

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

February 6, 2009

INDUSTRY NEWS

- Mixed news from Time Warner this week as Wednesday saw the company announce an eight percent fourth quarter revenue growth but announce the layoff of 1,250 employees. The good quarterly news was driven by a 3.7 percent increase in video service revenues, an 11 percent increase in data service money, and a whopping increase of 29 percent in income from voice service.
- A group of national associations representing rural telcos has asked the FCC to extend the filing deadline for the broadband report known as Form 477. Here's the rub: according to the FCC, the report takes 337 man-hours (42 days) to complete, the due date is March 1, and the report is not yet available on-line.
- PTA Associate Member Taqua is celebrating its recently awarded "Product of the Year" award for 2008 from Internet Telephony Magazine. The product itself is Taqua's MobileWorks which seamlessly combines TDM and IP wireline switching and applications with wireless GSM/CDMA, 2G, 3G, and 4G networks. Congratulations!
- New Hampshire Republican U.S. Senator Judd Gregg was tapped this week by President Obama to serve as Secretary of the Commerce Department. Obama said that Gregg is his nominee because he wants the Senator to lead an agency which will work to ensure that "our cutting-edge science and technology remain the envy of the world." The telco industry is particularly interested in the nominee since the National Telecommunications and Information Administration is part of the Commerce Department, helps implement telecommunications strategies of the President, and will play an integral role in the distribution of any broadband revenue under the economic stimulus legislation.
- The Wall Street Journal reported this week that AT&T is interested in bidding on the \$3 billion in Verizon Wireless assets which became available as part of the divestment requirements when Verizon purchased Alltel. The paper also reported that consumer advocates have criticized such a scenario; believing that allowing one giant telco to be transferred to another is not in the best interest of consumers.

LEGISLATIVE NEWS

- The PTA, Embarq, and Verizon are slated to appear before the House Consumer Affairs Committee next week to give incumbent and first-term members of the committee an introduction to the state of affairs in the ILEC industry. The information hearing will focus on all forms of telecommunications providers, landline, wireless and cable and will be held on Wednesday, February 11 in Room G50 of the Irvis Office Building.

CONGRESS NEWS

- The Senate continued debating the economic stimulus legislation this week and funding for broadband deployment, mapping, and tax credits for deployment which currently amount to approximately \$110 million. The credits would be for broadband equipment placed into service in 2009-2011.

THE DAILY NUMBERS

- 1,000,000,000

Earlier this week, the state's deficit officially eclipsed the \$1 billion mark. According to the Pennsylvania Department of Revenue, January tax revenues fell short by almost \$262 million and the situation is not likely to improve. During Governor Rendell's Wednesday budget address to the General Assembly, he outlined a spending plan which is anticipating a \$2.3 billion deficit by the end of the fiscal year on June 30th.

QUOTABLE

- *"This is a significant achievement for the City of Philadelphia. There are a lot of cities that want this kind of additional service. Verizon could have chosen any number of cities. They wanted to be in Philadelphia."*

Philadelphia Mayor Michael Nutter on City Council's unanimous vote on Thursday to grant Verizon a 15-year franchise agreement to offer cable service in the city. The company committed to deploying its FiOS network across the city over a seven year period.