

## Bandwidth caps draw sharp criticism over Internet TV

July 28, 2008

By David Roisen

WhereverTV Inc. CEO Mark Cavicchia delivered a rebuke of Time Warner Cable Inc.'s experiments with metered broadband pricing at a recent FCC hearing on broadband and digital policy.

He said the cable operator wants to limit competition with providers of television programming accessible through the Internet.

"For anybody to say it's not that, either they're a good liar or they don't know what they're talking about," he said in an interview with SNL Kagan. "Of course that's what it is. And it's not just Internet television, it's any sort of content consumption that would compete with you watching TV instead."

The WhereverTV executive referred to Time Warner Cable's broadband pricing trial in Beaumont, Texas, where the cable operator instituted \$1-per-gigabyte charges on new residential broadband customers who go above monthly data consumption thresholds. The thresholds range from 5 GB for \$29.95 per month to 40 GB for \$54.90 per month.

"For Time Warner Cable to come back and say 5 GB for \$30 a month, that's just crazy," Cavicchia said. "I'm not saying there should be an absolute limit, but if there is a limit, it should be upwards of 300 GB today, and that should increase as technology improves."

Cavicchia's company sells a device that delivers streaming Internet television directly to a user's TV. Available for \$199.99, the de-

vice does not require a subscription, only a broadband connection. With most of the WhereverTV channels streaming at 300 Kbps to 800 Kbps, Cavicchia said, users could quickly exceed their monthly bandwidth thresholds under a system like the Time Warner Cable experiment.

Time Warner Cable spokesman Alex Dudley denied that the company hoped to edge out Internet TV providers through per-gigabyte pricing.

"Distribution is not free just because it's electronic," the spokesman told SNL Kagan. "It costs us a lot of money to send bits across our network, so someone's got to pay for it. If that rate of use is increasing 50% per year, that's going to require substantial investment. One of the ways we're experimenting with that is by charging for it."

The growth of Internet TV is certainly on the minds of the cable operator's leadership. Time Warner Cable President and CEO Glenn Britt told investors in late May that the company is working to develop a new device that will deliver Internet TV to a subscriber's home television. He also said the pay-TV networks' revenue model could change as they make more and more of their content available online.

"If it's the same stuff and it's free on the Internet, clearly consumers aren't going to want to pay me," Britt said. "Which means I'm not going to pay you, Mr. Network Company, the same money as before." *i*