

Cable Views

Ohio Cable Telecommunications Association

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Maintaining an Open - and Vibrant - Internet

By Cable Tech Talk, National Cable & Telecommunications Association

Since 1996, cable broadband companies have invested \$210 billion in growing and improving their networks, leading to faster speeds and 93 percent cable broadband penetration in the U.S.

In a recent decision, the D.C. Court of Appeals vacated key elements of the Federal Communication Commission's (FCC's) 2010 Open Internet order. In doing so, it has revived discourse around the open Internet (commonly referred to as net neutrality), what it really means for consumers and the future of the Internet.

One thing is for sure — the open Internet experience that consumers have enjoyed for years will continue in the future. Nothing in the court's decision will change the basic incentives of Internet Service Providers (ISPs) to offer consumers capabilities that meet all of their ever-increasing needs.

But apart from the practical impact, what will happen now regarding the legal proceedings is a matter of some debate. Officially, the case has been remanded back to the FCC for further consideration, and parties to the case are weighing whether or not to appeal the D.C. Circuit's decision.

Some advocates are proposing that the FCC break with over 15 years of bipartisan restraint and treat ISPs as "common carriers." To understand why such a shift would be harmful to innovation and the ongoing evolution of Internet technologies, it's worth explaining exactly what the term "common carrier" means, why your ISP isn't a common carrier, and why the court's decision is a good thing for both broadband customers and for American innovation.

What are Common Carriers?

Put simply, common carriers are private companies that sell their services to everyone on the same terms, rather than companies that make more individualized decisions about who to serve and what to charge. The term originally applied to companies that carried goods or passengers (like railroads or shipping companies), but later also included phone companies. Congress created laws to make sure phone companies provided basic phone service to all customers on a non-discriminatory basis and at reasonable prices, and created the FCC to regulate them. For phone companies, common carrier regulations included pricing rules that determined how much they can charge, while also ensuring that the companies made enough money to stay in business.

These common carrier principles are also typically applied to utilities, such as electric and water companies that provide a basic service. But common carrier regulation discourages infrastructure investment and network enhancements. When a company's return on investment is dictated by the government,

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The Internet Doesn't Need Phone-Era Rules

by NCTA President and CEO Michael Powell



Americans deserve an open Internet: They had it before the D.C. Court decision, and they will continue to enjoy it now.

The court's decision held that the FCC plays an important role in promoting a vibrant Internet with sufficient authority to police bad actors. Some are unsatisfied and want the FCC to retreat from its bipartisan policy of light regulation and dump Internet services into the heavy regulatory bucket of the old-monopoly telephone system. The

FCC would gain more power, but the Internet would suffer. One must ask, is the Internet so sick that it needs a heavy

injection of rules and regulations to fix it? The answer is no. By nearly any objective measure, the U.S. is a world leader in broadband. We are one of only two countries to have three fully deployed broadband technologies actively competing against one another (cable, telephone and 4G LTE wireless). And we have some of the most advanced networks in the world — connections capable of 100 Mbps and faster are available to 85% of U.S. homes. U.S. broadband networks have given rise to the world's top Web companies, including Google, Facebook, Amazon and Twitter. New exciting start-ups are born every day.

The U.S. invests more in broadband networks than any other country — more than \$1 trillion since the mid 1990s. Americans are just 4% of the world's population, but we have 25% of the world's broadband investment.

We have an "open Internet." Broadband providers continue

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With Representative Gary Scherer

State Representative Gary Scherer is currently serving his first full term in the Ohio House of Representatives after being appointed to the 129th General Assembly. He represents the 92nd House District, which includes Fayette County, as well as portions of Pickaway and Ross counties.

Representative Scherer is a lifelong resident of Ohio. He attended Miami University and The Ohio State University, where he obtained a B.S. in accounting.

Throughout most of his career, he has worked as a CPA. In addition, Representative Scherer has worked for a time as the president of Circleville Oil Company. He has also held majority ownership of Buckeye Tax Professionals since 1997.

Prior to joining the Ohio House, Representative Scherer had served as president of the Circleville Rotary Club and the Circleville-Pickaway Chamber of Commerce. He also served as a trustee of the Berger Health System.



Fast Facts:

Favorite Pro Sports Team – The Cincinnati Reds. Though some would say the Buckeyes are a pro team, and they are my favorite team.

Last Book Read – Currently reading *Killing Jesus* by Bill O'Reilly and a co-author. I just finished a book on the history of the Kentucky bourbon industry.

Political Role Model – Abraham Lincoln. Read several books on him, including *Team of Rivals*. Pulling together diverse people on his team was a big plus.

2014 Resolution – Get the weight back down; get to the gym more.

Jonathon McGee: Early in 2013, you stated that you were on a mission to eliminate laws that were overly obtrusive or just plain wrong. How did that become a goal for you?

Gary Scherer: I came into this from the business world and some of the regulations, paperwork, bureaucracy that I'd seen out there in the business world, certainly more so from the federal government, but certainly there is streamlining that I see needs to be done here in the state as well.

JM: You have also commented on the importance of transparency in government and applauded the move to stream the Finance and Appropriations Committee hearings on the Internet. Why is that?

GS: I think it makes a ton of sense. We are in an age where people are getting information via the Internet. The rest of the business world is doing it, why shouldn't our government?

JM: Tell us about the formation and the work of the House Tax Reform Legislative Study Committee that you chaired. What are some of the key takeaways from that committee?

GS: We're just now putting together the final report from that committee. One of the big takeaways is that to really get some broad based, broad-brush tax reform, the constitutional modernization commission work that is going on now needs to include consideration of some of the tax aspects of our constitution. There are some things that our legislature can do, but some things right now are built into the constitution and might be things that the commission would want to work on.

JM: What was the impetus for the formation of the committee?

GS: The speaker asked me to form a committee and go out around the state looking for information on general broad-brush tax reform.

JM: On another tax issue, the House recently passed Substitute House Bill 5, which is a municipal tax reform bill. What is the essence of that bill?

GS: They'd been working on it for a long time, a long time before I came to this institution as a matter of fact. As a practitioner over 35 years in the tax preparation business, I certainly agree that our municipal tax system needs

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Regulatory Update

New Area Code:

Ohio is getting a new area code thanks to population increases in several east side Columbus suburbs. The Public Utilities Commission of Ohio, after a period for comment, announced recently that a new area code (220) will be overlaid on the 740 area code in southeast Ohio by mid-2015. Residents in the region will be required to dial ten digits once the plan is implemented. Following prior precedent, an overlay was chosen due to being seen as the least disruptive option.

PUCO Chair not to Seek Re-appointment:

Chair of the PUCO Todd Snitchler, with his current term expiring on April 10, 2014, announced that he is not seeking re-appointment. A former state representative from Stark County, Snitchler was appointed by Gov. John R. Kasich in February 2011 to complete the final three years of his predecessor's unexpired term.

The Public Utilities Commission of Ohio (PUCO) Nominating Council met on January 30th and interviewed applicants for the open position. They then submitted the names of four finalists to be considered by Gov. John Kasich to fill the five-year term commencing on April 11th. After considering many highly qualified applicants, the Nominating Council recommended the following individuals: Patrick Donlon, Columbus; Thomas W. Johnson, Columbus; Stacey E. Polk, Cleveland; and Tom Waniewski, Toledo.

Gov. Kasich has 30 days to select a nominee or request a new list of names from the Nominating Council. The governor's appointment is subject to confirmation by the Ohio Senate.

Legislative Update

Municipal Tax Reform:

As was reported in last month's Capital Update, HB 5 – Municipal Tax Reform – was passed by the Ohio House before the year's end. The bill now moves to the Senate where it was referred to the Finance Committee. Senate Committee Chair Scott Oelslager (R-Canton) has indicated that he will begin hearings in the near future. We expect to see a series of hearings, breaking the bill down by topic. The OCTA will continue to monitor this important legislation.

Underground Utilities Protection Laws:

Over the past two-plus years, the OCTA has participated in a coalition of parties interested in reforming Ohio's underground protection laws. This coalition is comprised of various underground facility owners and excavating interests. Work of this coalition has already resulted in legislation (HB 458) being passed last General Assembly to make Ohio a safer place to work and offering better protection of underground facilities. The OCTA continues to participate in coalition meetings to discuss possible future legislation. The main topic of interest at this point is enforcement of the "one-call" law and what that might entail. Legislation is expected to be introduced sometime this year.

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there's little incentive to re-invent or improve the system. Recognizing this problem, the FCC has over the years relaxed many of the requirements on traditional telephone companies, although they still remain subject to significant regulation.

Why Aren't Broadband Providers Considered Common Carriers?

In the 1996 Telecom Act, Congress made a distinction between two types of services: "telecommunications services" and "information services." "Telecommunications services" transmit a user's information from one designated point to another without changing the form or content of that information. For example, a phone call transmits the user's voice from one point to another without changing the content of the voice message, similar to the way a shipping company would deliver a package that you hand to it. "Information services," on the other hand, offer a user the capability to create, store, or process information. Once that information is created, it might be transmitted via telecommunications, but the creation of the message would be done via information service. Telecommunications services, such as traditional phone service, were subject to common carrier rules. Information services were not.

Based on the definitions in the 1996 Telecom Act, the FCC classified cable broadband as an "information service" and as a result it is not treated as a common carrier service and is largely exempt from regulation. This was to encourage innovation and investment in private infrastructure and preclude unnecessary government intervention. In hindsight, this was a wise decision. Since 1996, cable broadband companies have invested \$210 billion in growing and improving their networks, leading to faster speeds and 93 percent cable broadband penetration in

the U.S. This massive investment by cable spurred substantial broadband investment by our competitors, the traditional telephone companies, particularly after the FCC freed their Digital Subscriber Lines (DSL) broadband service from common carrier regulation.

Why Is It Good That ISPs Aren't Classified As Common Carriers?

Common carrier laws were established nearly a century ago when the pace of innovation was measured in decades. We now live in a vastly different world and broadband is a very different service than any traditional utility service. The flexibility required by an ISP to effectively deliver increasingly fast broadband to more people requires a constant state of infrastructure updates fueled by capital investment. Classifying ISPs as common carriers would invariably stifle these investments by inserting the federal government into the operation of broadband networks and the provision of broadband services.

Congress recognized this in the 1996 Act, where it stated: "It is the policy of the United States to preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services, unfettered by Federal or State regulation."

Part of what we need to do as a nation is to encourage innovation and vibrant marketplaces. Classifying the most technologically advanced communications network in human history as a common carrier is a terrible mistake. Time and time again both Democrats and Republicans have said this type of regulation delays innovation, creates uncertainty, and inhibits a lively marketplace.

Cable-PAC/PAT Participation

(January 1 – December 31, 2013)

Company	Amount Raised	Goal
Armstrong Cable	\$2,596	\$2,496
Buckeye CableSystem	\$6,321	\$10,972
Comcast	\$2,825	\$1,430
Cox Communications	\$1,819	\$3,068
G.L.W. Broadband	\$500	\$400
MCTV	\$15,000	\$3,270
Suddenlink	\$0	\$1,400
Total	\$29,061	\$28,288



Cable PAC/PAT Individual Contributions

(August 16 – December 31, 2013)

Thank You!

Armstrong

Mike Sammon
Dru Sedwick

Buckeye CableSystem

Mike Bilik
Laurie Cichy
Tom Dawson
Patrick DeVille
John Ducat
Bonita Ehrhardt
Juanita Kesler
Pamela Koontz
Jessica Pitzen
Sarah Riedeman
Charles Riley
James Wolsiffer

Comcast

Pam Tapscott-Lassiter

Cox Communications

Gloria DeMarco
Steve Heuser
Dan Jakubowski
Alex Petrofski
Mark Preston
Allan Shockey
Craig Smith

G.L.W. Broadband

Kevin Flanigan

OCTA

Maryann Kafer
Jonathon McGee



Bret Baier, Fox News Channel's chief political anchor and anchor of *Special Report with Bret Baier*, will deliver the keynote address at the OCTA's 2014 Legislative Luncheon on February 12.

Visit www.octa.org for event details and the OCTA's online photo gallery for photos following the event!

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to support the principles that allow consumers to access lawful websites when, where and how they choose. Providers support these concepts because they are what customers demand, and they are good for business.

Reclassifying the Internet and applying telephone-era rules would choke off growth and investment. It would treat broadband as a common carrier service, giving the FCC far-reaching power to regulate rates and set economic terms and conditions for the markets. It would fracture the confidence that our national broadband policy rests squarely on a light

regulatory foundation. Network investment would suffer, and the push to reach more households would slow.

The FCC clearly has sufficient authority to protect consumers from harm and preserve the principles of openness we all share. We shouldn't let imaginary tales of apocalypse lead us to abandon the light regulatory model that has served the nation so well.

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reform – needs significant reform. We are absolutely, positively the worst state in the country with regard to the complexity of our municipal income tax system. Sub. House Bill 5 is a good start, but frankly in my opinion it doesn't go far enough. The sponsors of the bill, and Chairman Beck, did a terrific job of taking input from a variety of interested parties – opponents and proponents. They came up with a package that, while it still might have some controversy to it, is a good start. But we still have significant differences, even post- House Bill 5, if it in fact does become law, among different municipalities.

JM: When the bill is passed, what impact do you think it will have on the state? What would your desired impact from the legislation be?

GS: It will bring a large measure of uniformity so that businesses and taxpayers throughout the state can have somewhat of a level playing field in terms of complying with the income tax laws of all the different municipalities. The downside is that it doesn't completely make those laws uniform and there will still be a great deal of variety in the different calculations.

JM: Who do you see as being most affected by this bill?

GS: I think businesses, small and large, will see some benefit in knowing what the rules are in an overall sense and knowing where there can be differences between different municipalities. And regular individual taxpayers will benefit as well.

JM: You encourage your constituents to offer feedback to you on issues. Are they picking up on that, and what's on their minds?

GS: Absolutely. That's been one of the most interesting things about this job – the huge variety of issues that people have. Early on, I tried to dig into each one of those individually and get up to speed on issues that are outside my area of expertise. But what I've turned to in the legislature is more the way I've worked in business for all these years – not trying to know everything myself but knowing the people who do know those things and being able to go to different legislators or staff or outside advisors who know the different issues.

JM: Tell us how experience as CPA has impacted your approach to your work here in the House.

GS: My work as a CPA has been both in financial accounting and in the tax area. I would say that since being appointed to the Ways and Means committee, I've been able to work with Chairman Beck and contribute some. He and I are both tax geeks and have some hands-on experience in complying with these laws that

the legislature had passed. I think it's helped out in the tax area, and in the accounting and budgeting area. It's something we have a little more expertise in, and we can help in the equation.

JM: Was holding political office always part of your life plan? If not, how did that come about?

GS: Absolutely not. It was frankly the furthest thing from my mind. My wife and I had always been supportive of the political process; we'd supported candidates, hosted events for them. When this seat became available, when Representative Peterson became Senator Peterson and the seat was open for appointment, I got a recruiting call. I was in a stage in my life and career where I had some time available. Hopefully my goal, as Woody Hayes said, is to pay it forward a little bit, which is why I said yes when we got the recruiting call.

JM: What are your thoughts on public service now that you have a year under your belt at the Statehouse?

GS: It may sound a little clichéd, but it is absolutely true that the people here are some of the hardest working, most dedicated people I've seen. I'm talking about the legislature, the administration, the staff. The people of the 92nd district, whether they believe it or not, can be very proud of the type of individuals who are working on their behalf throughout the state.

JM: Apart from tax reform and taxes, what are some of the other areas of legislation that interest you?

GS: I've got an agricultural background. Not only do I come from an agricultural part of the state, but I have family background in that. Debbie and I live on the family farm, so agriculture and natural resources issue are probably the next most important general area.

JM: Are there words of wisdom or advice that you'd like to share with our readers?

GS: That you are listened to. The legislators pay attention to the communications they get from their district. You can't please everybody, certainly, and yes we have a lot of correspondence, a lot of communications into the office, but it's not so much so that they become a number. We don't just keep tallies of how many are for or against a particular matter. Each and every email, each and every note, each and every voicemail or telephone call we get is returned or is acknowledged.

Read more *Face to Face* interviews online.
Click on *CableViews* at www.octa.org



Cable Calendar

OCTA Legislative Luncheon

www.octa.org

When: February 12, 2014
Where: Renaissance Columbus Downtown Hotel
Columbus, OH

SCTE Buckeye State Chapter Training Seminar

www.scte.org

When: February 27, 2014
Where: Williams-on-the-Lake
Medina, Ohio

WICT Senior Executive Summit

www.wict.org

When: March 16 - 20, 2014
Where: Palo Alto, California
www.wict.org

SCTE Buckeye State Chapter Vendor Day & Cable-Tec Games

www.scte.org

When: March 18, 2014
Where: Mansfield Reformatory
Mansfield, Ohio

OCTA Legislative Reception & Technology Demo

www.octa.org

When: April 1, 2014
Where: Riffe Center, 3rd Floor, Capitol Lobby
Columbus, Ohio

WICT Leading with power & Authenticity

www.wict.org

When: April 9 - 11, 2014
Where: Cary, North Carolina

WICT Signature Luncheon

www.wict.org

When: April 29, 2014
Where: Los Angeles, California

The Cable Show

www.thecableshow.com

When: April 29 - May 1, 2014
Where: Los Angeles Convention Center
Los Angeles, California

ALEC Spring Task Force Summit

www.alec.org

When: May 1 - 2, 2014
Where: Kansas City, Missouri

NCSL Executive Committee Spring Meeting

www.ncsl.org

When: May 29 - 31, 2014
Where: Captain Cook Hotel
Anchorage, Alaska

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