

FCC rejects proposal for free wireless service

September 1 2010, By JOELLE TESSLER , AP Technology Writer

(AP) -- Federal regulators have shot down a proposal by a startup called M2Z Networks Inc. to build a free, nationwide wireless broadband network using a spare slice of airwaves.

The [Federal Communications Commission](#) on Wednesday said it has rejected M2Z's request that the agency demand that the winner of an auction for the [radio spectrum](#) provide free Internet service to anyone who connects to it.

That condition would have mirrored M2Z's business model of offering free basic wireless broadband access - with speeds of up to 768 kilobits per second - that would be supported by advertising in addition to a faster, premium service.

"We gave careful and thorough consideration to the proposal, but ultimately determined that this was not the best policy outcome," Ruth Milkman, head of the FCC's wireless bureau, said in a statement. The FCC did not explain its rejection further.

M2Z's plan had encountered resistance from T-Mobile USA and other big wireless carriers, which warned that it would interfere with their own services.

"A designer allocation auction that would be tailored for one company was not in the public's interest, especially when that company was offering broadband service that is slow by even yesterday's standards," Steve Largent, head of industry trade group CTIA-The Wireless

Association, said in a statement.

M2Z was founded in 2005 by John Muleta, a former FCC official who at one time also headed the agency's wireless bureau, and Milo Medin, co-founder and chief technology officer of [cable modem](#) pioneer (At)Home. The company's investors include several top [Silicon Valley](#) venture capital firms, including Kleiner Perkins Caufield & Byers and Redpoint Ventures.

In a statement, Muleta said "the FCC's decision to delay the use of this valuable spectrum forgoes the consumer welfare and economic stimulus that would result from putting new spectrum into the marketplace."

The FCC is still studying possible uses of the spectrum.

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