

NewsClips

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Philadelphia Daily News

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The Federal Communications Commission this month is launching initiatives that will shape the fate of America's wireless industry. Last week it started to examine competition in the market, and this week it will propose taking Depression-era utility regulations off mobile broadband networks while protecting an open internet. This is only the beginning. The FCC is acting on a rare opportunity to correct its recent mistakes and restore the Clinton-era lighttouch regulatory framework that will drive economic growth and job creation.

The mobile industry is experiencing an explosion of entrepreneurial brilliance, investment and falling consumer prices. Wireless carriers are knocking the stuffing out of each other to woo

and keep customers. Most have unveiled new unlimited data plans, and smaller players are gaining on larger ones. T-Mobile added 8.2 million net new customers in 2016 at the expense of its two larger rivals. Last week's announcement that Comcast and Charter would enter the wireless arena portends even more competition.

fiber networks

Wireless prices have fallen 25% in the past decade, according to the Bureau of Labor Statistics. Last year alone they <u>fell more than 10%</u>, and another 7% between February and March this year. Only markets that are intensely competitive witness such price declines.

Consumers understandably have developed an unquenchable thirst for the freedom and empowerment that mobile broadband gives them. In 2016 consumers spent 900 billion hours using mobile apps world-wide, according to the business intelligence company App Annie. Three quarters of the companies in the global app economy are American, according to the advocacy group CTIA. But the U.S. will lose its leadership if the FCC fails to officially declare the wireless market competitive and deregulate intelligently.

Intense consumer demand is tugging hard on wireless networks. America's wireless infrastructure builders have been responding massively. In the past seven years, more than \$200 billion has been

Questions for Mango as he joins GOP race for Pa. governor invested in wireless infrastructure, \$26.4 billion in 2016. Wireless companies built out 4G LTE services from scratch covering 98.5% of the population in 3½ years between 2010 and 2014.

The wireless industry is spending heavily on next-generation technologies, especially to prepare for the Internet of Things. CTIA <u>projects</u> that in the next seven years wireless companies will invest more than \$275 billion to bring consumers best-in-the-world high-speed 5G services. This capital surge could create up to three million new jobs and boost America's annual economic output by \$500 billion, according to Accenture.

Yet since 2009 the FCC has ignored its own studies and refused to determine that the wireless market is competitive. That would have contradicted the rationale for its regulation binge, but new political and market realities make a fresh start possible.

The FCC should begin by liberating wireless from the heavy-handed rules of a 1934 law called Title II, which was created when phones were held in two hands. This antiquated law imposes powerful economic regulations on the internet, chilling investment in broadband. On Thursday the FCC will propose to unshackle the net from this millstone of a law. This would restore the bipartisan light-touch policies that nurtured the burgeoning internet Americans enjoy today.

During its latest spectrum auction, which ended in March, the FCC put up a block of television airwaves for sale. The agency tried to micromanage competition by forbidding AT&T and Verizon from bidding on potentially more valuable airwaves, keeping them from key parts of the auction.

More than 90% of auction revenues came from companies other than Verizon and AT&T. The former spent nothing, while the latter paid less than \$1 billion out of nearly \$20 billion for all auction participants. The two companies effectively didn't participate even where they were allowed to bid. Clearly the set-aside blocks were not necessary. Worse, the intervention might have reduced auction participation and proceeds. Going forward, the FCC should avoid trying to outsmart such a dynamic market.

The FCC can take a few other discrete steps. It would accelerate the mobile revolution if it streamlined rules that slow the construction of wireless infrastructure—and deprive consumers of the benefits of next-gen technologies. The agency should also update rules that dictate how much of a particular radio frequency a carrier can own in a market. America's brilliant wireless engineers are inventing new ways to turn yesterday's junk frequencies into tomorrow's gold, rendering current regulations obsolete. There has never been a better time to be a consumer of wireless services, but today's rules chain the fast-moving wireless industry to the past. If it's willing to be bold, the new FCC can brighten America's mobile future. — *Wall Street Journal*

The CBS Evening News last night <u>featured a scathing report</u> regarding the sales practices of AT&T's DirecTV DBS service, which twice referred to the service as a "license to steal."

The story, reported by CBS correspondent Anna Werner, focused on complaints from consumers about the promotional subscriptions and prices new customers agree to pay for DirecTV and Internet service, but, the consumers said, AT&T does live up to. As reported, allegations that new DirecTV customers signed a two-year contract for discounted prices but were not fully informed those prices were only for the first year of service were leveled against the DBS service by the Federal Trade Commission in a lawsuit filed in federal court in San Francisco in March 2015.

The CBS report last night never mentioned that case. The story began with CBS anchor Scott Pelley saying "some AT&T customers are complaining of a bait and switch" by DirecTV. In her voice-over, Werner said, CBS's "investigation uncovered more than 4,000 complaints against AT&T and DirecTV related to deal, promotions, and overcharging in the past two years."

The story also included taped telephone conversations between DirecTV subscribers and the DBS service's customer service representatives in which the frustrated customers complained about being overcharged, only to be told that they were at fault. Werner also reported that "customers who then decide to cancel the service often have to pay an early termination fee, which can cost hundreds of dollars." She only mentioned twice in passing AT&T's defense of its practices and statements that it does nothing wrong.

The story also featured a lawyer who made the claim that DirecTV's operations are a "license to steal" because the service's contract with customers does not permit them to file a lawsuit against AT&T and forces any unhappy subscribers into an arbitration proceeding the company pays for. But, Werner said, "out of nearly 150 million customers, only 18 went to arbitration for small claims [against DirecTV] in the past two years."

The lawyer also said the DirecTV subscriber agreement prohibits consumers from filing a class action lawsuit against the company, which Werner also noted. As reported, the FTC and AT&T/DirecTV told the federal court they had agreed on terms on a settlement of that lawsuit. But early last month, one of two sitting FTC commissioners wrote the court saying she would not vote in favor of the settlement terms unless DirecTV paid a bigger fine and made other changes to the terms. Since then, the FTC has refused to comment on its rules that any settlement has to be approved within 30 days of its being submitted to the commissioners, or it is no longer valid. — *Satellite Business News*

For a guy whose campaign has yet to leave the starting line, Speaker of the House Mike Turzai is getting a lot of political mileage.

Mr. Turzai has long been expected to launch a gubernatorial bid after this year's state budget is finalized. But while he's said nothing official about those plans, he's attracted a lot of headlines just by "considering" it, including a spate of stories in April surrounding a speech Mr. Turzai gave to conservative activists. The latest round of publicity comes courtesy of the Associated Press, which reported on a four-page letter Mr. Turzai's campaign sent out to Republican committee people advising them that he is "seriously considering a run for Governor of Pennsylvania."

In the letter, a copy of which the *Post-Gazette* obtained late last week, Mr. Turzai offers what amounts to a primary-season stump speech. He touts both political and policy successes, noting that the GOP's House majority has grown by 11 members to 121 (out of 203) since 2010: "Even as then Gov. Tom Corbett was losing by 10 percentage points, the Republicans picked up eight seats in the house without losing a single incumbent member," he wrote.

The letter also boasts of fighting against taxes and government spending, while checking off a list Republican wish-list policy wins, like expanding gun-rights while restricting abortion access: Thanks to Republicans in the legislature, he said, "Today, an abortion facility must be subject to the same regulatory oversight governing hospitals and birthing centers; numerous centers have closed."

The letter's timing is notable: It went out last week, days before Pittsburgh-area businessman Paul Mango is set to announce his own bid for governor on Wednesday. Mr. Mango is largely an unknown quantity, having never run for office before and with almost no record of public pronouncements on policy issues. And Mr. Turzai's letter concludes with an apparent effort to cast some shade at Mr. Mango.

"Unlike others, I have been carrying the Republican agenda for more than a decade," the letter asserts. "I don't need focus groups to tell me where my principles are. And I'm not trying to buy this election with my own money. I have a history of winning, not just elections, but important policy battles. Ultimately, results are what matter and we need a Governor focused on results."

Mr. Mango, a consultant with expertise in health policy, has also been seeking to quietly build enthusiasm for his run. He attracted headlines by telling a gathering of Republican county leaders that he would run, for example. In March, he also gave \$25,000 to the state Republican Committee. That was his first state-level expenditure since 2010, a year in which he sent \$750 to a guy named ... Mike Turzai. – *Pittsburgh Post-Gazette*

