

Pennsylvania Telephone Association

*"The Communications
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The Friday Report

October 23, 2009

INDUSTRY NEWS

- Net neutrality again commanded center stage this week as the FCC voted unanimously (albeit with some reservations from Republican commissioners) to open a proceeding on the matter. Yesterday the 107-page notice of proposed rulemaking was issued with comments due by January 14th and reply comments by March 5th. The activity prompted some interesting perspectives (See Quotable Section) and a legislative return volley from Senator John McCain who unveiled his Internet Freedom Act of 2009 legislation yesterday as well. The legislation would essentially prohibit the FCC from enacting any net-neutrality regulations because they would affect all Internet service providers, including wireless carriers and McCain believes any new rules which place conditions on the industry would stifle innovation and further depress a bad job market.
- Mixed third-quarter news this week from AT&T as overall profits declined by slightly more than one percent, but total subscribership was bolstered to record highs thanks to wireless sign-ups. The company added two million new wireless customers during the quarter to a total of 81.6 million due, in large part, to its exclusive arrangement to sell the iPhone. That partnership is slated to end next year.

In related iPhone news, the Associated Press highlighted the new Verizon Wireless ad campaign which may build support for iPhone challenger, the "Droid." The TV commercials focus on features which the iPhone lacks such as a physical keyboard and the ability to run applications simultaneously. The Droid (manufactured by Motorola) runs Google's Android software which, according to the AP article, is "gathering momentum as a platform for a range of manufacturers, in contrast to the Apple-only model of the iPhone."

- We've got a pretty good wheel rolling here, why reinvent it? That old adage took on a contemporary context this week as members of the Federal-State Joint Conference on Advanced Telecommunications Services asked the FCC to formally endorse its searchable reference guide to broadband expansion programs. The panel applauded the Commission for supporting the broadband clearinghouse concept, but said that its www.BroadbandBestPractices.org site is already up and running and is a valuable tool for policymakers to understand where broadband projects have been started and which are working best. (See related story in Quotable Section).

THE DAILY NUMBER

- 17,000,000,000

According to a report released this week by the Yankee Group, the \$7.2 billion made available for broadband deployment under the federal stimulus program is less than a third of the amount needed to adequately do the job. The report, aptly entitled “Ubiquitous U.S. Broadband Will Cost at Least Triple the Current Stimulus Package”, says that \$17 billion more is needed to reach the range of \$20-350 billion which FCC staff originally determined it may cost.

QUOTABLE

- *“This Commission will act, and it will act on the record it amasses. What will help us most is not flocks of Chicken Littles running around proclaiming ‘the sky is falling’, but rather facts, data, and the real world experience of innovators, entrepreneurs, industries small and large, consumers, and anyone interested enough to give us the benefit of their thoughts, experiences and recommendations.”*

“One of my concerns regarding today’s Notice is that its premise looks at innovation in a way that could actually deepen the division between applications and networks precisely at a time when the market is sparking unprecedented convergence between the two. Constructive public policy should subscribe to the philosophy that unfettered innovation should be encouraged equally at all points of the network – at the edge and in the core.”

“I am not convinced that there is sufficient record to establish that a problem exists that should be addressed by Commission rules. As I have said previously, we should not adopt regulations to address anecdotes where there is no fact-based evidence that persuasively demonstrates the presence of a problem.”

The respective comments of FCC Commissioners Michael Copps, Robert McDowell and Meredith Baker on Thursday’s Commission vote to open a Notice of Proposed Rulemaking on net neutrality regulations.

- *“Our member companies share and support the goal of achieving universal broadband availability while maintaining the highest level of integrity in the agency broadband initiatives established to achieve that goal. Unfortunately, the application information made available by the agencies about pending applications for areas listed as ‘unserved’ and ‘underserved’ makes it difficult, and in some cases impossible, for our members to examine and respond fully and completely to those applications within the 30-day deadline.”*

Excerpt from correspondence sent to the National Telecommunications and Information Administration and the Rural Utilities Service this week by a coalition including OPASTCO, USTA, the National Cable and Telecommunications Association, the American Cable Association and the Independent Telephone and Telecommunications Alliance (among others), asking the agencies to ease the process for incumbent providers to determine what areas broadband stimulus applicants are proposing to serve. The NTIA and RUS procedures allow incumbents to challenge applications which fail to meet eligibility requirements under the unserved/underserved criteria, but the manual process of determining geographic areas where applicants are proposing to offer service make it difficult to determine whether a challenge is appropriate.