

*In this edition, power companies looking to get into Internet business. Congressional leaders urge White House not to appeal a critical federal court ruling on FCC rules governing CLEC access networks. FCC Chairman Powell issues statement on long distance competition and FCC sets agenda for Consumer Advisory Committee meeting.*

## Power Companies Eyeing Internet Service

A few years and several high-profile failures later, local utility companies are once again dabbling in the Internet arena, according to a March 17 Reuters story.

Spurred by new advances in technology, power companies are cautiously testing offering high-speed Internet access over electric lines.

Earlier this month, Cinergy Corp. said it would offer broadband, or high-speed data, over power lines in Ohio in a joint venture with telecom company Current Communications.

As many as 15 U.S. power companies, including heavyweights like PPL Corp. and Southern Co. Inc., are conducting trials, and many more are looking at entering the field, according to Karen George, research director at Electric Power Research Institute's Primen affiliate.

The current venture is different from the ill-fated foray into the telecommunications business by most utilities in the late 1990s. At that time, most tried entering the traditional way, often spending billions to lay fiber optic cable along their power lines to try to grab a piece of a then-booming market.

Now utilities are working on using existing power lines to offer Internet access -- a much less risky proposition, some analysts say.

Whether they can make money on the service remains to be seen, since telecom and cable companies have all but sewn up the broadband market over the past few years.

## No Appeal of March 2 Ruling Covering Access, House Leaders Urge Justice Department

Leaders of the U.S. House committee that oversees the Federal Communications Commission are asking the Justice Department not to appeal a March 2 federal court ruling that struck down the regulations governing the access that CLECs have to Verizon's networks. The March 2 ruling by the U.S. Court of Appeals for the District of Columbia was hailed by Verizon officials who maintain that the access fees paid by the CLECs typically run below cost.

In a letter by House Energy and Commerce Committee Chairman Joe Barton (R-Texas), and ranking minority member John D. Dingell (D-Mich.) the congressmen note that the FCC's local phone rules have been struck down twice by the circuit court and once by the high court

since the passage of the Telecommunications Act of 1996, which was designed to spur competition in local phone service.

"Further appeals will not affect the outcome when the regulations adopted by the commission are so completely at odds with the statutory language cited by the courts," the letter stated.

In related news, Kathleen Abernathy, a member of the FCC, told the Dow Jones News Service that consumer prices for phone service aren't likely to rise as a result of a March 2 court decision.

"I don't think this decision is bad for consumers," Abernathy told reporters during a briefing on March 18. "The market will continue to force down prices."

## Deal Near to Eliminate Fees Paid By Long-Distance Carrier to Local Service Providers

Major phone companies are close to an agreement that would eliminate the fees long-distance carriers pay local phone providers to connect calls, and would raise local rates to make up the revenue, say people involved in the discussions, according to the USA Today.

The overhaul, which would require the Federal Communications Commission's approval, likely would lower bills for people who make lots of long-distance calls and raise them for rural and low-volume callers.

The carriers are ironing out details, and the deal could unravel or change. Several rural and wireless carriers are not expected to sign on, and that could prompt the FCC to make significant revisions.

Still, the largest local and long-distance companies, in talks since August, agree on a framework, and a deal is likely within a month, participants say.

Today, phone companies pay each other \$11 billion in "access fees" to connect each other's calls, with most of that money flowing from long-distance to local providers. The fees help keep local phone prices low, especially in rural areas, where costs per customer are higher. But the complicated array of access fees no longer makes sense.

## Verizon Updating Equipment/Service in Wilmington and Chester County, Pa.

Verizon customers will soon benefit from a \$600,000 investment the company is making to upgrade its telecommunications network connecting Wilmington and southern Chester County, Pa. Verizon is installing additional fiber-optic cable and associated

electronic equipment along Route 52 to provide additional capacity and reliability in its network. The aerial and underground cable contains more than 4,300 fiber miles, the total distance if all the fibers in the cable were placed end to end. The company expects to complete the project in May.

“Because of Verizon's investment in Delaware, an advanced broadband, fiber-optic network now serves every corner of the state from Rockland to Rehoboth,” said Joshua W. Martin III, president of Verizon Delaware. “The ability to build, enhance and maintain complex networks is at the very heart of our business. Verizon has played a key role in Delaware's economic development for more than a century. We intend to be a part of Delaware's telecommunications future in the 21st century and beyond.”

Martin said Verizon's commitment to improve Delaware's telecommunications infrastructure includes:

- Investment of nearly \$600 million in the company's Delaware network since 1995.
- A 15 percent increase in fiber deployment in the state - from 119,464 fiber miles at the end of the end of September 2002 to 137,742 at the end of September 2003.
- Deployment of nearly 400 SONET (synchronous optical network) rings in Verizon's Delaware network. SONET rings provide multiple routes for high-speed voice and data services and are self-healing, automatically rerouting telecommunications transmissions in the event of a service disruption.

## FCC Chairman Michael K. Powell Issues March 17 Statement Regarding Boosting Long Distance Competition

Regulators bear an important obligation to retire rules that no longer serve their intended purpose. Today's Order is faithful to that charge. This item eliminates the unnecessary and costly prohibition on certain types of sharing between Bell operating companies (BOCs) and their separate affiliates. In this instance, the items find the costs of prohibiting BOCs from sharing operations, installation and maintenance (OI&M) now outweigh the purported benefits. Moreover, other, less intrusive rules already minimize the risk of discrimination and cost misallocation by the BOCs. As a result, the time for requiring the prohibition on OI&M sharing has passed.

Significantly, today's order does not represent an exercise of our forbearance authority. Instead, the Commission has fulfilled its obligation to reexamine the Communications Act in light of our experience and marketplace changes. While I am pleased that the Commission has acted, I also believe that this Commission could have achieved this pro-competitive result through the use of our forbearance authority. Indeed, as Commissioner Abernathy rightly points out, a forbearance approach would have avoided any tension between today's action and past Commission Orders on this subject. Nonetheless, I am pleased that the Commission has moved to update our rules and appreciate the support of my colleagues in this proceeding. Consumers benefit when

providers can direct resources away from complying with unnecessary regulations and toward competing in the marketplace.

## FINAL AGENDA FOR MARCH 26 FCC'S CONSUMER ADVISORY COMMITTEE RELEASED

The Commission has released the Final Agenda for its Consumer Advisory Committee (CAC) meeting to be held on Friday, March 26, 2004, from 9:00 A.M. to 4:00 P.M. at the Commission's Headquarters Building, Room TW-C305, 445 12<sup>th</sup> Street, S.W., Washington, DC 20554. The meeting is open to the public.

The agenda includes an overview of the FCC's Quarterly Inquiries and Complaints Report, a demonstration of Voice over Internet Protocol (VoIP), and an overview of the VoIP rulemaking proceeding.

The CAC is chaired by Shirley Rooker, President of Call For Action, and is composed of 35 members representing many of the FCC's constituencies. The expertise and diversity of the members provide a balanced point of view as required by the Federal Advisory Committee Act.

The Committee is organized under, and operates in accordance with, the provisions of the Federal Advisory Committee Act, 5 U.S.C., App. 2 (1988). Minutes of meetings are available for public inspection at the FCC and are posted on the Commission's website at [www.fcc.gov/cgb/cac](http://www.fcc.gov/cgb/cac). Meetings are broadcast on the Internet in Real Audio/Real Video format with captioning at [www.fcc.gov/cgb/cac](http://www.fcc.gov/cgb/cac).

Members of the public may address the Committee or may send written comments to Scott Marshall, Designated Federal Officer of the Committee, at [scott.marshall@fcc.gov](mailto:scott.marshall@fcc.gov).

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