

California ISP Challenges Alleged Need for Net Neutrality

[Information Technology](#) > [Federal Regulation](#)

[Information Technology](#) > [Network Neutrality](#)

[Email a Friend](#)

Written By: [Thomas Cheplick](#)

Publication date: 06/30/2011

Publisher: The Heartland Institute

A new high-speed Internet Service Provider launched in the California wine country may render obsolete the current national debates over network neutrality by offering fast, unlimited download speeds at a comparatively low, fixed price.

Sonic.net initiated a pilot program in Sebastopol, California this spring, connecting 700 homes with the company's own fiber-optic cable. The Sonoma County-based Sonic.net is offering customers in Sebastopol 1 gigabit-per-second fiber-optic Internet services for \$70 a month. This speed is 600 times faster than the 1.5Mbps services currently offered by other ISPs nationwide, and it costs subscribers a flat \$70 fee per month, approximately \$30 more than services offered by competitors.

Net neutrality opponents say Sonoma County-based Sonic.net's business model displays the ingenuity of private enterprises working within a free-market to provide satisfactory consumer alternatives without government intervention. Groups favoring net neutrality regulations—such as those adopted this past December by the Federal Communications Commission—acknowledge Sonic.net may address their concerns over ISPs potentially overcharging customers and limiting data-download speeds for heavy Internet users.

'Meaningful Competition'

Sonic.net began offering DSL services in California in the mid-1990s, and it expanded into fiber optics after winning a contract to manage Google's 1 gbps network at Stanford University, which, when finished, will connect more than 800 faculty homes.

The Sebastopol fiber-optic project includes two phone lines with unlimited calling at no additional cost. The company anticipates the pilot program will serve more than 700 homes by the end of the year, and it announced plans to provide fiber-optic services in either Santa Rosa or San Francisco in the future.

Sascha Meinrath, director of the New American Foundation's Open Technology Initiative, which advocates for net neutrality, says he's cautiously optimistic about Sonic.net being the beginning of a bright new age of ISP competition.

“Network neutrality is extremely important today because of the lack of any meaningful competition,” said Meinrath. “If we had 15 or 20 Internet Service Providers to choose from, I very much doubt net neutrality would be as much of an issue.”

Meinrath added, “Overall, Sonic.net is a shining light amongst a vast and barren telecommunications wasteland. The problem is that for every success story, there’s a state law that kills off scores of potential Sonic.nets. The overall trajectory is bleak. What we’ve seen in just about every leading broadband nation is that there is either a far more competitive broadband service provision market, or a lot more government oversight.”

‘Competition, Not Regulation’

Tim Lee, an adjunct scholar at the Cato Institute in Washington, DC and an affiliate of the Center for Information Technology Policy at Princeton University, agrees it is too early to declare Sonic.net’s creation as ushering in a new ISP marketplace.

“I think it’s great that Comcast is getting additional competition, but it’s probably too early to say whether this has any major policy implications,” Lee said.

Robb Topolski, a telecommunications consultant and the chief technologist at the New America Foundation, agrees success for Sonic.net would make arguments for net neutrality obsolete.

“If Sonic.net and many others like them succeed such that Americans have lots of choices for Internet access, then we will have the net neutrality we wish for through competition instead of regulation,” Topolski said. “Net neutrality supporters generally agree that it is the lack of competition that brings the need for the assurance of basic online freedoms.”

‘Solution Looking for a Problem’

Meinrath says the creation of Sonic.net, and its potential for success, also raise questions about the competency of President Obama and his administration.

“Prices tend to be far lower in a truly competitive market than under a monopoly, duopoly, or oligopoly,” Meinrath said. “Sonic.net seems incredible because we do not have a competitive marketplace. According to the FCC’s National Broadband Plan, 96 percent of Americans have access to two or fewer wireline broadband providers. In leading broadband nations, the speeds and pricing Sonic.net is offering are normative. They only seem incredible because we are so far behind,” Meinrath said.

Ralph Benko, author of *The Websters’ Dictionary: How to Use the Web to Transform the World*, counters that those who argue for net neutrality mandates are simply advocating for price controls.

“Net neutrality is a content-free slogan,” Benko said. “It is used to connote the morally and intellectually bankrupt policy of government price controls.”

“If every other standard of performance and quality in the technology industry is any indication, quality will only continue to improve while prices come down, creating ever-widening access to always improving devices, services, and software,” wrote W. E. Messamore on the California Internet Voter Network blog.

“If Sonic.net’s new pricing model is a success, it will drive down competitors’ prices in order for them to keep their customers,” Messamore continued. “In that case, what use would ‘Net Neutrality’ regulations be? The market will have done what would-be regulators are promising to do, making their intervention a ‘solution looking for a problem.’”

Thomas Cheplick (thomascheplick@yahoo.com) writes from Cambridge, Massachusetts.