

**The Weekly Telecom Report is provided by [www.pabroadbandnews.com](http://www.pabroadbandnews.com). For more information, contact John Kennedy at [Johnk@pabroadbandnews.com](mailto:Johnk@pabroadbandnews.com).**

*In this issue ... The State Senate approves an amended version of Chapter 30 legislation that provides \$100 million in community investment and expedites deployment of a broadband network across the state. The bill also includes provisions to bolster economic development efforts across the state. The bill is up for House consideration as the two-year session comes to a close. Nationally, analysts parse the FCC ruling on VoIP to see which industry players will emerge as winners. SBC Communications plans to start selling Internet-based phone service to consumers early next year and Internet-based TV service by the end of 2005. Here in Pennsylvania, Verizon expands the availability of high-speed Internet access in Lawrence County.*

### *From The Papers*

In the escalating war between telecom and cable companies, Verizon Communications recently unveiled plans to offer video service via fiber-optic lines running directly into homes.

[Click Here](#)

Bush's win is good news for VoIP proponents.

[Click Here](#)

SBC to offer Net TV, phone service.

[Click Here](#)

## Consumers Win as Senate Approves Chapter 30 Telecommunications Measure

After more than a year's deliberation, the Senate approved an amended version of the Chapter 30 renewal legislation, sending it to the House for concurrence. The House is expected to concur in Senate amendments to the sweeping telecommunications bill on Friday, November 19.

The Senate version of HB 30, which establishes a timetable for statewide broadband deployment, contains a number of economic development provisions that strengthen the proposal. The measure includes over \$100 million in contributions to the community, with approximately \$60 million going directly to schools for accelerating broadband deployment.

The \$60 million grant program established within the Department of Education will provide funding to schools for broadband connections, service, equipment, distance learning programs and training.

“This is a direct consumer benefit that I negotiated that will place broadband technologies inside of schools throughout the state and help those schools that still lack access to technologies,” said State Senator Jake Corman, R-Centre, who took the lead in negotiations over the legislation for the Senate.

Corman noted that the bill also targets accelerated broadband deployment to areas within Pennsylvania for economic development and community aggregation. The legislation allows for business and industrial parks to receive broadband connections quickly to spur economic growth in Pennsylvania.

“Broadband deployment in all areas of the Commonwealth is essential to economic development in our rural areas,” Corman said. “By creating this Business Attraction and Retention Program, we ensure that any business park that needs broadband access will have it.”

The economic development proposals have won the support of influential interest groups, including the Pennsylvania School Boards Association (PSBA).

“We were never opposed to the legislation before,” said Tim Allwein, Director of Government Relations for the PSBA. “Now we are definitely in support of it.”

The legislation establishes financial incentives for incumbent phone carriers to deploy broadband in all regions of the state. Legislative approval of the bill would renew a 1993 law that established a separate and slower timetable for statewide broadband deployment.

In the ten years since the original Chapter 30 law was passed, technological advances, and a series of legislative and regulatory initiatives have changed the face of competition in the industry, particularly in the local phone arena where the incumbents have been battling with competitive carriers (CLECs) for market share. Attempts have been made to draw the legal and regulatory issues regarding the battle between the groups into the debate. Thus far, the incumbent carriers have managed to keep the focus of the legislative proposal on broadband deployment, and other economic development issues.

Finally, the bill makes it possible for individual communities in Pennsylvania to have broadband deployed in neighborhoods well ahead of earlier schedules. "With this program, we further accelerate broadband deployment in all areas of the Commonwealth," Corman said. "Residents in Pennsylvania want broadband Internet services and with this legislation, we make it happen ahead of schedule."

James V. O'Rourke, president of Verizon Pennsylvania, urged the House and Gov. Rendell to support the legislation.

"We commend the Senate for its hard work and leadership in moving H.B. 30 forward. We urge the state House and the Governor to pass this important legislation expeditiously to keep Pennsylvania competitive for the 21st century. With the passage of House Bill 30, Pennsylvania will have the most aggressive broadband deployment policy in the country, making the Commonwealth a national leader in advanced telecommunications."

## FCC Ruling on VoIP Good News for Most Incumbent Carriers, Regulatory Analysis Says

The recent ruling by Federal Communications Commission (FCC) that the regulatory oversight for Voice over the Internet Protocol (VoIP) falls under Washington's jurisdiction and not the states is good news on two fronts for incumbent carriers, or ILECs, according to an analysis by Regulatory Source Associates, LLC.

In a review of the FCC ruling, Regulatory Source analysis state that, first, it appears that ILEC-based VoIP will get the same treatment as cable-based VoIP and the VoIP providers like Vonage that ride as applications on either the cable or phone platforms. Second: “VoIP could become a gradual migration path toward deregulation,” the analysis states. “As consumers opt away from circuit-switched communications towards VoIP, more and more of the ILEC’s services and revenues will become deregulated.”

Meanwhile, the analysis does contain a cautionary note. It says that there may be some concerns for high-cost ILECs that are heavily dependent on access charges and universal service (USF) revenues. “Much of their funding comes from intrastate access charges and intrastate USF,” the study states. “Given the FCC’s definition of VoIP service as mixed use, it is possible to assess intrastate access charges and USF, but the mechanism will have to be worked out...as customers migrate more and more traffic to VoIP, the issue will become significant if it is not resolved.”

## Verizon Expands Broadband Network

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

Verizon Online DSL is now available on about 1,200 additional lines as the result of the company's most recent expansion and upgrade of its local telecommunications network. Areas in which additional DSL lines are available include neighborhoods along portions of Chapel, Lancaster and River roads.

Verizon has invested \$8.5 billion in its network across the commonwealth over the last 10 years. Currently, Verizon Online is offering its basic consumer DSL service for \$29.95 per month in an annual service plan or when purchased in combination with Verizon Freedom or another Verizon local or long-distance bundle. This service offers a maximum connection speed of 1.5 Mbps (megabits per second) downstream and 384 Kbps (kilobits per second) upstream.

Verizon Online has also enhanced its DSL service by introducing a super-fast maximum Internet connection speed of 3 Mbps (megabits per second) downstream and 768 Kbps (kilobits per second) upstream for as low as \$39.95 per month in an annual service plan when purchased as part of a package of calling services. In addition, the company has lowered the cost of its entry-level business service.

Consumer DSL customers who sign up for DSL service for one year currently receive a free DSL home gateway router, which is a combination DSL modem and wireless or wireline router.

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

*For more information, contact John Kennedy at [Johnk@pabroadbandnews.com](mailto:Johnk@pabroadbandnews.com).*

*For Daily Updates on the industry from around the state and nation, visit [www.pabroadbandnews.com](http://www.pabroadbandnews.com).*