

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

October 16, 2009

INDUSTRY NEWS

- What do nineteen Republican U.S. Senators, twelve state governors (including Pennsylvania's Ed Rendell), the Asian American Justice Center, the League of United Latin American Citizens, the National Association for the Advancement of Colored People, the National Association of Neighborhoods, the National Disability Institute, Alcatel-Lucent, Cisco Systems, Motorola, and the Communications Workers of America have in common? They are all part of a larger, diverse coalition of interested parties who are urging the FCC to proceed with caution on its net neutrality rules. Commission Chairman Julius Genachowski has inked the agency's October 22nd meeting as the time and place for a notice of proposed rulemaking (NPRM) to codify four existing principles and add two more dealing with nondiscrimination and transparency. The coalition is expressing its concerns that over-reaching rules and regulations could discourage network investment and, ultimately be counterproductive. (See related story in Quotable section).
- Recognition richly deserved for one of PTA's own as North Penn's Pete McClure was honored during the joint NYSTA/PTA Fall Conference in Syracuse. The award was the "Life Membership" in the Independent Telecommunications Pioneer Association (ITPA) and is given to those individuals who have been employed in telephony for 40 years and been an ITPA member for 15.
- Another study on U.S. performance regarding broadband deployment puts our country firmly in the middle of the pack. The study, conducted for the FCC by Harvard University's Berkman Center for the Internet and Society, placed the country in the second quintile in both advertised and actual broadband speeds among OECD countries, but in the third quintile for prices for medium to high speeds.
- Last week AT&T announced that it plans to enter the pre-paid wireless market, and now retail giant Wal-Mart is joining in the fun. The company announced this week that it has teamed with American Movil to sell unlimited voice and text for \$45 per month under the brand Straight Talk.

LEGISLATIVE NEWS

- On Wednesday, legislation introduced by Representative Doug Reichley limiting charges which cable providers may levy on converter boxes was referred to the House Consumer Affairs Committee. House Bill 2050 requires municipalities which enter franchise agreements with cable operators to limit subscriber fees to the first converter box only. The Reichley co-sponsorship memo noted that the monthly fee for boxes "can lead to a substantial increase in subscriber's cable bills" and that "the fee seems unreasonable to many constituents."

THE DAILY NUMBERS

- 20

Internet use reduces depression among older Americans by about 20 percent. So says a study released this week by the Phoenix Center for Advanced Legal and Economic Public Policy Studies. The Phoenix piece goes on to estimate depression costing the country \$100 billion annually so expanding Internet usage may have significant economic benefits.

- 1,360,000,000

What a difference a year makes. Cellphone manufacturer Nokia reported \$1.36 billion in losses for the third quarter of 2009 due to its shrinking piece of the smartphone pie and, according to its CEO, ongoing problems with the company's joint venture with Siemens. Last year Nokia reported a profit of more than \$1 billion.

QUOTABLE

- *"The resulting rise in deployment costs from such regulations may significantly increase the public subsidies required to extend broadband to unserved communities. The study presents evidence indicating an elastic response of subsidy levels to increases in costs resulting from such regulations; specifically, a one percent increase in deployment costs arising from regulation increases the subsidy required for ubiquitous coverage by nearly two percent. The cracks in the regulatory schemes for the Internet are increasingly apparent. On the one hand the government is trying to encourage broadband deployment, while on the other hand it is making broadband more expensive to deploy. The inevitable consequences include less broadband, less competition and the need for more subsidies."*

Excerpt from a press release issued earlier this week by the Phoenix Center for Advanced Legal and Economic Public Policy Studies on the FCC's initiative to codify net neutrality rules

- *"They don't know about this agency, they don't know how significant this agency is to their everyday lives. I want to be the champion, so to speak, of demystifying this agency. The public has a right to know, and we have an obligation to let them know exactly how this agency can enhance their lives."*

Yesterday's comments of new FCC Commissioner Mignon Clyburn in an interview with TRDaily on her pledge to be the voice of consumers at the FCC.

- *"These calling providers have used the Commission's inaction on classifying their product offering as either a 'telecommunications service' or an 'information service' as an excuse to routinely engage in self-help techniques that traditional common carriers are prohibited from employing."*

Excerpt from a letter sent to the FCC by Great Lakes Communications Corp. asking the Commission to expand its Google Voice inquiry of blocking calls to rural areas to include other VoIP providers.