

Communications Daily

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TODAY'S NEWS

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NCTA HIRES POWELL as president-CEO, starting April 25. He'll have to bridge gaps on some issues between distributors, programmers. (P. 6)

STUDY SHOWS BILLIONS at stake in special access revamp. FCC, preparing new data request, wants careful look at controversy. AT&T says study 'fails.' (P. 7)

HYBRID SATELLITE-TERRESTRIAL networks seem to be industry's future, say satellite CEOs. (P. 8)

WEB ANALYTICS STANDARDS needed, pay-TV network executives say. Industry said to need to stay ahead of government privacy mandates. (P. 9)

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FCC Should Auction D Block if Legislation Not Passed Soon, McDowell Says

The FCC should auction the 700 MHz D block if legislation isn't soon passed about what to do with that spectrum, said Commissioner Robert McDowell, who has long supported selling that spectrum. He said the commission also should act on its own to further the development of white spaces devices, if Congress doesn't soon pass legislation allowing the agency to hold an incentive auction. Speaking at an event sponsored by Catholic University, McDowell touched on another issue where he's long been active at the FCC: Getting unlicensed devices on the market that use the spaces between TV channels.

"It's my hope that should Congress desire to act, they do so soon," McDowell said about legislation allowing the FCC to share proceeds between the Treasury and broadcasters when auctioning TV spectrum. Asked if the commission should take further action on white spaces if Capitol Hill doesn't act soon, he said yes. "We're playing kind of musical chairs of relocating people in the neighborhood" of where the devices would operate in the TV band, and there's the question of whether there will be a dedicated channel for them, McDowell said in a Q-and-A.

"The chipmakers and other companies that want to use white spaces devices are in stand down" mode, not knowing what's to come with the TV band, McDowell said. "A lot of the planning is on hold in Silicon Valley." FCC Chairman Julius Genachowski "deserves a lot of credit" for moving forward on an order last year on white spaces that has led to the proposed start of various databases, McDowell said. "We should just continue on the path that was set out then, the status quo," he added. "There have been a lot of holiday seasons that have come and gone, and I wish I had white spaces devices to buy for my kids. ... So let's get on with it."

McDowell still wants the D block auctioned commercially, with as few restrictions as possible, he said. With it being almost

four years since the 2007 FCC order on auctioning the D block, if Congress doesn't act soon on that slice of spectrum, it should be auctioned by the commission "quickly," McDowell said. He noted that on spectrum legislation, as in other areas, "Congress tells me what to do. I don't tell Congress what to do. I don't try to lobby Congress."

Spectrum "greenfield" development is an important part of unlicensed, reallocated spectrum use, CTIA Vice President Christopher Guttman-McCabe said on another panel. With repacking of TV spectrum, there may not be enough remaining for unlicensed white space use, he said.

Although some industry officials have called to develop a band of white spaces, too many people using white spaces devices may make the spectrum unusable, NAB General Counsel Jane Mago said. Repacking may reduce the amount of white space available for licensed and unlicensed users, she said. The NAB's main concern is the reduction of audience size and the degradation of broadcast services that could occur in a repacking, Mago said.

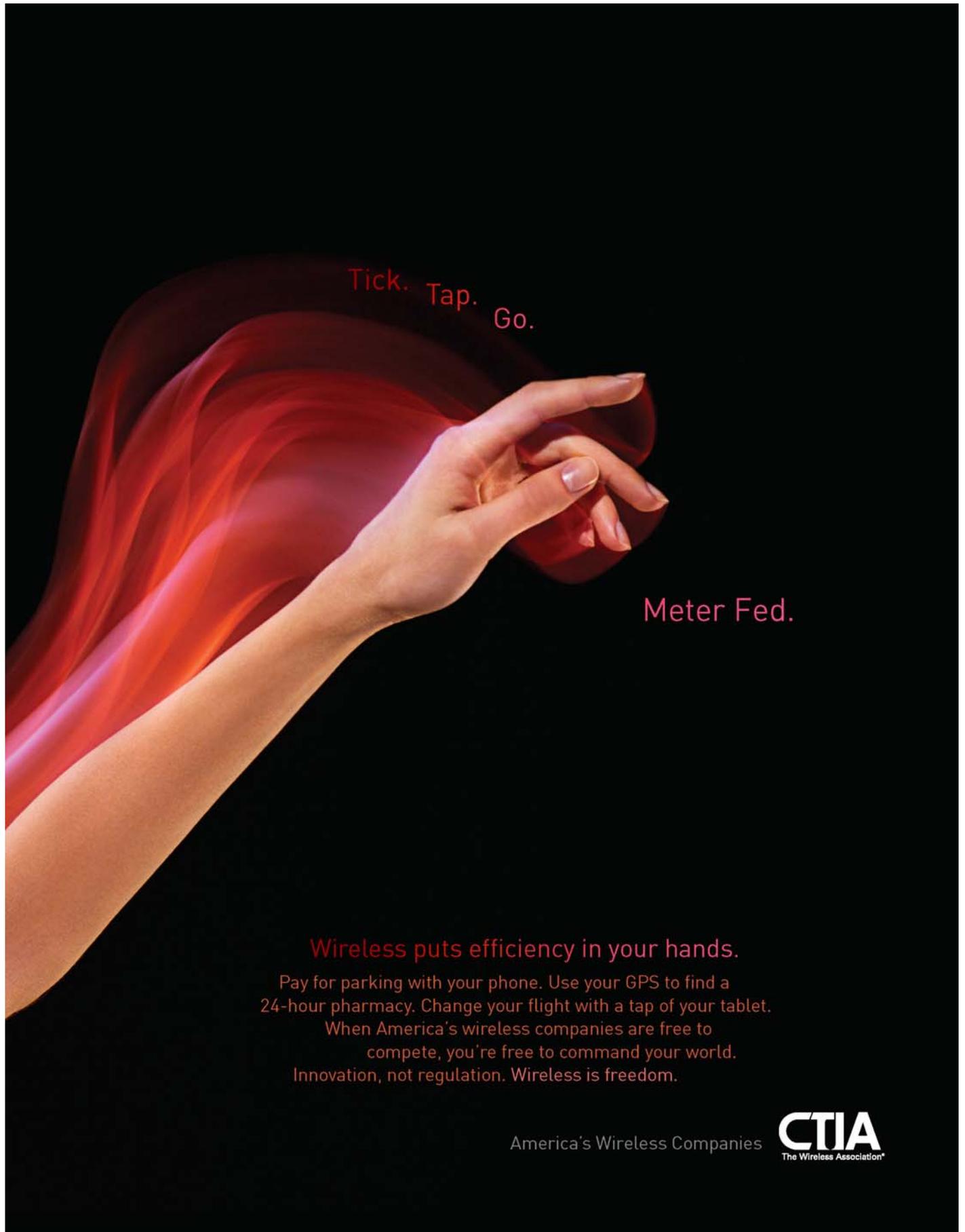
There's a good chance Congress will allow the FCC to hold an incentive auction of TV stations' spectrum this year, with broadcasters and the government sharing the proceeds, MF Global analyst Paul Gallant said on an earlier panel. "There's a lot of reasons to be optimistic Congress could get something done, even on this significant [issue] and in this time frame," he said. "There is some urgency on this," even though Capitol Hill usually doesn't act on legislation of this kind within a year, Gallant said.

The commission can take various actions regarding spectrum on its own, without new law, said panelists from consumer electronics, wireless and public interest bodies. But that doesn't mean the FCC will move full-steam ahead without legislation, the said. The commission "has some tools in its toolbox it can use independently of incentive auctions, which T-Mobile does support," said Vice President Kathleen Ham. There are "too many" mobile satellite services "licensees, and there isn't enough demand for that type of service," she said. "Whereas there is lots of demand for terrestrial mobile broadband use."

"The FCC has a lot of authority" in dictating the channel positions that TV stations must transmit on, said Senior Vice President Andrew Schwartzman of the Media Access Project. "It could tell broadcasters, "This is your 6 MHz" channel, he said. "Here is where we are going to put you." But Schwartzman said he doesn't envision that happening. "One of the things that I think is going to be necessary, for all the players in this space, is that compromise is going to be necessary and no one is going to get all they want," he said.

There's no reason spectrum can't be both auctioned and inventoried, said Ham and CEA Vice President Julie Kearney. Ham said FCC officials such as Julius Knapp, chief of the Office of Engineering and Technology, already "know exactly where the spectrum is." The commission has only 50 MHz in the pipeline to be released, so "the U.S. really has to step up to the plate and make much more spectrum available," she said.

A "tablet revolution" is on, as seen from the more than 100 devices of the kind introduced at the CEA's Consumer Electronics Show in January, Kearney said. By 2014, 70 percent of all CE devices will be connected to the Internet, she said. "This is just proof positive that we have devices that demand a lot of bandwidth. People are going mobile. They are going pocketable." The point of a recent paper from



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the CEA and CTIA, estimating that incentive auctions could raise a net \$33 billion in the biggest markets, "was to not make judgments, but to sort of start a dialogue," Kearney said. "We do feel it's a good starting point. I do know that other groups like the High Tech Spectrum Coalition are releasing their papers soon." — *Jonathan Make, Lucy Warren*

'Real Problems' Loom

FCC Must Take Closer Look at Receiver Standards, Hatfield Says

Receiver performance standards will become an increasingly significant issue as the FCC looks at how to make more efficient use of the spectrum, unless industry steps forward to make receivers work better, former FCC and NTIA official Dale Hatfield said Tuesday at the Catholic University of America's communications symposium. Office of Engineering and Technology Chief Julius Knapp said the FCC continues to look closely at questions about receiver performance.

"If we don't do a better job on receivers going forward we've got real problems," said Hatfield, former acting NTIA administrator and chief engineer at the FCC. "We need to figure out, even if it's voluntary, some way to stop receivers out there from consuming" so much spectrum.

The FCC examined receiver standards in a notice of inquiry launched in March of 2003, which asked whether the agency should encourage or mandate receiver performance requirements. That proceeding, recommended by the FCC's Spectrum Policy Task Force, was later formally terminated by the commission "without prejudice."

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As the FCC considers making more spectrum available for wireless broadband "you have to look at all of the elements," Knapp said. "Certainly, you don't want to convey that we're eager to regulate. ... As we go forward, trying to squeeze more and more out of the spectrum, it's an issue that we have to address."

Knapp told us the FCC's Technology Advisory Council will look more closely at the issue. "I don't know what the next steps might be," he said. "It's something that we have to consider as we're trying to get more access to the spectrum." Regulators can't focus just on whether a band is being used but need to ask what would be the impact of putting new services in a band, he said: "To do that you have to consider the receiver characteristics in the adjacent bands."

Hatfield said isolating interference is getting more difficult. "The digital signals tend to be more noise-like," he said. "They accumulate. When the interferer is operating at higher power they sort of pop up and you can find them, you can have a thousand devices out there each causing a small amount of interference." That can be the spectrum equivalent of "death by a thousand cuts," he said.

"There's been questions about the commission's jurisdiction on receivers so that's sort of a threshold issue," Hatfield said in an interview. "To me, there's a time for things" and the FCC's LightSquared proceeding on GPS interference protection is making receiver questions more relevant, he said. "Part of the question is what is the quality of receivers used in GPS," he said.

During a second wireless panel at the conference, Verizon Wireless Vice President Charla Rath warned that there's little spectrum that can easily be reallocated for wireless broadband by the FCC. "The image of low hanging fruit is you can just reach up and pluck it," Rath said. "We're beyond the low hanging fruit stage at least when it comes to things that are of concern to my company." Every band will require lots of work, she said. Rath noted that before the first FCC auction, some claimed auctions would never work. "At the time, what the commission was proposing to do was the single most complicated auction that had ever been attempted," she said. "It's not easy, but we've done it before."

"Being able to close out the white spaces proceeding would be hugely helpful" said Paula Boyd, Microsoft regulatory counsel.

Derek Khlopin, head of government affairs, U.S., at Nokia Siemens, said the FCC should be able to act quickly on the 700 MHz D-block. "It's sitting there," he said. "Similarly, I think with the AWS 3 spectrum you have it available."

Panelists agreed that legislation before the House and Senate mandating a federal spectrum inventory could prove helpful. "It's not something we should be waiting for," said Allison Remsen, executive director of Mobile Future. "Needs are pressing now. ... While it'll be a great source for longer term spectrum, it shouldn't be something that precludes action in the short term."

"Some advocates up on the Hill argue that we need to get an inventory done before we could, say, give the FCC incentive auction authority," Khlopin said. "To me, that's a real issue." An inventory could be useful, Boyd said: "But ... policymakers will have to make pretty hard decisions about technical rules, about which bands to pursue, those are still substantial decisions." — *Howard Buskirk*

Leaving Providence Equity

Powell Must Build Bridges Between Distributors, Programmers as NCTA Head

NCTA hired Michael Powell as president and CEO, the cable association confirmed Tuesday. That ended several months of speculation that the former Republican chairman of the FCC would get the top job at NCTA. Kyle McSlarrow is vacating that position at month's end to work for Comcast. Powell will leave Providence Equity Partners, where he's a senior adviser, to start at NCTA on April 25. He'll have his hands full trying to keep cable operators and programmers, including Comcast, in harmony on issues proving somewhat divisive, industry officials said. Those issues include net neutrality and retransmission consent deals, cable executives have said (CD March 10 p4).

Executive Vice President James Assey had been seen as a contender for the top job at NCTA (CD Feb 14 p1). He'll remain at the association in his current job, said an NCTA spokesman. Others said to have been possible picks to lead NCTA included FCC Commissioner Robert McDowell and John Kneuer, head of the NTIA during the administration of President George W. Bush. The spokesman declined to say what Powell might be paid. McSlarrow made about \$2.6 million at the association in 2009 in total compensation.

Powell was the first FCC chairman during Bush's administration, leading the regulator from 2001 to 2005 and overseeing some deregulation of the media and telecommunications industries. He approved an order lifting some ownership limits on media companies, that later was remanded to the FCC by an appeals court, and under him the Media Bureau found that giving cable subscribers the ability to buy channels individually wouldn't save them money. But Powell also came up with four principles of net neutrality, later agreed to by all commissioners and released shortly after he left the agency. And during his chairmanship, the FCC classified cable modem as an information service, which later was upheld by the Supreme Court in the *Brand X* decision. The NCTA spokesman said Powell wasn't available to speak about his new job.

Some within the cable industry see Powell as a good choice to take the helm of the association now, because of his background in trying to get stakeholders to agree on what will be needed on a number of issues at NCTA. That will include representing Comcast, having recently acquired control of NBC Universal, as well as pure-play operators ranging from No. 2 U.S. cable provider Time Warner Cable to Bend Broadband, with about 30,000 video subscribers. NCTA also represents cable programmers and vendors to both programmers and operators.

Several NCTA members told us they're happy with the hire of Powell, who they acknowledged will need to unite the sometimes disparate policy goals of programmers, operators and vendors. "He is going to do a fantastic job of balancing all the interests of the association," said Viacom Executive Vice President DeDe Lea. Powell is "no stranger" to weighing competing needs, said Jason Friedrich, head of Motorola Mobility's Washington office. "It can be challenging balancing the needs of the vendors, the content providers and the providers" of cable service, he said: "NCTA has always done a good job of that" and it ought to continue under Powell.

CEA President Gary Shapiro praised Powell as "a brilliant and articulate visionary" and a good choice for NCTA's chief. Powell was "ahead of his time as FCC chairman and although we didn't always

agree, he was definitely strategic and future-focused," Shapiro told us. "We especially appreciated his strong belief that cable should have a common interface with TV sets."

Powell's experience running the FCC "will be valuable in managing issues like retrans and net neutrality, where there are obviously some differences among the members" of NCTA, said MF Global analyst Paul Gallant, who was an aide to Powell during his FCC chairmanship. Others close to Powell have said he appeared to have sought the top job at NCTA as a way of getting more involved with politics and policy and that he may have grown bored at Providence Equity, which has extensive investments in media assets.

Others weren't so laudatory about Powell being picked by the NCTA. "If you wonder why common sense, public interest policies never see the light of day in Washington, look no further than the furiously spinning revolving door between industry and the FCC," Free Press Managing Director Craig Aaron said in a written statement. "Powell is the natural choice to lead the nation's most powerful cable lobby, having looked out for the interests of companies like Comcast and Time Warner during his tenure at the Commission and having already served as a figurehead for the industry front group Broadband for America." Powell has been co-chairman of the group. — *Jonathan Make*

AT&T: Study 'Fails'

Special-Access Cuts Could Yield Billions for Economy, Thousands of New Jobs, Says Report

Cutting special access rates in half would raise wages as much as \$4.8 billion, create up to 101,000 jobs and add \$11.8 billion to \$12.4 billion to the U.S. gross domestic product, a study commissioned by Sprint Nextel reported Tuesday. Revenue from special access charges brought AT&T, Qwest and Verizon \$18 billion in 2007, nearly double the 2000 figure, the study said. FCC Chairman Julius Genachowski's staff is drafting a public notice seeking comprehensive data on the special access market and hopes to move to rulemaking or even orders this year, a commission official said.

The NoChokePoints Coalition, which Sprint belongs to, said the study proves that the FCC should act on special access immediately. "The special access issue was on the agenda set by the FCC's National Broadband Plan a year ago," said Public Knowledge President Gigi Sohn Tuesday. Public Knowledge also is a member of the coalition. "The economic recovery from the recession is at the top of every political figure's to-do list," Sohn said. "The FCC should participate as well, and bringing a rational pricing structure to special access would be a great beginning."

Genachowski is reluctant to rush forward into special access controversies because "those questions ... are certain to be litigated," the FCC official said. The chairman knows that there are "different hypotheses" about crises in the special access market and wants a "robust" data set before starting any overhaul, the official said.

The study, by Economists Inc. principal Stephen Siwek, estimated the economic effects of cuts of 40, 50 and 60 percent. At 40 percent, more than 53,000 jobs would be added to the economy, with a \$2.5 billion increase in wages, it said. At 50 percent reductions, more than 94,000 jobs would be created and

\$4.4 billion in wages, the report said. Sixty percent reductions could mean more than 164,000 jobs added and \$7.6 billion in increased wages, it said.

AT&T Senior Vice President Bob Quinn dismissed the report as backward-looking. The National Broadband Plan “emphasized the need for private-sector investment in new fiber-based technologies,” he said by e-mail. “Every entity seeking regulatory intervention in the wake of that Plan should have to answer this question: how will its proposal promote more last-mile broadband infrastructure investment described in that plan. When surveyed under that critical light, this CLEC-sponsored study fails as have all of their past studies.” Reducing special access rates “will result in less broadband infrastructure investment, not more,” Quinn said. “One needs to ask those clamoring for regulatory intervention how lowering the price of a leased copper facility will result in a CLEC ever replacing that facility with its own fiber?” he said. “If they don’t have an answer explaining how that will happen, you’ll know why they are on the wrong path.”

The study has “resuscitated old data and used the most creative of accounting to come to conclusions belied by the facts before the Commission,” USTelecom Vice President Glenn Reynolds said. “Instead of investing, the NoChokePoints companies are once again asking for unsubstantiated, FCC-mandated discounts for access to networks being built by one of many competitors in this marketplace to support tomorrow’s broadband needs. Fortunately, the FCC seems to be taking seriously its role of gathering and evaluating actual facts, rather than manipulated rhetoric. The FCC’s goal here and elsewhere should be focused on incenting the deployment of fiber-based technologies to businesses and cell towers rather than artificially supporting certain competitors.” — *Bill Myers*

Fiber Better Sometimes

Hybrid Networks with Terrestrial Seem to Be Satellite's Future, Say CEOs

Increased integration of satellite and terrestrial services appears to be the next step for satellite companies, satellite industry CEOs said Tuesday on a Satellite 2011 conference panel in Washington, D.C.

The industry needs to “embrace technologies other than satellite,” said Intelsat CEO Dave McGlade. Some things are done better over fiber, and the industry should recognize the need to find partners from the broader telecom world, he said. McGlade said his company has started doing that with its IntelsatONE network, which uses satellite and terrestrial technologies. Satellite’s ubiquity still makes its technology critical infrastructure, as seen from images of the Japanese earthquake, he said. McGlade also pushed for increased innovation by satellite companies, saying a new big idea is needed to drive growth in the industry.

SES CEO Romain Bausch said satellite success will depend on satellite’s being “complementary to ground infrastructure.” The most successful satellite company probably won’t be the one that outperforms the others, but the one that can develop the right solutions and sell them to telcos, Bausch said. He pointed to the development of ultra-HD as a likely source of revenue beginning within 10 years. Ultra-HD’s significant bandwidth needs, with a single channel taking up a full transponder, will be a boon to satellite service, he said.

Eutelsat would like to see manufacturers reduce the time they take to build satellites, said CEO Michel de Rosen. The company's customers often complain about that, he said. They should set a target of less than two years, he said. De Rosen said he has seen other industries reinvent themselves and believes suppliers could work faster without reducing quality standards.

A trend continues toward the use of larger satellites, said Telesat CEO Dan Goldberg. He said he expects to see more broadband satellites operating on Ka-band and "could see" Telesat using its Ka-band rights. The move toward 17 GHz band broadcast satellites also lends itself to "larger platforms," Goldberg said. Telesat has had trouble getting a decent price on launching smaller satellites on a "cost per transponder basis," he said. Goldberg declined to discuss efforts to find a buyer for Telesat.

The FCC's net neutrality action is largely a "non-event" for satellite broadband providers, ViaSat CEO Mark Dankberg said on a panel late Monday. "It's hard as a service provider not to provide what the customer wants," he said. The fight over net neutrality spills over onto fixed satellite service operators like SES World Skies because it affects the video business model, said SES World Skies CEO Rob Bednarek. His company, which transmits some programming for cable head-ends, will have to deal with an increased number of "routes to the home," including broadband, he said. — *Tim Warren*

Privacy Concerns

Media Companies Want Standards Around Web Analytics

SAN FRANCISCO — Media companies and advertisers are frustrated with the variety of data vendors selling Web analytics information, each with its own methods and practices, said executives with Turner Broadcasting and MTV Networks during a panel at the eMetrics Summit late Monday. MTV Networks has put a task force together to audition new social media monitoring vendors, said Shari Cleary, vice president of digital media research for entertainment and games. When the company ultimately selects one to work with, "I'm sure we'll be questioned about why we didn't go with another," she said.

Standardization will occur when all the industry players — media companies, advertisers, ad agencies and technology vendors — come together to say "this has to get done," Cleary said. "I don't think any of us will be in 100 percent agreement, but we've got to get close enough to define" terms as simple as "what is a full episode?" she said. Standardization will be the "next big step" for digital media, said Colin Coleman, senior director of data strategy for Turner Broadcasting System. "People are looking for standards."

The marketing industry has yet to figure out how to identify and extract value out of social media, said Michael Metz, Cisco director of Web marketing and strategy. "One of the things I see us struggling with as an industry is measuring the social media impact on the business," he said during an earlier panel about analytics and marketing. "There's so much excitement and so much apparent value, that we don't have a much of a choice to move into it right now," he said. "But the connection to the bottom line is tenuous at best," he said.

The industry needs to stay ahead of government attempts to regulate the sector, such as a mandated online behavioral ad opt-out or opt-in, Coleman said. “I think the industry does owe a big burden of responsibility back to the politicians and the population at large” to explain how the online Web analytics and behavioral advertising technology works, and what the industry is doing, he said. “And it’s not just ‘You’re reading about it in the newspaper,’” he said. If strict regulations are written, “we just have to be prepared for it,” he said.

So far, the industry is doing “a pretty good job” staying in front of government pressure, said Jon Ingalls, general manager of BlueKai, a Web analytics and optimization technology vendor. The incentive to do so is huge because online behavioral advertising will be lucrative, Ingalls said. “The industry needs to protect the forward movement of this thing.” Government is too far behind the industry to set meaningful regulations, Tapan Patel, global marketing manager for the business analytics vendor SAS, said in an interview. But companies will soon develop ways to better communicate with consumers and allow for more opt-in and opt-out, he said. “Vendors and consumers are driving a lot of the technology changes in the area,” he said. “The government is so much behind when it comes to Web 2.0 technologies, and I don’t know how much legal background they can provide in terms of writing new laws and providing policies around it.” — *Josh Wein*

Comm Daily® Notebook

The FCC is looking “forward to moving to an order” on Universal Service Fund and intercarrier compensation overhaul “within a few months” of the comment cycle's end in May, the commissioners said in a blog post Tuesday. Saying “it’s going to be a busy spring and summer,” they said that the FCC's first workshop on revamping intercarrier comp will be April 6. “At these workshops, we’re looking forward to robust discussion with a diverse group of stakeholders,” they said.

Enhanced penalties for intellectual property crimes are necessary to increase the effectiveness of U.S. enforcement efforts, said White House Intellectual Property Enforcement Coordinator Victoria Espinel. Specifically, Congress should impose felony penalties for illegally streaming content and increase the U.S. sentencing guideline ranges to “address the substantial harm” caused by IP theft, Espinel wrote in a report to Congress Tuesday. Current U.S. law lacks teeth to prosecute website operators that illegally stream movies, music and other intellectual property, Espinel said in her report. The white paper also recommended that Congress create a right of public performance for sound recordings so copyright owners are compensated for radio broadcasts of their work. Broadcast radio stations are currently the only platform that doesn't pay royalties to record labels. “The absence of such a right puts U.S. copyright owners at a disadvantage internationally. They are not permitted to collect overseas royalties because they are not granted rights in the U.S.,” wrote Espinel. The response was mixed to the public performance right recommendation. The NAB condemned the IPEC's call for legislation on grounds that it would unfairly burden radio stations that play music. On the other side, Public Knowledge commended Espinel's focus on an “often overlooked” issue in the IP debate. “We note as well her advocacy on behalf of a public performance right for copyright owners for material which is broadcast,” said President Gigi Sohn. “While this seems tangentially related to an enforcement agenda, performing artists deservingly stand to benefit from such a system.” — *BB*

Correction: The FCC has imposed net neutrality conditions on the Comcast-NBCUniversal and AT&T-Bell South deals, but not on other contemporary mergers such as Verizon-Frontier and Century-Tel-Embarq (CD March 14 p9).

ICO Global Communications said it and Dish Networks signed implementation and restructuring agreements regarding DBSD North America. ICO said Tuesday it will grant DBSD some spectrum priority rights under an agreement that calls for Dish to pay ICO \$324.5 million, "with \$35 million paid within five days after Bankruptcy Court approval of the amended Investment Agreement, and all but \$10 million of the remainder paid approximately thirty days after such approval."

Capitol Hill

The House Commerce Committee was expected to approve on Tuesday legislation to nullify the FCC net neutrality order, paving the way for a floor vote. At our deadline, the committee hadn't yet voted on H.J. Res. 37, a joint resolution of disapproval under the Congressional Review Act. Democrats and Republicans were expected to split along party lines. The parties locked horns throughout a bitterly divisive markup that began Monday afternoon (CD March 15 p2) and also took up a bill to overturn Environmental Protection Agency greenhouse-gas rules. House GOP leaders have said the net neutrality resolution could reach the House floor this month. A companion resolution in the Senate hasn't moved out of the Commerce Committee, but House passage would move it straight to the Senate floor. The Senate could also discharge the bill from committee before House passage with the support of 30 senators. Republicans have secured Democratic support for the resolution only from two House Blue Dogs. The measure needs a simple majority in each chamber. — **AB**

The House passed a three-week Continuing Resolution to keep the government running through April 8. The measure, passed by a 271-158 vote Tuesday afternoon, would cut \$6 billion in spending, including some uncontroversial telecom and broadcasting items (CD March 14 p7). The measure now moves to the Senate. The current CR expires March 18. The White House urged the Senate to pass the short-term CR. "But the President has been clear: with the wide range of issues facing our nation, we cannot keep funding the government in two or three week increments," a White House spokesman said in a written statement.

Sen. Al Franken, D-Minn., will introduce a net neutrality bill to make violations illegal under anti-trust laws. The Senate Judiciary Committee member plans to write a bill that "would call violations of net neutrality out for what they are — anti-competitive actions by powerful media conglomerates that represent violations of our antitrust laws," Franken said Monday at the South by Southwest Interactive, an offshoot of the better-known music festival. Franken is also a cosponsor of another net neutrality bill by Sen. Maria Cantwell, D-Wash., to codify net neutrality principles into law (CD Jan 26 p4).

The House Commerce Committee welcomed back Del. Donna Christensen, D-V.I., at a markup Tuesday. Christensen will sit on the Communications and Oversight subcommittees.

Wireline

AT&T should "reconsider" its cap-and-pay broadband plan, "so that consumers will not be penalized for accessing the Internet content services of their choice," Consumers Union Policy Counsel Parul

Desai said in an open letter to AT&T CEO Randall Stephenson. "While you have claimed the new policy will only impact the two percent of your customers ... it is difficult to predict which services and activities consumers will demand in the future and how much bandwidth they will require," Desai said. AT&T disclosed its new rate plan Monday (CD March 15 p3).

Wireless

CTIA President Steve Largent asked pivotal House members for a floor vote as soon as possible on wireless-tax legislation. "When passed, this bill will provide a five-year freeze on the more than 16 percent that the average wireless consumer pays in discriminatory mobile taxes and fees," he said Tuesday at a House Judiciary Subcommittee on Courts, Commercial and Administrative Law hearing on HR-1002. President Harry Alford of the National Black Chamber of Commerce testified that wireless taxes hit many blacks hard because they're on the "bottom rung" of the U.S. economy. "To allow states and local governments to use excessive taxation as a way to cover budget shortfalls rather than prudent spending is reckless and unfair," he said. But Bernita Sims, a member of the High Point, N.C., city council, said Congress shouldn't further erode state and local taxing authority. The bill offers "special treatment and favoritism for wireless phone companies that continue to experience explosive growth and profits," she said.

The Emergency Response Interoperability Center Public Safety Advisory Committee will set up four working groups, Deputy Chief Eddie Reyes said Tuesday at the committee's first meeting. The chairs will be CTO Jacqueline Miller of New Mexico's Department of Homeland Security and Emergency Management, on interoperability; CTO Bill Scheier of the city of Seattle, on applications and user requirements; Dennis Martinez, a vice president with Harris Corp., on security and authentication; and Kenneth Budka, an Alcatel-Lucent senior director, on network evolution. The interoperability working group will identify rules and policies to ensure that the national public safety network is interoperable with other public safety networks and point out best practices to ensure interoperability, said committee Chair Jeff Johnson, CEO of the Western Fire Chiefs Association. The applications and user requirements group will identify user applications that need to be supported to ensure interoperability, as well as an approach to ensure that the policy framework for the public safety network stays current, he said. The security group will identify security and authentication features required to ensure interoperability and best practices to ensure security, Johnson said. The network evolution group will take up questions such as how to develop equipment for innovation, he said. Each group will draft recommendations for the committee to vote on, Johnson said. — YW

State Telecom Activities

Washington state regulators approved CenturyLink's purchase of Qwest. The companies agreed to cap local residential rates for three years after the sale and to spend \$80 million expanding rural broadband. CenturyLink would be required to report to the Utilities and Transportation Commission any savings from the acquisition. The combined company would have to reduce rates charged other service pro-

viders for in-state calls and would be barred from passing merger costs on to customers. It must submit detailed plans to the commission before switching to new computer systems that would affect customer services such as filling new phone orders or billing. Approved by 19 states, the deal lacks permission only from Oregon and the FCC.

The North Carolina Utilities Commission concluded that whether wireless, VoIP providers and interexchange carriers can be required to participate in a proposed universal service fund is ripe for decision by the commission. It said the fund was proposed as part of a comprehensive intrastate access revamp without a specific petition having been filed with it (CD March 3 p10). The commission said it has authority to require wireless, interconnected VoIP providers and interexchange carriers to contribute to a fund of that kind.

A New Jersey deregulation bill will likely lead to rate increases similar to other states in the wake of deregulation, said a report by New Jersey Policy Perspective and Demos, a nonpartisan group. The bill (CD Feb 2 p8) would cost customers and taxpayers in the state hundreds of millions of dollars, even billions, if Verizon sells off its landline business in the state without rigorous regulatory oversight, the report said. It claimed that landline markets aren't competitive, and wireless and VoIP services aren't a competitive substitute for wireline services. S-2664 would eliminate crucial consumer protections, the report said. It warned that low-income customers could see rate increases ranging from 50 percent to 63 percent. The report relies on "fiction, false assumptions and fear-mongering" and its "flawed conclusions should be completely dismissed," a Verizon spokesman said. The report overreached by trying to link the regulated Lifeline program with unregulated broadband investment in the state, he said. Lifeline isn't touched by the legislation, he said. The legislation would reduce redundant regulatory oversight that's no longer relevant in a competitive market, he said. The study also cited "misleading examples from other states to support claims that rates would skyrocket in New Jersey," he said. The study's implication that this bill would make Verizon's assets more attractive to buyers is "baseless," he said, saying Verizon has invested billions in the state and its strategy has been to grow the assets, not to sell them. Outdated regulation makes no sense in a competitive market, he said. — YW

International Telecom

Mobile termination rates will plunge by more than 80 percent over the next four years, the U.K. Office of Communications said Tuesday. Wholesale mobile voice call termination charges, which fixed and mobile providers pay mobile operators to allow customers to complete calls on their networks, expire March 31, and Ofcom said it has decided to change the way it sets those tariffs. The new method caps mobile termination rates based on the incremental cost of terminating a call, a mechanism that will cut the rates to less than half of what they would have been under the old method by 2015, it said. The approach will promote efficiency and sustainable competition in the retail mobile market, and give end-users the best possible benefits, it said. Under the decision, mobile termination rates for Vodafone, O2 and Everything Everywhere will drop from 4.18 pence per minute (ppm) (around 7 cents) in 2010/2011 to 0.69 ppm in 2014-2015, Ofcom said. Hutchison 3G's charges will be cut from 4.48 ppm to 0.69, with other designated mobile operators' rates to be set on a fair and reasonable basis, it said.

The Japan earthquake and tsunami could result in significant shortages of some electronic components and possible sharp price increases, said HIS Global Insight analysts. The components affected could

include NAND flash memory, dynamic random access memory, microcontrollers, standard logic, LCD panels, and LCD parts and materials, they said. The research firm said Japan produces about 60 percent of the world's semiconductor chips. The supply chain has about two weeks of excess component inventory in the pipeline for semiconductor parts affected by the quake, the analysts said, so shortages aren't expected until late March or early April. But the shortages and their price effects probably will linger until Q3, they said.

Broadcast

WatchTV asked the FCC Media Bureau to reconsider its denial of an application to use an OFDM-based broadcast technology at the company's Portland, Ore., low-power stations, instead of the U.S. ATSC DTV standard. "The denial was based on erroneous factual assumptions and was inconsistent with both the Commission's own existing rules and its avowed intent to promote experimentation and technological development," said a petition. WatchTV had asked to be allowed to test the orthogonal frequency-division multiplex-based technology — the basis for overseas broadcast standards such as DVB — to offer broadcast and broadband services. The bureau rejected WatchTV's initial application, calling it more like a developmental than an experimental license (CD Feb 11 p12). "For the Commission to deny an innovator an opportunity to try a new idea suggests an unalterable commitment to a preconceived notion of how TV spectrum should be deployed for broadband — i.e., by anyone other than broadcasters — contrary to the Commission's obligation and publicly professed commitment to consider and evaluate new ideas to make data driven decisions," the petition said. "Denial of the application constitutes suppression of ideas and data," and reconsideration is warranted, it said.

The U.S. government wants another extension to decide whether to appeal to the Supreme Court a 2nd U.S. Court of Appeals indecency decision against the FCC. Acting Solicitor General Neal Katyal asked the high court for an additional 30 days, to April 21, to file a certiorari petition in the *Fox* case. That's according to Senior Vice President Andrew Schwartzman of the Media Access Project, who saw a copy of the filing. Requests like this aren't unusual, and they're "invariably granted," he said. Katyal previously received a 30-day delay to March 22 regarding an appeal of the 2010 ruling against an FCC policy allowing an indecency finding based on a single, unscripted curse word on broadcast TV.

Westwood One said its Metro Traffic will provide traffic and other information services to four Emmis stations in Indianapolis. The multiyear deal's terms weren't disclosed.

Cable

Time Warner Cable is no longer regulated by about 100 communities in Kentucky and Ohio with more than 100,000 homes total, the FCC said Tuesday. The company's request for deregulation said Time Warner Cable faces competition from DirecTV or Dish Network or serves less than 30 percent of homes in each place, said a Media Bureau order. The request for the finding of effective video competition was unopposed.

Satellite

Proposed rules for a "public regulated service" on the European satellite navigation system Galileo won support Tuesday from the European Parliament's Industry, Research and Energy Committee. The service would be restricted to government-authorized users and subject to strict security measures, the committee said. It said Galileo would offer five services: Open, commercial, safety-of-life, search-and-rescue and the public regulated service. PRS is one of three initial services that could start in 2014, the committee said. Government-authorized users could use it for sensitive applications such as critical infrastructure, transport, defense, security and emergency services, but the service won't be available to the general public, it said. The proposal clearly distinguishes between participants in the service, such as EU members and the European Commission, and users, such as companies, authorities and individuals authorized to make, own or use PRS receivers, the committee said. Before the service started, a monitoring system would be installed to anticipate crises, regulate the conditions of receivers' uses and oversee manufacturers, it said. Governments would be free to decide how to use the service, but they would need to meet security standards, the committee said. Participants would have to appoint a PRS authority to manage and supervise the authorized users, it said. Manufacturers would have to clear an EU-wide authorization process, and export of PRS equipment and technology would be restricted, the committee said. Participation in PRS would be optional, and governments would decide whether users should pay for it, lawmakers said. A plenary vote on the proposal hasn't been scheduled yet, the committee said.

SES World Skies and Axesat signed a new capacity deal to provide broadband services in Latin America and the Caribbean on SES' AMC-4 at 67 degrees west, SES said Tuesday. Axesat is currently using two transponders on the SES satellite.

Tachyon Networks signed a capacity lease to use Eutelsat's SESAT 2 satellite to expand broadband services over Southwest Asia, it said Monday.

MacDonald, Dettwiler and Associates (MDA) will service Intelsat's on-orbit satellites under an agreement, Intelsat said Tuesday. Both companies will finalize specifications during the next six months and will then begin building MDA's Space Infrastructure Service vehicle. MDA plans to launch the new vehicle to service commercial and government satellites in need of additional fuel, re-positioning or other maintenance three-and-a-half years after the beginning of the build stage, Intelsat said. The services are valued around \$280 million.

Communications Personals

Nominees at FCBA: **Laura Phillips**, Drinker Biddle, president-elect; **Ryan Wallach**, Willkie Farr, secretary; **Robert Branson**, Verizon Wireless, assistant secretary; **David Gross**, Wiley Rein, assistant treasurer ... Charter Communications promotes **Don Detampel** to executive vice president of technology and president of commercial services ... Discovery promotes **Micheline Gauthier** to senior vice president of business affairs ... **Drew Korzeniewski** promoted to vice president of ad sales and general manager of Radio Disney Stations Group ... Cumulus Media rehires **Bill Bungeroth** as vice president and market manager for San Francisco ... BigBand Networks names **Erez Rosen** to board. **Ran Oz** stepping down from board and as chief technology officer ... Spanish Broadcasting System promotes **Donny Hudson** to vice president of sales.