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FCC speeds setup of fiber-optic networks

By Bobby White; The Fcc.
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The Federal Communications Commission ruled Thursday that regional phone companies don't have to open their fiber-optic networks to competitors, as long as they bring the fiber-optic lines within 500 feet of customers' homes.

The ruling will accelerate access to higher-speed Internet, voice and video services sold through phone companies, but critics said it will stymie competition.

Encouraged by the ruling, SBC Communications -- the dominant local wire-line provider in Tarrant County -- announced that it will speed up its deployment of a new fiber-optic network.

SBC, based in San Antonio, said it plans to reach 18 million homes with fiber optics by the end of 2007. The company's announcement was a warp-speed reaction to what some experts said was a surprising decision SBC had earlier outlined a 5-year, \$6 billion plan to bring fiber optics to residential consumers -- a plan heavily tempered with reservations about the regulatory environment.

"Rational rules promote innovation and investment in new networks and services for consumers," Ed Whitacre, SBC's chief executive, said in a statement. "And so with this positive policy movement, the delivery of next-generation broadband and video services is no longer at some distant point in the future. The future is now."

In an increasingly competitive telecommunications industry, fiber optics have been considered a savior for the large Bell companies.

Fiber optics once were considered too expensive. But SBC and other large telecoms are now banking on the technology's promise of ultrafast Internet and added video features. Fiber-optic connections are up to 10 times faster than digital subscriber lines.

The FCC's ruling builds on a 2003 decision to allow telecom companies to protect their fiber-optic networks from competitors as long as the networks were connected directly to homes.

BellSouth and SureWest Communications petitioned the FCC to expand its ruling so the companies could rapidly install fiber-optic networks.

Once a phone company brings fiber optics to within 500 feet of a home, it typically uses copper wire to connect to the premises. Such a strategy saves time and cost, but the quality of the service is slightly less than if the fiber-optic system reached the home.

The FCC's decision surprised some experts and angered proponents of competition who said Baby Bell phone companies SBC, Verizon, BellSouth and Qwest will have too much control.

The Baby Bells have argued that they wouldn't aggressively roll out their fiber-optic networks without easing of FCC rules.

"In the name of promoting investment incentive for four companies, the FCC is essentially turning its back" on the Telecommunications Act of 1996, said Larry Spiwack, who overlooks the Phoenix Center, a telecom policy group in Washington, D.C.

The Telecom Act opened up competition, but Spiwack said Thursday's ruling sends the telecom industry on a monopolistic course.

Matt Davis, director of broadband technology at Boston-based Yankee Group, said he was surprised that the FCC allowed a second set of technology standards with its Thursday ruling.

But FCC Chairman Michael Powell said the decision was necessary to "restore the marketplace incentives of carriers to invest in new networks."

Thus far, Verizon is the only company embarking on the proposition of full fiber optics to the home, announcing this year a \$20 billion, decade-long rollout. The company is making Keller the first city to be fully served by fiber optic. In the Metroplex, Verizon's wireline markets include Grapevine, Colleyville, D/FW Airport, Denton, Grand Prairie and Irving.

Verizon spokesman William Kula said the company was encouraged by the ruling but wants more clarification.

For example, Kula said, the fiber-optic network being installed in Keller would be difficult to replicate in the northeast United States -- a strong Verizon market -- due to numerous regulations.

But overall, the ruling is "a strong indication the FCC is headed in the right direction," Kula said.

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