

March 9, 2020

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Trumpism is slowly taking hold on your phone and computer, as newly installed federal regulators begin chipping away at hard-fought protections on privacy and competition.

These protections, put in place during the Obama administration, had upset the phone and cable industries. The new regime at the Federal Communications Commission says consumers win if businesses face less

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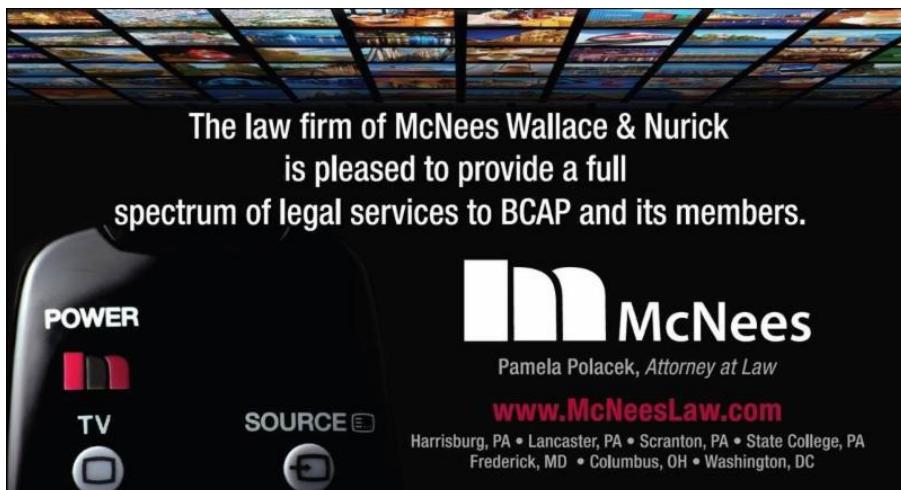
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regulation and have more incentives to invest. But consumer advocates worry these changes give broadband providers that own media businesses more power to favor their own services, among other things.

The changes are small and easily overlooked. But they're the first shots in what could turn into a full-fledged war over Obama-era "net neutrality" rules, which were designed to keep phone and cable giants from favoring their own internet services and apps. Overturning these rules would also likely reverse a privacy measure meant to keep broadband providers from using and selling customer data without permission. "Death by a thousand cuts is a constantly overused cliche, but that's sort of what they're aiming for right now," said Matt Wood, the policy director of consumer group Free Press, referring to the Republicans now in power at the FCC.

The agency has five commissioners appointed by the president and oversees internet services and the broadcast industry. It's no secret President Donald Trump's hand-picked FCC chief, Ajit Pai, wants to cut regulations that he believes are holding back faster, cheaper internet. Pai takes special aim at net neutrality rules, which regulate broadband as a utility and bar providers from playing favorites by offering speedier access to, say, their own streaming-video services. Pai considers these rules a mistake that slows investment in internet infrastructure. His goal is to expand internet access, especially in rural areas where choices are limited.

But an aggressive overhaul of net neutrality could be politically and legally difficult. For a telecom policy, net neutrality is popular with consumers, drawing attention from comedian John Oliver and spurring people to flood the FCC with roughly 4 million comments (not all in support, of course). A federal appeals court upheld the rules in June. This may explain why the FCC has so far opted for a piecemeal attack — an approach that may continue for a while.



A broad attack on the landmark 2015 net neutrality rules is expected. But under Pai, the FCC has made only some tweaks to the agency's approach. These rules have barred broadband providers from blocking and slowing some websites and creating faster access for their own services. But the rules also gave the FCC broader powers to stop telecom companies from hurting competition and consumers in other ways that weren't spelled out.

When Barack Obama was president, the FCC used those broader powers to go after "zero-rating" plans, which give subscribers free data so long as they stick with their carrier's own streaming-TV service, like AT&T's DirecTV

A Pennsylvania lawmaker spent \$1,623 on breakfast with Eagle Scouts, then tried to keep it secret

Now. Zero rating may be popular with consumers — hey, free data! — but the FCC under Obama had argued that letting internet providers play favorites undermines streaming-video competition and ultimately leaves consumers worse off. After Pai took office, the FCC reversed that stance and gave a thumbs-up to AT&T and other carriers with zero-rating policies.

The agency also exempted **additional smaller broadband providers** from a net neutrality regulation that required companies to spell out their pricing, such as specifying how long promotional rates last and whether services capped monthly data usage. Until the FCC or Congress goes full-bore on net neutrality, the agency will likely "stand down" from enforcing it unless there's a "really extreme" violation, said Marc Martin, technology and telecom attorney with Perkins Coie.

The agency has also blocked part of a broadband privacy measure that requires companies like Comcast and Verizon to take "reasonable measures" to secure customer information like financial data or web browsing histories. The remaining privacy rules, which aren't in effect yet, are now under threat. Under these rules, phone and cable companies must ask permission before using or selling your data. **Phone and cable companies** have complained that these rules are tougher than what internet-advertising behemoths like Google and Facebook face. Pai says he wants to work with the Federal Trade Commission, another D.C. regulator, to come up with broadband privacy rules that are more in line with the laxer standards for internet companies.

Republican lawmakers have proposed spiking them completely. Democrats say that would leave consumers vulnerable and allow companies like Verizon or AT&T able to sell consumer information to advertisers. There are vaguer privacy requirements that still apply under the net neutrality rules, but the agency may be loath to enforce them, Martin said. And the net neutrality rules are expected to be undone in any case.

Other efforts that were intended to address inequities, like the high cost of prison phone calls and broadband for lower-income people, are seen as endangered. The agency refused to defend in court an FCC rule that capped rates for in-state calls made to people in prison. And it has limited the availability of government-subsidized internet service for poorer Americans by **pulling nine providers** from a program called Lifeline. The agency cited concerns about fraud and waste. The FCC says Lifeline still had dozens of companies offering discounted broadband as of December. The FCC may be open to reconsidering its decision. — ***Associated Press***

The streaming TV revolution has come to this: Even the cable companies are cutting the cord.

AT&T, the second largest pay-TV provider behind Comcast, is launching a nationwide live TV streaming service Monday that offers a cable-like experience — from a set-top box and on-screen program guide to a remote control with actual numbers — delivered entirely over the internet. The service, dubbed AT&T TV, could be the all-in-one platform that entices reluctant cord cutters to take the plunge into live TV streaming, uncluttering a jumbled world of media devices, smart TVs and program services with names like Fubo, Vidgo, Philo and Hulu. "It's going to simplify a very complex marketplace," said Tom Monahan, the Chicago-based regional vice president for AT&T.

The AT&T setup is simple, even for streaming novices. Plug in the box, connect to your TV and Wi-Fi and voila — instant cable over the internet. Priced at about \$50 per month as a standalone service, AT&T TV has a robust slate of broadcast and cable channels, including offerings such as the Marquee Sports Network, the new cable TV home of the Chicago Cubs. It also links to a variety of video-on-demand apps like Netflix and Amazon Prime Video, with a voice remote to orchestrate the programming melange without reading glasses.

Combining the video with AT&T's internet service brings the monthly price to \$80 — an initial savings over most traditional cable plus internet offerings. But the price could end up as bloated as your cable package in time. The inaugural prices for both plans are for the first year of a two-year agreement, with "prices higher" in the second year, according to the fine print. At current rates, the standalone video plan would rise from \$50 to \$93 per month in the second year, according to Monahan.

The AT&T TV package includes one set-top box. Additional units are \$10 per month. A smart phone app lets you take the full streaming product wherever you go, with a massive 500-hour cloud DVR to stockpile episodes of "The Bachelor" and other guilty pleasures. AT&T is also hoping the streaming service will boost its own broadband service while stemming losses from its two traditional pay-TV platforms — DirecTV and U-verse — which are hemorrhaging subscribers at an accelerating rate.

Traditional cable and satellite providers lost about 6 million subscribers last year, according to data from industry analysts MoffettNathanson. Losses in the pay-TV industry have been partially offset by gains in streaming services like Sling TV, Hulu + Live TV and YouTube TV. The trend is likely to continue, with traditional cable expected to shed another 19 million subscribers by 2023, the firm said. In 2019, AT&T lost 4 million subscribers, or 16.5% of its subscriber base, according to MoffettNathanson. "A significant part of the worsening cord-cutting outlook can be pinned on the woes of AT&T," MoffetNathanson said in a report.

While Comcast has yet to offer a comparable internet cable service, AT&T is not the only legacy pay-TV provider shifting customers to a streaming platform. AT&T acquired DirecTV for \$49 billion in 2015, which made it the largest pay-TV provider in the country with 26 million subscribers. At the end of 2019, AT&T had 20.4 million pay-TV subscribers, including about 16 million through DirecTV, according to MoffettNathanson. Monahan said DirecTV will continue to be "an important piece of our plan for the foreseeable future." But with the satellite service losing more than 3 million subscribers last year, according to MoffettNathanson, there may be a lot riding on the success of AT&T's new streaming service. — **Chicago Tribune**

