

HIGH TECH BROADBAND COALITION



November 14, 2002

HTBC:

- HTBC represents the leading trade associations of the computer, telecommunications equipment, semiconductor, consumer electronic, software and manufacturing sectors. No carriers, or their associations, are members of the HTBC.
- HTBC is **unique** -- a coalition of trade associations representing over 15,000 companies that participate in the non-carrier broadband "value chain."
- HTBC believes that the best way to achieve widespread adoption of broadband is to embrace the sustainable inter-modal competition that has developed in the broadband market – a market that is distinct from the legacy voice market.

FCC MUST ACT NOW ON THE UNE PROCEEDING – REGULATORY RELIEF WILL SPUR DEPLOYMENT, SAVE JOBS AND REDUCE R&D CUTBACKS:

- An expeditious ruling on the UNE proceeding – particularly in regards to the issues surrounding broadband deployment – should be the FCC's top priority.
- ILEC investment in broadband has been hampered by the uncertain regulatory status of broadband networks.
- ILEC capital expenditures were down significantly in 2002 and the downward trend is expected to continue into 2003. *[\$113 billion in 2000, \$93 billion in 2001, an estimated \$53 billion in 2002, and further reductions announced for 2003.]*
- Without investment, ILECs' broadband services cannot effectively compete with cable modems, which currently enjoy a 2-1 majority in the broadband market.
- **Regulatory relief & certainty would spur broadband deployment and innovative services.**

HTBC PROPOSAL:

- The broadband market is distinct from the legacy voice market. The ILECs do not possess market power in the delivery of broadband services.
- The Commission should refrain from imposing Section 251 unbundling obligations on new last mile broadband facilities, including fiber and DSL and successor electronics deployed on the customer side of the central office.
- At the same time, the Commission must continue to require ILECs to provide unbundled access to the legacy copper facilities, which will allow CLECs to continue serving new and existing customers.
- The Commission should exercise the preemption authority granted by Congress in §§251 & 261 of the Act.
- The Commission should establish ILEC deployment benchmarks for broadband services.
- The Commission should monitor any consumer use or CPE restrictions imposed by wireline or cable modem providers in the broadband market.

Rationale:

- HTBC believes that new, last-mile wireline broadband facilities should not be subject to Section 251 unbundling requirements for three primary reasons:
 1. Current-generation wireline broadband services, principally digital subscriber line (“xDSL”) services, already face substantial competition from cable modem, emerging satellite, and wireless broadband services.
 2. Minimizing Section 251 unbundling obligations on new broadband facilities will serve as a significant economic incentive for ILECs to increase investment in these access facilities.
 3. Increased competition among multiple facilities-based platforms will benefit consumers with decreased prices, increased choice, and network diversity.

Information concerning the HTBC, including its filings with the Commission, is available at <http://www.thehtbc.com>.