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As the cable industry continues to evolve to emphasize broadband over video, one town's experience is raising questions as to whether the trend means a move away from franchise agreements.

Pay TV overbuilder RCN Corp., which already serves Philadelphia and Lehigh Valley in Pennsylvania, recently expanded into Upper Milford Township in Lehigh County. But according to Township Manager Daniel Delong, RCN declined to get a cable franchise agreement with the community, arguing it did not need one because it would only be offering broadband and phone services in the area, not pay TV.



Under the Communications Act, no new operator may provide cable service without a **franchise agreement**. Under the law, "**cable service**" is defined as "the one-way transmission" of video programming or other programming service, as well as any subscriber interactions necessary "for the selection or use of such video programming." Franchise agreements provide cable operators with the necessary rights for constructing the system, including the authorization to use public rights-of-way. In exchange, franchising authorities may charge operators a fee, which is limited by law to no more than 5% of annual gross revenue.

"We made the offer to them saying we're totally open to entering into a franchise agreement. And their response was basically, 'We don't provide TV. We provide internet and telephone,'" Delong said in an interview. He added that as it stands now, the township has "no authority to regulate telephone or internet service." RCN declined to comment on its expansion in the township.

of cash, no urgency in Harrisburg

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Tim Himmelwright (BCAP Board member) – director of communications and public affairs for the incumbent cable operators in Upper Milford Township, Service Electric Cable TV Inc. – said that franchise agreements serve several important functions. First, franchising authorities must ensure access to cable service is not denied to an area on the basis of income. In part, this is why when Service Electric first came to the township, it built out service throughout the area, even in rural corners where the company was less likely to get an immediate return on investment. In addition, Service Electric's franchise agreement with the township stipulates that if a customer disconnects service, the disconnected cable between the house and the utility pole cannot be left hanging. Instead, the company must take it down.

Without a franchise agreement, the township could not enforce similar rules on RCN. According to Delong, RCN has thus far gotten around the need to access the township's public rights-of-way or utility poles by only deploying service in private developments that are on the edges of town. "At this point, as far as we're aware, they are only in private developments where we don't have any public roads or any say on any occupancy of road right-of-way," he said, noting that because many of the cables are underground, it is hard for the town to even know exactly where the company has deployed.

According to a cable industry lawyer, RCN is hardly the first operator to say it does not need a franchise agreement to come into a new area. In the mid-2000's, AT&T Inc. faced a number of legal challenges after it began expanding its fiber network and providing U-verse video service. AT&T argued that U-verse was an "IPTV service" that relied on a two-way interactive network, rather than a "cable service," which, under the law, relies on "one-way transmission."

"AT&T paved the way 15 years ago to try to enter the video business without a franchise using its existing telephone rights of ways authorizations," the lawyer said, noting that the company was ultimately met with litigation and state laws that generally caused AT&T to change tacks and instead pursue state-wide franchising authority. Paul Glist, a partner at the law firm Davis Wright Tremaine LLP who concentrates on the areas of cable television and telecommunications, said in an interview that the example of AT&T and U-verse is instructive because it shows how the industry's approach to franchise agreements can change over time.

"What AT&T did is they went around the country pushing the state level franchising that you see in a large number of jurisdictions now," he said, adding that the burdens imposed by statewide franchising agreements versus local ones "tend to be much lighter." "They still preserve some element of public access and franchise fees, but sometimes those are collected at the state level and then repatriated to the localities, which spares a lot of accounting and audit burdens and the renewals generally become much, much simpler," Glist said.

The RCN example, however, is different because the company is not delivering an IPTV video offering, instead choosing to focus solely on broadband and phone service. But Glist said he does not expect pay TV video offerings, and therefore cable franchise agreements, to die out entirely, noting that the vast majority of U.S. households continue to subscribe to a traditional pay TV service. "I don't know where it's going to end up. But I don't know that having some curated video content is going to disappear," Glist said.

The cable industry lawyer, who asked to remain anonymous due to client interests, agreed, saying RCN in Upper Milford Township is likely to remain the exception and not the rule. In the meantime, though, Delong said he is keeping a close eye on the township's revenues, as presently, the town earns more from its cable franchise fees from Service Electric than it does from property taxes, which total roughly \$118,000 a year.

Service Electric's Himmelwright said the incumbent operator paid almost \$200,000 in franchise fees to the township last year. "That [franchise] fee used to increase at about 8% a year in my budget but last year it went flat and it's looking like this year will be flat too," Delong said, adding, "If that fee goes away, folks are most likely going to be looking at a small property tax increase to replace those funds."  
– **S&P Global Market Intelligence**

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A century ago, a popular song sheet wondered, "How you gonna keep 'em down on the farm after they've seen Paree?" Would America's doughboys resolve themselves to the so-slow rhythms of rural life after they'd tasted cosmopolitan Europe?

In the generations since World War I, the question's been answered. Rural America has been losing its people without pause. Mechanization created bigger farms with fewer farmhands, the towns that made a trade from farming families hollowed out, and so on. For those who remain, the Digital Age

offers some hope to staunch the hemorrhaging of population. After all, the internet can take you on a virtual tour of the Eiffel Tower from your living room in boonies. The closest store might be a Walmart an hour away, but you don't need even to get out of bed to shop on Amazon.

More importantly, there's the promise of working remotely, chasing a degree online and, someday, telemedicine. Except ... rural internet moves at tractor speed. Microsoft thinks it's got at least part of the answer. Go wireless. Run broadband signals over a "white space" radio spectrum in between broadcast TV channels. It's partnering with local phone companies in 12 states, including Kansas, to pipe broadband connections to another 2 million rural customers in the next five years. (A Microsoft spokesperson said the company does not have any details about its plan in Kansas or what firms it might partner with in the state.)

Much the way Google Fiber reflected the giant search engine's effort to speed up the internet so people would stay online more, Microsoft wants you to plug into its remote cloud storage from anywhere. White space frequencies look attractive because they fare better than other spectra over hills and through buildings and trees.

Yet the best internet hookups are actual wires, preferably fiber optic cable. The problem is that laying those lines is pricey, prohibitively so. It's why even deep-pockets Google has largely paused the national rollout of its home connection network, hoping new wireless technologies can offer a cheaper way to leapfrog fat bandwidth to a living room. And Google's only been working in places with lots of people. As people per square mile goes down, the cost of megabits per second jets up.

Google parent company Alphabet's Project Loon lofts giant balloons into the stratosphere to pass along internet signals, albeit sluggish, to the most remote parts of the world. Elon Musk's SpaceX is rocketing up satellites for a spacebound network that might begin to deliver better internet speeds than a standard cable line in two years. Facebook's toying with drones beaming down internet connections. Meantime, cellular data networks and the coming of undefined 5G service will push quicker internet speeds farther beyond big cities.

All the ideas have potential. No single technology will likely serve all people in rural areas. As you get more remote, the costs will go up and the speeds will slow down. The Microsoft pitch — from the least sexy of all of our tech-centric mega-corporations — is appealing partly because it's so boring. Why wrestle with the complexity and expense of rockets or drones when you can turn on a radio transmitter?

How fast rural America closes its digital divide will likely turn on how much in government subsidies flow to the countryside, primarily through the Universal Service Fund. For decades, the tax on your phone bill paid the steep cost of rural phone service. In recent years, it's been redirected to pay for low-end cellphone service for poor families and, to a greater degree, to wire schools and libraries to the internet.

So any push for more ubiquitous rural broadband will depend on competition for that money. We can take money away from your school internet to pay for connectivity in the hinterlands, keep it in city classrooms and let small towns fend for themselves, or raise taxes. Whatever ideas help blanket back roads with internet connections — however prosaic or amazing — somebody will have to pay. It'll probably be you. — **Kansas City Star**

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NBC Sports is renaming its regional sports networks, replacing their Comcast Sports Net and TCN titles with NBC Sports, effective Oct. 2. For example, CSN Chicago becomes NBC Sports Chicago and TCN Philadelphia becomes NBC Sports Philadelphia.

Comcast's NBCUniversal unit has been pushing the Peacock logo on the regional sports networks and making them more associated with NBC Sports since 2012. "We're excited to complete the brand evolution of our remaining RSNs, which will now include the iconic NBC Sports name on all of our networks," said David Preschlack, president, NBC Sports Regional Networks and NBC Sports Group Platform and Content Strategy. "This development is a reaffirmation of our continued commitment to provide the best, most compelling local sports coverage to our fans across the country."

The brand change is separate from programming changes that have been happening at the networks over the past year. Scheduled game broadcasts will not change. In April, the renaming of NBC Sports Bay Area and NBC Sports California began. Other network name changes include CSN Mid-Atlantic becoming NBC Sports Washington, TCN Mid-Atlantic becoming NBC Sports Washington + and CSN New England becoming NBC Sports Boston. — **Broadcasting & Cable**



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