

TESTIMONY OF THE
BROADBAND CABLE ASSOCIATION
OF PENNSYLVANIA

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First in Broadband. The Future of Broadband. ©

Good afternoon. Thank you for the opportunity for the Broadband Cable Association of Pennsylvania (BCAP) to present written testimony about Broadband Stimulus Program within the American Recovery and Reinvestment Act. BCAP is the trade association for the Commonwealth's broadband cable industry representing more than 75 cable system and industry-related companies and 17,000 employees in the Commonwealth, providing advanced video, high speed data and voice products.

I believe that to understand where we're going with broadband technologies, we need to know where we've been. The cable industry was born in the Commonwealth. In the late 1940's, the mountainous terrain of northeastern Pennsylvania blocked the reception of over the air television signals. Cable pioneers, like John Walson of Mahanoy City, were determined to find a way to let their neighbors see how television worked. Walson set up an antenna site on a nearby mountain and constructed a line to his appliance store so folks could gather and watch channels 3, 6, or 10 from Philadelphia. Families along the route requested to be hooked up to the community antenna system and the cable industry was born! Just like in 1948, today's broadband cable providers are entrepreneurs using risk capital to invest in their networks, products and services.

The cable industry is at the forefront of a vibrant marketplace that has been responsible for the explosive growth in broadband deployment and broadband use in the country. In contrast to the situation only a decade ago, today more than 92% of American households have access to broadband services and the cable industry has spent tens of billions of dollars upgrading and expanding its networks to provide this broadband access. Here in the Commonwealth, cable providers have invested over \$7 billion since the 1996 Telecommunications Act to offer a plethora of broadband communications and entertainment services in suburban, rural and urban Pennsylvania. That's more than \$1,700 for each cable customer.

Our industry has begun deployment of next generation ultra-fast broadband. Using technology known as DOCSIS 3.0 or wideband, cable companies bond multiple channels (the same channels now used for analog TV channels) together to reach speeds over 100

megabits/second downstream and upstream. Initial test markets are deploying this technology in the 50 megabits/second downstream range.

BCAP has joined incumbent telephone and wireless companies in supplying detailed information to the Department of Community and Economic Development (DCED) regarding the coverage area of our broadband plant. Broadband coverage areas, with proprietary information protected, is available to the public on the DCED website. The availability of this broadband coverage information puts us in a different position than the majority of states in the nation that are struggling to identify where broadband is available and where it is not.

The Commonwealth is also in a unique position on broadband because of Act 183 of 2004. The General Assembly moved Incumbent Local Exchange Carriers (ILECs) from a ratebase/rate of return regulatory structure to price cap regulation. In exchange for the financial windfall the ILECs would receive, they committed to building a broadband network throughout the Commonwealth. The bottom line is that the ILECs committed to making DSL-quality service available statewide in exchange for the financial benefits of deregulation.

BCAP understands that broadband is a crucial driver of the Commonwealth's economic recovery. We applaud the broadband funding concept of the American Recovery and Reinvestment Act, and particularly the efforts to support individuals in the small percentage of homes with no access to broadband, as well as efforts to overcome barriers such as lack of a computers and low levels of basic "digital literacy."

In deploying the stimulus funds, care must be taken so that the program will do no harm to the fabric of the broadband industry, which has already invested billions of dollars on the Commonwealth's broadband networks and services – far in excess of the broadband stimulus subsidy in the stimulus package.

We need to ensure that any broadband stimulus dollars are prioritized toward

- areas unserved by broadband;
- increasing demand for broadband services in underserved populations; and
- if funds remain, extending broadband facilities to underserved areas.

Stimulus dollars should not be used to compete with private companies.

Broadband has been substantially deployed by cable and, with Act 183, by telephone companies to citizens throughout the state. It's difficult to imagine any development in the past decade that has done so much to improve Americans' quality of life or the growth of the economy. However, even in areas where broadband is available, there is a gap between availability and take rates. While the reasons may include not having a computer at home, being unaware of the benefits of broadband or a general lack of interest, the lost opportunities, particularly for students, of being in a dial-up world are staggering. BCAP is concerned with the digital divide not only from a business standpoint but from the impact it has on the quality of life in our communities. We look forward to working with the Committee on this issue to ensure the benefits of broadband technology are more fully embraced.

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