**Technology Transitions Policy Task Force**

**Acting Director Sean Lev**

**Remarks at TIA Network Transition Event**

**June 21, 2013**

Thank you Danielle.

Thank you all for coming, and I sincerely mean that. It’s a Friday during the summer, so I really appreciate you taking the time to be here.

I also appreciate the opportunity to address the important issues being discussed today and in particular the role of the Commission’s Technology Transitions Policy Task Force. To state the obvious, we are in the midst of a significant shift in the communications landscape.

I want to make clear that we at the FCC understand that new technologies present tremendous opportunities for consumers, for businesses, for community anchor institutions, and for our Nation’s economy. Simply put, these are exciting changes with enormous potential to improve lives. Among other things, the new technologies can deliver higher quality voice and broadband services to more Americans, at higher speeds and with the increased bandwidth necessary for the essential applications of today and tomorrow. IP-based networks also make it easier to deploy feature-rich next-generation 911 systems and create significant opportunities for individuals with disabilities, for example.

At the same time, we are mindful that these developments are disruptive, and there is no guarantee that all of the services consumers and businesses rely on today will continue to be available in the same form, if at all, in the future. Simply put, these developments have important policy implications. For instance, what is the consumer’s experience when he or she is transitioned from a wireline to a wireless service? Will a consumer be able to reach a 911 call taker as readily and will the 911 system be as reliable as it has been in the past? Will consumers continue to have access to services that we tend to take for granted today, such as alarm monitoring and, especially for small businesses, credit-card confirmation? Will a consumer’s phone work when the power goes out? How will competition in serving small and mid-size businesses be affected if incumbent carriers are no longer offering TDM-based access services? These are just a few of the policy questions that regulators are facing -- and will face -- over the next several years.

As the Task Force looks at these and other policy issues, we are guided by the insight that technological changes do not alter the FCC’s core mission or responsibilities. In particular, we are focused on how to protect consumers, promote public safety, ensure universal service, and preserve and enhance competition. These are core values underling the Communications Act, and they are as applicable today as they ever were.

Before discussing the application of those principles further, though, let’s take a step back, because it is important to understand the scale of the ongoing changes we are seeing. The numbers tell a dramatic story.

According to a recent report from TIA, overall spending on circuit-switched telephone services in 2006 was $182 billion. Spending on circuit switched telephone services in 2012 was down to $123 billion, a nearly $60 billion drop in half a decade. Spending on circuit-switched telephone services is projected to drop to just over $100 billion in 2016.

Over the same six-year period, spending on Voice over Internet Protocol (VoIP) services increased from $3.8 billion to $15.9 billion, with a projected $22.6 billion in VoIP spending by 2016.

And, as one would expect, spending on wireless from 2006 to 2012 rose significantly from $125 to $187 billion, and is projected to hit $254 billion by 2016.

Copper networks are being replaced by fiber. As an illustration, recent Verizon investor relations statements indicate that it replaced 233,000 of its copper loops with fiber last year and expects to replace another 300,000 this year.

LTE networks are being deployed all across the country. Next-generation wireless networks were already available to more than 80 percent of Americans in 2012. At the same time, more than a third of U.S. households are now wireless-only and the percent of adults between the ages of 25 and 29 living in wireless-only homes is 60%. Yes 6-0.

These statistics illustrate an important point. The title of this event is “Going from the PSTN to an all Internet Protocol Network.” Many people simply refer to “the IP transition.” But, as these numbers reflect, we are seeing a multi-faceted communications transition -- several simultaneous and inter-related evolutions. Physical networks are changing from copper to fiber.

Communications protocols are migrating from TDM to IP. And wireless voice and data services are increasingly replacing wireline services not only due to consumer choice, but also as a result of changes in carrier business models.

It is the responsibility of the FCC, working with our state, local, and Tribal partners, consumers, and industry, to make sure our policies keep pace with this rapidly evolving communications landscape. As I said, we must ensure that the transitions preserve and advance the core values reflected in the Communications Act:  consumer protection, public safety, universal service, and competition.

There is room for debate as to how we may want to update particular legacy rules and regulations to new technologies. We should be open to any and all changes that are consistent with the law and will best further these core principles in the context of the changing technological environment.

At the same time, we should learn from history that many past FCC actions have directly led to increased competition. Today, most consumers and businesses have multiple options to choose from for voice service. These choices exist because of massive private investment, and because of government policies that created and maintain the conditions necessary for competition to flourish, including rules to ensure interconnection; consumer roaming across mobile carriers; and number portability, for example.

It is not appropriate simply to assume that a change in network protocols or the deployment of new physical infrastructure automatically results in increased competition or negates the need for an FCC role.

We should not assume that an “all-IP network” or any other technological change will necessarily bring robust competition. In this, as in other things, we should review the data and engage in rigorous economic analysis.

Beyond that, even where competition does take firm root, the Commission should continue to protect the other core values I have discussed. Indeed, some public safety and consumer protection features of today’s communications services, such as 911, universal service, and access for individuals with disabilities, would not have emerged as robustly without smart statutory and regulatory action.

So, a key role of the Task Force has been to work to get good data and understand the policy issues raised by these multi-faceted ongoing transitions.

How have we been doing that? I want to highlight a few things.

On March 18 the Task Force held a public workshop focused on the capabilities and limitations of new and emerging technologies and to gather data about what decisions consumers are making as they adopt voice and broadband services. It was a very informative workshop. One of the most salient facts to emerge from the workshop was that, as the TIA data discussed above show, while providers are actively taking significant steps to modernize their networks, transitions are not happening overnight. Economic necessity alone, not regulation, will require providers to support both existing legacy technologies and new ones for a significant time.

And, more recently, on May 10th we issued a Public Notice seeking comment on a variety of potential technology trials. While we have not yet committed to any particular trial, the goal of such an exercise will be to provide the Commission with real-world information to assist it in making policy decisions relating to ongoing technology transitions.

We intend to make sure that any trials are conducted in such a way that they do not harm consumers. We are keenly aware that, while trials may be voluntary for providers and other participants, they are anything but voluntary for consumers in affected areas. We will need to make sure that any trials are designed in a way that acknowledges that fact and addresses these potential issues appropriately.

We also know that there are different approaches to potential trials. One approach is to focus on specific issues that impact numerous stakeholders and to conduct targeted, issue-specific trials on such things as next generation 911, the effect of transitioning consumers from wireline to wireless services, and on interconnection for Voice over IP traffic, an issue that many competitive providers have raised.

One of the particular advantages that may come from this targeted, issue-specific approach is that it may offer an opportunity for differently situated stakeholders (incumbent LECs, CLECs, cable companies, wireless companies, etc.) to come together to focus intently on a specific, important issue they all face. The results could help us identify what if any regulatory role is necessary to address discrete, but important, consequences of technological change.

Another approach is to take a particular geographic area – perhaps a wire center - and permit an incumbent carrier serving that area to simultaneously transition its entire network, and all the services utilizing that network, to IP – what some refer to as an all-IP wire center trial.

The public notice invites parties who prefer this form of trial to submit detailed plans for how such a trial could be conducted.   We look forward to reviewing such detailed proposals. It will be important to understand how any trial will be implemented, the impact on consumers, how data will be collected, and the role that state authorities will play.

Whatever shape the trials ultimately take, the Task Force recognizes that we need to be smart about how we structure trials for them to be useful.  We need to know what we want to test and how we will effectively evaluate and utilize the results.  At the end of the day, there may be value in moving forward simultaneously with several types of trials. However we move forward, if we’re trying to test the consequences of different regulatory frameworks, we need to ensure that the results don’t simply reflect carriers on their “best behavior.”  Put differently, we need to make sure that the results of a trial provide reliable data and an experience that is likely to transfer to a non-trial setting. And we need to think carefully about how best to coordinate with relevant state and local entities.

So, we need your help with ideas and concrete proposals for how to best structure a trial to achieve these results.

I am hopeful that we will receive significant input from stakeholders in response to the proposals we have put forward and welcome feedback from all of you as we move ahead.

Thank you.