

Telecom services should be viewed separately, experts say

by Teri Rucker -- National Journal Technology Daily 11/22/2002

Telecommunications services, whether they are for high-speed Internet access or simple telephone use, should not be viewed as interchangeable because they originate from widely varying technologies, panelists said during a telecommunications forum this week. They added that healthy competition among providers currently does not exist.

Policymakers have touted the benefits of "intermodal" competition, citing the availability of services -- particularly high-speed Internet services offered by multiple providers over cable modems and digital subscriber lines -- as proof that competition is flourishing.

But Tom Koutsky, vice president for law and policy at Z-Tel Communications, said at a Phoenix Center forum that "for duopolists to be effective competitors, the services [they offer] need to be substitutable," and current services are not interchangeable because they travel over different networks that have different geographic reaches, designed for different capabilities.

For example, satellite service is poor for transmitting voices but can handle high-speed, one-way data transmissions very well, he said.

Greg Rohde, president of e-Copernicus.com and former director of the National Telecommunications and Information Administration, agreed, noting that satellite, wireless and power-line services are not perfect substitutions for one another for voice or data service.

Wireless is not a perfect substitute for voice, agreed Jessica Zufolo, legislative director for the National Association of Regulatory Utility Commissioners. She said the service quality often is poor, a customer cannot keep a number should he change providers, and wireless systems are not comparable to wireline networks during an emergency because wireless carriers have not yet implemented a system for pinpointing the location of emergency calls.

Lawmakers "should keep an eye on who owns" the different services, Rohde said. For example, large wireline carriers like Verizon Communications also are major wireless providers, and as the industry changes and consolidates over the next few years, policymakers should monitor whether the result is competition among different firms or "enabling larger carriers to solidify their base."

That type of market power could lead to collusion among providers, Koutsky said. "The risk of tacit collusion is a real danger."

The policy discussion focuses on how to quickly and ubiquitously deploy broadband services, he said, but if the goal is "universal access, you need another mode" because cable and DSL services will never reach certain parts of the country.

Wireless is emerging as an alternative, Rohde said, but more spectrum must be allocated for it to be effective.

The FCC needs to identify more spectrum for unlicensed use, delve seriously into the debate over advanced wireless services and study the 2.5-gigahertz band of spectrum for other uses, he said. Educational institutions currently use that band, but much of it is "mothballed," Rohde said, adding that the FCC should require the license holders to "build out and use it or give it back."