

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

January 9, 2009

INDUSTRY NEWS

- This week witnessed the continued push for broadband infrastructure stimulus efforts from soon-to-be President Barack Obama. The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) penned leaders in Congress, citing a report performed by the Digital Policy Institute calling for an immediate allocation of funds for grants to rural telcos in order that they may expand their networks to accommodate 25 megabit per second service. The Fiber-to-the-Home Council joined the chorus by releasing its own study which concludes that tax incentives for deploying fiber all the way to the premises would create more than 200,000 jobs and increase economic output by more than \$100 billion. A related study released on Wednesday by the Information Technology & Innovation Foundation concludes that nearly 500,000 jobs could be created if Congress were to include \$10 billion for broadband investment in the economic stimulus package now being considered in Washington. The ITIF report posits that tax incentives should be based on the Internet speed provided. For example, telcos guaranteeing speeds of 25 megabits per second should receive a 25 percent credit, while those offering 50 mbps would be eligible for a 40 percent tax credit.
- A proposal to levy a sales tax on the Internet reared its ugly head in Massachusetts this week and, with Pennsylvania's finances not in great shape for the upcoming fiscal year, could such an initiative gain a foothold here? Massachusetts Governor Deval Patrick has publicly stated his desire to have an Internet sales tax in force by the end of the year and expects that the tax will generate 15 million for the state occasionally referred to as "Taxachusetts." Here in the Keystone State, fiscal year-to-date General Fund tax collections are \$814.5 million below estimate and visions of 1991, when the Casey Administration proposed (and the Legislature passed) tax increases (predominantly on businesses) of \$3 billion are eerily beginning to resurface.
- December 31st was not only New year's Eve, it was the date on which Comcast stopped using its notorious "BitTorrent" protocol which raised the ire of customers and ultimately the FCC for unfairly limiting customers' usage of the network. The cable giant said so in a letter to the FCC which also states that the company has fully implemented a protocol-agnostic network management approach that it originally outlined in a September filing with the Commission.

THE DAILY NUMBERS

- 45

According to a report released this week on cellphone usage, 45 percent of subscribers actually use their handsets just for.....making phone calls. The NPD Group report concludes that only 20 percent of mobile phone users are actually utilizing the music, video, and web-surfing features of their phones; truly making them multi-media devices. The study shows that T-Mobile customers are most likely to use the advanced features of their phones.

- 33,000,000

A California federal court has awarded Verizon \$33.1 million in a record setting “cybersquatting case against OnlineNIC, a San Francisco-based domain registration company. Online had registered 663 domain names that, according to the judgment were, “either identical or confusingly similar to Verizon trademarks” and “...were designed to attract web users who were seeking access to legitimate Verizon websites.”

- 32,000,000,000

Pyramid Research’s report “Global Fixed and Mobile Broadband Outlook” ranks the U.S. as the leader in broadband market services for 2008, with revenues of more than \$32 billion. Japan finished a distant second at \$23 billion with Germany in third place with more than \$11 billion in broadband revenues. China clipped the U.S. for the top spot in the number of fixed broadband connections with 81.9 million to the U.S.’s 78.5 million according to the Pyramid report.

QUOTABLE

- *“In cooperation with my fellow Commissioners, we have made history: implementing successful spectrum auctions, creating a new homeland security bureau, providing broadband grants for rural healthcare, and overseeing the digital transition for television. I am extremely proud of our work on behalf of children and families, for persons with disabilities and for spurring new investment and innovation.”*

Excerpt from Monday’s farewell statement of FCC Commissioner Deborah Tate.