

# Pennsylvania Telephone Association

*"The Communications  
Leader in Pennsylvania"*

## The Friday Report

June 26, 2009

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### INDUSTRY NEWS

- After weeks of speculation, the Obama administration finally, officially, announced its intention to nominate Meredith Baker to the last open seat on the FCC. Baker, who is the daughter-in-law of former Secretary of State James Baker and the former acting administrator of the National Telecommunications and Information Administration will, according to some industry analysts, be subjected to a nomination hearing by the Senate Commerce Committee sometime in early July. That hearing will also presumably feature the nomination of Mignon Clyburn. The nominations of FCC Chairman-to-be Julius Genachowski and current Commissioner Robert McDowell were finalized in the Senate yesterday, and expectations are that Genachowski will preside over the Commission's July 2 public meeting.
- The final regulatory approval is in place and CenturyTel and Embarq expect their merger to be effective next Wednesday. The FCC blessed the union yesterday in the form of a 31-page memorandum opinion and order with acting Chairman Michael Copps and Commissioner Jonathan Adelstein saying that the companies' offer to extend broadband speeds during the merger discussions was especially pleasing. The companies agreed to extend broadband speeds of at least 3Mbps to at least 80 percent of their combined 33-state service territory within three years and 87 percent of its incumbent territory with 1.5 Mbps within two years. (See related story in Quotable section).

### THE DAILY NUMBERS

- 335,800,000  
  
The House Appropriations Committee approved the FCC fiscal year 2010 budget yesterday at a level of \$335.8 million.
- 300,000,000,000  
  
According to a new study designed to ascertain the economic impact of the Internet and performed by Advertising Age magazine and Hamilton Consultants, the total dollar value of wages paid to Internet employees is approximately \$300 billion annually, or two percent of the country's gross domestic product.
- 54  
  
Entropy Economics released a paper on Wednesday concluding that residential broadband speeds in the U.S. grew by 54 times between 2000 and 2008. The paper's

author Bret Swanson asserted that the impetus for the research was interest group claims that Americans are living in a digital “dark age”.

## QUOTABLE

- *“The FCC’s approval is a significant and exciting milestone toward completing the merger. It has been a rigorous review process and we are pleased to have the FCC’s approval and recognition that the combination of CenturyTel and Embarq offers many benefits to our customers and the communities we serve.”*
- *“We have committed to the FCC that we will remain focused on infrastructure development and broadband deployment after completion of the merger. Our combined company is committed to investing in our communities and providing our customers high-quality, reliable communications and expanded broadband services.”*

The respective statements of CenturyTel CEO Glen F. Post III and Embarq CEO Tom Gerke on Thursday’s FCC approval of the merger of the two companies.

- *“The telephone excise tax is particularly unfair and regressive because it targets those least able to afford it – lower income, disabled, and older Americans and families who rely solely on landlines for communications. By eliminating the 3% federal telephone tax, we can cut taxes for many Americans by more than \$1.2 billion over the next decade.”*

Comments of Virginia Democratic Congressman Gerry Connolly who is one of four federal lawmakers who unveiled HR 3011, the “Telephone Excise Tax Repeal Act of 2009” on Wednesday. The levy was eliminated for the long distance portion of phone bills in May of 2006 after years of litigation with the U.S. Treasury Department. However, the tax is still being applied to local phone calls.