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Lancaster County's 911 system may have been shorted $3.9 million a year by phone companies failing to collect 911 taxes from corporate clients, a forensic telecommunications consultant says. The county commissioners were expected today to hire the consultant's firm to audit phone records for a potential lawsuit to recover what's owed. The consultant estimates a $22.8-million shortfall over the last six years, the maximum time allowed under the statute of limitations. "If money was uncollected, it needs to come back to the system," commissioner Craig Lehman said Tuesday.

In Lancaster County last year, 911 taxes, or surcharges, funded 56 percent of the 911 center's $9.3-million budget. Property taxpayers foot the rest of the costs. David Eckhart, managing director of Phone Recovery Services of Pottstown, told the commissioners 911 taxes totaling as much as $100 million a year are going uncollected across Pennsylvania. Other states are affected, too. Prompted by Phone Recovery Services' research, Delaware County last month filed a suit against 19 phone companies to recover $41.4 million in 911 taxes over the last six years.

In Pennsylvania, the monthly 911 tax, or surcharge, on each landline phone was $1.25. Wireless and VoIP customers paid $1 a month. (The tax rises to $1.65 next month.) But phone providers serving Delaware County business customers remitted only 28 cents on the dollar, according to Phone Recovery Services estimates. Verizon remitted 51.9 percent of $2.9 million owed while six phone companies — one providing 37,000 phone lines — remitted nothing.

Party Chairman Jim Burn to step down

Lancaster Intelligencer-Journal
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Verizon disputes Phone Recovery Services' claims, calling the firm "a bounty-hunting entity." In an interview, Eckhart said his firm, teaming with the Philadelphia law firm of Dilworth Paxson, bears all costs while charging counties a contingency fee of 40 percent on all money recovered. In an email, Verizon spokesman Lee J. Gierczynski said, "It's unsurprising that this entity would urge that these matters be resolved in litigation from which it stands to profit handsomely." Gierczynski said Verizon is committed to remitting 911 fees and wants to work with counties to ensure correct amounts are being collected.

Eckhart told LNP he thinks phone companies skipped charging corporate customers all or part of the 911 tax because it provided an edge in a competitive market. "We're not going to be trying to allege criminal behavior on (the phone companies') part," attorney Timothy J. Carson of Dilworth Paxson said. "But there is certainly negligence, at the very least, in terms of doing what is their statutory duty."

Carson said phone companies got away with the practice because states, including Pennsylvania, did not enact laws giving counties the right to audit 911 tax collections. Pennsylvania this year passed such a measure. "It's not fair to blame the businesses" paying for phone service, Eckhart said. "They don't know they're being underbilled. They pay what they've been charged. It's the telephone companies' fault." Eckhart said he doesn't think phone companies will go after the unpaid taxes from the businesses "because they'd lose all those clients." Phone Recovery Services is a joint venture between Expert Discovery of Huntsville, Alabama, and NW Financial Group of Pottstown. – ***Lancaster Intelligencer Journal***

Federal regulators are poised to approve AT&T Inc.'s $49 billion acquisition of DirecTV, ending a review process that lasted more than 12 months and clearing the way for the biggest media deal of the past year. Federal Communications Commission Chairman Tom Wheeler said an order has been circulated to the agency's other four commissioners recommending approval of the deal. The agency has attached numerous conditions, including requirements that AT&T expand its fiber-optic broadband service.

The company will also be required to apply any broadband-data caps it imposes on customers to its own over-the-top video service and content to eliminate any chance that it can take advantage of rivals. No requirements were included related to net neutrality. The Justice Department also signed off on the transaction.

The acquisition, which was announced in May 2014, will make AT&T the nation's largest pay-television provider at a time when companies are navigating huge shifts in television as video consumption moves online. AT&T is betting that acquiring DirecTV with its 20 million satellite customers and $33 billion in revenue will give it access to programming relationships that could put it in a better position to expand into online TV as more Americans "cut the cord." Earlier this year, rival Verizon Communications Inc. bought AOL Inc. for $4.4 billion as a way to access AOL's digital-advertising technology for a mobile-first video service it is launching later this summer.

The DirecTV deal will be AT&T's biggest acquisition under Chief Executive Randall Stephenson and the carrier's largest since its 2006 purchase of BellSouth for $85 billion. It lifts the shadow from its failed attempt to buy T-Mobile US Inc. in 2011, which was blocked by the Justice Department, a misstep that cost the company more than $4 billion in break-up fees and other penalties. This time around, AT&T had an easier go of it with regulators, who killed Comcast Corp. 's $45 billion deal for Time Warner Cable earlier this year. The AT&T deal didn't raise the same regulatory problems as Comcast's combination, which would have created a giant service provider controlling access to more than half of what the FCC considers high-speed broadband Internet service.

The deal with DirecTV will pair AT&T's regional U-verse pay-TV business with DirecTV's satellite operation, which is nationwide but lacks a robust broadband offering. The combination has raised concerns among rival companies and industry groups, including

Netflix Inc., Dish Network and Cogent Communications, which told the FCC that the combination would give AT&T the ability and incentive to squeeze online-video rivals. Netflix has said it doesn't oppose the combination as long as there are conditions imposed to protect online video companies.

The FCC added no requirements to the terms covering so-called interconnection agreements, which cover how other networks connect to AT&T's. The company will have to file its interconnection agreements with the commission for review. AT&T is also required to offer standalone broadband service at set prices to low-income individuals who meet certain criteria, people briefed on the matter said. AT&T has said the deal will give it more scale in television, which could help its U-verse video service become profitable. Owning DirecTV may also advance AT&T's ambitions in online video. The company has said it plans to offer an over-the-top video product and has formed an online video venture with media mogul Peter Chernin. – ***Wall Street Journal;*** ***more in Politico***

Verizon Communications Inc.is feeling the bruises of a fight it picked with content companies. Growth in subscribers for its FiOS video service fell 74% in the second quarter from a year earlier, and it added only half as many new customers for its FiOS Internet service. The growth rate was the slowest in six years, according to research firm MoffettNathanson LLC. At the same time, Verizon cut its full-year revenue forecast as it slashed prices amid growing competition for mainstream wireless subscribers. Shares of Verizon fell 2.4% to $46.96 in trading Tuesday.

The slowdown for its FiOS services came after Verizon launched so-called skinny bundles that provide fewer TV channels and let customers purchase packages of particular content categories such as sports, kids or pop culture, instead of buying hundreds of channels in bulk. The new service drew anger from content companies. ESPN sued Verizon for allegedly breaching their contract, a claim that Verizon is disputing. And Verizon said advertisements for the new service, called Custom TV, were blocked in big markets like New York and Philadelphia for 45 days, crimping its ability to sign up customers. "Given the disputes that we had in Custom TV, we also were blacked out from many content providers in advertising this product," Verizon Chief Financial Officer Fran Shammo said during a call with analysts. "It took us out of market."

An aggressive customer-acquisition campaign by Comcast Corp. and Time Warner Cable Inc. after their failed merger earlier this year also affected growth, Mr. Shammo said. He added that interest in Verizon's skinny bundles exceeded the company's expectations as one-third of gross customer additions chose the skinny bundle and some existing customers migrated to it as well. Verizon added a net 26,000 FiOS video subscribers in the three months ended June 30, and a net 72,000 subscribers to its FiOS Internet service.

Meanwhile, the company added 1.1 million new postpaid wireless subscribers, or 21% fewer than it added a year ago. Verizon again leaned heavily on tablets for growth in the latest quarter, continuing a recent trend for the industry. The company said it added a net 852,000 tablet connections and a net 321,000 of the more lucrative handset customers. Postpaid churn, or the rate at which customers canceled service, edged down to 0.90% from 0.94% a year earlier. Verizon said that was its lowest churn rate in three years. Overall, Verizon's net income edged slightly higher to $4.23 billion from $4.21 billion a year earlier. Revenue rose 2.4% to $32.2 billion. Verizon, the first big telecom company to report its earnings for the quarter, has faced tougher competition as such rivals as T-Mobile US Inc. and Sprint Corp. have offered generous deals to subscribers to switch. – ***Wall Street Journal***

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