

# Pennsylvania Telephone Association

*"The Communications Leader in Pennsylvania"*

## The Friday Report

February 20, 2009

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### INDUSTRY NEWS

- Not so great fourth quarter news for cable giant Comcast, but the year as a whole was quite good by most measures. The company saw its profit drop 32 percent from the fourth quarter of 2007 (\$602 million to 412 million) due to the loss of 233,000 basic cable subscribers and from a \$600 million writedown of its stake in Clearwire. Despite those figures, Comcast sales grew 9 percent for the quarter to \$8.8 billion. The positive results were fueled by the addition of 344,000 net new digital voice customers, and 247,000 net new digital video service subscribers.
- Not immune from the well-documented access line loss problem of most rural telcos, Embarq suitor CenturyTel still managed a positive fourth quarter, making \$87 million on revenue of \$646 million. While the figures are less than the fourth quarter of a year ago, CenturyTel beat Wall Street revenue estimates of \$643 million.
- The National Association of Regulatory Utility Commissioners (NARUC) held its annual winter meeting in Washington, D.C. this week, and the board adopted several telecom-related resolutions. The board passed what appeared to some to be a watered-down version of a resolution supporting reform of FCC practices. Vermont Public Service Board Commissioner John Burke said that the final version of the resolution offers suggestions to the FCC regarding its operating procedures but “without some of the edge” of the original version. The end result prompted South Dakota Public Utilities Commissioner Dusty Johnson to characterize the resolution as an “oblique and muted attack” on recently resigned Chairman Kevin Martin, and not much of a directional aid for the Commission. On other topics, the NARUC board adopted a resolution supporting the establishment of a three-year federal Lifeline and Link-up pilot program for broadband Internet access services. The resolution “strongly encourages” the FCC to declare broadband as a service eligible for universal service funding. (See related stories in Quotable Section).

### THE DAILY NUMBERS

- 8,300,000

AT&T Technical Services Corporation has agreed to pay \$8.3 million to settle accusations that it violated the False Claims Act in bidding for certain E-rate contracts. The Justice Department contention was that Ma Bell engaged in non-competitive bidding practices and received E-rate funding for services that were ineligible for program discounts.

- 400,000

According to Raul Katz, director of research at the Columbia Institute for Tele-Information (CITI), the broadband provisions within the recently enacted federal stimulus legislation could mean up to 400,000 new jobs nationwide.

## QUOTABLE

- *“We got further than we’ve ever gotten before. A Commission order was written and was being circulated and people were working toward a compromise. We certainly hope that the FCC will take a fresh look at what’s in the record. Whether its intercarrier compensation, collection mechanisms, carrier of last resort, you name it, the system is broken.”*

Comments of AT&T vice-president-regulatory Joel Lubin to attendees at the NARUC winter meeting regarding the likelihood that the FCC will address the intercarrier compensation reform issue.

- *“We recommend that you insert yourselves into the process. We don’t know a lot about how the money will be distributed. It would be helpful if you play a role here. It’s very hard at the federal level to come up with a program that’s going to work in each state. There is nothing in the stimulus bill to prevent a state utility commission from coming forward with a proposed program for that state...I encourage you not to be bashful. You know the territory. You probably already spend a lot of time trying to figure out where the unserved and underserved areas are.”*

Verizon vice president-public affairs Tom Tauke to NARUC winter meeting attendees on the role of state public utility commissions in deciding how to spend the federal stimulus revenue on broadband deployment.