

**REMARKS OF
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Thank you, Laura Phillips, for your kind introduction. Thank you also to the Federal Communications Bar Association for the good work you do every day and for your efforts today to help coordinate this Practising Law Institute event.

It is wonderful to be here this morning at the start of what will surely be a long day's journey into night. As you know, ten hours from now many of us will gather here again for the storied Chairman's dinner—and a very different kind of speech from my colleague, Chairman Genachowski.

I am thrilled to kick-off the 30th Annual Telecommunications Policy and Regulation Institute. All anniversaries beg us to take a look back. It is safe to say that thirty years ago we were communicating a little differently than we do today.

In 1982, we had local and long distance. Calling across the country for an extended chat could easily cost as much as a tank of gas. Calls were often scheduled, conversations quick, and they took place over black rotary phones with the grace and heft of a brick.

Thirty years ago, we watched video only on the television screen. And whether we were sitting down to Dallas or moving on up with The Jeffersons, we were doing it at the time the show was on. Time shifting, place shifting, pull television—these were not in our vocabulary.

In 1982, if you combined the words data and traffic you were probably waiting for information about beltway back-ups on the radio. If you had a state of the art wireless system, it was probably something like what those motorcycle police officers used on CHiPs. After all, it was not until the following year, 1983, when the first mobile phone was sold.

Today, of course, we're breaking down the barriers between local and long; voice, video, and data; and wired and wireless. The scope of convergence is immense. The digitization of our networks, our content, our commerce, and our lives is well underway. The ways we connect, create, educate, entertain, and govern ourselves will never be the same.

There is no question that this is exciting. But it also brings its challenges.

With technology changing so rapidly, our laws and regulations struggle to keep up. So the Commission needs to approach the tasks before us with a healthy dose of humility. We also need to respect the power of innovation to, without warning, alter what we think we know.

So in these transitional times, what should guide us as we carry out the laws developed by Congress?

To begin to answer this question, I've spent my first six months on the job listening to a lot of folks—and getting out of Washington as much as possible.

In Silicon Valley, the tip of the spear of innovation, I caught a glimpse of the future that is fast approaching. I saw what the intoxicating mix of mobility, cloud computing, and social networking can mean. It can change the way we pay our bills, monitor our health, and consume all manner of content.

In Alaska, I saw how communications technology can transform the lives of those in the most remote communities in the country. At a rural school in a village 30 miles north of the Arctic Circle, I watched our E-rate program at work. Students isolated by uncompromising geography can still connect to learning opportunities world-wide.

In Minnesota, Vermont, and a number of other places along the way, I've had the opportunity to visit with the men and women that operate our emergency communications centers. They spoke to me about the challenges they face making sure that as our commercial systems for communicating advance, our systems for emergencies keep pace—and keep us safe.

Up in New York and down on Wall Street, I heard from investors enthusiastic about the Commission's first-in-the-world upcoming incentive auctions.

And of course, small businesses from all over rural America have spoken to me about recent universal services reforms.

So I have talked to a lot of people about a lot of different issues. Here's my take away. Our policies in these transitional times must do two simple things.

They must promote confidence for private investment in digital age infrastructure—and they must promote confidence for consumers to realize the full potential and opportunity that our digital world provides.

Let me spend some time talking about both of these concepts in a little more detail.

Confidence for Investment

By some measures, communications technologies account for one-sixth of the economy in the United States. No wonder. These are the networks that support our commerce, connect our communities, and enhance our security.

However, when it comes to network infrastructure, we are living in a transitional time. We have the public switched telephone network and an emerging IP ecosystem. Today they coexist. The new and the next interconnect. They are jointly responsible for carrying our communications.

Consider the numbers. In 2001, there were 192 million circuit-switched telephone lines. A decade later, this number declined by more than 40 percent to 112 million. VoIP subscriptions have risen more than 50 percent since 2008, and now number 34 million. And over one-third of households have cut the cord entirely, with their wireless phone their only phone.

Let me submit to you that this is a trend. The ways consumers choose to connect are growing more diverse, and so are the networks over which our conversations and content travel.

So in a transitional time, how do we apply the law? How do we approach regulation?

These questions are squarely before the agency right now. We have a Technology Transitions Task Force that will look broadly at these issues. We have a Technological Advisory Committee assessing the state of the public switched telephone network. We have two petitions before us that urge the agency to consider the TDM to IP transition. And we have similar interest from our state counterparts, who through the National Association of Regulatory Utility Commissioners last month assembled a group to consider federalism, telecommunications, and the role of the states. We are all wrestling with applying the laws of the present to the networks of the future, and we must make choices that inspire confidence and private investment in our nation's infrastructure.

To this end, companies need to understand what policies guide the Commission's actions, both from a regulatory and enforcement perspective. We will undermine investment if we are not clear. So as we develop a framework for the IP transition, let me be clear. I believe four fundamental criteria—grounded in the law—should guide us.

First, public safety is paramount. In the very first sentence of the Communications Act, Congress instructed the Commission to make available, “to all the people of the United States . . . a rapid, efficient, Nation-wide, and world-wide radio and communication service” in order to promote the “safety of life and property.” In light of this directive, any technological or network transition must, first, and foremost, be judged by its ultimate impact on public safety and network resiliency.

As the numbers I just shared with you demonstrate, we are migrating to wireless and IP networks. That means that we are choosing to go without the independent electrical source that traditionally powered copper plant. Our new wireless and IP technologies are dependent on commercial power. When that goes out, so do connections. But as consumers switch to new networks, I do not believe we have to sacrifice safety in the process.

So as I have said before, it is time for an honest conversation about network reliability in the wireless and digital age. It is time to ask hard questions about back-up power, and how to make sure our networks are more dependable when we need them most. We also need to make sure that consumers understand the benefits—and limitations—of new technologies when they reach out for emergency assistance. Hurricane Sandy demonstrated this need with painful clarity. I think that the transitional state of our networks represents another opportunity to have this discussion.

Second, universal service is still essential. No matter who you are or where you live, prosperity in the 21st century will require access to broadband services. The Commission's ongoing efforts to promote broadband deployment and adoption are built on this simple truth.

But as we transition to new technologies, we must ensure that no American is left behind. At least ten states have enacted legislation to relieve carrier of last resort obligations. We must understand what this means. We need to understand how it impacts rural consumers. Because as a matter of public policy, we must make sure that modern communications are available in urban America, rural America, and everything in between.

Third, competitive markets are fundamental. Competition inspires private sector investment. The competitive markets that have spurred so much technological innovation in the past will be the most effective means of making sure that consumers reap the benefits of this network transition in the future.

But we cannot forget a key element of the Telecommunications Act of 1996 that has made our patchwork of competitive telecommunications networks work seamlessly: interconnection. So we must monitor IP to IP interconnection and stand ready to act to ensure that network providers negotiate in good faith.

Fourth, consumer protection is always in the public interest. In a transitional world, consumers rely on both old and new technologies. We need to help consumers understand what different technologies offer and help them make good choices. We must vigorously enforce principled consumer protection policies across technologies.

Over the long haul, as we assess changes in the public switched telephone network, I think these principles are good guideposts. I think that we can work within this framework and promote confidence in network investment.

Over the near term, however, I think there are also clear opportunities to promote confidence in network investment.

For instance, with our upcoming wireless auctions, we should put them all on a timeline. Nothing inspires capital formation like a pending opportunity with a date certain.

In addition, I see opportunities with our recent universal service reforms. The Commission's effort last year to update its high-cost universal service and intercarrier compensation system was nothing short of historic. I commend my colleagues for their efforts. They refocused the fund from last century's technology. They put it on a budget. And they increased accountability throughout.

But the Commission's reforms to the high-cost universal service system are extremely complex. I fear that this complexity can deny rural carriers dependent on them the certainty they need to confidently invest in their network infrastructure. So when opportunities arise to simplify our rules in a manner that is fiscally sound, good for rural consumers and bound to inspire investment—we should go for it.

To this end, I believe we should combine the two separate capital and operating expense benchmarks into one benchmark to simplify the regression analysis and provide carriers with flexibility to meet our new limits. In addition, we should take a hard look at keeping our benchmarks in place for a longer period of time, instead of resetting them annually. I think this would help ensure a more “predictable” and “sufficient” system that provides carriers with more confidence to invest in broadband infrastructure.

Confidence for Consumers

So far I’ve talked about increasing confidence for infrastructure investment, but the other part of the equation is increasing confidence for consumers—so that they can reap the benefits of this investment.

Communications and media services are becoming a more substantial part of household budgets. In 2011, consumer expenses on communications bills were more than 4 percent of disposable income. That, on average, can be thousands of dollars a year. To be clear, we are getting a lot more value from these services. We have more channels than ever before. We have faster broadband. We have mobility, and with it the expectation that wherever we go, the ability to connect will follow. And we have a revolutionary world of connectivity in the smartphones in our pockets and the tablets in our laps.

But consumer wallets are not without limit. Pocketbooks have their bottom. In a world where consumer choices have become both vast and complex, information is power. It is vitally important to get consumers the information they need to make choices with confidence in a marketplace that can be bewildering to navigate.

Consider, for example, the dizzying array of wireless plans available: shared and individual plans, limited and unlimited voice, data, and text. To stay within a plan can require keeping track of voice, data, and text usage across multiple devices. So, quick show of hands, who here actually knows how many megabits each of their devices has consumed so far this month?

At the end of the day, nobody should need to hire a lawyer to understand their wireless contract—and nobody should need to hire an accountant to explain their bill. That is why the FCC’s bill shock initiative, working with carriers, is a terrific development. Going forward, consumers will get alerts when they reach their voice, data, text, and international roaming limits.

The concept is simple: give consumers more information. But the impact is large: with information, consumers will no longer unknowingly rack up charges and wind up with unexpectedly big bills. With information, consumers will have the confidence to adopt new technologies and services—and benefit from their functionality.

This is good. But we can do more.

After all, getting information to consumers is not the sole province of industry. In these transitional times, the FCC—as the agency tasked with the protection of consumers of communications services—must be the resource that consumers need. I think there are two ways we can improve upon our efforts.

First, our consumer complaint process needs an upgrade. In my time at the agency, it has become apparent that while the digital age advances, our consumer complaint process is stuck in the analog era.

Consider that last year the Commission received nearly 380,000 complaints and inquiries. We have hard working folks processing all of these complaints and inquiries. They do a heroic job of moving all manner of consumer interests through a complicated process. But our interfaces are dated and the information we provide has too much of the special charm of regulatory legalese. We can do better. In the Internet age, the consumer interface matters. Design impacts experience. So I think we can do more to make our efforts to interface with consumers appealing. That means an improved complaint and inquiry interface. It means more consistency in the complaint and inquiry process.

Second, the agency should make the consumer data we collect more open to the public. In our consumer complaint process and elsewhere in the agency, we collect a lot of numbers. But we publish them in snapshot form. We need to consider making our data more open, in machine-readable formats, and if possible, with APIs and common metadata tagging schemes. We should use this data to inform the Commission's policy activities. And we can turn to others to slice and dice these numbers and identify meaningful trends that deserve our attention, our concern—or even our praise.

Taken together, these improvements will mean that consumers will get more and better information. And with this information, consumers will have more confidence to make good choices, explore new technologies and services, and experience the full opportunity of the digital age.

It is, as I said at the start, the beginning of a long day for many of you. So let me sum up my thoughts.

The communications landscape is changing. It is strikingly different from what it looked like when the Practising Law Institute began this event thirty years ago. We have seen a range of technological innovation and industry convergence beyond what any one of us might have predicted. The rate of change is only increasing, and applying the laws of the present to the networks of the future is undeniably challenging.

So I think that in these transitional times two fundamentals should guide us—promoting confidence in private network investment and promoting confidence for consumers.

If we do both and we do them well, we can help grow the economy, spur job creation, foster digital age opportunity, and enhance civic life. That is good stuff—so I think it merits our attention and is worth our effort. Thank you.