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Reuters
Amazon Prime Video now offers something Netflix says it will 'never' allow

CNN
Netflix CEO: No big deal if Apple makes TV

Los Angeles Times
Hulu shows new aggressive strategy in deal with Epix

Washington Post
The media's love-hate relationship with Donald Trump

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State budget impasse drags into third month

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Wolf tries new budget talks tactic: smaller, quiet meetings

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Auditor General DePasquale has plan for solving budget

TV stocks had a cow a few weeks ago when Disney's CEO announced that ESPN was losing subscribers due to cord-cutting. Surely if ESPN was threatened the jig was up. Live sports were supposed to be the salvation of the existing TV bundle.

For one reason, though, the market's fear may be exaggerated. A great deal more bandwidth will be needed, and where it will come from isn't clear. An otherwise inauspicious Obama economy has delivered a better-than-doubling of average wired Internet speeds in America. But as disparate voices pointed out in a late July House subcommittee hearing, what paid for a lot of this bandwidth was the old cable bundle.

The big four cable incumbents, led by Comcast and Time Warner Cable, still earn princely returns on their past investments. But that hasn't been true of telecom "overbuilders" (who invade cable's turf) like AT&T and Verizon, and it will get harder for all as profits disappear from the TV half of the equation. Google, for a supposed disrupter, bringing one-gigabit fiber as harbinger of our unlimited bandwidth future, has talked a lot lately about the importance of old-fashioned TV to drive the take-up of its vaunted Google Fiber service.

Customers just aren't interested in superfast broadband unless it comes with a cable-like television bundle, which Google has to supply at a loss. As analyst Craig Moffett of the firm MoffettNathanson explained to Congress, "video will become unprofitable and broadband will be left to carry the entire burden of incremental deployment."

Which brings us to Netflix. More than one-third of today's expensively rolled-out bandwidth already is consumed in peak hours by a single company, whose customers represent a tiny minority—about 1.2%—of Internet users. Richard Bennett of High Tech Forum calculates: "If 12 percent of the Internet user population is streaming at prime time, the traffic load goes up to 340% of today's level; and if it rises to 60%, the load goes up to 1700%." And suppose users want super-high resolution 4k TV, which requires four times as much bandwidth as today's hi-def?

Make no mistake: The bandwidth used by Netflix is paid for. But it's paid for inefficiently, by spreading the cost over all broadband subscribers. In the airline industry, if backpackers and grannies had to pay for the frequent connections, last-minute seat availability and other features demanded by business travelers, there would be fewer planes, fewer flights, less connectivity, less travel for everyone—which is a fair model of the future that utility regulation will now create for broadband users.

Unfortunately the entire confused and inane thrust of federal Internet policy lately has been to sustain the Netflix distortion. Even

impasse	collecting token amounts, as Comcast did, for expanding direct peering to receive the Netflix deluge apparently now will be verboten. And forget about the elegant fix of usage-based pricing, i.e., charging each customer according to his demand on the infrastructure. It's clearly a nonstarter with regulators and activists. For whatever bizarre and unthinking reason, the Federal Communications Commission under Tom Wheeler has decided its measure of success will be consumer uptake of over-the-top TV—which, to be sure, would be slowed if its true economic cost were borne by users. So what does this mean? The oomph behind a regulated Internet isn't coming from the net-neutrality *philosophes*. It's coming from Netflix and its attachment to a particular pricing model for broadband. Indeed, Netflix CEO Reed Hastings said during an earnings call in April that his ideal is a single regulated monopolist serving each home. He's going to get his wish—and it will be cable. By the way, we are not stating a Netflix conspiracy theory. Netflix itself probably is bemused and still trying to make sense of how the politics have been developing. But the fact is, regulators are trying like crazy to make the necessary broadband seem like a free lunch to Netflix customers—a short-termism that necessarily undermines the incentive of others to compete with cable's already-paid-for infrastructure. And it's happening: It can be seen in the slow fading of the telco broadband challenge from Verizon and AT&T, those profitless "overbuilders." It can be seen in the decline of satellite television. It can be seen in cable's considerable success in reducing "churn" as consumers increasingly find no near-substitute for cable broadband. No wonder MoffettNathanson and Wells Fargo's Marci Ryvicker both recently came out with unexpected "buys" on the top cable incumbents despite unbundling pressures. The cable guys resisted Obama regulation because that's what cable guys do, but they can be expected to make their peace with a Netflix-FCC agenda that reinforces their incumbency. Meanwhile, in a year or two, expect to notice that the broadband speed increases aren't coming quite as reliably as they once did. – ***Wall Street Journal*** Comcast, which became a TV powerhouse by signing up Generation Xers, baby boomers and their parents, now is fighting for millennial eyeballs. The TV giant is investing in online media outlets like BuzzFeed and Vox that attract young viewers. It's setting up a streaming TV service for millennials who don't watch a boob tube. And it's developing a YouTube-like video app and website. It's the latest effort by the TV industry to attract younger customers at a time when ratings are sliding and more millennials are becoming "cord cutters" by ditching traditional cable entirely. People ages 18 to 34 spent on average nearly 109 hours a month watching live TV in the first quarter of this year, according to Nielsen. That's by far the largest amount of time spent on any device, but the number is down from more than 131 hours a month during the same period in 2011. Meanwhile, time spent watching video on the Internet, though far smaller, is growing to about 17.5 hours per month. That's up from just over 7 hours four years ago. As a result, companies are trying to beef up their video and Internet offerings to appeal to millennials. They hope to capture what makes digital companies successful with younger viewers, says Ken Doctor, a media analyst. "They want to import some of the digital DNA," he says. Cablevision, a New York-area cable company, sells HBO Now, the streaming version of the premium channel, to its Internet customers. It also has a package aimed at cord cutters that offers Internet service only and a digital antenna to pick up local broadcast networks like NBC and CBS. Satellite TV company Dish Network has an Internet live TV service, Sling TV, which costs $20 a month. And Verizon has a mobile video service, which is expected to come out this year, and will stream sports and music with other content. For its part, Comcast already is a cable giant, serving 22 percent of traditional U.S. TV customers and almost a quarter of Internet customers, according to data provider SNL Kagan. Now, it's trying to expand that reach to include more millennials. That includes: — A $15-a-month TV service called Stream, which is expected to begin in Boston in September, will include broadcast networks and HBO for its Internet customers. It will work on computers and devices inside a home network, but it's currently limited outside of the house to mainly TV episodes that are available on-demand or that are recorded. — Its NBCUniversal arm, like other entertainment conglomerates, is investing in new media. In August, it spent $200 million to add to Comcast's stake in Vox Media, the media hub behind millennial-oriented news blog Vox, tech sites Re/code and The Verge, and other properties. It also invested $200 million in quiz-and-list site BuzzFeed.NBCUniversal wants to work on video and ads with the companies — like

collaborating on the Olympics with BuzzFeed. Both have visitors that are more likely to be ages 18 to 34 than do traditional news sites and apps from CNN and the New York Times, according to website tracker comScore. "What you're doing is seeking to engage the viewers where they are rather than seeking to get them to come somewhere they don't want to go," said Colin Dixon, a digital media analyst for nScreenMedia, talking about NBCUniversal's investments.
— Working on putting together a YouTube-like set-top box app this fall for its customers and a free website and mobile app for anyone, according to a person familiar with Comcast's plans who wasn't authorized to speak publicly. Comcast wants the app to show video from companies like Disney's Maker Studios, BuzzFeed, Vice, Vox and DreamWorks Animation's AwesomenessTV, with ads.

The videos won't be exclusive to the service, which is called Watchable. A Vox spokesman said he wasn't able to comment, while a person familiar with BuzzFeed's talks but who isn't authorized to speak said a deal hadn't been signed yet. Several prospective partners did not respond to questions.

It's unclear whether the new services will attract younger viewers like Jiwei Zhang, 31, who canceled Comcast Internet and TV service a few months ago because her promotional price went up. She has Verizon's FiOS Internet now at her home in North Bethesda, Maryland. "I have an antenna. It works really well. I can receive more channels than with Comcast's basic TV. I use Netflix and some other TV box from China," Zhang said, referring to a service that enables her to watch Chinese shows and movies. "That's enough for me."

Lacy Davis, 25, says a new video aggregator like Watchable wouldn't really appeal to her. Davis, who is also an AT&T cable customer in Dallas, already watches BuzzFeed videos on her phone because she sees them on Facebook, and YouTube videos sent by her friends on her computer. "I'm actually fine where I am," said Davis. – ***Associated Press***

Pennsylvania has gone 63 days without a budget for state operations. Schools, human service agencies and other organizations that rely on public dollars have been forced to borrow so they can pay their bills. For state employees, though, it's business as usual. Why have the elected officials, salaried administrators and hourly workers been immune from fallout from this summer's budget stalemate? Because state spending for staff goes on undeterred.

This is nothing new for the 253 members of the Legislature and their employees. The Legislature maintains a huge nest egg, a multimillion-dollar account that gives them a cushion that keeps their failure to achieve a new budget from hitting close to home. The majority Republicans, who control the General Assembly's agenda, will be financially immune to repercussions of a stalemate until the reserve runs out, and even though Gov. Tom Wolf's fellow Democrats in the House are starting to feel a pinch, their situation has been tempered by the reserve.

The ostensible purpose of the fund is to provide independence for the legislative branch, but in reality that independence equals business as usual, no matter how unusual the budget business becomes. This reprehensible situation has existed no matter which party has been in power in Harrisburg, and it's an affront to the taxpayers who pay for it. A recent Franklin & Marshall College poll found that 66 percent — Democrats and Republicans — said lawmakers should not get a paycheck when the budget is overdue.

This year, the rest of state government's workforce has been similarly unaffected, even though Mr. Wolf vetoed a budget passed by Republicans. A 2009 court ruling said Pennsylvania could not use a budgetary trick employed in the past labeled "payless paydays," in which workers worked and their paychecks were deferred until a new budget eventually was enacted.

That's not an option now, although the ruling did not preclude layoffs and government shutdowns. Naturally, no one wants the chaos those developments would bring, but the Legislature has not adopted any sort of interim spending plan either.

Both parties are to blame for the impasse, but, given the lack of direct impact on the leaders involved and the employees who report to them, is that surprising? Lawmakers and other state officials must have their own skin in the game. If decision-makers knew going into the process every year that failure to enact a budget would have real consequences, they'd be sure to craft a deal by July 1. It's time to change the rules so that the lack of a spending plan hurts state officials, too. – ***Pittsburgh Post-Gazette* editorial**

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