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In this issue, a federal appeals court stands behind ruling that could force cable TV operators to open up their systems to rivals who want to sell high-speed Internet access. FCC Chairman Powell weighs in on VOIP regulation.

Debate continues on whether CLECs will come to terms with incumbents over access to networks. AT&T Wireless is losing customers to Verizon. Pittsburgh-based Telerama Wireless enters West Coast market with new Wi-Fi offering and Greensburg-based Internet service provider Winbeam buys Altoonanet and will expand broadband access.

From the papers

Winbeam buys fellow ISP Altoonanet.

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Customer Defections Rise at AT&T Wireless.

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Pittsburgh-based Telerama Wireless Corp. enters West Coast market with launch of 13 Wi-Fi "hot spots.

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FCC looks at cable access battle.

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Voice on the Net conference sparks debate over future of VOIP, regulation.

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D&E Communications signs Transport Agreement with T-Mobile USA.

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Pennsylvania and Industry News

Concern Expressed Over Ability of Local Phone Companies to Make Deals on Access; Will '96 Act Be Re-Opened?

Telecommunications officials in Pennsylvania were uncertain whether a request from the Federal Communications Commission (FCC) to delay a federal court order regarding access to local networks would result in agreements between CLECs and the local incumbent carriers. One incumbent phone company representative said that making the deals would be like trying to hit a moving target.

“This is just another in a long line of instances where the rules regarding local phone competition and access keep changing,” the phone company official said. “Even before the court ruling, the rules kept changing, making it almost impossible to cut deals.”

But another incumbent company official predicted that the CLECs and incumbent carriers will come to terms, wrapped up in a promise from the CLECs to the courts and the FCC that two to three years down the road they would have deals in place.

“I think with this federal court order their backs are against the wall,” the phone company official said referring to the CLECs. “They need dial tones and switching, and we’re the ones who can give it to them.”

On Wednesday (March 30), the five members of the FCC indicated that they would ask the D.C. Circuit Court of Appeals to delay the effective date of its March 2 ruling (from May 3 to mid-June), which struck down the Commission’s rules giving state regulatory bodies jurisdiction over the access to incumbent networks by the CLECs. The Commission members said that they would also try to get a delay in any decision to appeal the March 2 ruling. The members hope that the added time helps the sides in the local competition battle make deals over access to the existing networks.

"Litigation has unsettled the market," the commissioners said in a statement. "To address this ... we ask all carriers to engage in a period of good faith negotiations."

Verizon and other incumbent carriers have long insisted that the rates for access to the networks set by the Pennsylvania Public Utility Commission and other regulatory bodies have been so low that they are losing money.

A spokesman for the Pennsylvania Telephone Association, which represents the incumbent carriers, said that his members will make the deals if they are the right ones.

“I think the Commission (FCC) is putting one last stake in the ground and saying now is the time to settle the differences,” said Vice President of the Association Steven J. Samara.

If court does grant the extra time and if the companies don’t settle the differences over access, some even speculated that Congress may go back in and re-work the 1996 federal act that deregulated the industry. “I think we have to get to the point and admit although laudable in its attempt the act just hasn’t worked,” the telephone official said. “There is talk among some in the industry that Congress will have to go back and re-write it.”

Phone Giants Begin Offering Voice over Internet Service, As Service Develops

Verizon plans to offer voice over the Internet nationwide service by the second quarter of this year, a service that will expand nationwide soon after it's offered. Competitor AT&T just began offering Internet voice service to certain residential customers in northern New Jersey. The companies are jumping into the service now offered by upstart Vonage and some cable providers. No one is really sure where it will take them.

"We're going into this with the idea of letting the market decide where it might take us," said Bobbie Henson, a media relations director for Verizon. "It's really a gray area." Indeed, the Voice over Internet Protocol, or VoIP, works only with broadband subscribers, and about 20 percent of American households have broadband, but most telecommunications experts expect that will increase dramatically over the next few years. The quality of the service, moreover, can be inconsistent. The calls sometimes travel across a number of networks, and it is powered not by the phone suppliers but by the traditional power grid.

Still, the potential of the service is too great to be ignored by Verizon and other phone companies. "This technology has the potential not just for voice but for a lot more services and information technology," Henson said. "There is no telling where it might go."

Verizon believes that VOIP should be very lightly regulated, and if at all, on a national level, by the Federal Communications Commission

"This is already a very competitive market," Henson said. "Regulation on a broad level could help, but only if it's minimum and holds the same for all states."

Verizon wasn't ready to announce the cost for the service, but it's expected to be lower than the cost for its traditional phone service.

FCC Chair Asks Network Reliability Council's Help with Broadband, Other Technologies

Federal Communication's Chairman Michael K. Powell open the first meeting of the newly chartered Network Reliability and Interoperability Council (NRIC) with a request that Council help the Commission with broadband technologies.

"Broadband holds tremendous promise for service innovation and economic growth," Powell told NRIC members. "NRIC can help up be recommending ways to promote the deployment of alternative broadband technologies and helping to ensure interoperability of broadband services."

Powell added that even as concerns over homeland security loom, the reliability of communications networks under normal circumstances can not escape our attention. "...we would like to invite new entities, particularly wireless carriers and Internet service providers, to identify voluntary best practices that could apply to their circumstances," Powell said.

The March 30 meeting in Washington marked the start of the seventh charter for the NRIC. Made up of private industry officials, regulators, academics and consumers, the 56-member Council is charged with advising the FCC on ways to ensure the protection and reliability of the nation's telecommunications networks.

On the agenda for the Council:

***Emergency Communications Networks Including E911**

Through a series of reports, the Council will recommend ways to improve emergency communications networks and related network architectures, and facilitate the provision of emergency services through new technologies. The Council will address topics such as: near and long term issues for emergency/911 services; the effectiveness of E911 and public safety best practices that have been developed; and emergency communication issues beyond E911.

***Homeland Security Best Practices**

The Council will present a final report that describes, in detail, any additions, deletions, or modifications that should be made to the Homeland Security Best Practices that were adopted by the preceding Council.

***Best Practices for Wireless and Public Data Network Services**

Building on the work of previous Councils, as appropriate, NRIC VII will continue to develop Best Practices and refine or modify, as appropriate, Best Practices developed by previous Councils aimed at improving the reliability of wireless networks, wireline networks, and public data networks.

***Broadband**

The Council will present recommendations to increase the deployment of high-speed residential Internet access service. The Council will include Best Practices and service features that are, and will be, technology-neutral. The Council's recommendations shall be prepared in such a way as: (1) to ensure service compatibility; (2) to facilitate application innovation; and (3) to improve the security, reliability and interoperability of both residential user systems and service provider systems

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