

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

May 8, 2009

INDUSTRY NEWS

- It's the highest percentage ever, says the Centers for Disease Control's National Center for Health Statistics in a report released this week concluding that one in five U.S. homes exclusively use cellphones. The 20.2 percent figure for the last six months of 2008 was up 2.7 percent from the first half of last year. The study also concludes that 14.5 percent of homes receive virtually all of their calls cellularly even though they have landline phones and, for the first time, the percentage of homes with mobile phones and no landline exceeded those with landline and no mobile phones.
- Good news this week from some rather large cable concerns, as first quarter results continue to hit the media outlets. Charter Communications posted a 6.5 percent revenue growth over the first quarter of last year, and Cablevision Systems reported revenue gains of 10.6 percent. Both companies' positive numbers can be attributed, at least in part, to the addition of voice customers. Cablevision added 51,400 net new voice service subscribers for the quarter (for a total of 1.93 million), while Charter added 73,400 (for a total of 1.42 million).

CONGRESS NEWS

- Earlier in the week, it was next week. Now it's sometime after Memorial Day. "It" is the confirmation hearing of FCC Chairman nominee Julius Genachowski which was postponed yesterday until after Congress' Memorial Day recess by the Senate Commerce Committee. Capital insiders are attributing the postponement to Republicans failure to submit any nominees for their party's seats and the desire of the committee (reflecting customary bi-partisan treatment) to consider both party's nominees simultaneously if possible.

THE DAILY NUMBERS

- 800

Market researcher In-Stat released a report on Wednesday concluding that the number of commercial airplanes providing broadband access is expected to "take off" from 25 in 2008 to 800 by the end of this year. The figure is not surprising if In-Stat's numbers on potential revenues from airborne access are true; \$47 million in 2009 and \$1 billion by 2012. Aircell (air-to-ground network), Row44, and Panasonic (both satellite-based technology) are the major players jockeying for customers.

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\$1 billion ought to cover it. So said California officials this week in comments regarding how much of the federal stimulus money they want to blanket the state with broadband. The Sacramento Bee reported on Tuesday that 45 percent of the Golden State's residents lack residential broadband connections.

QUOTABLE

- *"Broadband is indicative of what is wrong with the stimulus. If you think you are going to move the needle in any way, it is a pretty crummy program."*

"The stimulus bill was needed. But I am quite disappointed it was not taken more seriously."

"I think it's a bust."

"Ideally, it would have been better to have done mapping first, then hand out the money. You need to target to areas where there have been market failures. The government has a role to figure out how to do programs that make usage more beneficial."

"We are concerned the states won't be given a sufficient role. We don't want to have to go after funding for the same piece of fiber three, four, five times. If the state is not given a role, it is out the window."

The respective perspectives of former FCC Chairman Michael Powell, former FCC chief economist Michael Katz, industry analysts George Reed-Dellinger and Rebecca Arbogast, and Virginia's deputy chief of technology Karen Jackson. The five speakers were among many critical of the broadband deployment initiatives in the federal stimulus plan at this week's Federal Communications Bar Association meeting in Williamsburg.