

No Time for Audits, Local Phone Companies Move Ahead With Broadband Deployment

One of the smallest phone companies in Pennsylvania serving one of the most rural areas in the state has achieved 100 percent deployment of broadband services to its customers ahead of a deadline in a new state law, which dramatically accelerated deployment schedules for many companies. All customers of the Venus Telephone Corporation in Venango County are now able to receive voice, video and fast DSL Internet service all wrapped up in one package at a very competitive cost.

“You can get the expanded package including the TV for \$65.95 a month,” explained John Keister, Vice President-General Manager of Venus. “We have over 500 takers out of our 1300 customers, and we expect more.”

The news about Venus’s broadband deployment efforts -- and the success stories of other small and even larger phone companies that serve Pennsylvania’s geographically diverse landscape -- comes as welcome news to lawmakers and other state officials concerned about getting high-speed broadband services to customers statewide. A 2004 law, Act 183, in fact, requires statewide deployment. So it came as a surprise when the Public Utility Commission (PUC) voted last week to initiate audits of the local phone companies’ broadband deployment efforts, and is requiring the companies to pay for them.

“The law explicitly restricts the authority of the Commission to require audits,” said Steven J. Samara, Vice President of the Harrisburg-based Pennsylvania Telephone Association, which represents the interests of 37 local incumbent carriers, referred to as LECs, before the General Assembly and the PUC. “It’s especially troubling given the success the companies are having with their deployment.”

To be sure, Venus’s 100 percent success story hasn’t been repeated across the board, but the company serves a an area that in telecommunications terms is nothing more than a postage stamp, 86 square miles. Still, other local phone companies are experiencing similar broadband gains, if not yet mirroring the complete coverage that Venus has achieved.

“We have been right on target in our deployment requirements all along,” said an official with Verizon, the largest local phone carrier in Pennsylvania. “People have to remember we cover an enormous, diverse territory that realistically takes time and an enormous amount of money to cover with a high-speed network.”

The PUC has scheduled the deployment audits to begin in 2007.

Internet Phone Carriers Required to Remit 911 Fees to State Under Senate Legislation

Voice Over the Internet phone companies, or VoIP carriers, would be required to remit 911 fees to the state just as wireline and wireless carriers are now required to do to maintain the emergency phone system, under legislation introduced recently by Centre County Republican Jake Corman. The legislation complements a regulatory move by the Federal Communications Commission (FCC) that requires VoIP carriers to be able to provide the emergency service, termed E911 for Internet calls, by November of this year.

Vonage, Packet8, Broadvoice and other Internet-based phone carriers haven't been required to remit the fee, in part because the technology is only now emerging for them to actually provide the service, and in part, because their activities, unlike wireless and wireline services, are not regulated by the state Public Utility Commission or the FCC. Nonetheless, some of the VoIP carriers have been collecting the fee in anticipation of the E911 requirement by federal regulators, the first rule imposed on the carriers.

Corman said that given the federal regulatory requirement a state law is necessary to ensure that the carriers help support the emergency phone system.

“VoIP companies have been charging their customers fees for 911 services and scantily worded ‘regulatory recovery fees’ for years,” Corman said. “But they keep these fees and do not send them back to the states like their competitors in the landline and wireless industries must do, to the detriment of our county 911 centers. With this legislation we change that.”

Corman's bi-partisan Senate Bill 936 requires all interconnected VoIP companies to charge customers \$1 for each line and forward that money to Pennsylvania. The Pennsylvania Emergency Management Agency would then provide the fees to the counties where the customers are located.

Wireline companies pay the fee to the PUC, which then allocates the money to the counties, who oversee and administer the emergency service, based on the population of each county.

In other telecommunications news, a state Senate panel has scheduled hearings into the future of municipal governments getting into the Internet provider service by building wireless networks designed to provide broadband to residents of the municipality. The hearing is set for November 7 in Villanova.

Among other things, the panel plans to look at a provision in a 2005 state telecommunications law that allows the municipal governments to move forward with establishing the networks, if they can show that they are winning customers by January, 2006. If not, they are required to give the local phone company, the ILEC, the right of first refusal to build a network. The city of Philadelphia, among other local governments, is looking to network the entire city.

The provision was controversial when added into the legislation before final passage, with some local phone companies arguing that the market should dictate the addition of the service.

“If any company feels there is enough of a market to provide the service, it will provide it. It’s that simple,” said an official with one incumbent phone company.

Moreover, some question whether municipal governments should even enter into a business now provided by private industry.

“I’m sure the panel will look at whether a local government has the system established for billing, handling collections, and privacy issues,” the official said.

Alltel’s Skip Frantz Becomes USTelecom Chair

At TELECOM ’05, the Board of Directors for the United States Telecom Association (USTelecom) unanimously elected Skip Frantz, Executive Vice President and Secretary of Alltel, as Chairman of the Board. In his new role, Frantz will help guide advocacy, business development and education efforts for the telecom industry’s leading trade association.

“Our industry has important business to conduct over the next year—advancing policy reforms in Washington and helping USTelecom member companies navigate the rapid change in our industry,” Frantz stated. “I am proud to represent a company that serves rural America and has deep wireline and wireless experience there, and a long and distinguished track record of wealth creation. I appreciate the USTelecom Board’s support and feel fortunate to have the opportunity now to be of service to the broader communications industry.”

Frantz has served on the USTelecom Board of Directors for two years, most recently holding the position of First Vice-Chair.

“With tremendous innovation and investment transforming communications, now is a critical time for telecom. Skip’s experience at Alltel with both wireless and wired technologies adds an important dimension to the association’s Board,” stated Walter B. McCormick Jr., President and CEO of USTelecom. “As Chairman, Skip will continue to be a strong voice for Alltel and the entire communications industry in USTelecom’s advocacy efforts to end government-managed competition and strengthen the universal service program.”

The new officers for the USTelecom Board are: First Vice Chair Trent Boaldin, President, Epic Touch Company; Second Vice Chair Bob Currey, President and CEO, Consolidated Communications; Past Chair Gene South, CEO and General Manager, Lakedale Communications; Treasurer Tom Tauke, Executive Vice President, Public

Affairs, Policy & Communications, Verizon Communications; and Secretary Margaret Greene, President, Regulatory & External Affairs, BellSouth Corporation.

Also at the TELECOM '05 meeting, the following new members were elected to the USTelecom Board: Forrest Miller, Group President-External Affairs and Planning, SBC; Michael Ruley, Chief Executive Officer, Hawaiian Telcom; Tom Riley, Executive Vice President and Chief Operating Officer, Chickasaw Holding Company; Jim Woody, Executive Vice President and Director of Research, Union Telephone; and Vernon L. Irvin, Executive Vice President and General Manager, VeriSign Communications Services, VeriSign.

A Fortune 500 company, Alltel is a customer-focused communications company with more than 15 million customers in 36 states and nearly \$10 billion in annual revenues.

Senate Members Updated on Statewide Emergency Radio System

Pennsylvania's statewide emergency radio system covers about 80 percent of the Commonwealth, but lagging delays and cost overruns pose serious concerns, said members of the Senate Veterans Affairs and Emergency Preparedness Committee and the Communications and Technology Committee as they stressed that efforts must be made to get the complete system up and running as quickly as possible.

Speaking during a joint hearing of the two Committees in the Capitol last week, Senator Don White, Chairman of the Veterans Affairs and Emergency Preparedness Committee, said the succession of hurricanes this summer and fall emphasize the need for Pennsylvania to have a statewide communication service.

"The events of this year make it abundantly clear that Pennsylvania must continue to expand its ability to provide statewide alerts to citizens and to provide guidance and assistance to emergency responders during natural or man-made disasters," Senator White said. "Emergency services, such as the statewide radio system, are like insurance policies. Nobody really wants to spend a lot of time thinking about them. But during a time of crisis, we are definitely thankful that they are there. We need this system up and running at full capacity as soon as possible."

Senator Rob Wonderling, Chairman of the Communications and Technology Committee, said Pennsylvania should use all available resources to ensure that the statewide radio service meet the diverse needs of all of the agencies that use it.

"This system interlinks the State Police, PEMA, the Department of Health and many other agencies," Senator Wonderling said. "Therefore, it is incumbent that we continually look toward incorporating the latest technology into the service as a way to not only meet

the needs of the state agencies, but to enable intercommunication with emergency responders at the local level as well.”

Officials from the Governor’s Office informed the Committees that about 80 percent of the Commonwealth is covered by the system, with a goal of having coverage reach 95 percent by November 2007.

Pennsylvania’s current system averages 707 voice users and 893 data users daily. The voice users include employees at PENNDOT, PEMA, the Attorney General’s Office, the Department of Health and the Department of Military and Veterans Affairs. The State Police are the primary users of the data network.

“By December there will be 1,327 mobile data terminals, commonly known as mobile office units, in patrol vehicles statewide,” said State Police Lt. Col. Henry D. Oleyniczak. “These data terminals are used for various lookups in state and federal criminal databases as well as PENNDOT inquiries.”

PEMA Director James R. Joseph stressed the need to give constant attention to the Commonwealth’s planning and preparedness efforts.

“Pennsylvania has been recognized for having one of the finest emergency management programs in America,” Joseph said. “Given the challenges we face as a nation, it is imperative that we continue to harness the resources of modern technology as an important tool within our overall preparedness program.”