

**Remarks of FCC Chairman Tom Wheeler
COMPTEL Fall Convention & Expo – Dallas, TX
October 6, 2014**

Thank you, Chip, for that introduction, and thanks to all of you for your welcome.

And congratulations to Chip on his alma mater Ole Miss's big win over Alabama this weekend. I know you're excited but renting out the Dallas Gaylord for a 3-day post-game tailgate seems a little over the top.

I also want to acknowledge COMPTEL's General Counsel, Angie Kronenberg. As many of you know, Angie was a long-time veteran of the FCC who played a key role in the Commission's landmark Universal Service Fund reforms, among other issues. On behalf of the Commission, thank you, Angie for your public service, and congrats to COMPTEL on making a brilliant hire.

I've also noticed that COMPTEL's membership has been growing, and some of your new members have been a major voice on removing barriers to deployment of competitive broadband networks, a topic that was the centerpiece of my remarks last week at NATOA's annual meeting. Google Fiber's City Checklist, in particular, is an example of a creative approach to an age-old problem. We need to apply that kind of innovative thinking to all the competition questions we're presented with today.

Considering COMPTEL's name is a derivative of the primary theme I've talked about since becoming FCC Chairman, I think most of you know what I'm going to talk about today. That's right: competition.

About a month ago, I gave a speech outlining the Commission's Agenda for Broadband Competition. In those remarks, I made clear that as part of that agenda, where competition exists, the Commission will protect it. Likewise, where it can be made more vibrant, it should be incented. In other words, the best way to serve consumers and economic growth is through the push and pull of competition.

Today, COMPTEL's members deliver important competitive alternatives to business and enterprise customers. This in turn helps those enterprises provide better, more affordable goods and services to members of the general public—be they students at a community college, patients at a hospital, or customers at an auto repair shop.

With that as a backdrop, I'd like to visit about competition tomorrow. Key to this is how we can promote and enhance competition during and after the transition to all-IP networks.

Our basic approach is simple, and by now familiar. Technology transitions are good and they should be encouraged. But advances in technology will never justify abandonment of our values – including that constellation of values I call the “Network Compact.” The Network Compact includes those expectations that users – both consumers and businesses – bring to the relationships with network providers. They include access, interconnection, public safety, consumer protection, and national security. They must be protected.

In January, the Commission adopted a landmark Order that kicked off a series of experiments and other fact-gathering initiatives to help us all better understand the impact of technology transitions on these core values. As my fellow Commissioners and I unanimously agreed, taking this first major step will help to inform our policymaking around tech transitions so that we may unleash new waves of investment and innovation.

Interestingly, while the idea of Tech Transition trials was warmly embraced, there hasn't exactly been a land rush to put them in place. But we are looking forward to announcements of trials later this month.

Let me be clear: transitions to IP are not a license to limit competition.

So let's concentrate this morning on three keys to preserving network competition: access to last-mile facilities, the future of copper networks, and VoIP interconnection.

The Internet Revolution, what I have called the Fourth Great Network Revolution, has served consumers and provided new opportunities for business.

It's hard to think of a business in America today that doesn't use the Internet to serve its customers better. But whether the customer is a neighborhood pizza parlor, or a national pizza chain, the ability to enjoy the fruits of competitive networks often requires access to wholesale capacity.

Competitive local exchange carriers account for the bulk of the competition to incumbent providers in the enterprise broadband market – accounting for, by some industry estimates, approximately one-fourth of non-residential wired broadband expenditures. Not only do the companies in this room serve hundreds of thousands of businesses at competitive rates, but they also offer customized services for medium and small businesses, which larger incumbents often are unwilling to do.

Of course, when CLECs offer competitive services, it creates an incentive for incumbents to invest more in their networks and offer better services to win their share of business customers. This is good, and another example of the virtuous cycle of network innovation.

We are committed to promoting a competitive communications marketplace for enterprise customers of all sizes.

In September, I made a point that is worth repeating. Communications policy has always agreed on one important concept: the exercise of uncontrolled last-mile power is not in the public interest. This has not changed as a result of new technology.

That is as true for businesses and other enterprise customers as it is for consumers. There is no choice between embracing technological change and protecting values.

Let's talk about what the FCC is doing in the immediate term in this regard. First, we are putting ourselves in a position to make informed, data-driven decisions about where to act to curb

market power, and where to step out of the way and appreciate the competition that has already developed.

In 2012, the Commission suspended its rules allowing for pricing flexibility for special access services based on evidence that the rules do not accurately reflect competition. As you know, special access lines are used by competitive providers to connect to customers over the last-mile. These lines transport massive amounts of voice and data traffic from cell phone towers and office buildings, as well as carry transactions from ATM machines and credit card readers. This is a critical issue for providers and customers, wired and wireless alike.

But there are serious questions about the current special access regime's ability to ensure continued access at just and reasonable rates, terms, and conditions.

After a long struggle, we have, at last, launched our collection of data that will support a comprehensive market analysis of wholesale access to last-mile services.

The deadline for submitting this data is December. That means in 2015 we can dig deeply into critical questions. Where is competition working to encourage broadband deployment so that you can bring the power of high-speed broadband to your customers? Is regulation needed to constrain market power and, if so, where? And where should regulation be removed to incent innovation in a competitive market?

But we are not idly waiting for the data to come in. You have told us that lock-up provisions requiring large volume and term commitments in existing contracts are causing uncertainty, unreasonably raising costs, and delaying the transition to IP for your customers. This does not serve competition and it does not serve your customers. That is why I have directed the staff of the Wireline Competition Bureau to recommend ways to alleviate the impact of such provisions on the tech transitions.

An important aspect of network competition is access to copper plant.

I don't have to tell you how, even in a high-speed, fiber-driven world, copper pair are often the last leg of delivery.

It's easy to say that old-fashioned all-copper networks are obsolete. But for business and other enterprise customers, advances in copper technology can deliver high-speed broadband over those networks—especially over short distances, as is the case in serving business office parks and downtown buildings. Technological advances are making DSL a powerful means of supplying broadband in some places for some purposes, at a fraction of the cost, and the ubiquity of copper creates competitive opportunity.

For example, according to reports, Alcatel-Lucent has developed a prototype that could deliver 1 Gbps down and up using existing copper networks to provide the final hop to the customer in a fiber-to-the-node or fiber-to-the-curb deployment. A European provider has used the G.fast standard in field tests to achieve speeds of nearly 700 Mbps over 66 meter distances and nearly 800 Mbps over 19 meter distances. I look forward to seeing what US providers are able to do

with this technology. Innovative advances like these offer providers options for speeding broadband deployment widely and more economically. And they underscore the importance of not rejecting everything old in our rush to embrace the new.

Of course, we welcome and seek to promote fiber deployment. Verizon, for example, has spent more than \$23 billion to build out its fiber-to-the-home network, known as FiOS. I cited other noteworthy deployments in my speech last month, such as those by one of COMPTEL's newest members, Google Fiber.

But in an evolving FTTX world, we need to consider the policy implications.

Where copper is being taken offline, should competitors have the opportunity to buy the copper so that a valuable resource is not wasted? And where copper is not being retired, how do we ensure that it is being maintained adequately? I intend to propose a series of measures to address these and related issues, while ensuring that incumbents and competitive providers alike are not held back in fiber deployment. Our goal should be to improve our copper retirement process to strengthen our core values, including competition.

Let there be no mistake: there has been competition before the transition, and there will be competition after the transition.

The final piece of our strategy to promote competition in the enterprise broadband market is to clarify VoIP interconnection rights and obligations.

Interconnection is one of the immutable values in the Network Compact.

COMPTEL has described interconnection as the First Amendment for networks, ensuring the right to access any network, service and content. That is a great analogy.

VoIP interconnection is an issue that needs to be solved so that customers – small and medium size businesses, anchor institutions like schools, health-care facilities, and libraries, and others – can enjoy the benefits of robust competition.

I've talked before about the regulatory see-saw: if industry acts in the public interest, FCC involvement will be low, but if the public interest is not being served, the Commission will not hesitate to act. VoIP Interconnection is a great example of the see-saw in action.

Earlier this year, ATIS and the SIP Forum formed a joint task force to specify a "network-to-network interface" that will enable ubiquitous, IP-based interconnection for IP-based voice services. I understand that the task force expects to produce results by early in the coming year. We welcome and support that effort. But technical standards will be like trees falling in the forest if the providers – incumbent and competitive alike – cannot agree, as a business policy matter, to interconnect on competitive terms. I will be watching very, very closely, and if industry does not step up, we will step in.

Too often today, competitive providers that have implemented IP solutions are forced by incumbents to interconnect using yesterday's technology, TDM—even where the incumbent carrier with whom they are interconnecting *also* has upgraded to IP. This deprives customers of benefits of the IP transition, like HD voice. Rural providers, who have an effective advocate in NTCA-The Rural Broadband Association, made a compelling case for the relationship between HD voice and IP interconnection in filings over the summer. One analogy that comes to mind for me is that the current system is like taking a beautiful HD movie and converting it to analog before displaying it on a brand new 100" flat panel set. No one would do that for video, why should we permit it for voice?

Losing the benefits of IP technology through needless TDM conversion is an annoyance today. But when we move to an all-IP environment, an incumbent's refusal to interconnect in IP will be a crisis for consumers and workers who find they simply can't place calls to some of their friends, loved ones, business associates, and so on. That sort of inability to reach callers on other networks will take us back to the 19th Century at a time when we should all be enjoying the benefits of the 21st.

I hope that competitive providers and incumbents can reach interconnection agreements on reasonable terms on their own – with a clear pathway established by the time that the technical standards are established. But if a voluntary effort cannot resolve the issues and the public interest is not being served, then let there be no mistake: the FCC will act.

I know that COMPTTEL and some of your members have argued that VoIP interconnection obligations under section 251 of the Communications Act exist independent of technology. We are studying your comments carefully. Regardless of the specific vehicle we use, I am convinced that Congress gave the Commission ample authority to address this issue and that we will not hesitate to do so if circumstances require.

Using uncertainty around VoIP interconnection to delay broadband deployment, slow the IP transition, and drive up costs for businesses and consumers is intolerable.

More competition will mean more private investment and better services for American businesses, nonprofit institutions, and other enterprises of all sizes—and in turn, for the public they serve.

Yogi Berra once said, "If you don't know where you're going, you might not get there." You know where you're going, and it's the right path. It's the path called Competition. I congratulate you, not just as an organization, but as fierce and effective competitors working to bring more choices to more customers who can serve more consumers.

I look forward to working with you to enable an even more dynamic and competitive environment bringing valuable broadband services to businesses and massive benefits to the American people.

Thank you.