

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

February 5, 2010

INDUSTRY NEWS

- Next week's FCC meeting agenda holds some interesting topics according to the agency's Sunshine Notice which was released yesterday. On the "to do" list are an order and notice of proposed rulemaking (NPRM) which would enable schools which receive E-rate revenue to allow the general public to use school Internet facilities during off-hours, NPRMs to reform the Commission's ex parte rules and modernize the Commission's organizational and procedural rules, and a status report on the national broadband plan. The presentation on the plan is likely to be the last prior to submission of the plan to Congress which is slated to occur on March 17th.
- Comcast announced on Wednesday that it will rebrand its TV, Internet and telephone services as Xfinity on February 12th. In addition to changing logos on 24,000 service trucks and thousands of employee uniforms, the company will unveil the new brand during commercials slated to air during the Winter Olympics.

CONGRESS NEWS

- The proposed Comcast-NBC merger was the focus of intense scrutiny by House and Senate subcommittees on Thursday, with several committee members expressing serious concerns (see related story in Quotable section). The most notable concerns raised during hearings held by the House communications, technology, and the Internet and the Senate antitrust subcommittees were the availability of, and access to, online video programming, the need for net neutrality rules, and rising cable bills.

LEGISLATIVE NEWS

- Next week the House Consumer Affairs Committee will meet to vote on two telecom-related bills, House Bill 1812 and House Resolution 606. HB1812 provides penalties for theft of telecommunications service, and HR606 memorializes the FCC to approve the PUC's petition to implement mandatory number pooling "to better manage current area code resources and to extend the life of 570, 814, and 717 area codes."
- PUC Chairman Jim Cawley, Vice Chairman Ty Christy and Commissioner Rob Powleson appeared before the House Appropriations Committee this week to discuss the agency's fiscal year 2010-11 budget. In response to questioning from the committee's minority chairman Bill Adolph, Cawley noted that the Commission has had approximately 500 employees for the last several years, but due to high turnover in certain bureaus may have 20 vacancies at any given time. He further noted that the

governor reduced the Commission's complement by 20 positions but has approved their restoration to meet customer service needs. The PUC is scheduled to appear before the Senate Appropriations Committee on February 23rd.

THE DAILY NUMBERS

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In the wake of last week's speculation that Apple and Verizon Wireless would announce a partnership allowing the latter to add the iPhone to its stable of mobile devices, comes an opinion that that is not likely to happen in the near future. Analyst Jonathan Chaplin of Credit Suisse issued a note this week saying that the company believes there to be a 75 percent probability that AT&T will retain iPhone exclusivity in 2010. Chaplin believes that the deal with Ma Bell could even run into 2011.

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According to survey results released earlier this week from the Pew Research Center's Internet & American Life Project, 58 percent of the nation's 12-year-olds now have mobile phones. That represents a significant increase from the 18 percent who had them in 2004.

QUOTABLE

- *"Since the merger was announced we've heard some of the usual predictions that this is the end of the media world as we know it. Put me down as skeptical on that."*

Texas Republican Representative Joe Barton, ranking minority member of the House Commerce Committee on the proposed Comcast-NBC union. Barton called for allowing the companies to take risks and for the market to determine their success or failure.