

Pennsylvania Telephone Association

*"The Communications
Leader in Pennsylvania"*

The Friday Report

March 12, 2010

INDUSTRY NEWS

- The taxability of federal broadband grants continued to grab the attention of current and potential grantees this week as the U.S. Treasury Department wrestles with how best to address the matter. The National Association of Regulatory Utility Commissioners (NARUC) penned Treasury Secretary Tim Geithner on Monday asking for a clarification since instructions to date have not yielded much insight. NARUC sought similar information from Geithner regarding smart-grid grants distributed by the Energy Department which the organization believes are not being used because of the potential tax liability. The most recent "instruction" from Treasury is that the grant proceeds may or may not be taxable depending on circumstances such as whether the funds are used for capital investment or operating expenses.
- It hasn't happened since 1994. A name other than Bill Gates or Warren Buffet tops the world's richest person list. And this year's winner is Mexican telecom giant Carlos Slim. Slim owns America Movil and other communications investments and his net worth comes in at \$53.5 billion. No need to feel sorry for second-place Gates who is worth half a billion less.
- The Better Business Bureau (BBB) reported its complaint data from last year and mobile phone service and equipment concerns led the way. The 37,477 complaints about wireless service was a 2 percent increase from the prior year. Cable and satellite TV service (32,616) finished second, up almost 9 percent from 2008. Complaints regarding telephone companies finished eighth (13,470), which was an 11 percent hike from the prior year.

LEGISLATIVE NEWS

- A busy week in the state capital for telecommunications issues, as the House of Representatives addressed 911 for pre-paid wireless service, numbering issues, and theft of telecommunications services. On Monday, the full House voted 169-24 in favor of legislation (HB1789) which requires the sellers of pre-paid wireless service to collect a 9-1-1 fee from purchasers. The bill was referred to the Senate Veterans Affairs and Emergency Preparedness Committee on Wednesday. The House Consumer Affairs Committee unanimously reported out two items on Wednesday. First, the committee approved House Resolution 606 which urges the FCC to grant the Pennsylvania PUC's petition seeking authority to implement mandatory number pooling to increase the number of NXX codes available for assignment. (The PUC is currently in the process of holding public input hearings on area code splits versus overlays in various parts of the

state). Finally, the committee approved House Bill 1812 which further provides for the grading of theft of telecommunications services.

CONGRESS NEWS

- Caller ID spoofing legislation in the form of HR 1258 passed the House Energy and Commerce Committee on Wednesday, the third time such legislation has cleared the committee hurdle. The legislation prohibits the manipulation of phone or VoIP caller ID data with an intent to deceive or cause harm. Pennsylvania Congressman Tim Murphy was prime sponsor of similar legislation in a previous session of Congress.

THE DAILY NUMBER

- 164,000,000,000

According to a report released this week by ABI Research, worldwide revenue for fixed broadband services rose by 13 percent from 2008 to 2009 to \$164 billion. ABI estimates that revenue for these services will reach \$210 billion by 2014. With regard to DSL specifically, the research firm says revenues totaled approximately \$100 billion last year, but will grow slowly over the next several years to an estimated \$103 billion in 2014.

QUOTABLE

- *“These are services that are vital to our democracy. They shape the way we communicate. They shape the way we share news and information. They shape the way we entertain ourselves and the way we spend our free time. When consolidation occurs in these markets, we need to pay attention. When companies swell to include both content and distribution, we need to pay attention. Because it is vitally important that when we have mergers in these markets, consumers cannot be left with lesser programming and higher rates.”*

Senate Commerce, Science, and Transportation Committee Chairman Senator Jay Rockefeller at this week’s committee public hearing on the merger of Comcast and NBC Universal.