

Broadband Deployment and Subsidy Reform Should Be Top Priorities, Tauke Tells Congress

<http://money.cnn.com/news/newsfeeds/articles/prnewswire/NYTU09502102007-1.htm>

October 02, 2007: 10:38 AM EST

WASHINGTON, Oct. 2 /PRNewswire/ -- Congress and the Federal Communications Commission deserve significant credit for the unprecedented levels of consumer choice and innovation in today's communications marketplace, a senior Verizon executive told a House panel today. But he urged policy-makers to build on past successes by focusing on new ways to deliver broadband Internet access and to reform the nation's age-old telephone subsidy program.

"The world has changed. Policies adopted by this Congress and the FCC over the last decade have unleashed a flood of new communications services and crafted a highly competitive communications marketplace," said Tom Tauke, Verizon executive vice president for public affairs, policy and communications. "Now it's important that they stick with those policies that are working and adopt new policies that will address two pressing issues: universal service and broadband adoption."

While he noted that the marketplace has "largely met the broadband needs of most urban, suburban, rural and business customers," he said "there is more that must be done to connect all Americans to this transformative technology." He signaled Verizon's support of efforts to identify where broadband has been deployed and where gaps remain. He also urged Congress to "target programs to support infrastructure investment through a combination of loans, tax credits, or grants."

Connected Nation, an organization that enables public-private partnerships to increase deployment in rural states, is one successful model, according to Tauke. Connected Nation is modeled on a state program that is close to achieving total broadband availability in Kentucky, he said.

Tauke told members of the House Subcommittee on Telecommunications and the Internet that the Universal Service Fund is a fast-growing burden on consumers, "unstable" and "badly in need of reform." He said that one of its programs targeting primarily at rural wireless carriers "has grown from \$1 million in 2000 to nearly \$1 billion in 2007."

He proposed four principles to modernize the fund: target geographic areas where consumers would be denied service without support; limit consumer costs to no more than required to ensure affordable service; maintain a rural wireline infrastructure; and create a new and fairer system to fund universal service support.

Tauke said money should be collected for the program based on phone numbers and dispersed through a "reverse auction" to the lowest bidder. He reminded lawmakers that Verizon supports

the universal service Joint Board's recommendation for an "interim cap" on support going to competitive carriers, pending long-term reform.

Separately, the Verizon executive called on the FCC to grant other companies' petitions for forbearance in applying old-style regulations to high-end enterprise broadband services sold to big-business customers. "Similar freedoms granted to Verizon almost a year and a half ago have been a dramatic success story," creating "the flexibility to craft customized solution to better meet the needs of our customers," Tauke said. He noted that Verizon has entered nearly 200 private carriage contracts and that prices have gone down for those services.

Accusing some companies of "trying to use regulatory measures to undermine a successful market-based business environment," Tauke also asked the FCC to "affirm the current special access policy that removes government-regulated pricing where competition exists in the market."

"By just about any measure, special access is a competitive market: prices are declining, output is growing, and customers are benefiting from discount-pricing plans and increasingly individualized service arrangements more than ever before," he said. "These price decreases and expansion of output reflect an intensely competitive market for high-capacity services, due in large part to the growing availability of alternative technologies."

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