

Panel: FCC reform rests at a critical crossroads

by Teri Rucker -- National Journal Technology PM 01/28/2003

The telecommunications industry is at a crossroads where policies soon to be decided by the FCC will set the competitive landscape, panelists said Wednesday at a Phoenix Center roundtable, adding that the FCC may not have all the information it needs to make the best decision.

"We are going to get as a society one bite of the competition apple," and it is necessary for the FCC "to adopt competition-enabling policies," said John Mayo, dean of Georgetown University's business school. He noted that the reality of local telephone competition is in question, and the policies the FCC adopts will shape the competitive environment.

Within the next few weeks, the FCC will decide the rules governing competitor access to portions of the networks that are owned by the large, regional telecom firms.

Dan Phythyon, senior vice president of law and policy at the United States Telecom Association, agreed that the FCC is at an inflection point, but said the agency is not deciding whether "competition is good or bad" nor ruling on "whether to turn back the clock to a monopoly environment."

Instead, the FCC is looking at whether competition has evolved to the point where it is no longer necessary for competitors to have "end-to-end access at TELRIC prices," Phythyon said in reference to the pricing model outlined by the FCC.

Carol Fleming Williams from the FCC's Office of Communications Business Opportunities said she was interested in "the notion of effective competition" and a level entry field.

Small telecom companies often refer to the "imbalance in negotiating experience" when small firms are faced with a choice of negotiating with a big company or a bigger company, Fleming Williams said.

But hearing the story only from the side of suppliers makes for an incomplete record, said Barry Pineless, majority counsel for the House Small Business Committee.

"[FCC Chairman Michael] Powell wants to do what is good for consumers. The problem is, the FCC has to take a guess because the consumers typically do not get involved in the debate," Pineless said.

The FCC also has lumped small business consumers with residential customers and those groups are very different, he said, adding that he is unsure how to get the agency to make a distinction between the two groups when looking at the issues before it.

At least on Capitol Hill, small business owners are not weighing in on the issue, Pineless said, noting that his boss has not received any feedback from constituents on the FCC proceeding.

"The basic attitude is I hope the FCC makes this all go away so we won't have to worry about it," said Pineless, but if the FCC's decisions result in customers who use competitive providers losing service, those constituents will contact Congress and lawmakers will have to address it.