

The North Pittsburgh Systems Merger

by
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North Pittsburgh Systems, Inc (NPSI), which includes North Pittsburgh Telephone Company, PennTelecom and Nautiocm Internet services spans across the Saxonburg area into Freeport. They've been our family's phone company for 8 years.

A telephone is just a telephone to me. I expect it to work and it does. But the Internet is my livelihood and NPSI's Inernet subsidiary, Nauticom has been fabulous over those 8 years. Except for the infrequent scheduled maintenance windows in the wee morning hours, we have never been down at home or at our office, not once. We also co-locate a wide range of servers at the Nauticom data center. In fact, our servers sit right next to this newspaper's web server. The performance is exceptional and the price is so cost-effective, it has changed our business model.

But what always makes this company so extraordinary to me is the people. They go above and beyond. They've always helped me when I had questions about the best way of doing this or that. Many are people we see in our neighborhoods, stores and our churches. But a dark cloud appeared a few months ago and it has saddened me.

In the middle of March, an older relative who has proudly owned NPSI stock for 50+ years, asked me what I thought about a letter she received from the company. As I read it, I knew something was fishy. And then I noticed it was not from the telephone company at all but from a group calling themselves the North Pittsburgh Systems Shareholder Committee. As it turned out, a group of hedge fund investors from New Jersey who owned 6.5% of the stock (not disclosed) told shareholders the following "In a few short months, you will have a chance to vote on the single most important decision in the 101-year history of North Pittsburgh Systems. At the 2007 annual meeting, shareholders will determine whether North Pittsburgh Telephone Company will continue to plod along ... or whether to endorse a better alternative, i.e., to sell the company at a premium to the current share price."

My guess is that many shareholders were as confused as my elderly relative. She naturally asked if the company was in trouble. I told her that NPSI was one of the best run local companies I've ever been around and it appeared that a group of out-of-town corporate raiders were trying to make a fast buck by casting doubt and confusion among shareholders in hopes of forcing NPSI to sell out.

Last week NPSI announced they were selling out to a regional Illinois telephone company. Everyone said the usual things you expect to hear whenever a merger is announced. In other words, this is a great deal for everyone. But why do I get the feeling the only ones benefiting are the people in NJ?

Two days after the merger was announced I was working on something in the Naticom data center. I was having trouble and I asked a Naticom associate who was walking by if he would mind taking a look at something for me. He spent more than an hour helping me which I know was not part of his job description. After I thanked him, I asked him what he thought about the merger. "Nothing is going to change. In fact, I hear we might be better." he said matter-of-factly. All I could think about is how anything could be better than the great service I already had. It pains me whenever a great local company leaves town.

A month ago a friend asked me to help him with his new Verizon DSL Internet service. He couldn't get connected. After looking things over, I knew his Internet modem was defective. I followed the instructions and called Verizon. I got India. I have nothing against the good people of India but his English was so hard to understand, we had to spell the words to each other. It took 2 hours to resolve something that should have taken 2 minutes. Here's hoping that the wonderful customer service we've had at NPSI continues to stay local.



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