

# FCC Update — One Perspective

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# The times they are a-changin'

- ◆ Inauguration of President Donald Trump will lead to immediate changes at the Federal Communications Commission
  - ◆ Chairman Wheeler departs
  - ◆ Remaining members are:
    - ◆ Ajit Pai (senior Republican)
    - ◆ Michael O'Rielly (R)
    - ◆ Mignon Clyburn (D)
    - ◆ [Empty seat] (R)
    - ◆ [Empty seat] (D)

# The world turned upside down

- ◆ What issues are in play with the new team?
  - ◆ Network Neutrality
  - ◆ Universal Service
  - ◆ Restructure Commission
  - ◆ Deregulation

# Network Neutrality

- ◆ 2015 Open Internet Order
  - ◆ Reclassified ISPs as common carriers regulated under Title II of the Communications Act of 1934, as amended
  - ◆ Imposed regulations on ISP Broadband Internet Access Service (BIAS)
    - ◆ No blocking, no throttling, transparency, and general conduct rules
    - ◆ Indirectly address price regulations

# Network Neutrality

- ◆ Last week FCC released report stating that AT&T and Verizon mobile programs violate network neutrality (open network) rules
  - ◆ DirecTV Now and Data Free TV
  - ◆ FreeBee Data 360
  - ◆ Both programs involve “zero-rating with payment” or “sponsored data”
- ◆ T-Mobile’s Binge On offer is “zero-rating without payment”

# Change in Direction

- ◆ One path forward involves
  - ◆ Remove Open Internet rules and remove Title II from ISPs
  - ◆ Review all new business arrangements on a case-by-case basis when allegations of discrimination or exclusionary conduct arise
  - ◆ Reject asymmetric regulation of ISPs (core) and content (edge) providers
  - ◆ Fill gaps in antitrust laws that currently leave upstart edge providers vulnerable
  - ◆ Follow the pattern established in Section 616 of the Cable Act of 1992

# Universal Service

- ◆ Two Approaches to Affordable Universal Service
  - ◆ Affordable rates for customers
  - ◆ Encourage investment of providers
- ◆ Migration to Voice and Broadband (BIAS) support
  - ◆ Future BIAS — what speed is in your future?

# Where does the \$\$\$ come from?

- ◆ Current federal universal service
  - ◆ Funded with a end-user charge of ±17% of interstate and international telecom revenues
  - ◆ Broadband ISPs don't pay on broadband



# Where does the \$\$\$ go?

- ◆ Current federal programs (\$7.9B in 2017)
  - ◆ Low Income \$1.4B
  - ◆ High Cost \$4.5B
  - ◆ Schools and Libraries \$1.6B
  - ◆ Rural Health Care \$0.4B

# Destructive Construction

- ◆ Trump administration rumored to seek a top-to-bottom restricting of FCC
  - ◆ Stay tuned
- ◆ Unnecessary regulation is also slated for the chopping block
  - ◆ Difficult question is determining what is unnecessary

Thank You

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