

Broadband Investments Keep Western PA Phone Company Ahead of the Competition

Jerry Johnston says that two things keep the North Pittsburgh Telephone Company ahead of the technology curve, and ahead of the local competition: his customers' communications needs and the threat of another provider satisfying those needs.

"We keep a very close ear to our customer base to make sure they're happy," said Johnston, head of public relations for the company that covers parts of Allegheny, Butler, Armstrong, and Westmoreland Counties. "And we also know that in this market, if we don't do it, someone else will be in there to do it for them."

The business approach has led the carrier, which will celebrate its 100th anniversary next year, to invest over \$3 million during the last few years to make broadband technologies available through nearly all of its 70,000 access lines and across its 300 square mile operating area. The ongoing investment includes offering regular upgrades to the service.

"We have few customers who can't get our high-speed Internet service," Johnston said. "We're broadband deployed throughout most of our service area, and we're working to bring access to everyone."

The broadband deployment gains by North Pittsburgh (NPT), and other local phone companies, have industry officials applauding their efforts.

"Our members are right on target, or even ahead of the game when it comes to broadband deployment," said Steven J. Samara, Vice President of the 37-member Pennsylvania Telephone Association. "Getting the fastest communication technology out to rural, suburban, and urban customers is something we're taking a lot of pride in."

For its part, NPT introduced its *ConnectTime* DSL service all the way back in July, 2001. NPT offered one speed, 512 kbps upstream and down for \$47.95 per month. The product is still being offered today at \$37.95 per month.

In May of 2003, NPT rolled out *ConnectTime* 256 kbps for \$37.95, and a year later offered *ConnectTime* DSL at 3Mbps. A bit less than a year later, it marketed yet another service: 128kbps to help migrate dial-up customers to a high-speed connection.

"We continue to give our customers special pricing and packages that allow them to get connected and stay that way. This year, all upgrades to 3Mbps DSL include free wireless networking gear. A special 2005 promotion that is still ongoing lets new DSL customers choose any speed for \$19.99 a month for four months," Johnston said.

Finally, NPT also introduced *ConnectTime* Broadband Phone (VoIP) to its residential customer base in August of this year. Subscribers who have 3 Mbps DSL can get *ConnectTime* Broadband for an additional \$4.00 per month. This gives them local service, unlimited regional calls, unlimited long distance in the continental US, Canada, Alaska, and Hawaii, premium calling features with web-based management, company provided analog adapter, and 24/7/365 technical support.

PA House Votes to Repeal Tax on Cell Phones

The Pennsylvania House overwhelmingly voted to repeal the 5 percent gross receipts tax on wireless phone services.

"The repeal of this tax is the first step in rolling back the billion dollar tax increase put into place two years ago," said Mario Scavello, R-Monroe, the sponsor of the legislation. "Cell phones have become a necessity not only for personal communication convenience, but also for public safety and business communications."

A 5 percent gross receipts tax on cell phones was imposed in supplementary budget bills enacted in December 2003. A 6 percent sales and use tax on cell phones predated this gross receipts tax. When totaling local, state and federal taxes on cell phones, Pennsylvania ranks eighth in the nation with a 19.05 percent tax.

The bill has broad support in both the House and Senate, with 111 sponsors on House Bill 338 (including former Rep. Pat Browne, now a state senator) and 26 on a similar version of the bill now in the Senate Finance Committee, the next stop for the Scavello-authored legislation.

The bill passed the House 152-37 and now proceeds to the Senate for consideration.

DCED Progress on Chapter 30 Updated by Department Officials

The Department of Community and Economic Development (Department) is moving ahead with broadband deployment programs provided under the Chapter 30 legislation signed into law in 2004, according to Luc Miron, the Director of Strategic Technology for the Department. Miron updated industry officials in a recent meeting of the Pennsylvania Telecommunications Task Force in Harrisburg.

Miron said that the Department is closing in on compiling enough data to create a web site, which would act as a central repository detailing broadband availability in all regions of the state. "The ultimate goal is to get the web site up and have that act as a mechanism for improving deployment in underserved regions of the state," Miron said.

Another Chapter 30 provision has the Department working closely with local economic development authorities to identify broadband deployment need to attract business to their areas. The program, Business Attraction and Retention Program (BARP), contains no financing, but is a way for the Department to alert carriers that deployment is needed in certain economic development zones.

Finally a community in Schuylkill County is the first to receive broadband under Chapter 30's *bona fide* retail request program, or BFRR. Under the provision, if at least 50 lines or 25 percent of the lines in a community request broadband, then the local carrier is required to offer the service. "What it does is match up the carriers with enough of a core of customers that's its worthwhile for the carrier to make the investment to give them broadband." Miron said.

USTelecom Urges FCC to Reject Grande Communications' Attempt to Avoid Paying Access Charges

The United States Telecom Association (USTelecom) has filed comments at the Federal Communications Commission opposing a petition by Grande Communications that would undermine the communications access regime. Grande seeks permission to offer a service that would merely re-label exchange access traffic to avoid paying lawful terminating access charges.

If granted, the Grande petition would delay progress toward comprehensive intercarrier compensation reform and would negatively impact broadband deployment, particularly in rural areas. This petition is similar to the petition that Level 3 withdrew earlier this year.

"The Grande petition tries to make an end-run in a blatant attempt to blur the lines and help long distance companies avoid paying access charges for the exchange service they use," explained Walter B. McCormick, Jr., President and CEO, USTelecom. "Earlier this year, Level 3 withdrew a similar request when it realized that the company's petition had no chance of surviving in the light of day. With this latest attempt to avoid paying access charges, the Commission must firmly reject the Grande petition and permanently resolve the issue."

USTelecom's comments emphasize three core points:

- Under no circumstance should the Commission grant Grande's request to market what amounts to a call laundering service.
- IP-originated voice calls are not exempt from terminating access charges on the PSTN.
- The Commission should not extend the "ESP exemption" to IP-originated voice calls.

On Monday, USTelecom also filed Reply Comments urging the Commission to reject ploys to avoid paying access on so-called “IP in the middle” traffic. The comments were in support of an SBC petition and opposed one by VarTec.