

FCC

Broadband Policy

Presentation Before the Center for
Strategic & International Studies

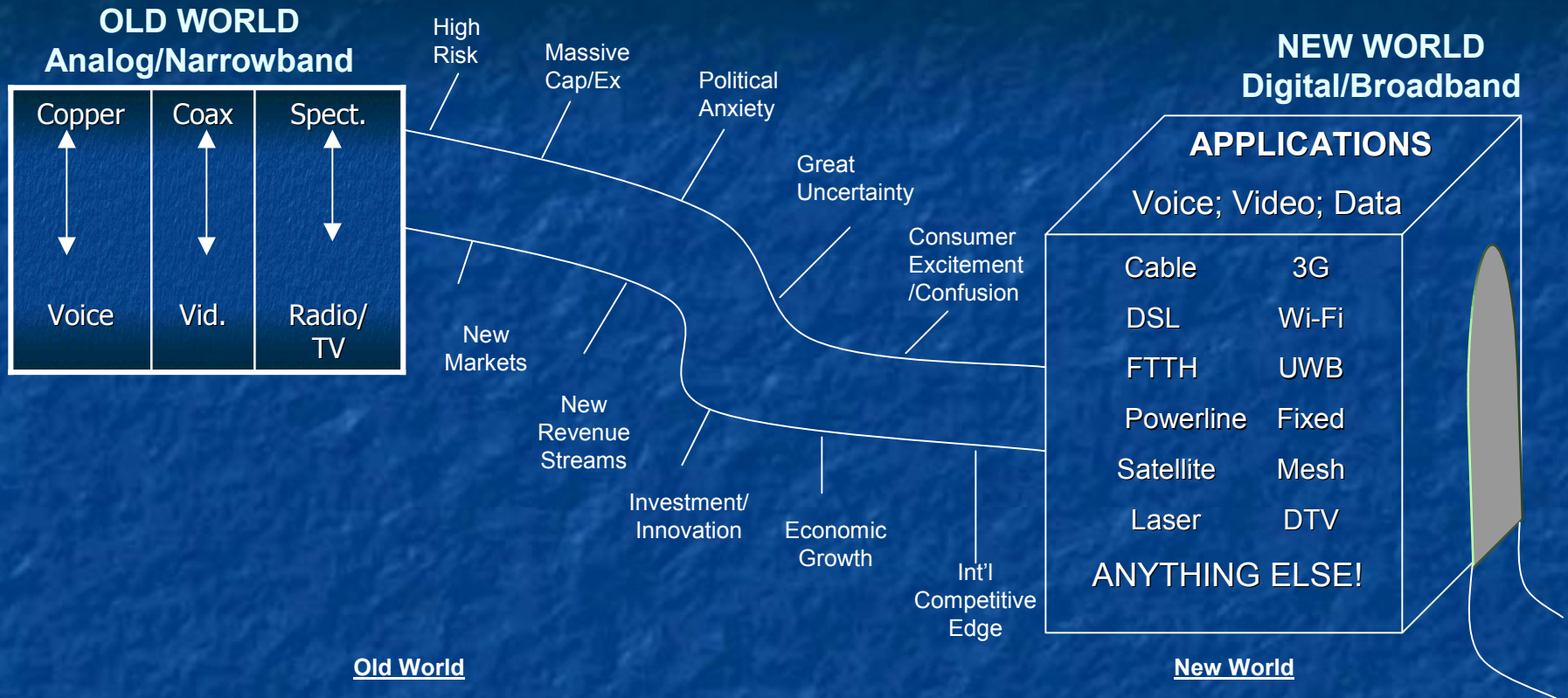
Carol E. Matthey, Deputy Chief
Wireline Competition Bureau
Federal Communications Commission



OVERVIEW

- The Digital Migration
- Broadband – The New Frontier
- Our Broadband “Agenda”
 - Monitor Broadband Deployment
 - Develop Regulatory Policies to Promote Competition, Innovation, and Investment in Broadband
- The Future – Pending Proceedings

The Digital Migration



Old World

- **Competition**—Limited/Govt. Sanctioned Monopolies
- **Market Structures**—Balkanized—2-Dimensional—One Network/One Service
- **Consumer**—Regulated Prices; No/Little Product Differentiation; Limited innovation
- **Innovation**—Significant But Slow
- **Ubiquitous Networks**—Universal Service Subsidies
- **Regulatory**—Heavily Regulated with Strong Jurisdictional Boundaries

New World

- **Competition**—Multiple Facilities-Based
- **Market Structures**—Converged—3-Dimensional—One Network/Many Services
- **Consumer**—Lower Bundled Prices; More Innovation/Product Differentiation; Personalization/Customization
- **Innovation**—Dynamic at all levels (Network/Applications/CPE)
- **Ubiquitous Networks**—technological advances
- **Regulatory**—Less Regulated—boundaries blur

Broadband – The New Frontier

Broadband Objectives

- Encourage ubiquitous availability of broadband to all Americans
- Promote competition across broadband platforms
- Establish a minimal regulatory environment that promotes investment and innovation
- Develop a consistent analytical framework across platforms to the greatest extent possible

Broadband – The New Frontier

Challenges Facing Broadband

- Promote functionality, not a specific platform
- Need for ubiquitous infrastructure
- Costs of deployment
- Demand

Broadband – The New Frontier

- Fully-evolved broadband will:
 - Virtually eliminate geographic distance as an obstacle to acquiring information
 - Dramatically reduce the time it takes to access information

Our Broadband “Agenda”

The Path

- Monitor progress toward the deployment of broadband infrastructure in the United States and abroad
- Establish regulatory policies that promote competition, innovation, and investment in broadband facilities and services

Our Broadband "Agenda"

Section 706 Inquiries

- Section 706 of the Communications Act directs the Commission to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans."
- Pursuant to section 706 of the Communications Act, the Commission conducts regular inquiries concerning the availability of advanced telecommunications capability.
- The Commission has completed three section 706 inquiries to date.
- The Commission initiated a Fourth Notice of Inquiry in March 2004.

Our Broadband “Agenda”

Form 477 Deployment Data

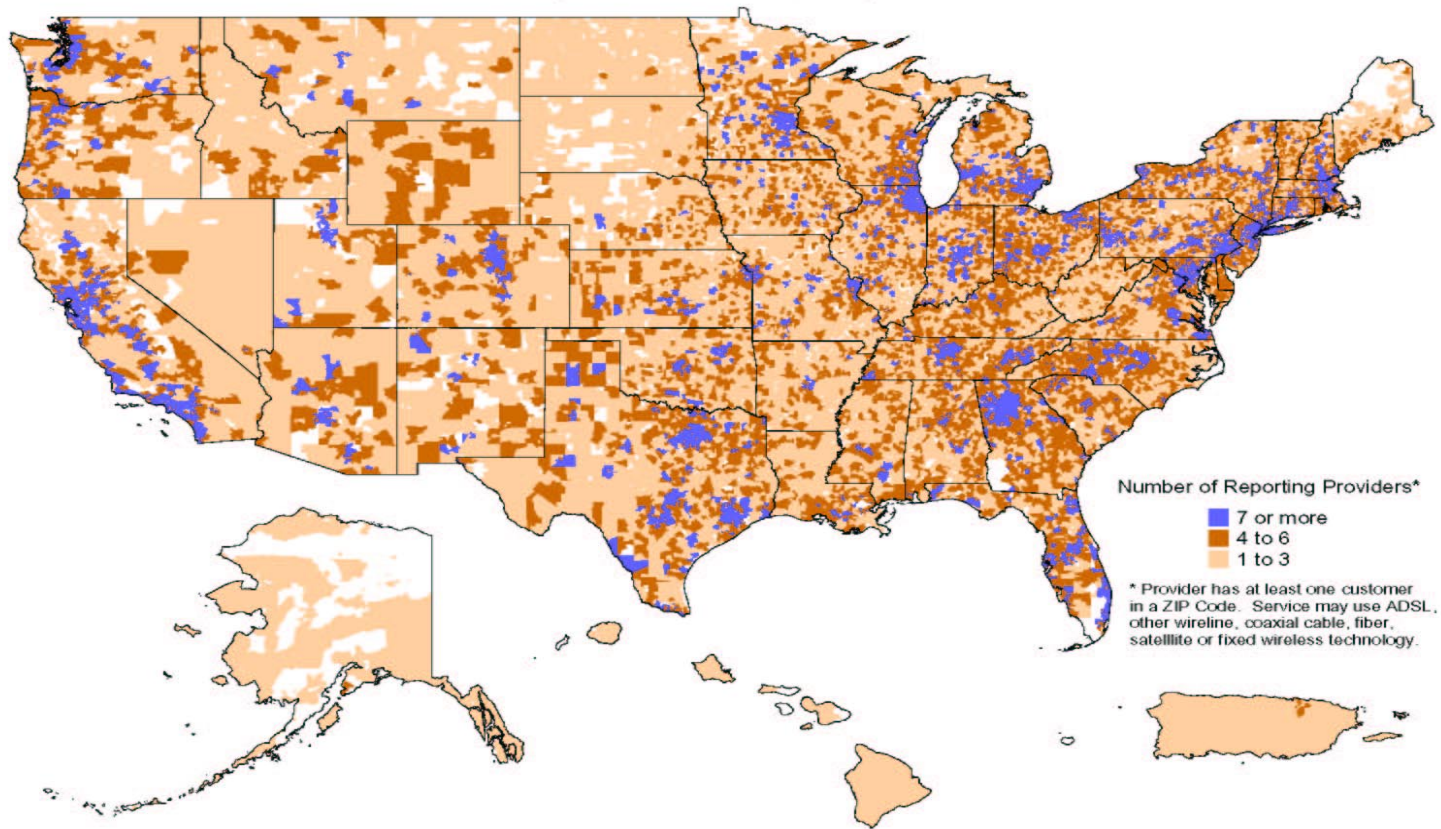
- The FCC Form 477 was created to enable the FCC to monitor broadband deployment pursuant to section 706.
- The Form 477 collects basic information about the provision of broadband services and the development of local telephone service competition.
 - Mandatory reporting if 250 end-user Internet connections in service in a state
 - Filed semi-annually – by state
 - Number of connections faster than 200 kbps, at least one way (“high-speed lines”) and also connections faster than 200 kbps two-way.

Our Broadband “Agenda”

- The FCC releases reports on Form 477 data twice a year.
- In April 2004, the Commission released a Notice of Proposed Rulemaking to improve the Form 477.

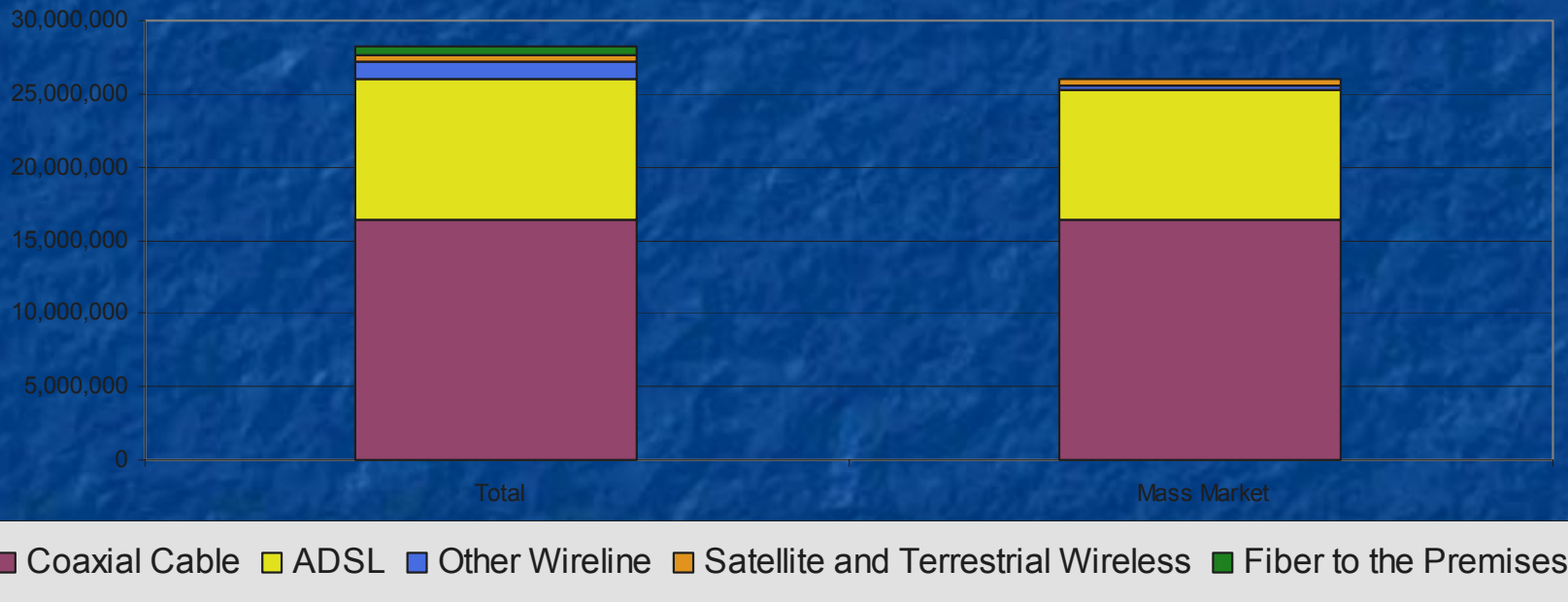
U.S. Trends

High-Speed Providers by ZIP Code
(As of December 31, 2003)

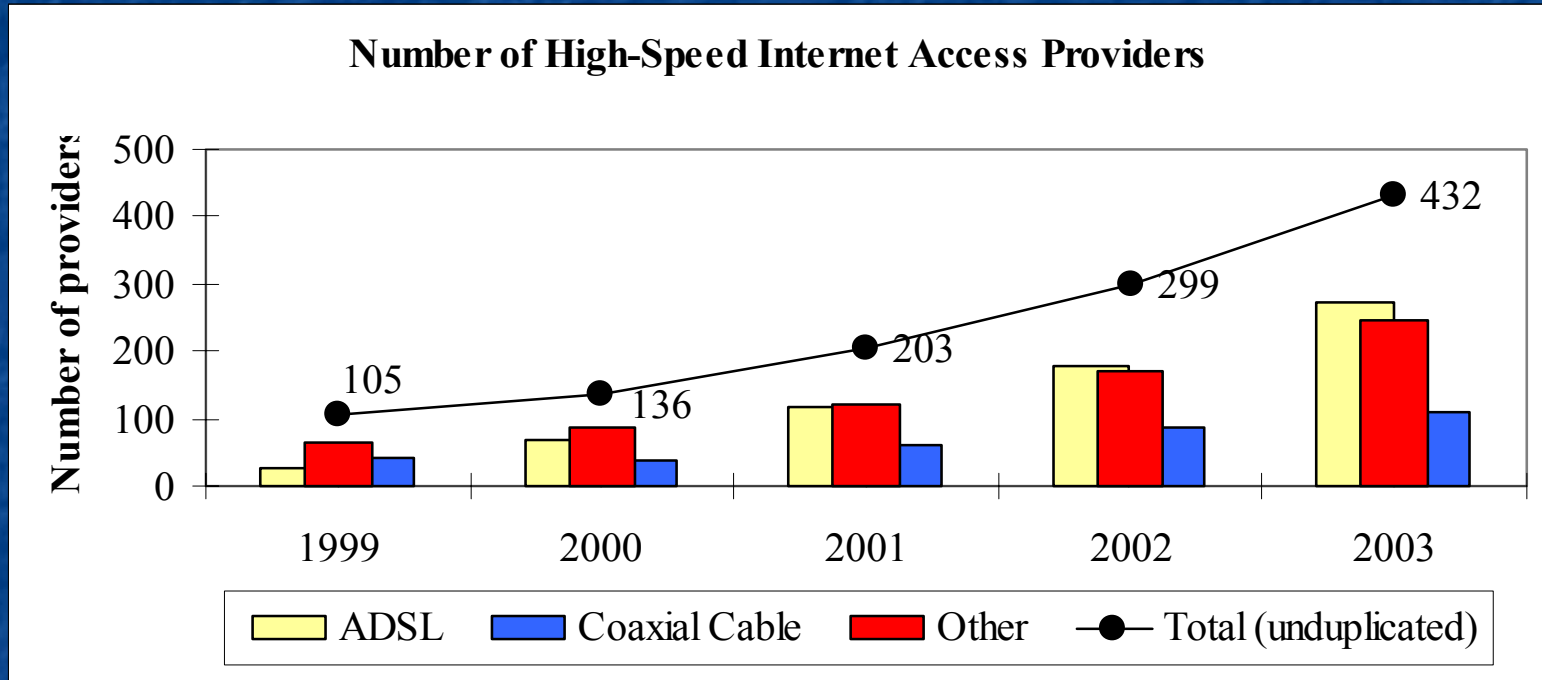


U.S. Trends

Total and Mass-Market High-Speed Lines, Dec. 2003



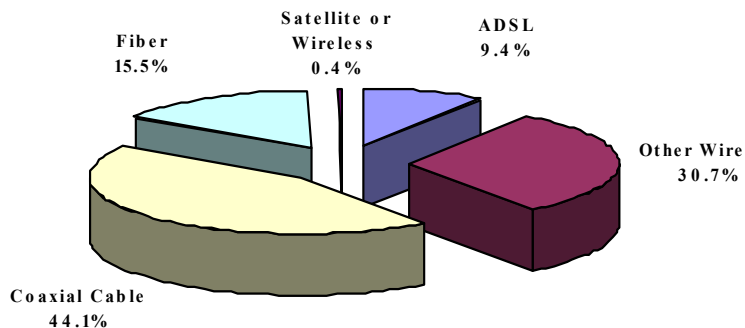
U.S. Trends



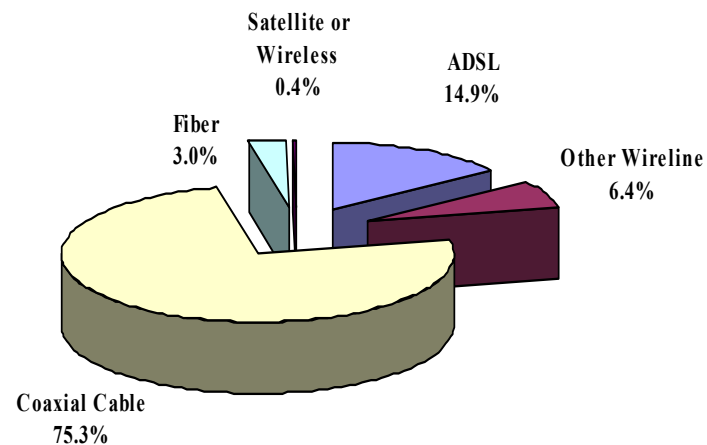
U.S. Trends

Advanced Services Lines by Technology

December 1999
Total Lines - 1,988,455



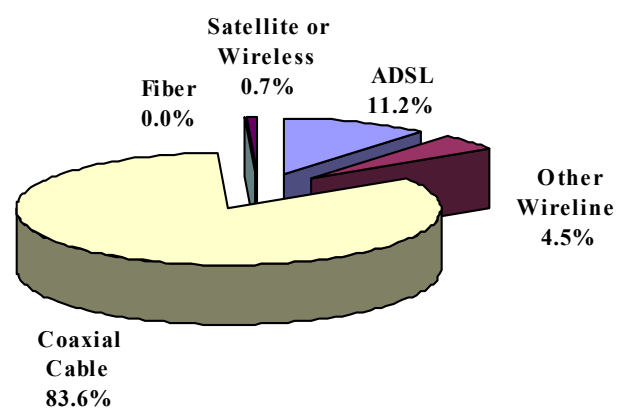
December 2003
Total Lines - 20,344,453



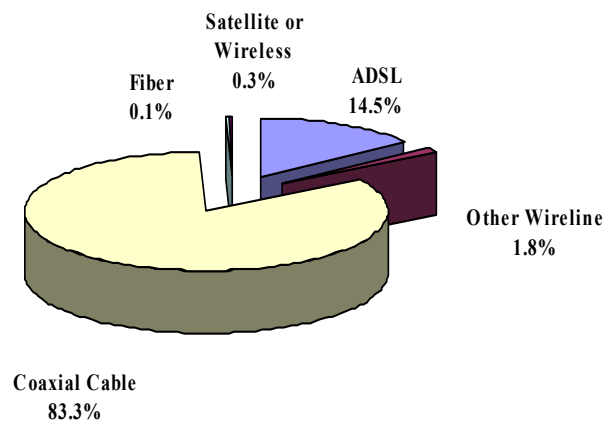
U.S. Trends

Residential and Small Business Advanced Services Lines by Technology

December 1999
Total Lines - 1,043,694



December 2003
Total Lines - 18,095,131



Our Broadband “Agenda”

Triennial Review

- Substantial Unbundling Relief for Fiber Loop and Shared Copper Facilities
 - No unbundling of Fiber-to-the-Home Loop
 - No Broadband Packet Unbundling for Hybrid Loops
 - Line Sharing Requirement Eliminated

Our Broadband “Agenda”

Universal Service

- Subsidies for Schools, Libraries and Rural Health Care Providers
 - Level of Internet Access in Public Schools Classrooms: 92%
- “No Barriers” Policy
 - Definition of Supported Services

The Future – Pending Proceedings

- *Wireline Broadband Internet Access Proceeding*
- *Broadband Dominance/Non-Dominance Proceeding*
- *Cable Modem Proceeding (Brand X)*
- *IP-Enabled Services Proceeding*
- *Broadband Over Powerline Proceeding*

The Future – Pending Proceedings

Critical Issues

- Universal Service
- CALEA
- Access for People with Disabilities

Our Broadband “Agenda”

- For more information, please visit the Commission’s link to the recent report on high-speed internet access services:
 - http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/hspd0604.pdf