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Google/Motorola Deal Under Review by Hill; Short-Term Impact Uncertain

Capitol Hill is reviewing Google's proposed \$12.5 billion purchase of Motorola Mobility, aides to lawmakers told us. The FCC will review the deal, but only to a limited extent, an FCC official said. Motorola Mobility has a few spectrum licenses and will have to apply for license transfers. In the near-term, it's hard to see how the deal might affect small carriers as well as lobbying on the FCC's proposed AllVid rules, officials told us. Google has much to gain from Motorola's extensive patent portfolio, executives and analysts said. The companies are "confident" the deal, which would help protect the Android system from patent threats, will get approved by regulators in the U.S., Europe and possibly other jurisdictions, executives said during a conference call Monday announcing the deal.

The House Judiciary Committee "just received notice of the proposal and [is] reviewing it," a Judiciary aide said. Similarly, a spokeswoman for Senate Antitrust Subcommittee Chairman Herb Kohl, D-Wis., said staff "is just beginning to review the issue." A spokeswoman for the subcommittee's ranking member, Mike Lee, R-Utah, said the acquisition "is among many issues we look forward to discussing with [Google Chairman] Eric Schmidt at the subcommittee hearing next month." That hearing, which had already been planned, is titled "The Power of Google: Serving Consumers or Threatening Competition?" The deal is expected to be completed by early 2012.

Expect Hill questions about what the vertical transaction means for search engines, handset manufacturers and OS makers that compete with Google and Motorola, a Senate aide said. Google is dominant in the search market and has been increasing its presence in the mobile space, the aide said. Review of the deal should include consideration of how important Android is for handset manufacturers and if Google's control of Motorola would result in more restrictive terms for other manufacturers, the aide said.

Rep. Robert Dold, R-Ill., welcomed Google to his district, home of Motorola Mobility. "After reaching out to Google this morning, I'm pleased that Google intends to have Motorola Mobility retain its

presence here in Illinois,” he said. “While more must be done to spur job creation, it is welcoming news for the people of my district and the surrounding suburbs that Google is going to have a presence here.”

The deal is procompetitive and is not a horizontal transaction, Google Chief Legal Officer David Drummond said on the conference call. Android would drive innovation, competition and end-user choices, he said. One of Google CEO Larry Page’s main messages on Monday’s call was that the deal won’t change how they run Android. “We will run Motorola as a separate business and provide separate reporting,” Chief Financial Officer Patrick Pichette said. The acquisition should “mildly” add to earnings, once the deal closes, he said. Google still has plenty of financial flexibility to pursue future opportunities, he said. That could include the purchase of more patents, Drummond said. Google’s Android partners, including Samsung, Sony Ericsson, HTC and LG Electronics, said in a statement the transaction shows Google’s committed to “defending Android.”

Small carrier officials said it’s too early to tell whether the deal is good or bad news from their standpoint. “I think the jury is still out on whether the Google purchase of Motorola Mobility will be a good thing or bad thing for small carriers that still have real problems getting access to devices,” said Steve Berry, president of the Rural Cellular Association. “Google could abandon the concept of building OS Android phones for the new 4G ... or they could focus on exclusivity deals with the largest carriers” which “could freeze out the smaller carriers,” he said. But an executive with one competitive carrier said the deal could mean more competition. “This has the potential to reduce AT&T’s and Verizon’s near-complete control over the device market,” the official. “Apple has shown that you can sell a device to consumers separate from a carrier. Google is one of the only other players in the industry with the power to do the same thing, but it lacked the hardware until now. If Google gets serious about the device business, it can be a disruptive force in today’s virtually closed market for devices.”

The American Cable Association will review the deal to understand the impact on the cable set-top box market, “which has been a frustrating one for small cable operators long beholden to the Motorola-Cisco duopoly,” CEO Matthew Polka said. For many cable operators, the question is whether Google’s takeover of Motorola as one of only two major manufacturers will make things better or worse, he said. ACA members will want assurances from Google that it is committed to the cable business model and won’t use its market power to run roughshod over smaller cable operators, he said. Additionally, “the future holds great promise for rural consumers as small cable operators explore IP- and cloud-based solutions in offering video to subscribers on TVs, PCs and mobile devices,” he said. Prior to the deal announcement, Google has had its own interests in all of these areas and it will be important that Google’s other business interests don’t unduly harm the growth of these new competitive market opportunities, he said.

It’s difficult to draw conclusions about how the transaction might affect lobbying on the FCC’s proposed AllVid rules, industry executives watching that proceeding said. Motorola and Google’s policy goals on AllVid don’t seem aligned. Motorola, one of the two major vendors of cable set-top boxes, has recently been quiet on AllVid. In its last meeting with FCC officials on the matter it discussed how “AllVid mandates would likely harm consumers, including those in low-income households,” an ex parte notice filed April 14 shows. Google has been an advocate for AllVid rules as a member of the AllVid Tech Alliance. With the acquisition so fresh and the target clearly not the set-top business, it’s doubtful either party has considered how it would affect their AllVid lobbying, industry executives said. The proceeding has effectively been on hold at the commission (CD Aug 1 p6) .

It’s not certain Google would keep the set-top box and other Motorola businesses that affect cable and pay TV, said Executive Vice President Marc Sokol of NeuLion, an IPTV set-top box vendor. “It’s too

early to know how Google is going to rationalize the product portfolio within Motorola Mobility."

Google may decide to shed some of those assets, said Robin Wilson, vice president of business development at Nagravision, a conditional access vendor. "If you look at all the acquisitions Google has done so far ... they tucked the companies in relatively well," he said. "This one is hugely different." The cultural differences between the companies are stark, Wilson said. "It's night and day, even in Silicon Valley, between going to a Motorola facility and Google."

If Google was to keep Motorola's set-top box business, it could extend the Android operating system into the pay-TV environment, Sokol said. "Ultimately, the cost of those devices could go down if they're all running Android as opposed to some operating system from which more revenue is extracted." It could allow Android application developers access to new platforms and classes of hardware, he said.

Google will probably soon clarify its intentions for the set-top and other businesses where Motorola Mobility operates, because it needs to reassure existing partners in those markets, said Rovi's chief evangelist Richard Bullwinkle. "They have to either say 'Yes, we're entering the hardware space,' or 'We're not coming after you,'" he said. "But if I were one of the manufacturers who has chosen Google's TV platform — Sony, for example — I would be looking for clarification right now."

Google has much to gain from Motorola's extensive patent portfolio, composed of more than 17,000 patents and more than 7,500 pending applications. The boost to Google's patent holdings would provide a formidable line of defense for the Android operating system, which has been "under threat" from competitors, said David Drummond, Google's chief legal officer. "We've been saying for some time that we intend to protect the Android ecosystem," he said during Monday's conference call. "We think that combining with Motorola and having that kind of a patent portfolio ... to protect the ecosystem is a good thing."

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This year Google lost two high-profile patent bidding wars to competitors. In July, Google's stalking-horse bid to purchase 6,000 patents from Nortel, a bankrupt Canadian manufacturer of telecom equipment, was trumped by a \$4.5 billion deal offered by a consortium of Google's competitors: Apple, Microsoft, Research In Motion, Sony, EMC and Ericsson. Earlier this year, Apple, Microsoft, Oracle and EMC out-bid Google for 882 patents from software maker Novell, which they purchased for \$442 million. Drummond claimed that Google's competitors were using the patent acquisitions to mount a coordinated effort to increase Android licensing fees for phone manufacturers, in a blog earlier this month (<http://goo.gl/3H7U7>).

Though the Justice Department typically handles telecom deals, this one could fall under FTC scrutiny. If a transaction is greater than \$66 million, the companies must file premerger papers with both the DOJ and FTC, who later decide which agency will process the request. A Justice spokeswoman told us it's too early to comment on the proposed deal as "the acquisition was only announced this morning." Justice has been eyeing the patent battle for what it called "antitrust concerns," and forced Apple, Microsoft, Oracle and EMC to change the terms of their Novell patent acquisition back in April.

The FTC refused to comment on the proposed acquisition. The agency is currently investigating Google on antitrust violations related to its search and ad businesses. All Google services will be subject to third-party privacy audits pending the completion of the FTC's Google Buzz settlement.

At the \$12.5 billion price tag, the deal represents the largest acquisition ever by Google, analyst firm Collins Steward said. The deal emphasizes the "tremendous future monetization potential of Android, as well as Google's huge bet on mobile," it said. Some Android partners are becoming increasingly annoyed with "Google's growing world domination," said Stela Bokun with Pyramid Research. As for Android partners among handset makers, the deal "might not be so good for them in medium to long term," he said. Meanwhile, Google's ratings are unaffected by the deal, Standard & Poor's said. — *Yu-Ting Wang, Bryce Baschuk, Howard Buskirk, Adam Bender, Josh Wein*

Left Out

Users of Precision GPS Devices Ask FCC to Reject Revised LightSquared Plan

LightSquared's revised proposal to open operations in the lower 10 MHz channel of its band, 1525-1535 MHz, is expected to have the biggest effect on a class of high-precision, highly accurate devices that use receivers that make use of LightSquared's entire band. The number of these devices is relatively small, perhaps 400,000 nationwide, LightSquared officials tell us. Not surprisingly, agricultural and other interests heavily invested in these high-precision devices have been among the most active in protesting LightSquared's proposed network in recent filings at the FCC.

The class of devices includes precision agriculture equipment, devices used by surveyors and some construction equipment, a LightSquared official said. "Their receivers are intentionally designed to look into the entire band in order to be able to receive a satellite augmentation signal, as opposed to building a separate receiver with filtering to do that," the official said. "It's designed that way. It has always been designed that way. ... I don't know why this issue didn't come up earlier."

The Iowa Corn Growers Association told the FCC allowing LightSquared to offer service even in a limited way in 10 MHz of its spectrum will drive up the costs of growing corn and prices for consumers. Farmers have invested significant dollars in high-precision navigation systems to increase their efficiency and production, the group said in a filing at the commission (<http://xrl.us/bk9iis>). "Failure to protect high-precision GPS services would adversely impact fertilizer and pesticide efficiencies, yield and variable rate applications. Ultimately, farm operations would have to absorb higher seed, fertilizer, fuel and wage costs," the Iowa association said. The Nebraska-based United Farmers Cooperative said precision GPS "has played a tremendous role in making sure that we are applying the right products to the right fields in a timely manner," in a filing at the FCC (<http://xrl.us/bk9ijz>) making a similar argument.

"Our systems, spanning the last 10 years to today, will not be immune to the LightSquared signal, even with them operating exclusively in the bottom 10 MHz segment," said JD Equipment, which sells high-precision agriculture equipment (<http://xrl.us/bk9ixm>). "It is not possible to go back in time and build legacy GPS receivers to work in such a high [radio frequency] environment in which they were never designed to compete."

New York-based TEC Land Surveying said its entire business is threatened if the FCC allows LightSquared to use the lower 10 MHz band. "We rely on high accuracy GPS to stay in business and we use high accuracy GPS every day in a variety of ways," the company said (<http://xrl.us/bk9img>). "By allowing Light Squared to interfere with high accuracy GPS, you will negate many millions if not billions spent by municipalities and the federal government to establish high accuracy horizontal and vertical control throughout the country." Steven Scott, president of Montana's Scott Land Surveying, said his company uses high-precision GPS on a daily basis (<http://xrl.us/bk9it4>). "If the quality of satellite GPS signals were to be adversely affected, in any way, by the proposed LightSquared broadband network, the best case would be a much higher cost to our clientele," Scott contended. "The most likely worst case would be to close this small business entirely."

The University of Georgia Sea Grant College Program said LightSquared's alternative proposal "will still impact high precision GPS receivers already in use across the coastal community," in a letter filed at the FCC (<http://xrl.us/bk9iku>). "Our research and outreach programs depend on GPS to precisely locate long-term research locations, track animals on a continuous basis, and to collect streaming data from moving rovers as only a few examples of GPS use in research." — *Howard Buskirk*

'Top-to-Bottom' Test

FEMA Eyes Improved Audio Quality and Industry Help for Nov. 9 U.S.-Wide EAS Test

Government officials and industry executives are seeking technical and coordination improvements to the emergency alert system so that the first-ever nationwide test of EAS is smooth. Officials from the Federal Emergency Management Agency, FCC and state emergency agencies spoke on a webinar Monday organized by FEMA. "Are You Ready for the Nationwide Emergency Alert System Test" was its title. Government officials and executives from the broadcasting and cable industries said they're making progress on improvements from earlier smaller-scale tests, and that some issues remain. And Chief Jamie Barnett of the FCC Public Safety Bureau said in a separate message to broadcasters that there will be more, "periodic" nationwide EAS tests.

Issues in two previous statewide EAS tests in Alaska are informing the upcoming U.S.-wide test, officials involved in the coming simulation including Manny Centeno of FEMA said on the webinar. "We're also working on the national audio quality," he said, "so that on Nov. 9 we have a much better, cleaner audio message going out to the rest of the nation." Earlier tests had audio issues, where some couldn't hear the warnings (CD Feb 3 p5). FEMA also seeks to improve "the clarity of the message," said Centeno, the agency's EAS test program manager. "What is the message? Why are we sending this message out" also could be areas for improvement, he said. An official with the National Oceanic and Atmospheric Administration said his agency is working on improvements to how it broadcasts messages to transmitters. "Sometimes distance from transmitter to receiver affects audio quality," he noted.

It can be difficult to get EAS messages in rural areas, FEMA said in a draft best-practices guide that was discussed on the webinar. The agency sought suggestions to changes in the guide, which is targeted to be released Oct. 3, and has a webpage to collect such ideas at <http://goo.gl/7jXo9>. "It can be significantly more challenging to receive these important EAS messages in remote locations, rural areas, and locations that are susceptible to interference from man-made sources," said part of the draft (<http://goo.gl/CjV14>). "In areas where there is a close relationship between emergency management agencies and EAS participants, the EAS does very well," said another part of the document. "Where the strong partnership does not exist, the EAS has remained ineffective and underutilized."

There may be smaller tests in regions like New England before the nationwide event in November, Centeno said. "We're working with several states and broadcaster groups across the country." He sought a "coordinated, targeted approach" to informing viewers and listeners of EAS participants and those industries about the test beforehand. Participants are all cable and DBS systems, radio and TV stations and satellite radio. Centeno asked webinar participants how consumers who get the simulation can hear more than the standard "this is a test" line over and over and instead can learn about how EAS works "to keep you safe."

The event will last as long as 3 1/2 minutes, versus the 2 minutes for monthly EAS tests that participants now do on a local basis, Barnett said in a video message to broadcasters. It was distributed by the NAB (<http://goo.gl/kfptq>). "It is vital that the broadcasting industry help ensure the success of the national EAS test," the association told members. On the FEMA webinar, executives from the American Cable Association and NCTA said their members would do their part, too. "We need your help" with the "first-ever top-to-bottom test" of EAS, Barnett told broadcasters. "We need a good diagnosis of systemwide performance."

"The purpose of this test is not to play 'gotcha' with broadcasters and other EAS participants," Barnett said. "Rather, it is to assess what works with the national EAS, what doesn't, and ... to fix any problems the test uncovers." Barnett and officials on the FEMA webinar said the EAS test is important, even though that agency has developed the common alerting protocol (CAP) standard for alerts to be distributed by emergency managers online to EAS participants and eventually perhaps to wireless carriers and others. Putting CAP into place "will take time," said Barnett, who's leading the commission's efforts to make new rules for EAS participants to adhere to CAP. "EAS will play a primary role in disseminating alerts to the public in the foreseeable future."

The test of EAS will help improve that system, even before CAP is fully used, Centeno said. "We're trying to lift the EAS and improve it as we go," he said: Since "CAP is going to be running on top of EAS, and we need to improve EAS incrementally, so this whole thing we're doing with common alerting protocol can work." He asked government and industry EAS participants about ways to improve the system. "The 700-pound gorilla in the room doesn't always get asked" about, "which is how good" EAS is "as an emergency manager," he said.

"It's another tool in the toolbox" to alert people of disasters and such, replied Operations Chief John Campbell of the Missouri State Emergency Management Agency. "I'm not going to say it's the only tool, but certainly it's something we can use." Don Miller of Washington State's Emergency Management Division concurred. EAS is "one of the" main ways of getting word out of earthquakes or wildfire in Washington, he said. Centeno reminded webinar participants that EAS "shouldn't be your only tool — this should be an important tool in your arsenal," which should also include billboards. A wireless alerting system is coming "very soon," he said.

Other topics that came up at the FEMA webinar were letting EAS participants select which broadcaster to get emergency alerts from and overriding some EAS messages. The FCC Public Safety Bureau has been getting inquiries on such subjects, said Associate Policy Division Chief Greg Cooke. We hope to get a "greater and more specific understanding of what those problems are" on "selective override issues" because the bureau gets "calls about this all the time," he said. "Hopefully" leeway for voluntary arrangements among EAS participants can be kept "in place," he said. Centeno called overrides a "hot topic." Stakeholders "need to come up with practical solutions to it at least incrementally until we get some longer-term solutions," he added.

"Flexibility" is "important to the broadcast community," said President Whit Adamson of the Tennessee Association of Broadcasters. "You look to whichever direction your weather is coming from" in an emergency, on getting alerts, he said. Some decisions on EAS are "in the hands of the cable operator" and should remain there, said Steve Johnson, a consultant to the NCTA. "We need to encourage the broadcasters and cable operators to work together, to see where it makes sense" on emergency overrides, he said. "I don't think we need any kind of rule change to accommodate that." Some cable systems have to accept whatever alerts come their way, ACA representatives said. "It's not just a simple issue of choosing to override" a message, said President Matt Polka. "We have other obligations to meet," he said: "And sometimes there isn't someone there to receive" the message and choose to not pass it on. — *Jonathan Make*

Comm Daily® Notebook

The FCC is investigating the Bay Area Rapid Transit Authority's decision to shut off mobile Internet and cellphone service inside segments of the transit system last week. BART officials shut off power to communications facilities in four stations in San Francisco prior to an expected protest after BART officers shot and killed a knife-wielding man last month. The protest never took place. The Electronic Frontier Foundation called the shutdown "a shameful attack on free speech." EEF and other critics compared the action to similar clampdowns in Libya and Egypt. "Any time communications services are interrupted, we seek to assess the situation," FCC spokesman Neil Grace said Monday. "We are continuing to collect information about BART's actions and will be taking steps to hear from stakeholders about the important issues those actions raised, including protecting public safety and ensuring the availability of communications networks." Brookings Senior Fellow John Villasenor said some good could come out of the service curtailment. "While BART's action handed repressive governments across the globe a card that will no doubt be played in the future, given that the protest never materialized, it accomplished little more," he said. "Or did it? If there is any benefit to be extracted from this event, it lies in stimulating important discussions and decisions regarding the degree and manner to which entities in control of wireless networks serving public spaces have a right to disrupt the movement of digital information."

Edwards Angell is combining with Wildman Harrold, the law firms said Monday without disclosing terms. The first firm earlier this year combined with Fleischman and Harding, which has represented

broadcasters and cable operators (CD Feb 10 p12). The new firm will be called Edwards Wildman, with about 650 lawyers. Lawyers and other staff won't be shed because of the new deal, an Edwards Angell spokeswoman told us. Edwards Angell has about 20 lawyers who work on communications matters (<http://xrl.us/bk9hrn>), including Aaron Fleischman and Seth Davidson.

Capitol Hill

The Minnesota AFL-CIO General Board asked Sen. Al Franken, D-Minn., to reconsider his opposition to AT&T's plan to buy T-Mobile. The board passed a resolution supporting the transaction on Aug. 8. "Through this merger, more than 20,000 T-Mobile employees will have the opportunity to choose whether to have a voice in the workplace through union representation and a chance for the improved job security, collective bargaining and workplace protections that representation brings," the board wrote Franken last week. "We believe the merger will have a positive impact on the wireless industry, consumers and working families across Minnesota." An acquisition by AT&T is better than an acquisition by Sprint Nextel, the board said. "T-Mobile is a dying company and the alternative purchaser is Sprint, whose anti-labor, outsourcing, and offshoring actions are infamous," it said. "Sprint has a poor record when it comes to mergers, is deeply in debt and has no money to build out in the way that AT&T can." A Sprint spokesman declined to comment.

Microsoft is the No. 2 organization on a MapLight list of top 2010 contributors to members of the Joint Select Committee on Deficit Reduction. Microsoft, through its PAC and employees, contributed \$810,100 to the members from Jan. 1, 2001 to Dec. 31, 2010, said MapLight, a nonprofit that cross-references political contributions to legislation, citing numbers from the Center for Responsive Politics. The 12-member joint select committee includes House Commerce Committee Chairman Fred Upton, R-Mich., Senate Communications Subcommittee Chairman John Kerry, D-Mass., and Senate Commerce Committee member Pat Toomey, R-Pa. The top contributor to members of the committee was the anti-tax Club for Growth, which Toomey led before his election to the Senate.

Sen. Pat Toomey, R-Pa., blamed "job-killing regulations" at the FCC and other government agencies for continuing economic woes in the U.S. "Future investment in broadband networks has been jeopardized by burdensome new Internet regulations adopted by the FCC," Toomey said Saturday in the Republicans' weekly radio address. Appointed last week to the Joint Select Committee on Deficit Reduction, he also criticized President Barack Obama for the American Recovery and Reinvestment Act. The stimulus legislation resulted in 1.3 million lost jobs and an unemployment rate that's above 9 percent, Toomey said.

The FCC should work with the White House to see how tax certificates for selling media properties to minorities "could be worked into legislation to incentivize broadcasters to participate in spectrum auctions," the Minority Media and Telecom Council said. Representatives met with FCC Chief of Staff Eddie Lazarus, MMTTC said in a filing posted Friday to docket 09-182 (<http://xrl.us/bk9g72>). "A significant portion of the Commission's research efforts should be used to research the Diversity Committee's recommendation on creating an Overcoming Disadvantages Preference and completing disparity studies," it said of the agency's panel. The group also asked the regulator to relax foreign ownership policies, to "provide struggling broadcasters with capital and open the door for potential reciprocal investment in other countries." The minority tax certificate program was rescinded by Congress in 1995, over concerns it was abused.

Wireline

Alpheus, a Houston-based provider of telecom and data center services for enterprise customers and carriers, agreed to pay \$55,000 to the U.S. Treasury and take other steps to end an FCC investigation of whether the company failed to report a service outage as required by commission rules. Alpheus must also submit a compliance plan to the commission within 30 days, designate a compliance officer, put together an outage reporting compliance manual, establish compliance training and take other steps.

FreeConferenceCall.com announced Monday the launch of a free calling service targeting communities following a disaster. "The free tools, which include conferencing for up to 96 participants at one time and access to voice messaging, provide communities with the opportunity to instantly communicate important disaster response plans and emergency information that can help save lives," the company said.

Wireless

GAO was asked to provide a report on FCC actions on wireless medical devices by House Communications Subcommittee Ranking Member Anna Eshoo, D-Calif., and subcommittee member Ed Markey, D-Mass. "With respect to wireless enabled medical devices, the Federal Communications Commission (FCC) is responsible for governing radio devices so as to provide for effective operation and communication, including allocating spectrum and specifying technical requirements to avoid harmful interference between users," Eshoo and Markey told GAO in a Monday letter. GAO was asked to examine how well the FCC has identified challenges and risks posed by the wireless healthcare devices, improved efficiency of relevant regulatory processes, prevented harmful interference to other equipment, conducted oversight to keep devices "safe, reliable, and secure," and coordinated with the Food and Drug Administration, Eshoo and Markey said.

TracFone Wireless wants the FCC to focus on the human side of the Lifeline program and what it means to average Americans. TracFone submitted a DVD of people talking about the importance of the phones they got through the Universal Service Fund program. "It is important that the Commission remain focused on how the Lifeline program impacts the lives of those low income households who are qualified for and who receive Lifeline-supported services," TracFone said in a filing (<http://xrl.us/bk9htk>). "These customers are all low-income, some are unemployed, some are elderly, some are disabled, some are members of economically-disadvantaged minority groups. All customers surveyed describe their reliance on their SafeLink Wireless telecommunications service obtained through their participation in the Lifeline program."

Verizon Wireless has an entry-level, \$20 monthly data plan with 300 MB, as part of a back-to-school promotion in Washington, D.C., Maryland and Virginia, a spokeswoman said. The plan is available for feature phone and smartphone customers when it's added to an existing voice plan.

AT&T has filed multiple lawsuits aimed at stopping a law firm's attempt to block its purchase of T-Mobile USA. The law firm, Bursor & Fisher, filed arbitration cases claiming the deal is in violation of the Clayton Antitrust Act (CD July 26 p2). The bottom line is an arbitrator has no authority to block the merger or affect the merger process in any way, an AT&T spokeswoman said. AT&T's arbitration agreement with its customers allows individual relief for individual claims, she said. "Bursor & Fisher is seeking class-wide relief wrapped in the guise of individual arbitration proceedings, which is specifically prohibited by AT&T's arbitration agreement." Accordingly, the claims are completely without merit, she said.

The Pew Research Center said that 83 percent of U.S. adults and 94 percent of those between 18 and 29 have cellphones. In a report released Monday, Pew also said 35 percent of adults own smart-phones. About half of all adults surveyed used their devices in the previous 30 days to get information they needed right way, Pew said. And 40 percent of all cellphone owners said they used their phones during an emergency situation. Among other findings, Pew said that 42 percent of cellphone owners used their phones to escape boredom and 13 percent pretended to use phones so as to avoid social interaction. Pew said that 20 percent reported frustration due to overly long downloads, 16 percent said the screen was too small to read and 10 percent had difficulty typing long messages. Pew surveyed 2,277 adults by telephone from April 26 to May 22. There was a 2 percentage point margin of error for results based on all adults, and 3 percentage points for results based on all cellphone owners, Pew said. The full report is available at: <http://goo.gl/cXzNP>.

Medagate said it's partnering with ReadyWireless to offer Medicaid recipients cellphones through the federal Lifeline program. "Unlike other Lifeline program providers limited in the number of states they service, ReadyWireless is the first and only Lifeline service aggregator, and has the ability to provide Lifeline programs in all 50 states," the company said.

State Telecom Activities

The Kansas Office of the Attorney General is investigating the AT&T/T-Mobile deal, according to an FCC filing. As part of the investigation, the attorney general is seeking access to materials filed with the FCC that contain or incorporate Numbering Resources Utilization and Forecast data and local number portability data provided by telecom carriers.

Charter Communications intends to cut off cable service to police and fire departments in small towns in Missouri, unless they pay to get the services, said American Community TV (ACT). "Cable service to municipal buildings has been provided free of charge for over thirty years as part of the franchise agreements in exchange for cable companies' use of the public rights of way," said John Rocco, president of ACT. "This move by Charter demonstrates the failure of the statewide franchising laws in Missouri and across this country." ACT intends to file comments in the upcoming video provider report to be issued by the state's Public Service Commission. The group will cite Charter's actions and the issue of the cable operator moving public, educational and government channels to the 900 tier. Since Missouri adopted a statewide franchising regime, local governments have lost the power to regulate cable providers. A Charter spokeswoman had no comment.

International Telecom

The Commonwealth Telecommunications Organization's (CTO) commercial arm endorsed the start of a low-cost "borderless Commonwealth" mobile data roaming service for its member countries and others, the CTO said Monday. CTO-Ventures said extensive investigation of the mobile roaming data service scene shows travelers have distinct needs that may include Web access, email, high bandwidth for home and office applications, security and social networking services. Available alternatives such as roaming services provided by mobile operators are very expensive or have limited coverage, features and capacity, it said. The CTO-V network, which will initially cover 15 markets in North America, Asia-Pacific, Europe and Africa, will offer cost-effective services to all, it said. The CTO is an inter-governmental organization that provides technical assistance service to members, it said.

Telecom Notes

Accessibility rules shouldn't sweep in companies that build software or components for regulated devices or services, Microsoft and the VON Coalition said. They met last week with the FCC Wireless Bureau to talk about last year's 21st Century Communications and Video Accessibility Act, a Friday ex parte filing at the FCC said. "The reality of the Internet ecosystem is that equipment and software component providers will feel the regulatory pressure to make the devices accessible and they will be called upon by the regulated equipment manufacturer or the [advanced communications service] provider to problem solve, and that is how it should be," Microsoft and VON said. "But that outcome is far different than the FCC suddenly regulating thousands of companies that do not provide equipment or software that can be directly used for advanced communications services." Congress didn't give the FCC authority to regulate "providers of operating systems and other similarly situated software," they added. Also, Microsoft and VON said the FCC should give industry two years from FCC adoption of rules to comply.

Broadcast

The Advanced TV Systems Committee is developing a standard for 3D broadcast TV transmissions to fixed and mobile devices, it said. ATSC said Youngkwon Lim of the Electronics and Telecom Research Institute in Daejeon, South Korea, will lead the work.

Video description requirements shouldn't take effect until Oct. 1, 2012, the NAB reported executives told an aide to Commissioner Robert McDowell. That's because of "significant technical challenges" and "the realities of the broadcast network program production process," the association said in a filing Friday in docket 11-43 (<http://xrl.us/bk9grd>). NAB also talked about issues of technical capability in passing along video descriptions in markets smaller than No. 25. A draft video description order is likely to be voted on later this month by FCC members (CD Aug 12 p4). It would require the four highest-rated TV stations in markets 25-60 to carry video descriptions for at least 50 hours quarterly during kids and primetime programming, agency officials told us. They said the order plans for that requirement beginning in 2016, under the 21st Century Communications and Video Accessibility Act.

FCC creation "of a streamlined online disclosure process is long overdue" for broadcasters to report the type of programming they air, a group of all U.S. Catholic bishops wrote the agency. It could include religious shows as a reporting category, the U.S. Conference of Catholic Bishops said in a Friday filing in docket 10-25 (<http://xrl.us/bk9hho>). "In proceeding after proceeding, USCCB has informed the Commission of the increasing difficulty and financial burden it and Catholic dioceses face in obtaining airtime on local broadcast stations for full length programs and even public service announcements." The group backed a request by the Public Interest Public Airwaves Coalition for an online reporting rule (CD Aug 5 p12).

Cable

Time Warner Cable agreed to buy Insight Communications for about \$3 billion minus Insight's debt, the companies said Monday. Insight has about 750,000 subscribers in Kentucky, Indiana and Ohio and the systems will fit well with TWC's Midwest properties, TWC CEO Glenn Britt said. TWC said it

expects the deal to be completed in the first half of 2012 after receiving antitrust approval and approval for the transfer of FCC and local franchise licenses. The \$3 billion price TWC agreed to pay looks expensive at first, but after crediting TWC with the non-operating losses Insight carries of \$300 million, and other adjustments, the “price falls to just 6.0x EBITDA, roughly in line with TWC’s 5.9x,” Sanford Bernstein analyst Craig Moffett wrote investors. “More broadly, the deal may illustrate a perverse but interesting side effect of industry consolidation,” he wrote. “As the number of potential buyers dwindles ... the price being realized for their sale may actually be falling.” The price equates to roughly \$4,414 per basic subscriber, SNL Kagan said. It estimated TWC will get more than 679,000 video subscribers, 537,000 broadband subscribers and 297,000 phone customers.

RCN wants to encrypt its basic pay-TV tier in Chicago and New York. The cable operator asked the FCC for a waiver of the federal rules that prohibit encryption of the broadcast basic programming tier. The company wants to save money and curb theft of service. “Such encryption will have little negative impact on RCN’s video customers, all of whom have set-top boxes or CableCARDS as a result of RCN’s digital conversion,” it said. In its waiver petition, RCN said it's even more deserving of such a waiver than Cablevision was when it received one last year “because here all subscribers already have set-top boxes or CableCARDS.” Basic-service theft is a growing problem among RCN’s broadband-only subscribers, RCB said. “Internet-only subscribers can receive broadcast programming using no more than a two-way splitter,” it said. “As more subscribers seek to ‘cut the cord’ with our Internet-only offerings, incidences of theft have increased.” In Puerto Rico, where RCN has already had such a waiver, among the only informal complaints it has received have been from Internet-only customers complaining “that they were not allowed to steal those services,” RCN said.

Scripps Networks Interactive agreed to buy Virgin Media’s 50 percent stake in UKTV for about \$391.5 million. It will also pay about \$163 million for the outstanding preferred stock and debt owed by UKTV to Virgin. The BBC owns the other half of UKTV. Virgin will have shed its last remaining content asset, leaving it to focus on broadband, TV and phone services, Morgan Joseph analyst David Kestenbaum wrote investors Monday.

Satellite

Harris Corp. got a \$4.7 million order from Canada's government for wideband radio systems, the company said Monday. It will supply Falcon III wideband tactical radios and broadband satellite terminals to Canada's armed forces. The gear will let personnel send voice and high-bandwidth data over wide areas, including beyond line-of-sight.

Comtech got \$2.4 million in orders from the U.S. for satellite modems and switches for satellite-based communications for a government agency the company didn't identify. Comtech said its EF Data Corp. got the orders for SLM-5650A satellite earth station products.

Communications Personals

RHI Entertainment hires **Bernhard Schwab**, ex-Tandem Communications, as senior vice president of international sales ... Tremor Video hires **Bill Condon**, ex-Rhythm NewMedia, as director of mobile sales.