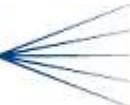




BCAP  **NewsClips** February 11, 2015

New York Times
FCC's Pai: Net-neutrality proposal is secret Internet regulation plan

Reuters
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TV NewsCheck
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Bloomberg
Google Riles Silicon Valley by Exposing Others' Security Flaws

Politico
Losing Williams, Stewart a blow to TV

The net neutrality talkathon got a lively and pointed contribution on Tuesday from Ajit Pai, a Republican commissioner on the Federal Communications Commission.

Mr. Pai took direct aim at the strong rules intended to preserve an open Internet, or net neutrality, that were proposed last week by Tom Wheeler, the F.C.C. chairman. Last Wednesday, Mr. Wheeler, a Democrat, rolled out the essence of his plan with **an op-ed article on Wired** magazine's website, followed by the distribution of a fact sheet and a lengthy briefing by senior F.C.C. officials.

On Monday, **speaking at the University of Colorado**, Mr. Wheeler was out on the hustings and answering critics of his approach. Under his plan, the F.C.C. would regulate broadband Internet services to American homes using a common carrier provision of the Communications Act, called Title II, whose heritage goes back to the early days of the nation's telephone network. Mr. Wheeler said that there had been "endless repetition of the talking point" that he was proposing "old-style, 1930s monopoly regulation." He told the audience, "It's a good sound bite, but it is misleading when used to describe the modernized version of Title II that I'm proposing."

Mr. Wheeler has said repeatedly that his plan would not include regulating prices or meddling deeply in the Internet marketplace. But his approach, he insists, is needed to ensure that Internet service providers — mainly cable television and telecommunications companies — cannot block content or offer paid-for fast lanes for those who can afford it and slow lanes for those who cannot.

Mr. Pai doesn't believe that for a minute. Mr. Wheeler's plan, Mr. Pai said, would open the door to having a Washington bureaucracy "micromanage the Internet." Mr. Pai is not reassured by the proposal's pledge that the agency will refrain — or forbear, in regulatory parlance — from setting prices someday. "Expect regulation to ratchet up and forbearance to fade," he said. "The F.C.C. is going to be deciding prices." Mr. Pai said that because the plan would permit lawsuits to challenge business practices not deemed "just and reasonable" by a plaintiff, Mr. Wheeler's proposed rules amount to "a gift to trial lawyers." Inevitably, according to Mr. Pai, consumers will be saddled with higher costs, companies will have less incentive to invest and innovation will suffer.

In his verbal assault, Mr. Pai employed phrases original and well worn. In the latter category, he said that strong net neutrality rules are "a solution in search of a problem." That tag line, though, suggests the substantive difference between the two camps Mr. Pai and Mr. Wheeler represent. Mr. Pai sees what he called "a very

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competitive marketplace” for broadband Internet service, while Mr. Wheeler’s policy assumes there is not one — and thus the need for strong rules.

Much depends on how high-speed broadband is defined. The [new F.C.C. standard](#), adopted last month, defines broadband as a download speed of 25 megabits per second or more. At that threshold, 83 percent of American households have access to high-speed broadband, but in many local markets there is only one provider at that level of service. At lower speeds, technologies like mobile broadband offer competition.

Mr. Pai called on Mr. Wheeler to publicly release the full document of his proposed order and supporting materials. Mr. Wheeler circulated his plan to the other four F.C.C. commissioners on Thursday, and they are scheduled to vote on Feb. 26. The full documents of F.C.C. proposals have not been published in the past, but Mr. Pai said this issue is of such widespread public interest that an exception should be made. Mr. Pai said he would not release it himself, adhering to commission rules. Mr. Pai repeatedly referred to the length of the proposed order, 332 pages. But only eight of those pages are about the new rules, a senior F.C.C. official said. The rest of the document, the official said, describes how the plan would fine-tune provisions of Title II for the Internet and summarizes the four million public comments the commission received last year.

Mr. Pai also called the proposed order “President Obama’s plan to regulate the Internet,” a reference to Mr. Obama’s public statement last November urging the commission to adopt the utility-style regulation of Title II. Taking such a public stance is unusual for a president when an independent agency is formulating policy. Most major commission votes are split 3 to 2, with the two other Democratic commissioners joining Mr. Wheeler. Once Mr. Obama declared his position, analysts say, Mr. Wheeler pretty much had to adopt the Title II approach to get three votes on the commission. — [New York Times](#); [also see Los Angeles Times](#)

Cable pioneer John Malone will swap a portion of his Starz shares for a 3.43% stake in Lions Gate Entertainment Corp. and a seat on the entertainment company’s board, setting the stage for collaboration between the two entertainment companies. Lions Gate will get a 4.51% stake in Starz, representing 14.5% of the total voting power. Meanwhile, Mr. Malone—chairman of Liberty Media Corp. and a legend in the cable industry—will join Lions Gate’s board. Mr. Malone will remain Starz’s largest voting shareholder, with a 6.1% stake representing 32.1% of the total voting power.

Santa Monica, Calif., based-Lions Gate has been building its movie business with young-adult novels’ adaptations, such as blockbuster franchises “The Hunger Games” and “Twilight,” while its TV business has benefited from shows such as “Mad Men,” “Anger Management” and “Orange is the New Black.” “Lions Gate has emerged as a leader in developing global content, and this transaction creates the potential for a number of strategic opportunities around the world with them,” Mr. Malone said in a news release. Englewood, Colo.-based Starz, which comprises the Starz and Encore networks, was spun out of Liberty Media in 2013. Lions Gate shares gained 6.5% in morning trading, and Starz gained nearly 1%. — [Wall Street Journal](#)



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