

FCC & Cable Companies Supposedly Look To Close Digital Divide:

<http://www.nytimes.com/2011/11/09/business/media/fcc-and-cable-companies-push-to-close-digital-divide.html>

On Wednesday, the F.C.C. will announce commitments from most of the big cable companies in the United States to supply access for \$9.99 a month to a subset of low-income households. The low introductory price is meant to appeal to new customers who have not had broadband in the past.

The F.C.C. is billing the initiative as the biggest effort ever to help close the digital divide. Because no federal funds are being invested, the initiative relies in large part on the cooperation of private companies. One such company, Comcast, started offering \$9.99 monthly broadband service to some low-income households this year after promising the F.C.C. that it would do so when it acquired control of NBCUniversal.

By enlisting the cable companies as well as a wide range of nonprofit groups that will educate eligible families about the low-cost access, "we can make a real dent in the broadband adoption gap," Julius Genachowski, the F.C.C. chairman, said in a telephone interview Tuesday.

Mr. Genachowski has made broadband deployment and adoption the top priority of his tenure at the F.C.C. The government estimates that about one-third of American households, or 100 million people, do not have high-speed Internet access at home. Some of those homes simply do not have access to service, but most do and choose not to receive it, for reasons involving cost and perceived relevance to their lives.

To address the first point, along with the low monthly price, a technology company will supply refurbished computers for low-income households for \$150; Microsoft will provide software; and Morgan Stanley will help develop a microcredit program so that families can pay for those computers.

To address the second point, job Web sites and education companies will offer content that will, in theory, make online access more valuable.

Eligibility will be limited to those households that have a child enrolled in the national school lunch program and that are not current or recent broadband subscribers. About 17.5 million children are enrolled in the school lunch program. That limitation is likely to disappoint advocates who would like more affordable access extended to all households.

For those households, the \$9.99 monthly price will apply only for a two-year period. The price is akin

to an on-ramp for new customers, with the hope being that they will decide to pay more for access once they have had it for a while.

The F.C.C. said the initiative would begin in the spring and reach all parts of the country in September 2012. It is similar in some ways to Adoption Plus, a partnership that was proposed two years ago, but never carried out, by the National Cable & Telecommunications Association, a cable trade group.

The participating cable companies ? including almost all of the biggest ones in the country, like Time Warner Cable, Cox and Charter ? are not expected to sustain a significant financial loss. Broadband service normally has a high markup, and the \$9.99 price will more than cover the overhead costs of providing monthly Internet service.

The announcement on Wednesday will not include two companies that are major players in the broadband business, Verizon and AT&T. The F.C.C. is reviewing AT&T's proposed acquisition of T-Mobile.

Asked why the cable companies were willing to participate, Mr. Genachowski said he thought they ?looked at this and said, this is an important national challenge, let's be part of the solution.?