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Wall Street Journal
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New York Times
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Washington Post
The Continuing Power of Traditional TV

zap2it.com
Nielsen Top 25 Cable Program Ratings for Week Ending September 21

Verizon officials pledge to get to the bottom of why their employees erroneously have been saying that uncooperative local governments are the reason why FiOS cable TV service isn't available in Trafford Borough (Westmoreland Co.) and other communities.

Though Verizon representatives showed interest last year in expanding FiOS into Trafford, the company now is focused only on completing its network in the city of Pittsburgh by September 2015, a spokesman said. Despite that, some Trafford residents say Verizon employees have blamed Trafford Council and have said borough officials are holding out for too much money in a cable-franchise agreement. Residents in other communities — including Oakmont in Allegheny County and Cecil Township in Washington County — also repeat Verizon employees' statements that municipalities are blocking the telecommunications giant from offering FiOS. That's not the case.

Verizon's management is reaching out to supervisors of call centers to review the proper way to respond to questions from customers, company spokesman Lee Gierczynski said. “Our reps are not trained to characterize the lack of FiOS as the fault of a municipality,” Gierczynski said. “We're going to work with them to get to the bottom of this so misinformation is not communicated to Trafford residents.”

Trafford officials have been complaining about Verizon's mischaracterizations about stifling FiOS since at least late 2010. Council members have said they would welcome the competition of another TV service because the only options now are Comcast or satellite providers. Brenda Houston, who lives on Seventh Street, said she switched from Comcast to Verizon for her phone and Internet services, but she's frustrated about the inability to sign up for FiOS cable TV. She said company employees twice told her Trafford officials were “holding out for big bucks.” Being able to bundle all three services through Verizon could shave about $100 from her monthly expenses, Houston said. “When you have competition in here, your reputation is at stake,” she said.

Council estimated the borough would collect about $42,000 in franchise fees from Comcast this year. Trafford does not receive any direct fees from residents who have a satellite service. The FiOS cable TV service is available only in parts of Allegheny and Washington counties. In February 2013, Trafford council authorized its solicitor, Craig Alexander, to begin negotiating a cable-franchise agreement based on Verizon's interest in expanding here.

After Verizon pulled back on that plan, Alexander said this month that he wished the company “had never dangled the carrot in front of us.” Bill Carnahan, Verizon's vice president of external affairs, wrote an email to Councilman John Daykon last week to “apologize for the inconvenience and for the inappropriateness of

Philadelphia Daily News
Losing the signal: Corbett's campaign commercials not helping

Pittsburgh Post-Gazette
Wolf maintains fundraising lead over Corbett

misinformation." Daykon said council is committed to having Verizon offer cable TV, but the borough can't force the company to offer service. "Like I've told others this week, I'm sure that a lot of residents would love to have a Starbucks in the old police station, but we can't force them to set up shop," Daykon said in an email.

Oakmont officials became so frustrated with Verizon that they sent the company a cease-and-desist letter in June. Nancy Ride, the Oakmont Council president, said borough officials have been heard people say that the borough has been keeping Verizon out for three or four years. Residents say the same thing in Cecil Township, but nothing could be further from the truth, township manager Donald Gennuso said. "Here's another way to put it: You're going to tell me that Verizon, a very large and very profitable company is going to let a small municipality stop it from making money? That sounds ridiculous." – ***Pittsburgh Tribune-Review***

The relentless drop in prices for Internet bandwidth has slowed sharply, offering a glimmer of hope to a telecom industry still struggling with the aftermath of a bust nearly a decade and a half ago.

Wholesale prices for bandwidth in network hubs like New York, London and São Paulo fell 10% or less in the year ended in June, according to industry researcher TeleGeography. That counts as good news for the companies selling long-haul Internet service, as it put the brakes on steep annual declines that have averaged as much as 34% in previous years. The prices aren't the ones that consumers pay and likely won't affect them. Instead, they come from deals that big companies cut to handle the huge loads of Netflix Inc. video, software updates and website traffic.

Those prices are privately arranged and not standard. Still, TeleGeography said the trend toward stabilizing prices is unusually widespread as weaker players get bought up and some survivors focus on different types of network services. Companies have struggled for years to turn the Internet's plumbing into a profitable enterprise. Internet carrier Level 3 Communications Inc., for example, is expected to post its first-ever annual profit this year after more than a decade of losses. The company owes much of its improvement to more manageable debt payments. But executives also say they don't have to bid as low as they once did to keep high-volume business. "The industry is working its way toward a solution," said Sunit Patel, Level 3's finance chief. "The telecom industry has continued to consolidate a lot, so there are fewer players."

Telecom companies now enjoy a more-favorable environment than the one they faced in 2000, when the dot-com bust left developed countries with a glut of bandwidth that was way out of whack with demand. An explosion of online video helped gin up business for big carriers, but it did little to help them maintain their prices. Cheap network gear made it easy for discounters like Cogent Communications Holdings Inc. to steal business from rivals. More companies have pulled back from the market over the past two years, drawn into more attractive markets like cloud computing. "Carriers entered into the business and they were just pummeled," TeleGeography analyst Erik Kreifeldt said. "Not to suggest that the market isn't competitive, but I think there has been some rationalization."

Buyers ranging from small businesses and schools to big wireless companies still rely on bulk Internet access to keep their networks running. But telecom companies are focusing more attention on serving highly profitable customers like hospitals and financial firms that want dedicated access to their own networks. At the same time, big Web companies like Google Inc. and Microsoft Corp. have invested in private lines that bypass the so-called public Internet. That shift has been a mixed blessing for telecom companies, who lose big buyers of bandwidth but are left with smaller customers that don't have the scale to demand steep discounts.

The prices that consumers pay for Internet service, meanwhile, are at the mercy of the competitive dynamics among the cable and telecom companies that sell Internet access in

	their areas. The prices that big companies pay to hand off traffic have come under greater scrutiny, however, amid the so-called net neutrality debate at the Federal Communications Commission, as well as complaints from companies like Netflix about payments demanded by cable and telecom companies. – ***Wall Street Journal***

BCAP
Broadband
Cable Association
of Pennsylvania

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

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