

# Pennsylvania Telephone Association

"The Communications  
Leader in Pennsylvania"

## The Friday Report

May 29, 2009

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### INDUSTRY NEWS

- At its Public Meeting yesterday, the PUC approved on a 4-1 vote the transfer of control application of Embarq and CenturyTel. Commissioner Kim Pizzigrilli was the lone dissenting and, while she disagreed with requiring the new company to file additional reports (in conflict with Act 183, in her opinion), actually supported the merger. (See related story in Quotable section).

### CONGRESS NEWS

- Answering critics who continue to claim that the large incumbents have a lock on the wireless market, Verizon Wireless and AT&T lobbed a volley to Congress this week in the form of a letter to the House Energy and Commerce Committee. The committee held a hearing on wireless competition earlier in the month which neither company could participate in, but the committee asked for written comments. While competition is alive and well, the telcos did offer some suggestions to Congress, namely: adopting a national regulatory framework and preempting states from imposing wireless-specific rules, streamlining tower siting processes, and directing the FCC to identify additional spectrum for reallocation to the wireless industry.

### THE DAILY NUMBER

- 33

According to a poll conducted by xchange Magazine, 33 percent of respondents believe that federal stimulus money should be given only to equipment vendors from the U.S. Thirty percent feel that exceptions need to be made for domestic companies who have global operations, while 20 percent believe we need to get the best deal for taxpayers regardless of where the company operates.

### QUOTABLE

- *"The evidentiary record strongly suggests that Embarq PA's operations in this Commonwealth will benefit from a share of the CenturyTel company-wide merger synergy savings. Although this is not a regulatory directive, I encourage Embarq PA to consider a voluntary acceleration of its existing Chapter 30 broadband deployment commitments. We are also generally aware that certain amounts of federal stimulus money may be available...under the American Recovery and Reinvestment Act of 2009. I strongly encourage Embarq PA to timely explore these available federal stimulus funding*

*alternatives and utilize them to the extent practicable in order to potentially accelerate the implementation of identified and pending BFRR projects.”*

*“Although I support the merger approved today with conditions, I am not convinced that all of the merger savings have been captured for Pennsylvania ratepayers. I believe that the rate freeze currently in effect as a result of a previous settlement in 2005 could have been continued on a going-forward basis resulting in additional merger savings for Pennsylvania...In not reaching an agreement on this issue, the parties have missed the opportunity to gain additional merger savings for Pennsylvania consumers.”*

*“I would encourage the merging companies to use the so-called “synergy” savings to accelerate broadband deployment in those underserved and mostly rural areas in Pennsylvania in advance of the normal schedule which did not have the benefit of potential synergy savings from the merger. Additionally, I will be mindful of the impact of prices for basic local service on rural consumers and will keep an eye on the relationship of prices for basic local service, overall market penetration, and broadband deployment.”*

*“While I support approval of the merger as in the public interest, I am concerned that the additional reporting requirements imposed on the merged company fall outside of the reports permitted to be required by the Commission under Chapter 30. The ALJ (Administrative Law Judge) approved the merger without conditions specifically finding, among other things, that the record was devoid of evidence to support the specific findings required by law to justify additional LEC reporting. I agree with the ALJ that the additional reporting requirements are unsupported by the record; however, I support the overall approval of the merger.”*

Excerpts from the respective statements of Chairman Jim Cawley, Vice Chairman Ty Christy, Commissioner Wayne Gardner, and Commissioner Kim Pizzingrilli regarding the Commission’s vote on the Embarq/Century Tel merger.