

Testimony before House Consumer Affairs Committee
Overview of Telecommunications & Cable Industries
March 3, 2015

Good morning. I am Brian Barno, Vice President of Government Affairs, for the Broadband Cable Association of Pennsylvania (BCAP). BCAP represents over twenty broadband cable companies in the Commonwealth as well as programmers, equipment suppliers and service providers for the industry. Pennsylvania, the birthplace of cable, is the home of five of the nation's largest broadband cable companies: Armstrong, Blue Ridge, Comcast, MetroCast and Service Electric. While our members are the leading providers of residential broadband services, they also supply business grade voice and data services to commercial, institutional, health care, educational and corporate customers.

While BCAP's larger members might be better known, companies like Beaver Valley Cable in Rome, Bradford County, are providing great broadband services in rural Pennsylvania. Doug and Nancy Soden started Beaver Valley in the 1970's, incorporated in 1980, installed a fiber optic backbone and launched digital in the late 1990's. The Soden's began installing Internet service in 2001, and rolled out a quality digital voice product that 'doesn't break the bank' in 2012.

BCAP's role in legislative advocacy is influenced by our larger companies as well as members like Beaver Valley. During the legislative discussion last session on telecommunications deregulation legislation, BCAP detailed impediments our incumbent competitors created to our provision of broadband services – which required the assistance of state and federal regulators to resolve. Removing effective state regulatory oversight of incumbent providers is a threat, particularly to BCAP's smaller members, which don't have the wherewithal to engage in regulatory battles at the FCC.

BCAP members are concerned about the state's Universal Service Fund (USF). The fund has grown from \$29 million in its inaugural year of 1999, to \$34 million today – while supporting half as many landlines. While there may be an argument for providing

some of the Commonwealth's smallest ILECs with USF support, policy makers need to know both what companies are receiving and how much the subsidy is – information that is currently not available. However, there is no excuse to have cable voice customers subsidizing competitors such as CenturyLink, Frontier and Windstream via USF. Frontier is negotiating a \$10 billion deal to buy Verizon wireline assets in California, Florida and Texas. CenturyLink has naming rights to the Seattle Seahawks Stadium. These national companies do not need USF support. They have multiple revenue streams.

BCAP is closely watching Verizon's deregulation petition at the PUC. Depending on that proceeding's outcome, this Committee may be called on to review some version of telecommunications deregulation legislation this session. If an incumbent carrier "retires" part or all of its legacy copper network, will wholesale access to the loop be available? What is the impact on retail customers? If an incumbent telephone company fails to maintain its copper network or neglects it to the point it is no longer usable and functionally "disabled," what oversight can the PUC have over a "deregulated" telephone company. What happens to the maintenance of utility poles and maintenance of rights-of-way? Cable companies and competitive local exchange companies (CLEC) currently have pole attachment agreements with the pole owners – usually electric or telephone companies. This Committee may need to evaluate the impact on business and residential constituents if the telecommunications infrastructure is abandoned by the incumbent carrier.

BCAP appreciates the opportunity to share our thoughts with the Committee.