

**Statement of Thomas Rutledge**  
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**appearing on behalf of National Cable and Telecommunications Association**

before the United States House Committee on Energy and Commerce Subcommittee on  
Telecommunications and the Internet

on  
Voice over Internet Protocol  
March 16, 2005

Chairman Upton and Members of the Subcommittee, my name is Tom Rutledge, and I am the Chief Operating Officer of Cablevision Systems Corporation in New York. I also serve on the Executive Committee of the National Cable and Telecommunications Association. Thank you for the opportunity to appear before you today to discuss issues surrounding the deployment of voice over Internet protocol -- or "VoIP" -- services.

**Overview**

The deregulatory policy framework embodied in the Telecommunications Act of 1996 has facilitated the significant investment in state of the art networks necessary for the deployment of advanced services. Simultaneously, the development of technology to transmit voice calls using Internet protocols has enabled Cablevision and other cable operators to use these state-of-the art networks to provide customers with exciting and valuable communications services, including Voice-over-IP. With more than 1.3 million customers receiving VoIP services nationwide, VoIP has emerged as a lower cost means to accelerate the long-sought goal of facilities-based local voice competition. In addition, VoIP customers can customize their communications options in myriad ways not possible with traditional circuit-switched technology.

A stable deregulatory framework that limits any regulation to those rules necessary for specific social and competitive purposes will allow VoIP and circuit switched voice

providers to continue to deliver increased value and technology to consumers.

### **Cable Investment Has Led to New Voice Competition**

Since 1998, Cablevision has invested \$5 billion in a two-way broadband network that reaches 4.4 million homes in the New York metro area. Since 1996, the cable industry as a whole invested almost \$95 billion -- roughly \$1,300 per customer -- to upgrade cable systems by rebuilding more than one million miles of cable plant.

This investment has allowed cable operators to offer a range of communications services over a fiber optic platform to approximately 95% of the homes nationwide. Today, Cablevision offers analog and digital video, video on demand, 15 high-definition television services, interactive services, high speed Internet access and voice services to all of the 4.4 million homes passed by our network.

Our VoIP service, “Optimum Voice,” is among the most successful products we have ever offered. We launched Optimum Voice at the end of 2003, and today, a little over a year later, Cablevision has 350,000 customers, and we are growing at rate of greater than 1,000 customers per day. Optimum Voice provides customers with not only low cost voice service but an array of advanced features not previously available. For a flat fee of \$34.95, Optimum Voice gives customers limitless local, regional and long distance calling as well as advanced calling features – a substantial discount over less robust “phone” service. It includes full E911 service and is capable of meeting law enforcement’s authorized requests for surveillance.

Optimum Voice also includes a suite of IP applications that allow customers to forward calls to three different locations simultaneously, to send and retrieve voice messages on e-mail. An interactive web portal lets subscribers customize the way they want to receive

voice communications day-by-day, hour-by-hour. In addition, our broadband network will allow customers to screen voice calls on their televisions and conduct audio or video conferences on their computer. We, like our cable colleagues, will continue to add dozens of new features that will make Optimum Voice an increasingly valuable communications tool for our customers.

### **Deregulatory Approach to VoIP Services**

The introduction of new technologies such as VoIP presents an opportunity to reexamine the rules applicable to voice entrants, and to develop a federal policy framework for VoIP that supports its continued rapid deployment. The appropriate policy framework would continue the availability of the right to interconnect and exchange traffic with other providers; the right to obtain telephone numbers; and the right to access the facilities and resources necessary to provide VoIP customers with full and efficient 911/E911 services. It is also critical to ensure a rational and equitable system of intercarrier compensation and to reform of universal service in a manner that maintains its goals while benefiting from the economic opportunities presented by new technologies.

While advancing this approach, we recognize that VoIP providers have a responsibility to meet important social policy and security goals. Toward that end, the cable industry has worked closely with the FBI, the Justice Department and other law enforcement and public safety agencies and organizations to ensure that these security goals are met.

We believe that this federal policy framework would enable VoIP providers to continue to innovate, earn a return on their investment, and compete freely while ensuring the fulfillment of important policy objectives. Most importantly, however, such an approach would continue to support the principle of a predictable, *national* framework for the

development of these inherently interstate services. The legislation put forward by Representative Pickering last year offered a strong start toward achieving these goals, and we look forward to working the Committee this year.

Although the primary focus of this hearing is voice over IP, there has been much talk lately about video over IP technology. Unlike VoIP, IP video services remain largely in the conceptual stage, with many economic and technical questions still to be answered. While these issues are not ripe for legislative action at this time, it would be appropriate for Congress to examine how the emergence of IP video may affect the whole media industry including such matters as non-discriminatory deployment, public, educational and governmental access, compensation to municipalities for use of the public rights-of-way, broadcaster and sports programming, localism, copyright, syndication, and the appropriate role of state and local governments. Any recommendations emerging from this review should be applicable to all multichannel video providers.

In the meantime, all companies that propose to provide cable service, including telephone companies, must comply with existing Federal, State and local laws, including securing cable franchises prior to construction and not redlining neighborhoods perceived as less desirable.

### **Conclusion**

Today we are seeing a realignment of mass-market communications. This is an exciting new market for the cable industry and its customers, and a challenging opportunity for policymakers who are interested in facilitating the continued development of facilities-based competition in voice services. We look forward to continuing to work with the Committee to develop a public policy that fosters competition and consumer choice.

Thank you again for this opportunity, and I welcome your questions.