

**Statement of
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to the
House Committee on Energy and Commerce
Subcommittee On Telecommunications and the Internet**

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Chairman Markey, Ranking Member Upton, members of the subcommittee: Thank you for this opportunity to appear before you today to discuss ways to improve the nation's inventory of existing broadband service. This committee has been at the forefront of helping advance the development and deployment of cutting-edge communications technologies across our nation. USTelecom and its member companies wholeheartedly share your objective of ubiquitous, nationwide broadband. It is a timely moment for the subcommittee to hold this hearing to explore the most effective ways to illuminate the challenges before us in achieving this goal.

USTelecom represents innovative companies ranging from the smallest rural telecoms in the nation to some of the largest corporations in the U.S. economy. Our member companies offer a wide range of services across the communications landscape, including voice, video and data over local exchange, long distance, Internet and cable networks. What unites our diverse membership is our shared determination to deliver innovative voice, video and data services to the consumer—a commitment we know is shared by this subcommittee.

There is growing consensus today about the importance of broadband investment, deployment and adoption. We were pleased to see “affordable broadband access for all Americans” as a component of Speaker Pelosi’s Innovation Agenda. Similarly, the Senate Republican High-Tech Task Force is calling for policies that “promote widespread deployment and use of broadband technology.” It is encouraging to see that broadband deployment and adoption are bi-partisan objectives, and we believe Congress, the Federal Communications Commission (FCC) and the Rural Utilities Service (RUS) have vital roles to play in advancing these goals.

A Market-Based Regulatory Environment Has Spurred Broadband Deployment

The FCC’s recent decisions that have recognized that new technologies present the opportunity to have a consumer controlled marketplace for communications and to move beyond government-managed competition to market-based competition have resulted in broad investment and an explosion of broadband coverage across the nation.

Broadband deployment in the United States has accelerated from just over 4 million broadband lines in 2000 to just under 16 million broadband lines in 2002 to approximately 32 million lines in 2004 to almost 65 million lines in 2006. The lack of regulation on wireless services also has permitted wireless broadband services to explode, as well. In June of 2005, there were almost 380,000 wireless broadband subscribers; in June of 2006, there were more than 11 million. The Commission’s recent video franchise order promises to further increase demand for broadband service.

It's important progress. The next wave of broadband innovation holds the promise of significant, life-enhancing advances from health care to the environment to education to economic opportunities. It is critical that these opportunities be accessible to all Americans.

Overall, we are in a strong position today. According to the most recent report of the Organization for Economic Cooperation and Development, the U.S. has the world's largest broadband population. In fact, 1 in 3 people who log onto the high-speed Internet today will do so in the United States. Also promising, our nation's leadership has been established largely through private sector investment from diverse companies. As a result, Americans enjoy the world's most competitive broadband market, with cable, telecom, wireless and even power and municipal ventures now jumping into the fray. All tallied, there are more than 1,323 broadband service providers in the U.S. today.

Against this competitive backdrop, North American telecommunications companies are projected to spend \$70 billion on new infrastructure this year. But while broadband investment, service and choice continue to advance throughout most of the country, we have a significant challenge before us in reaching pockets of the country where sparse populations, difficult terrain or other challenges are impeding the arrival of broadband infrastructure.

So this effort we are here today to discuss—gaining greater visibility into the state of broadband deployment throughout the country—is a very important one. It's important to policy makers. It's important to service providers who share the goal of ubiquitous nationwide broadband deployment. I am grateful to have this opportunity to present our thoughts on how to make this process as efficient and accurate as possible—and to ensure it is integrated with a course of action for getting at these unserved areas—at affordable rates for the customer—leveraging the collective will and determination we see in abundance in both the public and private sectors today.

“Broadband Census of America Act of 2007”

So we appreciate this opportunity to comment on the “Broadband Census of America Act of 2007,” and we stand committed to working with this committee to fashion a bill that will produce a useful tool for policy makers in helping to target federal resources to improve broadband deployment.

First, we recommend the FCC assessment not be confined to a new definition of high speed or advanced telecommunications capability. We believe such an approach would reduce rather than increase visibility into the scope and nature of the challenge before us. The nation would be better served by gathering a complete picture of the state of broadband deployment throughout the nation. We feel that this can best be achieved by collecting information on the variety of broadband services available in the United States today, using the existing definition as a floor. The biggest impact of a more narrow definition would be on satellite and terrestrial wireless (including municipal Wi-Fi) systems. To consumers in very rural areas, the resulting maps would falsely indicate that they have no broadband availability – discouraging them from

seeking out services that would allow them to enjoy real-time voice communications, email, Web surfing and full-motion video.

We also agree with Chairman Markey that an international component to the analysis would be useful. We simply recommend that clarifying language be added to ensure “apples to apples” comparisons of areas of similar topography, as well as population size and density.

We recognize that that existing FCC data that charts broadband deployment by five-digit zip code may be inadequate to gauge the state of broadband deployment today. However, we suggest that graduating to nine-digit zip codes will offer little, if any, added clarity. These so-called “Zip+4” designations exist for the sole purpose of ensuring efficient mail sorting and delivery. They are constantly in flux and tailored to meet the bulk mailing needs of, for example, an office building or an individual high volume recipient of mail. They do not correspond to any commonly recognized geographic boundaries, such as state or county lines, Congressional districts or service territories. Given this fact, Zip+4 likely over weights high-density and business addresses—blurring a picture we all want to see as clearly as possible.

We are pleased the Committee has invited Connect Kentucky to testify today as we believe that its program, which relies on public-private partnerships, can serve as a framework for a nationwide plan to both map and improve broadband deployment.

The Connect Kentucky model is a roadmap for the building of accurate, state-wide, broadband deployment maps. Connect Kentucky’s first objective was to map broadband availability in the whole state. Then it created technology teams in each community that lacked broadband. These teams looked at computer ownership, technological literacy, and other factors to increase demand for broadband. At the same time, the teams worked with broadband providers to match new demand with new broadband deployments.

By the end of 2007, Kentucky will go from having one of the lowest broadband subscription rates in the country to having broadband available to 100% of its households. We believe that this approach can and should be replicated across the nation, and that the broadband mapping program envisioned by this legislation should support, rather than duplicate or supplant, these efforts. We believe this can be achieved in two ways: First, through simplification—positioning NTIA to establish the template and act as the repository of state broadband mapping efforts. Second, through strategic expansion—authorizing NTIA to dispense grants through the states to support public-private partnerships, similar to Connect Kentucky, that can develop state-level broadband service maps. In addition, the committee may want to consider funding community action plans to strive toward universal broadband deployment. We would also recommend that language be added to make clear that public/private partnerships acquiring sensitive company information be subject to confidentiality safeguards – something that reflects the best practices established by the Connect Kentucky process.

Mapping is one important component of a comprehensive strategy for enhancing U.S. broadband deployment. There are, of course, a number of additional steps that can help identify a course of action to fill in the gaps and make this truly a broadband nation:

Tax Policies To Encourage Broadband Deployment

Congress can permanently extend the Internet Tax Moratorium; allow for faster depreciation of broadband equipment and fiber; and create a tax credit for the deployment of broadband equipment and fiber.

Congress first passed the Internet Tax Freedom Act (ITFA) in 1998. The moratorium was extended by Congress in 2001 and 2004, and now is set to expire on Nov. 1, 2007. The moratorium needs to be permanently extended to ensure that this critical component of the American economy is not the target of excessive taxes imposed by state and local governments. If the moratorium is allowed to lapse, consumers will face a significant tax increase for Internet access services—something that is antithetical to the goal of affordable broadband access for all Americans.

USTelecom was joined by NCTA and CTIA in a letter to all House members in support of H.R.743, bipartisan legislation introduced by Representatives Anna Eshoo and Bob Goodlatte. I encourage all members of the subcommittee to consider cosponsoring this legislation and urge the House take up this important legislation before its expiration in November.

The RUS Broadband Program -- Modest Changes Could Produce Dramatic Results

In its relatively brief history, the RUS broadband loan program has achieved some successes. But we believe that, with modest changes largely based on the successful RUS telephone program, these broadband efforts could accomplish even more.

Recently, USTelecom appeared before the House Agriculture Committee to make recommendations for inclusion in the Farm Bill that would advance our collective goal of helping the nation achieve universal broadband penetration. We recommend that the program:

- 1) Better target areas currently not served;
- 2) Enhance incentives for investment in areas not served;
- 3) Expand program eligibility;
- 4) Improve processing at USDA; and
- 5) Explore public-private partnerships, like Connect Kentucky.

Mr. Chairman, in closing, let me again thank you for calling this important hearing. We believe that efforts to better illuminate parts of the country where broadband has yet to arrive are an important piece of the puzzle of achieving universal broadband deployment. Of course, our shared ultimate objective is making such a map unnecessary. Truly universal broadband is a classic example of a national priority that takes both public and private effort, commitment and innovation to achieve. We are here today to demonstrate our commitment, our openness to working together across party lines to better understand the challenge before us, and, most importantly, to do something about it that advances our nation, our economy and the quality of life of all Americans in the broadband era. Thank you.

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