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While leaders in Washington have **backed away from federal privacy protections** on the Internet, officials in Harrisburg are looking to bring them back at the state level.

State representatives, including Rep. Michael Schlossberg, D-Allentown, have introduced bills that would limit how Internet Service Providers, or ISPs, can sell data about their customers online practices. In partisan votes in both houses last month, Congress passed legislation rolling back a Federal Communication Commission rule that protected customer information. The rule had required Internet service providers to get explicit permission from users to sell their medical, financial and geographic information as well as their browsing history to marketers.

ISPs and their supporters argued the rule put them at a competitive disadvantage from social media groups like Facebook and Google, who were not subjected to the same rules as companies like Comcast or Verizon. But opponents like Schlossberg argue the changes infringe on the rights of people surfing the web. A person researching personal topics like medical treatments should not have to worry about giant conglomerates selling their browsing information to marketers, he said. "People should be entitled to do whatever they want on the Internet so long as they're not breaking the law," Schlossberg said.

Schlossberg's bill would require notifications be sent to customers whenever ISPs like Comcast or RCN sell their personal information. Related bills being introduced in the statehouse would require companies to offer their customers an opportunity to opt out of having their personal information sold, as well as prevent the state from selling the Internet browsing data it collects. – **Allentown Morning Call; more in Minneapolis Star Tribune**

Cable programmers including Viacom, Discovery Communications and AMC are in talks with pay-TV distributors about creating new online TV services for consumers who don't want to pay for sports, Bloomberg News sources say.

The media companies have explored offering entertainment-only packages over the internet with four to six pay-TV providers, said one of the people, who asked not to be identified discussing the private negotiations. The talks are at various stages, but at least one service could be introduced this year, the person said.

Channel owners hurt by subscriber losses want to be part of new web-based video services as people drop pricey pay-TV packages for cheaper options, yet some have been left out of new "skinny" bundles.

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Viacom and Discovery, for example, aren't part of YouTube's live TV service or Hulu's upcoming package. While sports is the most popular live programming, it's also the most expensive.

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Sports-free TV would cost less than \$20 a month, according to one person. That's about half the expected price of Hulu's upcoming live TV service and YouTube's new TV package, which came out last week. Both YouTube and Hulu are offering or looking to offer about 40 channels, including ESPN and broadcasters like NBC, Fox and CBS that rely heavily on sports. YouTube CEO Susan Wojcicki said the service was designed "to be great for sports lovers."

Discovery, AMC and Viacom, which airs the popular VH1 series "Love & Hip Hop Atlanta," don't carry sports in the U.S. They have popular programming, like AMC's "The Walking Dead" and Discovery's "Shark Week." At one point, several cable network owners discussed creating their own online service, like Hulu, one of the people said.

Efforts to create sports-free packages with distributors could trigger a backlash from companies like Walt Disney Co., the owner of ESPN. Two years ago, Verizon tried to sell such a bundle called Custom TV and was sued by Disney for alleged contract violations. Verizon later introduced two low-cost bundles — one with sports channels and one without.

New online entertainment-only TV packages could violate deals that major media companies like Disney and 21st Century Fox Inc. have with cable and satellite providers, according to Michael Nathanson, an analyst at MoffettNathanson. Those pacts require that their networks be part of the most popular bundles or that a certain share of subscribers must receive their programming. Such terms could cap how many people are allowed to sign up for sports-free TV. "It's meant to dissuade distributors from doing something like this," Nathanson said. "The issue is how many subscribers they can have before the legal questions appear."

It's also unclear whether consumers even want TV without sports. Many viewers pay \$80 a month or more so they can watch sports, which are carried by broadcasters like Fox, CBS, NBC and ABC, as well as cable outlets such as ESPN, Fox Sports 1 and Time Warner's TNT. So far, new online TV providers — from Dish's Sling TV to YouTube TV and Sony's PlayStation Vue — have said live sports are a big draw for their packages.

But in a December hearing on Capitol Hill, AT&T Inc. Chief Executive Randall Stephenson said, "there is a huge segment of our market that wants a bundle that doesn't involve sports." The company's DirecTV unit offers a \$50-a-month package that includes the major broadcast outlets and excludes all-sports channels like ESPN, Fox Sports 1 and the NBC Sports Network. Based on sign-ups for DirecTV Now, AT&T's streaming service, Stephenson said on Bloomberg Television that he expects a big market for a 100-channel bundle for \$35 a month that doesn't include sports.

And at an investor conference last month, Viacom CEO Bob Bakish pointed to the success of Sky, a pay-TV provider in Britain, in selling sports-free TV. "You could certainly take a range of companies, ourselves included and some others, aggregate them together and put together a consumer offering," Bakish said.

Analysts say new "skinny" bundles yield little, if any, profit because the prices are too low given programming costs that include channels like ESPN, the costliest network in the bundle. Bakish said a sports-free service could produce a 30 percent profit margin for distributors. "It feels like an inevitable outcome and that will be a good thing," Bakish said. – **Bloomberg**

Federal Communications Commission Chairman Ajit Pai faces a tough challenge in coming days: rolling back net-neutrality rules that he regards as an overreach, without reaching too far himself.

In the highly charged legal and political debate over how the Trump administration and Republican Congress would reverse the Obama-era rules, almost any misstep could be fatal to **the effort**. Mr. Pai could announce his game plan as soon as this month to start acting at the commission's May meeting, according to some people familiar with the matter. His timing will be crucial.

If Mr. Pai moves too fast to kill the existing rules, he risks provoking a court fight he could lose, according to some experts. But if he goes too slowly—potentially, by starting over with the government's full rule-making process—Mr. Pai and his GOP allies might suffer politically, as online activists' protests multiply.

The net-neutrality rules require internet service providers such as cable and wireless firms to treat all internet traffic the same. The providers have criticized the rules as regulatory overkill, particularly because they reclassified the firms as common carriers subject to extensive government oversight. But many activists say the rules are crucial to maintaining future competition on the internet. They are generally being supported by a range of big internet firms including Facebook Inc., Alphabet Inc. unit Google and Netflix Inc.

Whichever path Mr. Pai chooses, his road is studded with possible land mines, including vacancies on his commission, a continuing court fight over current rules and a new Supreme Court justice, the coming 2018 midterm elections and the potential for the kind of widespread protest only internet activists can organize.

Even before Mr. Pai has officially announced his effort, **it has stirred action** from a loose coalition of internet activists that has helped spur massive protests over high-tech policy in recent years. Those protests helped lead to the sweeping net-neutrality **rules the FCC adopted in 2015**, and helped kill antipiracy legislation that was being pushed by the entertainment industry a few years earlier.

Mr. Pai's planned roll back of net neutrality "won't be easy if we have anything to do with it!" wrote Evan Greer, of Fight for the Future, on a Reddit live event organized by activists this week. Noting that the FCC has authority to change the rules rapidly, she added, "that's why it's super critical that we generate a massive public response right now—so the new FCC, and Congress, know that they can't come and try to take away these rules without a huge fight."

On the Reddit event, organizers urged grass roots activists to start signing online petitions and attend congressional town hall meetings in coming days to raise concerns about the net neutrality rollback. The threat of online protests appears to be adding to pressure on Mr. Pai to go fast. A number of legal experts believe the chairman could try to take some kind of immediate action, such as seeking a declaratory or interpretive ruling from the commission that instantly reverses the agency's core 2015 decision to reclassify internet service providers as common carriers. But some question whether any immediate action would be upheld in a court challenge.

Conservative activists are hoping Mr. Pai can persevere in the face of the all-out protests that are likely coming, particularly in the event of a drawn-out FCC proceeding. "The question is how immune Ajit is going to be to the political pressure," said Lawrence Spiwak, president of a conservative telecommunications think tank, the Phoenix Center for Advanced Legal and Economic Public Policy Studies.

The conservatives are hoping that bold action by Mr. Pai won't only reverse the existing rules, but also help push Democrats in Congress to the table to negotiate a more permanent legislative fix. No matter which path he eventually chooses—fast or slow—Mr. Pai might feel he has to start soon. That is because he faces at least some risk that the lone remaining Democrat on the commission, Mignon Clyburn, could leave at some point after her term expires in June. There are already two vacancies on the five-member commission, so her departure could leave the FCC without a quorum, at least until a

successor is confirmed. Then it would be far more difficult for the agency to vote on major policy changes—even just initiating them.

Ms. Clyburn is eligible to continue serving through 2018, at least until a replacement is confirmed by the Senate. But she isn't required to stay around after her current term expires at the end of June. At a recent Senate hearing, she suggested she wouldn't leave her seat before then, or refuse to attend meetings. But the picture after June for the two-term FCC member is less clear. She declined to comment on her plans. Another timing factor is the possibility that the divisive debate will drag into campaign season during the 2018 congressional election cycle. Democrats already have begun a drumbeat of criticism over the net neutrality rollback. Earlier this month, 32 Democratic House members wrote to Mr. Pai, urging him to retain the net neutrality rules.

Democrats also have indicated that they view the GOP's rollback of Obama-era [online privacy rules](#) as a potentially potent campaign issue. Republican lawmakers have urged Mr. Pai to make sure he continues to protect consumers' privacy. Still, some activists believe Mr. Pai might have time on his side in at least one sense. Newly-confirmed Supreme Court Justice Neil Gorsuch is believed to support the notion that federal agencies' rule-making decisions should [receive tougher scrutiny from the courts](#).

That could mean that the high court would be more willing to take up the question of whether the Obama-era rules went too far, some conservatives believe, although liberals contend he could interpret telecommunications law in such a way that would support the net-neutrality regulations. – *Wall Street Journal*

