

# Pennsylvania Telephone Association

*"The Communications  
Leader in Pennsylvania"*

## The Friday Report

March 20, 2009

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### INDUSTRY NEWS

- The suggestions kept coming fast and furious this week on how best to spend the more than \$7 billion which is expected to be generated by the American Recovery and Reinvestment Act (ARRA) for broadband projects. Whether through correspondence or at this week's panel discussion hosted jointly by the National Telecommunications and Information Administration (NTIA) Rural Utilities Service (RUS), numerous commentators offered their perspectives. The Independent Telephone & Telecommunications Alliance offered that the money should be devoted to deploying broadband in unserved areas and that diverting it elsewhere could actually worsen the "digital divide." The National Cable & Telecommunications Association offered a study entitled "Moving the Needle on Broadband: Stimulus Strategies to Spur Adoption and Extend Access Across America" which concludes that the ARRA money should be directed at the 9-10 million unserved households in America. Some commentators espoused a "come one, come all" approach such as Grant Seiffert of the Telecommunications Industry Association who suggested that no entrepreneur or carrier should be denied access to the money simply because they have not provided broadband service to date. Others were more restrictive and suggested that states who have already performed broadband mapping should receive preferential treatment; this is the perspective of Debbie Goldman of the Communications Workers of America. Curt Stamp, president of the aforementioned ITTA suggested that any entity with a public license to offer service should be eligible. The U.S. Telecom Association noted that entities currently providing broadband services have already demonstrated the ability to succeed and are extremely well-suited to utilize ARRA money effectively and create new jobs quickly. USTA also opined that NTIA and RUS should not get distracted from the task at hand; namely stimulating the economy, by inserting public policy issues such as net neutrality into the equation.

In other ARRA news, acting FCC Chairman Michael Copps asked his fellow Commissioners this week to launch a proceeding to develop a national broadband plan at the Commission's meeting on April 8<sup>th</sup>. The ARRA requires the FCC to deliver a report containing such a plan within one year.

### LEGISLATIVE NEWS

- The Senate Communications and Technology Committee reported out a series of bills this week designed to address consumer privacy. In unanimous votes, the committee approved Senate Bill 299 (providing for the offense of "phishing" or soliciting private customer information through fraudulent means), Senate Bill 155 (requiring state agencies to notify of security breaches within seven days of the occurrence), and Senate

Bill 123 (protecting consumers from having spyware deceptively installed on their computers).

## **CONGRESS NEWS**

- A “new” ban on cellphone taxation bill was introduced this week by Representatives Zoe Lofgren (D-CA) and Trent Franks (R-AZ). The legislation is similar to last session’s version and bans state or local governments from imposing new taxes on mobile phone services, providers or property for five years.

## **THE DAILY NUMBER**

- 60,000,000

According to a survey commissioned by the New Millenium Research Council and conducted by Opinion Research Corporation, more than 60 million Americans may cut back on their cellphone expenses if the economy continues to worsen. Respondents said that they might move to prepaid cellphone plans or simply drop texting pans or Internet connectivity features. The survey comes on the heels of market research performed by comScore which shows that the number of individuals using their cellphones to access news and information more than doubled from January 2008 to January 2009

## **QUOTABLE**

- *“We view telcos as the likely market-share winners over the course of the next couple of years, as cable’s core video product will continue to be stripped away by competitive telco offerings.”*

Excerpt from a Stifel Nicolaus analysis which concludes that, for the first time ever, telco video growth will outpace cable telephony growth. According to the Stifel analysis, AT&T and Verizon added 1.8 million video customers, while cable operators added almost 5 million voice customers. However, cable’s market share growth has been slowing for the last several quarters.