



November 20, 2017

**Bloomberg**  
**Verizon, NFL**  
**Are Close to**  
**Announcing**  
**Digital**  
**Streaming Deal**

**Fierce Cable**  
**Moonves says**  
**CBS will need**  
**M&A to**  
**compete with**  
**Comcast,**  
**Disney**

**New York Post**  
**AT&T is**  
**standing**  
**behind Jeff**  
**Zucker despite**  
**Trump's**  
**CNN bashing**

**Hollywood**  
**Reporter**  
**Al Franken Cut**  
**From PBS'**

Federal regulators this week are expected to unveil their plans for reversing Obama-era rules that require internet service providers to treat all web traffic equally, a move that could fundamentally reshape the internet economy and consumers' online experience. The changes, expected to be adopted at the Federal Communications Commission meeting in mid-December, would open the door to a wide range of new opportunities for internet providers, such as forming alliances with content firms to serve up their webpages or video at higher speeds and quality than those without such deals.

Such "paid prioritization" was explicitly blocked under **the 2015 rules, which required internet service providers to keep all corners of the internet equally accessible** to consumers, and limited the providers' ability to favor content, including their own. The new rules, according to industry officials, are expected to thoroughly dismantle the "open internet" plan adopted by the Obama administration's FCC. Advocates of the current approach, including consumer groups and big internet companies, argued that such regulation is needed to curb the power of the broadband providers to affect the online environment through their control over the pipes.

Proponents of reversing them, including current FCC Chairman Ajit Pai, say hard-and-fast rules can stifle investment and innovation in a fast-moving industry. Internet service providers worried the Obama administration rules could open the door to eventual rate regulation and other heavy-handed oversight. They also viewed the rules as a solution in search of a problem, given the internet's relative openness historically. Mr. Pai began the process of reversing the 2015 rules earlier this year.

If the rollback survives likely legal challenges, it has the potential to reorder the online business environment. It could give internet providers such as AT&T Inc., Comcast Corp., Charter Communications Inc. and Verizon Communications Inc. more flexibility to use bundles of services and creative pricing to make their favored content more attractive to consumers.

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These companies generally profess support for basic principles of “net neutrality,” such as not blocking content or throttling its delivery. But with the Obama-era bright-line rules widely expected to

be eliminated, many experts predict the industry will experiment with new services. The big internet providers either declined to comment or didn't respond over the weekend.

The change would affect not only how the internet is regulated, but who regulates it. Under the new plan, legal experts say, oversight responsibility would shift to include the Federal Trade Commission as well as the FCC. The FTC has long been the principal regulator of most internet businesses, a regime effectively ended with the 2015 rules. The shift is significant because unlike the FCC, the FTC generally doesn't adopt overarching rules, instead developing case-by-case determinations about what business behavior is fair or unfair.

Lawrence Spiwak, president of the conservative Phoenix Center for Advanced Legal and Economic Public Policy Studies, says that supporters of FTC regulation—including many in the industry—might find that “the grass is not necessarily greener” under the FTC. He also says the current debate underscores the need for Congress to step in. The question of who regulates broadband service and how it is regulated has been the subject of debate for the last decade, with little guidance from lawmakers. “They can pick the forum and they can set the rules,” Mr. Spiwak said. “They just need to settle this mess once and for all.”

Republicans at the FTC recently have pushed for the FCC rollback to restore their agency's role in overseeing the internet. In a comment to the FCC citing prior FTC research, acting FTC chairman Maureen Ohlhausen said integrated services offered by cable or wireless companies could have downsides but “could also offer pro-competitive and pro-consumer efficiencies.” The FTC's authority to police antitrust violations also could help curb unfair dominance by internet service providers, supporters of the switch say.

Consumer groups have pushed back hard, contending the change would give cable and wireless companies far too much leeway. They also say the FTC's case-by-case approach can't keep up with the pace of online change. Eliminating the FCC's detailed rules “would shift the burden of enforcement against multibillion-dollar corporations onto beleaguered consumers,” said Anant Raut, a visiting fellow at Public Knowledge, a consumer group, in testimony at a recent congressional hearing on the shift. The current rules prevent “the discriminatory activity from occurring in the first place.”

The FCC likely would retain a key role in overseeing the online economy, by requiring internet providers to disclose their policies when it comes to net neutrality. That could allow both regulators to hold companies accountable when they stray from their own stated principles. — *Wall Street Journal*



**Broadband  
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of Pennsylvania**

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