BCAP NewsClips **July 17, 2015**

Fierce Cable
Experts: Cord shavers are a much bigger threat than cord cutters

Washington Post
If Netflix were a country, it'd be bigger than Britain

Multichannel News
Cohen: Netflix is 'Ultimate Frenemy'

Pittsburgh Post-Gazette
Does Twitter outrage lead to tangible action? CMU study fails to find link

pennlive.com
Lawmakers are missing the real state budget-buster

Pittsburgh Tribune-Review
Op-ed: No flattery in Gov. Wolf's 'imitation'

Philadelphia Daily News
Editorial: Kane's conundrum

philly.com
Op-ed: Santorum 2016 is

Armstrong Utilities, a Pennsylvania-based cable operator that serves about 285,000 customers, has picked Metaswitch Networks Business and Consumer Communications platform, a move that is helping the MSO migrate to an IP-based multimedia platform.

Armstrong, which serves parts of Pennsylvania, Ohio, West Virginia, Kentucky, and Maryland, also supports about 140,000 residential and business telephone lines and provides 30,000 voicemail accounts. For Metaswitch, the deal builds on recent wins with Charter Communications (the former Bresnan properties), Mediacom Communications and TVCABO.

"We're pleased to help Armstrong build a more modern, IP-based multimedia platform that will support its customers and provide the flexibility and features needed to grow its subscriber base," Al Mitchell, SVP of Metaswitch's consumer and business solutions, said in a statement. "With our business and consumer communications solutions and the industry's leading customer support organization, Metaswitch is the best partner to help Armstrong provide excellent service and expand into new markets."

"We are really excited to have Metaswitch as our IP-based multimedia platform provider as we work to enhance features and functions so the promise of true fixed-mobile convergence can be a reality for even midsized cable operators," added Mike Giobbi, CTO at Armstrong. "Our customers trust us with their home and business phone service, evident by our market penetration and positive service reviews." – ***Multichannel News***

A U.S. judge ruled on Thursday that online television service FilmOn X LLC should be treated like a traditional cable system in order to transmit the programs of the nation's broadcasters over the Internet. The ruling, coming as consumer TV-watching habits are increasingly migrating to the Internet, is the first to first to view a streaming service like a cable provider and could have major implications for broadcasters if it is upheld by higher courts.

Broadcasters have been aggressively litigating against such services, contending they violate their copyrights and threaten their ability to generate advertising and control

struggling	subscription fees. U.S. District Judge George Wu in Los Angeles said in his ruling that FilmOn X is entitled to a compulsory license under the Copyright Act to retransmit the broadcasters' programs if it meets the law's requirements. Acknowledging the major commercial consequences of his decision, Wu said he would allow an immediate appeal to the 9th U.S. Circuit Court of Appeals. He also left in place an injunction against FilmOn X's operations that the broadcasters had won in 2012, so FilmOn will still not able to stream their content pending the appeal. "The broadcasters have been trying to keep their foot on the throat of innovation," said FilmOn X's lawyer, Ryan Baker, in an interview. "The court's decision today is a win for technology and for the American public." In a statement, Fox Networks said the opinion "contravenes all legal precedent" and vowed to appeal. The dispute stems from two lawsuits that Fox, Walt Disney Co's ABC network, CBS Corp, Comcast Corp's NBCUniversal and several others filed against FilmOn X in 2012. The networks successfully shut down Aereo, a more prominent competitor to FilmOn X, when the U.S. Supreme Court in June, 2014 said that company violated the broadcasters' copyrights in retransmitting their programs to subscribers' devices via the Internet. Aereo then tried to argue in a Manhattan federal court it should be seen as analogous to cable, eligible for a compulsory license. The judge in that case disagreed. The company, backed by Barry Diller's IAC/InterActiveCorp, has since gone bankrupt. Both Aereo and FilmOn X, founded by Internet entrepreneur Alki David, use similar technology that allows viewers to watch network television captured via remote antennas and sent over the Internet. – ***Reuters*** Dish Network Corp.'s wireless ambitions are facing an expensive setback. Federal regulators are poised to reject $3.3 billion in discounts sought by two small Dish partners during an airwaves auction earlier this year, people familiar with the matter said, dealing a blow to the satellite-TV operator, which has been aggressively accumulating spectrum despite not offering cellphone service. After a long review, staff at the Federal Communications Commission concluded that the $13.3 billion in winning bids by two companies backed by Dish didn't qualify for the small-business discounts because their bidding conduct violated the broad spirit of the auction's rules, one of the people said. FCC Chairman Tom Wheeler circulated a draft order to the FCC's other four commissioners on Wednesday, the people said. At the auction, which ended in January, Dish's affiliates came away with nearly half of the wireless licenses sold. Their winning bid total was second only to AT&T Inc. and ahead of Verizon Communications Inc. But it was two tiny companies—called SNR Wireless and Northstar Wireless—with Dish's backing that staked claims on the licenses, not Dish itself. A rejection of the discounts would leave SNR and Northstar on the hook to pay the additional billions. They won't simply be able to walk away. However, Dish said in earlier filings prior to the auction with the FCC that it could take over the spectrum entirely, dropping the complex structures of the designated entities. A Dish spokesman declined to comment. The company has said it adhered to the rules and noted that its practices didn't diverge from those employed by other companies in previous FCC auctions. It is unclear how Dish will respond, though many industry observers expect Dish Chairman Charlie Ergen to take the matter to court. The FCC's decision could also be a setback in Dish's efforts to acquire T-Mobile US Inc. Shares of Dish fell 3.4% on Thursday. Mr. Ergen has said the company's spectrum holdings are part of a broader plan to enter the wireless industry to diversify Dish away from its struggling core pay-TV business. Auction participants don't typically push for higher prices, but Dish's position had been more complex. A significant portion of the satellite broadcaster's value is in the billions of

dollars of wireless spectrum it already holds. That spectrum is similar to what the government was selling. Their values rose together, pushing Dish's market value up by $3 billion, or 10%, over the course of the auction. At a news conference Thursday, Mr. Wheeler acknowledged that the FCC had circulated a recommendation but declined to comment further. Earlier this year, Mr. Wheeler told FCC staff to study the matter closely, saying something didn't smell right, the Journal previously reported.

The way Dish and its two affiliates coordinated during the auction drew complaints from rival bidders, which claimed the aggressive tactics distorted the results and led to higher prices. The auction drew $45 billion in winning bids, twice as much in total bidding as earlier sales of spectrum. Dish, with $14 billion in revenue last year, also drew the ire of lawmakers for appearing to take advantage of a program designed for encouraging small businesses to enter the wireless industry.

Wireless companies are hungry to gain access to more airwaves to handle the increasing use of mobile devices for everything from watching live-streaming sports and YouTube videos, to uploading photos to Facebook. Bidding is anonymous during the auction, but Dish and the two entities stayed in contact with one another because they disclosed the arrangement to the FCC in advance. That meant there were instances where rivals saw three distinct bidders when in fact those were Dish and its partners working together.

On Thursday, the FCC tightened the rules that let Dish's affiliates claim discounts. The agency placed a cap on the amount of discounts small businesses can receive, setting a limit of $150 million in next year's auction. The new rules also don't allow coordinated bidding between related-parties. Previously, the FCC let companies work together during auctions as long as they announced their intentions in advance. The proposed rules "will ensure large corporations can't game the system," the agency said in a statement. The rules aren't retroactive.

In the auction, Dish's entities ultimately accounted for 27% of all bids placed, more than AT&T and Verizon combined, according to a Wall Street Journal analysis of the results. Records show the entities bid for a wide range of licenses—often the same ones—and stayed active until late in the auction. Dish provided 85% of the capital in both NorthStar and SNR. In filings with the FCC, both companies reported revenue of less than $15 million and said that Dish didn't have a controlling interest in either firm, two criteria needed to qualify for the small business discounts. "If they had gotten a few hundred million of discounts it wouldn't have triggered nearly the political outcry that it did and they probably would have gotten away with it," said Jonathan Chaplin, telecom analyst at New Street Research.

Dish won the spectrum discounts by tapping an eclectic bunch of partners. A central player was Stephen Hillard, a Texas investor and fantasy-fiction author. Mr. Hillard put to use his ties to Alaskan Native American groups to link up Dish with Doyon Ltd., an Alaskan firm owned by Native Americans that has a controlling interest in Northstar. SNR, the other Dish-backed entity, drew former FCC official John Muleta and BlackRock Inc., the investment firm. – **Wall Street Journal; more on Dish in *Denver Post***

Gov. Tom Wolf's Spokesman Jeff Sheridan said there's nothing new to report on Thursday regarding ongoing budget negotiations. The governor was scheduled to have a press conference on education funding in Williamsport Thursday afternoon and then deliver remarks at the mayor's conference in Bethlehem. Sheridan said the governor spent a "good portion of the day" on Wednesday calling lawmakers by phone. He also spoke to House Speaker Mike Turzai by phone yesterday, Sheridan said. – ***pennlive.com***

BCAP
Broadband
Cable Association
of Pennsylvania

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

First in Broadband.
The Future of Broadband.®