

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

March 27, 2009

INDUSTRY NEWS

- As expected, the White House has forwarded the nomination papers of Julius Genachowski to the Senate for its consideration. Genachowski would, if confirmed, fill the vacant seat of FCC Commissioner Jonathan Adelstein who is in the process of leaving the Commission for his next assignment of leading the Rural Utilities Service.
- Next Saturday is the potential start date for a strike against AT&T by the Communications Workers of America. The CWA announced earlier this week that its members who are AT&T employees voted to authorize a strike if the two sides cannot reach a deal. While negotiations continue on the focal point of health care benefits, 125,000 AT&T employees await the outcome of the discussions.

LEGISLATIVE NEWS

- The final agenda has been posted for next week's Senate Communications & Technology Committee hearing entitled "Advanced Broadband Services – What's Next?" The PTA President, Embarq VP Dave Bonsick, and Verizon Pennsylvania President Gale Given are slated to testify on the state of affairs from an ILEC perspective. Cable, wireless and Ethernet industry representatives will also offer comments. The meeting is scheduled for Wednesday, April 1, 9:00, in Room 8E-B of the East Wing of the Capitol Building.

CONGRESS NEWS

- On Thursday Chairman Herb Kohl (D-WI) and ranking member Orrin Hatch (R-UT) announced an aggressive telcom agenda for the Senate Judiciary Committee's subcommittee on antitrust, competition policy and consumer rights. Among the subjects that the subcommittee will investigate during the current session are: maintaining competitive choices in the broadband industry, the ability of consumers to access information on the Internet without interference from their service provider (net neutrality), price increases for text messaging by major wireless carriers, and competition in the consolidating Internet and related on-line advertising industry.

THE DAILY NUMBER

- 137,000,000,000

According to predictions this week from telecom research firm Ovum Ltd. Worldwide mobile broadband service revenue will grow by more than 450 percent over the next five years, to \$137 billion. Fueling this phenomenal growth, says Ovum, is an expected

increase in third-generation mobile customers from 181 million last year to more than 2 billion in 2014.

QUOTABLE

- *“Although we support the stated goal of the rulemaking – to establish uniform standards for the provision of basic service within a bundled package – we do not believe that the final regulations adequately address the concerns raised by the IRRC in its filed comments. Rather, we believe that the final regulations adopted today blur the lines between the services regulated by the Commission on an “a la carte” basis and those provided in the context of a bundled service package. For example, the regulations mandate how payments are to be applied and also subject disclosure statements to Commission review. In our opinion, these provisions are inappropriate since they regulate bundled packages as a whole. Additionally, from a consumer perspective, the requirement that customers provide written instruction to the LEC if they desire to have a payment applied in a manner other than that specified in the regulations is burdensome. We question the reasonableness of this requirement, given the multitude of methods consumers currently use to communicate with service providers.*

Given the rampant competition among regulated and unregulated carriers, the market, namely, consumer demand for quality services at reasonable prices and a high level of customer service, will weed out those carriers that fail to adequately meet the needs of customers. The Commission cannot and should not place regulatory barriers over the provision of service by regulated carriers while their unregulated competitors offer service strictly pursuant to an internal business plan.”

“The Final Rulemaking essentially codifies and aligns practices and procedures that have already existed for some time for safeguarding the protected basic local exchange service component in bundled service package offerings. These parameters, including billing practices, have largely existed since the issuance of individual waivers to LECs and often predate the enactment of (Act 183). In this respect, the formal codification of these parameters into a uniformly applicable regulation does not impose an undue administrative burden on the regulated LEC industry within Pennsylvania. The requirement that a customer should provide a “written instruction” to a LEC regarding the customer’s own choice for the application of a partial payment for past and currently outstanding bill amounts for a bundled service package is not burdensome. It actually safeguards the interests of the LEC, it minimizes the possibility of errors, and reduces the number of potential informal and formal consumer complaints that may need to be addressed by this Commission.”

Excerpts, respectively from PUC Commissioners Pizzigrilli and Powelson, and Cawley and Christy on the Commission’s 3-2 vote yesterday approving the proposed final form regulations regarding bundled service package offerings. The regulation will be sent to the standing committees of the Legislature and to the Independent Regulatory Review Commission for their review.