

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

January 23, 2009

INDUSTRY NEWS

- It's time for his parting shots and outgoing FCC Chairman Kevin Martin did not disappoint this week. First, Martin warned that the potentially excessive regulatory regime under new President Obama could delay the rollout of new broadband and wireless infrastructure. This regulatory intervention, coupled with an already uncertain economic environment could be detrimental, according to Martin. The oft-embattled head of the Commission also responded to the voluminous and highly critical report authored by the House Energy and Commerce Committee with his own 136-page rebuttal. The Martin piece offered that the committee's effort ignored relevant information, contained numerous errors, lacked substance, and fell short on finding any violations of rules, law or procedure.
- The FCC has some questions on Comcast's VoIP service and expressed them in correspondence to the cable giant. Specifically, the Commission would like to know how VoIP traffic is treated under the company's new protocol-agnostic network management practices, and why the FCC should not treat the company's VoIP product as a telecommunications service. The inquiry allegedly stems from concerns about what the company claims on its website regarding VoIP service and how that service was characterized in correspondence filed with the Commission on network management. The filing said that VoIP calls sound choppy for consumers whose traffic has lost priority as a result of high bandwidth usage, but the company's website described its Digital Voice service as a separate facilities-based service which is unaffected by network management practices. If that's the case, the Commission wants to know why VoIP should not be considered a telco service under the Communications Act.
- An unfortunate sign of the times is Xchange magazine's periodically appearing Telecom Industry Layoff Tracker; a grid which displays both monthly and a running total of employee termination. The January edition lists Bell Canada, Google, Ericsson, Intel, Microsoft, Motorola, Oracle, and Sonus Networks with a combined 21,140 employees let go.
- On Thursday, President Obama tabbed FCC Commissioner Michael Copps to serve as FCC Chairman while nominee Julius Genachowski awaits confirmation. Copps is currently serving his second term at the agency which runs through June 2010.

CONGRESS NEWS

- Amid cries of foul from some Republicans, the House Energy and Commerce Committee this week passed the broadband mapping and wireless and broadband grant provisions of

the overall economic stimulus package legislation. Republicans were particularly exercised about having the FCC specifically review the percentage of revenue allocated for wireless and broadband deployment grants to “underserved” versus “unserved” areas. The bill currently allocates 75% of the money to underserved areas and 25% to unserved areas.

THE DAILY NUMBERS

- 10, 33.3, 20, 51

A study released on Wednesday by the Pew Internet & American Life Project, threw out a host of numbers which paint both an opportunistic and fatalistic picture of broadband adoption in America. First, the report found that a nationwide initiative to boost broadband adoption could attract 10 percent more users and that a third of current broadband subscribers are more likely to sign up for faster broadband. Unfortunately, 20 percent of Americans are immune to the lure of lower broadband prices and 51 percent are simply not interested in getting online.

QUOTABLE

- *“The Thirteenth Report finds that U.S. consumers continue to reap significant benefits – including low prices, new technologies, improved service quality, and choice among providers – from competition in the CMRS marketplace, both terrestrial and satellite CMRS. The metrics indicate that there is effective competition in the CMRS market and demonstrate the increasingly significant role that wireless services play in the lives of American consumers. In particular, these metrics indicate that wireless technology is increasingly being used to provide a range of mobile broadband services.”*

Excerpt from the FCC’s thirteenth report to Congress on the state of affairs in the wireless marketplace. The report concludes (based upon census block data), that approximately 99.6% of the U.S. population can choose from at least one wireless service provider.