

REPORT HIGHLIGHTS

A Report on Pennsylvania ILEC Broadband Deployment Mandate

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Senate Resolution 2019-48 (SR 2019-48) directed the Legislative Budget and Finance Committee (LBFC) to conduct a review and issue a report of its findings regarding incumbent local exchange carriers' (ILEC) compliance with the broadband high-speed Internet Service deployment mandate under Chapter 30, alternative form of regulation of telecommunication services, of the Pennsylvania Public Utility Code. Highlights of our report include the following:

A JOINT COMMITTEE OF THE PENNSYLVANIA GENERAL ASSEMBLY

LEGISLATIVE BUDGET AND FINANCE COMMITTEE

- ❖ **Chapter 30 is meant to reinforce the Commonwealth's commitment to universal telephone service and the desire to balance mandated deployment of broadband services with market driven deployment of broadband.** Chapter 30 specifically reflects that broadband service is considered to be of vital importance to Pennsylvania's rural, suburban, and urban communities.
- ❖ **Chapter 30 of the Pennsylvania Public Utility Code was established by Act 1993-67.** Act 1993-67 provided for alternative forms of regulation of in-state telecommunication services provided by ILECs (Pennsylvania long distance and local telephone companies). The "accelerated telecommunications infrastructure modernization" provision allowed ILECs to voluntarily submit network modernization plans (NMP) to accelerate deployment of technology to have fully deployed broadband capable telecommunication infrastructure by 2015. In exchange for the Pennsylvania Public Utility Commission's (PUC) use of reduced alternative forms of regulation, and the authorization of ILECs to be removed from earning based regulation.
- ❖ **Act 2004-183 reauthorized and amended the provisions of Chapter 30.** Act 2004-183 reflected the telecommunications industry accelerated pace of evolution by providing ILECs with the ability to amend their respective NMPs to further accelerate broadband deployment, in exchange for additional economic incentives and less PUC regulation.
- ❖ **Broadband (high-speed Internet access) refers to the speed of the electronic data transmission, which is a function of the equipment used.** Chapter 30 defines *broadband* as *A communication channel using any technology and having a bandwidth equal to or greater than 1.544 megabits per second (Mbps) in the downstream direction and equal to or greater than 128 kilobits per second in the upstream direction.*
- ❖ **ILECs fulfilled Chapter 30, alternative form of regulation of telecommunication services, broadband deployment commitments to accelerate broadband availability at the minimum upload/download speeds of 1.544 Mbps/128 Kbps.** ILECs met their broadband commitments in a balanced manner throughout rural, suburban, and urban areas to 100 percent of their total access lines in their distribution networks by the selected corresponding deadlines of December 31, 2008, December 31, 2013, and December 31, 2015.
- ❖ **PUC and Department of Community and Economic Development (DCED) oversaw the successful administration of the Bona Fide Retail Request (BFRR) program implemented by ILECs.** The BFRR program allowed customers to obtain advanced services sooner than the mandated deadline for making broadband services available. Of the 678 exchanges covered by ILECs with BFRR programs, 69 percent had BFRR requests. Data show that all BFRR requests were deployed by the ILECs.
- ❖ **Joint venture arrangements were entered into by the following four ILECs: Verizon PA, Verizon North, CenturyLink, and Windstream PA, with providers of wireless via radio link and satellite (wireless) broadband services.** These joint ventures allowed the ILECs to extend broadband services, as a last resort, to areas where they did not otherwise offer wireline broadband services.
- ❖ **Chapter 30 authorized the PUC to mandate customer refunds in the event an ILEC failed to meet its 100 percent broadband commitment, and Chapter 33 dictated certain civil penalties for various violations.** No customer refunds were mandated, nor were any civil penalties imposed by the PUC as no complaints warranted such actions. In general, customer issues concerned reliability or price, neither of which was subject to PUC oversight.

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