

Remarks of Commissioner Deborah Taylor Tate
NARUC Committee on Telecommunications
New Orleans, Louisiana
November 17, 2008

Good Morning.

Chairman Ray Baum, Members of the Telecom Committee, Esteemed Colleagues and Friends, thank you for the invitation to speak with you today, and I certainly appreciate this opportunity to share some of my thoughts with you regarding one of the most critical issues facing the FCC, our nation, in fact all of us—and that is the ubiquitous deployment of and access to broadband. Certainly we have seen an innovation and technology explosion in recent years; a transformational time to serve as a Commissioner at the FCC and I am honored to have been nominated twice by President Bush.

I would like to spend a few moments discussing the bright future I believe that lies ahead. More than ever broadband is crucial, not only for the ICT sector and continued investment—but crucial to e-commerce, e-health, e-education and even “e-green” energy efficient initiatives. We are all in a position to help ensure that all our citizens have access to these advanced services today as well as in the future. With state and federal governments

working in collaboration, I know that we can achieve this laudable goal so that all Americans can reap the incredible benefits of this Information Age.

Overview

This has been an historic time in several ways. First, as you know, we have completed numerous successful spectrum auctions, two of the largest at \$13 and \$19 billion, which will enable more wireless innovations. Think of just a few years ago when our cell phones perhaps had a camera, and now are actually mini-computers. Soon, they will include scanners, which will allow you to purchase goods and services, board an airplane or receive a coupon as your car is driving by a restaurant. Convergence is now in the past. Our cell phones are movie theaters, the cable company is providing telephony and everyone is in the broadband business. I am also pleased that we created a Public Safety and Homeland Security Bureau and have implemented numerous recommendations from both the 9/11 Commission and the Katrina Commission to enhance the safety and security of all Americans.

We have set stringent rules regarding E911 services with more granular location requirements and required more closed captioning to assist persons with disabilities.

I am very proud of the adoption of what has been called the most historic steps in 30 years to encourage more women and minority ownership in media interests. In fact, we did more than adopt an Order, we actually hosted an all day “Access to Capital Conference” in New York hosted by Erin Burnett of CNBC with major financial institutions and Wall Street financiers to connect them with potential small, women and diverse buyers. I am hopeful and encourage the FCC to make this an annual event.

Throughout these and many other issues, I have tried to also be a voice for you—for state commissioners and for state governments—to remind those inside the beltway that even as mega-mergers occur and many networks become more national in nature, that our government is still based on the principles of federalism. Certainly the Telecom Act clearly enunciated the concept of shared federalism. Many of you as individuals and as a commission, as well as NARUC as an organization, have provided me sound legal advice, historical background and insight into the real-world impact that our decisions have upon real Americans. I thank you from the bottom of my heart.

Background

Like many of you, I have seen and experienced firsthand the opportunities provided by universal service in very rural areas. I remember the day the telephone wire was rolled up a gravel road to my grandmother's house in rural Tennessee – likely an impossibility without a universal service program. While we still face the challenge of connecting *all* Americans to the publicly switched network, we are substantially there. The next challenge is to connect our nation to the entire world through broadband.

As I consider the proper role of regulatory policy in this dynamic and ever-changing world, I am reminded of a simple fact that regulators often ignore: we will not know—and cannot know—where the market will take us next. Just look at the last several weeks. And when one tries to predict the future, even the experts often get it wrong. A generation ago, who would have expected that a device the size of a pack of cards could hold more processing capability than the Apollo spacecraft, that this device could be taken almost anywhere, and that it could provide mobile telephony, Internet access and even television.

The importance of our mission

Why is our mission so important? The economic effects from broadband connectivity are exponential in impact, raising productivity of our workforce at the office, on the road and even when telecommuting from home. The considerable economic statistics alone are enough to get our attention. Wireless providers have already invested \$15 billion dollars in wireless broadband, and a recent study by Connected Nation estimated that increased availability of broadband across the United States would have a positive economic impact of \$134 billion. However, our focus goes far beyond positive revenue. Broadband connections are the backbone of our nation's 21st Century economy and will play a central role in assuring that Americans compete on a global scale—no matter where they live.

With broadband, the click of a mouse allows an adult to attend class at a university across the nation while still holding a job across town. As evidenced by the recent presidential campaign, broadband is increasing civic participation, allowing an array of voices and views, especially energizing young adopters to become engaged. An entirely new advertising industry has developed online, from almost nothing spent on online ads in the 2004 presidential race to over \$100 million spent for the 2008 presidential campaign.

Broadband has a dramatic impact and has brought remarkable growth here in America—now at 100 million lines—and we continue to see additional benefits through online innovation. The growth of teledentistry, telepsychiatry and even telesurgery have made the physical distance between a provider of medical care and the patient immaterial – allowing rural families and communities better access to healthcare. I have seen firsthand how broadband enables this kind of empowerment, bridging the gaps for those who are the most physically isolated, from Appalachia to Alaska. And I urge you to view broadband not only as a wireline issue, but to think across the spectrum, across all technological platforms, about how we can help ensure broadband connectivity to Americans. It is important that we make sure that the next technologies, whatever they may be, can access and be accessed by rural Americans.

Cooperative Federalism

Before I talk about the progress the Commission has made in deploying broadband, I want to emphasize how important it is for the states and federal government to work together. As a former state official, I understand that the states and municipalities have the ground level expertise, and that you truly understand the implications that regulations have on

America's citizens. Coordination and cooperation are crucial to the efficient deployment and adoption of broadband. It is imperative that we all continue to work together toward this common goal.

Federal Accomplishments

As I mentioned, it has been an exciting time to be involved in communications. In the past ten years, the FCC has deregulated, where possible, to help clear the regulatory road to ensure that broadband is deployed quickly and efficiently. But not all of the FCC's action was concerned about government getting out of the way. We used the E-Rate program to help wire America's schools, and the Chairman proposed extending the Lifeline/Link-Up program to broadband services, in order to allow low-income individuals and families the same advantages as other Americans, just as the Act envisioned regarding voice communications of past decades. Before I get into current developments, I would like to review a few of the steps the FCC has taken to enhance investment and opportunity over the last decade.

The past ten years could be called the decade of the Internet. Although it had shown its importance by the year 2000, it has grown from a luxury to a necessity in that time. In addition, the sheer size of the Internet

has grown; today, YouTube alone uses more bandwidth than the entire Internet did in 2000. How did we get here? I think the classification of broadband as an information service is a logical starting point. When the Supreme Court upheld the FCC's determination that broadband provided over cable networks is an information service, a door was opened for the Commission to expand this classification to other methods of providing broadband. We extended this to DSL service in 2005, broadband over power-lines in 2006 and wireless broadband in 2007. By removing the strict Title I legacy obligations from these services, the Commission took a great step toward the unencumbered deployment of broadband.

I believe this deregulation has led to continued and substantial—billions of dollars—in investment. Making sure that companies continue to roll out new fiber is of the utmost importance. Applications and devices will drive demand, and more and more capacity will be needed in the future, and we must continue to incent carriers to continue to roll out and upgrade their networks.

We have also tried to create more choices for consumers, both by streamlining the state and local franchising process and by banning exclusive contracts; both in all multi-unit dwellings and in the video market, facilitating increased competition and consumer choice. Our aim is to open

markets as much as possible, and we continue to apply our policies in a platform-neutral and technology-agnostic manner to all technologies.

I would be remiss if I did not mention another historic Commission action: the *Rural Health Care Pilot Program*. Today, this is no longer a proposal but one that will effectively distribute \$216 million over the next 3 years to telehealth projects. I commend Chairman Martin for his work on this important, forward-looking initiative.

White Spaces

Most of you know that at our last meeting we also voted to open up the so-called “white spaces” to more efficiently utilize the spectrum – both a natural and national resource – and which will allow other wireless uses in the broadcast channels as long as they follow specific rules regarding interference. I strongly recommended that the FCC set aside a specific portion of this spectrum *now* for rural backhaul. However, the majority chose not to do so, but did issue a Notice of Inquiry. Thus, I hope you will continue to voice the critical need for rural backhaul – only assured to grow in the near future and will be a necessity to truly revolutionize broadband in our rural areas.

While these are FCC initiatives, many of them would not have come to light if not for the hard work of the states. The real-world experience of state officials, recommendations of the Joint Board on Universal Service, work by the Separations Board and the collective voice of NARUC have helped shape many successful federal policies. I encourage all of you to continue to participate through official comments, informal discussions with Commissioners, and staff and ex-parte presentations. The FCC *needs* to learn from your expertise.

The states and their progress

Many divergent groups have undertaken unique initiatives, and we can learn how to better deploy broadband from them. I would like to proudly highlight the progress in my home state of Tennessee, which was the first state to have every single school connected to the Internet – through the E-Rate program. We now have fiber to 70% of our schools—80 out of 96 counties. In addition, 90% of schools are using VoIP technology, enabling administrative savings while ensuring that our rural students have the same opportunities as urban students. In addition, Tennessee saw a 37% increase in broadband connections in rural areas during the second half of 2007, an increase of 133,000 broadband connections due to the good work

of partnerships formed between government and organizations, such as Connected Nation and Connected Tennessee. These public/private and federal/state initiatives are absolutely necessary in order to truly ensure that all our citizens—and especially their children—have access to all the opportunities and promise broadband holds.

Children

Speaking of our children and all the opportunities in this new cyberspace world, I just arrived from Geneva where I helped launch a global initiative regarding “Child online protection” or “COP” at the International Telecommunications Union (ITU). (www.itu.int/cop). Many of us have children who grew up with the Internet—the “I-Generation”—and being on the Internet was not much more than a research tool for homework. Now, it provides literally a highway anywhere in the world – and along with it, the same threats such as child predators, child pornography and even new risks such as online addictions and cyberbullying. We must discuss not only the incredible opportunities, but also the very real dangers. We must provide parents, teachers and certainly our children the education and curriculum and tools to protect them in the online world just as we do in the offline world.

So, as leaders, policymakers in your states and parents, be part of this global dialogue.

Broadband Mapping

It is imperative that the Federal Government continue to promote the nationwide deployment of broadband, and recognize, encourage and support state efforts to improve the quality and availability of broadband services to their citizens. One important step the federal and state governments can take is to implement an accurate nationwide inventory of broadband deployment. I applaud those of you who have already developed state mapping projects, as you have much more granular information in order to truly define both the served and unserved citizens and areas of your states. I also applaud Senator Inouye who spearheaded this initiative in the Senate, and the *Broadband Mapping Bill* was signed into law on October 10, 2008.

This bill empowers the FCC to revise its metrics, creating tiers of broadband service instead of the single broad definition that we have used in the past, supporting both the mapping and tracking of broadband *deployment* and *adoption* in every state. This is a focused, sensible and productive step towards universal broadband deployment and is a great example of the importance of continued cooperation between Congress, federal and state

government, as well as public/private partnerships to achieve our collective goals.

Universal Service/Intercarrier Compensation

We have another important and upcoming opportunity to continue to advance broadband through federal-state cooperation. As you are all aware, a current hot topic at the FCC is the reform of the universal service program and intercarrier compensation regime. On November 5, 2008, we issued a Further Notice of Proposed Rulemaking on these complicated topics, and I look forward to your input. I believe there is a great deal of consensus on key issues, and I am confident that we can vote on some degree of reform at our December meeting. We would welcome an industry solution, but know there is going to be reform—so be part of the solution. Qwest put forward a unique concept and even volunteered to do a reverse auction. I have tried to encourage industry- and market-based solutions. As we do so, however, the Commission must keep in mind that the overarching goal of reform should be deploying broadband across America, especially to the rural and poor areas that need broadband the most. I am committed to that goal, and will work closely with my fellow commissioners and state colleagues to attain an outcome that will achieve it.

706 Board

Another historic and very important action by the FCC was hosting the first meeting of the Joint Committee on Advanced Services, or the 706 Board, on November 6 in San Jose—the heart of Silicon Valley. For those of you that were able to attend, thank you all for traveling to San Jose to share your experience, knowledge and expertise.

Let me extend my personal gratitude and appreciation to Commissioner Rachelle Chong for her extraordinary efforts in organizing this summit. We were able to hear from a broad cross-section of experts on broadband deployment and development, providing valuable perspectives from the federal, state and private sectors. Through this forum, we were able to share our experiences, beginning with a 30,000 ft. nationwide overview to specific on-the-ground initiatives; from unique job training and mentoring to a live demonstration of a telehealth application by the California Telehealth Network, a recipient from our Rural Healthcare Pilot Program. The detailed presentations and panels proved not only to be educational but also truly inspirational.

The Future

President-elect Obama has expressed interest and has utilized technology creatively during the Presidential campaign, and the ICT sector appears to be high on his list of priorities. While certainly the composition of the FCC will change in the next few months, I encourage all of you to continue to work together with your state and federal colleagues to ensure that broadband and other new technologies are deployed quickly, efficiently and safely for all our citizens. Through continued collaboration and open communication, I am confident that together our nation can finally achieve ubiquitous broadband deployment and adoption for all Americans; critical for our continued economic prosperity, improved health and educational opportunities, and to ensure our global competitiveness in the years to come.

Thank you.