

Before the
Federal Communications Commission
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Joint Application of NorthPoint) CC Docket No. 00-157
)
Communications, Inc. and Verizon)
)
Communications For Consent to)
)
Transfer Control)

Comments of

National Grange
National Black Chamber of Commerce
U.S. Distance Learning Association
U.S. Hispanic Chamber of Commerce

October 2, 2000

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I. INTRODUCTION

The undersigned organizations welcome the opportunity to respond to the Commission's request for comments on the joint application filed by NorthPoint Communications and Verizon Communications to transfer control and merge their digital subscriber line (DSL) businesses as a non-dominant carrier. The Commenters represent a range of interests and organizations who have come together on this filing due to our common view that increased investments in broadband technology infrastructure is critical to ensure consumers have access to affordable advanced telecommunications capabilities. We believe this merger is in the public interest and will promote two very important goals of the Telecommunications Act of 1996 — enhanced competition for broadband access service and an accelerated roll-out of broadband technology to more areas across the United States.

II. STATEMENT OF INTERESTS

National Black Chamber of Commerce (NBCC) is a nonprofit, nonpartisan, nonsectarian organization dedicated to the economic empowerment of African-American communities. The NBCC has 188 affiliated agencies as members. Throughout the 1990s, African-American businesses in the United States posted sales of more than \$32 billion annually. In general, African-Americans represent an annual spending base of over \$500 billion. NBCC has harnessed much of the power of these dollars and provides unique opportunities for corporations and African-American businesses to partner in creating greater opportunity for all people.

National Grange is the nation's oldest national agricultural organization, founded in 1867, with grassroots units established in 3,600 local communities in 37 states. Its 300,000 members provide service to agriculture and rural areas on a wide variety of issues, including economic development, education, family endeavors, and legislation designed to assure a strong and viable rural America. It was formed in the years following the American Civil War to unite private citizens in improving the economic and social position of the nation's farm population. Over the past 130 years, it has evolved to include non-farm rural families and communities.

U.S Distance Learning Association (USDLA) is a nonprofit organization formed in 1987. The association's purpose is to promote the development and application of distance learning for education and training. The constituents served include pre-K through grade 12 education, higher education, home school education, continuing education, corporate training, military and government training, and telemedicine. The association has become the leading source of information and recommendations for government agencies, Congress, industry and those entering into the development of distance learning programs.

United States Hispanic Chamber of Commerce (USHCC) mission is to: strengthen Hispanic business associations at the local, state and national level; implement national programs that assist the economic development of Hispanic firms; increase business relationships and partnerships between the corporate sector and Hispanic-owned businesses; promote international trade between Hispanic businesses in the United States and Latin America; monitor legislation, policies and programs that affect the Hispanic business community; and provide technical assistance to Hispanic business associations and entrepreneurs.

III. COMMENTS

The proposed merger between NorthPoint Communications and Verizon Communications will allow two distinct broadband access companies to come together as a new separate affiliate which will be in the best interest of the public at large. In particular, we believe the proposed merger will spur investment in high-speed Internet access in geographic areas that will benefit small businesses, educational institutions and homes in rural and farming communities and low income urban neighborhoods. Since current broadband deployment patterns in many areas of this country place rural residents, small businesses, farmers and the poor at a disadvantage, the benefits of distance learning, e-commerce, business-to-business commerce, and other robust online applications are unavailable. Only if we all have affordable high speed connections to homes, schools, libraries, agricultural communities, small businesses and government agencies can we, as a total society, benefit from the technology revolution that is still underway. The Commenters urge the Commission to encourage more investment and competition in the broadband market and to further the universal access goals of Section 706 of the 1996 Telecommunications Act¹. We believe the application submitted by NorthPoint and Verizon will help to achieve these objectives.

¹ Public Law 104-104, February 8, 1996, the Telecommunications Act of 1996; Section 706, Advanced Telecommunications Incentives; (a) In General — The Commission and each State commission with regulatory jurisdiction over telecommunications services shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms) by utilizing, in a manner consistent with the public interest, convenience, and necessity, price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment.

Both NorthPoint Communications and Verizon Communications are new entrants into the broadband access business — the former focused primarily on small and mid-sized business customers using symmetric DSL technology and the latter focused primarily on residential customers using asymmetric DSL technology. The dominant incumbents in the provision of broadband access — cable systems — currently control almost three-quarters of the residential broadband access business. In spite of this, rural and farming communities have historically been underserved by the cable industry.

By combining the complementary operations and services of NorthPoint and Verizon, the new affiliate will be in a stronger position to expand operations into new customer segments and new geographic areas. We look to the Commission to ensure that the new company adheres to the universal access goals of the Telecommunications Act by deploying affordable high speed Internet access to underserved markets, especially small businesses, educational institutions and homes in rural and farming communities and low income urban neighborhoods. With increased competition in the broadband access market, throughout a national footprint, consumers will be afforded the choice of new and innovative products, enhanced efficiency and competitive rates.

A combined entity also provides the new company with the additional resources necessary to strength and improve the existing DSL infrastructure. We especially endorse the Applicants' commitment to "deploy DSL facilities efficiently throughout the country"² because it has the added benefit of providing consumers with access to more Internet Service Providers (ISPs). Again, we look to the Commission to hold the

² In the Matter of Joint Application of NorthPoint Communications, Inc. and Verizon Communications for Transfer of Control, CC Docket No. 00-157, Pg.7

Applicants accountable to deploying new DSL facilities that will reach rural and farming communities as well as low-income urban neighborhoods.

An added benefit to deploying new DSL facilities across a larger national footprint is that the DSL platform is an open network. This will provide literally hundreds of ISPs a more efficient means to access the consumer market and it allows consumers to choose from a variety of ISPs. We find this particularly important to consumers since the current cable network is closed to but a few select ISPs and these exclusive contracts are not scheduled to expire for another 18-24 months. Consumer choice is a highly valued public interest criterion and we expect the newly created company will put added pressure on the cable incumbents to provide more options to consumers on their closed networks. Finally, an open network fosters a competitive ISP market which has valuable benefits ranging from new economy sustainability to content diversity.

Through this merger, the Commenters look to the new company to use its combined resources to compete directly with the cable incumbents in their core cable TV business. In their application to the Commission, both companies stated that the merger will allow the new company “to become a true competitor to cable-delivered video. . .”³ Through use of NorthPoint’s new innovative technology platform and network — known as “Blast!” — the new company will be capable of delivering streaming video programming over DSL in direct competition with video programming, especially unregulated premium and pay-per-view cable services. The Commenters are particularly pleased about the Applicants’ commitment to aggressively deploy the network, to

³ In the Matter of Joint Application of NorthPoint Communications, Inc. and Verizon Communications for Transfer of Control, CC Docket No. 00-157, Pg.9

improve its video-streaming technology and “to attract new forms of content that are needed to compete with cable.”⁴ We urge the Commission to ensure that the Applicants stay on course with this promising new technology so consumers, regardless of their geographic location, income level or physical abilities, may benefit from more competition in the video programming market. Competition in the video programming market has particular appeal to the Commenters given the fact that the FCC has found that video markets remain highly concentrated and that cable rates continue to rise faster than the rate of inflation.⁵

IV. CONCLUSION

We urge the Commission to approve the transfer of control filed by NorthPoint Communications and Verizon Communications. We believe this merger of digital subscriber line (DSL) businesses is in the public interest and will advance the goals of the Telecommunications Act of 1996 by creating a new company, capable of directly competing with incumbent cable providers on a national level, in the broadband market. Through the introduction of a viable and alternative broadband access provider, consumers will benefit with increased investments in advanced telecommunications services in more areas and serving more customers. It is our expectation that the new company will take every reasonable step to deploy affordable high speed Internet access to rural communities, low income urban neighborhoods, small businesses, educational institutions, and individuals with disabilities so they may benefit from the new company’s improved technologies, new services and competitive rates. Doing so will

⁴ In the Matter of Joint Application of NorthPoint Communications, Inc. and Verizon Communications for Transfer of Control, CC Docket No. 00-157, Pg.10

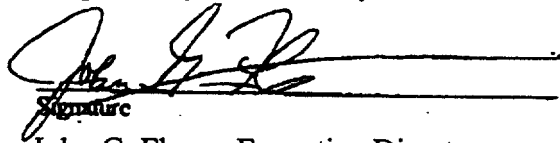
⁵ See Implementation of Section 3 of the Cable Television Protection and Competition Act of 1992. Report on Cable Industry Prices, Section 4, MM Docket No. 92-266 (released June 15, 2000).

help to narrow the current digital divide in broadband access and ensure all Americans can participate in the digital age.

We urge the Commission to hold the new company accountable to speed the deployment of advanced telecommunications services on a national scale, including underserved areas, to maintain an open network platform, to provide head-to-head competition in the broadband access and cable TV arenas, and to respond effectively and responsibly to the customers and communities it serves.

With this in mind, we believe the proposed merger between NorthPoint and Verizon is in the public interest and we support approval of the merger application by the Commission.

Respectively submitted by,



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