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FCC Broadband Proposal May Miss Out on Stimulus

Networks May Be Built Ahead of Policies

By Cecilia Kang
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The Federal Communications Commission will embark today on a nearly year-long project aimed at bringing high-speed Internet to every U.S. home, a process that many hope will bring an agency long focused on arcane telephone rules into the digital age.

But by the time the FCC creates its plan for broadband, it is likely that Internet service providers will have claimed much of the \$7.2 billion in stimulus funds set aside to build high-speed networks without major input from the agency. And that has some worried that the Obama administration's call to wire the nation risks having taxpayer money going toward projects that are not needed and have been created without clear guidelines.

"This is a huge deal. . . . Broadband is the central infrastructure challenge of the early 21st century," acting FCC Chairman Michael J. Copps said in an interview. "If done right, it will be the most formative proceeding in the FCC's history."

Currently, broadband funding and the rules for implementing the service are spread between three government agencies: the FCC, the National Telecommunications and Information Administration, and the U.S. Department of Agriculture. While the agencies consult with one another, according to Copps, they operate as separate organizations with the ability to set their own rules.

The NTIA and the USDA have been charged with distributing stimulus funds in three phases; the first is from April to June, and the last before Sept. 30, 2010.

While the FCC will not have a direct role in handing out the funds, it has been ordered to create a comprehensive plan mapping specific policies to bring broadband to the nation. The agency is expected to define which speeds are fast enough to be called broadband and which areas need the service most.

The FCC currently defines broadband at a minimum speed of 786 kilobits per second, which critics say is too slow for most video clips and large e-mail files. Public interest groups have called for minimum speeds of 10, 20 or 50 megabits per second for carriers that receive stimulus grants.

And because there are no clear criteria for determining which areas would qualify as "underserved" communities, public interest groups say they fear that stimulus money could be poured into middle- to high-income suburban communities.

The FCC's plan is due by February 2010.

"Everyone in Washington and throughout the country is questioning the chronology of the mandates in

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the Recovery Act," Jessica Zufolo, a telecom policy analyst at Medley Global Advisors, said of the stimulus bill.

Kyle McSlarrow, head of the cable trade group National Cable & Telecommunications Association, said that because the FCC is still hammering out guidelines to help the other agencies grant applications, the first phase of funds by the NTIA may be smaller and go to areas where there clearly isn't any Internet service.

"The good news is that everyone is conscious of the risk of putting the cart before the horse and so they will be as careful as they can to make sure that doesn't happen," McSlarrow said.

Ideally, the FCC's plan would have been in place before stimulus funds were granted, say tech advisers who helped craft President Obama's broadband strategy. But the urgency of the economic crisis called for quick ways to create jobs, including through broadband deployment, they said.

"We need the stimulus to create jobs that are timely, targeted and temporary," said Larry Irving, a former head of the NTIA and an adviser to Obama's transition team. "That was the first stage of a multistage effort to get our arms around national broadband strategy."

Analysts said the FCC would probably look at existing policies to see how they could be used to expand broadband access and adoption. One possible change is of a \$7 billion federal phone subsidy that many say should be used for broadband, particularly as consumers increasingly cut traditional phone service and use their cellphones for all voice communication.

Carriers like Sprint have called on the FCC to alter pricing rules that allow big telecom providers to charge higher rates for smaller competitors to use parts of their networks. Sprint says the money they would save through changes in special access rules could be used for more wireless broadband.

Zufolo said many wireless providers are excited about a bill introduced by Sens. John F. Kerry (D-Mass.) and Olympia J. Snowe (R-Maine) that would require the FCC and Department of Commerce to inventory all available radio spectrum. Currently, it is unclear outside those agencies how much spectrum is available and what is not being used. Wireless operators see the data as a key lobbying point for more spectrum auctions so that they can boost their networks.

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