

## “Little” Phone Company Covers a Lot of Territory With the Latest in Voice/Internet/Video Services

If deer phoned their relatives, surfed the Internet, and watched television, the Laurel Highland Telephone Company (LHTC) in southwest Pennsylvania would have a customer base closer to Manhattan’s rather than having one of the lightest customer densities per area of any phone company in Pennsylvania. Nevertheless, the great distances between many of its customers hasn’t stopped LHTC from pushing ahead with the latest in Internet, phone, and even video technology for the 6,000 people it serves over a 400 square mile area.

“We really began a strong push about three years ago to lay fiber optic across our entire coverage area,” said James J. Kail, President & CEO of LHTC. “Given the diversity in the terrain out here it’s no easy task, and it’s very costly. But we’re committed to having the entire area covered by the end of 2008.”

The fiber network, which will be available to 2,400 customers by the end of the year, will be capable of offering the latest and fastest in phone, broadband and video technology. The ‘triple play’ offering allows the company to compete with area cable and satellite companies, and keeps it ahead of regulatory requirements as well.

The regulatory standards approved by the General Assembly in 2004 require LHTC and other local phone companies to outline network modernization plans, which include broadband deployment efforts. LHTC and other incumbent phone companies insist that their commitment to customer service, and the threat of losing customers to competition, allows them to meet the regulatory mandate from Harrisburg.

“Our members are not only exceeding statutory requirements, but are competing against companies that are not subject to the same regulatory burdens,” said David E. Freet, President of the Pennsylvania Telephone Association, the statewide group that represents the incumbent local phone companies in Pennsylvania. “Their commitment to quality of service by keeping abreast of the latest technology will help them survive in this fiercely competitive telecommunications environment.”

Currently, LHTC subscribers can receive a range of telephone services, including a number of custom calling features like selective call acceptance and selective call forwarding, DSL, and in those areas covered by fiber optics, high-speed Internet and video services, which will become more available as the network grows.

“Our modernization efforts began well before the most regulatory push from Harrisburg,” Kail said. “It’s what our customers want and it’s what we need to do to grow our business.”

About the company:

Laurel Highland Telephone Company has been providing communications services to residences and businesses since 1908 and, therefore, possesses close to a century of experience and expertise in the ever evolving voice, video, and data industry. Typical of small telephone companies formed at the turn of the 20th century, LHTC was founded by a group of local farmers and business people who wanted to ensure their rural communities were not bypassed by the telecommunications industry.

The Company was originally incorporated as Ligonier Valley Telephone Company to provide service in the Stahlstown exchange. In 1962, the Company acquired Indian Creek Valley Telephone Company and began providing service in the Indian Head exchange. At that time, the Company changed its name to Laurel Highland Telephone Company to reflect the fact that the Company's service territory covered a significant portion of the geographic area referred to by locals as the "Laurel Highlands".

Today, the company provides local phone, long distance, Internet, and cable television services to customers across 400 square miles in rural Pennsylvania. The Company employs 28 people and is headquartered in Stahlstown. The Company also maintains a business and central offices in Indian Head.

## Sponsor of Measure Limiting For-Profit Government Enterprises Believes Act 183 Language is a Good Compromise

The sponsor of Senate legislation that would prohibit government entities from competing with private industry in for-profit enterprises said that state law regarding municipal-wide wireless services works as a good compromise between government and private industry. Senator Pat Browne-R, Lehigh, sponsor of SB 930, noted that the 'municipal wireless' language in Act 183 of 2004 came up a few weeks ago in Harrisburg during a public hearing on his legislation.

"Some of the Philadelphia lawmakers thought that my bill would prohibit the city from moving ahead with their city-wide wireless plans," Browne said. "But I assured them that under my bill any such government enterprises would be grandfathered in...besides, it seems to me that the language in the law makes for a good compromise between government and private industry."

Under the 'wireless' provision in Act 183, a local government entity had a year after the enactment of the law to begin implementing its own wireless Internet service, or WiFi. After that initial year, which ended on December 31, 2005, the municipality would have to first approach the local phone company, or ILEC, to provide those services to all its residents. If the ILEC refused to build the network, the municipality could move forward.

The City of Philadelphia is working on its own citywide WiFi network through a special agreement reached just before Governor Rendell signed Act 183 into law. Few other local governments acted within the year's time frame, according to information provided by the Department of Community and Economic Development (DCED)

"Our anecdotal information is that few of the towns, cities, borough or townships are considering doing it," said Luc Miron, Director of Broadband Initiatives at DCED.

For years, the business community has appealed to the General Assembly with complaints of local governments unfairly competing in businesses ranging from TV cable services to golf courses.

Under Pat Browne's legislation: "Government, government agencies, State-owned and State-related universities, community colleges, school districts and public authorities are prohibited from competing against private enterprise, including by intergovernmental or interagency agreement, and are prohibited from funding, capitalizing, securing the indebtedness of, or leasing the obligations of, or subsidizing, any charitable or not-for-profit institution which would use such support to compete against private enterprise."

Similar proposals to Browne's initiative have been introduced in the General Assembly for a number of legislative sessions, but have failed to meet with final approval.

"We're going to keep working to try to find some middle ground," Browne said.

## E-Fund Supported by Verizon, Sprint Nextel, and Alltel Contributes to Internet Leap Forward by South-Central PA School Districts

Twenty three school districts in south-central Pennsylvania will be linked to the latest in high-speed Internet technology under an aggregation deal provided through the Lincoln Intermediate Unit 12 (LIU). The school districts lie in Adams, Franklin and York Counties.

The funding for the new advanced broadband project is coming in part from a special E-Fund set up under the Department of Education by Act 183 of 2004. Verizon, Sprint Nextel and Alltel pay into the Fund, which provides up to \$10 million each year for school districts to link up with the latest in high-speed Internet technology. The E-Fund provided \$1.92 million of the \$3.3 million of LIU project.

"Sprint has already been a major factor in the area as the local phone company in all or parts of Franklin, Adams and York Counties," said Sprint spokesman David Bonsick. "With this project, we'll be even more involved to help create a learning environment where our young people can better prepare themselves for the world ahead."

Verizon, TelCove, and Conterra Ultra Broadband will also be providing services for the project.

Verizon will serve six locations in York County. In order to enhance the teachers' ability to take advantage of the benefits of the new network, Verizon is providing \$35,000 in scholarships to area teachers to learn how to integrate new technologies into the classroom. Teachers will be trained on-site and remotely at Texas A&M University's Center for Distance Learning Research.

For many years, schools in Adams, Franklin and York counties have lagged their peers in the effective use of network technologies for instructional and administrative purposes. Up to now, the majority of the schools have been using relatively slow, expensive copper wires called "T-1s" to connect to the Internet. With the new agreement, each of the schools will get a fiber-optic connection that is more than six times faster than a T-1.

Terry Steyer, Director of Technology Services for LIU explained. "The new network is cheaper, easier to use and more versatile than traditional dedicated circuits. This is leading-edge technology that will help our kids learn." Schools will begin migrating to the new system on July 1, 2006, with all schools scheduled to be on-board by September 1, 2006.

The Lincoln IU project is the third such high-speed Internet aggregation put together in Pennsylvania. Others are in the pipeline. Funds from the e-fund last through 2010.

"This project provides the high-quality and affordable telecommunications network that has been lacking for our schools in South-Central Pennsylvania," remarked Dr. Herb Phelps, Acting Executive Director for LIU. "It will help our students develop the critical technology skills required to compete and excel in the global marketplace."