

ISPs Attempt to Stop Public Broadband

Cable and DSL providers battle cities that want to offer access to residents.

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When tiny north Kansas City, Missouri, announced that it planned to offer affordable high-speed Internet access much the way it does other public services, local attorney Brian Hall was ecstatic. Though Hall could get DSL service from SBC Communications, he says that he found the service unreliable, supplying lower speeds than he expected. But then goliath Time Warner Cable asked a Missouri federal court to block the city's efforts.

Time Warner's initial case was dismissed, but the company appealed the ruling and vows to stop North Kansas City from offering services it plans to provide residential customers later this year.

Other cable and telecommunications companies are fighting similar battles in major cities and rural communities across the United States, to prevent the municipalities from supplying their residents with fast, low-cost Internet access, either via wireless or high-speed fiber wired networks. In places where no laws currently prohibit a city or town from entering the broadband-provider market, the companies are lobbying for new legislation that would.

If a municipality can offer Net access at lower prices than most telephone and cable TV companies, why shouldn't it, municipal-broadband advocates argue. The opponents counter that cities would have an unfair competitive advantage and that service and support might not be as good as that from private companies.

Case for the City

Cities see wireless broadband as a low-cost way to offer low-income residents Internet access. High-speed offerings are good for local businesses, schools, and hospitals, they argue, and make the community a better place to live. And when private industry can't or won't give the service, how can you blame the city for doing it, asks Jim Baller, an attorney who represents municipalities.

Lafayette, Louisiana, mayor Joey Durel says that his city "begged" its phone and cable companies for years to wire it with fiber-optic access--to no avail. The city now plans to build its own fiber network, but Bell South and Cox Communications have filed court motions to stop the plan.

"The practices of corporate America are hurting communities like Lafayette," he says.

Durel says a Lafayette-owned fiber network delivering Internet, cable TV, and phone service would save residents over 20 percent on their monthly bills, and would let the city give its schools fast Net access.

The Opposition

The municipal Internet trend is irking giants such as Bell South, Comcast, SBC, Time Warner Cable, and Verizon Communications. SBC representative Marty Richter says basic policy and conflict-of-interest issues arise when government enters markets where it can tax and regulate its private-sector rivals, making the competition unfair.

However, cities and towns can't regulate telecom providers or ISPs--that's up to state and federal agencies. Cities do regulate cable franchises; but where cities offer such services, they are still subject to state and federal rules, says attorney Baller.

Though it has acted to block municipal Wi-Fi efforts in Philadelphia, Verizon says it is prepared to compete with municipalities. Verizon says it can do a better job of network management and customer care. "Cities need to go into these projects with their eyes wide open," says Eric Rabe, spokesperson for Verizon.

Many of these networks have high up-front costs--the Lafayette plan will cost \$125 million--and there will be service and maintenance costs. If too few users sign up, revenue may not cover upkeep costs, and the city will lose money. This year, for example, Washington State's Whatcom County had to sell its unfinished fiber system for \$126,000 after spending \$2.3 million on it. Private firms jumped in and saturated the broadband market, say county representatives.

Besides, "do you really want to call city hall when your Internet access goes down?" Verizon's Rabe asks.

For Mayor Durel, who says service from his local phone company is awful, the answer to Rabe's question is yes.