



NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

ERRATUM

Ms. Magalie R. Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
TW-A325
Washington, DC 20554

Re: CC Docket No. 98-146

Dear Ms Salas:

Enclosed for filing with the Commission is a **corrected** copy of the comments filed on Monday, September 24, 2001 by the National Cable & Telecommunications Association in the above-captioned proceeding.

Specifically, page 3 of our comments erroneously stated in the Introduction and Summary that "A recent Morgan Stanley Dean Witter ("Morgan Stanley") report estimates that cable's broadband service is now available to 66,148,000, or 64% of homes nationwide. This compares to 40% of homes just 18 months ago, a 56% increase."

The corrected copy revises the last sentence as follows to reflect the correct numbers, as stated on page 7 of NCTA's Comments:

This compares to 34% of homes just 18 months ago, an 86.5% increase.

If there are any questions concerning this matter, please let me know. Thank you very much.

Very truly yours,

David L. Nicoll
Associate General Counsel

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
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Inquiry Concerning the Deployment of)
Advanced Telecommunications)
Capability to All Americans in a Reasonable)
and Timely Fashion, and Possible Steps)
to Accelerate Such Deployment)
Pursuant to Section 706 of the)
Telecommunications Act of 1996)

CC Docket No. 98-146

COMMENTS OF
THE NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION

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September 24, 2001

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**COMMENTS OF
THE NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION**

The National Cable & Telecommunications Associations (“NCTA”), by its attorneys, submits the following comments in response to the Commission’s Third Notice of Inquiry (“Notice”) in the above-captioned proceeding.

NCTA is the principal trade association of the cable television industry. NCTA’s members include the operators of cable television systems serving more than 90 percent of the nation’s cable subscribers. NCTA’s members are the leading providers of broadband Internet access services in the United States. NCTA also includes the operators of more than 200 cable program networks, as well as companies that provide equipment and services to the industry.

INTRODUCTION AND SUMMARY

Based upon the Commission’s now well-established standards for measurement, the current pace of broadband deployment continues to be “reasonable and timely.” The developments in the marketplace over the last year show cable companies and others are offering broadband services to increasing numbers of homes, and that increasing numbers of customers

have more than one broadband provider from which to choose. Estimates of deployment and subscribership in the next few years project the continuation of these trends.

The Commission set forth the grounds for ascertaining the reasonableness of deployment in the First Section 706 Report (“First Report”).¹ In that proceeding, “advanced telecommunications capability” was defined, and, as required by the statute, the provision of that capability to all Americans on a “reasonable and timely” basis was established as Commission policy. It was also in the First Report that the Commission decided to measure the timeliness of advanced capability deployment by analogy to the pace at which other new communications offerings were deployed.² Finally, the Commission found in the First Report that cable modem service “... may not be ‘telecommunications’ within the precise terms of the Communications Act, as amended, but may as a practical matter be competitive with ‘advanced telecommunications capability,’”³ – the term used in Section 706 to denote broadband and other advanced services.

In the Second Section 706 Report (“Second Report”), the Commission reaffirmed its interpretations of the statutory definitions.⁴ The FCC also established two categories for advanced services: (1) advanced services which have “the capability of supporting, in both the

¹ Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, 15 FCC Rcd 2398, 2409-13 (1999) (“First Report”).

² The Commission analogized the pace of broadband deployment to the pace of deployment of telephone service, black-and-white television, color television and cellular service, and compared where such services stood at the end of the second year of their deployment versus the end of the second year of deployment of advanced services. Id., 14 FCC Rcd at 2410-13. The Commission found, as of the end of the second year of deployment, that advanced services were deployed at a pace comparable to black-and-white televisions, and significantly ahead of telephone service, cellular service and color TV. Id., 14 FCC Rcd at 2446-7.

³ First Report, 14 FCC Rcd at 2407 (citation omitted).

⁴ Second Report, 15 FCC Rcd 20913, 20917 (2000).

provider-to-customer (downstream) and the customer-to-provider (upstream) directions, a speed (in technical terms, 'bandwidth') in excess of 200 kilobits per second (kbps) in the last mile,"⁵ and (2) "high speed" services, which are "services with over 200 kbps capability in at least one direction."⁶ The agency found that "high-speed lines" offered by cable systems accounted for 51% of the total of all high-speed lines as of the end of 1999.⁷ It did not propose any changes in the regulatory classification of cable modem services. And, following a comparison of the pace of deployment of advanced telecommunications capability and other communications offerings, the Commission concluded that deployment was "reasonable and timely overall."⁸

The Third Notice of Inquiry aptly proposes to maintain the key standards and definitions relating to "advanced telecommunications capability" and "reasonable and timely" deployment adopted in the First Report. These standards have proven effective for purposes of describing and measuring the state of advanced services deployment and subscription. Their continued use is justified by the current state of technology.

Broadband deployment continues to proceed rapidly. And cable continues to play a leading role in making such service available to all Americans. A recent Morgan Stanley Dean Witter ("Morgan Stanley") report estimates that cable's broadband service is now available to 66,148,000, or 64% of homes nationwide. This compares to 34% of homes just 18 months ago, an 86.5% increase. Morgan Stanley further estimates that by the end of 2002 cable broadband service will be available to 95,184,000 homes, or 90% of the potential cable subscriber base.

⁵ Id., 15 FCC Rcd at 20920 (citation omitted).

⁶ Id.

⁷ Id., 15 FCC Rcd at 20952-53.

⁸ Id., 15 FCC Rcd at 20918.

The evidence of rapid broadband deployment is demonstrated not just by the availability of cable modem service, but also by the pace of cable modem subscribership. Although it faces intense competition from DSL, cable modem penetration (*i.e.*, subscribers taking the service where available) stood at 5.5 million, or 5.3% of households, by the middle of this year. When combined with DSL and other distribution media, broadband subscribership exceeded 8% of U.S. households. These numbers are particularly impressive in light of the requirement that a consumer first acquire a PC and decide to purchase some form of Internet access before he or she is really in the market for broadband Internet access. Morgan Stanley estimates that by the end of this year, 27% of all Internet access subscribers will use some form of *broadband* Internet access as their primary means of accessing the Internet.

The evidence with regard to the availability of broadband services “to all Americans” is also extremely promising. It is the practice of cable companies to serve their entire franchise areas. As the cable industry moves toward completion of its network upgrade in the next few years, increasing numbers of subscribers will be offered broadband services. This phenomenon is already being borne out in the Commission’s most recently reported zip code data. According to that data, as of December 31, 2000, at least one subscriber in at least 75% of the nation’s zip codes purchased broadband services, and 96% of the population lived in these zip codes.

For these reasons, the Commission should conclude that the deployment of broadband services is proceeding in a “reasonable and timely” manner and that no regulatory action to further spur such deployment is called for.

I. CABLE OPERATORS ARE CONTINUING TO RAPIDLY DEPLOY ADVANCED BROADBAND SERVICES TO ALL ECONOMIC AND GEOGRAPHIC SECTORS OF THE NATION

In its Notice, the Commission seeks comment on the state of broadband deployment. In particular, it seeks data that may be used to supplement its semi-annual reports which compile data submitted by companies in a variety of industries that provide broadband services. Recognizing that the Form 477 data submissions focus on subscribership rather than availability or deployment, the Notice specifically seeks deployment (i.e., service availability) data. The Commission also seeks information on the state of investment in broadband infrastructure. The Commission expects that the assessment required by Section 706 – whether advanced services are being deployed in a “reasonable and timely” fashion – will be based upon its evaluation of the state of advanced services subscription, deployment, investment and other factors.⁹

In its first two Section 706 Reports, the Commission concluded that deployment of “advanced broadband capability” was “reasonable and timely.” Evidence points to the same conclusion today. The cable industry is leading the way, spurring others to increase their deployment of similar, competitive services.

In response to the consumer demand for faster and more efficient Internet access, the cable industry initiated the offering of *broadband* Internet access. The cable industry’s broadband service offers residential subscribers access to all of the content of the conventional Internet, but provides the service fifty to one hundred times faster. The additional speed makes it possible for subscribers to obtain feature-rich content, such as video streaming, that is impractical to deliver and view at slower speeds. Cable’s service has the additional advantage of

⁹ Third Notice of Inquiry, FCC 01-223, rel. Aug. 10, 2001, at ¶19-24 (“Third Notice”).

being “always on,” which frees customers of the dual frustrations of tying up a telephone line and engaging in an elaborate sign-in procedure each time the service is accessed.

Several years ago, the cable industry took the risk that this version of advanced broadband Internet access service was what consumers wanted. It decided to invest ten of billions of dollars to upgrade its plant so that cable systems would be able to deliver broadband Internet access, as well as digital video programming and other interactive services. As a result of the cable industry’s initiative, the vision of Section 706 of a fully deployed broadband Internet access infrastructure is on the verge of being realized. In response to the cable industry’s deployment of broadband, other providers are also offering broadband Internet access service, making the broadband marketplace a very competitive one.¹⁰

Over the short period of less than two years since the issuance of the First Report, the deployment of broadband services by cable companies has grown rapidly. Two years ago, in response to the First Notice of Inquiry, NCTA observed that even though cable companies had high hopes for the industry’s broadband deployment, such deployment was very much a work in progress. Even at that early stage there was good news to report; *i.e.*, 19 million households, nearly one-fifth of all residences nationwide, were passed by cable systems that offered broadband Internet access service. But many of these systems were at the early stages of service roll out. As a result, cable modem service was *available* to only a *portion* of the 19 million subscribers served by systems offering the service.¹¹

¹⁰ As Chairman Powell was recently quoted as saying: “Take DSL.... It was invented 15 years ago! It was deployable 15 years ago. But it lived within a series of companies that faced no real threats. *DSL is out of the box because cable came out of the box [and challenged existing phone companies by offering ultra-high-speed Internet service.]*, *The Wall Street Journal*, Sept. 10, 2001, at R19 (emphasis supplied).

¹¹ See NCTA Comments on 1998 Notice of Inquiry, Sept. 14, 1998, at 8, citing 1998 Paul Kagan Associates, Inc., *Cable TV Technology*, Aug. 26, 1998, at 3. This was the best available data at this early stage of cable’s broadband roll-out.

In Comments in response to last year's Second Notice of Inquiry, the cable industry demonstrated that projections were becoming a reality and that prior estimates were, if anything, understated. In its March 2000 Comments, NCTA reported that the number of cable's broadband customers had more than *quintupled* to 1.6 million.¹² And, in an equally noteworthy development, system rebuilds and the resulting roll out of broadband Internet access service were occurring faster than previously anticipated. According to the projection of one report that NCTA cited in its comments, "*about 41% of all U.S. households would have access to a cable modem service by the end of this year*" [i.e., year-end 2000].¹³

This projection was more than proved out in the marketplace.¹⁴ Even more significantly, the trend appears to be continuing. According to a recent report by Morgan Stanley Dean Witter ("Morgan Stanley"), "Industry Overview: Broadband Cable Second Quarter Review," by the middle of this year cable's broadband service was available to 66,148,000 subscribers, or approximately 64% of homes. This compares to 35,466,000, or 34% of homes, just eighteen months ago, which represents an increase of 86.5% in this brief period.¹⁵

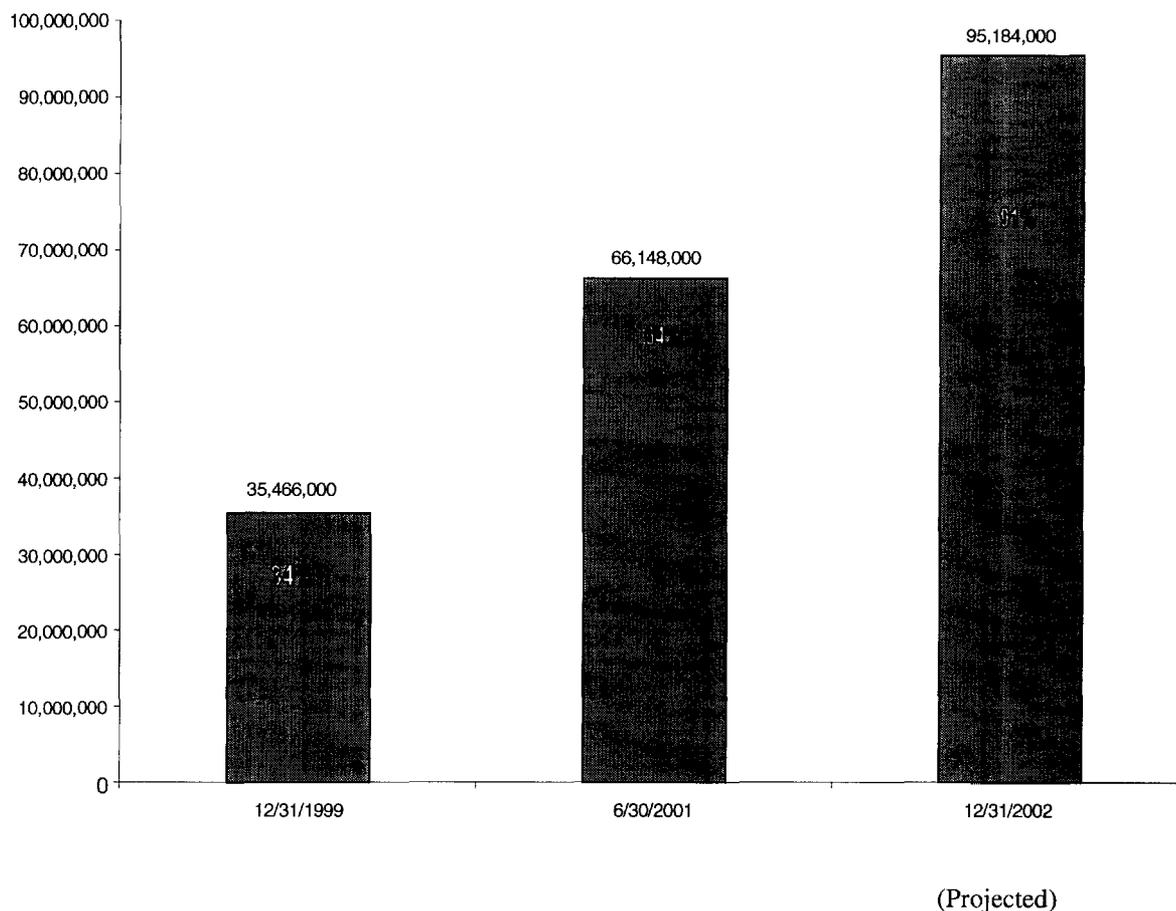
¹² Comments of the National Cable Television Association, CC Docket No. 98-146, Mar. 20, 2000, at 6.

¹³ Id.

¹⁴ Morgan Stanley reports that cable modem service passed 58 million homes by the end of 2000. "Industry Overview: Broadband Cable Second Quarter Review," Morgan Stanley Dean Witter, Aug. 29, 2001, at 10. ("Morgan Stanley Second Quarter Review"). Attached as Appendix A.

¹⁵ Id. at 9.

CABLE BROADBAND AVAILABILITY
(% OF U.S. HOMES)



Source: Morgan Stanley Dean Witter

More importantly, Morgan Stanley projects that just eighteen months from its latest report, cable systems will offer broadband service to 95,184,000 homes, or 90% of their potential subscriber base.¹⁶ According to Morgan Stanley's projections, the cable industry deployment push over the next eighteen months will result in service becoming available to more than 29 million additional potential customers. If these estimates prove correct, the completion of the cable industry's wiring of America for broadband Internet access is within sight. Indeed, Morgan Stanley's data indicate that deployment will be substantially complete for seven of the eight

¹⁶ Id. at 10.

largest cable MSOs by the end of 2002. For these companies, and for many other firms too, beginning in 2003 further growth in deployment will derive primarily from the general expansion of the population within their service areas.

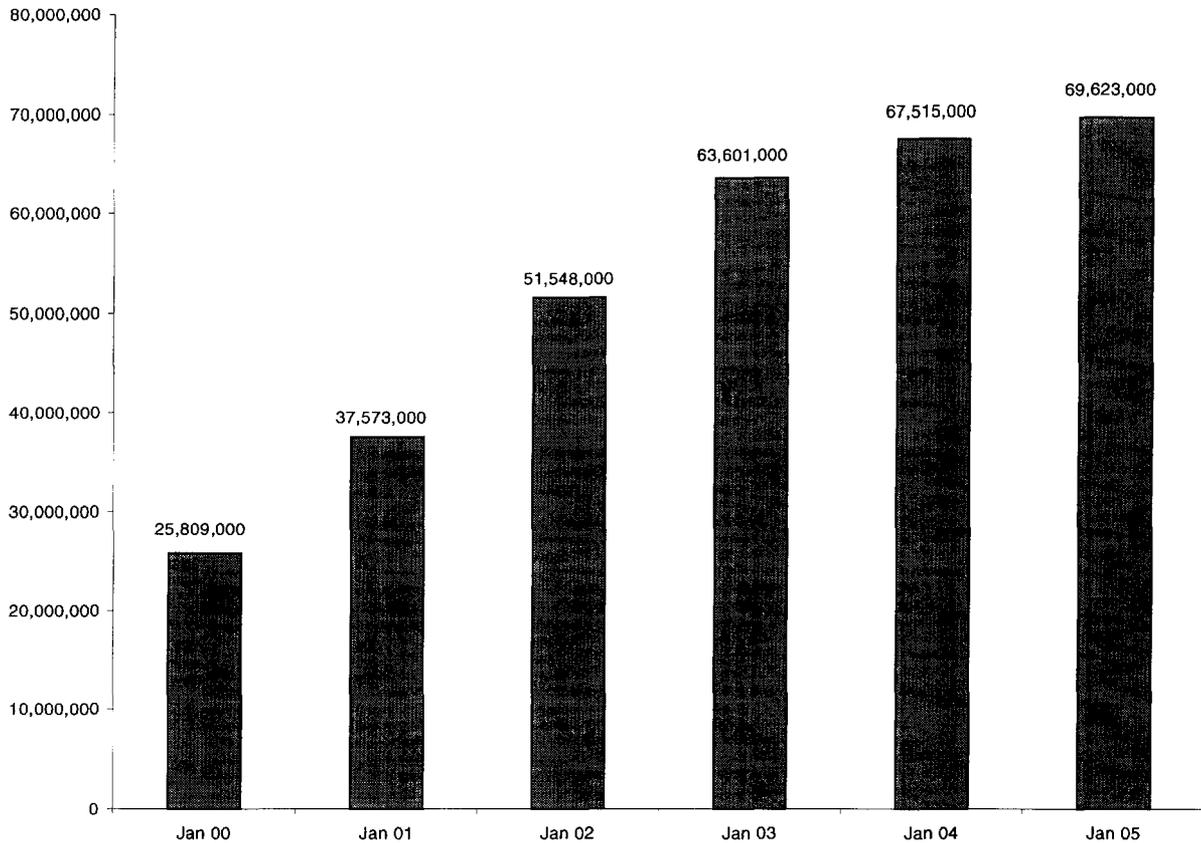
The cable industry's rapid deployment of broadband Internet access, encouraged but not forced by either legislation or regulation, is one of the great success stories – perhaps *the* greatest success story – of the 1996 Telecommunications Act. The Morgan Stanley data show a remarkable expansion in the number of customers able to receive cable modem service over a short time frame. During this period, the number of customers able to obtain cable modem service has increased at a rate of deployment rarely matched for a new communications service.

The cable industry is not alone in its offering of broadband Internet access. Broadband Internet access is a competitive service offering for which consumers have choices. Telephone companies, DBS providers and others, recognizing the value of cable's broadband service, have responded by designing and marketing their own broadband packages.

Telephone companies have been particularly aggressive in the roll-out of a competitive alternative. According to Morgan Stanley, homes passed by the telephone company DSL service grew from 25,809,000 at the end of 1999 to 37,573,000 by the end of last year. The even more impressive projections of future growth in the availability of DSL estimate the service will expand to 51,548,000 by year's end, 63,601,000 by the end of 2002, 67,515,000 by the end of 2003, and 69,623,000 by the end of 2004.¹⁷

¹⁷ "Industry Overview: The Sequel: Open Access is Better," Morgan Stanley Dean Witter, Jun. 29, 2001, at 10 ("Morgan Stanley: The Sequel"). Attached as Appendix B.

DSL DEPLOYMENT 2000-2005



Source: Morgan Stanley Dean Witter

Cable companies are competing every day with providers of like broadband services. The relative benefits of cable broadband, telephone DSL and other broadband service offerings in terms of quality, price, reliability and other key indicia of consumer choice that determine marketplace success are open to debate. Moreover, these offerings are in constant competition with the still dominant narrowband service delivered by local telephone companies in conjunction with hundreds of ISPs. The competitiveness of this marketplace is not open to question.

Cable deployment of broadband Internet access is a success story that involves hundreds of operators, large and small, with systems ranging from video subscribership in the hundreds of

thousands to fewer than 1,000. Consistent with franchise commitments, and the industry's tradition of providing service to all of the areas operators are authorized to serve, cable companies are deploying broadband service to all areas in their franchise territories. In doing so, cable companies are ameliorating legitimate concerns of Congress and the Commission that a "digital divide" could develop if broadband providers were only to serve affluent areas.

II. THE DRAMATIC GROWTH IN THE NUMBER OF BROADBAND SUBSCRIBERS IS FURTHER EVIDENCE THAT DEPLOYMENT IS "REASONABLE AND TIMELY"

Form 477 data "show significant shrinkage in the gap between subscription to advanced services in densely and sparsely populated zip codes, in high-income and low-income zip codes, and between small towns and tribal territories on the one hand and the nation as a whole on the other."¹⁸ This is unsurprising. The data reflect that cable companies, like other companies, are well along in the several year process of building-out infrastructure throughout the United States. Cable-provided broadband Internet access is one of the key services made possible by cable's new infrastructure.

A. Broadband Subscribership Generally

The Third Notice observes that "data show continued and rapid growth of subscription to high-speed and advanced services on a nationwide basis."¹⁹ Based upon data submitted on Form 477 as required by the Commission's semi-annual reporting procedure, the agency finds that "as of December 2000, 4.7% of the country's residences and small businesses subscribe to high-speed services and 2.6 % of the country's residences and small businesses subscribe to advanced

¹⁸ Third Notice at ¶21.

¹⁹ Id. at ¶19.

services.”²⁰ The Commission also finds with respect to its most recent reporting period that DSL subscribership has improved “significantly”²¹ relative to cable, but cable remains in the lead. These data are consistent with the deployment data described above, both with respect to the rapid deployment of advanced services and the competitiveness of the environment in which providers of these services operate.

The most recent Morgan Stanley report demonstrates that this fundamental trend is continuing. It shows cable modem subscribership, as of June 30, 2001, at 5.5 million, or 5.3% of U.S. households.²² [As of June 30, 2001, DSL subscribership was at 2.9 million customers, or 2.8% of U.S. households.²³] These numbers are, however, deceptive. Before a subscriber can make use of broadband service, he or she must first decide to acquire a PC. The subscriber must then determine whether to purchase Internet access. Table 1, below, shows that when PC and Internet access usage is accounted for, subscriber penetration is 16 percent of U.S. households with PCs, and 19 percent of U.S. households with Internet access, as of June 30, 2001.²⁴

TABLE 1
CABLE MODEM AND DSL PENETRATION
(As a % of U.S. homes, PC homes and Internet homes)

	Customers	Penetration as a Percent of US Homes	Penetration as a Percent of PC Homes	Penetration as a Percent of Internet Homes
Cable Modem	5.5 Million	5.29%	10.92%	12.49%
DSL	2.9 Million	2.79%	5.76%	6.58%
Total	8.4 Million	8.08%	16.67%	19.07%

Source: Morgan Stanley Dean Witter and NCTA Research

²⁰ Id. at ¶20.

²¹ Id.

²² Morgan Stanley Second Quarter Review at 9.

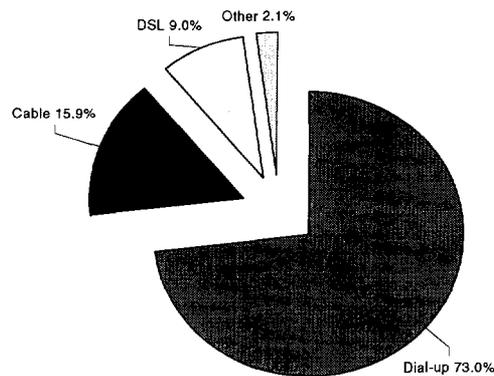
²³ NCTA research based on company data (Verizon, Qwest, SBC, Broadwing and Covad).

²⁴ Morgan Stanley Second Quarter Review at 10, and NCTA Research.

At the end of last year, for the first time, the percentage of dial-up Internet access subscribers in relation to all Internet access subscribers began to decline. The number of dial-up customers did grow in absolute terms, and this growth in the absolute number of dial-up subscribers is projected to persist for several years. But Morgan Stanley estimates that by the end of this year, 27% of all Internet access subscribers will use some form of *broadband* Internet access as their primary means of accessing the Internet.²⁵

**PRIMARY ACCESS
YEAR-END 2001**

47,467,000 Subscribers



Source: Morgan Stanley Dean Witter

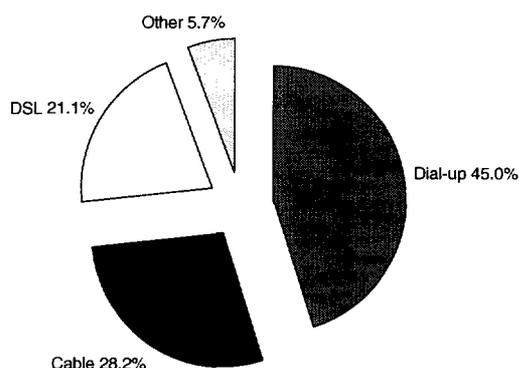
This trend toward increased broadband penetration relative to dial-up subscribership is expected to quickly accelerate. By the end of 2004, the number of broadband subscribers – in the

²⁵ Morgan Stanley: The Sequel at 10. There is recent evidence that as consumers increasingly purchase broadband services, they are dropping their second phone lines. See “Households Canning Second Phone Lines for Broadband,” Newsbytes, Sept. 19, 2001.

form of cable modem, DSL, and other (e.g., satellite, fixed wireless) – is expected to exceed the number of dial-up customers.²⁶

**PRIMARY ACCESS
YEAR-END 2004**

70,077,000 Subscribers



Source: Morgan Stanley Dean Witter

Based upon the subscribership data in the Form 477 submission by corporate filers, and by the data and projections provided by Morgan Stanley, the Commission may reach several conclusions. First, at least with respect to the actual raw number of broadband subscribers, the pace of penetration is “reasonable and timely.” In fact, the growth in broadband penetration has

²⁶ Id. The development and anticipated persistence of this trend is particularly noteworthy because dial-up service is expected to maintain a price advantage over broadband service throughout this period. While actual price amounts will vary among narrowband ISPs and broadband providers, dial-up currently enjoys a price advantage of nearly two to one in many areas. The ability of the broadband service to garner increasing numbers of new customers despite its greater cost is due, surely, to the perception by consumers that the increased cost is worth the investment. While we do not have the benefit at this time of statistically reliable marketing data to explain the apparent willingness of consumers to pay a premium for broadband, anecdotal evidence suggests that the speed and “always on” characteristic of the service explains the difference. The Morgan Stanley study projects that broadband service penetration rates will continue to grow relative to narrowband offerings, and although it is silent on the matter, presumably anticipates that a price disparity between broadband and narrowband will persist.

been exceptionally dramatic if one considers that the service has been available to a significant number of customers for only a short time, and consumers generally have the option of purchasing the narrowband service at a lower price than broadband offerings. Moreover, projections of future growth by cable broadband providers and competitors indicate that these companies are helping to fulfill the goals of Section 706.

Second, broadband is developing as a competitive service offering. Indeed, there is every reason to expect that broadband consumers will enjoy the benefits of multiple providers. While, for their own reasons, telephone companies came late to the broadband market in response to cable's initiative, they have entered aggressively into increasing numbers of markets. And, the two more established players, cable and DSL, are not going to have the field to themselves. DBS and other wireless vehicles are likely to offer consumers additional facilities-based options in the coming years.²⁷

Because broadband has developed in a reasonable and timely fashion, the Commission does not need to take any regulatory action contemplated by Section 706 when a "reasonable and timely" finding cannot be made.

It is clear that the Commission's decisions to this point in its proceedings undertaken pursuant to Section 706 have set the right regulatory tone. By (1) maintaining vigilant oversight of deployment; (2) requiring the reporting of subscribership by all significant providers on a semi-annual basis; (3) reviewing whether the applicable definition of "advanced telecommunications capability" continues to be appropriate in light of marketplace conditions; and (4) evaluating the submissions of interested parties in annual Section 706 proceedings, the

²⁷ See "StarBand Launches Third Generation Product for Two-Way, High-Speed Satellite Delivered Internet Service," StarBand Press Release, Jun. 18, 2001. StarBand reported that it had "installed over 40,000 satellite modems across the U.S."

Commission has ensured it will be able to act if it determines that market forces are not resulting in the deployment of broadband Internet access on a competitive basis to consumers at a sufficiently rapid rate. The Commission's approach involving continuing oversight and inquiry, but not intensive or intrusive regulation, is working and should be maintained.

B. **Subscribership Data and the Availability of Broadband Services “To All Americans”**

In addition to setting forth the goal of deploying “advanced telecommunications capability” on a “reasonable and timely” basis, Section 706 calls for the availability of this capability “to all Americans.”²⁸ By including “to all Americans” in the language of Section 706, Congress explicitly expressed concern over the possibility that broadband Internet access might be less readily available to certain sectors of the nation by reason of low-income or geography. Consistent with the legislative mandate, the Commission, through its Section 706 proceedings and its semi-annual data reporting process, has attempted to ascertain the state of deployment in all areas and among all groups. The Commission rightly concludes that “by comparing levels of subscribership over time, ... [it is] able to determine the pace at which advanced telecommunications capabilities are being deployed in different parts of the country and across different demographic groups.”²⁹

The Commission is also able to evaluate the state of deployment in potentially underserved areas by examining the state-by-state data submitted by reporting companies. If, for example, the aggregate data contained in reports submitted to the FCC demonstrate a trend that subscriber counts in the more rural states are lower than would be anticipated solely by state

²⁸ 47 U.S.C. §706(a).

²⁹ Third Notice at ¶9.

population trends, one possible explanation is that broadband service is not as widely available in these areas as in other jurisdictions.

Finally, the zip code data gathered through Form 477, which reports whether at least one subscriber is receiving broadband Internet access in a particular zip code, is also instructive. Zip codes divide the nation into tens of thousands of geographic subsets. If a disproportionate number of zip codes in which service is not offered were to match the census definition of a rural area or an area in which a disproportionate number of low-income persons reside, the Commission might conclude that advanced broadband capability is not being made available fast enough to these areas.

The Commission's company-wide subscribership, state-by-state and zip code data, as well as the data contained in the Morgan Stanley reports, evidence significant expansion in service availability to low-income and rural areas. According to the Third Notice, "as of December 31, 1999, there was at least one subscriber to high-speed services in 56% of the country's zip codes, and 91% of the country's population lives in those zip codes. By December 31, 2000, 75% of the country's zip codes had subscribers reported and 96% of the population lived in those zip codes."³⁰ This trend demonstrates considerable growth in high-speed service availability to increasing numbers of geographic areas, as well as the general availability of high-speed services without regard to an area's income.

The trend toward increased service availability is further demonstrated by the Commission's disaggregation of geographic area and income data. According to that data, by December 31, 1999, only 19% of the most sparsely populated zip codes had a single subscriber,

³⁰ Id. at ¶13 (citation omitted).

but a year later 35% of these zip codes had at least one subscriber.³¹ The Commission also reported with respect to low-income areas that as of December 31, 1999, 42% of “low-income” zip codes contained at least one subscriber, but by December 31, 2000, 56% of “low-income” zip codes had at least one subscriber.³² The Commission’s Form 477 data also reveal significant gains in service availability to small towns and tribal lands.³³

The Commission’s data show decisive trends toward increased broadband subscribership and the availability of broadband services. This data, as well as the projections in the Morgan Stanley reports, strongly suggest that the Section 706 vision of widespread availability of broadband services will be realized in the next several years.

CONCLUSION

Based upon the available data, the Commission should conclude that deployment of advanced telecommunications capability to all Americans is “reasonable and timely.” The marketplace is working to deliver competitive broadband Internet access alternatives, and no regulatory action is necessary.

Gregory K. Klein
Senior Director
Economic & Policy Analysis

September 24, 2001

Respectfully submitted,



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³¹ Id. at ¶14.

³² Id.

³³ Id. at ¶15.