

FACT SHEET: PRESIDENT OBAMA'S PLAN TO REGULATE THE INTERNET

On February 5, 2015, Chairman Wheeler circulated to his fellow Commissioners President Obama's 332-page plan to regulate the Internet. Here are some key aspects of that plan:

- **Through broad and vague rules, President Obama's plan gives the FCC the power to micromanage virtually every aspect of how the Internet works.**
 - Instead of allowing the American people to choose the broadband service plan that is best for them, the President's plan places that decision in the hands of a Washington bureaucracy.
 - The plan curtails the ability of broadband providers to offer innovative service plans. For example, the rules jeopardize the future of T-Mobile's Music Freedom program.
 - The plan also explicitly calls into question usage-based pricing. This means that broadband subscribers who use less data could end up subsidizing subscribers who use more data.
- **President Obama's plan opens the door to billions of dollars of new taxes on broadband.**
 - Following a transition period, the plan contemplates adding assorted regulatory taxes to Americans' broadband bills, including fees to support the multi-billion-dollar Universal Service Fund and the Telecommunications Relay Service Fund.
 - These taxes will increase the prices American consumers will have to pay for broadband.
- **President Obama's plan contains rate regulation.**
 - *All* rates charged by broadband providers will be subject to FCC regulation. Specifically, they must be "just and reasonable" pursuant to section 201 of the Communications Act. The plan does not forbear from *any* aspect of this statutory provision.
 - This requirement will apply both to retail rates for consumers and interconnection rates for edge providers. It will embroil the Commission in an endless series of disputes that the agency is ill-suited to resolve.
- **President Obama's plan will steadily increase regulation over time.**
 - The plan does not safeguard the Internet from additional regulations. Instead, it takes what it describes as an incremental approach to imposing those new regulations.
 - Some of the plan's new Internet regulations will go into effect immediately. Others will not take effect at this time or for now, making clear that the President's plan contemplates even *more* rules in the future. This undermines regulatory certainty and will leave consumers poorer, step by step.
- **President Obama's plan will be a boon to trial lawyers and will lead to more litigation.**
 - The plan allows trial lawyers to file everything from individual lawsuits to sprawling class actions against broadband providers for any practices or charges they believe to be unreasonable.
 - These litigation costs, including attorneys' fees, will be passed on to consumers in the form of higher prices.

- **President Obama's plan will reduce competition and decrease consumer choice.**
 - The plan imposes a host of new regulations on broadband providers. The costs of these regulations will hit smaller broadband providers the hardest and push them out of the market. For example, many of them will face higher pole attachment rates.
 - The plan implements Title II public-utility regulation that was designed for a monopoly. A one-size-fits-all regulatory framework intended to regulate a monopoly will push the broadband market in that very direction.

- **President Obama's plan will slow broadband speeds for American consumers and the deployment of high-speed broadband.**
 - The plan contains a bevy of new regulations that will depress investment in broadband networks. That will mean slower broadband speeds for American consumers. It will also mean that many rural Americans will have to wait longer for access to quality broadband.
 - Public-utility regulation has been shown to decrease infrastructure investment. In the United States, where we have embraced a light-touch regulatory framework, there has been far more investment per capita in broadband than there has been in Europe, which has embraced a public utility model.