

# Pennsylvania Telephone Association

*"The Communications  
Leader in Pennsylvania"*

## The Friday Report

January 29, 2009

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### INDUSTRY NEWS

- Our new “techie” President is apparently poised to offer another techie the top spot at the Commerce Department. Published reports this week have Symantec CEO John Thompson coming to Washington as the new Secretary of Commerce. Thompson’s network security firm raised almost \$200,000 for the Obama Presidential campaign.
- In the ongoing “need for speed” battle, Charter Communications proclaimed this week that it now offers the fastest Internet service at 60 megabits per second. The company is offering the service in St. Louis and plans to offer a 20 mbps service nationwide. Charter’s Ultra60 almost immediately came under fire for its relatively pedestrian upstream speed of 5 mbps and comparisons to Verizon’s symmetrical 50 and 20 mbps Internet access services.
- Research this week from Informa Telecoms & Media indicates a continued slowdown in the growth of the global cellphone market and places the blame on consumers’ lack of desire to purchase phones with upgraded data applications. The world’s mobile subscription market grew 18.5 percent last year (down from 22.5 percent in 2007) and is expected to increase by just 12.7 percent this year. India was the fastest growing cellphone market according to the Informa research; adding 102 million new cellular customers last year.
- AT&T announced this week that it plans to cut capital expenditures for 2009 by about 10-15 percent. The company spent \$20.3 billion last year on, among other things, building out its U-verse network. That network now reaches 17 million households and AT&T is confident that it will reach its planned 30 million living units by 2011. U-verse currently boasts more than 1 million subscribers.
- On Tuesday, an overwhelming majority of Embarq (99%) and CenturyTel (96%) stockholders approved the proposed \$11.6 billion acquisition of Embarq by CenturyTel. The Federal Trade Commission has already given thumbs up to the deal.
- Interim FCC Chairman Michael Copps apparently will not just keep the seat warm for President Obama’s presumed choice to head the agency, Julius Genachowski. Copps met earlier this week with all of the Commission staff and announced that all bureaus and offices may once again feel free to communicate directly with each other without going through the Chairman’s office. (Copps has been criticized for prohibiting intra-office discussions unless his office was involved). Copps also indicated that he intends to hold weekly meetings with bureau and office chiefs which will include staffers from each Commissioner’s office as well. (See related story in Quotable section).

- On Wednesday, the PTA President offered comments as part of the Pennsylvania Business Council's press conference in the Capitol rotunda asking Governor Rendell and the General Assembly to refrain from balancing the fiscal year 2009-2010 budget on the backs of the state's business community through increased corporate taxes. Current estimates are that the state will be facing a more than \$2 billion budget deficit.

## **CONGRESS NEWS**

- On a party line vote, the House this week passed an economic stimulus bill amounting to \$819 billion, but did not allocate much of that towards broadband. While only \$6 billion of the House version of the spending plan is devoted to broadband buildout, the Senate has its own version of economic stimulus that sets aside a little more (\$9 billion) for advanced network development.

## **THE DAILY NUMBERS**

- 8,000

Bad news out of Sprint to start this week, as it announced its plans to layoff 8,000 employees by the end of March. The company is hoping to trim internal and external labor costs by approximately \$1.2 billion annually. The company currently employs about 60,000 individuals.

## **QUOTABLE**

- *"I am greatly encouraged and energized to know that you, Commissioner Adelstein and I will be working together toward the goals of boosting employee morale, promoting greater transparency as well as creating a more informed, collaborative and considerate decision-making process, all aimed toward advancing the timely and orderly resolution of Commission business. I am eager to work with you and Commissioner Adelstein to identify and implement measures to increase coordination among the commissioner offices and the staff."*

Excerpt from correspondence sent by FCC Commissioner Robert McDowell to interim Chairman Michael Copps.