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Pennsylvania in August 2016 expanded its 6% sales tax to include streaming services, as well as downloads of apps, movies, music, games and e-books. So, when Apple or Amazon sells a \$13.99 ebook to a Pennsylvania resident, the seller must include an 84 cent tax. The state has collected about \$46.9 million in the first 10 months of the

tax. [See entire USA Today article: "A Netflix tax is already a thing in some states."](#)

## Top 10 Reasons Why Ironton Telephone Should Be Your Telcom Partner:



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that many Ohioans in other parts of the state take for granted. More than half of Vinton County residents can only get Internet from expensive satellite or slow dial-up or cell-phone connections, according to [a Connected Community Engagement Program study](#) released in May. The median residential download speed here is 6.5 megabits per second - about a quarter as fast as the [statewide median of 25.6 mbps](#).

The reason is simple: companies don't see profit in running fiber-optic cables out to hilly, forested areas that often only have a handful of scattered houses. President

When Nancy Brame and her husband get tired of slow satellite Internet speeds at their rural home, their solution is often to start the car. "Because we have the time, we'll just pack things up and go into town to the library or one of the restaurants locally that has wi-fi," said Brame, a retiree who lives about eight miles outside of McArthur (OH), the [Vinton County](#) seat. "It's such a nuisance."

Brame is just one of thousands of residents in this isolated, hilly county about 55 miles southeast of Columbus who face barriers in getting high-speed Internet service - something

**Pittsburgh  
Post-Gazette  
PA  
Lawmakers  
say Trump's  
failure to  
clearly  
repudiate  
white  
supremacists  
impacts his  
ability to lead**

**Harrisburg  
Patriot-News  
GOP  
candidates  
line up for  
Barletta's  
congressional  
seat if it  
becomes  
open**

Donald Trump **has pledged support** for rural broadband access in his infrastructure plan, though precise details haven't been released. Vinton County is "probably ground zero of the digital desert," said Stuart Johnson, executive director of Connect Ohio, a non-profit that promotes broadband access in the state.

Even when Internet access is available, it can be pricey: nearly 30 percent of residents of Vinton and neighboring Meigs County surveyed in the CCEP study paid \$50-\$74 per month for service. More than 60 percent of Vinton County residents polled said they were dissatisfied with the price of Internet service. "They're paying a boatload of money for horrible service," Johnson said. Lack of quality Internet has ramifications for Vinton County that go beyond an inability to check email or watch Netflix.

When Vinton County residents are asked to name the biggest problems in their area, they usually say a lack of jobs or an escalating drug epidemic, not issues with high-speed Internet. But Johnson said that the county will have a hard time addressing these other issues as long as there's a lack of broadband access. "I can't tell you that lack of broadband causes the opioid epidemic," Johnson said. "But I can tell you that if you believe that solving the opioid epidemic has anything to do with health care and education and economic development and jobs, and all those kind of things, it's a necessity."

For years, there's been a nationwide concern that as the Internet plays an ever-increasing role in the U.S. economy, rural areas such as Vinton County that lack broadband access will lose jobs and people to cities that do. Much of Vinton County's economy is based on blue-collar manufacturing - sawmills, a dynamite factory - that doesn't require high-tech workers. But manufacturing jobs, as in other parts of Ohio, have fallen off over the years, and many young people here now either commute to jobs in neighboring counties or move away entirely.

Terri Fetherof, director of the Vinton County development department, said she's heard complaints from some small businesses already in the county about lack of high-speed Internet. But she said it's impossible to know how many businesspeople have decided against relocating to Vinton County because of broadband issues.

Fetherof said she and other county officials have been working to find ways of expanding Vinton County's broadband network. She predicted that the county will have more broadband coverage within a few years, though she said it's unlikely that it will ever reach a place where every person in the county who wants high-speed Internet can have access to it. "I just don't think it's that easy, with the geography of the county, to get it rolled out," she said.

There are some places in Vinton County where high-speed broadband is already reliable: particularly, K-12 schools and public libraries. But Fetherof said while broadband is available at the schoolyard, many students return to homes with little or no Internet access, making it difficult to do homework. Dana Murnahan, a 29-year-old mother of two who lives a couple miles east of Hamden, Ohio, said she only has Internet access through cell phones, as broadband cables don't reach her home. That means it can sometimes be tough for her 9-year-old son Steven to download data onto his tablet, she said. But overall lack of broadband access hasn't been much of a problem for her family. "I don't think it's a big problem, but it would be nice to either have better cell phone range or better options," Murnahan said. "It's not too big of a deal."

And some Vinton County residents have no interest in getting Internet whether it's available or not - such as 58-year-old Cathy Frisby, who lives near Hamden. "I've got three kids here, and it's less trouble," Frisby said with a laugh. "I'm not really interested in it." "What?" cried Frisby's 19-year-old granddaughter, Sabrina Baldwin, in mock outrage. Baldwin, a student at the University of Rio Grande, said she uses the Internet at school to keep in touch with her friends. But even Baldwin said not having Internet

has its benefits. "It works out fine, because it means more family time," she said. – **Cleveland Plain Dealer**

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Time Warner Inc.'s Turner Sports is launching a streaming, direct-to-consumer subscription service that will be a platform to air the Union of European Football Associations' Champions League and Europa League soccer matches. The move is part of a push by traditional media companies to launch digital services that reach consumers directly, instead of relying on traditional cable and satellite distributors. Such experiments are becoming more common as consumers drop cable service and embrace newer outlets such as Netflix, Amazon Prime and Hulu.

The as-yet unnamed Turner network, whose price hasn't been decided, will launch in 2018 when the company's new rights deal for UEFA matches starts. Turner Sports acquired the English-language rights to UEFA matches in a three-year deal valued at more than \$180 million, a person familiar with the matter said. It is the third streaming service Turner has unveiled in less than two years. It has an animated service called Boomerang and a movie service called FilmStruck that specializes in art house films. "This is part of a companywide strategy to innovate beyond the traditional ecosystem," said Turner President David Levy.

Last week, Walt Disney Co. said it was creating direct-to-consumer subscription streaming services for its ESPN sports unit as well as its entertainment programming. CBS Corp., which already has a streaming news service and a direct-to-consumer version of its CBS network that also features exclusive content, also said last week it was launching a digital sports service later this year. Turner, owner of TNT and TBS, won't be putting all of its available sports rights, such as National Basketball Association and Major League Baseball games, into the online service, much as ESPN is only putting a selection of its sports rights into the online service.

While the majority of the more than 340 UEFA games annually that are part of the package will appear on the online sports service, Turner's TruTV network will also have a significant number of matches and games will also appear on TNT and TBS. UEFA rights were previously held by 21st Century Fox's Fox Sports unit. Univision holds the Spanish-language rights. Turner will also look to use its popular sports news and commentary website Bleacher Report as a platform to promote the league and a gateway to the streaming network. Soccer won't be the only sport on the service. Turner Sports President Lenny Daniels said he is "open for business" and having conversations with other sports leagues about the service. – **Wall Street Journal**

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Apple Inc. has set a budget of roughly \$1 billion to procure and produce original content over the next year, according to people familiar with the matter—a sign of how serious the maker of iPhones **is about making a splash in Hollywood.**

Combined with the company's marketing clout and global reach, the step immediately makes Apple a considerable competitor in a crowded market, where both new and traditional media players are vying for original shows. Apple's budget is about half of what **Time Warner** Inc.'s HBO spent on content last year, and on par with estimates of what **Amazon.com** Inc. spent in 2013, one year after it **announced its move into original programming.**

Apple could acquire and produce as many as 10 television shows, according to the people familiar with the plan, helping fulfill Apple Senior Vice President Eddy Cue's vision of offering high-quality video, similar to shows such as HBO's "Game of Thrones," on its streaming-music service or possibly a new, video-focused service. Apple declined to comment.

The budget will be in the hands of Hollywood veterans Jamie Erlicht and Zack Van Amburg, **poached in June from Sony Corp. to oversee content acquisition and video**

**strategy.** They exited their Sony contracts a month early and began work this month from Apple's Los Angeles offices, where they are taking over programming responsibilities from the Apple Music team, according to the people familiar with the matter. Apple's existing video business—movie and TV-show rental via iTunes—has been challenged by the rise of Netflix and other video-subscription services that charge a monthly fee. Last year, iTunes generated an estimated \$4.1 billion in revenue, but its share of the movie rental-and-sales market has **dropped below 35% from about 50% in 2012.**

Apple hopes original video bolsters the appeal of movie rentals and other offerings on iTunes—a critical contributor to its **\$24.35 billion in annual services revenue.** Apple aims to double the business, which also includes App Store sales, Apple Pay and Apple Music, to about \$50 billion by 2020. It won't be easy to catch up with Amazon and Netflix Inc., which have considerable head starts and far bigger programming budgets. And Apple has to avoid jeopardizing its 15% cut of subscription revenues its app stores take in for services like Netflix and HBO Go—money that is a growing contributor to the services business.

Hollywood has become a battleground as consumers increasingly sever cable subscriptions and transition to streaming services like Netflix or Hulu. The disruption has fueled competition between tech and traditional media companies eager to sell subscriptions or generate ad revenue with new entertainment programming. It has also fueled a major increase in scripted programming, which rose to more than 500 shows during the recently ended 2016-2017 season, nearly double the 2011 total. In addition to Amazon and Apple, Facebook Inc. has begun acquiring original programming, like a reality show on NBA player Lonzo Ball's family. Alphabet Inc.'s Google has announced a \$35-a-month streaming TV service.

Netflix has aimed to outflank tech rivals by recruiting star TV producers **like Shonda Rhimes,** who developed ABC hits like "Grey's Anatomy" and "Scandal." Meanwhile, Walt Disney Co. **announced this month** it will pull its movies from Netflix and launch its own streaming service. David Hill, former senior executive at 21st Century Fox Inc., said Apple's recent entertainment hires give it a chance to catch up with established players like Netflix and Amazon. But the flood of new scripted shows is making it increasingly hard to attract viewers, he said. "There's just not enough time" to watch, Mr. Hill said. Programming costs can range from more than \$2 million an episode for a comedy to more than \$5 million for a drama. One episode of some high-end shows such as "Game of Thrones" can cost more than \$10 million to produce.

When Netflix released its **back-to-back successes "House of Cards" and "Orange Is the New Black,"** its annual budget for original and acquired programming was about \$2 billion. This year it is expected to spend more than \$6 billion. To gain relevance, Apple needs at least one hit, the people familiar with the plan said. Its initial video efforts via Apple Music—"Planet of the Apps" in June, and "Carpool Karaoke" out last week—were criticized by reviewers. But with \$215.64 billion in revenue last fiscal year and more than \$261 billion in cash on its balance sheet, Apple could quickly ramp up spending on content.

Messrs. Van Amburg and Erlicht have begun meeting with Hollywood agents about shows Apple could acquire, the people familiar said. They have hired Matt Cherniss, former president of cable TV channel WGN America, to oversee development, the people said. The types of shows Mr. Cherniss made at WGN America have bolstered Hollywood's expectations that Apple wants high-quality scripted programming—in contrast with Facebook, whose initial programming includes shows about cheese from Business Insider and about dog DNA testing from Mashable. — ***Wall Street Journal***



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