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In this issue, the beat continues for VOIP as news about Internet phone service continues to dominate. At the same time, "the number of ways to get on the Internet wirelessly and at high speeds is growing and likely to get almost dizzying" says one news report. Troubles at AT&T continue and the company might be forced to cut its dividend. The company is looking at yet another new business strategy. The debate over FCC, Nextel and the spectrum swap continues. Commonwealth Telephone Enterprises, based in Dallas, Pa., will start delivering faster Internet access speeds to its customers at no increase in pricing. Covad launches an "end run" as it starts selling Internet phone service to customers in 42 cities. This VOIP play is significant, says one report. Cox Communications will speed up broadband access but won't step up costs. The United States Telephone Association is asking the FCC"... to help ensure the long-term viability of the nation's Universal Service Fund by setting mandatory requirements for eligible carriers to receive support and by guaranteeing that all lines are supported."

From the Papers

The Internet continues to revolutionize phone calls.
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The number of ways to get on the Internet wirelessly and at high speeds is growing and likely to get almost dizzying.
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AT&T rings in a new business strategy.

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CTE announces delivery of faster Broadband Internet access service at no increase in price.

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Kicked around for years by regulators and local phone giants, broadband pioneer Covad is taking its future into its own hands.

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AT&T is just not cutting it anymore. Dividend cut is in the works.

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US Telephone Association urges FCC to Work toward long-term viability of Universal Service

The United States Telecom Association (USTA) has urged the Federal Communications Commission (FCC) to help ensure the long-term viability of the nation's Universal Service Fund by setting mandatory requirements for eligible carriers to receive support and by guaranteeing that all lines are supported. In comments filed with the Commission recently, the USTA stressed the value to all consumers if the Commission takes reasonable steps to ensure that universal service support is distributed in the public interest. In a proceeding to make determinations on the recommendations of the Federal-State Joint Board on Universal Service with regard to designations of eligible telecommunications carriers (ETCs) and the scope of universal service support, USTA outlined some of the problems facing the Fund and urged the Commission to take significant steps to preserve and promote it. USTA's comments warn of the potential harm from misguided attempts to subsidize competition. "When multiple ETCs are designated by state regulatory agencies or the Commission in areas where even one carrier cannot survive by operating under market forces, this is a de facto decision to subsidize competition." The filing continued, "the number of carriers designated as ETCs for receipt of federal funds continues to grow almost exponentially and there can be no doubt that the increasing number of carriers seeking high-cost support from the Fund is causing, and will continue to cause, the size of the Fund to grow at the same exponential rate, threatening the continued viability of the Fund."

USTA supports many of the Joint Board's ideas, but believes that the Board's recommendations should be treated as mandatory requirements for receiving support instead of merely as permissive guidelines. USTA urged the Commission to stay true to the goals of universal service by making sure that all lines, instead of just primary ones, are supported.

Cox to speed up broadband service without increase in rates

The Atlanta-based Cox Communications says it's boosting the data transfer rate for all three of its three tiers of cable modem service for the same, or lower, monthly cost.

The news follows similar announcements from San Antonio-based SBC Communications Inc. and New York-based Verizon Communications Inc., both of which offer DSL, said industry expert David Burstein.

He said the moves are no surprise because DSL and cable modem networks are designed to handle higher speeds.

"The decision of what speed to give which customers when is a marketing decision based on the competition," Burstein said.

Cox, which has 2.2 million high-speed Internet customers, has increased its slowest service from 128 kilobits per second for upload and download to 256 kbps for each. The cost remains \$24.95 a month and now can be purchased as a standalone product rather than just in a package, said spokesman Bobby Amirshahi said.

Its mid-level service is going from 3 megabits-per-second download and 256-kbps upload speed to 4 mbps download and 512 kbps upload. The price will remain the same -- \$39.95 as part of a bundled package or \$49.95 by itself.

Its fastest service is being upgraded from 4 mbps download speed and 354 kbps upload speed to 5 mbps download and 768 kbps upload. The cost for that service was \$60 to \$80 a month, depending on the location. It will now be \$54.95 as part of a bundled package, Amirshahi said.

Complaint Filed Against Search Engines over Gaming Ads

A plaintiffs firm filed a complaint recently in San Francisco Superior Court asking that Internet search engines put revenue from advertising gambling into a fund that would provide restitution to California Indian Tribes or other licensed gambling businesses in California. The complaint says money in the fund would also go to the spouses of gamblers who have had community property taken away as a result of illegal gambling and to the state treasury.

The plaintiffs also seek a preliminary injunction from the court. The complaint was filed against Yahoo Inc., Google Inc. and 10 other Internet search engines

"We're trying to stop the search engines from sponsoring or advertising Internet gambling," said Reed Kathrein, a partner at Lerach Coughlin's San Francisco office who is representing the plaintiffs. "People have come to us and asked 'How can they get away with this?'"

The complaint cites Yahoo's and Google's advertising revenue but it does not specify how much was derived specifically from Internet gambling advertisements. The complaint also cites a General Accounting Office report that shows that Internet gambling operators pulled in approximately \$5 billion from 1,800 sites last year. The complaint says the California Business and Professions Code prohibits unregulated gambling.

Yahoo, Google, Ask Jeeves Inc., CNet Networks Inc., AltaVista Inc. and the other defendants "actively and knowingly promote, advertise and facilitate illegal Internet gambling by providing advertising" for these businesses, the complaint says.

Kathrein said this was the first suit filed against search engines for their involvement in Internet gambling. Several suits have been filed against credit card companies for processing gambling transactions.