

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

December 4, 2009

PUC PUBLIC MEETING

- 12/03/09
In a unanimous vote, the Commission supported a Motion by Vice Chairman Tyrone Christy opening up a six-month investigation into the billing of directory assistance calls by Verizon Pennsylvania. The Motion actually dismisses a customer complaint for failure to satisfy burden of proof, but cites approximately 177 informal complaints filed regarding the matter over the past 15 months as legitimizing the necessity for a joint Law Bureau and Bureau of Consumer Services investigation to conclude in six months from the date of Order entry.
- A CenturyLink petition seeking an extension of time to deploy broadband under a BFRR request in the Hewitt and State Line community service areas was unanimously approved by the Commission. Vice Chairman Christy offered a statement that acknowledged that the petition does meet the statutory threshold of good cause shown (The CSAs are in remote areas which require permits from the Department of Conservation and Natural Resources to bury fiber in a state forest), but encouraged the company to complete the project in less time than the extension grants.

INDUSTRY NEWS

- Yesterday morning, Comcast announced that it will acquire a controlling interest in NBC Universal from General Electric for \$6.5 billion in cash and, in an effort to proactively address expected regulatory scrutiny, pledged to respect the editorial independence of NBC News. (See related story in Quotable section).
- The FCC recently told the Texas PUC to address the regulatory classification of VoIP calls based upon existing law. The PUC subsequently opened an investigation. This week, the floodgates opened on perspectives from a variety of sources. The two combatants in an interconnection dispute that started the regulatory morass actually just want the long-running interconnection dispute adjudicated and believe that the PUC cannot regulate interconnected VoIP providers. But the Texas Statewide Telephone Cooperative and CenturyLink offered comments to the contrary, saying that VoIP providers have taken advantage of regulatory uncertainty or general disinterest to take significant market share from incumbent providers.
- In a decision released by the FCC on Wednesday, a whole host of new services will be eligible for E-rate funding beginning in 2010. Among those which will be eligible are: video on-demand, Ethernet, web hosting, wireless local area network controllers, and virtualization software. The Commission also ruled that Interconnected VoIP and texting would continue to be eligible.

THE DAILY NUMBER

- 54

According to the latest annual survey of Consumer Reports, 54 percent of subscribers are completely or very satisfied with their mobile phone. Nearly two-thirds of the 50,000 respondents identified at least one major complaint with their carrier. Verizon Wireless received the highest overall ratings, while T-Mobile finished second.

QUOTABLE

- The following were among the host of perspectives offered this week on the proposed union of Comcast and NBC Universal:

“With this combination, we achieve scale. I do think it is a great business we are buying. There are many strategic things we can do together, and we will have to prove that as we go.”

Comcast CEO Brian Roberts

“While I look at each proposed transaction on its individual merits, my long-standing skepticism about the harms imposed by so few controlling so much persists. Clearly this proposal requires close and comprehensive Commission review.”

FCC Commissioner Michael Copps

“The FCC will carefully examine the proposed merger and will be thorough, fair, and fact-based in its review.”

A spokesperson for FCC Chairman Julius Genachowski

“It is imperative that the FCC, the Justice Department, and the FTC rigorously assess whether this transaction is in the public interest.”

U.S. House Energy and Commerce Committee Chairman Representative Henry Waxman. Waxman and Representative Rick Boucher (Chairman of the communications, technology and the Internet subcommittee), have said that there will be a hearing on the merger sometime next year.

“A joint venture of this magnitude would benefit from regulatory oversight. When major media companies swell to control both content and distribution, we need to make sure consumers are not left with lesser content and higher rates.”

U.S. Senator Jay Rockefeller Chairman of the Senate Commerce, Science and Transportation Committee.

“This new joint venture must be ready to take extraordinary steps to alleviate concerns about potential anticompetitive behavior if it expects the deal to be approved.”

The group Public Knowledge

“This merger’s potential to foreclose competition and stifle innovation is significant and real.”

Mark Cooper, research director for the Consumer Federation of America.

“We doubt the government would block the deal, despite the host of vertical integration issues raised by the combination of video content and distribution as well as broadband/Internet assets. We believe it’s more likely the DOJ/FTC and FCC would clear Comcast-NBCU with significant remedial conditions.”

Stifel Nicolaus analysts

“We do not see significant anticompetitive harms.”

Concept Capital’s Washington Research Group.