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The Federal Communications Commission on Thursday approved a plan to begin rolling back Obama-era net-neutrality rules, reopening a battle over internet regulation that has raged for much of the last decade and siding with cable and wireless internet providers who say the current rules go too far.

Republicans pushed through the measure by 2-1, overriding opposition from the panel's lone Democrat. The commission, led by Chairman Ajit Pai, will spend the coming months drafting new rules likely to fundamentally reshape the internet, giving greater latitude to broadband providers—mainly cable and wireless firms. The new rules also could put pressure on Congress to come together on compromise legislation.

Much of Thursday's debate was centered on whether the Obama-era rules, adopted in 2015, have harmed investment in broadband infrastructure. Mr. Pai argues that they have, and that the specter of continued heavy-handed regulation could chill investment in a service increasingly critical to American life and society. His argument is also important for the legal underpinning of his new rules. The Obama-era rules were built on the premise that the internet operates best when it is "open" and when companies who provide internet service cannot cut deals that allow fast lanes for content based on their business interests.

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GOP gubernatorial hopeful Paul Mango: 'I am now ready to serve and serve you'

Pittsburgh Tribune-Review
Editorial: The Pa. exodus continues – Perception vs. reality

Mr. Pai on Thursday cited a recent study finding that among large internet providers, domestic capital investment has dropped by 5.6% between 2014 and 2016. He suggested that is because of the heavy-handed approach of the Obama-era rules, adding his rewrite would help reverse the trend. "Today we propose to...return to the Clinton-era light-touch framework that has been proven to be so successful," Mr. Pai said in his statement at Thursday's meeting. "The evidence so far strongly suggests that this is the right way to go."

But there is conflicting data on the investment question, depending on who's authoring and sponsoring the studies. Internet firms, activists and many Democrats said Mr. Pai was going too far in the deregulatory direction. They said his proposed weakening of government oversight could endanger the open internet, giving internet providers too much power to reshape the online ecosystem and harming consumers in the process. "Today's notice…would deeply damage the ability of the FCC to be a champion of consumers in competition in the 21st century," said Mignon Clyburn, the panel's lone Democrat, in a dissenting statement.

She and others opposing Mr. Pai's move disputed his contention that broadband investment has fallen. Ms. Clyburn cited a separate analysis by the Internet Association, a trade group representing big online businesses such as Facebook Inc. and Alphabet Inc. unit Google, suggesting that total capital investment by publicly traded internet providers was up about 5% since the 2015 rules. She also suggested that investment in broadband infrastructure was only part of the picture, and the FCC also should consider investment in internet firms.

Mr. Pai said in his statement that critics have been including non-U.S. broadband investment in their statistics. The Internet Association, which conducted one of the analyses, said it is standard practice to look at industrywide data. The group also criticized broadband provider industry-backed reports as too selective. The Obama-era net neutrality rules were aimed at compelling broadband providers to treat all internet traffic the same, without discrimination.

But the broadband provider industry—cable and wireless firms—fears the far-reaching rules opened the door to FCC rate regulation and other burdensome oversight, diminishing incentives for new investment. They also say the current rules could hinder development of new products and services, including potential new alliances between broadband providers and major entertainment, shopping, search and social-media platforms. Those deals could lure consumers with higher speeds and better video for favored services. New technologies such as autonomous vehicles also could be accelerated by so-called fast lanes, some believe.

In a statement on Thursday, Verizon Communications Inc. said the 2015 rules were "a serious mistake that threatens innovation and investment in this important segment of the U.S. economy." It praised Mr. Pai's move while reiterating that it "supports net neutrality." AT&T Inc., like other providers, said that legislation might be the best solution as a way to provide a "clear and durable regulatory framework for internet access."

The internet companies pushed back. "The 2015 rules are working, and the internet industry remains opposed to any changes to FCC regulations governing net neutrality," the Internet Association said in a statement. "[Internet providers] should not be able to use their position as gatekeepers to prioritize their own content over others."

Underlying the dispute over the FCC rules is a struggle over which federal law should apply to internet providers—utility-style regulation from the 1930s or "light-touch" regulation that was designed in the 1990s to foster the early internet's growth. Some experts say neither is a good fit now. The FCC has passed net neutrality regimes using both approaches over the last decade, but each version of the rules has sparked lengthy court challenges from internet providers. They regarded the 2015 version as the most onerous of all.

Mr. Pai's plan would switch back to the light-touch approach, undoing the 2015 reclassification of broadband providers as common carriers. Mr. Pai's plan also seeks input on whether to maintain current so-called bright-line rules that prohibit blocking and throttling of internet traffic, as well as paid prioritization of traffic, sometimes known as fast lanes.

Some internet providers, including Verizon and Comcast Corp., would like Congress to write new laws for the modern internet. Sen. John Thune (R., S.D.), the chairman of the Senate Commerce Committee, praised the FCC's action on net neutrality on Thursday, but urged lawmakers to start working on compromise legislation. "We should not...view the FCC's action today as a final outcome," Mr. Thune said. "We need a statute offering clear and enduring rules that balance innovation and investment throughout the entire internet ecosystem." – ***Wall Street Journal***; **in the *Washington Post*, What's Next for NN, and FCC security guards "manhandle reporter"**

Small rural phone companies will not be required by the federal government to raise monthly charges over the next two years, the Federal Communications Commission decided Thursday. The 2-1 vote provided relief from the rule mandating the companies charge the national average phone rate, which goes from $18 to $20 in July and then to $22 the following year.

FCC Chairman Adjit Pai and fellow Republican Mike O'Rielly (cq) voted for the rate freeze. Democrat Commissioner Mignon Clyburn opposed it. The FCC said it will consider at a later date permanently changing or revoking the six-year-old rule that has been criticized for raising phone rates to more than 1 million customers in rural America.

It was unclear, however, if the FCC acted too late to stop all rural phone bills from increasing this year. At least one company said it had already scheduled a rate hike to cover an additional service area. Keith Gabbard, CEO of the non-profit People's Rural Telephone Cooperative in McKee, Kentucky, said he may proceed with a planned increase to $21 per month so customers can make local calls statewide.

Pai, appointed FCC chairman by President Donald Trump, described the rural mandatory minimum rule as unfair when compared with the average rate in some high-income urban areas like Washington, D. C.'s $13 monthly fee. Commissioner O'Rielly said he agreed with the reason that led to the rule – urban phone customers subsidizing rural customers – but voted for the freeze anyway.

Commissioner Clyburn, in her dissent, said phone urban customers include "those who can least afford" to subsidize rural customers. She wanted the FCC to also approve policies cracking down on waste, fraud and abuse in the subsidies in order to lower rates. Shirley Bloomfield, CEO of NTCA, an association of rural phone and broadband companies, praised the FCC rate freeze. "A pause and thoughtful fresh look at how this policy is working has long been needed," she said. – ***Johnstown Tribune-Democrat***

When Linda Yaccarino, head of ad sales for NBCUniversal, pitched a room full of advertisers early this week, she hammered the theme that television is a better destination for their ad dollars than fast-growing digital services.

"What the hell is a view anyway?" she said, speaking at an annual presentation of the Comcast Corp. CMCSA 1.50% media unit's programming for the fall TV season. "Has a view bought any of your products? No. Viewers buy products. That's why TV works. It reaches real people." Later in the presentation, NBCUniversal struck a different note. The company touted its investment in digital darling BuzzFeed and its partnerships with Snapchat and Apple News.

In presentations this week to promote programming for the 2017-18 season, sales executives from major cable and broadcast networks had to pull off a carefully orchestrated balancing act. Bigwigs from Fox, NBC and CBS took aim at Facebook , YouTube and other digital platforms in the hopes of wooing commercial dollars back to traditional media.

At the same time, they talked up their own digital chops, as well as partnerships with and investments in digital companies. Indeed, that has become a key message, as they find little to brag about to advertisers in terms of ratings and hit shows. "There's certainly some hedging going on," said Ben Winkler, chief investment officer at Omnicom ad-buying shop OMD. Today's media companies need the digital platforms to reach young people, he said, "and there's just simply too many advertisers trying to reach young people to ignore that reality. So they're covering their flank."

As the rivalry between TV and digital media players intensifies, the trend line isn't good for traditional media: digital ad spending surpassed TV ad expenditures last year and is expected to reach $83 billion this year, about $10 billion more than TV, according to eMarketer. Their TV pitches come as Facebook deals with a series of measurement errors, and Google faces advertisers concerned about their ads appearing next to violent or otherwise inappropriate videos on YouTube. "There's always tension, but media brands feel emboldened this year with the brand safety issues," said Lyle Schwartz, GroupM's president of investment for North America. Google and Facebook had no immediate comment.

CBS, which presented its fall lineup late Wednesday at Carnegie Hall, did not hold back. "[There are] real people watching your commercials in hit shows with zero fraud, all from a source you can trust, unlike some digital platforms," said Jo Ann Ross, head of ad sales at the network. Ms. Ross then showed an ad for a cruise line that appeared near a video of a sinking ship on Google-owned YouTube. "At CBS, we don't let this kind of ship happen to you," she said.

CBS Chairman Leslie Moonves also mentioned that CBS is available on "online bundles of every size" and said, "no service can exist without CBS programming." Google's YouTube TV is among the streaming services that feature CBS programming. "Apple, Amazon and Google are all about mass audience and so are we," he said.

Ad buyers don't think TV executives are talking out of both sides of their mouth. "I think you can criticize Google and Facebook but still invest in digital media without being hypocritical," said Mr. Winkler. "They're unique, distinct platforms." At its presentation, Fox spent little time championing the characteristics of traditional media and more time touting its own digital prowess.

Fox "dwarfs Facebook and Youtube in delivering your message," said Joe Marchese, the network's new ad sales chief. "On any given Tuesday, Fox primetime delivers 700 Facebooks," he added. Fox later touted the network's large social "footprint," in effect crediting the social media platforms for helping it deliver its message.

Fox's aim was to persuade advertisers that a traditional network like Fox can meet and beat digital ad giants at their own game. Mr. Marchese, a veteran of the ad technology industry, is backing an initiative with rivals Turner and Viacom Inc. to allow more sophisticated types of ad targeting in TV. The goal is for marketers to be able to reach soda drinkers or home buyers instead of just men or women 18 to 49, for example.

Sarah Hofstetter, chief executive at ad-buying and marketing shop 360i, said TV networks have had to evolve their case against digital as online advertising has matured. "For years, Facebook, was trying to compare themselves to TV, and TV was like, whatever we're big," she said. "Now they're seeing [digital companies] and saying, oh they do have scale so what do we have that's different."

Mr. Winkler of OMD says touting TV's strength without embracing digital won't get the networks anywhere with ad buyers. "The future of video is one that's rooted in the creativity and innovation of digital, plus the content of TV, and focusing solely on the content and traditional distribution of TV does not feel like a sustainable strategy." – ***Wall Street Journal***

Some 21,000 AT&T employees — retail sales associates, wireless technicians, and call center workers — who work for the company's wireless division, say they'll go out on a short strike over the weekend, unless their union, the Communications Workers of America, can reach a tentative agreement with AT&T by 3 p.m. Friday. The workers will picket AT&T stores in 36 states, with about 600 expected to go out on strike locally. They plan to return to work on Monday.

Issues include increased health care costs and keeping call center jobs in the United States, said James Gardler, president of CWA Local 13000 in Philadelphia. The company said it was prepared to serve its customers during a strike, adding that the two sides have disagreements, but would sort them out. The company said it has 20 contracts with unions and this one covers about seven percent of its employees. The employees' contract expired Feb. 11. – ***philly.com***

Auditor General Eugene DePasquale went a little (a lot) off script Thursday at a news conference announcing he will be **auditing** the $10 million grant the state gave the Philadelphia 2016 Host Committee for last year's Democratic National Convention. DePasquale disclosed that he was a delegate to the convention and said that wouldn't make him biased. Fine, sounds good.

But then he went on a TMI rant about his love for Quest Bars. And hate for anything gluten-free. "I wasn't given any free food," DePasquale began, "in case anyone wants to know that." We didn't. But go on, Gene. "So, any of this money wouldn't have paid for me to get free food," DePasquale said. OK, we're sold.

"My food that I brought with me were Quest Bars that are high-protein, low-calorie, and no sugar," DePasquale continued, curiously. "So, in case anyone thought I was getting off my workout plan at the convention, no, I was not." Clout can say with **great surety** that absolutely no one in the room was thinking that. **Who are you**? Paul Ryan?

But don't let us stop you from explaining that soft pretzel you ate. "I took it into specifically the gluten-free zone at the convention," DePasquale continued, inexplicably, "because I personally, unless you are allergic to gluten, this gluten-free stuff is absolute nonsense, and the stuff that you replace it with is actually worse for you, and this is a cause of mine." DePasquale added that the pretzel was not a freebie. In case you were wondering. We weren't wondering. – ***Philadelphia Daily News***

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