



September 16, 2004

**BROADBAND SERVICES**

Broadband Services > **Telephone Service**

The cable industry has expanded its competitive offerings to include business and residential telephone services delivered over its fiber optic infrastructure. Cable-delivered telephone service is a natural extension of a network already capable of delivering services and products thought unthinkable just five short years ago. Once upgraded to two-way fiber optics, a cable system can offer telephone service over the same cable line that already carries digital video, high speed Internet, and other advanced services to consumers. Cable companies, including the five largest MSOs, are certified local exchange carriers offering competitive residential voice services in over thirty cities and fifteen states across the country. As of the end of the First Quarter of 2004, major MSOs served approximately 2.7 million residential subscribers of cable telephony across the country.

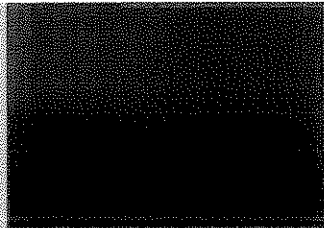
**VOIP – Voice over Internet Protocol.**

In addition to the deployment of circuit-switched telephony, many companies have begun trials or are launching voice over Internet protocol (VoIP) service. These companies include Cox Communications, Armstrong Cable, Charter Communications, Mediacom, Time Warner Cable, and Comcast Cable. VoIP uses data "packets" to transmit voice, hence the name "Voice-Over-Internet-Protocol."

**Balancing  
Responsibilities  
and Rights:  
A Regulatory Model  
for Facilities-Based  
VoIP Competition**

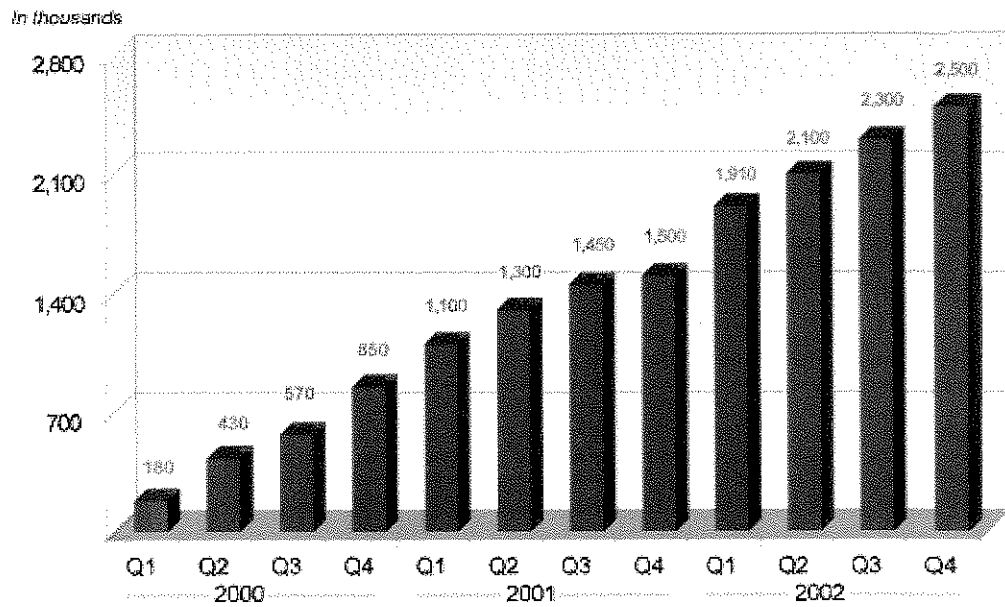
- Cablevision launched Optimum Voice VoIP in the Fourth Quarter of 2003 throughout its New York City service area of four million homes. For \$34.95, customers receive unlimited local and long-distance service, caller ID, call waiting, call return, three-way calling, and emergency 911 service. By the end of the First Quarter of 2004, Cablevision had 70,815 VoIP customers, up from 28,650 customers at the end of 2003; since then, Cablevision has passed 100,000 VoIP customers. The company reported that 1.6% of homes passed with VoIP subscribe to the service.
- Time Warner Cable plans to launch VoIP service throughout its footprint by year-end 2004; the company reported it had 14,000 VoIP customers at the end of the First Quarter of 2004. Time Warner Cable has launched VoIP service to subscribers in Portland , ME ; Raleigh , NC ; Charlotte , NC and Kansas City , MO and Rochester , NY . The MSO has announced a partnership with MCI and Sprint, both of which will help Time Warner provision its digital voice service, terminate its IP voice traffic, manage its emergency 911 service, and provide long distance service.
- Cox, which has been delivering switched-circuit telephony since 1997 and served nearly one million customers with voice service at the end of 2003, made its first deployment of VoIP service in December 2003 in Roanoke, VA - marking the 12th market in which Cox introduced phone service. Cox has said it will launch three additional VoIP markets in 2004.
- Comcast, which had 1.25 million circuit-switched phone customers by the end of the First Quarter of 2004, is testing VoIP in Coatesville , PA , and this year will launch additional trials in Indianapolis , IN ; and Springfield , MA . Comcast plans to have 50 percent of its network ready for VoIP by the end of 2004 and 96 percent by the end of 2005.
- Armstrong has partnered with VoIP service provider Vonage to offer Zoom Phone service to cable customers throughout Armstrong's 11 cable systems, located in MD, OH, PA, WV, and KY.

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Link to NCTA's regulatory filings on Cable Telephony

### RESIDENTIAL CABLE TELEPHONY CUSTOMERS: 2000-2002



\* As of December, 2002. **Source:** NCTA estimates based on company data.

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