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Broadband Is Too Important to Be Left to Cable-Phone Duopoly

By Rob Pegoraro

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Competition in the market for broadband Internet access remains alive, despite what can look like a concerted campaign by big business and government to abolish it. The latest such steps were a Supreme Court ruling and a Federal Communications Commission vote that allowed cable and phone companies to block competitors from their networks.

Be glad that competitors are still around: The phone and cable incumbents still fall short of many customers' needs, and it's up to other companies to meet them.

But as long as telephone and cable TV lines are the only affordable ways to pipe data to and from a house, any challenger to Comcast, Verizon and their ilk must first go into business with them. The competitor has to rent a phone or cable company's wires -- lines installed under a government-sanctioned monopoly -- to reach any customer's home.

Figuring out how that should happen has consumed thousands of billable hours from lawyers and lobbyists over the past decade. And so far, competition has taken off only in half of the cable-phone duopoly.

Since the dawn of cable-modem access, such cable operators as Comcast and Cox have almost never allowed other companies to offer Internet access over their lines. The Supreme Court's "Brand X" ruling in late June codified this state of affairs, ruling that cable operators could not be forced to let in competitors.

Phone companies such as Verizon, however, have been far more welcoming. Competing digital-subscriber-line providers did start out with the benefit of regulations mandating their access -- a good thing, given the early obstructionist behavior of many phone carriers -- but they've grown even as those rules have loosened.

The FCC's vote two Fridays ago will end the obligation of incumbent phone companies to rent their DSL connections to competitors (they still must sell bare phone lines at a discount, allowing other firms to set up their own DSL services over them).

Earlier FCC decisions relieved phone companies from having to lease particular elements of their networks and allowed them to bar competitors from such new networks as Verizon's Fios fiber-optic service.

A choice of broadband access that's limited to the cable company and the phone company would be extraordinarily bad. Although such firms have done a remarkable job of rolling out service, they let down customers in other ways.

One is price. Far too often, cable and phone companies have balked at cutting rates, instead increasing download speeds whether or not customers want the extra performance. Even the \$30 a month that Verizon charges for DSL is more than many dial-up users want to pay. The market should have room for firms that charge less for a slower, but still always-on, connection.

Another is reliability -- the subject of numerous complaints from Comcast, Cox and Verizon users. The fault rarely involves a break in cable or phone lines; it's the Internet service provided over them, which competitors often deliver more consistently.

Just getting connected can be an ordeal. I've heard from many readers who have waited weeks for Verizon to set up their DSL; some decided to cancel their orders and go with competitors, even though it meant paying more. One of my colleagues actually had Verizon unplug his DSL service -- then offer to charge him more for a slower connection. A competitor quickly had him back online.

A third failing is tech support. If you like simply being told to reboot your modem and computer whenever you call, even if it's an obvious service interruption, you'll love the incumbents.

The last shortfall is features. The incumbents have been loath to go beyond the same basic bundle -- a handful of e-mail accounts, a personal Web page and so on -- that Internet providers have offered since 1999. If you want such extras as the right to share your connection with neighbors over a wireless network (then charge them for their share of the bill), you need to look elsewhere.

Without competing providers, the broadband world would be a much poorer place, but the ongoing regulatory rollback doesn't seem to recognize that.

Fortunately, at least one half of the cable-phone duopoly seems to have awakened to the benefits of competition. Not only has Verizon continued to sell access to its lines to other DSL providers, it's also discussing ways to offer access to the fiber-optic service it has zero obligation to share with anybody. Two providers, EarthLink and Seattle-based Speakeasy, said they're talking to Verizon about offering their service over Fios lines.

We'd be fools to count on the continued generosity of a Verizon, though. The government needs to do its job as well. As a start, the FCC should turn its recent broadband policy statement -- a declaration that customers should be able to access any legal Internet site and run any legal Internet application -- into an enforceable regulation. The commission also needs to ease the progress of other forms of broadband, such as wireless data services. And it has to watch for abuses of the remaining rules.

Broadband Internet access is far too important to be left to the cable guys or the phone company -- especially since it will someday eliminate the need for separate phone and TV service.

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