

“KEYSTONE COMPETITION” REPORT RELEASED BY PUC

The Pa. Public Utility Commission has taken exception to comments issued by Pennsylvanians for Local Competition (PLC), which recently touted two reports that suggest "Pennsylvania is continuing to fall behind other states in local competition." In its quarterly “Keystone Competition” report, the Commission cites FCC data showing that local telephone competition continues to increase in Pennsylvania, outpacing the national average and other states. Go to

http://www.puc.paonline.com/com_info/Keystone_Competition/KC_Winter_04.pdf to access the entire report.

The commission points out that. “Among neighboring states, Pennsylvania ranks eighth in the nation and behind only New York and Washington D.C., for competitive local exchange carrier (CLEC) market share.

By the end of 1999, five percent of Pennsylvania phone lines were served by a new competitor. By June 2003, 17 percent of all access lines, or 1,413,458, were provided by CLECs in the state. The national number is 15 percent.”

The reports cited by Pennsylvanians for Local Competition define local telephone competition as the UNE-P (Unbundled Network Element Platform) rate. But they do not consider “other factors that need to be considered when measuring the competitiveness of the market, specifically when there are more modes of entry other than UNE-P, such as UNEs (Pennsylvania ranks ninth in the nation) and facilities-based (Pennsylvania ranks second, behind Massachusetts).

Finally, says the commission, Pennsylvania ranks seventh in the nation for total UNE-P lines and 11th for share of total CLEC lines.

Other than that, the PLC release was right on the money.

FCC CHIEF TO LOCAL PHONE COMPANIES: MAKE DEALS WITH INCUMBENTS

A few days after a federal court struck down rules requiring Verizon and other incumbent carriers to lease their equipment to competitors, the Chairman of the Federal Communications Commission, Michael K. Powell, urged the companies to reach a “reasonable middle ground” over the lease agreements. Otherwise, Powell warned that the FCC might craft interim rules that would take precedence over the rates set by each state.

Verizon opposed the rules arguing that under them it was required to lease equipment at a loss. On March 2, the District of Columbia Court of Appeals agreed and struck down the rules, saying that the lower lease rate for the equipment should never have been instituted.

Verizon and other incumbents have already begun calling on competitors to negotiate rates rather than adhere to state-mandated pricing. One leading telecommunications expert said that the competitors to Verizon can either continue to litigate or enter into reasonable lease agreements.

In a related development, the chairs of the U.S. House Judiciary Committee have asked Attorney General John Ashcroft to seek U.S. Supreme Court review of the appeals court ruling. The majority Chairman F. James Sensenbrenner Jr. (R-Wis.) and minority member John Conyers Jr. (D-Mich.) reportedly feel that the ruling might cause a disruption in local phone service.

But a spokesman for Verizon said that there was no reason to believe that the court decision would result in networks being no longer available to competitors. Other incumbent carriers echoed the statement.

SPEEDIER CUSTOMER SERVICE IN NORTHEAST/WESTERN PA DUE TO VERIZON INVESTMENTS

Verizon is installing high-tech digital equipment that will improve the quality and speed of service to customers in northeast and western Pennsylvania. The investment, nearly \$2 million overall, is being made to local call-switching centers to satisfy customer demand for services such as DS-1, DS-3 and Synchronous Optical Network (SONET). The additional digital equipment will benefit customers in Scranton, Hazleton, and Pottsville in the northeast and Pittsburgh, Robinson Township, Altoona, Dubois and Rochester in the west.

"The projects underline Verizon's commitment to build and maintain a state-of-the-art telecommunications network throughout Pennsylvania," said James V. O'Rourke, president and CEO of Verizon Pennsylvania. "We continue to upgrade our infrastructure to provide rural, suburban and urban customers with better quality service, as well as the platform for high-speed access to the Internet, work-at-home capabilities and a host of other innovative services."

In addition to these investments, Verizon continues to install fiber-optic cable throughout the commonwealth. Fiber-optic systems use hair-thin glass fibers and digital technology to deliver high-quality telephone service along with sophisticated data communications services. Verizon Pennsylvania ranks fourth among the nation's local telephone companies in fiber-optic cable installed in its network, according to reports compiled by the Federal Communications Commission.

Verizon has invested nearly \$8 billion in its telecommunications network across the commonwealth over the last nine years.

PHONE REPLACEMENT OFFER HAS CARRIER IN A PICKLE

AT&T Wireless admitted recently that a free replacement phone it is offering some customers in central Pennsylvania and elsewhere doesn't have as many features as the more expensive model it would replace, according to a recent Harrisburg Patriot-News story.

According to the story, AT&T Wireless customers who use the Sony Ericsson T-68i wireless phones received a mailing over the weekend offering a "FREE upgrade" to the Sony Ericsson T-226. They were instructed to mail back their T-68i phones in a prepaid mailer that would be included.

A comparison of the two phones' features showed that the T-226 could not be used outside the United States, while the tri-band T-68i can. Customers with the T-68i can travel to Europe, for example, and make and receive calls there.

The T-226 also has no Bluetooth capability, an increasingly popular feature that is needed for synching the numbers and calendar items in the phone with a home computer, or using various hands-free headphones. The T-68i has that feature.

The T-226 has a brighter, more colorful screen than the T-68i phones, and can do polyphonic (musical) ring tones, which the T-68i phones cannot.

VERIZON CELL PHONE GOES GLOBAL

In a few weeks, Verizon Wireless plans to introduce a cell phone that will work domestically and on European and international wireless networks. The move will give Verizon a new way to compete with other carriers offer roaming abroad but are consistently rated as having less reliable US coverage than Verizon, the largest US carrier.

Denny Strigl, chief executive of Verizon Wireless, told Reuters recently that "you will see the evidence of a major project that we've been working on for a couple years very shortly, which is our global phone." The unit, which Verizon has been talking about for years, would have extra components so it works on Verizon's US network as well as the GSM, or Global System for Mobile, networks that dominate in Europe and other foreign locations.

According to the US Commerce Department's Office of Travel & Tourism Industries, in 2002 23.4 million Americans traveled abroad, about 1.6 million of who came from New England. About 7.5 million people traveled for business, spending an average of 13.9 nights abroad, and the average business traveler made five trips outside the United States. Western Europe accounted for 46 percent of all business trips abroad.
FCC News

NETWORK RELIABILITY AND INTEROPERABILITY COUNCIL TO HOLD ITS FIRST MEETING UNDER ITS RENEWED CHARTER

The Network Reliability and Interoperability Council ("Council") will hold its first meeting under its renewed charter Tuesday, March 30, 2004, from 10:00 a.m. to 1:00 p.m. in the Commission Meeting Room, TW-C305 at 445 12th Street, S.W., Washington, D.C.

The Council was established by the Federal Communications Commission to bring together leaders of the telecommunications industry and telecommunications experts from academic, consumer, and other organizations to explore and recommend measures that will enhance network security and reliability. Timothy Donahue, President and Chief Executive Officer of Nextel Communications Inc. will chair the meeting.

FCC ELIMINATES RULES IN ORDER TO EXPAND LONG DISTANCE COMPETITION

The Federal Communications Commission (FCC) acted recently to improve telephone service for consumers by eliminating certain of the FCC's "operate independently" rules. Permitting the sharing of these limited internal functions that BOCs and their long distance affiliates formerly had to separately perform will provide efficiency gains and should translate to savings of millions of dollars in yearly operational costs that likely will be passed on to the BOCs' long distance consumers.

The "operate independently" rules were adopted in 1996 by the FCC to implement section 272 of the Telecommunications Act's separate affiliate requirements. These rules prohibited a BOC's local service operations and its long distance affiliate from: 1) providing operating, installation, and maintenance (OI&M) services; and 2) jointly owning switching and transmission facilities.

The FCC action eliminates the OI&M requirements, but retains the prohibition against joint ownership of switching and transmission facilities. The FCC concluded that the OI&M sharing prohibition is an overbroad means of preventing cost misallocation or discrimination by BOCs against unaffiliated rivals. Furthermore, the FCC concluded that the existing non-structural safeguards – including the cost allocation and affiliate transaction rules – are well-tailored and sufficient to provide effective protections against anti-competitive behavior.

FCC TO ASSESS WHETHER BROADBAND NETWORKS ARE BEING MADE AVAILABLE TO ALL AMERICANS

The Federal Communications Commission (FCC) has launched an inquiry into whether "advanced telecommunications capability," or broadband, is being deployed to all Americans in a reasonable and timely fashion. As broadband networks become vital to the economy, healthcare, education, and other areas impacting the American public, the Notice of Inquiry (NOI) adopted today will analyze the various market, investment and technological trends of broadband deployment.

In the NOI adopted today, the FCC seeks information consistent with the framework utilized in past broadband reports, including: (i) how the Commission should define advanced telecommunications capability (ii) whether advanced telecommunications capability is being deployed to all Americans (iii) whether the current level of broadband deployment is reasonable and timely, and (iv) what actions, if any, can be taken to accelerate broadband deployment.

FCC PLANS BARRIERS TO CELL-PHONE SPAM

The Federal Communications Commission said recently that it would examine ways to protect Americans from being barraged by unwanted e-mail, or spam, on their cell phones or other wireless devices.

The FCC is seeking public comment on how to craft rules to regulate wireless spam, and will explore ways to allow cell-phone users to inform marketers they don't want Spam. The nation's first federal antispam law, known as the Can-Spam Act, requires the FCC to create rules governing wireless spam by the end of September.

"American consumers have every right to expect that their cell phones will be spam-

free zones," FCC Chairman Michael Powell said in a statement.

There are more than 156 million wireless subscribers in the United States, and many already have received unwanted advertisements via text messaging. As cell phones and other devices become more advanced, technology experts believe spammers will target them. Wireless spam is an enormous problem in Europe and Japan, where more than half the population has Web access on their cell phone and carriers process hundreds of millions of spam messages each day. Wireless spam is only one of more than a dozen provisions in the Can-Spam Act that are still being developed.

###