

“Keynote Speech to OPASTCO”
Commissioner Deborah Taylor Tate
April 13, 2006
(As prepared)

Thank you, Steve Pastorkovich, for the opportunity to speak to you today. I’d like to start by welcoming you all to Nashville. It’s a wonderful city, and I hope that some of you who are here for the first time will be able to get out and enjoy it. Even though my new office is in Washington, I couldn’t bring myself to leave this beautiful city, and my husband, Bill, and I are proud to continue to make Nashville our home.

I am also proud to be serving our country as the newest member of the Federal Communications Commission. I can’t describe exactly how I felt when President Bush asked me to be his nominee for a seat on the Commission, but in the whirlwind of activity that followed that moment and led up to my eventual Senate confirmation, I felt extremely grateful to be talking with so many people about the future of our country. Every conversation was another reminder that so much of this country’s development is being driven by the communications industry and people like you.

In just a few short months at the FCC that message has been further driven home to me. A quick look at my calendar shows meetings with representatives from not just the telecommunications and broadcast industries, but groups representing health care providers, teachers, first responders, and countless others. The bottom line is pretty straight-forward: the FCC deals with issues that affect the daily lives of every American. Chances are that the average American consumer is going to make a phone call, send an email, listen to the radio, watch television, or communicate somehow with someone every day and the FCC is part of what makes that happen.

I see an FCC Commissioner as having 4 roles:

1) Commissioner. My first duty is to do the job I put my hand on a Bible and swore to do when I became a Commissioner. That means I need to be prepared to serve the public

interest, and it's not always easy to figure out what is in the best interests of the public. More often than not, I find myself trying to figure out how to balance the needs of the consumer with the needs of industry – and some times even trying to balance competing needs within an industry. It's not an easy task but it can be done, especially with the leadership of Chairman Martin, and two other Commissioners who share a strong commitment to the public interest. So far we haven't been very far apart on any issues – and where we have diverged it has been a result of philosophical differences.

2) Champion. As rewarding as it is to be a Commissioner, my confirmation does not mean that I have stopped being a parent and a consumer just like most Americans. I have a cell phone, I send emails, I shop online, and I watch television. When I look at an issue, I am going to be looking at it not just through the eyes of a Commissioner, but as a consumer and a parent. I hope that in this way I can be a champion for the needs of other everyday Americans who may not give a thought to issues like intercarrier compensation, but who do care about making low-cost long distance calls. As many of you know I have long been a champion for families, and this role continues to be very important to me.

3) Educator. The communications world moves so fast that it can be hard for most people to keep up with it. The FCC, however, is in a unique “center of the universe” position with the industry that allows us to stay on top of the constantly changing technological landscape. I have been given a great opportunity to use the “bully pulpit” of the FCC to help get the word out about the latest innovations. The technology is out there to help improve our health care, our education, our security, and so many other parts of our world. I can help show people how to make this new technology a part of their lives, just as you are doing today with this conference on the possibilities and potential of IP technology.

4) Facilitator. My old boss, Senator Lamar Alexander, likes to say that buying a plane ticket to Washington doesn't make you any smarter. The FCC is overflowing with some of the brightest experts in the communications field, but that doesn't mean all the expertise is located in downtown Washington. Sometimes the best way to come up with

a solution to a problem is to get people in the industry and other experts together to work out a consensus solution that is a win for everyone. I want to be a Commissioner who brings people together and helps them build that consensus. That's why my role on the Federal-State Joint Boards is so critical, and I know that you will be involved in helping us to recognize the needs and issues unique to small carriers.

One of the areas where I can play all four of these roles is in the continued growth of VOIP. VOIP is changing the way we make telephone calls and the versatility of IP technology is quickly capturing the attention of consumers. According to one research firm, in the past year the number of people in the United States who use VOIP has tripled to 4.5 million users. That same firm predicts that by the end of 2006, that number will rise to 7.9 million and that VOIP will be a \$2.1 billion industry. The rising popularity of this service – which just a few years ago no one had even heard of – is just another example of the eagerness of Americans to take advantage of the services that companies like yours are offering. Some of you may remember, in fact, that as Chairman of the TRA, I hosted a forum – now 3 years ago – on VOIP and even then the room was overflowing with attendees.

A quick look at the wireless industry shows that American consumers are not resistant to new technology. A recent study finds that more than 6 million households accounting for almost 6% of the U.S. population rely exclusively on wireless phones. With lower bills and more versatile features, consumers may one day begin to rely exclusively on VOIP.

Such a huge change in how we get telephone service in our homes is going to require a lot of changes in how we regulate telephone services. During my confirmation process, I had an opportunity to meet with many of the members of Congress who are going to rewrite the Telecommunications Act for the 21st century. I found a group of men and women who are extremely knowledgeable about the ins and outs of telecommunications regulation, and who are without exception committed to promoting growth and innovation in the industry. I believe they recognize that a telecommunications rewrite is going to require an approach that provides the flexibility the industry needs to continue to

develop technology like VOIP and other technologies that we have not even begun to imagine.

At the same time, from the perspective of the consumer, I think we have to recognize that while we don't want to saddle VOIP with too much regulation, consumers expect certain things from their telephone service no matter how it is provisioned. We may all know that VOIP and plain old telephone service have many differences, but most consumers don't. When people pick up a telephone they don't care how the signal is getting from one place to another so long as it does. They care that when they dial 9-1-1, someone will pick up the phone and be able to locate where the person calling is located. They want to know whether their phone will work when the power goes out. VOIP – with all its unique capabilities – also has unique limitations that consumers may not be expecting, and it's important that we make sure they are aware of it. We don't want people to find out that 9-1-1 does not work on their phones when they are actually picking them up to report an emergency.

Clearly, there are still a lot of issues with VOIP that need to be discussed. However, the most important issue for VOIP – and for many other industries – is the deployment of broadband. Building out high-speed Internet access is the 21st century equivalent of building the Interstate highway system. Broadband is all about how people get connected to each other, and the more people it reaches, the more valuable it is. Small and rural carriers like you are, simply put, essential to making sure that broadband is available to ALL Americans. Consumers need your help.

Chairman Martin has developed a five year strategic plan for the FCC and the first goal in that plan is the promotion of broadband. I will quote straight from the strategic plan: “All Americans should have affordable access to robust and reliable broadband products and services. Regulatory policies must promote technological neutrality, competition, investment, and innovation to ensure that broadband service providers have sufficient incentive to develop and offer such products and services.” I can say without hesitation

that I support this goal as absolutely essential to our country's ability to compete in the modern world.

Late last year, the National Academies produced a report called "Rising Above the Gathering Storm." The report was an analysis of what needed to be done to keep this country's competitive edge in the face of rapidly growing economies in China, Europe, and the rest of the world. That report found that the widespread availability of broadband services will spawn a new revolution in communication and services. The report went on to note that the production and use of information technology have been an important engine for U.S. economic expansion over the last decade. Information technology touches a wide array of industries – financial services, retail, entertainment, transportation, security, health care, education, and on and on. If these industries are going to compete against the rest of the world, then broadband is going to be the crucial foundation of their success.

It has been a recent trend for people to announce gloomily that the United States is falling behind in the broadband race. Everyone points to statistics showing that the United States is 15th in the world in broadband penetration, and they cite Japan and South Korea's high level of broadband penetration. Let's put that in perspective, though. The land area of South Korea is about 38,000 square miles. That's smaller than the land area of the state of Kentucky, which is about 39,700 square miles. So if we're behind South Korea in broadband penetration, maybe we should keep in mind that there is a lot more of the United States to penetrate.

I prefer to look at the positives, and there are many. Broadband is spreading in the United States faster than the Internet, cell phones, VCRs, or color TV in the early years of their development. In 2005, broadband access was in 43 million homes – up from 2 million just 6 years earlier. In one year – June 2004 to June 2005 – new broadband subscriptions surged 60%. In short, we are making great strides toward universal broadband deployment, and we owe companies like yours a great deal of thanks for their part in that process. Small and rural providers like yourselves more often than not have

deployed the infrastructure to supply broadband to every single customer in their service area. You are the people who are going to reach the house at the end of the dirt road at the edge of the county.

There is still work to be done. Northern Sky Research recently reported that there are still 15 million households in the U.S. without broadband access. On top of that, not everyone with access has subscribed to the service. As a Commissioner, I believe the best way to promote more access and more subscription by consumers is to foster a light regulatory touch that promotes investment and encourages competition.

The FCC should be a referee, making sure that everyone plays by the rules; not a coach telling everyone how to play the game. Businesses respond to a hands-off approach. In his State of the Union address, President Bush announced the American Competitiveness Initiative. The FCC can and should play an important role in that initiative by creating an environment that encourages and supports innovation. The National Telecommunications and Information Administration recently found that the FCC Triennial Review Order loosening regulation resulted in more than \$6 billion in investment by Verizon and \$5 billion in investment by AT&T. I hope that I can help to make every FCC decision in this area as successful in spurring investment.

As we promote access, we also need to promote subscription. It does no good to have broadband deployed to every home in the county if no one is going to subscribe to it. 32% of home computers are still hooked to the Internet using dial-up service. The result is that many consumers are missing the important resources available to them via high-speed Internet service. News and information, educational services, health care, and more have made broadband an essential service in American homes. Government and industry must be teaming together to help consumers recognize the value of broadband and to make it easier for consumers to get it in their homes.

As we look at the important issues facing us, such as comprehensive reform of the Universal Service Fund and its administration -- from who contributes and how, to how

the fund is disbursed -- we need to take into account the existence of, and the need for, broadband services. I know many of your companies already are looking at the need to diversify your service offerings, and that you have definite opinions about how the Universal Service fund should support both traditional and alternative technologies as “comparable services.” I know many of you are worried, too, about the increasing demand on the Fund and its sustainability. I share your concerns and I look forward to getting the opportunity to discuss them with you.

I hope each of you, and all of you as an association, will help us to consider these issues from the most important perspective of all – the perspective of consumers – whether Americans who pay into the fund or Americans who benefit, often unknowingly, from the Fund. The ultimate solution isn’t necessarily the one that benefits any one company or group of providers the most, but one that achieves a balancing of interests, and the most efficient and effective use of the Fund. We must keep in mind that the Universal Service Fund is not yours, or ours, but is money that has been entrusted to us to use wisely in furthering a public interest Congress has identified. We shouldn’t see reform, or change, as a threat to the status quo, but as an incentive to work together to tap the potential of our collective resources to provide access to communication services and solutions for all Americans.

This conference is called VoIPossibilities. It’s a great name because it tells us not to just judge a new technology like VOIP at face-value, but to think about the possibilities it represents – the changes to our lives that we haven’t even thought about yet.

Thank you so much for the opportunity to be here. I have enjoyed working together with many of you in the past, and I look forward to continuing our relationships well into the future.