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After close to 10 years of seizing the telephone records of millions of Americans, the National Security Agency will now rely on telephone companies to voluntarily retain these records and then turn them over on a case-by-case basis with court approval.

The U.S.A. Freedom Act, expected to be signed into law by President Barack Obama within hours, shifts a tremendous amount of national security power to the nation's large telecommunications firms, particularly AT&T Inc. and Verizon Communications Inc. The law compels these companies to turn over telephone records of individuals, but only if there are records to turn over. In other words, the law doesn't require the companies to keep records on anyone.

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Lawmakers fought for months over whether to require these firms to retain phone records, with national security advocates worried that intelligence agencies would need access to more historical data to help prevent a terrorist attack. But the phone companies and a number of their allies, including privacy groups, rejected this requirement and it wasn't included in the bill. Industry officials had argued it would be inappropriate for them to retain more customer data.

With the NSA's bulk collection no longer permitted, the government will be forced to go to the Foreign Intelligence

Surveillance Court with specific requests for customer data. Industry officials said the additional burden will mostly fall on the government officials seeking customer data. Several major telecom companies and industry groups declined to comment for this article.

The NSA's previous program allowed the government to collect the records in bulk from telephone companies and then hold all the data for five years. Though the data was held by the NSA, it could only be accessed after the agency received approval from the

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Foreign Intelligence Surveillance Court. The NSA wasn't reliant on the phone companies to hold the information because they stored it on their own databases. Now, all the records will be controlled by the phone companies and under their own retention policies. But there is a slight wrinkle.

The Federal Communications Commission requires telephone companies to retain telephone toll records for 18 months, and the companies must keep information showing the name, address and telephone number of the person originating the call as well as the phone number dialed, the time and the length of call. But phone contracts made under a flat-rate service offered by wireless carriers don't follow the same standard, meaning investigators could have less access to call data. Even when companies retain the information, the NSA might not have access to two-year-old records.

The NSA and phone companies have 180 days to phase in the new arrangement, and it is possible that either side could complain to Congress if they feel like the setup isn't working. The White House has said it would immediately notify Congress if telephone companies change their data-retention practices, which could lead Congress to revisit the new law. In the interim, a primary question for the new law will be whether the telephone companies cooperate with the NSA, or if the relationship will become combative.

The secret FISA court, which must approve any government request for phone records, also will play a sizable role in interpreting the new law. Counterterrorism officials won't be able to make sweeping requests—seeking data, for example, based on someone's ZIP Code or city. But they can identify individual phone numbers or similar “selectors” written into the new law. Another key question remains: What will the government decide to do with the estimated billions of records it has already accumulated under the prior data collection program, which expired Sunday night in the congressional scramble, but which could be reactivated for six months while the new system is being built? White House officials haven't signaled whether that data will be purged or retained. — *Wall Street Journal*

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Republicans pushed back on Tuesday against a plan from the chairman of the Federal Communications Commission to subsidize broadband Internet for poor Americans. At a Senate subcommittee hearing, no one disputed that broadband can be critical to filing job applications and completing schoolwork. But many lawmakers questioned just how costly the undertaking might be.

The plan from Tom Wheeler, the chairman of the F.C.C., would extend the reach of Lifeline, the program now used to provide low-income Americans with mobile and landline phone service. But Republicans at the hearing said that the program had been mismanaged and that it made little sense to expand it before eradicating what they called excessive fraud. “There are many benefits of broadband,” said Senator Roger Wicker, a Republican from Mississippi and chairman of the Senate subcommittee on communications, technology, innovation and the Internet, who called the hearing. Still, he said, “before again expanding the program, we need to consider what problems remain and how we can address them since consumers are funding the program with increasing phone bills.”

In a proposal circulated to his fellow commissioners last week, Mr. Wheeler suggested that Internet access had become as essential as a phone connection and ought to be covered by Lifeline. The \$1.7 billion program now funds phone service to more than 12 million households; it is financed through a charge applied to phone bills in the United States. A single subsidy is allotted per household, but over the last decade, with lax oversight and the rise of mobile phones, households fraudulently claimed more than one subsidy.

In 2012, the F.C.C. added new safeguards, including a central database that confirmed each address had only one subsidy associated with it. Since then, enrollment has fallen by about a third, according to the Government Accountability Office. Still, many on Tuesday suggested that the changes in 2012 may not have gone far enough. Even Democrats conceded as much. "The program does need an overhaul," said Senator Brian Schatz, a Democrat of Hawaii and ranking member of the subcommittee. He supported tackling the two things at once: "That means reforming Lifeline and expanding it to broadband at the same time." Mr. Wheeler proposed exactly that last week, suggesting that the F.C.C. tighten controls over the program while it explores subsidizing broadband.

Mr. Wheeler did not appear at the hearing on Tuesday, which had been scheduled before last week's announcement and in response to a report by the Government Accountability Office. That report, released in March, suggested that the F.C.C. re-examine the Lifeline program and enact a few additional changes it had promised to adopt in 2012. Senator Richard Blumenthal, Democrat of Connecticut, expressed frustration that the "boogeyman of waste, fraud and abuse" had been repeatedly invoked to argue against giving poor Americans, disproportionately black and Hispanic, access to broadband. "The so-called digital divide threatens to become a digital chasm," he said, referring to disparities between those with access to technology and those without it.

A few lawmakers on Tuesday took issue with the basic premise of the subsidy program, regardless of what technology it paid for. Senator Deb Fischer of Nebraska called it "a regressive tax" embedded in her constituents' phone bills. Senator Kelly Ayotte, Republican of New Hampshire, said she was concerned that rural areas might not have opportunities to take advantage of a broadband subsidy if it were approved. "We can expand Lifeline all we want," she said, "but if you don't have infrastructure for broadband, it's not going to help."

This week, some Democratic lawmakers introduced bills in the House and Senate to expand the program to cover broadband, in a show of support for the F.C.C.'s proposal. Verizon, the National Cable and Telecommunications Association and CTIA, which represents the wireless phone industry, expressed support for the legislation. Meanwhile, the F.C.C. proposal has drawn praise from service providers like AT&T. James W. Cicconi, a senior executive vice president of AT&T who worked in the Reagan White House when the Lifeline subsidy was created in 1985, said this week that he saw Internet access as "the more important Lifeline technology for the 21st century."

But he took issue with the burden the program put on service providers. Under the current framework, carriers like AT&T bear the sole responsibility of confirming eligibility, verifying income levels or enrollment in Medicaid or the food stamp program. Lifeline is unlike any other federal low-income support program in outsourcing eligibility verification. Even among those who support the idea of subsidizing broadband, questions remain about the cost of the program. Mr. Wheeler has suggested that funding hold steady at \$9.25 monthly per household, but some have wondered how feasible that is when offering broadband, or a mix of broadband and wireless phone minutes and texts.

Adam Clayton Powell III, a senior fellow at the University of Southern California's Center on Communication Leadership and Policy, who has supported improving emergency mobile alerts, said he was hopeful that funding for the program did not need to increase. "It's not just reasonable but politically essential to keep funding stable," Mr. Powell said. "We have the wonderful advantage of the increasing power of technology year over year. For the same price, you can buy more." — *New York Times*

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Cable pioneer John Malone calls it like he sees it.

The chairman of Liberty Media, which is Charter Communication's biggest shareholder, said Tuesday that TV Everywhere — the cable industry's answer to Netflix — is a flop. "TV Everywhere is TV Nowhere," he said at Liberty's shareholder meeting. Malone shared his blunt assessment of the initiative — which allows cable customers to watch TV shows via the Web — as part of his pitch for Charter buying bigger rival Time Warner Cable.

Malone, who led an earlier wave of mergers in the cable business, said further consolidation and better cooperation could help the dysfunctional industry deliver more innovative products and decent service. "It is still an opportunity to cooperate across these consolidated platforms in business to business, and have a national branded consistent business," rather than each operator sticking to its own footprint, Malone said.

Charter, the fourth-largest cable operator, has agreed to pay \$57 billion for No. 2 Time Warner Cable. The mega-merger, which requires the approval of regulators, will saddle the combined company with massive debt. Nevertheless, Malone is confident that Charter CEO Tom Rutledge will be able to revive "sleepy" Time Warner Cable by investing in and upgrading its systems to offer better service.

Malone said acquiring TWC would give Charter access to a so-called mobile virtual network operator. Mobile is set to become the next battleground for pay-TV distributors who are fending off rival telecom offerings and a possible Dish-backed Sling TV mobile product. Malone played down talk of regulatory risk, saying he wouldn't have pushed ahead unless he felt sure it would pass muster. Regulators nixed Comcast's deal for TWC, allowing Charter to swoop in with a deal.

Liberty Media CEO Greg Maffei also took a veiled shot at media analyst Rich Greenfield, who questioned whether regulators would let just two companies — Comcast and Charter — control 70 percent of high-speed broadband. "There's a difference between analysis and advocacy, and one should understand your role," Maffei said. Greenfield said in an e-mail to The Post: "The President and government regulators have been quite clear: Competition benefits consumers, not scale — Malone, Maffei, Charter, and Time Warner Cable need to start listening." — **New York Post**



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