

## Technology Daily **Ensign Files Bill To Deregulate**

### **Both Phone And Cable Markets**

By Drew Clark

(Wednesday, July 27) **Sen. John Ensign**, R-Nev., offered the first substantial legislation in the debate over rewriting the 1996 Telecommunications Act by introducing a bill that would free both the Bells and the cable industry from considerable regulation.

The bill would erase substantial provisions of communications law governing telephone and cable television, while creating a framework under which government intervention into the marketplace eventually would disappear.

"Americans' ingenuity and creativity can provide more choices for consumers if government bureaucrats will get out of the way and allow our companies to compete," Ensign, chairman of the Senate Commerce Committee's Technology subpanel, said at a press conference unveiling the bill.

**Sen. John McCain**, R-Ariz., who until last year was chairman of the Commerce panel, is a co-sponsor, and Ensign said he will seek bipartisan support. **Senate Commerce Chairman Ted Stevens**, R-Alaska, has indicated he is working on his own telecommunications reform measure, which is expected to be introduced after Congress' August recess. Republican staffers on the House Energy and Commerce Committee also have been meeting in an effort to draft a broad telecom bill.

The bill would immediately allow Bell telecom companies and others to enter the market for video services without the need to obtain local or state franchises. New entrants would have to pay an up to 5-percent franchise fee to municipalities, as do current pay-television providers.

The bill immediately generated support from the telecom and technology industries, as expected. But it also received warm words from the cable industry. (See next story.)

The legislation would require new video providers to comply with rules on copyright, programming, privacy and public access to the

airwaves that now govern cable companies.

It would not require the "build out" of services within a particular community -- a major demand of the cable industry. But cable also would benefit under Ensign's bill by no longer being required to meet the franchise obligations of multiple localities. But cable also would benefit under Ensign's bill by no longer being required to meet the franchise obligations of multiple localities.

The radio and television broadcast industry would remain unaffected by the legislation. Cellular telephone providers also would not be greatly affected, although the measure would pre-empt state laws governing wireless services.

During his press conference, Ensign dwelled upon Skype, a Netherland-based Internet telephone software company that allows users of high-speed connections to make free calls.

"Skype has 40 million customers worldwide," he said. "Ten million are in the U.S. alone. This is a service that is siphoning traffic away from carriers [in the United States], just like what happened to the music industry with peer-to-peer file-sharing." Skype was created by the same people who initially created the Kazaa file-sharing software.

Ensign noted that while it is impossible to "tax, regulate or control" services like Skype, he added that the presence of such technology "underscores the need for us to update our laws." He also referred to the United States' drop to 16th place in per capita broadband penetration, according to recent a report by the International Telecommunications Union.

"This bill will create jobs, stimulate the economy and increase consumer choice," Ensign said, noting that the key area unaddressed by the bill is the fund designed to provide universal telephone service to all Americans. He said Stevens has more has more experience in that area. The Universal Service Fund is of particular importance to Stevens' heavily rural home state. , R-Alaska, has more experience in that area and will control the timing under which the legislation is discussed.

Ensign and his aides said the senator sees the Internet's deregulatory and voluntarily negotiated rates for data traffic as the future model for all telecommunications.

But not everyone had nice things to say.

"The best thing you can say is that this is a Bell bill dressed up in sheep's clothing," said **Earl Comstock**, chief executive officer of CompTel/ALTS -- an association of Bell competitors. "It demonstrates a complete lack of understanding of the way in which networks operate and the way in which they are headed."