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Lancaster officials take pride in the city's quaint downtown of brick buildings, narrow sidewalks, and old-time street lights — a big draw for weekend tourists. So it came as a surprise last May when California-based Mobilitie LLC came to town certified as a utility, giving it quick access to the city's rights-of-way.

Mobilitie's initial plan was to put more than 70 small-cell antennas for wireless services on big new poles smack dab in Lancaster's historic areas.

"The city would look god-awful with these towers all over," said Charlotte Katzenmoyer, the city's director of public works.

The City Council rushed through zoning changes, declaring many streets off-limits to the new poles that officials say could be much taller than existing ones. And, last month, in a big win for Lancaster, the Public Utility Commission stripped Mobilitie and other distributed-antenna companies of utility status, meaning that they would not get any more "certificates of public convenience" in Pennsylvania.

Lancaster has so far held off Mobilitie. But U.S. towns and cities, including Philadelphia, are bracing for what one telecom lawyer calls "the attack of the small cells." Wireless carriers will be adding scads of these cells to increase capacity for current 4G services and prep for next-generation 5G as Americans Facebook, Google and Instagram on more than 260 million smart phones and 50 million tablets.

Data traffic soared last year about 40 percent and amounted to the equivalent of 1.5 million years of streaming high-definition video — 35 times the data traffic in 2010, according to the wireless industry's trade association CTIA. With new services continually rolling out, data usage is expected to keep surging upward.

To help satisfy it, tens of thousands of small-cell antennas are being deployed on electric poles, streetlights, buildings, or stand-alone poles, with hundreds of thousands to come. The number of small-cell antennas in the United States could reach one million, says Joe Madden, the chief analyst at the research firm Mobile Experts.

This is a huge shift sweeping the telecom industry as big cell towers on highways or hills, erected mostly on private property, reach coverage limits and wireless carriers such as Verizon, Sprint, and AT&T boost capacity themselves or do it through contractors such as Mobilitie, Crown Castle, and ExteNet with the small cells.

Telecom is entering an investment cycle when companies deploy the small-cell antennas, which are about the size of laptop computers or briefcases, and then repeatedly upgrade them to deliver faster wireless services, Madden believes.

With the ever-rising need for capacity, “it is paramount ... to increase bandwidth so that networks and connected devices perform with the speed and agility consumers expect,” said Manish Matta, the senior director of marketing for ExteNet, a Lisle, Ill.-based distributed-antenna company with operations in Pennsylvania.

The new head of the Federal Communications Commission, Ajit Pai, has promoted the job-creating potential of next-generation wireless services, saying that they could help create three million jobs and lead to infrastructure investments of \$275 billion. The FCC opened a formal proceeding in April to collect comments and find easier ways for telecom companies to deploy equipment.

Many small cells have already been installed throughout Pennsylvania and New Jersey, but there is no official tally of how many. Officials in the Garden State haven’t moved to challenge the practice of distributed-antenna companies statewide. New Jersey law gives towns significant control over their rights-of-way even when they are approached by companies designated as utilities, local experts say.

Pennsylvania regulators, responding to local concerns, have been less accommodating to the distributed-antenna companies. For more than a year, the Public Utility Commission considered whether it should continue granting utility status to distributed-antenna companies, commission documents show.

About 60 Pennsylvania cities and towns — among them Philadelphia and many of its suburbs — opposed the utility designation in comments to the commission, saying the status granted those firms overly broad powers with little regulatory oversight.

The distributed-antenna “industry has evolved from a small niche player to prominence as a major driver of the wireless industry’s build-out,” PUC Commissioner Robert F. Powelson wrote in March. He voiced concern that the utility status “opens the door” for distributed-antenna companies with certificates of public convenience to seize private property under eminent domain while it was unclear under Pennsylvania law whether the commission could grant those companies utility status.

In early May, the commission voted, 4-1, to reaffirm an earlier vote to no longer designate the distributed-antenna companies as utilities. The ruling does not affect those previously approved.

Telecom attorney Daniel Cohen, who represents towns on their cell-tower and small-cell zoning issues, said that municipalities face a rude awakening if they aren’t prepared for the massive changes transforming the wireless industry. They have to upgrade zoning laws or they could be caught unaware, adding that “we need to strike a balance between wireless advances and preservation of our communities.”

ExteNet’s Matta said the company was disappointed in the commission’s decision and warned that the action could “impact productivity and efficiencies in the Pennsylvania economy.” ExteNet opposed the Pennsylvania regulators’ removing its utility status.

Philadelphia Deputy Managing Director Michael Carroll said that the city has approved hundreds of requests for small-cell antennas on Peco electric-utility poles and city-owned street-light or traffic-signal poles. Many are already in place. He expects the number of small-cell antennas for faster wireless capacity in Philadelphia to climb into the thousands.

Philadelphia officials are concerned about the aesthetics of the antennas, and officials have been studying what other cities are doing, Carroll said.

As for the new poles like those proposed in Lancaster, Carroll said there have been discussions but no formal proposals. He declined to identify companies. "I am pretty confident that there is enough capacity with the electric poles and street-light poles that we should not see a lot of requests for putting in new poles," Carroll said.

But other towns will have to deal with new poles. About a year ago, Mobilitie contacted the Borough of Millersville, just southwest of Lancaster, with a plan for deploying two new tall poles with small-cell antennas. With Mobilitie's certificate of convenience, the solicitor told borough manager Ed Arnold that there was there was nothing they could do.

The borough approved the poles in October.

"They're ugly," Arnold said. "They want to put them anywhere, which is what this access to the right-of-way lets them do, and they stick out like a sore thumb."

Mobilitie spokesman Tim Klein emailed that the company has had "productive, collaborative discussions" to comply with Lancaster's zoning regulations after the pushback. Mobilitie now has proposed adding the antennas to existing utility poles or other infrastructure so that the "placement will be virtually unnoticeable," he said.

Katzenmoyer retorted: "That's news to us." In her last discussion with Mobilitie in January, she said, the company presented a plan for 27 poles throughout its historic district, down drastically from the initial 70 to 80 poles. The poles did not conform to the city's new zoning rules. –

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