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*In this issue ... Competition among providers in the race to dominate VOIP continues to deliver savings for consumers as AT&T introduces a new residential VOIP plan. At the same time, AT&T announced that it as enlisted TigerDirect in its push to move residential VOIP services. On another front, SBC sets up a \$12 billion facility for AT&T-Cingular deal and analysts say that Verizon Wireless could Bid \$3 Billion for NextWave Spectrum. Looking down the road, Wi-Fi powered handsets will debut in '05. Finally, Broadband access through existing electric power lines "gets a jolt" from the FCC, which means more consumers will gain high-speed access through their electrical outlets. The decision makes sense for consumers, says the Electric Power Generation Association of Pennsylvania.*

## **From the Papers**

Reuters: "AT&T, MCI May Be Cheap, But No One Buying."

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Labor, elected officials decry AT&T plan to outsource more jobs.

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SBC sets up \$12 billion facility for AT&T-Cingular deal.

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TigerDirect helps AT&T offer residential VoIP.

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Verizon Wireless Could Bid \$3 Billion For NextWave Spectrum.

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Verizon Wireless will add broadband to 16 cities.

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AT&T introduces new residential VOIP plan.

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Wi-Fi powered handsets to debut in '05.

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## **Broadband over Power Lines Gets Regulatory Boost from FCC**

Broadband access through existing electric power lines got a jolt from the Federal Communications Commission last week when it adopted rules that both encourage deployment of Access Broadband over Power Line (Access BPL), and establish safeguards from interference for existing services. The ruling was welcomed by electric transmission companies as a pathway to get an additional use out of an already established network.

“The networks for the transmission companies are already there,” said Doug Biden, President of the Electric Power Generation Association of Pennsylvania. “It’s a logical step to use them to expand into new fields.”

In Pennsylvania, the PPL Corporation has established a pilot project for power line broadband transmission. The FCC ruling is expected to not only encourage expansion of the project, but encourage other transmission companies to enter the business.

Specifically, the Commission’s ruling states the following:

- Sets forth rules imposing new technical requirements on BPL devices, such as the capability to avoid using any specific frequency and to remotely adjust or shut down any unit;
- Establishes “excluded frequency bands” within which BPL must avoid operating entirely to protect aeronautical and aircraft receivers communications; and establishes “exclusion zones” in locations close to sensitive operations, such as coast guard or radio astronomy stations, within which BPL must avoid operating on certain frequencies;
- Establishes consultation requirements with public safety agencies, federal government sensitive stations, and aeronautical stations.
- Establishes a publicly available Access BPL notification database to facilitate an organized approach to identification and resolution of harmful interference.
- Changes the equipment authorization for Access BPL systems from verification to certification; and
- Improves measurement procedures for all equipment that use RF energy to communicate over power lines.

## **Broadband via Fiber Unshackled Under FCC Ruling**

In a ruling that clarifies an earlier policy statement, the Federal Communications Commission (FCC) ruled late last week that incumbent carriers are not required to lease fiber-to-the-curb broadband networks to competitive carriers. The ruling is expected to jump start fiber deployment, and broadband access, nationwide.

“Our investment in fiber will go up substantially with this ruling,” said Kevin Curtin, a spokesman for BellSouth, which serves the Southeastern states. “You’re going to see at least a 40 percent jump in deployment over last year.”

BellSouth and other incumbent carriers petitioned the FCC last October to clarify an earlier policy statement issued after a Triennial Review Order in August of last year. In the August statement, the FCC said that incumbent carriers were not required to lease fiber networks intended for broadband deployment. The carriers, though, were unsure whether the statement concerning network sharing held for just connections effectively from the curb to the home or extended outward encompassing fiber-to-the-curb. The FCC’s Thursday, October 14 ruling clarified that the incumbent carriers did not have to share fiber-to-the-curb networks.

“Our argument was that fiber-to-the-curb and fiber-to-the-home function the same so they should be regulated the same,” Curtin said. “The FCC agreed.”

The ruling is expected to increase fiber deployment, and broadband access, not just by Bell South and other incumbent carriers, but by competitive carriers as well.

In a statement released following the ruling, Chairman of the FCC Michael K. Powell wrote that deep fiber networks offer consumers a “triple play” of voice, video and data services and an alternative to cable. “By limiting the unbundling obligations of incumbents when they roll out deep fiber networks to residential consumers, we restore the marketplace incentives of carriers to invest in new networks,” Powell wrote.

## **High Court Turns Back Requests to Reinstate Rules Requiring Sharing of Local Networks at Discounted Rates**

Last week, the U.S. Supreme Court declined to hear cases that sought the reinstatement of rules requiring incumbent carriers to share their local networks with competitive carriers (CLECs) at reduced rates. The Supreme Court action stems from a March 2, 2004 federal court ruling that said the Federal Communications Commission (FCC) had over extended its bounds by granting state regulatory bodies the authority to set the rates that CLECs pay incumbent carriers for access to their networks. The implementation of the March 2 ruling prompted the FCC to begin craft new rules regarding local access. Those rules are expected to be ready for review early next year.

Meanwhile, the FCC placed a six-month freeze on the rates regional companies may charge their competitors. If the agency can't meet the six-month deadline for crafting the new rules, the regionals would be free to increase lease rates by as much as 15 percent for existing customers and even more for new subscribers.

## **Incumbent Access Line Decline Noted in PUC Fall Report**

The Public Utility's Commission Fall report on the state of competition in the electric, gas and phone industries highlights the decline in the access line count for incumbent carriers, and the corresponding access line count increase for competitive carriers (CLECs) from 1999 through 2003. In 1999, the access line count for the CLECs was 479,012 with the count for the incumbent carriers (ILECs) at 8,295,531. By 2003 the numbers had jumped to 1,274,039 for the CLECs, and fell to 6,957,460 for the ILECs

The report defines an access line as a telephone line reaching from the telephone company's central office to a point usually on the customer's premises. The report also notes that over the same five-year period the overall number of access lines has fallen.

Moreover, the Fall report covers the July, 2004 UNE rates adopted by the PUC, the FCC's crafting of new rules regarding the unbundling of network elements, and the July settlement of a Verizon petition that stemmed from the September, 1999 Global Order. The settlement establishes parity in the Verizon Company's carrier charge and traffic sensitive access charges. Verizon also agreed to align its access rate structure with its interstate structure.

The full report can be found at [www.puc.paonline.com](http://www.puc.paonline.com).

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