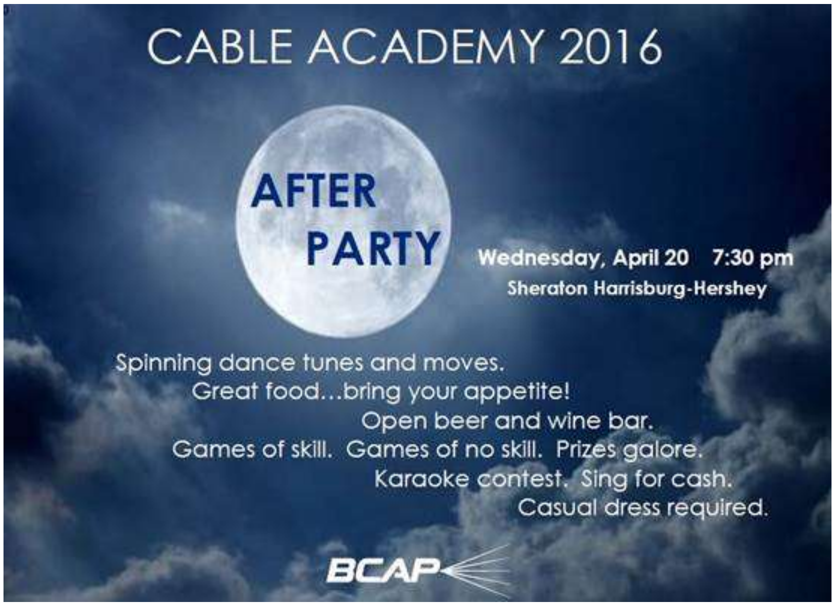
***An information-packed conference agenda* must include a night to unwind.**



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Wall Street Journal
President Obama

The dream of having more competition in the local broadband market seems to be on hold. But perhaps we shouldn't be surprised.

Most folks in this country are lucky to have two broadband competitors, much less a third. And that situation doesn't look like it's going to change much for most people, regardless of how the latest dispute is resolved. That dispute involves Google's efforts to bring Google Fiber, its super-high-speed broadband service, to the Bay Area. As my colleague Ethan Baron reported Friday, Google's efforts have been stymied in many cities by its inability to get permission to string its wires over the local utility poles. The pole owners -- a collection of companies including AT&T, Comcast and PG&E -- aren't recognizing that Google has a right under California Public Utilities Commission rules to get access to the poles.

However it's resolved, the pole dispute points to a much bigger problem. Even when you have a company as wealthy, powerful and determined as Google, it can be damn hard to build out broadband networks to compete with those already offered by the former local telephone and cable monopolies.

It wasn't supposed to be this way. For the last 15 years or so, regulators at the federal and state level have been promoting the notion that if they just put forward the right deregulatory and pro-investment policies, numerous companies would compete to build out Internet connections to our homes. Broadband would be fast, cheap and plentiful, and we consumers would have multiple choices for going online.

Has a Message for Tech Workers: We Need You

Pittsburgh Post-Gazette
GOP lawmakers criticize Gov. Wolf's spending plan

Easton (Northampton Co.) Express-News
Editorial: Welcome to Pennsylvania. Budget optional.

Philadelphia Inquirer
Editorial: Better leaders would end state's budget impasse

Philadelphia Daily News
Tuesday's primaries can boost Pennsylvania's stature

But that's not how things have played out. Compared with residents of other developed countries, we generally pay more and get slower speeds. According to the Federal Communications Commission, some 51 percent of Americans have only one choice among wired providers of what is now considered to be broadband access -- speeds of 25 megabits per second or faster. An additional 10 percent have no options at all for service at that speed. Those numbers have improved in the past several years. But even so, we're still far from the broadband utopia we were promised.

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Hurdles like those being thrown in front of Google by the utility pole owners are one reason. Google has faced similar issues that delayed the build out of Fiber in Austin, Texas, and have halted it in Louisville, Kentucky. In both places, AT&T, which plans to build its own fiber-optic-based broadband network in those cities, blocked Google from access to its poles.

However, those pole disputes are only a small reason for the lack of broadband competition. The primary impediment is a simple one: building out networks is extraordinarily expensive. And no matter what regulators do to try to encourage more investment and competition, that fact simply isn't going to change.

Collectively, providers like AT&T and Comcast have invested hundreds of billions of dollars over the years to build out and upgrade their broadband networks, noted Bruce Leichtman, president and principal analyst at Leichtman Research Group, which focuses on the telecommunications industry. Few companies have access to that kind of money. And the more competitors they potentially face, the less likely they will be to invest that kind of money. "It's very hard to legislate competition and legislate spending," Leichtman said.

If you're going to be the first or the only broadband provider in a particular area, you may well invest the money. But if you would be the third or fourth, you likely won't, because it likely won't be economically feasible.

Some areas of the country -- San Francisco, say -- are dense enough that it can be profitable to lay down multiple lines, because companies can reach a lot of potential customers without having to roll out a lot of cable. But those areas are few and far between. "There's a lot of the country where you can only economically sustain one broadband provider. In fact, there's a lot of areas of the country where you can't sustain one," said John Bergmayer, a senior staff attorney at Public Knowledge, a consumer advocacy group.

But even in those cities where it's possible to have multiple providers, many folks aren't likely to see much competition. That's because Google, AT&T and other companies aren't planning on offering the high-speed fiber networks in all areas of those cities. Instead, they're cherry picking neighborhoods, focusing on those that are most likely to sign up for service. Again, that comes down to an economic decision. The prospective broadband providers are only going to offer service where they're most likely to see it pay off.

Many of you may remember that things weren't always like this. During the dial-up era, consumers often had their choice of dozens of different Internet access providers. But that was because the regulations at the time required the phone companies to open up their networks to competitors. As we moved into the broadband age, the FCC decided to relieve the cable and DSL providers of the same obligation, figuring that the build out of new networks would keep things competitive. The regulators were wrong and we're still paying for that mistake. – ***San Jose (CA) Mercury-News***

For pay-TV company investors, the debate around proposed rules for set-top boxes is about more than the boxes. What happens with data flowing through them is far more important.

The Federal Communications Commission held an initial vote last month on the rules, meant to give consumers more choice in accessing pay-TV content. Viewers typically use a set-top box rented from their cable or satellite provider or log in via that company's app on another device. Under the proposed rules, they would be able to view content using devices, apps or software made by others, including Alphabet's Google or TiVo.

Pay-TV providers are staunchly opposed. Clearly, roughly $20 billion a year in rental fees are an issue. The bigger concern is it would distance them from customers and put viewing data into the hands of companies like Google, which see TV advertising as the next frontier.

While some consumers may applaud, the danger for pay-TV providers is that this will let the Internet fox into the TV advertising hen house. As part of the proposal, the FCC wants cable and satellite providers to make three "flows" of information available. In addition to video programming, these include information about what content is available to the consumer and what a device is permitted to do with the content, such as record. This stands in contrast to an app-based model pay-TV providers are pushing.

Google has been developing these flows on its own through its Google Fiber broadband and video offering. Yet it only had 53,000 video subscribers at the end of 2015, according to MoffettNathanson. An open-source stream of pay-TV providers' content that Google could funnel through its own devices would change that. It would allow the search giant to rapidly expand its reach without investing in a nationwide network, acquiring subscribers and making deals with media companies.

Subscribers who ditch the traditional set-top box would likely still be paying a company such as Comcast or AT&T 's DirecTV. But Google or another device maker would control the user interface and could theoretically use that to intersperse pay-TV content with content from other sources such as YouTube. The device maker could also, crucially, collect data on what viewers watch and sell ads against it. Another concern: Technology companies could become the face of content distribution. That could lead pay TV companies to become little more than utilities. It could also push media companies to deepen relationships with technology companies, skirting traditional distributors.

Pay-TV providers aren’t eager to cede set-top box fees either. The $20 billion a year the FCC estimates they get amounts to nearly 20% of pay-TV providers’ total video revenue in 2015. Assuming it takes about 2½ years of $8-a-month fees to pay off a $250 box, any revenue beyond that would essentially be pure profit. Granted, that revenue wouldn’t vanish overnight. Still, any loss of high-margin revenue would cut into margins and affect valuations. And the bigger hit would come if tech giants are able to win control of TV data. In that case, shares of pay-TV companies could wind up in the penalty box. – ***Wall Street Journal***

The details of how to help close the digital divide are coming into focus.

At least that’s the message from the Federal Communications Commission, which has put together a final proposal to overhaul its Lifeline fund, a program to help low-income households with technology needs. The F.C.C. is announcing on Tuesday that it is poised to approve a broadband subsidy of $9.25 a month for those who qualify, to defray the costs of getting high-speed Internet, **writes Cecilia Kang**.

Last month, Ms. Kang **published a story** showing the toll that a lack of high-speed Internet is taking on teens and young children. In her reporting, Ms. Kang found families in an area in South Texas who lacked the funds for Internet access and whose children had to take three-hour rides on buses with Wi-Fi or crouch on sidewalks outside schools with Wi-Fi hot spots in order to complete their homework. “This is what I call the homework gap, and it is the cruelest part of the digital divide,” Jessica Rosenworcel, a Democratic member of the commission who has pushed to overhaul the Lifeline program, said at the time. Given the F.C.C.’s final proposal, the story is worth reading again to understand how deep the digital divide can be. – ***New York Times***

The stock in a small Santa Ana, Calif., consumer electronics company has soared on news that cable giant Comcast Corp. could purchase $1 billion in TV remotes and other equipment from it over six years. Comcast also acquired the rights to purchase 725,000 shares in Universal Electronics Inc. at an exercise price of $54.55 over the duration of the agreement. The California company's stock price jumped 14 percent on the Comcast news on Thursday and was trading at $64.50 around noon on Friday.

Universal Electronics manufactures Comcast's voice-controlled TV remote, published reports say. According to a Universal Electronics regulatory filing, Comcast will purchase $260 million in goods and services over successive two-year periods. Comcast can fully exercise its warrants if it purchases a total of $1 billion. "This agreement represents a major milestone in our history," Universal Electronics CEO Paul Arling said in a statement. "We are privileged to have helped Comcast's X1 redefine the entertainment viewing experience, and we are now positioned to provide innovative products across Xfinity Home as well," he added. – ***Philadelphia Inquirer***