptops and mobile devices, though the company could explore ways to make it available on the TV set if that is what customers desire.

The new Stream service is a Web equivalent to the "Internet Plus" cable TV-and-broadband package Comcast already has in the market today, which offers fast broadband, a handful of broadcast networks and HBO. Factoring in the cost of a broadband subscription, Stream may even be more expensive than the cable-TV alternative. Buying Stream plus a 25 megabits-per-second broadband subscription from Comcast at $67 a month would amount to $82 a month. By comparison, Comcast's "Internet Plus" package, **which offers a handful of local broadcast stations and HBO** along with the same broadband speed, costs $45 a month for the first year and increases to $65 a month in the second year. The spokeswoman said Comcast is looking into creating some promotional broadband offers for Stream. Stream could also explore offering add-on packages of sports or children's channels, the spokeswoman said, similar to what Sling TV offers today.

Comcast said it would count Stream customers as video subscribers when it reports earnings. Because it is classifying and treating Stream as a cable TV service, the operator is also exempting it from its data usage thresholds—as it does for its Xfinity video-on-demand app on the Xbox gaming console. That means consumers can binge on Comcast's streaming video and won't have a pay a surcharge even if they surpass thresholds that Comcast enforces in several markets at 300 gigabytes a month.

That practice has raised outcry in the past from the likes of Netflix Inc. Chief Executive Reed Hastings, who complained a few years ago that it was unfair for Comcast to exempt its own Xbox app and penalize others' like Netflix. Comcast has maintained that its streaming apps in the home, just like traditional cable-TV service, travel over a private, managed network—a separate portion of the pipe from public Internet traffic—and therefore need not count toward data usage.

In its latest Open Internet rules, the Federal Communications Commission allowed broadband providers to treat such services differently from public Internet traffic. The FCC said, however, that it is "especially concerned that over-the-top services offered over the Internet aren't impeded in their ability to compete with other data services." The agency said it would closely monitor the development of such services. Comcast has dabbled in offering streaming services before. A few years ago, it introduced Streampix, an add-on streaming service that it marketed to existing cable TV customers. In partnership with some college campuses, it has been marketing a streaming TV service with about 80 channels that is free to students with room and board.

Comcast said last September amid its regulatory review for its failed bid to buy Time Warner Cable Inc. that it had looked at launching a national Web service "from time to time" but had "not been able to find a viable business model," in part because of the "difficulty of obtaining national programming rights." – Wall Street Journal; more from ***Los Angeles Times*** and ***Philadelphia Inquirer***

A bill recently passed by the state house, and introduced by state Rep. Todd Stephens (R-151st District), would make significant changes in the way victims of crimes are compensated by prison inmates. House Bill 1089 would require mandatory deductions from the wages inmates make while imprisoned, and allocate that money deducted to fulfil the costs, fees, and court-ordered payments to their victims. "Very simply, if someone steals your TV, they should not be able to buy themselves a TV in prison before paying you for the TV they stole," Stephens said.

That example is based on a real case — in April, Commonwealth court ruled against a prisoner in Lehigh County who was able to purchase a color television from the prison commissary, and a cable television subscription, by using his earnings and gifts from those outside. In 2012 that prisoner was transferred to a prison in New Jersey but failed to cancel his cable subscription, and charges were deducted from his inmate account each month until he returned nine months later. That inmate appealed the roughly $130 in cable charges he had incurred, and Stephens said that case is an example of why inmates should be required by his new bill to dedicate part of their earnings to their victims.

"This guy only owed a couple hundred dollars in restitution, and according to (court record) has not paid a penny, but he's sitting in a state prison cell, watching cable TV, paying a monthly cable bill, and having bought the televisions," Stephens said. In recent testimony to the House Judiciary Committee, a professor described an ice cream stand for prisoners within the State Correctional Institute at Graterford, Stephens said, "with two scoops for $1. These are the types of things these guys are spending money from their accounts on, before their victims — before they have repaid what the victims are owed." – **Read the entire article in *Main Line Media News***

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of Pennsylvania

127 State Street, Harrisburg, PA 17101
717.214.2000 • bcapa.com

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