BCAP NewsClips

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Bloomberg
The Cable Industry Adds More Women and Minorities, But Can't Keep Them

New York Times
Lawmakers Urge Aggressive Action From Regulators on Big Tech

Washington Post
You watch TV. Your TV watches back.

Bloomberg
Facebook Enters Living Room With Video Chat-Focused TV Box

Fierce Video
Subscriptions account for nearly

The definition of insanity is doing the same thing over and over again and expecting a different result. This past summer, the top officials for state agencies were dispatched to all corners of our commonwealth, including here in York County, to sell the Governor's plan to bond $4.5 billion to pay for a lengthy wish list of projects.

Long-term borrowing would provide a short-term cash infusion for infrastructure improvements including but not limited to blight remediation and improved flood controls, parks and trails, and expanded access to high-speed internet. On the surface, some may say this sounds reasonable and responsible. As the Chair of the Senate Communications and Technology Committee, I have spent my summer conducting a series of public hearings on the issue of expanding access to high-speed broadband internet for more Pennsylvanians. This is an important issue to many residents throughout York County, where internet may be slow to non-existent.

However, as the lead proponent for this issue in the Senate, I believe it is important that we have clearly defined the size, scope and magnitude of the problem, identified the steps necessary to address the problem, and have a reasonable cost estimate to resolve it. None of which has been verified by the administration. Early on in this endeavor, as I looked at how we could close our state's digital divide, the initial estimates from the Federal Communications Commission indicated we had around 800,000 Pennsylvanians lacking access to

86% of consumer video spending

Pennlve
Pa. Sen. Mike Folmer loses leadership post over 'deeply disturbing' child porn charges

Pittsburgh Post-Gazette
Liberal groups pledge millions to push Pa. Trump voters to switch allegiance

Pennlive
Trump's campaign machine gears up to win Pa. again, raising money at 'historic level'

high-speed internet. A recent Penn State study shows that number is closer to 11 million.

Now the governor wants to borrow money to address this problem. Yet again, the problem has not been fully defined nor quantified. Think about it this way: you go to the bank to take out a loan to buy a car. You do not know if you are going to buy a used Ford Focus or a brand new Chevy Corvette. Both good cars, but very different price tags. You would not do that with your own borrowing, but this is exactly what Restore PA pledges to do. And Restore PA is not an isolated issue. We have found ourselves in this mess before because a problem was not thoroughly vetted or defined.

During Governor Tom Ridge's administration, the state entered into a contract to deploy a telecommunications network to be used by the State Police, other law enforcement agencies and first responders. The goal was to build out a statewide infrastructure that would provide reliable and stable communications, especially during times of emergency. To date, the state plowed over $800 million— more than four times the original estimated cost—into this program and it still does not work.

Ever since taking office, Governor Wolf has pursued new taxes on the natural gas industry. While York County has no active drilling, it has been a beneficiary of revenue the state collects from drilling. In fact, York County has received over $3.1 million in impact fee revenues since 2011 and more than $485,000 last year alone. Pennsylvania's impact fee raised more money than West Virginia, Ohio, Arkansas and Colorado combined, despite these four states combining to produce more natural gas than the Commonwealth. To tack on additional energy taxes in Pennsylvania to throw funding toward an undefined problem is irresponsible and repeats the same mistakes of old.

As someone who is working through the issue of getting more Pennsylvanians connected to the internet, we need to go through the process methodically and systematically. Like any state issue, you can throw all of the money in the world at a problem and it will still never be enough. We need to be efficient, good stewards of taxpayer dollars. In the Senate, I have had two resolutions receive the support of the entire state Senate that lay out our game plan on addressing this long-standing issue.

First, my Senate Resolution 47 requires a special legislative commission to be formed made up of key stakeholders – from both the private sector and public sector – to look at the delivery of high-speed broadband services to unserved and underserved areas of the state. My Senate Resolution 48 requires an investigation and audit into taxes you and I paid back in the late 1990s and early 2000s through our phone bills that were dedicated to the deployment of high-speed internet. It will ensure those taxes we paid did what we were told they would do – connect more people to the internet. We have seen the failures of throwing hard-earned tax dollars at a problem without a real strategy. We cannot repeat the mistakes of old and expect a different result. – **Op-ed by PA Sen. Kristin Phillips-Hill (R-York) in *York Daily Record***

Entertainment heavyweights have spent more than $2 billion on classic television shows in recent weeks while signing talent for new programming, in an effort to win over streaming customers who soon will have many more options to choose from. This week, AT&T Inc.'s WarnerMedia struck a deal for "The Big Bang Theory," while Netflix Inc. acquired "Seinfeld" and Comcast Corp.'s NBCUniversal said it would have exclusive streaming rights to "Parks and Recreation." Two other shows, "Friends" and "The Office," **changed homes earlier this summer**. The commitments total over $2 billion, according to people familiar with the matter. "You will see more of this," said industry analyst Hal Vogel of Vogel Capital Management, of the recent big programming deals.

The spending frenzy comes as four high-profile services—from Apple Inc., Walt Disney Co., Comcast and WarnerMedia—are to launch between November and the spring, drastically increasing the entertainment options of customers and likely leading them to grapple with how to spend their money and their time. Streaming-video consumers are willing to pay for a handful of services that cost a total of **about $38 a month for about six streaming services**, according to a Magid Research survey conducted last year. Apple said last week that its TV+ service **would be launched Nov. 1 for $4.99 a month**—cheaper than Netflix's $12.99 monthly standard option and Disney's $6.99 monthly fee for a service also expected to arrive in November.

Comcast and AT&T have yet to reveal the cost of their respective offerings, Peacock and HBO Max, both of which are to be launched in the spring. Comcast has said the Peacock service would be free to its existing U.S. cable subscribers, and HBO Max is expected to cost more than $15. A customer who doesn't have a cable-TV subscription and wants access to all major streaming services—which also include Disney's Hulu and Amazon.com Inc. 's Prime Video—would likely have to fork over $70 a month for packages that lack access to live TV. Factoring in what is known as a skinny bundle, such as Dish Network Corp 's Sling TV or Alphabet Inc.'s YouTube TV, the monthly cost of comprehensive over-the-internet video content would be higher than that of a traditional pay-TV package, which the Kagan unit of S&P Global Market Intelligence said averages over $90 a month.

HBO Max's deal for "The Big Bang Theory" and Netflix's acquisition of "Seinfeld"—both of which are said to be worth about $500 million for five years—underscore how important popular reruns are to streaming services. Episodes of hit shows often retain audience acclaim years and decades after their initial run, and are seen as must-have programming. "There are a very limited number of excellent comedy titles that have a large number of episodes and are evergreen," said Michael Nathanson of MoffettNathanson Research, who described the prices of the recent rerun deals as "fair value." "Netflix had a monopoly on these shows a few years back at fair prices," Mr. Nathanson said. "That is no longer the case."

Coming streaming services are also touting new shows anchored by top talent. Apple's "Morning Show" will star Jennifer Aniston, Reese Witherspoon and Steve Carell; Peacock's original programming will feature Alec Baldwin and Demi Moore; Disney+ is launching a "Star Wars" spinoff; and WarnerMedia signed producer J.J. Abrams, who will develop content for HBO Max as part of his deal.

The new services' original-content strategy marks a seminal moment for the industry. Last year, **nearly 500 original scripted shows were**

available across all video platforms, almost twice as many as in 2011, according to research by Disney's FX Networks. But the growing competition is also prompting new streaming services to shell out **between $8 million and $15 million an episode**, significantly more than what the average TV show used to cost. Not all players are equally equipped to deal with the investment spree required to acquire classic shows and develop new content. Entertainment isn't a core business for Apple and Amazon, and both companies generate significant amounts of cash. Amazon recently agreed to spend $250 million just for the rights to develop a "Lord of the Rings" series. Apple said TV+ would be free for a year with the purchase of a new iPhone, iPad or Mac.

Netflix, on the other hand, has borrowed heavily to build its streaming dominance. It leads all rivals with 60 million customers in the U.S. and a further 91.5 million abroad, but its long-term debt is over $12 billion. And for the first time in nearly a decade, **Netflix lost U.S. subscribers** in its most recent quarter. Comcast, the nation's largest cable operator, needs to balance its desire to create a consumer-friendly streaming service without undercutting its core pay-TV business or alienating other pay-TV operators that carry its various networks, including NBC, CNBC, MSNBC and USA. In an effort to navigate these matters, its Peacock service is expected to be available free to Comcast's more than 21 million cable subscribers in the U.S. In addition, Comcast and NBCUniversal are looking to strike deals with other American pay-TV providers that would allow them **to offer Peacock to their subscribers free** as well, a person familiar with the matter said.

AT&T's WarnerMedia is in a different predicament. The company already owns a popular direct-to-consumer service, HBO Now, which gives access to all of HBO's content. But at $14.99 a month, it is more expensive than Apple and Disney's new streaming services combined. WarnerMedia's coming service, HBO Max, will feature HBO's content on top of a vast TV and movie library, as well as original projects from stars such as Nicole Kidman, **Ms. Witherspoon and Anna Kendrick**. The company has yet to settle on a price for the new service, which has to be higher than $15 so as not to undercut HBO's existing agreements with pay-TV distributors—but still be affordable enough to remain competitive given the flurry of coming lower-priced alternatives. A person familiar with the matter expects the service to cost slightly more than $15.

Disney expects streaming to become a new source of growth as the traditional pay-TV business—once the engine of its expansion—matures. The company, which already owns Hulu and ESPN+, expects Disney+ to have **between 60 million and 90 million subscribers** by the end of fiscal 2024. It is spending heavily in an effort to achieve that goal, betting on ambitious shows such as "Star Wars" spinoff "The Mandalorian," whose cost for an episode approaches $15 million, according to people familiar with the matter. Disney+ also will house episodes of the long-running Fox animated hit "The Simpsons," as well as the original trio of "Star Wars" movies. – ***Wall Street Journal;*** **more on NBCU's Peacock service in *New York Times***

After decades of consumers complaining about wanting "a la carte" programming -- one state, **Maine is taking action**. Starting in a few day, a new state law will force providers to sell channels on an à la carte basis.

Comcast, as well as TV broadcasters/content companies, including Fox, CBS and Disney, A&E, C-SPAN, Discovery and Viacom, have filed a **countersuit** against the state and 17 cities. Now, to be fair, the burgeoning OTT industry -- where individual TV networks groups and publishers are starting up their own streaming app platforms -- is doing what this law intended. Another factor at play: There is a lot of cord-cutting in Maine.

Much has been made about OTT, SVOD and connected TV viewing through IP-connected systems -- traditional pay TV services continuing to lose major numbers of subscribers. This is still where the bulk of the TV business resides, amounting to billions of dollars. Currently, around 80% of U.S. TV homes are still in the traditional pay TV universe, one where consumers can get 150 to 200 channels, virtually all ad-supported, for one big monthly price around $100 to $125, depending on the package

Concerning the Maine law, one can see why cable TV operators, big and small, should be concerned -- especially if such a law would start in other states. At the same time, those pay TV services, including cable TV operators, continue to pursue their own OTT business efforts, either promoting their own company's streaming efforts or through license deals with new OTT platforms on their digital platforms. The complaint from cable operators and media companies looks to delay the Sept. 19 effective date, with the ultimate result of possibly throwing out the law.

Comcast and others argue this new law is preempted by federal law; and that it violates free speech. Also, that smaller, niche channels are at risk and could affect programming diversity. Here's the other piece of the argument from the TV industry to keep the status quo: If pay TV providers were forced to sell networks individually -- across the U.S -- it would severely diminish subscribers for each of those networks, and in turn, overall TV advertising revenues. Many might go out of business. Plus, individual TV networks would get way less affiliates revenues.

Overall, those channels would then have to cut back on their programming, talent and other costs. In turn, cable, satellite, telco pay TV companies would also make much less money. The only way to make up that loss in revenue and profits: Charge consumers far more money for those TV packages. Hurting the little guy -- small- to medium-size TV networks? Who wants to do that? Likewise, render any ill-effect on pay TV subscribers. But dinging the bigger TV companies? Consumers may have a different opinion. – ***MediaPost***