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Tom Wheeler is going to have a busy year. The Federal Communications Commission chairman, who last year helped pass **strong rules** regulating Internet companies, is now turning his eye to the world of cable TV.

The cable industry, largely shielded from the disruption wreaking havoc in other media sectors, is now facing pressure from innovative tech companies. Wheeler, a former cable lobbyist, is helping pave the way for that to happen. “You know my mantra,” he told ***The Verge***. “Competition, competition, competition.”

Here are three issues Wheeler and the FCC are tackling this year that could change the way we watch TV.

There’s a skyrocketing number of online video companies out there. But most cable operators still require their customers to have an old-fashioned cable box, which helps them maintain control over what viewers get to watch. It’s rare to find a pay-TV provider that will let you use their box and remote control to easily surf Netflix in addition to live channels. Wheeler wants to change that. Rules he proposed in January would allow third parties to create their own devices that can air television content. As an example, a new version of devices like Google’s Chromecast or the Apple TV might include the ability to watch live television with your Comcast cable subscription as well as online programming through Netflix.

In an **op-ed** on technology site Recode, Wheeler likens the idea to picking the landline phone you use with a phone company’s service. “My proposal will pave the way for a competitive marketplace for alternate navigation devices, and could even end the need for multiple remote controls, allowing you to use one for all of the video sources you use,” Wheeler wrote.

The cable industry is staunchly opposed to the idea. Cable companies have cast the proposal as **needless government regulation**, arguing that network-branded apps (think FX

[Toomey's ire]

Now or WatchESPN) already let customers stream live TV on their phones, Roku boxes and other devices. But they have another good reason to cry foul: they stand to lose as much as $20 billion in cable box rental fees. The average person pays $231 to lease their box each year. Pay-TV services delivered via the Internet have been notoriously difficult to launch. Just ask Intel, which sold its ambitious OnCue Internet TV service to Verizon as it struggled to secure the necessary streaming rights.

Part of the challenge lies in cable companies' contracts with networks, which reportedly ban the networks from selling their programming to online TV services at the same time they're on cable. Wheeler and the FCC have launched a probe to determine whether these clauses should be allowed in the fast-changing media landscape, according to *The Wall Street Journal*. If the FCC chooses to strike down the clauses, it will be easier for companies like Google and Apple to launch their own TV services. It might also be easier for individual networks to start selling their channels a la carte online, the way HBO is doing with HBO Now.

Last year, Wheeler helped nix the proposed merger between Time Warner Cable and Comcast, which analysts expected to be approved. Now he's mulling another Time Warner Cable tie-up, but this time it's with Charter Communications. The combined company would be the second-largest broadband provider and third-largest pay-TV provider in America. If the deal falls apart, it could mark the end of a period of significant consolidation in the cable industry. Even if it's approved, Wheeler may claim his pound of flesh through strict regulations that limit the merged company's ability to control where else networks license their content. – ***Time***

For Alfonso Escobar, the Internet was once out of reach.

The 55-year-old retired bread baker from Bell, California had limited computer skills and couldn't afford the monthly service charge. "It's like you can't see if you don't have glasses," said Escobar, who recently began taking an Internet skills class offered by a community group. "The Internet gives you access to the world. You can pay bills, make doctor appointments ... or keep in touch with your family. You can learn what's going on in your city, in Los Angeles, in Sacramento — and in the whole country."

Bridging the so-called digital divide — the gulf between people who have ready access to the Internet, and those like Escobar who do not — has long been a priority of President Obama. And addressing the issue has become a key component in the government's review of a mammoth cable merger that could transform the local pay-TV landscape.

Charter Communications' proposed $67-billion plan to acquire two other cable companies — Time Warner Cable and Bright House Networks — would make it the dominant pay-TV and Internet service provider in Southern California, with more than 2 million customer homes. Large pockets of poverty exist in Charter's proposed new California service area. About one third of the homes in the region — nearly 2.3 million — are considered low-income. Nearly one-quarter of people in Los Angeles County have no Internet access at home. "Charter is not just buying a big new service area — they are buying the digital divide," said Sunne Wright McPeak, president and chief executive of the nonprofit California Emerging Technology Fund, which is working to bring computers and affordable Internet connections to more California residents.

The main reason people lack access to the Internet is because they cannot afford it. Time Warner Cable's average Internet price is $48 a month (it also offers a program for qualifying low-income residents). "When you live on a low budget, you just don't have the ability to pay for it," said Escobar, who lives off his pension. He said he could pay for a plan that would cost about $10 a month.

There are other contributors to the digital divide. In some rural regions, including areas in San Bernardino and Kern counties, cable companies have not completed the costly job of installing cable lines that reach all communities. In other regions, the cable lines are outdated and do not provide reliable high-speed service. Still other communities lack a sufficient number of Wi-Fi hot spots.

Community activists and school district officials in L.A. and San Bernardino counties say many students are at a disadvantage because even if districts provide laptops, the students have no way to connect to the Internet at home. "People who are not connected to the Internet are invisible to the people making decisions," said Gary Madden, director of San Bernardino County United Way's 211 help line system. "Most people take for granted the advantages of being connected. We have no clue just how disadvantaged people are who are not connected to the Internet."

Several government agencies are reviewing the cable acquisition that was announced last May. The Federal Communications Commission must find that the merger serves the public interest, and it is expected to reach a decision this month. The U.S. Department of Justice separately must determine that the consolidation does not pose a threat to competition. The California Public Utilities Commission also must approve the deal. A vote on the matter is scheduled for early May.

State regulators are expected to focus heavily on Charter's Internet program, prompting the Stamford, Conn., company last week to boost its commitments. Charter said it would bolster its pledge to extend high-speed Internet service plans, including increasing broadband speeds in communities throughout Southern California within four years of the deal's closing. "Recognizing the central role broadband plays in our daily lives and the economic challenges faced by many today, we look forward to bringing broadband to more homes and businesses, and to providing a superior low-income broadband service," Charter said in a statement Monday.

To win approval, Charter said it would add at least 25,000 out-of-home wireless hot spots in California within four years, and extend broadband lines to rural regions — such as in San Bernardino and Kern counties — to provide service to an additional 150,000 homes or businesses within four years. It also plans to try to sign up 200,000 low-income families within four years, offering high-speed Internet service for $14.99 a month. The program would be tailored to families with students who qualify for the federally subsidized free lunch program as well as seniors who receive supplemental Social Security checks.

Charter also has pledged to spend $10 million over four years to work with community groups to promote broadband adoption, including training classes such as the one that Escobar has been taking. Demand is high. More than 350 people are on a waiting list for the morning computer classes at the Bell Technology Center, and only 22 spaces available.

Critics, however, say the low-cost Internet plan doesn't go far enough. "This program is only scratching the surface," said Larry Ortega, who runs One Million New Internet Users, which conducts Internet training programs for parents. "It seems like companies look at this as being a welfare program, and they don't see the economic impact of signing up more customers for their Internet service. There is a lack of leadership and a lack of delivery."

Charter, which until now has not offered a low-cost option, defended its proposed $14.99 plan, citing its high speed. "Our program is the most inclusive low-cost Internet plan out there, and we are very proud of it," said Alex Dudley, Charter's spokesman. – ***Los Angeles Times***

Ratings agency Moody's Investors Services said Tuesday a proposal by U.S. communications regulators to impose privacy restrictions on broadband providers like Verizon Communications Inc., AT&T Inc., Comcast Corp. and Charter Communications Inc. is "credit negative." Tom Wheeler, chairman of the U.S. Federal Communications

Commission, last week proposed barring providers from collecting user data without getting consent as part of a privacy proposal for internet use.

Moody's said internet providers could be "severely handicapped" in their "ability to compete with digital advertisers such as Facebook and Google." Under the FCC proposal, Google, Facebook, Twitter and other websites would be able to continue to "collect the same type of data from consumers who access their websites" without user consent, Moody's said. "We believe this to be a long-term risk to the current TV advertising business model, as well as all broadband providers whom also have ad sales exposure," Moody's said. – ***Reuters***

Federal Communications Commission Chairman Tom Wheeler is likely to circulate a draft order as soon as this week approving Charter Communications Inc.'s $55 billion deal to buy Time Warner Cable Inc. with certain conditions, according to people familiar with the matter.

The order would impose a number of conditions on the transaction, many of them aimed at boosting online video as a competitor to cable. One condition would bar Charter from including clauses in its pay-TV contracts that restrict a content company's ability to offer its programming online or to new entrants, the people said. FCC officials worry those clauses, which are thought to be widespread in the pay-TV marketplace, could be impeding the growth of online video.

The order will be sent to the four other FCC commissioners for review and could be modified in the coming days. But the emerging outlines of a deal represent a win for Charter and its management, after Comcast Corp.'s bid to buy Time Warner Cable collapsed last year when regulators were prepared to block the acquisition over concerns about its competitive impacts. As currently envisioned, the Charter-Time Warner Cable order would include several other features that could help speed development of online video, a big priority for Mr. Wheeler.

The deal is likely to include a requirement for Charter to build or upgrade service to more homes, boosting availability of high-speed broadband. In some cases the buildout could give consumers an alternative to Internet service offered by big phone companies like Verizon Communications Inc. and AT&T Inc. Mr. Wheeler has indicated before that it would help competition if cable companies venture outside their exclusive regions and "overbuild" into each other's service areas to compete against each other.

The specifics of the buildout requirement are still being negotiated, the people close to the talks said, though some expressed doubt that the FCC will impose cable-on-cable competition. The deal with the FCC would cement previous commitments by Charter early on, including to refrain from imposing data caps or Internet usage-based billing and to waive fees for interconnecting with the networks of content companies such as Netflix Inc. and long-haul telecom providers. Charter also had committed to abide by the FCC's stringent net neutrality rules even if they get tossed out by the courts, where they are being challenged.

Charter pledged to abide by those conditions for three years. It is possible that the FCC could extend the time frame as part of the deal, people close to the talks said. After the chairman's office circulates the draft order to the other commissioners, they will have the opportunity to ask for additional concessions from the companies before the final order is written. The process before final approval could take a few weeks, one of the people said.

Just as with AT&T's deal to buy DirecTV, the FCC will likely require Charter to retain an independent monitor approved by the agency who will evaluate whether Charter is complying with the conditions, some of the people said. Even if it wins federal regulatory approval, the company still needs to persuade California's state regulator to approve its deal. Charter has said it expects a decision from California in May.

	An approval would be a long-coveted win for Charter Chief Executive Tom Rutledge and cable pioneer John Malone, who faced major setbacks in their multiyear effort to buy Time Warner Cable. Mr. Malone is the chairman of Liberty Broadband Corp., the largest shareholder in Charter. From the beginning, Charter's message to Washington has been clear: we're not Comcast. Soon after announcing the merger in May 2015, Mr. Rutledge began talks with Netflix CEO Reed Hastings to hash out a deal that would head off any opposition from the streaming juggernaut, who was a fierce critic of Comcast's Time Warner Cable deal. Charter ended up agreeing not to charge for interconnection deals for three years and, crucially, won Netflix's support. In January, Mr. Hastings said the Charter merger with Time Warner Cable would be a "tremendous positive" for online video players. Charter has continued to offer up sweeteners. The company in December announced a \$14.99-a-month, 30 megabits-per-second Internet service for low-income families and later signed a deal with minority groups to add more diversity to its board and workforce after the deal closes. "Charter learned from what Comcast failed to pull off," said Gene Kimmelman, president of Public Knowledge, a consumer advocacy group. "They made broader concessions, and more meaningful concessions. And I think that, in conjunction with the fact that it's not as competitively harmful as the original Comcast-Time Warner Cable deal, gave them an enormous leg up with the enforcement agencies." – ***Wall Street Journal***