

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

January 16, 2009

INDUSTRY NEWS

- Based upon comments delivered this week by an influential member of President-elect Obama's transition team, broadband deployment will not receive as high a priority in the economic stimulus package as had originally been reported in some circles. Blair Levin, a transition team leader, industry analyst and former FCC chief of staff to Chairman Reed Hundt, told attendees at a Congressional Internet Caucus State of the Net Conference that people seem to be confusing Obama's broadband objectives with the broader economic stimulus package being considered in Congress. House Democrats have proposed spending \$6 billion of the \$825 billion package on broadband deployment initiatives. Levin reiterated the new administration's goals of increasing broadband adoption, targeting unserved areas of the country, and ensuring that national security concerns would be addressed through a competent broadband network.
- No doubt to the delight of some, FCC Chairman Kevin Martin officially announced his resignation from the agency on Thursday effective next Tuesday. Martin's term runs until 2011, but no one expected him to remain until the end. He plans to join the Aspen Institute as a senior fellow. The institute publicizes its mission as twofold: "to foster values-based leadership, encouraging individuals to reflect on the ideals and ideas that define a good society, and to provide a neutral and balanced venue for discussing and acting on critical issues." Martin is the fourth consecutive FCC Chairman to join Aspen, starting with Reed Hundt upon his departure from the Commission.

LEGISLATIVE NEWS

- The House Consumer Affairs Committee is wasting no time in gearing up for the new legislative session; scheduling a series of informational hearings on a variety of industries and the Public Utility Commission. The Telecommunications, Cable and Wireless Industries have been lumped together for the hearing on February 11th, while the PUC will be offering comments on the 12th. PTA has indicated to the committee that it is interested in offering comments.

THE DAILY NUMBERS

- 2, 10

Not a great week for AT&T. On Wednesday, the Department of Justice announced that AT&T has agreed to pay a \$2 million settlement in a case where the company was accused of improperly divesting assets during its acquisition of Dobson Communications. The department alleged that Ma Bell did not separate confidential customer information

of divested businesses and, consequently, had access to customers it should not have. AT&T admitted no wrongdoing, offered that it takes its divestment responsibilities seriously, and said it was glad to have the matter in its rearview mirror. AT&T was also penalized in an FCC investigation into whether the company's affiliates violated customer proprietary information rules and the mishandling of the recovery of Universal Service contributions from end-users to the tune of \$10 million. The company voluntarily disclosed the CPNI problems between 2006 and 2008 which resulted in the unauthorized use of customer information in marketing campaigns. It also alerted the Commission in 2007 that one of its affiliates had apparently recovered too much in USF contributions.

QUOTABLE

- Former Obama Harvard classmate, FCC staffer, Supreme Court clerk, technology executive, and venture capitalist Julius Genachowski will be nominated by President-elect Obama to become the next Chairman of the FCC.

"...the dawning of a new day for an agency that for the past eight years has wrongly imposed policies that favor media consolidation and corporate favoritism over policies that would broaden media diversity. I am confident that Mr. Genachowski will breathe new life into the FCC."

- New York Congressman Maurice Hinchey

"...a great boost for the nation's drive to be the world leader in all things broadband. He understands the importance of deploying next-generation networks that open the doors to a new world of life-enhancing applications and services."

- Tom Tauke, Verizon's Executive Vice President-public affairs

"Mr. Genachowski has demonstrated a strong belief in forward-thinking regulatory policy. He recognizes the importance of a balanced regulatory approach and appreciates the unique benefits and services the wireless industry has to offer."

- CTIA CEO Steve Largent

"Under Julius Genachowski's leadership, the FCC's compass would point toward the public interest. President-elect Obama has provided a clear roadmap of his media and technology priorities. We share Obama's goals of creating a more diverse, democratic media system and providing fast, affordable, open Internet."

- Josh Silver, Executive Director of Free Press.

"If Mr. Genachowski recognizes the private sector's primacy in expanding consumer options and the harm and confusion created by central regulation of communications, and stands ready to roll back the unnecessary influence of the FCC on the burgeoning choices of consumers, he'll prove to be a good choice. To the extent Mr. Genachowski perpetuates unnecessary governmental roles in communications and speech, or extends the agency's reach to new turf, he is a bad choice."