



MARTIN QUESTIONS USING UNIVERSAL SERVICE TO PROMOTE COMPETITION IN RURAL AREAS

The Universal Service Fund wasn't designed to promote competition but to ensure service to areas that might not otherwise receive it, FCC Commissioner Kevin J. Martin said today, raising questions about whether it was appropriate to continue providing funding to multiple new entrants that are designated as "eligible telecommunications carriers" (ETCs) in rural areas.

Speaking at the Phoenix Center's annual telecom symposium in Washington, Mr. Martin noted that the FCC was "struggling" with whether a proliferation of ETCs was draining the universal service coffers. "I don't think [universal service] is about introducing competition to rural areas," he said. "It's about trying to ensure we have some kind of service to rural areas." The policy of subsidizing multiple providers can get particularly costly in an industry with high fixed costs, like telecommunications, he said.

Meanwhile, regarding the recent appeals court decision nixing the FCC's designation of cable modem services as an information service, Mr. Martin stressed that the Commission still would be able to take the largely hands-off path it wants to take. "I think the Commission can ultimately end up living with any decision," he said. "Even when something is put in a certain box, the Commission has other tools" to achieve its desired results.

Mr. Martin also said the FCC should act quickly to provide much-needed clarity on the regulatory questions surrounding voice-over-Internet protocol (VoIP) issues, even if it answered only the easy questions now and deferred the harder ones for later. He saw significant differences between phone-to-phone VoIP services and computer-to-computer services.

"Some of the services to the average customer look just like a regular telephone service," Mr. Martin said. He said it wasn't clear whether those services, however, are truly substitutes for traditional voice service, noting questions about "911" service and other public-safety issues. "Others are more of a computer-to-computer system. . . . These raise very different issues, but I do think we need to provide whatever clarity we can on these issues."

Asked if the FCC had become overly politicized, with many votes coming down on party lines, Commissioner Martin said he was "still optimistic and hopeful that we can approach issues in a bipartisan fashion. It's not good for the Commission to have these kinds of 3-2 votes." He said a key to improving bipartisanship would be to ensure that all Commissioners were involved earlier in the process as decisions were being made.

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