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**Written Testimony of Verizon EVP Tom Tauke
Senate Commerce Committee Hearing:
Communications, Consumer's Choice, And Broadband Act of 2006
May 25, 2006**

Thank you for the invitation to testify today. We appreciate the opportunity to discuss how to spur broadband deployment, promote competition, and provide new services and lower prices to consumers.

The Communications, Consumer's Choice and Broadband Act of 2006 is an important step in creating a comprehensive framework for the communications industry of tomorrow. We believe that this market-focused approach to telecom reform will result in direct, tangible benefits to customers. I'll be happy to share Verizon's views on any of the provisions of the act, but I'll focus my testimony on two specific areas: video franchising and Net Neutrality.

Verizon is the single largest investor in broadband technology in America. In addition to providing high-speed DSL and wireless broadband, we are investing in an advanced fiber network that will pass 6 million homes by the end of this year, with a reach of as many as 20 million customers by 2010.

While our network is upgraded, Verizon's commitment to giving customers full access to any lawful content on the Internet is

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unchanged. We remain committed to providing full internet access to our customers today and in the future.

What has changed is the capacity of our network. Our fiber to the home network, called FiOS, is delivering the fastest Internet access in the marketplace. Today, for example, FiOS customers access the Internet at speeds of 10, 20 and 30 megabits per second upstream and up to 5 megabits downstream on a network capable of delivering speeds of 100 megabits and beyond.

FiOS is unlike anything being deployed today, and we all have trouble envisioning just what fiber to the home means in terms of speed and capacity. Simply put, FiOS is not your grandfather's Oldsmobile. It's not even today's Lamborghini. It's an entirely different mode of transportation operating at never before seen speeds. And the network itself is not like yesteryear's Route 66, or today's New Jersey Turnpike. It's 10 decks, each with 100 lanes, with the capability to easily add more lanes as necessary.

With consumer demand for more capacity, speed and services online, fiber networks are where the broadband world is going – giving consumers much more. This empowering technology will enable the widespread availability of such innovations as home health care monitoring and diagnosis, online education, telecommuting, and communications services for the disabled.

More immediately, FiOS gives us the ability to deliver a tangible and long-awaited benefit to consumers: a superior video service to compete with cable. For consumers this is important, because the lack of widespread video competition is costing them money. A recent study by the Phoenix Center determined that every year franchise reform is delayed takes more than \$8 billion out of consumers' pocketbooks.

Last September Verizon began offering its video service in several communities where we gained franchise authority. Beyond getting a great product, consumers are saving money ... even if they stick with their cable company. That's because, where FiOS TV competes with cable, consumers' cable bills go down, sometimes as much as 40 percent, according to an analysis by the Banc of America.

Verizon wants to bring video competition to as many consumers as we can, and we are investing many billions of dollars to deploy the broadband network to do so.

But today's local franchise process represents a big impediment to our rapid entry in the video marketplace. The required negotiations with localities are time-consuming, sometimes taking as much as 24 months to complete, and they interject an element of uncertainty that casts a long shadow over our capital investment plans.

A streamlined, national franchise process is a fast and fair route to bringing much-needed choice and competition to the video market. Citizens and their communities will see tangible benefits in the form of new services, competitive prices, new jobs, and greater entrepreneurial innovation and high-tech business expansion.

These benefits should not be delayed while we define and debate other issues. This is why we applaud the sensible approach you have taken in this legislation on the subject of net neutrality. Common sense is needed, because, simply put, net neutrality legislation endangers both the future of video choice and the accelerated broadband investment that is just beginning to gain traction. In our view, the proposals put forward by the more extreme and aggressive proponents of Net Neutrality really come down to one thing: government regulation of the Internet.

This call for government intervention into the Internet world represents a sharp departure from the free-market policies that have permitted the Internet to develop as it has. This proposed U-turn on internet policy is based on hypothetical and imagined Internet ills, as opposed to actual harm to actual consumers.

Such attempts to anticipate potential problems in the market and establish rules to prevent them create bad regulations that usually are in conflict with the orderly development of the market. The broadband marketplace is changing rapidly, It is providing great

benefits to consumers. The consumers are in charge in an ever-more competitive marketplace. Now is not the time to fear the consumer-driven innovation and change that is occurring. Now is not the time to adopt new regulations that will throw sand into the gears of the fast-growing and changing broadband marketplace.

Today we are experiencing the world we hoped for just a few years ago. Networks with huge capacity are being deployed; a plethora of new services are now available to consumers. Right now doctors in one city are examining patients in another, using diagnostic tools over broadband networks. Securities firms are constantly upgrading and offering their clients new investment tools to manage their portfolios safely and with speed. Today, it seems everyone is offering streaming or downloadable videos – You Tube, Disney, CBS, Google, the neighborhood kid with a video blog.

If enacted, net neutrality regulation will potentially prohibit us from offering customers the unique and secure platform required for these next-generation services. It will potentially prohibit us from offering a competing video service to consumers. Put another way, radical net neutrality proposals would chill the investment climate for broadband networks, deter and delay broadband rollout, and lock in today's Internet architecture and levels of performance. That isn't good for consumers, and it isn't good for the nation.

Last year the FCC adopted a policy statement with four principles designed to ensure that broadband networks are widely deployed and that consumers are able to access the content of their choice. The commission noted that it was not adopting anticipatory rules, but rather would incorporate these guiding principles into its policymaking activities. The FCC appropriately recognized that in such a dynamic market, it would be premature to impose specific rules in the absence of any problem.

The Communications, Consumer's Choice and Broadband Act of 2006 instructs the FCC to provide meaningful information to Congress and consumers concerning the need, if any, for imposing regulation on the Internet. This approach will allow policymakers to address any market failures, if they were to occur, but without the adoption of broad, anticipatory regulations that would curb innovation and broadband deployment.

We need to refocus our sights not on hypothetical problems, but on real consumer benefits. Consumers have made it clear that they want more choices in video services, more broadband, and more innovation. By removing the impediments to video choice – and not introducing new roadblocks in the guise of Net Neutrality – this legislation will go a long way toward bringing the tangible benefits of next-generation broadband to all Americans.

Thank you.