

**New York Times**  
[Why the U.S. Has Fallen Behind in Internet Speed and Affordability](#)

**Lancaster Intelligencer**  
[Lancaster is Google's 2014 eCity for Pennsylvania](#)

**Bloomberg**  
[Vice Holds Talks With Pay-TV Services on New Networks](#)

**Philadelphia Inquirer**  
[On bus tours, Corbett and Wolf urge Election Day turnout](#)

**Associated Press**  
[Pennsylvania governor's race: Claims vs. facts](#)

**Pittsburgh Tribune-Review**  
[Tom Wolf's \\$1 billion myth](#)

**Philadelphia Inquirer**  
[Washington pleads guilty to conflict-of-interest charges](#)

**Wilkes-Barre Times Leader**  
[Editorial: Re-elect Gov. Tom Corbett](#)



The head of the Federal Communications Commission is laying the groundwork for expanding the agency's authority over broadband service, people familiar with his thinking say, a move long sought by advocates of stricter regulation of Internet-service providers. But the plan by FCC Chairman Tom Wheeler isn't expected to satisfy all proponents of "net neutrality"—the principle that all Internet traffic should be treated equally—because it would still allow broadband providers to cut deals with content companies for special access to customers.



The people familiar with the plan emphasized that nothing is final, noting that any proposal would require a vote of the full

five-member commission, which is made up of three Democrats and two Republicans. And whatever approach the FCC tries almost certainly will be met with a legal challenge from broadband providers, who would resist giving the agency a heavier hand. Mr. Wheeler has said an open Internet is a goal in developing the rules, along with barring providers from slowing down or blocking content to consumers.

Reclassifying broadband to expand the FCC's authority without explicitly banning broadband providers' deals would allow the agency to keep such authority in its back pocket to block any arrangements that it views as anticompetitive. He also wants to ensure that the FCC's final rules, which are expected by year-end, can hold up in court. Advocates of net neutrality say that the only way to achieve it is to classify the Internet as common carrier, or a public utility. The broadband providers would like the FCC to keep them classified as information services, which makes the industry subject to far less regulation.

Caught in the middle, Mr. Wheeler is close to settling on a hybrid approach, people close to the chairman say. The emerging proposal is a departure from an FCC plan put forth last spring, which kept broadband classified as an information service, though Mr. Wheeler at the time made clear that he welcomed input on whether to go the

common-carrier route.

The plan now under consideration would separate broadband into two distinct services: a retail one, in which consumers would pay broadband providers for Internet access; and a back-end one, in which broadband providers serve as the conduit for websites to distribute content. The FCC would then classify the back-end service as a common carrier, giving the agency the ability to police any deals between content companies and broadband providers.

The emerging plan reflects proposals submitted by the Mozilla Foundation and the Center for Democracy and Technology, though it departs from both in parts. The main advantage of the hybrid proposal, as opposed to full reclassification, is that it wouldn't require the FCC to reverse earlier decisions to deregulate broadband providers, which were made in the hopes of encouraging the adoption and deployment of high-speed broadband. The authors of the new proposal believe that not having to justify reversing itself would put the FCC on firmer legal ground. An FCC spokeswoman said that all reclassification options are under consideration, including proposals by Mozilla, the CDT and others.

Previous FCC rules have been overturned by federal courts. In January, an appeals court said the commission was trying to regulate the broadband providers as common carriers but hadn't designated them as such. Mr. Wheeler's original plan would have relied on the FCC's existing authority over broadband, while policing content deals on a case-by-case basis, depending on whether they are "commercially reasonable."

Net-neutrality proponents reacted to the May proposal by flooding the agency with millions of comments, many calling for reclassification and a flat ban on deals for special access to consumers. President Barack Obama has also called for such a ban. In response to news of Mr. Wheeler's plan, a senior White House official said Thursday that "the president has made it abundantly clear that any outcome must protect net neutrality and ban paid prioritization—and has called for all necessary steps to safeguard an open Internet."

People familiar with the FCC's thinking say the agency remains skeptical of a flat ban on paid prioritization, noting that even common carriers are allowed to charge for certain specialized services. Mr. Wheeler suggested in December that he would be open to some such arrangement. He has been careful since then to emphasize that the FCC won't tolerate harmful discrimination, though hasn't called for a flat ban. FCC officials believe that maintaining lower-cost broadband offerings could help close the income gap in broadband adoption.

The proposal would leave the door open for broadband providers to offer specialized services for, say, videogamers or online video providers, which require a particularly large amount of bandwidth. The proposal would also allow the commission to explore usage-based pricing at some point, in which consumers are charged based on how much data they use and companies are able to subsidize traffic to their websites or applications.

While the FCC still believes there should be room for such deals, its latest plan would shift the burden to the broadband providers to prove that the arrangements would be beneficial to consumers and equally

available to any company that would like to participate. FCC officials believe reclassification would put them on much stronger legal footing to block such deals when they are anticompetitive. After Mr. Wheeler last spring broached reclassification, the response was overwhelming, with advocates of net neutrality calling for the FCC to reclassify broadband.

One industry official admitted the hybrid plans could be more tolerable "at the margins," but predicted they would prompt the same legal challenge from the broadband providers as full reclassification. Reclassification "could not withstand judicial review," Verizon Communications Inc. Deputy General Counsel Michael Glover wrote in a white paper submitted to the FCC on Wednesday. Broadband providers say reclassification would give the FCC wide-ranging authority over everything from content to pricing and that it would curtail investment in upgrading and expanding broadband networks. – *Wall Street Journal*

---

A bankruptcy judge on Thursday approved a restructuring plan that will hand control of ComcastSportsNet Houston, a regional sports network, to DirecTV and AT&T Inc. The plan, which Judge Marvin Isgur approved over the objections of Comcast Corp. , will shut down the network and then relaunch it under the name Root Sports Houston. Comcast, through subsidiaries, owns about 23% of CSN Houston, which broadcasts games for Major League Baseball's Houston Astros and the National Basketball Association's Houston Rockets. The Astros own about 46% of the channel and the Rockets own 30%.

Comcast is owed more than \$100 million stemming from funding it provided to create the network. During the hearing, Craig Goldblatt, a lawyer representing Comcast, said the restructuring plan "jumps through a series of hoops" to deprive Comcast of its right to be repaid. "The plan that is before this court is unlawful and cannot be confirmed," he said. Under the plan, Comcast will receive the proceeds of the sale of the network's assets, for which the Astros and Rockets have agreed to place an initial \$26.2 million bid. "Comcast's economic recovery here is better than if we don't confirm the plan," Judge Isgur said as he gave his ruling from the bench. "A denial of confirmation results in liquidation. Comcast realistically knows that." Comcast has 14 days to appeal Thursday's ruling.

DirecTV and AT&T will sign media rights agreements that pay the two professional sports teams for the right to broadcast their games, according to documents filed in U.S. Bankruptcy Court in Houston. The deal with AT&T and DirecTV, which are combining forces in a \$48.5 billion merger, would more than double the number of Houston households that get Comcast SportsNet Houston. The channel, which was forced into bankruptcy last year, currently reaches about 40% of Houston households, court documents show.

CSN Houston, which currently employs about 130 people and broadcasts out of a 32,000 square-foot space in downtown Houston, has had trouble selling the network to competing cable services for a monthly fee, which would be one of the highest in the country among sports channels, according to analysts and people involved in the sales effort. Within the sports entertainment industry, CSN Houston's troubles have called into question whether the rising subscriber fees for sports

channels are worth the price. Several regional channels for sports teams, including the Kansas City Royals and Minnesota Twins, have collapsed after failing to gain traction. – *Wall Street Journal*



127 State Street, Harrisburg, PA 17101  
717.214.2000 • [bcapa.com](http://bcapa.com)

**First in Broadband.  
The Future of Broadband.®**