

**The Weekly Telecom Report provided by
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In this issue ... The Post looks at a booming telecom that has everything going for it except one thing - customers. NextWave Telecom Inc. is in the spotlight. VOIP continues to grow as telecoms form new partnerships to cash in and still more studies predict a boom in the technology. AOL has even joined the rush and AT&T has inked a deal with Adelphia. BusinessWeek is bullish on telecoms, specifically "... dividend-paying wireline companies for their defensive strength and stability." In DC, regulators battle over a recent federal appeals court ruling that effectively designated cable broadband service as a "telecommunications" rather than an "information" service. Here in Pennsylvania, Verizon has expanded broadband access in the Sharon and Hollidaysburg area. In Philadelphia, out of left field, comes a push to make the city the world's largest wireless hot spot. The AP reports that Philadelphia is just one of a growing number of cities looking into the wireless world.

From The Papers

The Post: Little-known NextWave Telecom Inc. has networks up and running in 26 markets but has never served a single paying customer.
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Telecommunications service providers are adding a new item to their product lines: cable TV services.
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America Online is testing a VOIP service as it seeks the right mix of products and pricing to halt sliding subscriber stats.

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AT&T Chief Dorman says company won't miss the VOIP boat.

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A month after it stopped marketing conventional residential service, AT&T Corp. on Wednesday inked a deal to sell Internet calling over Adelphia Communications Corp.'s cable lines.

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AP: "Philly considers wireless Internet for all."

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Escalating cell phone use at college impacts dorm long-distance, towers.

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A growing number of U.S. cities mull making Wi-Fi available to all.

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On VOIP: "Either Internet phone service is going to be the biggest thing since the Internet itself, or a lot of companies will look very foolish a few years from now."

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FCC/Solicitor General Ask High Court to Keep Cable as an “Information Service”

The Federal Communications Commission and the U.S. Solicitor General's Office have appealed to the U.S. Supreme Court to reverse a recent federal appeals court ruling that effectively designated cable broadband service as a “telecommunications” rather than an “information” service. Government officials commented that re-classifying cable as a telecommunications service would lead to an increase in regulation of the cable industry, and the higher costs that typically go with it.

Chairman of the FCC Michael K. Powell said in a statement that this is about ensuring that high-speed Internet connections aren't treated like what they're not: telephones. "A successful appeal of this case would ultimately mean lower prices and better service for American consumers," Powell said. "Applying taxes, regulations and concepts from a century ago to today's cutting-edge services will only stifle innovation and competition."

In March, 2002, the FCC formally designated cable broadband service as "information" service, which, among other things, meant that competitors had no right to access local cable networks, as with the telecommunications industry. But the U.S. Court of Appeals for the Ninth Circuit ruled last October that the FCC should have classified cable broadband as a telecommunications service.

The Supreme Court is expected to decide by the end of the year whether to hear the government's appeal

Federal Regulators Take Steps to Further Encourage Marketplace in Spectrum Leasing

In a follow-up move, the Federal Communications Commission broadened spectrum leasing arrangements to reduce regulatory interference and encourage spectrum use to respond more to market demands. The September 1 ruling comes on the heels of a May 2003 "Report and Order" that established policies and rules to enable spectrum users to gain access to licensed spectrum by entering into different types of spectrum leasing arrangements with licensees in most Wireless Radio Services.

In the updated ruling, the Commission noted that it took several additional steps to further reduce regulatory delay so that spectrum leasing parties in the Wireless Radio Services can implement certain classes of spectrum leasing arrangements in a more timely fashion, in accord with evolving marketplace demands and customer needs.

“As with the underlying *Report and Order*, these actions take us further down the path toward greater reliance on the marketplace, thus expanding the scope of available wireless services and devices and enabling more efficient and dynamic use of spectrum to the ultimate benefit of consumers throughout the country,” the Commission stated in its order. “In addition, we implement policies enabling licensees and spectrum lessees to develop and manage “private commons” to provide more access to spectrum users and to take advantage of many of the advanced technologies that are being developed in the marketplace. Finally, we further streamline Commission approval procedures for certain classes of assignments and transfers of control in our Wireless Radio Services.”

Specifically, the FCC:

- Adopted immediate approval procedures for certain categories of de facto transfer spectrum leasing arrangements that do not raise potential public interest concerns relating to eligibility and use, foreign ownership, designated entity/entrepreneur matters, or competition;
- Further streamlined the processing of short-term de facto transfer leases by replacing the Special Temporary Authority (STA) procedures with these new immediate approval procedures;
- Further streamlined the processing of certain categories of spectrum manager leasing arrangements that do not raise potential public interest concerns relating to eligibility and use, foreign ownership, designated entity/entrepreneur matters, or competition (consistent with the new policies we adopt for certain categories of de facto transfer leasing arrangements);
- Extended spectrum leasing policies to additional Wireless Radio Services, including Public Safety services (so long as public safety licensees lease spectrum to other public safety entities or entities providing communications in support of public safety operations), Automated Maritime Telecommunications Systems (AMTS) services, and Multichannel Video Distribution and Data Service (MVDDS);
- Clarified spectrum leasing policies with regard to designated entity and entrepreneur licensees;

- Clarified existing policies with regard to the use of “smart” or “opportunistic” use technologies in the context of secondary markets, including clarification that dynamic spectrum leasing arrangements are permitted under the spectrum leasing policies;
- Established a new type of secondary market arrangement that facilitates the development of “private commons” in licensed wireless radio spectrum;
- Adopted the same immediate approval procedures for certain categories of license assignments and transfers of control as adopted for de facto transfer spectrum leasing arrangements; and
- Extended policies for streamlined processing of license assignments and transfers of control to all of the Wireless Radio Services regulated by the Wireless Telecommunications Bureau (Bureau).

Report Examines Today's Most Promising Broadband Applications and Services and Their Role in Securing Increased Revenues

A new report from the International Engineering Consortium (IEC) will help broadband carriers choose the most promising applications and business models to succeed in today's market.

The report is titled *Broadband Services, Applications, and Networks: Enabling Technologies and Business Models* and is now available from the IEC (www.iec.org).

The IEC said the publication, which was written by industry professionals, will help broadband carriers make conscientious decisions about how and where to expand, what technologies to deploy, and which business models are best. *Broadband Services, Applications, and Networks* also offers advice on developing engaging applications and services for both the residential and business end users and on evolving networks to accommodate higher access speeds.

"It will take more than price reductions to win the broadband war and secure new revenue streams," Allison Cerra, director of consumer marketing at Alcatel and a contributor to the report, said. "Emerging broadband applications provide incumbent telcos with renewed prospects to retain valued customers and increase ARPU."

Other topics include broadband access technologies (DSL, cable, Ethernet, wireless), network security, operations support systems, asset management, service deployment, and customer care and retention. The report also examines the current and potential markets for a range of broadband applications and services and proffers business strategies that providers can adopt to help ensure profitability. Detailed case studies from service providers around the world also provide insights into the challenges and opportunities in today's global broadband industry.

"Because this reports offers such a wide range of perspectives on the forces driving the broadband and high-speed access sectors, we believe it will be an important resource for any communications company that hopes to profit from the evolutions in broadband applications and services," IEC Senior Director John Janowiak said.

More than 80 experts from a wide variety of change-driven corporations and research institutions, including the following, are represented in Broadband Services, Applications, and Networks:

Acterna; ADTRAN, Inc.; Alcatel; Belgacom; Bell Canada; BellSouth; Bridgewater Systems; Cap Gemini Ernst & Young; Celerica; Ceterus Networks; Cisco Systems, Inc.; Ericsson; Fujitsu Siemens Computers; Hewlett-Packard; HyperEdge Corporation; IBM Corporation; Lucent Technologies; Mahindra-British Telecom; MetaSolv Software; Metro Ethernet Forum; Nayna Networks, Inc.; Net to Net Technologies Ltd.; NextNet Wireless; Nortel Networks; Siemens AG; T-Com; Tellabs International; Thomson; U.S. Department of Commerce; and Verizon Communications

Verizon Opens Additional Internet Express Lanes in Sharon and Hollidaysburg

More consumers and businesses in the Sharon and Hollidaysburg area can enjoy the benefits of high-speed Internet access now that Verizon Online has expanded its availability.

Verizon Online DSL is now available on more than 2,170 additional lines in areas along Longview, Morefield and Dermond Roads as the result of the company's most recent expansion and upgrade of its local telecommunications network. In addition, DSL-capable lines are available in areas such as Stonehedge and The Meadows and along portions of Swan Lane.

Verizon has invested \$8.5 billion in its network across the Commonwealth over the last 10 years.

“If you’ve wanted DSL service from us in the past, but it wasn’t in your neighborhood, now is the time to check with us on current availability,” said James V. O’Rourke, president and CEO of Verizon Pennsylvania.

Currently, Verizon Online is offering its basic consumer DSL service for \$29.95 per month when purchased in combination with Verizon Freedom or another Verizon local or long-distance bundle.

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