

WRITTEN STATEMENT

of

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on

“Assessing the Communications Marketplace: A View from the FCC”

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Deborah Taylor Tate**

Good morning, Chairman Inouye, Vice-Chairman Stevens, and distinguished members of the Committee. As I begin, I especially want to thank you, Chairman Inouye and Vice-Chairman Stevens, for your leadership on these critical communications issues that affect our economy, our safety, and our ability to stay in touch with those we love. I am particularly glad that we have begun implementing the Call Home Act of 2006, reducing phone rates for our military families stationed around the world.

I appreciate your invitation to participate in this hearing. As a commissioner at the Federal Communications Commission (“FCC” or “Commission”), it is my role to implement the laws passed by Congress, and I welcome the opportunity to hear directly from you regarding issues facing the FCC, the industries we impact and, indeed, all Americans.

First, I would like to commend Kevin Martin for his strong and effective leadership as Chairman of the FCC. Commissioner Copps, Commissioner Adelstein, and Commissioner McDowell also deserve praise for their commitment to building consensus, and working cooperatively as we balance competing interests to shape our communications policies.

The communications marketplace continues to evolve daily, as convergence shakes the foundations of the old order for industry, for government, and for consumers alike. Converging technologies are blurring the lines between traditional communications platforms: we make telephone calls through our cable system, watch television on IPTV, and get Internet access from our electric company. Who would have

imagined that wireless connections would have surpassed landlines or provide unbanked citizens access to capital or even enhance the gross national product of developing nations. While this convergence creates real benefits for consumers through the introduction of new services and increased competition among service providers, it also challenges us to adapt our regulations to these market changes. In doing so, whenever possible, I believe we must maintain a light regulatory touch in order to provide incentives to investment and encourage innovation.

One current challenge of this new digital age involves our review of the Commission's broadcast ownership rules. Given the important role that the broadcast media play in our democratic society's marketplace of ideas, I am committed to working with my FCC colleagues and members of this Committee to ensure that our actions further the touchstone goals of competition, localism, and diversity. Currently, we are in the process of hearing from the public and have held two of our planned six hearings across the country; one of which was in my hometown of Nashville, Tennessee. As we review our rules, however, we must be mindful of the ongoing, dramatic changes in the ways we – especially “generation-i,” those raised with the Internet – receive our news, information, and entertainment, anytime, anywhere. For example, increases in broadband penetration have transformed the Internet into a viable platform for streaming full-length video programming, with more content moving online daily at sites like YouTube; XM and Sirius have signed up millions of satellite radio subscribers, and iPods and other digital music players are used by millions more, including one in five people under the age of 30; and our mobile phones now provide us with stock quotes and e-mail updates from sources across the globe. We must make sure that we account for these effects of

the digital age, because, from a regulatory standpoint, the media marketplace of tomorrow is being shaped by our actions today.

Most of my professional life has been spent addressing issues of significant impact to children and families and certainly that did not stop when I arrived at the FCC. Although most visibility surrounds our enforcement of congressional restrictions on the broadcast of obscene, indecent, and profane programming, other issues that we are addressing include the national epidemic of childhood obesity, the effect of violent programming and advertising on children as well as how our children's programming rules will be applied to the new, digital multicast world. These are important issues, and I am pleased that the FCC is taking a leadership role in addressing them.

Of course, the issues we must address as the result of convergence and the developments of the digital age are not limited to the media. One structural change evident in the local communications marketplace is the proliferation of bundled service packages: "all-in-one" triple or quadruple play, including wireline and wireless voice, video, and Internet access for a single price. However, we will see whether this business model ultimately prevails in the marketplace – its test will be whether it provides what consumers want and need.

Whether in the merger context or in response to a forbearance petition, we have recently reviewed the competition in several specific telecommunications markets. For example, responding to a petition for forbearance from network sharing obligations, we recently analyzed the state of competition in Anchorage, Alaska, carefully applying the competition, consumer impact, and public interest standards in the Communications Act to find that calibrated regulatory relief was warranted. Looking ahead this year, the

Commission faces a number of other forbearance petitions and we will continue to apply a rigorous analysis to the cases presented.

Broadband deployment is essential for the future of our country, not only for the communications industry but also for every business in America and for our place as a global leader. It is extremely important that the Commission continue to promote the deployment of advanced networks capable of providing broadband and video services. Broadband promises unprecedented business, educational, and healthcare opportunities for all of us, no matter where we choose to live. The convergence of services and platforms – from cable modem and DSL to fiber-optics, satellite, and wireless – will only help to further drive the need for better and more ubiquitous broadband throughout the country. Over 50 million users had broadband connections in 2005, rising over 33%, and with rural Americans doubling their broadband connections since 2003. While the United States has over 31% of all broadband connections in the Organisation for Economic Co-operation and Development, we still have more to do. I am committed to working with my FCC colleagues and Members of this Committee to encourage the further deployment of new and innovative services and to foster competition. Participation in the digital age requires broadband, and it is essential that we create an environment that maximizes its deployment. In addition, I also note that I support the Commission's *Internet Policy Statement*, and believe it is important, among other things, that "consumers are entitled to access the lawful Internet content of their choice."

While I believe the marketplace can best address many of the economic issues we face at the FCC, I am pleased that we continue to ensure that the critical needs of consumers are addressed. My work as a state commissioner as well as the Chair of the

Federal-State Joint Board on Universal Service has made it clear to me that the Universal Service Fund is a critical program for ensuring access for consumers in rural and high-cost areas, and for promoting access to advanced services for schools, libraries, and rural health care providers. I have witnessed first-hand the benefits of the E-Rate program—in fact, Tennessee was the first state to connect every school and library – and how connecting healthcare facilities by broadband makes a vital difference in peoples’ lives in some of the most remote areas of Alaska. The FCC recently announced a rural healthcare broadband pilot program which will explore the utility of connecting health facilities in a state or region, linking rural health facilities with university and research hospitals. I support the entire universal service program, and I remain committed to promoting the availability of quality, affordable telecommunications services to the people of the United States. It is essential that as the converging communications landscape changes, we recognize how technological changes are putting strains on the mechanics of our distribution system and must be addressed by technology-neutral policies that avoid subjecting the program to unsustainable growth.

The FCC also continues to improve access to communications services for persons with disabilities by requiring interoperability among competing video relay service providers, and approving innovative new services like IP-captioned telephone that improve access to communications for many Americans. Of course, more work lies ahead to ensure that we responsibly manage our obligations to achieve functional equivalence for all Americans.

Along with Congress, the Commission has also been active in helping protect the privacy of confidential and delicate consumer information. Last year, we opened a

rulemaking to address the abhorrent practice of pre-texting to obtain consumer's private phone records, and we are now poised to issue final rules designed to ensure the privacy of consumer information maintained by telecommunications carriers. And, I am grateful that the Congress passed legislation last year making the practice of pre-texting illegal and giving our law enforcement agencies the resources necessary to enforce the prohibition.

Last, but possibly most important, I would like to touch on the issue of public safety and homeland security. While we continue to mourn the innocent lives lost and honor the brave and selfless acts of the first responders on September 11, 2001 and during the Hurricane Katrina and Rita disasters, we must also learn from our experience and equip the nation and our citizens to be able to communicate more effectively in such times. In March 2006, at the second meeting of the FCC Independent Panel Reviewing the Impact of Hurricane Katrina on Communications Networks in Mississippi, I heard personal accounts of the devastation. The one clear message I heard was the need for redundancy in communications networks. I applaud the collaborative efforts and contributions of the communications and public safety industries, which have worked hard to address the policy goals and technical issues that make these necessary improvements possible.

My colleagues and I are keenly aware of how critical reliable communications technologies are when public safety or homeland security concerns become paramount and, therefore, launched our new Public Safety and Homeland Security Bureau. This action underscores the fact that the dissemination of vital information and interoperable communications at every level are the backbone of our defense against natural disasters,

attacks on our homeland, and even the possibility of a pandemic, health-related, or environmental attack. I am confident that the Commission will continue to do all it can to strengthen and protect our Nation's communications infrastructure and I am eager to work with this new Bureau and all Members of Congress as we continue to address policies that will help improve our public safety and homeland security.

Again, I appreciate your invitation to be here with you today. I look forward to hearing from you, and I will be pleased to answer any questions.