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House Lawmakers Argue Against Adoption Of Verizon-Google Net Neutrality Plan

Writing to FCC Chairman Julius Genachowski on Monday, four Democratic members of the House Energy and Commerce Committee voiced their concerns with the net neutrality policy framework proposed last week by Verizon Communications and Google, Inc. The lawmakers claim that the agreement “reinforces the need for resolution of the current open proceedings at the Commission to ensure the maintenance of an open Internet.” In the week since its introduction, the regulatory roadmap offered by Google and Verizon has added considerable ammunition to the debate over net neutrality that continues to intensify in the wake of the D.C. Circuit Court’s decision in the Comcast-BitTorrent case. Specifically, the companies’ plan would prohibit wireline broadband operators from selectively blocking web transmissions while exempting wireless mobile broadband providers from net neutrality regulation. New and non-traditional applications offered by wireline providers would also be exempt. Although consumer advocates argue that the proposal would bring about public versus private Internet “lanes” and would jeopardize the development of the mobile web as a platform for rural broadband, AT&T and other industry advocates contend that wireless carriers need freedom to manage web traffic as they see fit, given the inherent spectrum and capacity constraints of wireless networks. Criticizing the Verizon-Google proposal as “an industry-centered . . . framework” put forth by “two large communications companies with a vested financial interest in the outcome,” Representatives Ed Markey (D-MA), Anna Eshoo (D-CA), Mike Doyle (D-PA) and Jay Inslee (D-WA) urged Genachowski to proceed with his “third way” plan to reclassify the transmission component of broadband Internet networks as a Title II common carrier service. Further characterizing the FCC’s proceeding as “an appropriate and tailored response to the . . . Comcast ruling,” the lawmakers termed Genachowski’s plan as “critically important for . . . achieving the goals set forth in the landmark National Broadband Plan.” Taking issue with the proposed exemption of wireless broadband networks from regulation, the lawmakers argued that such exclusion “could widen the digital divide by establishing a substandard, less open experience for traditionally underserved regions” and would also “confuse consumers.” The lawmakers stressed that any rules adopted by the FCC “should focus on adherence to the public interest, discourage attempts to strangle the free-flow of lawful content . . . and provide certainty both for entrepreneurs and Internet users.”

Wireless Industry Cautions FCC Against Cuts In USF Support

On behalf of its members, wireless association CTIA told the FCC late last week that proposed cuts in universal service fund (USF) support for wireless competitive eligible telecommunications carriers (CETCs) could undermine the deployment of rural wireless broadband networks as envisioned by the FCC in the National Broadband Plan (NBP).

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CTIA's remarks are included in reply comments that respond to the FCC's proposal to replace the USF high-cost system with a "Connect America" fund that would provide USF support for broadband networks as recommended by the NBP. Although the NBP also recommends the establishment of a "Mobility Fund" that would provide "one-time support for deployment of [third-generation] networks, to bring all states to a minimum level of 3G (or better) mobile service availability," the FCC's notice contemplates the reduction of USF support to CETCs that, on a year-to-year basis, have accounted for ever-expanding proportions of the total USF outlay. In its filing, CTIA called on the FCC to "resist unjustified invitations to slash support for wireless services prematurely," as wireless CETCs "are using USF support to deploy wireless networks in rural America." Adding, "there is no evidence that current CETC support levels are unreasonable," the group argued that, "given the tectonic shift in consumer preference toward mobile services, it is not surprising that support to [CETCs] has grown." While applauding the FCC's goal "that the United States must lead the world in broadband," CTIA said the agency "has yet to clarify its long-term vision for how the reforms proposed in this proceeding will advance those goals," as "the proposed Mobility Fund appears far too limited to assure the availability of mobile services everywhere people live, work and travel, and it is unclear whether the Connect America Fund will support mobile services." Voicing support for CTIA's filing, a spokesman for the Rural Cellular Association declared, "I'm not saying all of our [members] are saints, but most of our [members] use USF to do exactly what it was intended to do and that is to . . . provide coverage and new innovative services to those areas that they could not otherwise economically justify."

FCC Study Shows Real-World Broadband Speeds Are Half Of Those Advertised

In a development that relates to an ongoing FCC inquiry, the agency published a technical report on Monday in which researchers determined that actual broadband speeds for most U.S. consumers are only half as fast as those advertised by carriers. Published under the auspices of the FCC's Omnibus Broadband Initiative, the agency's report on broadband performance follows the launch of an inquiry in June in which the FCC said it would recruit 10,000 volunteers for tests to assess actual residential broadband speeds and the extent to which those speeds correspond with the advertised claims of carrier. At that time, the FCC also said it would seek comment on standards for measuring broadband speeds. Measuring download speeds across a variety of network technologies such as cable, fiber, DSL and satellites, the report found that real-world speeds averaged between 3 Mbps and 4 Mbps, or roughly half of the advertised industry average of 7-8 Mbps for all of the technology platforms studied. Various factors were also found to come into play that account for the disparity in real world versus advertised speeds, such as network congestion, the quality of network infrastructure, old PCs with slow processors, old or sluggish routers, and website malfunctions. Arguing, "this gap may cause confusion among consumers, as actual speeds, which largely determine the end-user experience, lag speeds advertised considerably," the report asserts that "consumers need a better, publicly-agreed on measure of broadband performance that reflects the network operation and end-user experience."

Google, DirecTV Forge Advertising Partnership

Web search giant Google will begin brokering ads on eleven channels offered through the direct broadcast satellite (DBS) television network of DirecTV under a partnership announced by the companies last week. The deal comes three years after the completion of a similar pact between Google and DirecTV's rival, DISH Network. Sources say the pact reflects an increasing shift toward television and other traditional media platforms for Google, which currently derives the lion's share of its revenue from the hosting of display ads on the Internet. Although financial terms of the deal were not disclosed, Google will sell advertising through its Google TV Ads system on the following channels offered to DirecTV subscribers: Bloomberg, Fox Business, Centric, Fuel, Current, Ovation, Fit, Sleuth, Chiller and TV Guide. Launched in 2007, Google TV Ads provides an automated, auction-based system for matching advertisements with television shows that provide the best fit for the advertised product or service. A spokesman for Google explained that the service improves upon traditional ad-buying models as it can target ads according to the demographic composition of the audience. Noting that 30% of the customers that purchase TV ads from Google are "completely new to TV," John Saroff, the chief of strategic partner development for Google TV Ads, described his unit as a "growing and emerging" business for Google.

Windstream Strikes \$782 Million Deal For Q-Comm

Regional phone and IP service provider Windstream continued its buying spree this week with an agreement to acquire Q-Comm, a regional fiber transport and competitive local exchange carrier (CLECs) based in Kansas, for \$782 million in cash, stock and debt. Announced on Wednesday, the deal comes on the heels of Windstream's \$1.1 billion purchase of Iowa Telecommunications Services in June and last year's acquisition of three CLECs that include South Carolina IP voice and data service provider NuVox. Based in Arkansas, Windstream currently offers phone, broadband, and high-definition digital television services to customers in 23 states. The transaction is expected to double the amount of fiber owned by Windstream to enable the company to expand the breadth and quality of its broadband offerings to business and residential customers. The deal includes two wholly-owned Q-Comm subsidiaries: (1) Kentucky Data Link, a provider of fiber-based services in 22 states, and (2) Norlight, Inc., a small competitive local exchange carrier with 5,500 customers in the Midwest. Under the terms of the deal, Windstream will pay Q-Comm \$278 million in cash and will issue 20.6 million shares of common stock, valued at \$237 million, based on Windstream's closing share price of \$11.49 as of Tuesday. Windstream will also assume \$267 million in Q-Comm debt. Contingent upon receipt of FCC and other required approvals, the companies hope to complete the transaction by year's end. Windstream CEO Jeff Gartner applauded the agreement as one that "builds upon Windstream's strategy to become a next-generation telecom provider focused on broadband and enterprise customers."

Study Says Broadband Deployment Not A High Priority For Many Americans

A report released by the Pew Center suggests that many Americans are not buying FCC and Obama Administration claims about the importance of broadband to the U.S. economy, as more than half of study participants described the National Broadband Plan (NBP) and other government initiatives for boosting broadband availability as a low priority or non-priority. The study, compiled by the Pew Research Center's Internet and American Life Project, flies in the face of the Obama Administration's efforts under the American Recovery and Reinvestment Act to allocate \$7.2 billion in economic stimulus funds for broadband infrastructure projects as well as against recent steps by the FCC to implement the recommendations of the NBP. According to the study, 53% of those surveyed said government programs to expand broadband access were "not too important" or should not be attempted, and most of those reporting the strongest opinions about that issue were over 50 years of age. (In contrast, however, 41% of respondents described federal efforts to promote broadband as an important or top priority.) The report also confirms that 66% of the U.S. adult population uses high-speed Internet connections at home, representing a slight three-point increase over 2009. Among all U.S. population groups, African Americans showed the most significant boost in broadband adoption with uptake rates of 56% as opposed to 46% a year ago. While acknowledging that "a debate has arisen about the role of government in stepping in to ensure availability of high-speed Internet access for all Americans," Pew Center senior research specialist Aaron Smith commented: "the surprise is that non-users are the least inclined to think government has a role." A spokeswoman for the FCC added that the report illustrates the need for public education about the importance of broadband and also demonstrates that "there are still too many barriers to broadband adoption in America."

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