

# Pennsylvania Telephone Association

*"The Communications  
Leader in Pennsylvania"*

## The Friday Report

February 12, 2010

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### INDUSTRY NEWS

- At its Public Meeting yesterday, the Commission unanimously supported a Motion by Chairman Jim Cawley requiring Global NAPs to pay Palmerton for intrastate access. (A Member Bulletin was distributed yesterday which includes the Cawley Motion and an accompanying summary by PTA counsel). The Commission also unanimously adopted a staff recommendation on a Petition filed by the United Way of Pennsylvania requesting assignment of the 211 abbreviated dialing code to the not-for-profit organization PA 2-1-1. (PTA will circulate the final Order when it is available).
- Yesterday, the Ohio Public Utilities Commission joined its peer commissions in California, Nevada, and South Carolina by approving Verizon's proposed sale of landline operations in the state to Frontier. Frontier will need to meet certain service quality standards and accelerate broadband deployment as part of the PUC's "thumbs up". On deployment specifically, the agreement requires Frontier to make broadband service available to 85 percent of households in the acquired service territory by the end of 2013.
- While the U.S. never seems to fare well in the media-hyped global broadband penetration studies, a report on "useful connectivity" ranks us second behind Sweden. The report, in its third year and compiled by Professor Leonard Waverman of the University of Calgary, defines useful connectivity as a combination of infrastructure, complementary skills, software and informed usage that makes information and communication technology a driver of productivity and economic growth.
- Windstream completed its acquisition of NuVox this week for \$467 million in cash and stock and the assumption of \$180 million in debt. NuVox is a CLEC headquartered in Greenville, SC with approximately 90,000 business customers in 16 states.
- It's a "no-go" for the Supercomm 2010 trade show. The U.S. Telecom Association and the Telecommunications Industry Association announced earlier this week that they are cancelling the October conference.

### THE DAILY NUMBERS

- 29,000,000,000

The first volley in what will be the fiscal year 2010-2011 state budget debate was launched by Governor Ed Rendell on Tuesday in the form of his proposed \$29 billion budget. Highlights of the spending plan (which is an increase of more than 4 percent over the current year's budget) include a lowering of the state sales tax to 4 percent, but with a

corresponding removal of 74 exemptions from the tax. Rendell also proposed a Stimulus Transition Reserve Fund to soften the blow of losing almost \$3 billion in federal stimulus money and the expected fiscal challenges of higher pension costs. Revenue for the fund would come from a variety of sources, including the aforementioned sales tax exemptions removal, and a new tax on Marcellus shale pumping.

- 2,000,000,000

Media reports this week noted that Nortel has generated more than \$2 billion by auctioning off its various divisions and that that number could increase by another billion when all of the deals close. The company announced on Thursday that 13,000 Nortel employees have found jobs with companies who have purchased Nortel assets.

## **QUOTABLE**

- “Competition not only serves the overarching Congressional goals for the 1996 legislation, it also promotes investment, employment, and serves to stimulate economic activity generally. There can be no doubt that entrants’ ability to obtain access to ILEC facilities and to utilize those facilities to compete with the ILECs in downstream markets drives the competitor’s own facilities investments. Moreover, the presence of robust competition and the challenges that such competition presents to incumbents forces incumbents to escalate their own investment programs as well. Policies that frustrate entry serve to create complacency among incumbents, affording them with little incentive to take risk, increase their efficiency, bring innovative services to market, and to invest in their networks.”

Excerpt from a report released today by a group of CLECs and the public interest advocacy group Public Knowledge.