

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

January 15, 2010

INDUSTRY NEWS

- CenturyLink announced this week that it is laying off 600 employees (twenty percent of its workforce) in the Kansas City area. A spokesman said that the move was necessary in the wake of the acquisition of Embarq to ensure that there is not duplication of effort, especially as landline losses continue.
- Be wary of telecom resellers. That is the lesson learned this week as the FBI arrested the owner of Core IP Networks, a Dallas-based company which planned to defraud some major telcos (AT&T, Verizon among others) out of approximately \$15 million. The scheme worked like this: Core would establish shell companies using the identities of homeless people (who were compensated with \$100 and a bottle of wine) as the CEOs, establish lines of credit and resell telecom services, then skip out before paying the major carriers.
- It used to be that Zagat's surveyed and rated only restaurants. Eventually the world-renowned rating firm broadened its scope to include nightlife, shopping, music, movies and other categories. This week witnessed the first ever Zagat survey of wireless carriers and Verizon Wireless came out on top. Across the five categories of reliability, coverage, customer service, products, and value, VW scored an average of 22 out of a possible 30, putting it in the very good to excellent category. T-Mobile came in at 19, AT&T and Sprint at 18.

LEGISLATIVE NEWS

- PUC Chairman Jim Cawley appeared before the House Consumer Affairs Committee on Wednesday to inform committee members regarding the priorities of the Commission. Gas pipeline safety, the expiration of electricity rate caps, and Commission reorganization under Act 129 topped the list. When queried by Committee Chairman Joe Preston regarding telecommunications issues, Cawley offered that being a net-payer into the federal Universal Service Fund is not acceptable and that his recent appointment to the Federal-State Joint Board on Universal Service will help the state in this regard.

THE DAILY NUMBERS

- 4,000,000

As of yesterday afternoon, Americans had donated more than \$4 million to the Red Cross to aid its efforts in earthquake ravaged Haiti. This particular donation stream is unique

however in that all of the proceeds were given by texting the word “Haiti” to the number 90999. The non-profit mGive Foundation is working with the Red Cross to coordinate the effort.

- 200

According to U.S. Deputy Transportation Secretary John Porcari there have been approximately 200 bills introduced in state legislatures across the country (Pennsylvania has six) banning texting while driving and more states should take the next step and enact them into law. Nineteen states currently have statutes banning texting while driving. The City of Harrisburg recently passed an ordinance with a similar ban which goes into effect on February 1st.

QUOTABLE

- *“To me, looking first to increase taxes ignores the already heavy burdens taxpayers face – not just tax bills, but also indirect taxes. Consider the hidden costs imposed on everyday items or other so-called ‘sin taxes.’ These tax bites include the costs of sales taxes, corporate taxes, payroll taxes, property taxes, capital gains taxes, environmental costs, unemployment taxes, workers’ compensation coverage, and other fees and payments to federal, state, and local governments....Cable television and cell phone calls cost 46 percent more because of taxes...gas and land line phones are over 51 percent more.”*

Excerpt from a Column for publication entitled “Lessons Learned from 2009” issued yesterday by Lebanon County State Senator Mike Folmer who chairs the Senate Communications and Technology Committee. Folmer highlighted the 101-day state budget impasse and the concept that state government should live within its means.