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The Telecom Act Turns Three

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In the past month many business, civic and political leaders have marked the third anniversary of the Telecom Act by criticizing the FCC's failure to adequately implement the Act's mandates.

Sol Trujillo, president and CEO, said on Feb. 3 that the FCC is acting as a roadblock keeping millions of Americans off the Information Superhighway. Trujillo added that in the three years since passage of the Telecommunications Act, the FCC has made a mockery of Congress' original goal of encouraging telecommunications competition and benefitting all consumers. In an economy that is increasingly based on information technology and services, the FCC – through its rulemakings – is threatening to create "a nation that is half-connected to the Information Highway and half-rejected," said Trujillo.

Last week, U.S. Telephone Association President Roy Neel accused the FCC of "slowing competition by over-regulating the next century's communications market with an early 1980's mind set." Newcomers to the market "have decided it is only profitable to serve the most lucrative business and residential customers," says Neel. "Allowing local phone companies into the long distance market would go a long way toward correcting this imbalance. Without some kind of meaningful update in FCC thinking, we risk further promoting a form of incomplete "competition" that risks leaving millions of American consumers behind."

And a number of prominent Congressional leaders, clearly unhappy with the FCC's refusal to implement the law they passed in 1996, have suggesting solutions ranging from re-opening the Act to reorganizing the FCC to dismantling the agency entirely.

This week the Center for the New West will host the Digital Divide conference in Washington, D.C., and many of the same business, civic and political leaders will try to find ways of bridging the growing information gap in America. As Roy Neel says, "No one wants a nation of technological haves and have-nots. But there is a growing 'Digital Divide' in this country and ill conceived FCC policies and out-of-date assumptions are part of the reason."

This week Headline News will publish a series of reports seeking to explain exactly what the Telecom Act's failure means to the citizens of U S WEST's 14-state region, as well as the company's employees and families.

Tomorrow HLN will take a look at the impact of short-sighted regulatory policies on competition – what are our customers missing out on?

The Telecom Act Turns Three: Why Consumers are Paying More for Less

Part 2 in a series

When Congress passed the landmark Telecommunications Act of 1996, it had an ambitious goal in mind: a competitive telecom marketplace where the Bells, long-distance giants, cable companies, ISPs, next-generation data network builders and innovative, fresh-thinking start-ups would provide customers across the nation and beyond with an unprecedented opportunity to subscribe to the best services at prices that would unshackle the pent-up demand for advanced services.

At the core of this vision was the "one-stop shop," where customers could choose a complete bundle of telecom services from one provider - local telephony, long distance, fully integrated wireline and wireless, high-speed data and video.

But now, three years later, the one-stop shop still doesn't exist.

The reasons are fairly simple: short-sighted regulation by the FCC and numerous state commissions have created an economic environment where there is no incentive for telecommunications providers to offer one-stop shopping to the mass market.

The Bells would like to offer the "big bundle," but are prevented from serving the important long-distance market. The long-distance giants and CLECs could offer the bundle, but are only interested in serving lucrative business customers in the downtown hubs of larger cities.

Even in states where these competitors are required by law to offer residential service, such as Colorado, the commissions refuse to enforce their own rules, resulting in "redlining" - where all the major improvements in telecommunications infrastructure occur in downtown business centers.

As a result, the convenience of one-stop shopping remains a faint dream for all American consumers, who continue to pay more for less. The local/long distance bundle is the best example - while the long-distance giants continue to whine about "excessive" access charges, they could be building their own local residential networks, thereby eliminating the need to pay for access to the Bells' networks. The Bells, on the other hand, are uniquely positioned to offer bundled local and long distance packages at significantly lower prices and better value.

Up next: a closer look at redlining and how rural customers are being left behind.

The Telecom Act Turns Three: What it Means, In Human Terms

Part 3 in a series

The Telecom Act third anniversary series has explained over the past couple of weeks that "redlining" describes the situation where new entrants to the local market are wiring highly profitable business centers in our major cities for advanced data services while leaving residential areas, smaller towns and rural areas on the wrong side of the "digital divide." These stories have noted that U S WEST President and CEO Sol Trujillo's concerns about the millions of American's being denied the benefits of the digital revolution are shared by both prominent lawmakers and industry analysts like Phil Burgess of the Denver-based Center for the New West.

These commentators make clear that FCC and state regulatory rulemaking is to blame, as it routinely

misinterprets the intent of the Telecom Act and erects pointless barriers between communities and companies like U S WEST, which would genuinely like to do something about the growing gap between information haves and have-nots. It's also clear that these policies hurt some companies and tremendously benefit others.

But in genuine human terms, what does redlining really mean to the people who work for U S WEST, for their families and friends in communities across the region? Let's say nobody does anything to help bridge the digital divide. So what?

For starters, when we talk about e-commerce, we aren't just talking about high-powered Fortune 500 companies. We're talking about the 22 million small businesses in America that employ over 75 percent of all working Americans. Many of these small businesses are in danger of being left behind as more and more of America's business is conducted online.

The hype about the Internet says that where you live no longer matters, because online you can reach anyone, anywhere. But this isn't quite true if the FCC throws a roadblock across your town's planned onramp to the Information Highway.

Here's an example from the heart of U S WEST country. Leadville, Colorado, lies just 24 miles from Copper Mountain Resort in Colorado's booming ski country. The resort town represents a natural market for the Leadville economy, and the resort likewise could benefit dramatically from the support services Leadville businesses can supply. Unfortunately for Leadville, Copper Mountain and the thousands of skiers who visit the resort each year, there's an artificial boundary between the two towns, and as a result it is illegal for U S WEST to link them via a high-speed digital network.

FCC regulation also prevents citizens who live in rural areas from taking advantage of distance-learning initiatives that could improve their lives. Without such programs, hundreds of thousands of students, many of them working adults looking to trade in their low-paying jobs for more rewarding career opportunities, simply have to settle for whatever programs are available nearby. If the local community college doesn't offer the skills they need to join the techno-savvy workforce of the 21st Century, that's too bad. If there were a way around the FCC roadblock, these citizens could access cutting-edge programs offered by the best universities in the U.S. and around the world.

The life-saving potential of telemedicine is also hampered by antiquated regulations. Advanced network services are capable of delivering the technical expertise of doctors and medical centers in major urban areas to the small towns and farm country in America's Western and Midwestern regions. As it stands now, U S WEST is prevented by law from connecting certain rural clinics with major hospitals only a hundred miles away. Whether it's intended or not, FCC regulations represent an artificial barrier separating some Americans from the quality care that should be their right.

If you're thinking this doesn't make very good sense, you're right. On Friday, tune into Headline News for at least one suggestion on what you can do about it.