

# NEXT LEVEL

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April 20 – 21  
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					<b>FOR PROGRAMMERS</b>
Bruce Leichtman, President Leichtman Research Group (LRG)	John Ladd, Broadband Prod.Mgr. MetroCast	Amy Maclean, Editorial Dir. Cablefax	Rich Shea, President & CEO Atlantic Broadband	Michael Smith, Professor Info. Tech., Carnegie Mellon	



April 1, 2016

**The Street**  
**How Netflix**  
**deceived**  
**both**  
**regulators**  
**and**  
**consumers**

**Motley Fool**  
**Can Netflix**  
**and Cable**  
**Actually**  
**Work**  
**Together?**

**TV**  
**NewsCheck**  
**Biggest**  
**Political Ad**  
**Year Just**  
**Got Bigger**

**Los Angeles**  
**Times**  
**Time**  
**Warner**  
**Cable**  
**throws in**  
**the towel on**  
**Dodger**  
**channel**  
**negotiations**

**philly.com**  
**Op-ed: Pa.**  
**ballot**  
**question is**  
**designed to**  
**confuse**

**Pittsburgh**  
**Post-**  
**Gazette**  
**Editorial:**  
**New budget**  
**battle – Wolf**  
**and**  
**Republican**  
**leaders just**  
**never quit**

**Pittsburgh**  
**Tribune-**  
**Review**  
**Trump,**  
**Clinton**  
**likely**  
**victors in**  
**Pa., expert**  
**predicts**

**Pittsburgh**

The Federal Communications Commission proposed restrictions Thursday on how Comcast Corp. and other big Internet service providers can use personal information gleaned from online activity for advertising. Under the proposed rules, consumers would have to specifically "opt-in" and allow ISPs such as Comcast and Verizon Communications Inc. to use their private information for advertising.

The rules would protect personal privacy, the commission said. But Comcast harshly criticized them as anticompetitive because they exempted social-media companies and Internet "edge providers" whose business models are based on sniffing out online personal information to target advertising. Thursday's FCC vote followed party lines, with the three Democrats voting for it and the two Republicans against it.

FCC chairman Tom Wheeler said that while individuals choose to visit social-media sites, they are forced to use Comcast and other Internet service providers as gateways. "Our ISPs handle all of our network traffic," Wheeler said. "That means an ISP has a broad view of all of its customers' unencrypted online activity - when we are online, the websites we visit, and the apps we use."

Comcast executive vice president David Cohen said in a blog post Thursday that Wheeler's proposed rules are "inexplicably targeted to block ISPs, who have been responsible stewards of consumers' privacy for decades, from entering and competing as disruptors and upstarts in the online advertising marketplace, which is dominated by edge providers and other non-ISPs."

**Post-Gazette Casey: Most persuasive feedback for Toomey stance on blocking SCOTUS nominee will come from constituents**

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New privacy regulations dovetail with last year's passage of Open Internet, or net neutrality, rules Wheeler said in a March 10 **Huffington Post** editorial and a speech at Georgetown University March 21. He forwarded the proposal to the rest of the commission in preparation for a vote at Thursday's regular commission meeting. "Our ISPs handle all of our network

traffic" on home and mobile networks, Wheeler said in an official statement released after the meeting. "Even when data is encrypted, our broadband providers can piece together significant amounts of information about us — including private information such as a chronic medical condition or financial problems — based on our online activity."

As Wheeler envisioned, customers would be able to opt out of marketing from their Internet service providers and their affiliates and must opt in for any external use of their data. FCC staff will prepare a notice of rule-making for online publication and will then take public comments on the issue from companies, groups and individuals for 60 days after its release online, prior to crafting the rules.

Opponents to the measure, including trade groups USTelecom and free market think tank Free State Foundation, have argued that the FCC's privacy provisions may be different

than those the Federal Trade Commission uses to regulate sites and services on the Net. "It is disappointing the FCC is pursuing a new privacy framework that will impose onerous requirements on broadband providers and will mistakenly leave consumers with the impression that they are receiving meaningful new protections," said Mobile Future Chairman Jonathan Spalter.

Commissioner Michael O'Reilly, who along with fellow Republican Commissioner Ajit Pai voted against the privacy measure, said that it sets the agency off "on a statutory fishing expedition" and represents "an alarming display of doublethink."

Congress directed the FCC to create privacy regulations for traditional phone companies and now must do so for Internet connectivity, said Commissioner Mignon Clyburn. "There is absolutely no comparison" between the information that could be gathered by today's ISPs and traditional phone companies, she said. "Times have changed and we need to ensure that our rules are updated to reflect these technological transformations," she said.  
– *Philadelphia Inquirer, USA Today*

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Federal regulators approved a contentious plan Thursday to expand a \$9.25-a-month phone subsidy for low-income people to include Internet service, after a skirmish over the provision delayed action by several hours.

The final vote by the Federal Communications Commission was 3-2, along party lines, approving a plan advanced by the panel's Democrats. The expansion of **the Lifeline subsidy**, which has been in the works for several years, is intended to help lower-income people who have trouble affording broadband service on their own. Many experts worry that a digital divide is emerging between lower-income and higher-income households, at a time when Internet service has become important for everything from school work to job searches to veterans benefits.

Commissioners Mignon Clyburn and Jessica Rosenworcel cited examples of students who lurk on sidewalks outside coffee shops or schools to take advantage of Wi-Fi hot spots to complete schoolwork assignments. Ms. Rosenworcel said FCC data suggest that as many as one in three households don't subscribe to broadband service, in part because it isn't affordable. Five million households out of 29 million with school-aged children nationwide fall into the "homework gap," she said.

The expansion of the existing federal phone subsidy to include Internet service could encourage providers to bundle voice and broadband services, potentially giving more households an opportunity to have both. The FCC has struggled to decide many of the details of the complex plan, such as spending and minimum service levels. Thursday's last-minute wrangling was just the latest proof of the difficulties the proposal faced.

In negotiations in recent days, Republicans commissioners pushed for tighter budget caps in the Democrats' plan, among other changes. The Republicans – along with some telecommunications companies – have worried that higher costs for the subsidy could ultimately fall on all consumers, because the program is funded by a Universal Service Fund tax on phone bills.

As originally outlined a few weeks ago, the FCC plan was expected to boost the program's annual budget to about \$2.25 billion from the current level of more than \$1.5 billion. Officials say they don't expect to spend that much initially, but they hope to use a range of changes to attract more customers and carriers. About 12 million households have benefited from the voice-subsidy program in recent years. The new plan eventually could add about 5 million more, officials say.

Republicans worry that with anticipated growth, the new spending cap could easily be exceeded. A deal Republican commissioners reached with Ms. Clyburn overnight for a tighter cap fell apart during the day on Thursday, when she said she had second thoughts. In statements on Thursday, Ms. Clyburn said she had been seeking "consensus"

in the compromise and was hoping for a 5-0 vote on the program's expansion. A party-line decision could be more easily overturned later by Republicans, either in Congress or at the FCC in the event of a GOP victory in the November elections.

But Ms. Clyburn said she ultimately concluded the budget mechanism Republicans wanted "could not fully achieve my vision of a 21st century Lifeline program." Republican commissioners were critical of the majority's rejection of the last-minute bipartisan deal to modify the chairman's proposal. "This agency and this proceeding represented the worst of government," GOP Commissioner Ajit Pai said.

For his part, Chairman Tom Wheeler said the majority's plan represents a major step forward in bringing fiscal responsibility to the program, **which has suffered from substantial waste and abuse**. The program has been tightened in recent years, and Mr. Wheeler said his plan would go further to reduce abuses. The FCC also approved a proposal that could lead to new privacy standards for Internet providers. The standards could make it more difficult for Internet providers to use consumer data for commercial purposes such as advertising. Providers worry the standards could subject them to tougher regulation than other Internet companies such as Facebook Inc. or Alphabet Inc.'s Google unit. – ***Wall Street Journal***

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A Hazleton television company known for producing local news and programs is widening its reach. Sam-Son Productions and SSPTV produced commercials and infomercials that started airing nationally this week with Lea Salonga, who sang the part of Jasmin in the Disney movie "Aladdin" and appeared in other films and stage productions on Broadway and in London. SSPTV shot the spots for Double Diamond resorts during a day in New York and edited them at the studios in Hazleton.

Sam and Deborah Lesante's company began by producing a talent showcase for Northeastern Pennsylvania from 1984 to 1995, when they started Local News 13 with the Standard-Speaker on Service Electric Cablevision Channel 13. Now joined by vice presidents, their son Sam Lesante Jr. and daughter Jeannine Lesante-Mazurkiwecz, the company is stepping toward national television production and social media marketing. – ***Hazleton Standard-Speaker***

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More than a half-million Tampa Bay area cable television, Internet and landline telephone users will awaken this morning to a new provider. Connecticut-based Frontier Communications has acquired Verizon's FiOS and landline services in Florida and two other states, and today's the first day of what hopefully will be a positive experience for bay area customers. The lessons also should shape the expected takeover of another major player in the region's cable market.

Frontier officials told the *Tampa Bay Times* they have worked for much of the past year preparing for the handover, and they are confident the transfer will cause few problems. Frontier's regional president, Mike Flynn, who's responsible for operations in Florida and the Carolinas, said customers may experience brief service interruptions, though the company is not expecting a large number to be affected.

That's encouraging news from a provider whose last takeover involved a bumpy transition, with hundreds of complaints after Frontier took over AT&T's Internet, TV and landline phone services in Connecticut in 2014. The problems included too few trained customer service staffers to handle calls and an incorrect company forecast of how many homes technicians could service in a day. The company offered \$10 million in credits to inconvenienced customers. But the top complaint — a breakdown in high-speed Internet service — is more than an inconvenience in a region where residents, students and the business world depend on connectivity to the Web. The company should be prepared to act fast on any outages and to work with customers on building the brand loyalty that Verizon has long enjoyed in the market.

Toward that end, Frontier needs to be visible as a corporate partner in the community. Flynn promised: "We'll be out there." Frontier is retaining Verizon's 3,050 employees in Florida, with plans to add more. The company's regional office will be based in Tampa, with a national operations center in St. Petersburg. This commitment to the local workforce is as good for Frontier as it is for the community; it will sensitize the company to local concerns as it partners with a growing region.

Frontier's entry comes as the federal government is expected to approve another takeover affecting the region — the \$67 billion bid by Charter Communications to acquire Bright House Networks and Time Warner Cable. That would create the third-largest video provider in the country, bringing another behemoth to the local market.

The buyouts could bring new capital and economies of scale to local operations at a time when the telecommunications industry is looking for new products and ways to entice subscribers. They also could create new headaches for customers looking to resolve their service or billing questions and create new barriers to choice and competitive pricing. U.S. Rep. Kathy Castor, D-Tampa, has expressed her concerns over the Charter buyout to the Federal Trade Commission, urging the federal government to ensure the deal does not diminish customer service, harm the local workforce or reduce the local programming and community support for which Bright House is known.

Starting this morning, though, that public trust is in the hands of Frontier. The company should appreciate the role it will play in contributing to the area's economy and quality of life. — **Tampa Bay Times** editorial; [more in Dallas Morning News](#)

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FCC Commissioner Jessica Rosenworcel will be visiting Philly on Monday to talk on the "digital divide" at the String Theory Charter School, located only a few blocks from the soaring Comcast Center. Rosenworcel, a Democrat on the Federal Communications Commission, calls the gap in Internet availability between low-income children and more affluent children the "homework gap," reflecting the reality that many teachers now assign homework that requires Internet access. According to Rosenworcel, five million of 29 million households with school-age children don't have the Internet at home.

Philadelphia has one of the nation's largest digital divides or percentage of homes with Internet access, the *Inquirer* has reported. Comcast, the city's largest publicly traded company and the nation's largest residential Internet provider, offers low-income families with school-age children a discounted \$10-a-month Internet service marketed as Internet Essentials. Comcast says it has enrolled 600,000 families into Internet Essentials since the launch of the service in late 2011, though many of those families also have likely dropped out of the program.

Comcast recently said it would expand Internet Essentials to individuals or families without children in public housing. Rosenworcel will be talking about technology issues in a roundtable discussion with Jason Corosante, the co-founder and chief innovation officer at String Theory Schools, and Jamal Simmons, co-chairman of the Internet Innovation Alliance. — **Philadelphia Inquirer**

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The Pennsylvania Supreme Court Thursday affirmed a lower court's order that Texas Sen. Ted Cruz will appear as a candidate for president on the state's primary ballot. The Pennsylvania primary is April 26. Pittsburgh resident Carmon Elliott had claimed that Mr. Cruz's birthplace in Canada means he does not meet the requirement in the U.S. Constitution that the president be a "natural born" citizen. Earlier this month, Commonwealth Court Judge Dan Pellegrini ruled that a "natural born" citizen includes anyone who is a U.S. citizen from birth. He directed the secretary of the commonwealth to certify Mr. Cruz's name to be included on the Republican primary ballot. In an order today, the state Supreme Court wrote that it affirms the Commonwealth Court order. — **Pittsburgh Post-Gazette**

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Did you hear? Brian Preski, chief of staff to former House Speaker John Perzel, has officially been disbarred, the state Supreme Court announced Tuesday. Preski, a behind-the-scenes guy, was a key player in the state's "Computergate" case (not to be confused with other Pennsylvania classic hits such as "Bonusgate" and "Porngate"). At first glance, we thought the punishment was kind of harsh. But then we read the **court's opinion**. "During his tenure as a public servant, Preski conspired to misappropriate millions of dollars in public resources for his own personal and political gain," the court stated. Well, when you put it that way . . . – *Philadelphia Daily News*



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