

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

October 30, 2009

INDUSTRY NEWS

- Three states approved the sale of Verizon lines to Frontier this week as the \$8.6 billion deal involving fourteen states continues working its way through the regulatory process. On Wednesday, state regulators in Nevada and South Carolina gave the transaction the thumbs up and, yesterday the California Public Utilities Commission unanimously approved the proposal. All three commission approvals included conditions ranging from rate caps to reporting on service quality, among other things.
- FairPoint Communications announced earlier this week that it has voluntarily filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. The restructuring plan is expected to reduce the company's \$1.7 billion debt. (See related story in Quotable section).

LEGISLATIVE NEWS

- Caller ID spoofing legislation surfaced this week in the Legislature in the form of House Bill 2064, sponsored by Representative Karen Beyer (R-Lehigh, Northampton). The bill, which was referred to the House Consumer Affairs Committee yesterday, makes the offense of defrauding consumers with false Caller ID displays punishable by up to one year in jail and up to a \$2500 fine for first-time offenders.

There would be fewer legislators to vote on measures like HB2064 under legislation unveiled this week by Senator Dave Argall which reduces the size of the General Assembly from its current complement of 253 down to 198 by eliminating one Senate seat and ten House seats per decade over the next five decades. Argall noted that the gradual process is the best way to garner support for the measure and that it would signal that legislators are serious about cutting costs. The Senator also mentioned that converting to a part-time legislature as some other states do, would cede too much power to the executive branch.

CONGRESS NEWS

- According to testimony offered this week during Senate Commerce Committee oversight hearing on the federal broadband stimulus program, it looks like the first round of grants will be delayed by a month to at least December. Texas Senator Kay Bailey Hutchinson expressed a variety of now well-known concerns with the program to date, namely the proper allocation of funds to unserved areas "without good data." NTIA Administrator Larry Strickling assured the senator that NTIA doesn't need a national broadband map to

make those determinations and in some instances is using state maps for deployment information.

- Senate Commerce Committee Chairman Jay Rockefeller (D-W.Va.) offered texting prohibition legislation this week in the form of S 1938, the Distracted Driving Prevention Act of 2009. The bill incents states to pass legislation banning texting with offers of state grants apportioned on the same basis used for seat belt and drunken driving grant programs. States must enact bans by July 1 of a fiscal year to qualify for grants in that year. (See related story in Quotable section).

THE DAILY NUMBER

- 40

Happy Birthday to the Internet which turned 40 yesterday. On October 29, 1969 engineers at UCLA and Stanford transmitted the word 'login' between their two institutions on the U.S. Defense Department's Advanced Research Projects Agency network (ARPANET), the predecessor to today's Internet. Reports from that first transmission note that while the letters 'L' and 'O' transmitted successfully, the system crashed on the letter 'G'.

QUOTABLE

- *"We might want to let the states continue to work on this for a while longer. States are beginning to handle this issue. There may be legitimate reasons for states to have different approaches. Perhaps we ought to include eating a hamburger in this legislation. I have confidence in the states to act on this."*

"With all due respect, you can eat a hamburger without looking at the meat."

The respective comments of Mississippi Republican Senator Roger Wicker and North Dakota Democrat Byron Dorgan on Senator Rockefeller's driving while distracted legislation. Senator Dorgan's mother was killed by a drunken driver being chased by police.

- *"The day-to-day operations of our business will not be impacted by today's actions. We want to assure our customers, employees and vendors that we remain committed to continuing to provide reliable, uninterrupted service to all of our customers. Today's actions represent a critical and positive step in our efforts to reduce our indebtedness, strengthen our financial condition and position FairPoint to compete more effectively in a dynamic marketplace."*

Comments of FairPoint Chairman and CEO David Hauser as excerpted from the company's Monday news release.