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With budget talks at a stalemate, lawmakers sent home until deal is reached

A flurry of deadline-driven budget work quieted Tuesday in the Pennsylvania Capitol as the state's divided government trudged forward in a stalemate over a budget that is badly out of balance and legally questionable.

Democratic Gov. Tom Wolf remained out of sight Tuesday, and top lawmakers reported no new efforts to secure agreement on a $2 billion-plus revenue plan that negotiators say is necessary to stitch together the state government's threadbare finances. Wolf let a nearly $32 billion bill become law without his signature at midnight Monday — his second straight year doing so — after unsuccessfully pressing the Republican-controlled Legislature to approve a tax package he deemed to be big enough to avoid a downgrade to Pennsylvania's bruised credit rating.

House Republican leaders — at odds with Wolf, Democratic lawmakers and Senate Republican leaders over how to close the deficit — sent rank-and-file members home to their districts after five session days waiting for a deadline budget deal that never arrived. Talks collapsed Monday, when negotiators had said the sides were close, and House Majority Leader Dave Reed, R-Indiana, could not predict when or how talks would resume on a revenue plan. "It's got to get done, it will get done," Reed told reporters Tuesday evening. "You know sometimes maybe a couple hours away for everybody is a good thing. Everybody can regroup and we can put it back together."

House Republican leaders were also the only ones to protest Wolf's move to let the budget bill become law. Reed said Wolf should have used his line-item veto power to strike enough spending from the budget bill to ensure it balanced with the state's existing tax collections. The governor's office would only say Tuesday evening that Wolf would continue working toward an agreement to balance the budget. Besides a tax increase of some level, the revenue package that had been under construction in closed-door negotiations was to rely primarily on borrowing and involve another big expansion of casino gambling in the nation's No. 2 commercial casino state.

Democrats were stunned at the decision by House GOP leaders to send members home, a move they said would drain pressure on negotiators to end the 11-day-old stalemate. "It's unconscionable to me that they would walk away from their obligation to govern and work to resolve the revenue part of the conversation," said Senate Minority Leader Jay Costa, D-Allegheny. "You've got three of the four parties and the governor who are willing and wanting to work toward a conclusion now, today,

Philadelphia Inquirer
In Pa. Capitol, it's all about avoiding a stalemate

Philadelphia Daily News
Harrisburg's pure political wind

pennlive.com
Op-ed by Rep. Marty Flynn (D-Lackawanna): It's on Republicans to put Pa. back in black

tomorrow, and they send the members home. I just don't get it." The Senate expected to remain in session beyond Tuesday.

Last year, the Legislature sent an on-time, bipartisan spending bill to Wolf, but with no plan to pay for parts of it. Wolf let the plan become law without his signature when the 10-day signing period expired and lawmakers delivered a $1.3 billion funding package three days later. In recent days, Wolf had rejected Republican plans that leaned more heavily on one-time cash infusions, and pressed Republicans to support a larger package of tax increases, top lawmakers say. Wolf had sought $700 million to $800 million in reliable, annual revenue, such as tax increases. House Republicans had been unwilling to offer a tax package even half that size, negotiators said.

Tax increases under discussion included basic cable service, movie tickets, bank profits, telephone service and electric service. Wolf also had pushed Republicans to agree to a production tax on natural gas drilling in the Marcellus Shale, his third straight year of doing so. Pennsylvania, the nation's No. 2 natural gas state, is the only large natural gas-producing state that does not tax the product. Top Republican lawmakers rejected that, despite its support from most Democrats and moderate Republicans. – **Associated Press; more from *pennlive.com***

Charter Communications cemented its dominance of the cable market last year by acquiring two of the largest firms in the industry. Now it is forging closer ties with the country's largest cable company and possibly one of the largest cellular carriers in a bid to tap into new markets. Charter and Philadelphia-based Comcast announced in May the launch of a partnership to support their participation in a national wireless marketplace. Reports then emerged late last month of Charter and Comcast launching talks with Sprint to expand the two cable providers' wireless services.

Experts see the recent developments not as a sign of a looming merger, but of a shared desire between Charter and Comcast to gain a foothold in the promising wireless market as their cable audiences' growth slows. "The cable systems in this country are losing customers, so it makes sense that they'd look to get into a market that is dynamic and growing," said John Gerlach, an associate professor and business executive in residence in Sacred Heart University's College of Business.

Charter officials declined to comment about the company's partnership with Comcast beyond a May announcement in which CEO Tom Rutledge said the collaboration "could not only speed Charter's entry into the marketplace, it will also enable us to provide more competition and drive costs down for consumers at a similar national scale as current wireless operators."

With its approximately $65 billion acquisition last year of Time Warner Cable and Bright House Networks, Charter became the second-largest cable provider in the country after Comcast. Charter's video, voice and internet businesses encompass close to 27 million residential and business customers. Results were mixed for Charter in the past quarter. Compared with the same period in 2016, internet connections rose by 7 percent and voice connections ticked up by 2 percent. Video units dropped by 2 percent. Comcast recorded increases in its internet, voice and video totals in the past quarter, raising its overall customer base to about 29 million.

Meanwhile, wireless-powered mobile technology represents a burgeoning market. U.S. consumers are looking at their devices more than 9 billion times a day, up 13 percent from last year, according to a 2017 study released by professional-services firm Deloitte. Smartphone sales continue to increase, with market penetration growing 10 percent during the past year, according to Deloitte. The greatest growth percentages came in the 45-54 and 55-and-older age groups — demographics that had previously lagged behind younger consumers.

"Right now, if you're on Wi-Fi at home, then you go to AT&T, Verizon or Sprint or whichever mobile network when you leave the house with your smartphone," said David Souder, an associate professor and academic director of the executive MBA program in the University of Connecticut's School of Business. "For Charter, it would make sense to have customers move to their own local network, and that's why they're considering partnering with Sprint to make that happen."

The terms of the Comcast-Charter partnership stipulate neither company can make "material" transactions in the wireless sector during the next year without the other's consent. When asked if the partnership could apply to more ventures between Charter and Comcast, Comcast spokesman John Demming said Tuesday the two companies "are exploring opportunities for operational cooperation."

The prospective deal with both Comcast and Sprint emerged in the wake of reports in recent months of Charter exploring unions with Verizon and Cox Communications. But observers cautioned against interpreting the partnership between Charter and Comcast as a prelude to a potential merger. "A joint venture may give them more information, but it doesn't necessarily change the odds of a merger," Souder said. “It’s an option today, and it’ll be an option tomorrow. But I wouldn’t read much into it.” – ***Hearst Newspapers***

The scores of tech companies and consumer activist groups **who are launching an online "day of action" on Wednesday** to promote net neutrality have received a surprise addition to their ranks: **Dallas-based AT&T**. Yes, the same telecom giant that has clashed with those entities over how to exactly enforce an open internet.

The odd pairing is part of what AT&T executive Bob Quinn described on Tuesday as an effort to "correct the record" on where the company stands on net neutrality. Far from being opposed, he said, AT&T has and continues to support the "principles around an open internet." But there is no denying the disconnect between AT&T's views and the stated purpose of the demonstration.

The effort — pushed by Amazon, Netflix and others — focuses specifically on opposing the Federal Communication Commission's plans to scrap existing net neutrality rules. AT&T and other internet providers, meanwhile, are strong supporters of the FCC's proposed action. And at least one organizer of the "day of action" was more than a bit skeptical of AT&T's intentions. "This is so ridiculous I'm laughing out loud," said Evan Greer, a spokesman for the group Fight for the Future. "AT&T and other companies like Comcast and Verizon have waged an all-out war on net neutrality protections."

The fight over net neutrality has centered on Obama-era rules adopted by the FCC in 2015. Those regulations touted a new-age goal of securing an open internet by preventing broadband companies from blocking or slowing content. But it used an old-school framework, subjecting internet service providers to tougher oversight by treating them like traditional phone companies.

Some saw a consumer-friendly way to prevent AT&T and others from serving as unchecked gatekeepers. Others decried a heavy-handed approach that would needlessly hamstring providers. And the issue boiled over in May, when new FCC chairman Ajit Pai, a Republican, **launched the process of rolling back those rules**. The action earned plaudits from AT&T, which **had previously sued to toss the rules** and which **has pushed forward with practices like "zero-rating."** So on Tuesday, Quinn didn't deny that AT&T's participation in the "day of action" might seem like an "anomaly."

But the executive said that "too often in this debate, people on the other side characterize our position as being opposed to rules." He stressed that AT&T supports the "core principles" of an open internet: transparency, no blocking, no "discriminatory throttling," and no censorship. Quinn added that AT&T's "day of action" campaign, promoted on websites and apps, will encourage customers and others to push Congress to craft new legislation on net neutrality.

AT&T's vocal critics remain unmoved about its motives, with Greer of Fight for the Future accusing the company of a "campaign of misinformation." But Quinn expressed optimism that the company could help bridge the divide that has consumed the industry for years. "The reason to get out of this fight is that it's a time suck for everybody," he said. "Every time we have this debate, it sucks all of the policy oxygen out of the room.” – ***Dallas Morning News***

At the stroke of midnight Monday, the gilded carriage that Pennsylvania lawmakers passed off as a responsible state budget bill reverted to its true form — a rotten pumpkin without a revenue package. And just as he did last year, Democrat Gov. Tom Wolf, the prince of perpetual tax-jacking, allowed the state budget bill to become law. And so in the Land of Giants, a $32 billion fiscal fairy tale unfolds.

Last year lawmakers eventually delivered a revenue package that was long on hype but precariously short on actual cash. Now they have to come up with $2.2 billion to resolve what's become the state's largest shortfall since the 2009 recession, according to The Associated Press. Reportedly Mr. Wolf's camp has been negotiating for his liberal-lockstepping severance tax on natural gas plus expanding the state's 6 percent sales tax. The GOP meanwhile has been rolling the dice on expanded gambling along with borrowing up to $1.5 billion, according to reports.

But milking the same ol' revenue sources, or simply raising taxes, won't pull Pennsylvania out of its fiscal hole — not when its own Independent Fiscal Office projects state revenue growth averaging 3.5 percent over the next five years while General Fund spending growth averages 4.25 percent, according to the Commonwealth Foundation. Unless Pennsylvania's leaders address what's obviously a state spending problem, this fractured fairy tale will never end happily ever after. – ***Pittsburgh Tribune-Review* editorial**

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Cable Association
of Pennsylvania

127 State Street Harrisburg, PA 17101
717-214-2000 (f) 717-214-2020
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