

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

November 13, 2009

INDUSTRY NEWS

- A “shot clock” for local review of cell tower siting is on the FCC’s agenda for its November 18th meeting, and the matter is drawing plenty of attention. At issue is the draft order circulated by Commission Chairman Julius Genachowski requiring localities to rule on tower-siting applications within 90 days for collocated projects and 150 days for other sitings or carriers could take the municipalities to court. Groups representing local telecommunications officers have complained vociferously about the draft order in exparte filings with the Commission, saying that the wireless industry has failed to offer specific examples of problems with getting applications approved and that the order may actually be in violation of the Communications Act by preempting local government review of the applications. The Cellular Telecommunications Industry Association responded in its own filing this week with five examples of tower siting applications which have languished for years.
- It’s official. Earlier this week Windstream and D&E officially closed the deal whereby the former purchased the latter in a \$333 million transaction. Windstream expects the new entity will save \$25 million in operating costs and capital expenditures.
- The digital divide is more like a digital lag according to Robert Shapiro (an economist with Sonercom LLC), who addressed attendees at a Brookings Institution policy discussion in our nation’s capital this week. Shapiro noted that the take rate among lower and higher income groups was essentially the same but the former were on a four-year lag. He concluded that economic models indicate universal broadband availability would be achieved by 2016 without government intervention.

CONGRESS NEWS

- Minnesota Senator Amy Klobuchar is back on the anti-early termination fees (ETFs) campaign on the heels of Verizon Wireless’s recent announcement that it intends to double the fees for smart phone, netbook and other advanced service customers who terminate service early. Klobuchar was the architect behind the Cell Phone Consumer Empowerment Act of 2007 and said that she was pleased that many wireless carriers implemented modest plans to prorate ETFs. But the Senator said this week that the Verizon Wireless decision shows that the “wireless industry cannot police itself, and will not, on its own, make its practices more competitive and consumer-friendly.” Verizon Wireless spokesmen offered that their company was the first to prorate ETFs and that consumers do not have to deal with ETFs at all if they pay full retail price for their device. In addition, the company said that the higher fees are warranted for the advanced devices due to the expenses of network investments associated with them.

- We need FM tuners in cell phones to establish an effective emergency alert system in this country. So said 60 U.S. House members in correspondence sent to the FCC and Homeland Security Secretary Janet Napolitano this week. The legislators said that the emergency alert system is a proven reliable service and that there are over seven hundred million cell phones with FM tuners globally but only a handful in the U.S.

THE DAILY NUMBER

- 2,500

Sprint Nextel announced earlier this week that it plans to cut up to 2,500 positions by the end of this year, in an effort to save up to \$350 million annually in labor costs.

QUOTABLE

- *“Our ads are clear. Our ads are true. We’re very, very cautious. I guess sometimes the truth hurts. But that doesn’t mean the courtroom is the place to get out your frustration.”*

Verizon Wireless spokesman Jeffrey Nelson in response to AT&T’s most recent court filing asking a federal district court in Georgia to block three additional ads by VZW. AT&T had originally filed for a temporary restraining order on November 3rd claiming that the Verizon Wireless ads lead consumers to believe that they cannot get service in areas where the company does not offer 3G coverage.

- *“More Americans should have access to fatter and faster pipes. But, we should ask ourselves, did we get this far as a result of government regulation, or have we seen an explosion of new offerings and increasing consumer adoption because government stepped out of the way and encouraged the construction of new delivery platforms?”*

Excerpt from Comments of FCC Commissioner Robert McDowell to attendees at this week’s Institute for Policy Innovation’s Communications Summit in Washington, D.C.