

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

In the Matter of)	
)	
Inquiry Concerning the Deployment of)	
Advanced Telecommunications)	
Capability to All Americans in a Reasonable)	GN Docket No. 04-54
And Timely Fashion, and Possible Steps)	
To Accelerate Such Deployment)	
Pursuant to Section 706 of the)	
Telecommunications Act of 1996)	

Comments of Sprint Corporation

Sprint Corporation hereby respectfully submits its comments in response to the Commission’s Notice of Inquiry (“NOI”) released March 17, 2004, in the above-captioned proceeding (FCC 04-55). The NOI initiates the fourth inquiry under section 706 of the Telecommunications Act on the status of the deployment of advanced telecommunications capabilities and whether such deployment is being accomplished “in a reasonable and timely fashion.”¹

The Commission recognized the progress made in nationwide broadband deployment in its recent Notice of Proposed Rulemaking and Order on Reconsideration concerning its Form 477 local competition and broadband data gathering program, stating: “[W]e have observed, in recent years, the emergence of competing platforms to deliver high-speed services, increasing data speeds of services offered, and a steady

¹ Public Law 104-104, 100 Stat. 56 (1996), also cited as 47 U.S.C. §157 nt.

improvement in mass-market acceptance of services.”² The statistics gathered by the Commission through its Form 477 demonstrate significant growth in the use of advanced services. In its News Release dated May 6, 2004 announcing its report entitled “Trends in Telephone Service,” the Commission reported an increase for advanced services lines of 32% during the first six months of 2003. This growth rate indicates that advanced services are being deployed in a “reasonably and timely fashion.”

Other statistics highlight the progress being made. For example, the Pew Internet & American Life Project released a study based on a February 2004 poll which shows that the use of high-speed Internet connections is increasing rapidly. One of the key findings was that high-speed access to the home increased by 60% since March 2003 for adult Internet users.³ Specifically, it estimates that 48 million American adults (or 39% of adult Internet users) had high-speed home connections in February 2004, versus 30 million in March 2003. The study also found that DSL connections represent 42% of the home broadband market, versus 28% in 2003, and that increasingly Internet users are upgrading from dial-up to broadband.

The Commission asks whether it should undertake actions to accelerate deployment of advanced telecommunications capabilities. Sprint believes that since

² *In the Matter of Local Telephone Competition and Broadband Reporting, Local Competition and Broadband Reporting*, WC Docket No. 04-141 and CC Docket No. 99-301 (FCC 04-81), released April 16, 2004, ¶5.

³ John B. Horrigan, April 2004, http://www.pewinternet.org/reports/pdfs/PIP_Broadband04.DataMemo.pdf.

advanced telecommunications services are being deployed to Americans in “a reasonable and timely fashion,” no additional actions are needed to promote deployment. Regulation is warranted in markets which are not behaving in a competitive manner. There has been no demonstration here that the market for advanced services has failed, and consequently no intervention is necessary.

Because the market is making significant progress, there is no basis for adopting any extraordinary measure to ensure that additional broadband facilities are provided. In particular, the Commission should not engage in any actions to relieve large incumbent local exchange carriers (“ILECs”) from obligations that would otherwise be warranted under the Act on the theory that they will thereby invest more in broadband access. Indeed, the ILECs should be required to make their networks available on a wholesale basis to competitors that will respond with new products and services and drive down the market price.

The Commission should not be concerned about ILECs failing to respond to the vigorous competition to provide advanced services. Recognizing the rapidly increasing consumer demand for higher speed services, Verizon recently announced the introduction of new higher speed services. In its News Release dated May 4, 2004,⁴ it stated:

Building on momentum from a record DLS sales quarter, Verizon will spur its home broadband growth by offering an additional higher-speed DSL service to consumers and by developing new service packages that include residential voice-over Internet-protocol (VOIP) services.

⁴http://newscenter.verizon.com/proactive/newsroom/release.vtml?id=84953&PROACTIVE_ID=cecdcbccdc6cec6cec5cecfcf5cecebc9c6cac8cccecec5cf.

“We’ve created one of the best overall values in broadband today, with content, speed, and great service at a very affordable price,” said Judy Verses, senior vice president – marketing for Verizon’s Retail Markets Group. “Our sales growth shows that when consumers in the mass market think about broadband, more and more often they’re choosing DSL for their high-speed connection. And we’re not stopping now.”

Faster DSL speeds are coming this summer when Verizon Online plans to add a new, additional tier of consumer DSL service with a maximum connection speed of 3Mbps/768Kbps for qualified customers...

This quarter Verizon Online will triple to 384Kbps the upstream speed of its basic DSL offering for qualifying customers. The price for this 1.5Mbps/384Kbps service will remain the same as the current 1.5Mbps/128Kbps service - \$34.95 a month for stand-alone service or \$29.95 a month when purchased as part of a package of local and long-distance calling services...

Clearly, the market is working efficiently and effectively.

The Commission also seeks comment on “[w]hat role could universal service play in ensuring that deployment is reasonable and timely for all Americans.” NOI, ¶22.

Sprint is opposed to the use of universal service funds for the deployment of advanced services. The current contribution factor for the fund is 8.7%, and it is expected to increase unless funding levels decline. Thus, users of basic interstate and international services are already bearing a heavy burden to support the High Cost, Low Income, Rural Health Care and Schools and Libraries mechanisms. Extending the support to advanced services, which are already generally available to the public through USF-supported schools and libraries, is unwarranted and unnecessary.

Thus, based on the statistics to date and reports of rapidly increasing deployment of advanced services, the Commission should conclude that advanced telecommunications services are being deployed in a “reasonable and timely fashion” and

that no support from the universal service fund is required. To ensure the continued progress, the Commission should enforce regulations that maintain the availability of ILEC services to competitors.

Respectfully submitted,

SPRINT CORPORATION

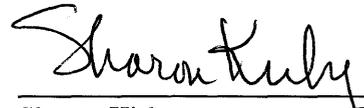


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments of Sprint Corporation was delivered by electronic mail on this 10th day of May 2004 to the parties listed below.


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