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## Philadelphia Hopes for a Lead in the Wireless Race

By JAMES DAO

**P**HILADELPHIA, Feb. 11 - If Mayor John F. Street has his way, by next year this 135-square-mile metropolis will become one gigantic wireless hot spot, offering every neighborhood high-speed access to the Web at below-market prices in what would be the largest experiment in municipal Internet service in the country.

City officials envision a seamless mesh of broadband signals that will enable the police to download mug shots as they race to crime scenes in their patrol cars, allow truck drivers to maintain Internet access to inventories as they roam the city, and perhaps most important, let students and low-income residents get on the net.

Experts say the Philadelphia model, if successful, could provide the tipping point for a nationwide movement to make broadband affordable and accessible in every municipality. From tiny St. Francis, Kan., to tech-savvy San Francisco, more than 50 local governments have already installed or are on the verge of creating municipal broadband systems for the public.

But Philadelphia's plan has prompted a debate over who should provide the service, and whether government should compete with private industry, particularly in hard-to-reach rural areas or low-income urban communities. Telecommunications and cable companies say that municipal Internet networks will not only inhibit private enterprise, but also result in poor service and wasted tax dollars. They have mounted major lobbying campaigns in several states to restrict or prohibit municipalities from establishing their own networks.

"This is a growing trend, but an ominous and disturbing one," said Adam Thierer, director of telecommunications studies at the libertarian Cato Institute and the author of a soon-to-be-released study criticizing the Philadelphia plan. "The last thing I'd want to see is broadband turned into a lazy public utility."

Philadelphia officials say that will not happen here. Mr. Street has said he will try to raise corporate and foundation financing so the strapped city does not have to pay the network's \$10 million startup costs. He also says the city will recruit private companies to help operate the system, asserting it will earn enough revenue to be self-sustaining.

Though details of Mr. Street's plan are still being developed, the city expects to install 4,000 wireless antennas along lampposts across the city in the next 18 months, creating a network of broadband signals.

City officials also hope to extend service into homes and businesses in poor neighborhoods, using nonprofit organizations to provide low-cost equipment, training and service.

"Just as highways were a critical infrastructure component of the last century, wireless Internet access must be a part of our infrastructure for the 21st century," Mr. Street said last month in a speech before the United States Conference of Mayors.

Most municipally run Internet systems are in small rural towns, many of which provide service at below-market rates. Philadelphia is proposing to charge \$15 to \$25 a month for its service, half of what private servers now charge, and even less for low-income users.

Industry officials say that if the program takes off, it will inevitably take customers from providers like the [Comcast Corporation](#) or [Verizon Communications](#).

"Is it fair that the industry pay tax dollars to the city that are then used to launch a network that would compete with our own?" asked David L. Cohen, executive vice president of Comcast, which is based in Philadelphia. "I don't think so."

Officials in Philadelphia and other municipalities contend they never intended to compete with private companies. Many say they want to provide Internet service only because students, small businesses and low-income residents cannot afford or obtain high-speed Internet access.

Philadelphia officials say a recent survey found that nearly 40 percent of residents did not have Internet service. But industry officials say that virtually every neighborhood in the city is wired for broadband and that many people are choosing not to buy it.

Industry officials and advocates of limited government also say providing Internet access is far more risky, complicated and expensive than government officials realize. Equipment will quickly become obsolete, and slow-moving governments will not keep pace, they say.

"Government doesn't do service well," said Eric Rabe, vice president for public relations for Verizon.

"And communications is complicated. The technology changes constantly. Verizon has 3.5 million D.S.L. subscribers," Mr. Rabe said, referring to digital subscriber lines, "and we're still trying to figure out how to make money at \$30 per month."

Pushed by industry lobbyists, lawmakers in Kansas, Ohio, Texas, Indiana, Iowa, Oregon and other states have proposed legislation to restrict or prohibit local governments from offering telecommunications services. Nearly a dozen states have already enacted some restrictions.

Verizon won a victory in Pennsylvania late last year when Gov. Edward G. Rendell signed a measure requiring that cities first give the main local phone company the right to build a high-speed Internet network. If the phone company proceeds within 14 months, the city must drop its plans. Philadelphia was exempted from the law.

In Kansas, the town of St. Francis, population 1,495, began offering Internet service nearly three years ago and now has 200 subscribers.

"We could not get anybody to provide us high-speed Internet," said J. R. Landenberger, city manager. "When that didn't work, we decided to do it ourselves."

In Scottsburg, Ind., a city of 6,000 near the Kentucky border, officials say a survey conducted in 2002 found that three local companies were considering moving or expanding elsewhere because they could

not get broadband service.

The officials say they urged several providers to extend a network into town, but were told it was too small or remote to justify the cost. Consultants recommended that the town build a fiber network, at a cost of \$5 million. Then city officials discovered wireless.

For an initial investment of \$385,000, the town's municipally owned electric utility created a wireless broadband network for the entire county. Businesses now can buy high-speed service for \$200 per month, about half the cost in nearby Louisville, Ky.

The service has about 600 subscribers, more than enough to cover its costs, town officials say. "We're just as pleased as we can be," Mayor Bill Graham said. "It's the same system they put into the Pentagon after Sept. 11. It is very secure, very fast and very reliable."

In Philadelphia, the skeptics argue that running a broadband network for a small town is far different from running one for a city of 1.5 million. Though installing a network of antennas might be straightforward, creating a system for billing, marketing and fielding service complaints will be far more difficult than the city imagines, they say. The city estimates the cost of maintaining the system will be \$1.5 million a year.

"The real cost will be very different than what they think," Mr. Cohen of Comcast said.

Philadelphia officials say skeptics will come around when they see the power of broadband to attract business and improve the lives of poor people.

The Philadelphia plan will allow Internet users to roam anywhere in the city and remain connected, as long as they are outdoors, said Dianah Neff, the city's chief information officer. But bringing the signal indoors will require extra equipment. To help low-income residents acquire such equipment, the city plans to recruit a network of community organizations that can provide training, inexpensive computers and wireless equipment to eligible residents.

In West Philadelphia, the People's Emergency Center, a nonprofit group, is already providing such services, including after-school computer programs, wireless access at \$5 a month, Web site development for small businesses and a program that helps welfare recipients communicate with caseworkers through the Internet. The group also sells refurbished computers to eligible residents for \$125.

"Acquiring low-cost computers is the smallest problem," said Tan B. Vu, manager of the center's digital inclusion program. "The bigger problem is that people don't have Internet access. And that is where the city comes in."

One of the center's clients, Denise Stoner, 32, embodies both the promise and pitfalls of the city's plans.

A recently homeless mother who has a learning disabled son and a deaf daughter, both of whom have heart problems, Ms. Stoner has a refurbished desktop computer with broadband wireless service provided by the People's Emergency Center.

But her aging computer is slow and often hampered by viruses, which she depends on the center's technicians to eradicate. And while her 9-year-old son has improved his reading and spelling skills by using the Internet, he spends most of his time online playing games.

Still, Ms. Stoner has found both information and comfort from the Internet. She has learned sign language online to converse with her 2-year-old daughter. And she has discovered chat rooms for parents of children who have the same heart problems as her children.

"I ask them how they get by," she said of her e-mail conversations with people as far away as Africa. "They say they take it one day at a time."

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