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# BCAP NewsClips

**March 30, 2015**

***Los Angeles Times***
**Big broadband firms want 'unfettered power' over Internet: FCC chief**

***Fierce Cable***
**Cable becomes emerging special access source for CLECs, but trails AT&T and CenturyLink's ubiquity**

***The Hill***
**Five things that could kill Internet rules**

***Associated Press***
**Backup options for Internet lines can be costly, complicated**

***Wall Street Journal***
**The FTC's**

There's a reason the words "I'm from the government, and I'm here to help" are a punch line. Government involvement rarely helps. In many instances, it exacerbates the situation.



We've seen it happen in the financial sector. The Dodd-Frank legislation that was supposed to prevent another crisis is instead mandating regulations that simply make things more expensive for ordinary consumers — all while increasing the chances of a bailout. We've seen it happen in health care, with ObamaCare saddling the economy with costly requirements that aren't making anyone healthier. And now that the Federal Communications Commission has voted for the third time in the last decade to institute "net neutrality," it's fair to ask if we're about to see it online.

Many people are under the mistaken impression that this change will mean a freer, fairer Internet. They take the phrase "net neutrality" at face value. But while it's alliterative and catchy, it's also dangerous. Ironically, it sets up a situation under which the online rules are anything but free, fair or neutral. For years, the broadband services provided by such companies as Verizon, AT&T and Comcast have been treated differently than traditional telephone and utility services. They haven't had to operate under "common-carrier" rules that prohibit them

**decision not to sue Google showed a refreshing restraint. The FCC could learn from it.** (registration may be required)

***USA Today***
**FCC chairman: Net rules will withstand court challenge**

***Wall Street Journal***
**It's Really Here: TV for Babies** (registration may be required)

***Pittsburgh Tribune-Review***
**Governor shedding some light on schedule, contracts**

from varying rates and services for their broadband offerings.  They can offer — and charge — what they want. But this is good. Consumers win under this scenario.  Broadband providers must compete for business. And they can't win and keep customers without offering better, faster service at lower rates.

But now? They're common carriers that provide "telecommunications services." So the FCC is free to regulate them.  In answer to some of the criticism, the FCC has assured the public that it won't resort to regulating broadband providers as fully as the law would allow. But you don't have to be as skeptical of government promises as I am to view this assurance with a heavy dose of suspicion.

I'm not saying the FCC is necessarily being disingenuous. But consider the government's track record.  President Lyndon Johnson, for example, told us that the welfare system he signed into law in the 1960s would be a "hand up," not a handout. Yet until the 1996 reform, it was impossible to view as anything but a handout.  Consider how the Internet has changed our lives in the last few years alone. Would that have been possible with bureaucrats in Washington empowered to oversee what service providers can and cannot do?  We'd be lucky to have even dial-up service today.

The good news? This fight isn't over. As I mentioned earlier, we've been here twice before, once in 2006 and again in 2010. Both times, net neutrality didn't survive a court challenge, and that's where we look now. The FCC's latest version of net neutrality will have to weather review in the courts as well.  Sorry, but net neutrality is like a virus or a bad line of code. It needs to be eradicated, not embraced. The government is here, all right, but not to help. – ***Pittsburgh Tribune-Review*** **op-ed**

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Netflix, Amazon and Hulu have suddenly found themselves playing a new role: the establishment.  After years of waging an assault on the traditional television business, these companies must now defend their turf on the battleground of the future, Internet streaming.  HBO, Apple, Sony, Dish Network and other companies once challenged by services like Netflix have stormed onto the field in recent weeks, making a splash with new streaming offerings and bold pronouncements about reinventing the way people watch and pay for television.

Those advances have raised the stakes for Netflix, Amazon and Hulu, which not only invented the category but also induced a wave of TV fans to watch their favorite programs without paying for a cable or satellite subscription. Now, new competition is forcing those companies to invest even more in exclusive, original productions, innovate their technologies, explore new partnerships and ramp up their marketing.  "In a world where HBO and CBS and all of these guys are trying to go to the Internet, it looks like all of the guys on the Internet are trying to come to the television," said Kannan Venkateshwar, a media analyst at Barclays. "The worlds are actually converging in both directions."

Netflix is framing HBO's push into streaming as less a competitive threat and more a validation of Netflix's own philosophy for Internet television.  "A lot of people will subscribe to more than one service similar to the way they do with apps on their phones or magazine subscriptions," said Anne Marie Squeo, a Netflix spokeswoman. "So there's room for multiple Internet content providers to thrive if they're delivering great shows and movies for a reasonable price."  About 2 in 5 American households subscribe to a video streaming service, with Netflix leading the pack, according to the Nielsen.

While HBO remains far more profitable, with many more global subscribers, Netflix now counts about 40 million paid subscribers in the United States to HBO's 30 million. Netflix has also ramped up original production, with plans for 320 hours of new and returning original series in 2015, including *Orange Is the New Black*, *Unbreakable Kimmy Schmidt* and *Bloodline*.  HBO's new streaming service, called HBO Now, is aimed at the 10 million homes in the United States that pay for Internet service but not cable or satellite television subscriptions — about half of which subscribe to a streaming service like Netflix.

To prosper, analysts say, Netflix, Amazon and Hulu will have to spend even more on the production and marketing of exclusive comedies, dramas, films, documentaries and other shows. The greater the acclaim and the more exclusive the offerings, the easier it will be to distinguish the services and persuade people to pay up every month.

HBO is planning to charge $15 for its HBO Now streaming service via Apple TV, while Netflix starts at $8 a month and Hulu Plus costs $8 a month. Amazon Prime, meanwhile, is $99 a year but includes free two-day shipping for goods purchased at the site. Netflix is expected to spend more than $450 million on original programming this year, up 88 percent from $243 million in 2014, according to the MoffettNathanson research firm. “You have to differentiate yourself relative to the mainstream,” said Michael Nathanson, a media analyst with MoffettNathanson. “The defining feature of those services will be original, first-run content.”

Continuing to invest in technology and the TV viewing experience will also become increasingly crucial, analysts said. Hulu is the only one of the three big digital-first streaming services that shows ads but says it’s exploring ways to reduce the number of ads. Some TV executives said the introduction of more streaming offerings could actually propel more people to subscribe to Netflix, Amazon and Hulu.

The thinking is that TV fans previously may have hesitated to cancel their cable or satellite subscriptions because there were fewer online options. Now that there are many more, consumers may decide to put together a menu of services that could potentially include the big three, and still pay less than their monthly cable bill, which comes to an average of $90 per household, according to the data firm SNL Kagan.

Media executives said that a variety of discussions are under way for new partnerships. A promotion at the top of Amazon.com last week pointed to one such partnership: It offered a discount on Amazon’s streaming device with a three-month subscription to Dish’s $20-a-month Sling TV service, which includes ESPN. “The Best of Live TV,” the ad read. – ***New York Times***

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