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In this issue, AT&T Corp., MCI Inc. and other telephone companies ask the U.S. Supreme Court to restore rules that give them discounted access to local-phone networks owned by competitors. With speculation growing that FCC Chairman Powell could be leaving the agency, industry lobbyists are lining up to make a case for their pet issues. Powell, meanwhile, focuses on broadband access in rural areas and says the key to providing access is “creativity.” Employees at SBC Communications Inc. overwhelmingly approve a five-year contract. Verizon announces a new mobile data service. VOIP provider Vonage wins key ruling in New York and the VOIP rollout continues as AT&T adds more markets, including Philadelphia and the Lehigh Valley here in Pennsylvania.

From the papers

AT&T Corp., MCI ask the U.S. Supreme Court to restore rules that give them discounted access to local-phone networks owned by competitors.

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Employees at SBC Communications Inc. overwhelmingly approved a five-year contract.

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FCC Chairman Powell: Creativity needed to spread broadband in Appalachia, rural areas.

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The New York State Public Service Commission can no longer require Vonage to file for a telephone operator's license, possibly foreshadowing an important regulatory win for the Net phone industry.

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Decision on SBC rates for leased phone lines could alter industry.

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Media and telecommunications company lobbyists are pushing the Federal Communications Commission to consider pet projects before the FCC chairman leaves.

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AT&T expands VOIP service to Baltimore.

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"AT&T will offer Voice-over-Internet Protocol service to customers in the Lehigh Valley and the Philadelphia area, the telecommunications provider said Wednesday," reports The Morning Call.

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Verizon launches new mobile data service.

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PUC Budget Amendment to Save Money for Phone Carriers, Other Regulated Utilities (Underscores Disparity in Competition)

Lawmakers recently amended a Public Utility Commission Appropriations bill that would extend the Commission's purchase of new computer systems over a ten-year period rather than the two-year period it had initially asked for. The current total cost for the new systems is \$6.6 million.

The systems will be funded – just as the PUC's operating budget – through a surcharge on regulated utilities. The change in the budget bill will therefore spread out the costs for regulated phone carriers and other regulated utilities.

While in favor of the extension, some of the phone carriers argue that it underscores another change needed in the PUC funding scheme. Some of their competitors, most notably wireless and cable companies, don't pay into the restricted account that funds the Commission, since they aren't regulated entities.

"Every year we get hit with a bill to keep the PUC in business," said one phone company official. "And then we have to go compete against companies that don't...It really has to be changed."

Carriers Beginning VOIP Roll-Outs

AT&T has announced that it has begun selling voice over the Internet service (VOIP) in cities in 10 states, including cities in the Lehigh Valley. Rival Verizon is expected to announce a multi-state VOIP roll out in the next few weeks.

The AT&T announcement comes on the heels of its decision to withdraw from home phone service in seven states, blaming a recent federal court decision that effectively ended incumbent network access at discounted prices.

The move prompted one Verizon official to say that AT&T's announcement comes as no surprise.

"It's launching VOIP service even as it threatens to take its toys and leave states because the FCC and the Administration did the right thing for American consumers choosing not to continue government-mandated subsidies," said Verizon spokesman Harry J. Mitchell.

“The bottom line is that competition is here in Pennsylvania, and will continue to grow with or without AT&T.”

VOIP requires a high-speed Internet connection, usually a cable modem or a digital subscriber line. The customer uses a device to connect a conventional telephone to a computer modem. Although the phone calls are carried over the Internet, the caller can reach any phone number.

Telecommunication Services to Rural Areas Highlight FCC Open Meeting on July 8 (800 MHz Order Scheduled)

During its July 8 open meeting in Washington D.C., the Consumer and Government Affairs Bureau of the Federal Communications Commission (FCC) is scheduled to present a report on the Commission’s “Lands of Opportunity: Building Rural Connectivity.” The study represents an outreach initiative that is designed to ensure that all Americans living in rural areas have access to affordable and quality telecommunication services.

The Commission is also planning to take up a Report and Order and Further Notice of Proposed Rulemaking concerning deployment of wireless services in rural areas. Finally, the Commission is scheduled to consider a Report and Order, Fifth Report and Order, Memorandum Opinion and Order, and Order concerning reconfiguring the 800 MHz band to abate interference being encountered by public safety communications systems and other 800 MHz systems that do not employ cellular architecture. Related orders implement changes in other bands made necessary to facilitate 800 MHz band reconfiguration.

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