

Pennsylvania Telephone Association

"The Communications
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The Friday Report

June 5, 2009

INDUSTRY NEWS

- With the countdown to the digital television transition in its final stages, (June 12 is the official cut-over date) the FCC has asked the Commerce Department for an additional \$10 million in economic stimulus money to keep 4,000 call center operators on the job for 10 days after the transition. The Commission's call center is operating on a \$30 million budget and expects potentially large volumes of calls in the timeframe immediately after the June 12th date.

In other transition news, the Consumers Union took a swipe at the cable industry this week, saying that providers have been airing misleading ads which fail to mention all consumer options and are making it difficult for consumers to sign up for advertised low-cost basic service plans. National Cable & Telecommunications CEO Kyle McSarrow responded by saying that NTCA has spent \$250 million on an advertising campaign and has gone above and beyond the call of duty in educating citizens regarding the transition.

- Fresh off their final state commission approvals, CenturyTel and Embarq are now advocating for the FCC "thumbs up" and this week responded to competitive carrier requests for the imposition of significant conditions on the proposed merger. CompTel and CLECs have been seeking restrictions in the areas of interconnection, charges for bundled services, and customer conversion among others. Century and Embarq noted for the Commission that such "heavy-handed" treatment may be appropriate for RBOC-type mergers but not this one. The RLECs noted that they do not now compete with each other except in limited coverage areas. Subsequently, there would be virtually no negative impact on competition.

The companies are hoping to complete the merger by the end of the month and, according to media reports, the new entity will be called CenturyLink when it's all said and done.

- Earlier this week, President Obama announced his intention to nominate FCC Commissioner Robert McDowell to a second term on the Commission. McDowell was originally nominated by President George W. Bush in 2006 for a term which expires on June 30th. Industry analysts have opined that former acting administrator of the National Telecommunications and Information Administration Meredith Baker will be the other Republican nominee to the FCC.

THE DAILY NUMBER

- 62, 18

A new report from the U.S. Census Bureau concludes that Internet use has more than tripled in the decade from 1997 to 2007. Specifically, 62 percent of Americans used the Internet from home in 2007, while only 18 percent did so in 1997. Urban-centric states Alaska and New Hampshire led the way with 76 and 75 percent usage respectively in 2007. Although many factors have contributed to the increase in Internet usage, one was highlighted in this week's Point Topic research report concluding that consumers worldwide are getting more Internet for the money as service providers offer faster speeds for the same price. According to the report, during the first quarter of this year, the worldwide average price per megabit second was approximately \$15.60 per megabit second, down from \$25 a year earlier. The cost of fiber and cable decreased as well on the Point Topic barometer to \$1.25 and \$5.65 per megabit second respectively.

QUOTABLE

- *"The immunity legislation that the court upheld today gives the telephone companies a free pass for flouting the law and violating the privacy rights of millions of their customers."*

Ann Brick, American Civil Liberties Union attorney regarding this week's rejection of domestic surveillance lawsuits by a federal judge in San Francisco. Judge Vaughn Walker granted a Justice Department request to drop all of the claims, ruling that Congress and the President were within their rights in nullifying the judicial branch's role in ruling whether telcos could be held liable for wiretapping under the Foreign Intelligence Surveillance Act.