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NewsClips

February 8, 2016

San Jose Mercury News Broadband growth means staying the course

Every year, American cable-TV subscribers spend \$231 on average to rent cable boxes that they should be able to buy outright, potentially saving them hundreds of dollars over several years. Consumers could soon have that option under an excellent proposal by the chairman of the Federal Communications Commission.

The Motley Fool How Many Americans Don't Have Access to Broadband Internet?

Even as computers, wireless phones and other electronic devices have become cheaper, the cost of renting cable boxes has been increasing. That's because cable companies have made it incredibly hard for customers to buy and use their own machines. Rental fees bring in nearly \$20 billion in annual revenue for cable, satellite and telephone companies, according to an analysis by two Democratic senators, Edward Markey of Massachusetts and Richard Blumenthal of Connecticut.

USA Today Verizon won't shut off email as soon as you feared

Last month, the chairman of the F.C.C., Tom Wheeler, proposed new regulations based on a provision of a 1996 telecommunications law that requires cable companies to accommodate competing devices. The commission tried to do this before, but the solution presented to consumers has been impossibly cumbersome. It relies on electronic cards that consumers get from their cable companies and insert into boxes they buy from companies like TiVo. Cable companies often charge a monthly fee for the use of the cards, and getting and using them can be a hassle. It's no surprise that 99 percent of customers still rent cable boxes.

San Jose Mercury News Battle for net neutrality isn't over

Mr. Wheeler wants the cable businesses like Comcast and Time Warner Cable and technology companies like Google and Amazon to jointly develop technical standards for cable devices. That would allow consumers to watch cable television on any device that meets those standards. Some manufacturers could build televisions that already incorporate a cable box. Or companies like Apple could refine software that will let people watch all cable TV on their phones and computers. Much of the technology needed to do this exists, and companies like Comcast and HBO are already using it to make some TV shows and movies available online.

Philadelphia Inquirer Time for Gov. Wolf to issue a new budget plan without the first one settled

pennlive.com For his 2nd budget, Gov.

[Wolf needs to hit the 'reset' button](#)

[Philadelphia Daily News It's Pennsylvania budget time \(again\): Can you say, 'Yay'?](#)

[Pittsburgh Post-Gazette In New Hampshire, Pennsylvanians try to make a difference](#)



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Regardless of what device people use, it would have to comply with the privacy and copyright protections that apply currently to cable boxes. This approach should make it easier for consumers to choose how they watch television, provided that the telecom and technology companies, which have had a testy relationship, can work together.

Not surprisingly, the telecommunications industry is opposing Mr. Wheeler, arguing that his proposal amounts to needless government

meddling that will stifle innovation. These are self-serving arguments by an industry that is, understandably, afraid of losing billions in revenue. It is important to remember that Mr. Wheeler's proposal doesn't require consumers to make any changes. Anybody who is happy renting a cable box, can keep doing so.

If the industry had its way, we would still be renting phones from the old Ma Bell. Allowing consumers to buy their own phones was one of the first steps the F.C.C. took in promoting new telecommunications technologies. Requiring cable-TV systems to make room for competing devices should similarly lead to a boom in new types of services and technologies.

Consider this: The monthly cost of renting cable boxes has gone up 185 percent since 1994, according to data collected by Consumer Federation of America and Public Knowledge. By comparison, the Consumer Price Index, which measures overall inflation in the economy, was up about 60 percent in that time.

The F.C.C. is expected to vote on Feb. 18 to start taking public comments on Mr. Wheeler's proposal. A final rule could be adopted by the end of the year. The F.C.C. should move as quickly as possible. Americans have waited long enough for more and better choices than the cable box. — **New York Times editorial**

Every day for one month last fall, [Jonathan Sallet](#), the general counsel at the Federal Communications Commission, sneaked into a small, windowless office at the agency, its location undisclosed except to senior staff.

From 6 a.m. until early evening, with Bach streaming in the background, he worked mostly alone, marking up stacks of law books and standing in front of a lectern. His job: Defend in court the F.C.C.'s most contentious policy — rules to classify broadband

Internet providers as utilities, widely called net neutrality. “I did nothing for one month but prepare,” Mr. Sallet said in an interview. “I talked a lot to the wall.” His arguments, though — like nearly all of his actions for the agency — have had far-reaching reverberations.

In his two years as the F.C.C.’s general counsel, Mr. Sallet, 63, has taken center stage in some of the most divisive debates in Washington. He helped shape and then defend the net neutrality law. His input helped kill the Comcast-Time Warner Cable merger last year. In recent days, the cable industry has closely tracked his thinking about a merger between Charter and Time Warner Cable, concerned about a similar result. “Typically a general counsel is like an administrator,” said Reed Hundt, a former Democratic chairman of the F.C.C. “But in Jon you have an administrator who is also a policy maven and political strategist.”

Mr. Sallet will draw more of the spotlight in coming months, a period that could shape the tech and cable landscape for years to come. The agency is set to take a position on the Charter and Time Warner Cable deal, as well as vote to open the market of set-top cable boxes to new competitors. And the decision in the net neutrality case, the one he prepared so long and hard for, is also expected.

Each weekday morning, Mr. Sallet is among a small cadre of top advisers who meet at 8:45 to discuss policy and strategy with Tom Wheeler, the chairman of the F.C.C. Mr. Wheeler, a former lobbyist for the cable and wireless industries, knows firsthand how the agency’s actions can be derailed by the pressure of lobbying by the powerful businesses he used to represent. “He is a multifaceted talent with the ability to see all angles of an issue and provide sage counsel,” Mr. Wheeler said of Mr. Sallet.

In the recent interview in his office, where the slim and soft-spoken Mr. Sallet keeps a keyboard and a guitar, he said swift changes in how people communicate and consume media have thrust the agency — and him — into the spotlight. For decades, Mr. Sallet has been an inside player in telecom policies. After graduating from law school at the University of Virginia and working as a clerk for Justice Lewis F. Powell, he spent 30 years representing companies like MCI and working on tech policy at the Commerce Department.

While at the Commerce Department, he was introduced to the Mosaic web browser by Vice President Al Gore. That was in 1993, the same year Mr. Wheeler showed him a demonstration of a wireless phone. These days, Mr. Sallet said, policies related to smartphones and the Internet get such strong reactions that they require more than a broad view of economics and markets. They also require an ability to navigate pointed political criticism. That climate makes sticking to a set of principles all the more important, he said. For him, those ideas are that networks should be open for consumers and that the F.C.C. should “take actions to avoid a society of haves and have-nots.” Net neutrality “involves competition issues, the mergers are quite clearly about competition,” he said.

Mr. Sallet’s stance has not slowed criticism. The F.C.C. recently proposed an overhaul of the TV set-top box market, a move that could open a new area of business for tech giants like Google and Amazon. Cable and media companies are fighting the plan, saying it would erode the core of their business. In addition, some academics criticized the agency’s decision last spring to block Comcast’s merger with Time Warner Cable, after a review led by Mr. Sallet. Critics said the companies did not compete in the same markets and would not reduce the number of options for consumers.

The review of Charter’s acquisition of Time Warner Cable is expected to yield a decision this spring. Though analysts are generally confident it will be approved, the agency is likely to attach several requirements that ensure the merged company doesn’t use its size to keep programmers from offering content to streaming providers. The harshest criticisms have been for Mr. Sallet’s role in advising and writing

up net neutrality policy — with technology and telecom companies arguing that Mr. Sallet, a Democrat, has made too many decisions based on politics.

In October 2014, Mr. Wheeler, also a Democrat, introduced rules that could have let cable and telecom firms carve the Internet into various high-quality and low-quality tiers, according to some legal experts and net neutrality advocates. Top officials at the agency were reluctant to create stronger rules that ban such practices by regulating Internet service providers like utilities. Mr. Sallet had talked in public about a desire for a middle ground “hybrid” rule that prevented broadband providers from blocking or unfairly slowing down traffic but didn’t expand the agency’s regulation over the industry. That middle ground was quickly attacked by many net neutrality advocates, drawing millions of comments of protest, many of them inspired by a late-night monologue by the comedian John Oliver.

The pressure intensified the next month, when President Obama took the unusual step of saying that broadband service providers should be treated like utilities, subject to rules akin to those placed on phone services. Soon after, Mr. Wheeler directed Mr. Sallet to rewrite the draft rules to more aggressively regulate the Internet service providers. “Ultimately Jon is the lawyer and Wheeler is his client,” said Robert D. Atkinson, president of the Information Technology and Innovation Foundation.

To complicate the situation, the rules were almost guaranteed to face strong legal challenges. Telecom and cable companies immediately sued to overturn the regulations, and the case was handed to the United States Court of Appeals for the District of Columbia, the same court that had struck down net neutrality rules twice before. Mr. Sallet made his arguments defending the latest rules in December, winning plaudits from all sides for his work in the courtroom. A decision is expected this spring. Other legal challenges to the policy are likely.

Mr. Sallet and his supporters said his positions, and those of the F.C.C., should not come as a surprise. Mr. Sallet and top advisers have talked frequently about the agency’s push to keep big telecom and cable firms — which control the video and broadband pipes into homes — from stifling new technologies. There are even echoes of this philosophy in a speech he helped write in 1994 for Mr. Gore. In the speech, at University of California, Los Angeles, Mr. Gore called for an overhaul of rules for phone and cable communications to encourage the development of the coming Internet economy. “We look back now and see that was incredibly prescient,” Mr. Sallet said. — *New York Times*



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