

Upcoming FCC Issues



Commissioner Kevin J. Martin

The Summit - - 2004 Commissioners Only
Retreat

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Local Competition

■ Triennial Review

- Balanced regulations
 - Encourage broadband investment;
 - Preserve local competition
 - Competition first, then deregulation
- Delegation to states to conduct granular analysis of actual and potential competition
- Litigation: oral argument in DC Circuit on 1/28
- DC Circuit ruling?

Local Competition

- Markets are opening, competition is increasing
 - As of 2Q 03, 13 M customers getting local and long-distance bundle via UNE-P
 - 28.3 M customers getting bundled local and long distance from RBOCs

Local Competition

- First phase of Section 271 complete
 - January 2003
 - 35 states approved/markets opened
 - 75% of RBOC access lines
 - January 2004
 - All eligible states and D.C. approved/markets open
 - 100% of RBOC access lines open to competition

Broadband

- Next Generation Networks/Triennial Review
 - Unbundling Obligations for new investment
 - TELRIC Pricing for new investment
- Statutory Definition
 - Commission declared cable modem and tentatively concluded wireline broadband were both Information Services
 - 9th Circuit overruled FCC cable modem decision, placing statutory classification in doubt.
 - 9th Circuit hearing en banc requested

Broadband

■ Broadband over Power Line

- Provides broadband services to consumers over existing power lines.
- Third “pipe” into the home providing competition to DSL and Cable Modems
- “In House” BPL allows for networking of electronic devices over existing wiring in the home

VoIP

- Commission hosted VoIP forum on 12/1/03
- Creation of Internet Policy Working Group
- Commission will soon release a VoIP NPRM

VoIP

- Four petitions pending at the FCC
 - Pulver.com Free World Dial-Up (peer-to-peer service that does not use PSTN telephone numbers)
 - AT& T: access charges for VoIP (hybrid)
 - Vonage: declaratory ruling that VoIP is interstate (hybrid)
 - Level 3: petition for forbearance of access charges on VoIP calls (with rural carrier carve-out)

Universal Service Data Made Good Progress

- Highest-Ever Level of Telephone Penetration in Households: 95.5%
- Highest-Ever Level of Internet Access in Public School: 99%
- Highest-Ever Level of Internet Access in Public School Instructional Rooms: 92%

Universal Service

- Contribution factor down to 8.7% from high of 9.5%
- Schools and Libraries Reform
- Rural Health Care
 - New rules spur economic development
 - Nearly 2x money committed in FY '02 as FY '00

State Partnerships

- Federal-State Joint Conference on Accounting Issues released NPRM on 12/24/03
- Regular Universal Service and Separation Joint Board Coordination
- Triennial: TRIP Task Force Workshop in Washington on 10/10/03

Wireline Competition -- 2004 and Beyond

- VoIP Petitions
- Intercarrier Compensation Reform
- TELRIC Review
- Universal Service Support
 - Contribution methodology
 - Portability

Universal Service

- Potential Benefits of Telephone Number-based Contribution System
 - FCC Authority
 - FCC has no intrastate jurisdiction (5th Circuit decision)
 - FCC has exclusive jurisdiction over numbering resources
 - Relative Ease of Administration
 - Telephone numbers are stable and growing
 - Easy to administer and well understood by consumers
 - Similar to connections based proposal, special access and private lines without numbers could continue to be assessed based on their end user connections

Media Issues

- Indecency
- Digital Television
- Media Ownership
- Localism

Indecency

- Increasing concern about content
- What is indecent?
- Fining per utterance would increase fines and the impact on violators
- We may need to modify complaint process
- Broadcasters, cable operators, DBS providers should re-think approach to family-friendly programming

Digital Television

- Must Carry

- Whether cable companies should carry multiple, digital broadcast signals.

- Content Protection (“Broadcast Flag”)

- Rules protecting content adopted November 03;
- Further notice on extent of protection pending

Digital Television

- Cable and Satellite Compatibility (“Plug & Play”)
 - rules adopted September 03 easing DTV transition for cable and satellite
 - ongoing industry discussions regarding two-way services

Media Ownership

- June Order revised all ownership rules
 - Relaxed local TV ownership restrictions
 - Broadened radio market definition
 - Relaxed restrictions against cross ownership (including newspapers)
- Rules stayed by 3rd Circuit; oral argument 2/11/04
- Congress may step-in
 - Omnibus bill in Congress sets national cap

Localism

- Conducting a series of local hearings on broadcasters' commitment to localism
- Long-pending petition on local television stations' rights to preserve localism ("NASA petition")
- Possible Notice of Inquiry

Wireless Issues

- **Spectrum Policy**
- **Competition Policy**
- **Homeland Security**

Spectrum Policy

- Secondary Markets -- proceeding to facilitate private, secondary markets in spectrum, with minimal FCC involvement
- 3G Service Rules = completed proceeding on making spectrum available for advanced wireless services
- Rural Wireless NPRM = complete proceeding on how to better facilitate deployment of spectrum to rural areas
- WiFi = allocated additional 225 MHz of new unlicensed spectrum in 5GHz band

Wireless Competition and Broadband Policy

- Wireless Local Number Portability
 - Went into effect 11/24/03
 - Receiving some complaints and will deal with them
- Universal Service – ETC designations
- Spectrum Policy Task Force Report
 - Increase use of unlicensed Spectrum (noise temperature)
 - Smart devices (Smart antennas, Software defined Radios/Cognitive Radios)
- Potential Introduction of new technologies (e.g., mesh networks, cognitive radio)

Homeland Security

- **E911** -- continue ensuring that carriers comply with e911 rules.
 - May have to shift focus to LECs to ensure they make needed upgrades
- **800 MHz** -- complete proceeding on resolving interference in 800 band

Conclusion