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September 29, 2015

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Netflix knows
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when) we get
hooked on TV
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It's an afterthought or even an object of scorn in some homes, and it costs TV viewers an estimated \$232 per household each year. Now the U.S. Federal Communications Commission is considering breaking the grip cable and satellite-TV companies have over the set-top box.

Supporters of the idea such as YouTube owner Google Inc. and independent set-top box maker TiVo Inc. say competition would lower costs and improve functionality of the devices -- like combining subscription channels with Web streaming services such as Netflix Inc. into one remote control. "Decades ago we ended the practice of forcing customers to lease a black rotary dial phone from Ma Bell," said Chip Pickering, chief executive officer of the Comptel trade group with members including Amazon.com Inc. and Netflix, which favors more competition. "The archaic practice of forced leasing a set-top box from the cable company is a holdover from a bygone era."

The cable industry, already reeling from the loss of subscribers to "cord cutters" who get their video over the Internet, is fighting the move. It makes an estimated \$19.5 billion a year renting the boxes and mines them for valuable data on viewing habits.

Consumers right now have little choice, with about 99 percent of cable and satellite TV customers renting set-top boxes directly from the companies, according to Democratic U.S. Senators Ed Markey, of Massachusetts, and Richard Blumenthal, of Connecticut, **who surveyed pay-TV providers** and came up with the \$19.5 billion estimate. Cable providers don't divulge revenue from box rentals. Markey called for "a new, national consumer-friendly standard that will allow consumers to choose their own video box."

The change may come as part of the FCC's review of standards, including the technology that cable- and satellite-television companies use to control program access -- that is, to keep signal thieves from snatching shows such as 21st Century Fox Inc.'s "Empire" or "Game of Thrones" on Time Warner Inc.'s HBO.

Pay-TV companies say listing channels willy-nilly would violate their deals with movie

Forbes
Facebook's
Carolyn Everson
Talks Video Ads,
Calls FB And TV
Marketing
'Complementary'

Ad Week
Nielsen Says
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Donald Trump
Ends Fox News
Boycott with Bill
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Interview

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Morning Call
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Senate

and program providers, which typically include precise requirements for placement on a channel lineups extending into hundreds of choices. Consumers already successfully use apps from pay-TV companies to watch shows on smartphones, tablets and through game consoles, Comcast, Charter Communications Inc., Dish Network Corp., and AT&T Inc., owner of DirecTV, said in a statement. "Do we want the federal government engineering a new TV device for consumers when the marketplace is clearly working?" said Brian Dietz, a spokesman for the National Cable & Telecommunications Association trade group. "The market is working without government intervention."

Consumers are able to watch video offered over devices such as Roku Inc.'s video player, Amazon.com's Kindle Fire tablet, or Microsoft Corp.'s Xbox, he said. The two sides couldn't agree on technical standards when serving together on a task force convened by the FCC. Points of disagreement included whether the standards should open the way for devices to do whatever designers want with program information. If they can, then Google gets its way. If they can't, then consumers would use apps approved by pay-TV providers to get to cable and satellite-TV subscription programming.

The FCC is being asked to take sides in a "battle for control of the TV," said Richard Bennett, visiting fellow at the American Enterprise Institute policy group. "There's a business struggle going on between the vendors of these various devices," he said. The FCC may be several years from acting, since it hasn't yet reached the point of asking the detailed questions that usually precede a proposal for new rules, Bennett said.

The agency has asked for comments through Nov. 9 on what should replace the expiring standards. It hasn't decided its next steps, said Shannon Gilson, an FCC spokeswoman. Google, TiVo, Amazon and the Internet Association trade group with members including Vimeo LLC, the video distributor owned by Barry Diller's IAC/InterActiveCorp, are pushing for a new standard. Consumers should be able to choose between premium devices with advanced functions and simpler, cheaper options, the companies said in a letter to the FCC.

Today, "you can't even own it. They won't sell you a device. If that's a problem you need to change that," said Milo Medin, Google vice president for access services. "The commission needs to take action."

Ty Rogers, a spokesman for Amazon, and Anne Marie Squeo, a spokeswoman for Netflix, declined to comment.

Pay-TV providers disagree. Cutting programming into pieces that a retail device manufacturer could reassemble into a new configuration would turn pay-TV providers "into suppliers of programming for commercial use by third parties," the companies said in a joint statement. "There is no need for FCC technology mandates," said signers who included Comcast, Charter and its takeover target Time Warner Cable Inc., Dish and DirecTV. — **Bloomberg**

RCN Business may be aggressively expanding its fiber network, but its move to provide 330 Mbps to small to medium businesses in New York shows that its existing hybrid fiber coax (HFC) network is still a viable mechanism to address business customers. By offering the 330 Mbps speed tier, RCN Business said that SMBs will be able to more effectively address emerging bandwidth hungry trends such as BYOD (bring your own device) and the Internet of Things (IoT). The new 330 Mbps Internet speed tier is available immediately. This larger speed tier could also be a foundation from which RCN Business can address existing and new customers with its Hosted Voice and Managed LAN services. Rolling out the 330 Mbps tier in New York as its first market makes sense for RCN Business as it's one of its largest addressable markets. It's likely that RCN is considering taking the tier into other markets like it did

with its 110 Mbps product.

In June, the service provider launched the 110 Mbps tier across all of its markets, including Boston, Philadelphia, Washington, D.C., Lehigh Valley, Pa., New York City, and Chicago. However, it did not indicate if and when it will bring the 330 Mbps service to other markets yet. RCN Business is hardly alone in increasing the speeds of its existing HFC network to address SMB needs. Fellow cable overbuilder WOW! Business has made moves in the Southeast and Midwest with its own 110 and 300 Mbps products. – **Fierce Telecom**

As they prepare to enter the fourth month without a state budget, Republican leaders and Gov. Wolf signaled progress Monday in their effort to reach a deal on a spending plan.

Emerging from closed-door talks with Wolf, House Majority Leader Dave Reed (R., Indiana) said the sides were "working through some numbers" in an attempt to find common ground. He would not give details. Nor would Wolf, who said only that "we are still talking." "I don't want to sound like the eternal optimist, but we're working," he said.

Despite the hopeful note struck by both sides, Wolf said he still intended to veto the temporary budget Republicans approved last week. The so-called stopgap budget would authorize spending through the end of next month, allowing money to flow to schools, counties, and nonprofit organizations that provide social services.

The state has been without a budget since July 1. The sides are split on how much money to spend, and on whether to raise taxes. "I want to keep the pressure on," Wolf said. "Pennsylvanians want a budget. That's what I want. I don't want a stopgap, I don't want a continuing resolution. I want a budget, and I'm willing to work hard and consistently to get it." – **Philadelphia Inquirer**



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