

Testimony Of

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Comcast's voice service is fixed in that customers may only use their service at their billing address and may only be assigned telephone numbers from their home rate center. This limitation is what allows Comcast to offer customers traditional E-911 service in which the operator is able to identify the caller's location.

Although our VoIP service is not regulated at the state level, we are subject to some regulation by the FCC as an interconnected VOIP provider.

We also have traditional telephone affiliates that are certificated by the Public Utility Commission. The lion's share of these Competitive Local Exchange Carriers' business is acting as wholesale provider for our VoIP affiliate. Through these CLECs we interconnect with other phone companies, secure telephone numbers, and pay fees like TRS and access charges, among other things.

As I have mentioned, the Commonwealth was in the vanguard of creating a regulatory environment in which Voice over Internet Protocol providers could grow and thrive.

In the same vein, we ask you to consider that the telephone market of the past no longer exists in most of the Commonwealth. Both cable and telephone companies -- whether rural or urban -- not only provide traditional telephone service, but many advanced services like VoIP, broadband service and video service. For these reasons, we ask you to view traditional telephony-related items such as intercarrier compensation, against this changing backdrop.

Inter-carrier compensation, in particular the access charge policies of rural carriers, is outdated, in desperate need of reform and is harmful to competition. It costs no more to terminate a long-distance call from California to Camp Hill than it does to terminate a call from Philadelphia to Erie. But the rates charged by many rural carriers for intra-state calls far exceed their interstate rates, never mind their actual cost. And it's because they've come to rely on these subsidies to support acquisitions, investment in non-telephone services, and to satisfy shareholders that rural carriers continue to resist making changes that would allow their competitors to compete fairly within their footprint.

Pennsylvania law, even the relatively recent changes in Chapter 30, continues to treat rural carriers as if their service offerings were limited to traditional telephone service over copper wires. The law doesn't consider the totality of the revenue generated by the unregulated and advanced services, like DSL, that are offered on their networks. And it doesn't acknowledge that the new market reality is that most consumers choose service bundles, not stand alone telephone service. As a result, the subsidies enjoyed by many rural ILECs -- supposedly to support traditional telephone service -- are distorting the market.