

In this edition, broadband access seen as critical to growth in Lehigh Valley and State College as businesses take advantage of the state's technology infrastructure. Central Pennsylvania-based Intellimark latest competitor in wireless sector and Comcast Cable looks to expand yet again. On the national scene, members of the U.S. Senate take a hard look at cable and Internet telephone service continues to roil the industry.

Pennsylvania News

Wireless provider Intellimark has major impact in central Pennsylvania as competition in telecom heats up.

<http://www.pennlive.com/business/patriotnews/index.ssf?/base/business/1080383591319040.xml>

Shares of State College-based broadband equipment supplier C-Cor soar 235 %.

<http://www.postgazette.com/pg/04089/290209.stm>

Business and technology leaders in the Lehigh Valley agreed this week that while the dot.com boom is bust, the semiconductor industry is alive and well in the Lehigh Valley. At a symposium sponsored by the Lehigh Valley Technology Network at Lehigh University. Agere Systems plans on focusing on the "personal broadband," space, according to The Express-Times.

www.nj.com/business/expresstimes/index.ssf?/base/business-1/1080124528283470.xml

Comcast Expands

Cable TV giant Comcast announced plans to buy Paul G. Allen's Vulcan Programming Inc for \$300 million.

<http://www.philly.com/mld/inquirer/business/8278724.htm>

National News

U.S. Senators target cable TV operators

"The cable industry is urging the government not to return to the days when it regulated rates and demanded public access channels and other programming, arguing such mandates stifle innovation. But recent events have brought the industry unwanted congressional attention," reports The Washington Post.

<http://www.washingtonpost.com/wp-dyn/articles/A25188-2004Mar25.html>

Future of Internet phone service debated

Never before have there been so many ways to get phone service, use the Internet or receive video images," says Robert Samuelson of The Washington Post.

<http://www.washingtonpost.com/wp-dyn/articles/A25468-2004Mar25.html>

Industry News

Cable Rates Targeted by U.S. Lawmakers

Key members of the U.S. Senate expect to consider new regulations for cable television unless the industry addresses soaring prices and allows consumers more channel choices, according to a story by the Associated Press.

Members of the Senate Commerce Committee said pressure from angry constituents is leading them to look at ways to hold down cable rates and let subscribers choose individual channels rather than packages set by operators.

"You start acting irresponsibly, we regulate you," Sen. Trent Lott, R-Miss., told cable industry executives at a committee hearing. "There is a point where people will rebel. They're going to holler at us and we're going to take it out on you."

Since Congress deregulated the industry in 1996, cable rates have increased by 53 percent while inflation has risen 19 percent.

Cable operators said higher prices reflected higher programming costs, more channels and improvements such as rewiring systems to provide digital TV.

But the committee chairman, Sen. John McCain, R-Ariz., said subscribers should be able to buy ESPN without having to also pay for dozens of other channels.

"I go down to buy a loaf of bread," McCain said. "I don't have to buy broccoli and milk to go with it."

While such a policy would give consumers more freedom to pick their channels, it could "result in reduced advertising revenues and might result in higher per-channel rates and less diversity in program choice," said Mark L. Goldstein, director of physical infrastructure issues for the General Accounting Office, the investigative arm of Congress.

Of concern to several parents' groups and lawmakers is that subscribers who, for example, want to get the Disney Channel or Nickelodeon for their children must also get MTV and FX, which carry racier programs.

"You will strengthen your position if you will segregate these offerings," said Sen. Gordon Smith, R-Ore.

Verizon Gets Okay to Compete for Long-Distance Services Needed by Federal Agencies

In another step forward in its move into the long distance market place, Verizon has been given the okay to offer long-distance data services to federal agencies along the Northeast Corridor. The authorization by the U.S. General Services Administration will help demonstrate Verizon's capability in offering private line data transmission services not only to government but also to educational institutions and private industry, a company spokesman said.

"This development will help to unlock the potential of the Verizon Enterprise Solutions Group [which manages end-to-end integrated network solutions]," said Verizon

spokesman Kevin W. Irland. "It will show that we can offer the complete package to business, government and education."

Just a year ago, regulators in three jurisdictions in the Northeast Corridor, Virginia, Maryland and the District of Columbia, authorized Verizon to enter the long-distance market. Other states in the Corridor had earlier permitted the move. Verizon's selection comes 14 months after the launch of Verizon Enterprise Advance, the company's initiative to deploy an all-new national broadband network capable of delivering high-capacity data services. Enterprise Advance leverages Verizon's long-distance capabilities and links the company's powerful metropolitan area networks.

"Verizon's entry into the federal long-distance market has a dual benefit for the federal government," said Stephanie Atkinson, senior analyst - vertical markets, In-Stat/MDR, a national market research firm. "Not only will the government benefit from increased competition, but it gains access to one of the most powerful communications networks in the country. Private line services from another national carrier meet the federal government's requirements for redundancy, reliability and high bandwidth."

In-Stat/MDR estimates that the federal government will spend approximately \$6 billion on data services in 2004. During the same period, Fortune 1000 companies and the federal government will spend a combined total of \$23.6 billion on private line or dedicated transmission services.

Private line service, also referred to as dedicated transmission service, offers a direct point-to-point connection - specifically dedicated to a customer's use - between two sites and can carry any type of voice, video or data application. This technology provides a high-bandwidth infrastructure capable of supporting mission-critical applications such as real-time data backup and storage, continuity of operations, multi-media streaming, e-government and instant access to critical information.

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