

Remarks by Commissioner Kevin J. Martin
Federal Communications Commission
To the North Carolina Telecommunications Industry Association
Annual Convention
Greensboro, North Carolina
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As Prepared for Delivery

I. Introduction

Good morning. Thank you for that kind introduction, and thank you very much for inviting me to speak with you today. It is great to be back in North Carolina. I have found that I really miss it down here, and I take advantage of every chance I have to get back for a visit. As Bill Redmond advised me last night, I may not have these opportunities in the future.

I am happy to see that Chairman Sanford is here this morning. I always enjoy seeing Jo Anne. She works very hard on behalf of North Carolina, and I appreciate her vigilance and dedication.

I would like to spend a few minutes speaking with you about some of the issues we are facing up in Washington. I hope that you find the discussion useful. I will be happy to answer any questions you might have at the end of my remarks as well. I want to be sure to address any issues that are of concern to you.

II. September 11th Remembrance and Public Safety's Critical Role

First, I would like to spend a few minutes remembering the events that took place in New York, Pennsylvania, and DC a year ago. Wednesday, we will pay our respects to the innocent victims and fallen heroes of the tragic events of September 11th. On that day and in the months that followed, the nation witnessed the true character of our country. In the face of evil, Americans responded with acts of bravery, valor, and selflessness. They showed the world their resolute spirit to persevere.

Beyond remembrance, however, our greatest tribute must be vigilance and preparedness for the future. Every level of government can and must contribute to this effort. At the FCC, it is also part of our statutory mandate.

The Commission was created in 1934. In so doing, Congress made it crystal clear that one of the Commission's primary purposes is to make communications services available to all in order to "promote safety of life and property."

Under Chairman Powell's leadership during the past year, the FCC has taken several steps which strengthen our communications infrastructure to support our homeland security effort. We have also taken steps to ensure that public safety - - including our police, fire, ambulance and other first responder emergency personnel - - have effective communications services available for any public emergency.

Of the actions we have taken, the most important has been to improve communications among these public safety personnel.

Since September 11, we have learned that communications failures - - between firefighters and police helicopters, for example - - may have contributed to the tragic deaths of many firefighters at the World Trade Center.

This type of failure is unacceptable and cannot happen again. Emergency personnel deserve reliable communications to carry out their missions.

A. Interoperability

The FCC is currently addressing the problems faced by public safety radio communications.

For example, we are trying to improve "interoperability"-- which is the coordination of communications between public safety personnel from different departments and jurisdictions.

Today, interoperability is a real challenge because the public safety networks used by many different organizations are not integrated. It is key to managing any future large-scale emergency where multiple response teams must be deployed.

The Commission is moving forward to make sure that there is adequate spectrum available for interoperability purposes. We have begun to adopt rules to make this spectrum usable and to permit shared use of public safety systems by different jurisdictions.

B. Interference

Another communications problem that public safety personnel face is interference.

Public safety systems in the 800 MHz band, one of the most important bands available for use by public safety, have been subjected to increasing instances of harmful interference from certain types of cellular phones. This happens because the FCC made public safety channels and cellular communications channels very close spectrum neighbors when they assigned this spectrum many years ago.

Such interference makes public safety communications difficult, and in some cases, impossible. There are several comprehensive proposals currently on the table, and we hope to resolve this issue as soon as possible.

C. E 911

In addition to improving the ability of public safety personnel to communicate with each other, the Commission has worked hard to ensure that public safety can respond quickly to citizens in an emergency.

The FCC's enhanced 911 (or "E911") rules require wireless carriers to provide public safety officials not only the phone number of a 911 caller, but also information on a caller's physical location.

This information will also allow emergency personnel to locate people who have been trapped or abducted. Such information is crucial to the success of rapid responses in an emergency.

So far, several nationwide carriers are well on their way to making E911 operational, and I applaud their efforts. At the same time, other carriers have fallen behind.

The Commission has made clear that wireless carriers must deploy 911 location capability in a timely manner. We will thoroughly scrutinize any additional requests for extensions to ensure that the carriers are doing all they can to provide E911 capability as soon as possible.

In any case, we are committed to completing nationwide E911 deployment by 2005.

D. Reliability and Security

In the aftermath of September 11th, all segments of the industry played a crucial role in responding to the network failures in lower Manhattan.

Here is a picture of the central office located next to the World Trade Center. Working together, incumbent and competitive carriers were able to ensure that the City's critical communications were restored and maintained.

The events of that day taught us the value of having redundant and diverse facilities-based networks.

New entrant carriers answered the call on that day and in the weeks that followed by making their wireline and fixed wireless backbone networks available for the City's communications needs.

September 11th has only reinforced the need to promote policies that advance local competition which enable facilities-based service providers to enter the market and invest in new infrastructure.

We hope to harness that spirit by rechartering NRIC – the Network Reliability and Interoperability Council. This industry group will develop recommendations to assure optimal reliability and security of our public communications systems.

In the same vein, the Commission established a new group – the Media Security and Reliability Council – to advise the Commission on homeland security issues for broadcast and multichannel video programming media.

These public safety issues are critical and I believe particularly important to recognize this week.

III. North Carolina Update

Now I would like to address some of the other issues the Commission is working on. One of the Commission's other top priorities is broadband deployment. The availability of advanced telecommunications is essential to the 21st century economy. Internet access dramatically reduces the costs of exchanging information, resulting in significant efficiencies and productivity gains for local businesses.

Internet use has grown substantially in this country. There were 3 million users in 1994, and there are over 550 million users today. 55% of US households have some form of access to the Internet.

There has been a growing recognition that advances in telecommunications will be responsible for much of our future prosperity.

I want to congratulate you on the progress that has been made here in North Carolina with regard to deployment of advanced telecommunications services. And, I understand how important that progress is, particularly for more rural areas.

As you may know, I grew up on a gravel road in Waxhaw, a little town just outside of Charlotte. My address was "Rural Route 3, Waxhaw," and I remember when it was a long distance phone call for my mother to call her sister, who also lived Waxhaw. I understand how important advanced telecommunications services are to folks in this state and in rural and remote areas across this country.

When I was growing up, Waxhaw had fewer than 1500 residents. During the last thirty years, the Waxhaw population has doubled to a booming 3600 residents. And as I discovered the other day, Waxhaw even has its own town website!

This population growth is similar to the great progress this state has had in the deployment of advanced services. I am proud to say that North Carolina is one of the states that is making the most progress, thanks to many of you in the audience today.

In July, the Commission released some new data on high-speed Internet access. As of December of last year, North Carolina had 24 different providers of high-speed lines. This number ranks within the top eight nationwide for the total number of providers per state. To put this number in prospective, New York, a much more densely populated state, only had 22 total providers at the same time last year.

In addition, the growth of broadband deployment in general has increased a staggering amount in North Carolina over the last two years. During the first six months of 2001, the number of high-speed lines increased by 50%, while nationally, the number of high-speed lines increased by 36%.

Even more impressive, during the second six months, the number of high-speed lines in North Carolina grew by an additional 74%, while high-speed lines grew 33% nationally during that same period. By December of last year, there were over 355,000 high-speed lines deployed here.

Finally, our report estimates that over 90% of the consumers in this state have access to at least one provider of high-speed Internet access. This is an unusually high percentage for a state with significant rural populations and remote areas. Congratulations.

The vast deployment of advanced services here in North Carolina will certainly help this state harbor a high performance work force and promote a prosperous economy in the years to come.

As I said a moment ago, this progress is due to many of you here this morning. I commend you.

When I was in Greenville this past spring, I also heard about the efforts of the Rural Internet Access Authority and its achievements in promoting broadband deployment. The “e-NC” program has been an enormous success since its inception in January 2001, and I look forward to continuing to hear about its accomplishments.

IV. National Deployment Update

In the United States as a whole, broadband availability has also continued to increase. This slide demonstrates the widespread availability of high-speed Internet access providers across the country.

Of those high-speed providers, Cable Modem service is now available to 67% of the US population. DSL service is available to 50% of the US population. 80% of the US population thus had access to either cable service or DSL in 2001 and 90% are expected to have such access in 2002. Satellite broadband is available to 98% of the US.

In the United States as a whole, broadband subscribership has also continued to increase during the second half of 2001. Cable Modem service saw a 36% increase in high-speed lines in service. DSL lines saw a 47% increase in high-speed lines in service.

Despite the progress made in North Carolina and across the country, there is still work to be done.

As you can see, only 10% of US households subscribe to a broadband service.

The question is: Where do we go from here? How do we encourage the building of the next generation of networks with even higher speeds – the kind of networks that can handle content such as video-on-demand – which are likely to lead to much greater adoption by the public?

This calls for a delicate balance. We need to make sure that incumbent networks are open to competition, but at the same time, provide incentives for both incumbents and new networks to build new facilities.

It is this question that the FCC is currently grappling with several rulemakings designed to address local competition and broadband policy. As many of you are aware, we are examining:

- Whether to adopt performance measurements for evaluating a LEC's performance in provision facilities and service to competitors;
- Incumbent local exchange carriers' obligations to make their facilities available as unbundled network elements; and
- The appropriate regulatory framework for wireline broadband access.

IV. Commission Update

Let me briefly highlight where we are and some of my views on these proceedings:

A. Performance Measures

On performance measures, it is critical that the Commission establish national performance standards and metrics for UNE and special access facilities used to provide competitive local telephone service.

As I have said before, I believe that a competitive market is not viable unless new entrants to the local telephone market can obtain the facilities they need in a nondiscriminatory, reasonable, and timely manner.

As you know, State Commissions have taken the lead in analyzing and implementing performance standards and metrics. I have and will look to their experience and expertise. It will be essential as we move forward to craft national performance standards that will continue to spur facilities-based competition.

B. UNE Triennial Review

As many of you know, the U.S. Court of Appeals for the DC Circuit recently remanded the *UNE Remand Order* – the FCC’s most recent effort to set out a list of network elements that incumbent local exchange carriers must make available on an unbundled basis to competing carriers. The Commission sought rehearing of the DC Circuit’s decision, and that was denied last week.

The Court criticized the FCC’s unbundling requirement as being overly broad. The Court found the FCC had failed to take into account the competitive nature of particular geographic and customer markets.

Before the Court’s recent decision, the FCC had already started a proceeding to review how incumbent carriers should provide network access to requesting carriers on an unbundled basis.

The Commission has also sought comment on the impact of the Court’s decision on the UNE triennial review proceeding.

Several states have requested that they become more involved in the process. For example, if the FCC chooses to establish geographic, more granular unbundling standards, we adopt broad rules that will afford state commissions some flexibility to examine market conditions within the states. I am sympathetic to their requests.

In my view, states are better positioned to conduct fact-specific inquiries. They can best judge the level of competition and the system of retail price regulation that applies to incumbent carriers in their respective states. We need a coordinated effort in which federal and state decision-makers work together to address our common concerns and to achieve our common goals.

C. Broadband Proceedings

Similarly, I believe we should listen carefully to the concerns that have been raised by our state colleagues with regard to the Broadband proceeding. I am generally supportive of the Commission’s tentative conclusion to classify broadband Internet

access as an “information service.” However, I do have some concerns with this approach.

For example, I do not support the FCC’s proposal to extend universal service contributions to providers of broadband Internet access.

In my view, the contribution requirement is essentially an Internet access tax that represents an unnecessary financial burden on service providers and actually creates a barrier to broadband deployment.

I also believe that the Commission must carefully consider the impact of a regulatory classification change on the ability of competitors to enter new markets. For example, some states have expressed concern that a “change” in regulatory classification could adversely impact some state efforts to ensure that all telecom carriers have easy access to local rights of way and to building access.

I look forward to hearing further state input on broadband through the 706 Joint Conference next April, and specifically on rights-of-way issues this October.

Lastly, I would like to point out the Commission’s policy objectives with regards to broadband deployment and competition. We are looking to encourage ubiquitous availability to all Americans. We want to promote competition across multiple platforms, including “inter” and “intra-modal” competition. And, we want to advance the service with minimal regulation.

IV. CONCLUSION

So as you can see, we are quite busy up in Washington. By the new year, I hope that I will be able to report to you that the Commission has taken significant steps towards resolving some of the issues we discussed. Thank you again for inviting me to speak with you this morning. Good luck with the rest of your conference. I am happy to take any questions you may have.

Commissioner Kevin J. Martin



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Association

71st Annual Convention

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FCC Public Safety Priorities

- Interoperability
- Interference
- E 911
- Reliability & Security

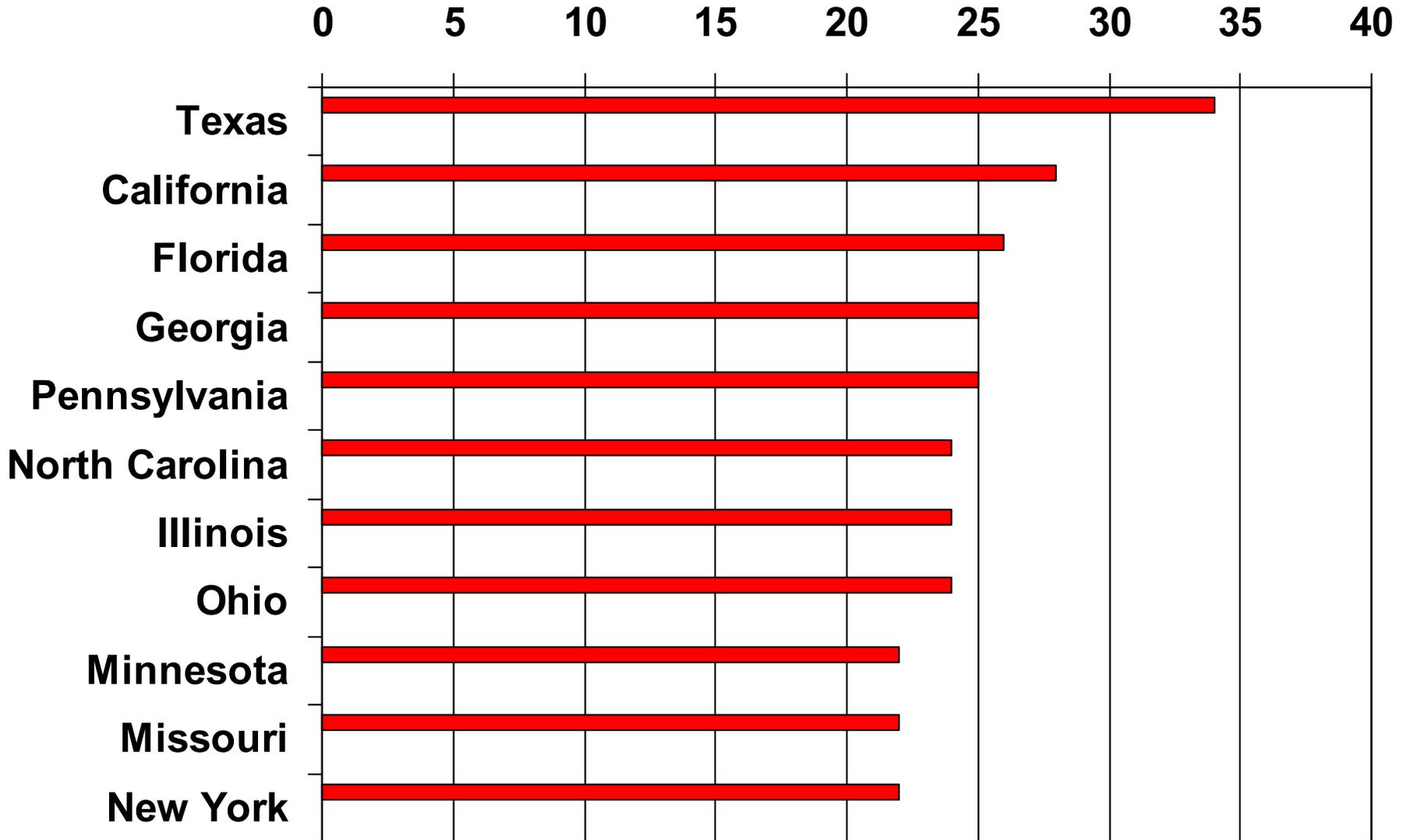




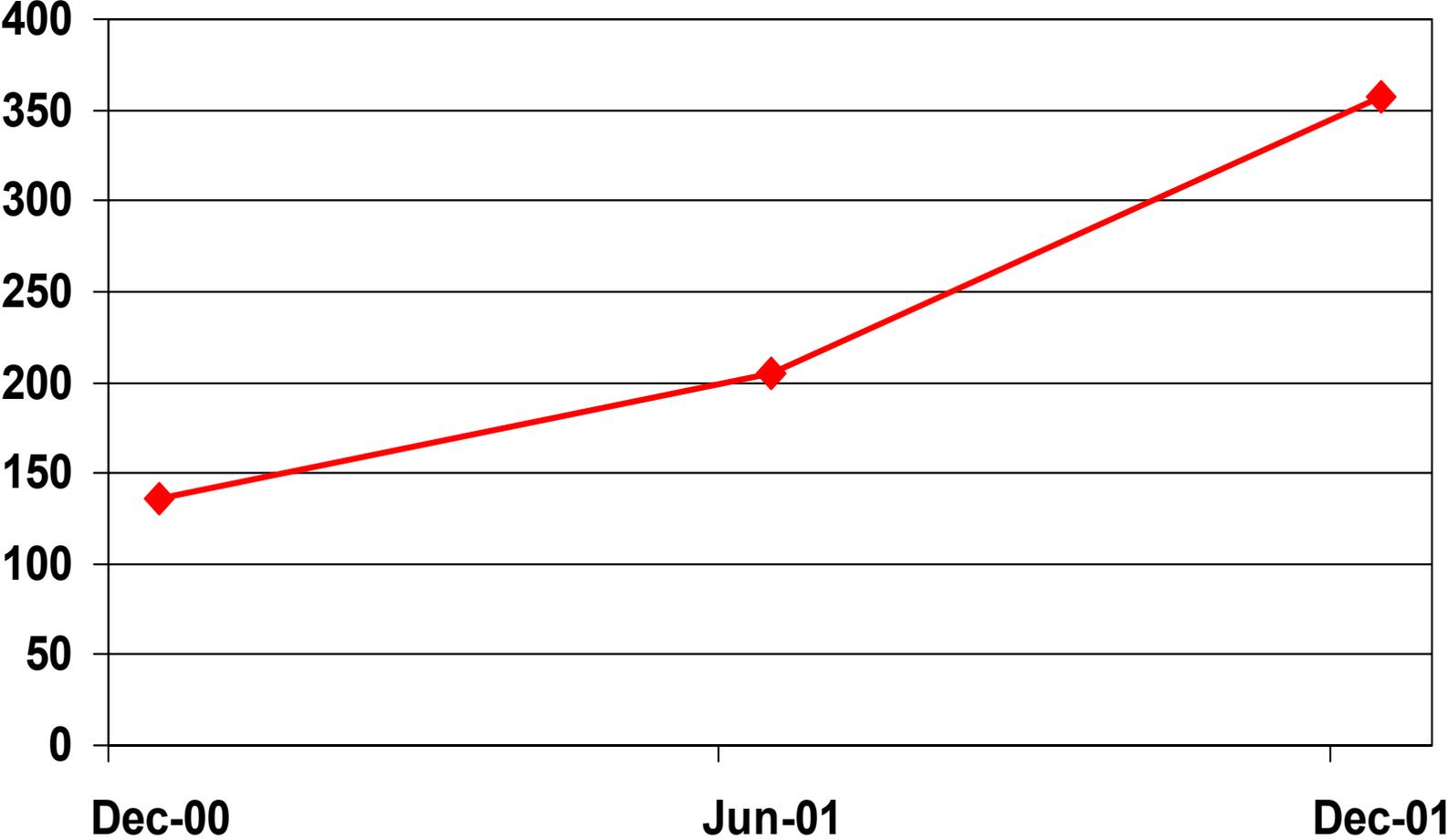
The Broadband Migration

- Next Phase in the Internet's Development
 - 3 million users in 1994; 550 million today
 - 55% of U.S. households have Internet access
- Global Recognition of broadband's importance

Total Number of High-Speed Providers by State (in December 2001)

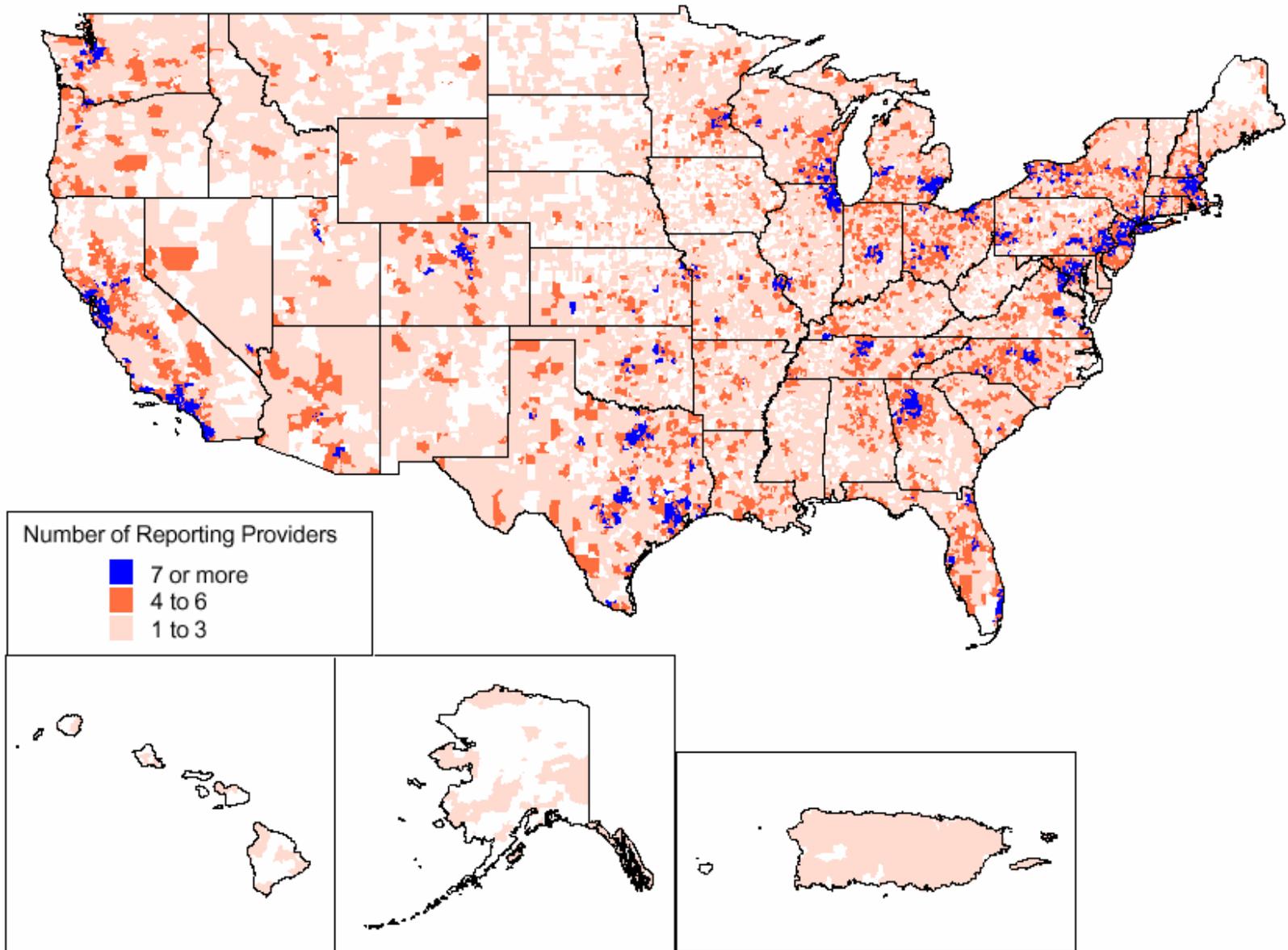


Broadband Deployment Growth in North Carolina (in thousands of lines)

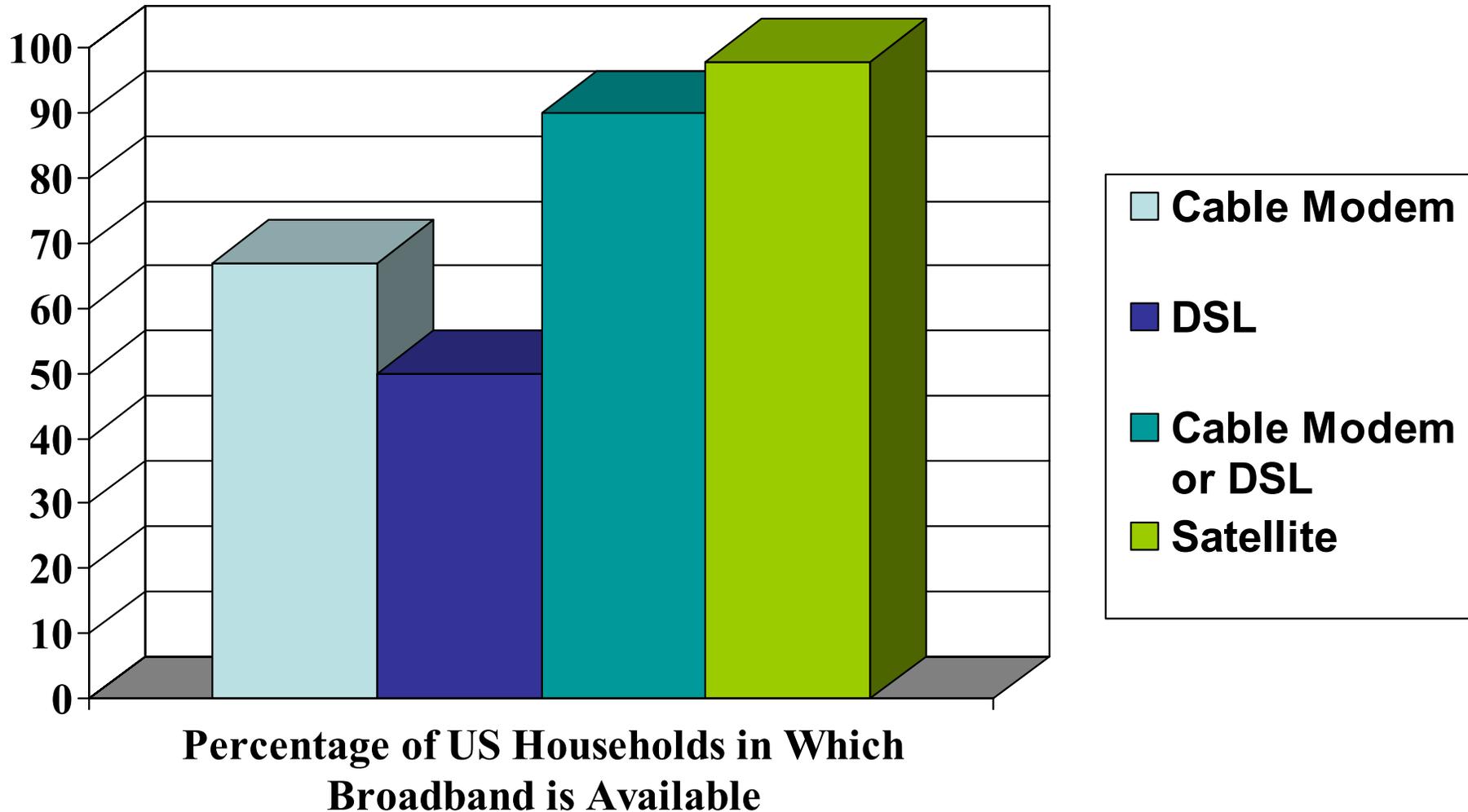


High-Speed Providers by Zip Code

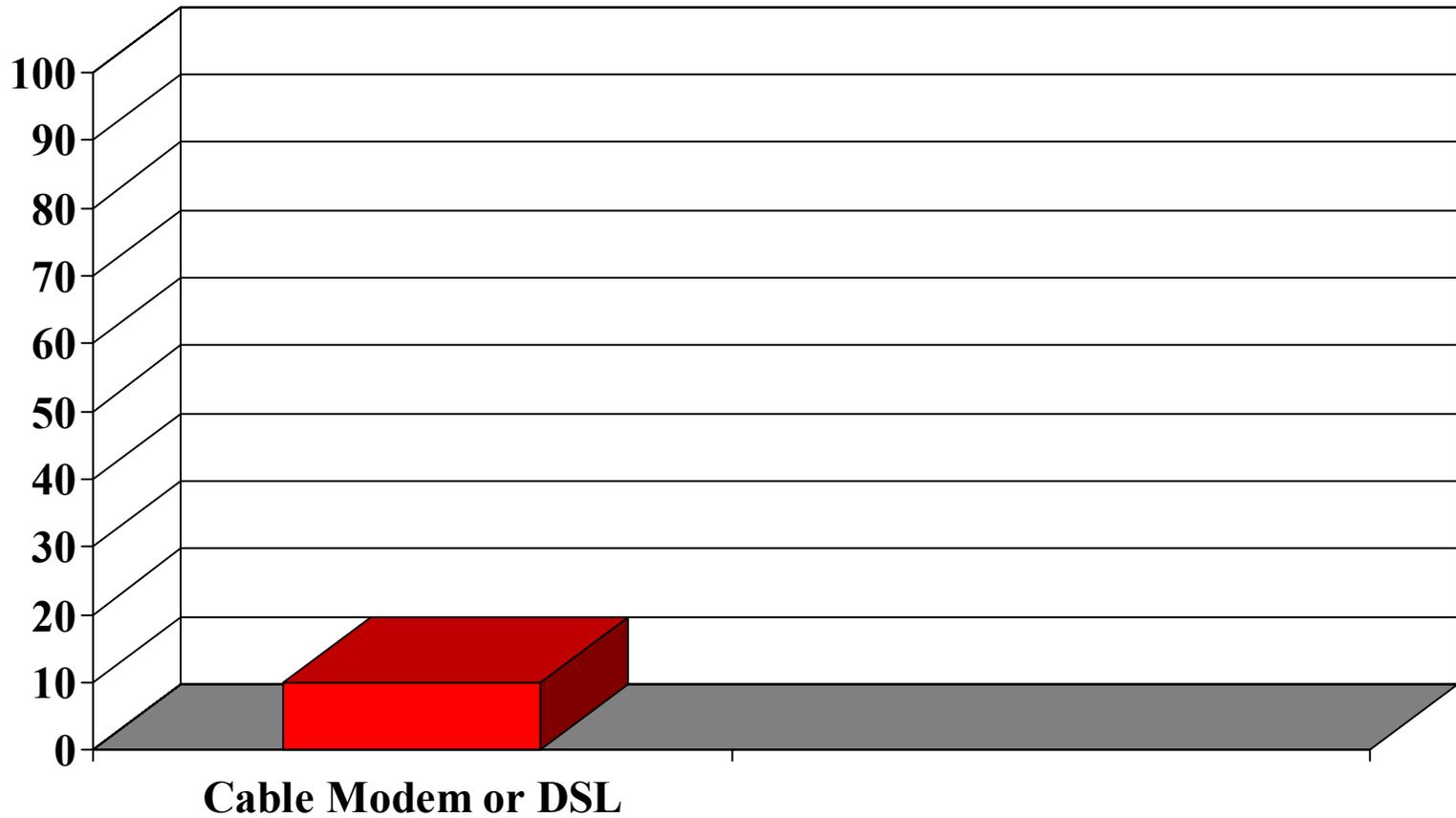
(As of December 31, 2001)



Industry Estimates on Availability of Broadband Access in US Households



Broadband Service in US Households



FCC Actions Impacting Competition and Broadband

- Performance Measures
- Triennial UNE Review Notice
- Broadband Internet Access Proceeding

Broadband Deployment and Rights of Way

- 706 Federal-State Joint Conference on Advanced Services
 - National Summit on Broadband Deployment: Accelerating the Transition
 - April 27-29, 2003 - Washington, DC.
- FCC Rights of Way Forum -- October 16
 - seeks state, local and industry input

FCC's Policy Objectives

- Encourage Ubiquitous Availability of Broadband to All Americans
- Promote Competition Across Multiple Platforms
 - Inter and Intra-modal Competition
- Advance with Minimal Regulation