House Lawmakers Stand United on Internet Freedom at Joint Hearing

In a rare but encouraging display of bipartisan unity, House members from both sides of the political aisle agreed on Tuesday that the U.S. must step up its fight against efforts abroad to impose upon the Internet centralized regulation that threatens free and unrestricted transmission of content across international web networks. That sentiment was voiced prominently at a joint hearing, hosted by the House Communications Subcommittee. At Tuesday’s hearing, lawmakers and witnesses recapped events of the recently completed World Conference on International Telecommunications in Dubai, where delegates from the U.S. and 54 other nations refused to ratify treaty provisions that would set the stage for a centralized Internet governance model to replace the multi-stakeholder governance model that has facilitated the phenomenal growth of the World Wide Web. Characterizing the Dubai conference as only the first step in the strategy of authoritarian regimes to bring the Internet under centralized control, House Foreign Affairs Committee Chairman Ed Royce (R-CA), declared: “the struggle is going to be permanent.” Ranking House Communications Subcommittee member Anna Eshoo (D-CA) agreed, asserting that Dubai has “made it clear we have a lot of work ahead of us.” As various lawmakers endorsed draft legislation that would codify the unified position of the Obama Administration and Congress against government control of the Internet, Eshoo advised her colleagues to develop a strategy for engaging developing nations and for fostering support of shared goals, warning that such nations may otherwise be inclined to seek help from authoritarian regimes. Meanwhile, FCC Commissioner Robert McDowell warned that proponents of Internet regulation are likely to continue their efforts at the World Telecommunications Policy/ICT Forum in May and the ITU Plenipotentiary Conference in 2014 as he called on lawmakers to “take action now.” Declaring that, “two years hence, let us not look back at this moment and lament how we did not do enough,” McDowell proclaimed: “let us tell the world now that we will be resolute and stand strong for Internet freedom and that all nations should join us.”

Liberty Global Offers $23 Billion for Virgin Media

Liberty Global (LG), the international media conglomerate controlled by John Malone, positioned itself to ascend to the top of Europe’s pay television market with an offer of $23 billion in cash and stock for British cable operator Virgin Media (VM). Announced on Tuesday, the proposed transaction would
give LG access to the largest cable market in Europe and would add to the company’s collection of cable assets in Germany, Belgium, and other markets throughout the European Union. If the deal succeeds, LG would also compete directly against British Sky Broadcasting—the satellite TV firm, controlled by News Corp. chief and longtime Malone rival Rupert Murdoch— which ranks as the largest pay TV provider in the United Kingdom. Valued at $47.87 per share, the offer would provide VM stock owners with $17.50 in cash, 0.26 LG Class A voting shares, and 0.19 LG Class C non-voting shares for every share of VM stock held. As such, observers say the offer equates to an enterprise value of $23.3 billion as well as an equity value of $16 billion for VM. Citing VM’s strengths in serving business customers, which account for 15% of the company’s revenues, sources say that LG hopes to leverage VM’s expertise in developing business services in LG’s other European markets where corporate customers account for just 6% of LG’s sales. LG is also expected to capitalize on VM’s success in bundling wireless, landline telephony, and broadband services with its video offerings. Officials at LG aim to complete the transaction during the second quarter. Noting that, upon closing of the transaction, nearly 80% of LG’s revenue will come from five “attractive and strong” European nations, LG president and CEO Mike Fries told reporters that VM “will add significant scale and a first-class management team in Europe’s largest and most dynamic media and communications market.”

FCC Streamlines Experimental Licensing Rules

By a unanimous vote, the FCC adopted an order that streamlines the agency’s experimental licensing program to facilitate research, tests of new medical devices, and radiofrequency product compliance testing while protecting incumbent licensees from interference. Approved at the FCC’s monthly open meeting last Thursday, the ruling implements recommendations outlined in the 2010 National Broadband Plan that, in the words of an agency press release, are intended “to promote creativity and accelerate the introduction of new products in the marketplace.” While consolidating all of the FCC’s rules on experimentation under a new subpart within Part 5 of the FCC’s rules and regulations, the order establishes separate experimental licensing categories to cover program and medical testing, and compliance testing. The order also reduces regulatory burdens “by eliminating the process of applying and waiting for approval of each individual experiment” and requires experimental licensees to file the details of their experiments with the FCC through an online registration system that allows incumbent licensees and other affected parties to monitor experiments and report interference issues. In accordance with current rules, experimenters will be required to provide ten days advance notice of their experiments although Verizon Wireless, CTIA and other players in the wireless industry lobbied the FCC unsuccessfully for a notice period of 30 days. Experimenters will also be required to provide the name of a contact person who is authorized to terminate experiments immediately if interference issues are raised. In remarks at Thursday’s meeting, Ira Keltz, the deputy chief of the FCC’s Office of Engineering and Technology, voiced confidence that, “by providing these safeguards to incumbent operators along with the new flexibility to experimenters, we . . . will create an environment where innovation can thrive and existing operators will continue to function free from interference.”

Field Hearings on Superstorm Sandy Spotlight Backup Power, Cooperation between Telecom and Utility Sectors

On Tuesday, four of the FCC’s five commissioners were present at the launch of a series of field hearings to be conducted by the FCC on the impacts of Superstorm Sandy on telecommunications networks. At morning and afternoon sessions conducted in Manhattan and Hoboken, New Jersey, respectively, local government officials from New York City and Long
Beach, New York highlighted the failure of wireless carriers to deploy adequate backup power facilities at cell sites and the inadequate response of carriers to requests for cells on wheels (COWs) and other temporary facilities that could have mitigated losses in cell phone service in the wake of the October 29 storm. Other speakers emphasized the interdependence of telecom carriers and utility firms in calling for improved cooperative efforts that would speed restoration of service. Tuesday’s hearings are the first of several to be conducted in cities across the U.S. that have been impacted by disasters and are intended to examine the resiliency of telecommunications networks and the improvement of network reliability in the wake of such disasters. Statistics compiled by the FCC show that, within the ten-state area impacted by Sandy, at least 25% of cell sites were rendered inoperable and 25% of cable customers were left without service in the storm’s immediate aftermath. While acknowledging that a goal of the hearings is to gather facts on the actions of carriers in the days prior to and after Sandy’s landfall, FCC Chairman Julius Genachowski stressed: “we must meet this moment with smart action from all sectors to ensure that communications networks are working when people need them most.” Calling the response of Verizon Wireless and other carriers “extremely disconcerting,” Jack Schnirman, the city manager of Long Beach, New York, related his city’s fruitless efforts to secure COWs upon the disruption of wireless service and after all of the city’s redundant networks had failed. Among other recommendations, Schnirman said the FCC should require carriers to provide a point of contact to government customers and ensure that governments can obtain access to COWs and other portable equipment during emergencies. Pointing to losses of more than 500,000 fixed lines and up to 60% of cell sites throughout New York City and Long Island, an official of the New York State Department of Public Service stressed the importance of improved coordination between communications and power networks as he urged states to work with the FCC and the industry “to mitigate network outages during emergencies.” However, Clifford Abbio of communications tower firm Crown Castle USA pointed out that laws and regulations that include the Clean Water Act often complicate the deployment of backup power facilities at cell sites. Abbio also reported that road closures, lack of access to fuel, and lack of “special access” to cell sites delayed his company’s inspection of 1,100 towers in affected areas for a week. Defending his company’s actions, a spokesman for Verizon Wireless said the deployment of fiber backhaul to Verizon’s cell sites enabled the company to restore fully mobile phone service to pre-Sandy levels by November 8.

KPN to Launch $5.4 Billion Share Offer

Former Dutch phone service monopoly KPN unveiled plans on Tuesday for a €4 billion (US$5.41 billion) offer of new shares that is intended, in part, to offset substantial debt incurred from the company’s participation in a national auction for fourth-generation (4G) wireless spectrum last December. Like other carriers, KPN has been forced to invest heavily in spectrum and infrastructure that will enable the company to satisfy burgeoning demand for wireless broadband services while maintaining its competitive stance in the saturated Dutch wireless sector. KPN paid €1.3 billion at auction in December for rights to 4G spectrum within its domestic market. The high rate (50%) of smart phone ownership in the Netherlands combined with the surging popularity of web-based phone services has also eroded KPN’s revenue from landline voice services to further strain the carrier’s financial position. Admitting that KPN’s fiscal health “has been impacted by rising debt levels combined with increase commercial investments,” KPN CEO Eelco Blok said that the stock issue combined with “our earlier announcements of a lower dividend outlook will support our financial position in coming years.” Blok further predicted that proceeds from the offer will boost “strategic flexibility” while supporting the company’s commitment to maintain an investment-grade credit rating.
Cisco Predicts 13-Fold Increase in Global Mobile Data Traffic by 2017

A report released on Wednesday by Cisco Systems, Inc. predicts a staggering 13-fold increase in global mobile data traffic over the next four years that translates into a compound annual growth rate of 66% worldwide and 56% in North America. Cisco’s projections lend weight to wireless industry claims that access to additional spectrum is sorely needed to permit mobile network operators to satisfy surging consumer demand for wireless broadband services and applications. According to Cisco’s Visual Networking Index Global Mobile Data Traffic Forecast, the total amount of global mobile data traffic is expected to reach 11.2 exabytes per month by 2017, which represents a 13-fold jump from the total of 885 petabytes per month reported at the end of 2012. Defining an exabyte as a “unit of information or storage equal to one quintillion bytes,” Cisco explained that the resulting tally of 134 exabytes annually by 2017 represents 30 trillion images—or up to ten images daily from every person on earth—as well as three trillion video clips that amount to one video clip per person daily. Describing these figures as “truly remarkable,” Cisco Vice President Doug Webster declared that the statistics outlined in the report “[represent] the tsunami of data flowing over the world’s mobile Internet to satisfy our need to connect people, data and things as part of the Internet of Everything.”

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(No. 2013-6)