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Today:

COPPS URGES GOVT. ACTION TO ASSURE BROADBAND BUILDOUT, tells Quello symposium that infrastructure development is more important than FCC's action on VoIP. Former FCC official says traditional regulations don't make sense. (P. 1)

ADELPHIA FILES ITS BANKRUPTCY REORGANIZATION PLAN, hoping to rise from the ashes, even as the company's founding family goes on trial this week. (P. 6)

COMMITTEE MOVING 'INEVITABLY' TOWARD SHVIA RENEWAL, congressman says. DBS should provide distant digital signals to spurn DTV transition, SBCA chmn. says. (P. 6)

U.S. CARRIERS CONCERNED ABOUT ITALY'S mandatory data retention requirements, ask European Commission for guidance. (P. 7)

TELECOM NOTES: 14% of consumers use a wireless phone as their primary phone, survey says... Federal appeals court dismisses wireless tower siting petition... Qwest will offer DSL separately from traditional local voice service. (P. 8)

MEDIA NOTES: Public broadcasters press for continued advance funding for CPB... FCC asks EchoStar, Daystar to respond to DBS set-aside abuse allegations... Digital copyright issues won't be resolved for 5-7 years, Vogel says. (P. 11)

'Think Bigger'

COPPS URGES FCC TO FOCUS FIRST ON BROADBAND BUILDOUT

The FCC's emphasis on VoIP is fine but the FCC should first make sure the underlying broadband infrastructure is deployed throughout the country, FCC Comr. Copps said Wed. at a symposium sponsored by Mich. State U.'s Quello Center. "No matter how enthusiastic the rhetoric [about VoIP], IP technologies will only reach their potential if the infrastructure is there," he said. "We should be thinking larger thoughts," Copps said: "If we ever needed a national conference on how to deal with disruptive technology it's now."

As he has in the past, Copps advocated govt. action to make sure industry can deploy broadband services to all Americans, including those in rural and low income areas. This might involve expense, perhaps universal service funding, but for VoIP "to be truly transformative and disruptive... we need ubiquitous broadband deployment," he said: "Access to broadband is absolutely essential if every area of this country is going to be able to compete for high-quality jobs and investment." The U.S. is 11th in broadband penetration, behind countries such as S. Korea and the Netherlands, he said. "We're nickeling and dimeing huge issues."

Copps also challenged industry to present the FCC with a plan for intercarrier compensation in time for the agency to act by the end of the year. He said he's "encouraged by reports that the industry is talking about intercarrier compensation" and plans to give the FCC a proposal, but "this is a 2-year-old proceeding and we need to act on it." It would be a "tremendous public service" if the industry could present the FCC with a

plan, even it wasn't "one-size-fits-all," he said. The industry's job is to "bring us something with the seeds for success," he said, because the Commission shouldn't wait until Congress has rewritten the Telecom Act before taking action.

Copps said the agency is behind on issuing a survey of advanced services deployment in the U.S., which is required under Sec. 706 of the Telecom Act. It's been 2-1/2 years since the survey was teed up, he said. "Rumor around the Commission is that we might get around to a study shortly," he said, "but why such a long delay for so important a topic?" An aide to FCC Chmn. Powell said the agency already has moved forward on the survey, which has been circulating on the 8th floor for more than a week. It's slated for the March 11 agenda meeting, he said.

Later, ex-FCC Chief Economist Michael Katz said the VoIP debate is an example of how regulations "don't match up with convergence." Basically VoIP is a good thing, "an additional application running over the underlying network, adding value, increasing competition," said Katz, now a professor at U. of Cal.-Berkeley. But "add it on top of regulation and you have one big mess," he said. The solution is to look at the issues created by VoIP in a different, perhaps more controversial, way, he said. For example, the implications of VoIP for the universal service fund highlight the fact that the collection method developed by Congress doesn't make sense, he said. The current regime is a "trap" leading to future problems because it requires that funding come from specific businesses or users, he said in answer to a later question.

Katz said he also believes the notion that the Internet can be kept free of regulations "is of course a myth." It won't work to assume current regulatory funding systems can continue with no problems as infrastructure moves more and more to the Internet, he said. The PSTN [public switched telecom network] is going to become IP-based," he said. "Maybe we'll have to drop the 'ST'" and just call it the public network, Katz said. "This is the danger of regulatory definitions."

Katz questioned whether E-911 regulation, another conflict raised by VoIP, is really needed because "if the consumers want [911 service] they will seek providers that offer it." On CALEA issues, he noted "it's pretty silly to make a distinction between the interception of voice communications and not e-mail" because "terrorists have figured out e-mail." On another regulatory issue, Katz said "wireless mesh networks could do a lot to solve some of the problems" caused by new technologies clashing with regulatory schemes. "It's a danger to promote wireline while wireless is ready to make a breakthrough," he said.

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Senate Appropriations Chmn. Stevens (R-Alaska) told the Quello Symposium that when he becomes Senate Commerce Committee Chmn., he will argue to have Alaska and Hawaii included in the national rate base. Stevens said he and Sen. Inouye (D-Hawaii) will “fight to eliminate the asterisk on almost every telephone ad.” The asterisk, Stevens said, means “not applicable in Alaska and Hawaii.” Stevens said he would like to see the public interest test redefined so “the Commission considers the national reach of providers when considering acquisitions and license transfers.”

Stevens said FCC Chmn. Powell learned first hand of the difficulties of cell phone service in Alaska when Powell’s plane was caught in the mud and he tried to make a call with his cell phone. “He learned very quickly what the absence of a roaming agreement means,” Stevens said.

Stevens and Inouye are very likely to become the next chmn. and ranking member of the Senate Commerce Committee next year, since term limits will require Stevens to give up control of the Appropriations Committee after this session and current Commerce Committee ranking Democrat Hollings (S.C.) has announced he would retire. The luncheon speech featured an introduction of Stevens by Inouye. They said they were close friends and vowed to work closely.

As he has before, Stevens said the Commerce Committee will focus on reforming the Telecom Act with the 109th Congress that begins in 2005. He emphasized the need to reform the universal service fund (USF) to include more payers in the system, particularly cable broadband. Stevens also said that the FCC’s spectrum auction authority should be retained, a position supported by the White House. The FCC’s spectrum auction is set to expire at the end of 2006. He said spectrum reallocation needed attention, but he didn’t specifically address HR-1320, the House-passed bill that languished in the Senate after an amendment favoring Northpoint was added. Stevens also spoke about the need for a better national alert system, saying that it should include more than radio emergency broadcasts. He said the Dept. of Homeland Security had been funded \$10 million to help deliver such a system.

Stevens addressed his concerns over broadcast decency and said legislation that raises fines might not raise them high enough. Rep. Upton (R-Mich.) and Sen. Brownback (R-Kan.) have introduced bills (HR-3717, S-2056) that would raise fines to \$275,000 for indecent broadcasts. “If you compare the cost of fine versus the cost of a Super Bowl ad, that’s no deterrent at all,” Stevens said. He also said the restoration of the “family hour,” a period free of TV sex and violence, was worth considering. Hollings has pushed this idea for several years and has introduced the legislation again early last year (S-161). — *Edie Herman, Terry Lane*

Quello Conference Notebook...

Digital Rights Management (DRM) technology shouldn’t be demonized but instead welcomed as a way to protect copyrighted works while giving consumers choices, several said late Tues. at the opening panel of a conference organized by former FCC Comr. James Quello. Center for Democracy & Technology (CDT) Dir. Jerry Berman said the knee-jerk response of many fair use advocates was that “DRM is bad,” but he said the technology can be “positive,” if consumers are educated as to their options. Still, Public Knowledge Senior Technology Counsel Mike Godwin said DRM “can operate as a customer engagement technology” but can also “lock down” content. MPAA Senior Vp Fritz Attaway and RIAA Senior Vp Steven Marks said their member companies had no interest in “locking down” content, because they couldn’t make money that way. Berman praised panelist Stevan Mitchell of the Entertainment Software Assn. for the gaming industry’s “very imaginative” use of digital offerings. Mitchell said DRM technology made copyright laws “more needed” to enforce the technology and prevent circumvention. Berman didn’t anticipate new laws being passed soon, noting that while some have suggested the need to revisit the Digital Millennium Copyright Act, “no one wants to do that.” The panel description asked about the degree to which information should be protected, but Attaway said “we’re not talking about information [with digital content] but an expression of ideas.” Godwin countered that “in terms of machines, they’re all bits,” so technology designed to protect copyrighted content could limit access to other information as well. Several panelists praised the FCC for its rulemaking on the broadcast flag (although Godwin refrained), with Berman calling it narrowly tailored in restricting “massive infringement” and Attaway calling it “enlightened regulation.” FCC Gen. Counsel-Office of Strategic Planning & Policy Analysis Amy Nathan said the agency had tried to be narrow in its ruling and not limit new technological innovations. “We’re extremely reluctant to go into the copyright area” given the questions regarding the FCC’s jurisdiction in that area, she said: “We don’t have jurisdiction over P2P or the analog hole.” The flag decision was justified because it would help spur digital TV deployment, and that is necessary to allow broadcasters to return their analog spectrum. — *PR*