

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

September 25, 2009

PUC PUBLIC MEETING

9/24/09

- In a unanimous vote, the PUC approved the Secretarial Letters certifying to the FCC and USAC that Pennsylvania's rural ILECs will use all federal high-cost support provided to them for the year 2010.

INDUSTRY NEWS

- AT&T, CenturyLink, Comcast, Verizon, and Windstream are among the nearly 100 members of the new Broadband for America coalition which recently unveiled its website, www.broadbandforamerica.com. The group plans on launching a television advertising campaign on Sunday, emphasizing the role of private investment and competition in driving innovation and technology.
- After seeing the television ads for the wildly popular iPhone, you would think the applications are limitless. Think again. iPorn has developed an app that can only be accessed by visiting the company's website from a mobile phone, but Apple is not interested in adding the service to its iPhone menu. In what would certainly provide for a comical scenario, iPorn has said that it plans to send some of its models to Apple headquarters for a meeting with top-level executives.

CONGRESS NEWS

- Cheaper broadband for low-income consumers. That's the objective of the Broadband Affordability Act of 2009, unveiled this week by California Congresswoman Doris Matsui. The proposed legislation would direct the FCC to establish a program allowing Lifeline enrollees to qualify for discounted broadband service, and require the Commission to periodically study the available market price and speed of broadband service in order to appropriately calculate the amount of support for potential subscribers.

THE DAILY NUMBERS

- 1,000,000,000

In a true "Wall Street" showing of the power of the Internet, media reports this week claim that microblogging site Twitter has been valued at \$1 billion despite not yet showing investors how it is actually going to make money. Advertisements on the Twitter

site seem to be the logical route that Twitter would travel, but co-founder Biz Stone told reporters at a company news conference that “we’re not thinking about that just yet.”

- 96

On Thursday, 96 percent of the shareholders of D&E Communications approved the acquisition of the company by Windstream. The \$330 million deal was originally announced in May and expectations are that it will close by the end of the year.

QUOTABLE

- Consumers are entitled:

“...to access the lawful Internet content of their choice.”

“...to run applications and use services of their choice, subject to the needs of law enforcement.”

“...to connect their choice of legal devices that do not harm the network.”

“...to competition among network providers, application and service providers, and content providers.”

The FCC’s four broadband industry principles adopted in August 2005.

- *“Broadband providers cannot discriminate against particular Internet content or applications. This means they cannot block or degrade lawful traffic over their networks, or pick winners by favoring some content or applications over others in the connection to subscribers’ homes. Nor can they disfavor an Internet service just because it competes with a similar service offered by that broadband provider.”*

A fifth net neutrality principle offered by FCC Chairman Julius Genachowski earlier this week. The Chairman announced on Monday that he would, in the near future, ask his fellow Commissioners to begin the process of codifying the agency’s net neutrality principles and add requirements that mandate nondiscrimination and transparency.

As expected, the announcement was met with a variety of perspectives among industry participants and even from Genachowski’s Republican colleagues. Commissioners Robert McDowell and Meredith Baker issued a joint statement supporting the Chairman’s efforts in concept, but expressing concern about the process and what they perceived to be a “dramatic proposal to grow government’s involvement in Internet governance and management.” Apparently Texas Senator Kay Bailey Hutchinson (the ranking minority member of the Senate Commerce Committee) agreed, since her initial reaction to the Genachowski initiative was to file an amendment to the Interior Appropriations bill blocking the FCC from spending any money to create new regulatory mandates. Hutchinson has subsequently agreed to conditionally postpone that endeavor after receiving a call from the FCC Chairman soliciting her input on the matter.