

TESTIMONY OF THE
BROADBAND CABLE ASSOCIATION
OF PENNSYLVANIA

Delivered to the Senate Communications & Technology Committee
Senator Mike Folmer, Chairman

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The Broadband Cable Association of Pennsylvania (BCAP) appreciates the opportunity to present testimony to the Senate Communications and Technology Committee regarding the Keystone Initiative for Network Based Education and Research. BCAP is the trade association for the Commonwealth's broadband cable industry representing 75 cable operators, networks and suppliers in Pennsylvania providing advanced video, high speed data and voice products to more than 3.6 million households. BCAP is pleased to take part in this important discussion regarding broadband networks in the Commonwealth. We are concerned that the proposed KINBER project will duplicate existing fiber optic networks, provide government-funded competition with the private sector and not be sustainable long-term.

BCAP members have invested nearly \$8 billion in private capital since 1996 to bring broadband services to rural, suburban and urban areas of the Commonwealth. Those same cable company members employ 17,000 in Pennsylvania with a total payroll of \$700 million. Broadband cable operators are the largest providers of residential data services in the Commonwealth. Our advanced fiber optic networks provide broadband connectivity to K-12 schools, colleges and universities, hospitals, health care facilities, and small and large businesses.

Duplication of Existing Networks

Successful programs should supplement- and not distort- the growing private, competitive market for broadband services. There are currently widespread, robust broadband products and services offered to universities, community colleges and major health care institutions in Pennsylvania. The Commonwealth has received \$2.2 million in federal stimulus funds to construct a comprehensive statewide map illustrating not only residential availability of broadband detailing type and speed of service, but specific broadband services available to higher education facilities, K-12 schools, libraries, hospitals and health care facilities and other community anchor tenants.

The KINBER project is proceeding regardless of whether the federally-funded broadband mapping project confirms private sector broadband providers are meeting the current and future broadband needs of the majority of these anchor institutions.

BCAP members share the goal of increasing broadband deployment throughout the state and have been industry leaders in extending broadband services to businesses and institutions in small town and rural Pennsylvania. Our Association has applauded Pennsylvania initiatives such as “Link to Learn,” having partnered with hundreds of schools in the Commonwealth to connect them to broadband educational networks through the federal E-rate program for schools and libraries. Current K-12, Intermediate Unit and college/university networks historically have been constructed and operated with large amounts of excess capacity. In addition to broadband cable and telephone networks in the state, there are a number of regional and statewide fiber optic networks with large amounts of unused capacity.

We are not aware of Pennsylvania’s private sector telecommunications industry turning away business when anchor institutions want to contract for additional bandwidth. Thus, with the demonstrated network capacity of broadband cable and other Pennsylvania and national telecommunications providers in the state, there is no shortage of broadband capacity. Even if there were areas that needed fiber construction, it is troubling that KINBER is contracting not with a Pennsylvania company, but with an out-of-state vendor to construct this project. If the demand was there for a dedicated high capacity network, current Pennsylvania-based telecommunications providers could use dark fiber already in the field and- if necessary- build additional fiber as needed, to meet the broadband needs of the KINBER partners.

Complexity of Network Operations

Running a network the size and complexity of the proposed KINBER project is difficult. BCAP members, telephone operators and other private sector broadband providers have the experience and expertise running, managing and maintaining large, robust telecommunications networks.

KINBER is a large public network that is planned to handle a huge amount of highly-confidential information, from national security materials from our research institutions to detailed individual medical records. Can KINBER, with its own small staff and using staff of member partners, adequately safeguard this data and consistently deliver a data product equivalent to what is currently produced by the private sector?

Competition with Private Sector/Financial Sustainability

The KINBER project, or similar variations, has been on the wish list of higher education officials in the Commonwealth for at least fifteen years. Although lacking a “highly recommended” ranking from the Commonwealth, KINBER has been awarded \$99.6 million in federal broadband stimulus funds. Again, BCAP members and other private sector telecommunications providers have built and managed fiber optic networks to meet the demand of colleges and universities, K-12, and Intermediate Units (IU) throughout the Commonwealth for broadband and data services.

The question is: What is the game plan for KINBER? Will it be a “fat pipe” high capacity fiber backbone for the Commonwealth’s research institutions and partners? KINBER’s vision of becoming the preferred high capacity backbone for the business community might make sense if there wasn’t already a glut of fiber optic capacity in the market. Will this excess of private fiber already available necessitate KINBER partners coming to the General Assembly for funds? Or will it drive KINBER to become a provider of commercial Internet services displacing local, private-sector Internet service providers?

Will the massive construction costs proposed by KINBER, necessitated by its construction of a stand-alone network, compel it to push K-12 and IU’s to break contracts with current private-sector providers who have invested in and provided these services over a decade? These are important questions to companies that have invested billions of dollars of private capital to build the Commonwealth’s broadband telecommunications infrastructure.

Last June, this Committee adopted Senate Resolution 133 which calls for the creation of a broad strategy to leverage federal economic stimulus funds to maximize broadband deployment. SR 133 notes that the strategy should adhere to a number of principals including “leveraging existing public and private infrastructure.” BCAP members have helped make Pennsylvania a national leader in the deployment of broadband infrastructure, again through the investment of \$8 billion in private capital.

We look forward to working with the Committee to implement this strategy that builds on this track record of achievement.