

Cable Is Offering Facilities-Based Local Telephone Competition Through Voice Over Internet Protocol (VoIP)

Cable's investment of nearly \$85 billion since 1996, roughly \$1,200 per subscriber, has enabled the industry to offer a host of new advanced services including high-speed Internet service, digital cable, HDTV, video-on demand as well as cable telephony and VoIP. Through VoIP technology, cable can provide innovative, high-value facilities based residential local phone service at competitive prices across the country.

Procompetitive deregulatory policies work to encourage industry investment, foster technological innovation and deployment of advanced services such as VoIP. In the 1996 Telecommunications Act, Congress directed the FCC and the state public utility commissions to encourage reasonable and timely deployment of advanced telecommunications through regulatory forbearance and other methods designed to remove barriers to investment. By eliminating the impediments to competition in telecommunications and deregulating cable in many respects (including most of its retail prices effective in 1999), the 1996 Telecommunications Act spurred the cable industry to invest nearly \$85 billion to build the nation's most extensive broadband infrastructure for the delivery of advanced services.

VoIP technology offers the key to long-awaited facilities-based local telephone competition. The potential exists – by harnessing the same IP technology that is the foundation of the Internet – for a platform other than the incumbents' local exchange network to deliver telephone service on a wide scale, providing residential consumers with real choice in facilities-based local phone service. IP technology offers the additional consumer benefit of enabling third parties to utilize this new platform to provide VoIP service in competition with one another as well as with the incumbent telephone companies.

Regulatory uncertainty and the threat of unnecessary or overly burdensome regulation will affect whether and how VoIP services are deployed. The strong presumption should be that regulations designed for legacy telephone service should *not* apply to VoIP services unless they are essential to meet key public health, safety, and other crucial responsibilities. This approach would encourage innovation, conserve regulatory resources, derive the greatest public benefits and provide the certainty in the marketplace that investors need in order to support the deployment of facilities-based VoIP services. VoIP service providers, newly entering the market, who compete against dominant 100-year-old telephone service providers, will have little or no ability to engage in the anti-competitive behavior that full common carrier regulation is designed to prevent.

The cable industry recognizes that VoIP service providers must assume certain fundamental regulatory responsibilities including consumer protections of general applicability, assistance to law enforcement and to promote public safety. Even under a generally deregulatory regime, VoIP providers should meet certain public policy responsibilities including the principles of the Communications Assistance for Law Enforcement Act (CALEA), the offering of 911/E911, access for the disabled, and appropriate contributions to universal service.

Just as VoIP service providers must accept certain responsibilities, such providers require certain rights. These rights include, but are not limited to (1) the right to efficiently exchange traffic and control signaling; (2) the right to obtain telephone numbers, and to assign those numbers to VoIP customers; (3) the right to access the facilities and resources necessary to provide VoIP customers with full and efficient 911/E911 services; and (4) the right to be compensated fairly for terminating traffic delivered from other entities. In addition, facilities-based VoIP service providers should have the right to use rights-of-way, including pole attachments, ducts, and conduits. Granting these rights should not influence the regulatory classification of VoIP service.

VoIP services should be free of unnecessary and inconsistent regulation in order to attract additional investment and propel rapid and ubiquitous deployment. Public benefits will inevitably be reduced and delayed if unnecessarily restrictive regulations from the monopoly telephone era are applied to this nascent service.

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