

# Pennsylvania Telephone Association

*"The Communications  
Leader in Pennsylvania"*

## The Friday Report

April 3, 2009

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### **INDUSTRY NEWS**

- The land of ILEC deregulation may be Tennessee if this week's activity in the legislature is any indication. The state senate's Commerce Committee overwhelmingly reported out legislation completely deregulating basic phone service in the state, including directory assistance. Senate Bill 1954 authorizes any ILEC or long distance carrier to operate pursuant to market regulation by simply filing a notice with the Tennessee Regulatory Authority (TRA). The Authority's domain would consist only of federal Telecommunications Act provisions, inspection fees, video franchises, underground facilities damage prevention, and Lifeline/Link-Up programs. The decrease in funding to the TRA is approximately \$2.3.
- The International Cellular Telecommunications Industry Association (CTIA) show was held in Las Vegas this week and Verizon CEO Ivan Seidenberg took the opportunity to highlight the potential for the wireless industry to lead the nation out of its struggling economy under the right conditions. Namely, those conditions are relief from burdensome regulations, high taxes and obstacles to antenna siting. Seidenberg noted that between 2003 and 2007, taxes on the wireless industry increased four times faster than levies on other goods and services, and that the "effective" tax rate on cell phone service now exceeds 15 percent. He also called on the FCC to grant CTIA's currently pending petition seeking adoption of a "shot clock" on local review of antenna siting projects.

### **LEGISLATIVE NEWS**

- Embarq Vice President Dave Bonsick, Verizon Pennsylvania President Gale Given and the PTA President offered testimony on Wednesday before the Senate Communications and Technology Committee. (Copies of the testimony are available from the PTA office for those interested). The PTA presentation focused on the tremendous job which the Chapter 30 companies are doing in deploying broadband and that take rates, not deployment, should be the primary focus of state policymakers. Given noted that Verizon is exceeding its Chapter 30 deployment commitments and that burdensome regulations still hamper the company's ability to compete on a level playing field with competitors. Bonsick offered that while Act 183 has been of benefit to consumers, it has not necessarily been all positive for Embarq as the regulatory relief has been outpaced by increasing competition and the company has not been able to realize the anticipated revenue increases to help offset the required build-out costs.

### **CONGRESS NEWS**

- From the “VoIP service is not as unique as some people think” front comes news that testifiers at this week’s House Judiciary subcommittee on commercial and administrative law believe that the taxing structure for wireless service may work just fine for VoIP service as well. Telecom carrier representatives and state legislators recommended to the committee that Federal Mobile Telecommunications Sourcing Act (MTSA) rules (which allow the jurisdiction chosen by the user as the primary point of use to levy taxes) would work just fine for VoIP service.

## **THE DAILY NUMBERS**

- 4

According to a report from the Yankee Group, global telecom capital spending will drop 4 percent in 2009 to an estimated \$272 billion.

- \$997,100

This is the amount of money FCC Chairman nominee Julius Genachowski will be foregoing on an annual basis if confirmed by the Senate. Genachowski reported income north of \$1.16 million in 2008. As Chairman he’ll be paid \$162,900.

## **QUOTABLE**

- *“Since Governor Rendell has been in office, we have not passed a budget on time. That is inexcusable considering passage of a balanced budget is the General Assembly’s chief responsibility. With less than three months to go and little to no progress yet to be made in terms of reaching a consensus on the budget, we need to urge our legislative leaders and the administration to make the budget a priority.”*

Comments of State Representative Rob Kauffman (R-Cumberland/Franklin Counties) this week regarding what may be a contentious budget battle in Harrisburg. Budget deficit figures are now being pushed to as high as \$2.5 billion.