

National Broadband Policy

The end of the phone network as we know it? Not So Fast...

Early in the new year, I had reason to speak with one of the policy gurus at the FCC regarding the Commission's agenda for 2010. While there were a number of major issues on the table when the commission became fully staffed last summer, there is no question that currently one issue dominates all others—that of broadband deployment. Other hot topics, including Universal Service reform, the availability of wireless spectrum, and E911 as well as a bevy of others have all been put on the back burner to accommodate what some believe is just shy of a God-given right—the right to high speed internet.

Sarcasm aside, there are very compelling reasons for bringing broadband to everyone. The stimulus package of 2009 (ARRA) certainly raised the issue's visibility, both literally and figuratively. With \$7.2 billion designated for broadband deployment, the stimulus package certainly attracted the attention of many (both taxpayers and ultimate broadband users) who recognized how truly stimulating broadband access in heretofore (fiscally) unjustifiable locations could be. Of course, allocating the money is one thing. Designing, building and testing the network lie ahead, but once it's up, it's up. Sort of.

Then people will have to make commitments (read: agree to pay) to use the network. Broadband access won't exactly be like dialtone in many cases, and it will still have its kinks, but it will enable eager internet users to join the fun. Residents, public service and governmental organizations, and businesses in rural or other difficult-to-access areas will be able to access high speed internet to work, or do more fun things like viewing a replay of a classic Olympic curling match.

In December, AT&T, in comments made to the FCC in response to a query about the impending national broadband plan, made a very interesting point. Why should AT&T, or any other entity with obligations to shareholders, continue to invest in legacy (read: old and existing) infrastructure from which customers are slowly but surely migrating away? Broadband access may be several years in the future for many, but as people migrate from traditional (plain old telephone systems (POTS) and the public switched telephone networks (PSTN)) to broadband-based services, any investment made by those who manage existing networks could be more challenging than ever to justify—particularly when money is tight.

So the publicly funded projects (through stimulus funding) are channeling money to broadband networks, and the privately funded projects are also aimed at broadband technologies because even if that's not where all of the big money is to be made now (consider

heavy start up costs), it's surely where it will be made in the future. If it's really all about investor returns, why should a private entity invest in keeping a '67 Dodge Dart with 500,000 miles going when for the same money, it could get a brand spanking new 2010 Honda Crosstour?

Given the emphasis on broadband deployment before all other telecommunications priorities, the question is how to get there without disrupting—make that jeopardizing—traditional non-internet based telephony. AT&T has some ideas, but are they realistic? Are they practical? Are they insane??

Although AT&T may have made its bold statements regarding the demise of the embedded telephone network, its role as provocateur may prove to raise the level of discourse on the issue, while simultaneously shining a bright light on a litany of subtopics to a whole new level. AT&T has suggested several steps to the FCC in its comments which are worth considering:

1. A firm date by which “everyone” will have been migrated from POTS to digital broadband.
2. Retirement of existing analog cellular networks
3. “Final” determination over who has authority over IP based services, including the issues of universal service funding and reciprocal compensation (the incredibly complex mechanism which enables carriers to settle up

for calls originated and terminated on each other's networks)

4. The prompting of the FCC to take necessary steps to ensure that "legacy state requirements do not impede the transition to broadband."

Each of these arguments has merits and deficiencies. If there's any possibility that the legacy network will be abandoned (this is the most provocative of presumptions), then yes, there should be a date certain. (certain date?) Even knowing how the relatively simple (compared to this proposal) transition to digital television during 2009 took years with at least one major milestone deadline missed, any date for disconnection of the existing telephone network would have to be placed deeply into the future, and would have to have numerous extensions. As was noted in the AT&T proposal, currently, 90% of Americans have access to digital broadband while only 60% are making use of it. In order to "convince" the remaining 30% who have rebuffed the offers for such service, additional pricing and technology incentives would have to be offered, and networks built, to support the additional traffic load.

Secondly, the retirement of the existing analog wireless network would likely be a good step for everyone. It

would free up additional wireless spectrum for both first responders and consumers, although there would be considerable cost for those entities and individuals who continue to rely on the network.

Thirdly and fourthly, the years of battling over who controls which part of the digital broadband network and the services it supports would likely go on for longer than The Hundred Years' War. Given the particularly critical roles played by state public service commissions in regulating and monitoring local services--and in getting resolution for consumers—it's all but guaranteed that even if some new balance is achieved, it will be litigated for years. Although there's surely some duplication of efforts and services in having both federal and state regulatory structures in place in the telecommunications space, the fact is both serve provide distinct value to providers and consumers alike.

There's no real bottom line here, other than the fact that AT&T, with its headline grabbing proposal, raised the levels of interest and discourse on the topic. In any case, it's great cocktail party conversation....