

## IP Transition

The nation's historic transition away from the copper wire toward a modern Internet Protocol-based ("IP") communication system, which is slated for completion by 2020, represents a critical technological leap forward. Yet IIA co-founder Bruce Mehlman sees red flags in a recent outline of proposed next steps for the IP transition, in which FCC chairman Tom Wheeler calls for application of old monopoly-style telephone rules that would, in the author's view, impede innovation and benefit companies that serve businesses while providing little or no benefit to the average consumer.

### FCC Should Not Import Monopoly Rules for a Competitive Future



BY BRUCE MEHLMAN

The nation's historic transition away from the copper wire toward a modern Internet Protocol-based ("IP") communication system represents a critical technological leap forward. The United States aims to complete this transition by 2020; indeed, the impetus for this effort actually first came from FCC Chairman Tom Wheeler, then in his role as head of an advisory board on technology transition.

*Bruce Mehlman is a founding co-chairman of the Internet Innovation Alliance (IIA).*

This transition will ultimately bring consumers new technology, billions of dollars in new infrastructure, and faster and better broadband services and applications. Today, test trials for the transition are underway in Alabama and Florida to work out technical issues and ensure superior service quality for consumers.

Recently, however, Chairman Wheeler publicly outlined his proposed next steps for the IP transition that include applying old monopoly-style telephone rules to favor and advance certain carriers' business models. Applying such rules to IP-based broadband communications networks of the future would benefit companies that serve businesses, yet provide little to no benefit to the average consumer.

Specifically, in response to the supposed need to “preserve competition in the enterprise market,” the FCC plans to require that “replacement services be offered to competitive providers at rates, terms and conditions that are reasonably comparable to those of the legacy services.”

After investing billions of dollars in deploying new 21st-century communications networks, companies like Verizon and AT&T would, under the Chairman’s proposal, be required to share those new facilities with competitors whose business models have been based on “rent-seeking,” or ongoing access to the copper-based networks that others built. The prices, terms and conditions offered to competitors on antiquated copper-based networks would seep into the future and apply to high-cost, newly built next-generation networks.

Such action would reverse course on over a decade of FCC policies designed to promote new investment in fiber and IP-based infrastructure and limit government-mandated, price-regulated facilities sharing to legacy copper networks.

Even worse, the FCC also appears ready to give veto power to certain carriers over whether those who have invested in the future can discontinue supporting the networks of the past. The proposal would give competitive carriers, not actual retail customers, the power to determine whether retail users are “negatively impacted.” Thus, those sharing the facilities of others would dictate whether their supplier must keep offering services – services business customers may not even want – at a discount for as long as they wish. Having government preserve your business model at the expense of your competitors is a great deal if you can get it.

Moreover, the FCC describes all this as an “interim measure,” pending the completion of its special access proceeding. But that proceeding has dragged on for more than a decade. In fact, the Commission’s inaction is evident given that they are still seeking comment on the same issues when this proceeding began.

In Washington, when entities have an interest at stake, “interim measures” have a way of becoming the new reality. After all, the “temporary” telephone tax enacted to fund the Spanish-American War in 1898 only came to an end in 2006.

And it’s all so unnecessary. While policymakers should have the data necessary to determine whether markets are competitive, certain interested parties shouldn’t jeopardize investment and the public good through inordinate delay. It begs the question as to what motives are in play? Are they afraid that the data would show robust competition in the enterprise market and no underlying support to continue their special deal? Imposing unrelated special access requirements in the FCC’s upcoming Order addressing the telephone system transition would award delay tactics – and harm consumers, businesses, and network operators.

Why? Because consumers, businesses, and network operators all have an interest in moving to a faster, more modern system as soon as possible. Special access services that network operators are forced to offer fail to qualify for the FCC’s old definition of broadband, much less its recently defined new standard of 25 Mbps. Why would businesses want an older system to reach their customers?

This is all pretty complicated for non-experts, but the bottom line is that some “competitive” carriers are trying to get access for their old T1 technology forced on to the telephone system of the future. Yet, if we’re trying to get to the future faster, shouldn’t we encourage investment in the technologies of the future rather than in those of the past?

There’s no horse-and-buggy lane on the Interstate, and there’s simply no reason to force network providers who are building the networks of tomorrow to bear the burden of outmoded business models from their supposed “competitors.” Instead of managed competition, it’s time for everyone who wants to compete in the telephone system of the future to invest in new technologies rather than in trying to convince the government to hold on to the past.

To request permission to reuse or share this document, please contact [permissions@bna.com](mailto:permissions@bna.com). In your request, be sure to include the following information: (1) your name, company, mailing address, email and telephone number; (2) name of the document and/or a link to the document PDF; (3) reason for request (what you want to do with the document); and (4) the approximate number of copies to be made or URL address (if posting to a website).