

PUC Chairman to Get First Hand Look at Competition in the Local Phone Market

The Chairman of the Pennsylvania Public Utility Commission Wendell F. Holland is about to get an up close and personal view of the stiff competition facing the local phone industry in Pennsylvania. On Friday, April 7, Holland is planning to visit the Ironton Telephone Company in the Allentown area as part of a series of scheduled visits to local phone companies that service thousand of customers in Pennsylvania. The visit is being applauded by the phone industry.

“To his credit, Chairman Holland has let us know that he wants to get a first hand view of the local phone industry in this state,” said David E. Freet, President of the Harrisburg-based Pennsylvania Telephone Association. “We believe the more he sees, the more he’s going to be impressed with not only how challenging the industry is, but how the level of competition has increased exponentially over the past few years.”

For Ironton, competition for their business and residential customers is as real as the 1948 ice storm that nearly wiped out the now 100 year-old company.

“A lot of people think that just because you don’t have another landline company in the service area you don’t have any competition,” said Timothy A. Hausman, the Director of Network Operations for Ironton. “Nothing could be further from the truth. We have two cable companies in our service area trying ever day to take our customers.”

The Ironton service area covers 17 square miles and includes the Whitehall Townships and the Boroughs of Ironton, Meyersville, Ruchsville, and other surrounding communities. Throughout the area, Ironton offers the latest in telecommunications services to its over 11,000 customer lines, including 100 percent broadband deployment.

“We’ve been up and running with broadband for a couple of years,” Hausman said. “It’s what our customers want and if we don’t offer the services someone else will be in there taking our place.”

Ironton business and residential customers can choose from four DSL broadband packages, all at competitive rates:

1 meg down, 128k up for \$24.95 a month; 2 meg down, 320k up for \$34.95 a month; 3 meg down, 400k up for \$39.95 a month; 3 meg down, 1 meg up for \$49.95 a month.

Ironton, moreover, has met all the statutory requirements of Chapter 30, the 2004 state law that mandated certain upgrades in a local phone company’s network. The modernization, including the addition of full broadband deployment, has given the 41 Ironton employees a sense of security that it can weather another storm and come out on top.

“By keeping up with the advances in technology, and listening to our customers, we’re confident we can face whatever the competition might throw at us,” Hausman said.

PUC Requiring Commitment Letter from Sprint Nextel Before It Approves Spinoff of Wireline Company

The Public Utility Commission is requiring Sprint Nextel to issue a commitment letter regarding jobs and quality of service before it finally approves the spinoff of Sprint's wireline company, the United Telephone Company of Pennsylvania. A Sprint Nextel official said the request came as a surprise, but that they shouldn't have any difficulty honoring it once they see the final order detailing exactly what the Commission wants in its request.

Only Commissioner Terrance J. Fitzpatrick voted 'no' on the request for the commitment letter.

In a recent press release, the Commission stated that it voted on Thursday March 16 to seek the commitment letter about whether any job cuts are planned before giving final approval to a settlement to separate the newly merged Sprint/Nextel's wireline local telephone service business -- United Telephone Company of Pennsylvania (United PA) -- into an independent, stand-alone company apart from its wireless company.

The action relates to the proposed transfer of United PA and LTD Long Distance (of Delaware, previously created to provide long-distance service to customers, in Sprint's service territory, including those of United PA) to a new parent company known as LTD Holding Company, which will become the largest independent local telephone company in the United States, with 2004 annual revenues exceeding \$6 billion. The new company would operate independently of Sprint and have its own managers and board of directors.

United PA is Sprint's local wireline telephone company operating in Pennsylvania. Sprint's local Pennsylvania operations provide service in all or parts of 25 counties in Central and Western Pennsylvania. As of June 30, 2005, Sprint served approximately 386,000 access lines in Pennsylvania.

The companies have been effectively operating separately for months. United PA plans to unveil a new logo and brand in early June.

PUC Enters New Territory With Investigation of AT&T Services

Recently, the Public Utility Commission called for an investigation into recent workforce reductions in Pennsylvania by AT&T, and with it may end up entering uncharted territory. The issue is whether the Commission has the authority to interfere with the workforce levels of public utilities, unless it sees the threat of a reduction in services, particularly in services for the needy.

The lone voice against the investigation, Commissioner Terrance J. Fitzpatrick, wrote: "Absent a factual basis for concern over the company's quality of service, I do not believe an information investigation is warranted."

The PUC directive outlining the staff investigation of AT&T's services intermingled the issue with special services for the deaf and hard of hearing, called TRS, and the recent merger of AT&T with SBC. AT&T is the sole provider of TRS in Pennsylvania.

In a statement, PUC Chairman Wendell R. Holland wrote: By Order entered Oct. 6, 2005, the Commission approved the merger of AT&T Corporation and SBC Communications Inc. (AT&T). In its application, AT&T stated, "...the merger of SBC and AT&T will create a much stronger job outlook for the combined organization... The merger, however, will position the combined organization for growth, which in time will produce jobs." In addition, AT&T indicated, "the merger will not affect AT&T-PA's role as the Telecommunications Relay Service (TRS) provider in Pennsylvania. The merger will be transparent to the hearing impaired users of the service in the Commonwealth."

But an AT&T official said that the reductions had nothing to do with the merger. He said, moreover, that the reductions won't affect TRS services in the state.

The issue could come to forefront when another AT&T merger application comes before the PUC. It now appears that the PUC will have a say in the proposed AT&T, BellSouth merger, even though there are just a small number of BellSouth customers in Pennsylvania.

USTelecom's McCormick Calls on Congress To Update Laws To Help Increase Investment in Next-Generation Networks and Bring Video Competition to Consumers

In recent testimony before House and Senate committees, Walter B. McCormick Jr., President and CEO of the United States Telecom Association (USTelecom), urged Congress to enact critical legislation this year to save consumers billions of dollars by encouraging competition in the video market and spurring increased investment in next-generation broadband networks.

With the world of communications dramatically changing, McCormick discussed how companies are keeping pace with the market and why Congress must act now to update the laws.

"Companies are rapidly transforming. They are diversifying into high-speed Internet, wireless services, VoIP and broadband television. Our companies are racing to change the way they operate and they need Congress to embrace change as well," he said.

In calling for legislative action, McCormick pointed to the variety of networks offering service and the low barriers to entry for voice, video and broadband for all new entrants, other than local telecom service providers.

He also explained why cable providers so vehemently oppose updating the laws. "Why compete in a free and fair marketplace when you have such a lucrative business arrangement as the cable companies currently do? According to the FCC, their pricing power has enabled them to raise rates 86 percent from 1995 to 2004. Time is money for consumers. Postponing franchise reform until the next session of Congress, that one year of delay, will cost consumers \$8 billion. A two-year delay would cost Americans nearly \$16 billion or about \$75 per household each year."

While he praised many aspects of the House video choice bill, McCormick questioned the inclusion of several matters unrelated to franchise reform. He noted the industry's pledge that it will not block, impair or degrade consumer access to the Internet and explained that legislation on so-called network neutrality is premature and could chill innovation and investment.

McCormick called on the House committee to act on legislation to preserve the future for universal service. He also expressed concerns with provisions that could be used to justify a delay in implementing 911 services by VoIP providers and language unrelated to video franchise reform which appears to benefit VoIP providers by giving them the right to, and benefits of, interconnection as if they are telecommunications carriers, but without demanding of them the important societal requirements imposed on all other telecom carriers, including contributions to universal service, consumer record protections and access for the disabled.

Two other areas for concern include unnecessary attempts to regulate interconnection and provisions where Congress would pre-empt the authority of the states over their own municipalities for the deployment of government-owned broadband.