

B

OCT 16 2003

WISCONSIN CABLE COMMUNICATIONS ASSOCIATION

92 East Mifflin Street, Suite 1010 • Madison, WI 53703 • 608/256-1683 • Fax: 608/256-6222

EXECUTIVE DIRECTOR - Thomas Hanson • DIRECTOR OF REGULATORY AFFAIRS - Thomas Moore

October 13, 2003

Senator Joseph Leibham
State Capitol
PO Box 7882
Madison, WI 53707

Dear Senator Leibham:

Thanks for agreeing to sponsor SB 272. We believe it is the best way to speed up the deployment of advanced services to Wisconsin residents.

Recently, I have seen a letter sent to Senator Lasee expressing opposition to the legislation. I do not believe the writer completely understands the intent of the bill.

SB 272 does not prohibit municipalities from offering cable or telephone. It just requires, that when they do, the day-to-day operations must be supported by only those taking the services. It still leaves municipalities with tremendous advantages over the private sector. They can borrow money at significantly lower rates, and cities will not need to pay the 5% franchise fee that most require of the incumbent cable operator. Additionally, they often own the poles to which the incumbent operators must attach and, of course, they are not required to pay property tax and income tax like private operators.

Speaking for cable, since the 1996 Telecommunications Act our companies have invested over \$75 billion, or more than \$1,000 per customer, in network equipment. These expenditures in the year 2002 alone averaged more than \$200 per customer.

In Wisconsin one cable company (Charter Communications) has invested over \$750 million. Can you imagine the reluctance these companies will have to further invest in this state, if Wisconsin municipalities continue to duplicate the same services and subsidize the offerings through use of the property tax?

SB 272 will provide a stable blueprint for continued deployment of advanced services. Other members of Wisconsin's telecommunications industry will also be contacting you, advancing their reasons for supporting this important legislation.

Very truly yours,

Thomas S Hanson
Executive Director

/nwm

meet and exceed the expectations of employers and customers.

Gov. Jim Doyle said Thursday that he'll support legislation to restore full funding for the program. That's laudable, but Doyle also should join Assembly Republicans in going a step further by

to do highly technical jobs in a fast-changing economy - is a critical priority toward building a new Wisconsin economy. Apprenticeships can meet this need, and help young workers climb the economic ladder at the same time. Where do we sign up?

Don't limit cable, Internet competition

Wisconsin shouldn't be in the business of protecting large cable television and telecommunication companies from competition. For that reason, the Legislature should reject a new measure that would discourage a community from starting its own cable TV, telephone or high-speed Internet service.

At stake is consumers' ability to benefit from the choice and creativity that competition in the marketplace supports — or, sometimes, the ability to benefit from any service at all.

For several years, cable TV and telecommunications companies have been concerned about a small but growing trend: Local governments, fed up with the monopoly power of cable TV and telecommunications companies, have started creating their own services.

In Wisconsin, Oconto Falls and Reedsburg operate municipal cable TV systems, and Reedsburg, Sun Prairie and Waupaca offer high-speed Internet service.

Sometimes the municipal services compete directly with services provided by a corporation. Sometimes, they exist to meet consumer demand that corporations declined to meet. Waupaca's high-speed Internet service, for instance, began after a small business in need of high-speed connection was unable to persuade any companies to offer the service in the community of 5,000.

There's a significant argument against this trend: Local governments might compete un-

Proposed legislation would shield big cable TV and telephone companies from local competition.

fairly by having taxpayers subsidize the services. And the latest measure to hamstring local officials, Senate Bill 272, is promoted as an effort to ensure "a level playing field" among competitors.

However, the problem the bill is supposed to solve doesn't exist. State law and accounting requirements enforced by the Public Service Commission already ensure, with few exceptions, that local governments and private service providers operate on a level playing field. As evidence, look at the state's long history of regulating municipal electric utilities alongside the major power companies.

Rather than promote fair competition, the new bill would tilt against local governments. It would add requirements, with public hearings and cost-benefit analyses, that are clearly designed to discourage local governments from entering the market.

The state should be sensitive to fair play in the marketplace. If a problem arises in the future, legislation narrowly crafted to solve the problem is worth considering. But SB 272 goes too far to encumber local governments and, consequently, to restrain competition. The bill should be defeated.

Marlin Schneider's big idea doesn't go far enough

State Rep. Marlin Schneider wants to legalize taxpayer ripoffs.

Schneider, D-Wisconsin Rapids, would revive the legislative caucuses eliminated as the result of a Capitol corruption scandal — and make it legal for state staffers to work on political campaigns on state taxpayers' dime.

"If they could vote on this in secret, it would pass," Schneider says. Hey, that's how the UW

System Board of Regents do it. Why not ape the bumptious board and legalize secret legislative votes by telephone, too? We'd rather not know what goofball public policy is being debated on the Assembly floor anyway. Can we hear them now? No? Good.

Or let's pick new laws by lottery: The more you spend, the more chances to win a vote. Wait, that's how campaign finance works.

Wisconsin State Journal

JAMES W. HOPSON Publisher

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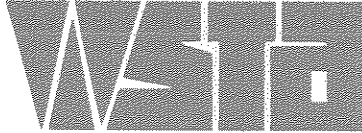
SUNNY SCHUBERT Editorial writer CHUCK MARTIN Editorial writer

Opinions above are shaped by the board, independent of news coverage decisions elsewhere in the newspaper.

10-19-03

Wisconsin State Telecommunications Association, Inc.

PATRICK D. RIORDAN, President
DANIEL W. MATSON, V.P. - President Elect
WILLIAM C. ESBECK, Executive Director



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October 21, 2003

The Honorable Joe Leibham
409 South - State Capitol
P.O. Box 7882
Madison, WI 53707-7882

FILE COPY

Dear Senator ~~Leibham~~ ^{Joe!}:

We would like to take this opportunity to personally thank you for co-sponsoring Senate Bill 272, related to local government telecommunications facilities and public hearings for ordinances and resolutions authorizing local government cable television, telecommunications and Internet access facilities.

The Wisconsin State Telecommunications Association, representing all 83 local telephone companies, 31 Internet service providers and 10 wireless carriers, strongly supports legislative efforts to create a level playing field when municipalities enter into the competitive telecommunications marketplace. As you know, Senate Bill 272 would simply create rules that would require municipalities looking to enter into the telecommunications industry to function like a private sector business.

We are very pleased you support our belief that municipalities should not be able to charge non-subscribers for costs associated with a telecommunications operation or use revenues from other municipal utilities to subsidize a telecommunications venture. In addition to protecting taxpayers and ratepayers, Senate Bill 272 would also result in a more open process, by requiring municipalities to present a 3-year cost-benefit analysis and hold a public hearing. It would seem logical that any prudent municipality considering a venture into telecommunications or cable would conduct a forward looking cost-benefit analysis. This legislation would simply require them to make the analysis public and provide citizens with an opportunity to comment.

Thank you again for your support of Senate Bill 272. We look forward to working with you and your colleagues as this legislation works its way through the process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill'.

William C. Esbeck
Executive Director

A handwritten signature in black ink, appearing to read 'Chris LaRowe'.

Christopher LaRowe
Manager of Legislative Affairs

CC: Sen. Kanavas and Rep. Montgomery

DIRECTORS:

CHRISTY A. BERGER, Durand
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GARY CHRISTOPHERSON, Mankato
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City of
NEW HOLSTEIN

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NEW HOLSTEIN, WI 53061-1045
PHONE: 920-898-5766 • FAX: 920-898-5879

FILE COPY

OCT 27 2003

October 24, 2003

Senator Joseph K. Leibham
9th Senate District
State Capitol
P. O. Box 7882
Madison WI 53707-7882

RE: Telecommunications Legislation SB 272/AB588


Dear Senator Leibham,

I once again would like to emphasize, and ask that you would reconsider and Vote NO to SB 272, as this type of legislation has no place in Wisconsin. Who really wins with this bill? Large, (sometimes unregulated companies). The Wisconsin consumer is the clear loser.

I am requesting that after review of the "white paper" previously sent, and full consideration of the Bill you would vote NO on SB272.

Your consideration in the above would be greatly appreciated.

Sincerely,


Ron Karrels
Mayor
City of New Holstein

FILE COPY

October 28, 2003

The Honorable Ron Karrels
Mayor
City of New Holstein
2110 Washington Street
New Holstein, WI 53061

Dear Mayor Karrels:

Thank you for the letter you sent expressing your opposition to Senate Bill 272 (SB 272) and Assembly Bill 588 (AB 588). I appreciate your continued contact with me, taking the time to share your thoughts and concerns on pending legislation.

While similar to SB 54/AB 110, SB 272 and AB 588 do have definite differences. Specifically, the scope of SB 272/AB 588 is broadened to include a municipality's ability to construct, own and operate a telecommunications service, or Internet access service, as well as cable television service. I have reviewed the "white paper" that you enclosed with your letter and have taken the information, as well as your request into consideration. I have asked that the committee clerk have your remarks and "white paper" entered into the official Committee record.

While I respect your views on the pending legislation, I support the intent of the bills. The legislation does not prohibit a municipality from offering cable television, telecommunications and Internet access services to its residents and businesses, it simply creates a level playing field with private industry. General taxpayers should not pay for a service that they may chose not to use. SB 272 is scheduled for a committee hearing before the Senate Committee on Transportation and Information Infrastructure on Wednesday, October 29, 2003.

Again, I appreciate and respect your input and concern on this issue. As always, if I can provide you with any further information on this or any other state legislative matter, do not hesitate to contact me.

Thank you for your service to the City of Holstein. It is an honor representing you and the residents of the 9th District in the State Senate!

Sincerely,

Joe Leibham
State Senator
9th Senate District

JKL/dkl



GEOMAR INC.

Mr Shawn Murphy
Village of Prairie du Sac
335 Galena Street
Prairie du Sac
WIS 53578

27th October 2003

Dear Shawn:

I was very disturbed to hear that Charter is trying to limit your abilities to offer high-speed Internet service.

I suspect they are putting a lot of money and time in lobbying for this change, whereby they can create a monopoly. They are I am sure arguing that due to rising costs and the good service they offer in Prairie du Sac and other villages, you have no need to offer the service and you do not have the costs they do and are therefore unfair competition.

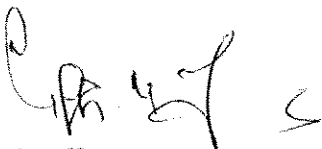
They do not offer service of any type because they pick and choose whom they will connect to their network. We tried for six months to get them to return a phone call. They would not. Until you intervened they would not even talk to us. I read recently in the State Journal that they have added 1.5 million customers in the last 12 months and the level of service has suffered.

If Charter is allowed to impose its will with the aid of the legislature then it is a very sad day that common sense, is so uncommon as to allow a company with almost a monopoly to become a true monopoly legally.

I wish you good luck on Wednesday and please let me know how it turns out. I suspect I already know and the hearings are a platitude to cover up a deal already struck in committee with representatives of the company.

For give my cynical attitude but money dictates and Charter has a tremendous advantage over the villages that wish to offer this service.

Sincerely



Geoffrey M young
President

850 17th Street
Prairie du Sac, WI 53578

Phone: 608-643-6544
Fax: 608-643-5391
Email: georep@chorus.net

Wisconsin Senate Committee Hearing SB272
October 27, 2003

1. **Menasha Utilities System:** We jointly constructed our networks with the county, city and school system to save our rate payers and tax payers money and get an advanced telecommunication system. Our schools have one of the most advanced telecommunication systems in the state. This partnership has saved the schools (ultimately the tax payers) and had a payback less than one month! SB272 clearly discourages this type of innovation and cooperative projects. Cities/ schools will be reluctant to participate in projects because of the additional requirements of SB272.
2. **Local Decisions:** Let the cities/ towns make these decisions. We have sufficient regulation. Don't make it difficult to improve our telecommunication systems.

Municipal utilities are regulated. There are at least 14 statutes related to municipality spending restrictions, competitive bidding, prevailing wages, investments, etc. Does the Cable TV industry or telephone industry have these restrictions? What control do you as consumers have over cable TV costs or telephone costs? Are these decisions made locally that impact your community?

3. **Federal Telecommunication Act 1996 and Wisconsin Act 496** both were created to encourage rural telecommunications. Most municipalities that decided to construct advanced telecommunications was because **there is NO COMPETITION!** If we wanted it we are forced to construct it. Historically (100 years) municipal electric systems have provided efficient, local services. We are not for profit, but for our customers and communities we service. The decisions to enter into the telecommunication business was made by the community.
4. **PIOLT-** Municipal Utilities are often one of the largest "taxpayer" (PILOT) for cities. Cities receive franchise fees from the Cable TV but have no direct tax benefits telephone providers. Our communication system is NOT funded by taxpayer dollars. This is a business operation funded by its ratepayers. SB272 makes this less efficient. In these tight economic times cities will receive additional PILOT back because of the advanced telecommunication investment. Other telecommunication providers do not offer this.
5. **SB 272 Sect. 2(c)-** What other Wisconsin businesses municipal or otherwise, are required to perform "a cost-benefit analysis of the facility for a period of at least 3 years"? Clearly this goes to the heart of this bill- to target and discourage municipalities by making us jump through unnecessary hoops to provide telecommunication services our cities need.

We object to SB272. Who wins if this bill goes forward? Large, (sometimes unregulated) companies? Clearly if this bill passes, the Wisconsin consumer and taxpayer will lose.

Douglas Young, Menasha Utilities General Manager, 920.967.5178, dyoung@wppisys.org

Lindstedt, Daniel

From: dick.bohling@verizon.com
Sent: Tuesday, October 28, 2003 2:19 PM
To: Sen.Leibham@legis.state.wi.us; Sen.Kanavas@legis.state.wi.us;
Sen.Kedzie@legis.state.wi.us; Sen.Breske@legis.state.wi.us; Sen.Meyer@legis.state.wi.us
Cc: Rep.Montgomery@legis.state.wi.us
Subject: SB 272-Municipal Telecommunications and Cable TV

Importance: High

To: Members of the Senate Transportation and Information Infrastructure Committee

I would like to thank you for cosponsoring Senate Bill 272, relating to local government operation of telecommunications and cable television facilities. Verizon appreciates your support and we urge the committee to recommend the bill to the full Senate for approval.

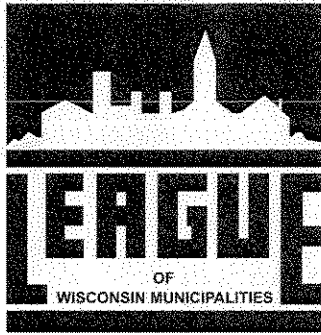
There seems to be some misinformation being circulated among members regarding the bill. Below is a summary of replies to those items of which we are aware.

- The bill does not violate federal law. At least eleven other states have already passed some sort of legislation regarding this matter.
- The bill does not ban a city, village, town, or county governmental unit from providing telecommunications or cable television services.
- The bill does not prohibit bonding to obtain construction funds.
- The bill is intended to prevent a local unit of government that wants to provide cable television and/or telecommunications service from requiring taxpayers (non-subscribers), who do not use the service, to have to pay for the costs of the system.
- The bill requires that if a local unit wants to adopt an ordinance or resolution authorizing the operation of such a system that they must first hold a public hearing and provide a report to citizens showing the estimated total costs of, and revenues from, constructing, owning, or operating the facility. You would think that any business enterprise would perform a business case study before expending large amounts of capital.
- These requirements are effective only after passage of the bill.

Again thank you for your consideration.

Dick Bohling
Verizon Communications
100 Communications Drive
Sun Prairie, WI 53590

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(FAX) 608-837-1128



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FILE COPY

To: Members of the Senate Committee on Transportation & Information Infrastructure

From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities

Date: October 28, 2003

Re: **Opposition to SB 272, the Anti-Municipal Telecommunications Bill**

The League of Wisconsin Municipalities opposes Senate Bill 272, placing limits on municipalities providing telecommunication and cable television services. A public hearing is scheduled on the bill tomorrow. Unfortunately, I'll not be able to testify because I'll be attending the League's Annual Conference, which starts tomorrow in Milwaukee.

Municipal officials oppose Senate Bill 272 for the following reasons:

- **It Appears to Violate Federal Law.** The Federal Telecommunications Act of 1996 expressly allows for the municipal telecommunications option. 47 U.S.C.A. Sec. 253(a) states: "No state or local statute or regulation, or other state or local legal requirement, may prohibit *or have the effect of prohibiting the ability of any entity to provide interstate or intrastate telecommunications service.*" (Emphasis added). Restrictive municipal telecommunications legislation such as those provisions contained in SB 272 would have the effect of prohibiting the ability of municipalities to provide telecommunication services.

- **Current Statutes and PSC Regulations Already Provide Accounting and Reporting Requirements for Municipal CLECs.** The Public Service Commission of Wisconsin has already given careful consideration to whether additional regulation is necessary for municipal competitive local exchange carriers (CLECs). When Wisconsin's first two municipal CLECs, Reedsburg and Sun Prairie, applied for CLEC status at the PSC, the Wisconsin State Telecommunications Association (WSTA), Verizon-North, Inc., and other incumbent providers argued that the PSC must place additional restrictions on municipal CLECs. The Commission rejected these arguments and concluded as follows: "The facts of record do not warrant imposing additional statutory requirements on [Reedsburg/Sun Prairie] beyond those imposed in certifications with interim conditions for similar applications [by private entities]."

- ❑ **Unfulfilled promises of telecommunications deregulation.** In 1994, when the Wisconsin Legislature deregulated the telecommunications industry and cable television services, consumers anticipated more choices, quality service, and fair pricing. Consumers are still waiting for these promises to be fulfilled. Despite claims to the contrary, there is very clear evidence that neither the cable television industry nor the local telephone markets have effective competition. In fact, the Federal Communications Commission recently highlighted municipal telecommunications as one positive tool that communities can use to further the goals of telecommunications deregulation: “In particular, we believe that the entry of municipally-owned utilities can further the goal of the Telecommunications Act of 1996 to bring the benefits of competition to all Americans, particularly those who live in small or rural communities.”

- ❑ **While Proponents of SB 272 Characterize the Bill as a “Level Playing Field” Bill, Read the Fine Print.** Proponents of SB 272 claim that local governments have unfair advantages over private telecom providers. However, over a dozen state statutes currently apply to Wisconsin municipalities and their utilities (e.g., Code of Ethics, competitive bidding, open meeting and open records, etc.), but do not apply to private sector companies. Thus, for “level playing field” legislation to truly level the playing field between public and private sector providers, such legislation would have to consider all those regulations and restrictions that apply to municipalities but which do not apply to private entities.

- ❑ **Current Laws Prevent Cross-Subsidization by Municipal Utilities.** Proponents of SB 272 charge that municipal service providers will raid the general fund or use electric or water utility revenues unlawfully so that they can provide communications services for less than the cost of service. There is no basis for such claims. Wisconsin municipalities are subject to enterprise accounting. That is, when the municipality engages in an enterprise, such as operating a utility, it is required to keep separate accounts for that enterprise. In addition, municipally owned public utilities are regulated by the PSC and must follow the Uniform System of Accounts for Municipally Owned Utilities (USOA) (see Wis. Stat. 196.06). The USOA dictates the type of property and accounting records the municipal utility must keep and the manner in which utility property and expenses are to be reflected on the utility’s books. Each utility (electric, water, telecommunications) keeps its own set of books, and the funds of each utility may not be commingled (see Wis. Stat. 66.0811(2)). Thus, electric and water utility funds cannot be used to subsidize a municipal communications utility.

For these reasons we urge you to vote against recommending passage of Senate Bill 272. Thanks for considering the comments of municipalities regarding this legislation.

Richard A. Bohling
State Director
Government Affairs



100 Communications Drive, WIWIARA
P.O. Box 49
Sun Prairie, WI 53590

Phone 608 837-1480
Fax 608 837-1128
dick.bohling@verizon.com

OCT 30 2003

October 28, 2003

To: Members of the Transportation and Information Infrastructure Committee

From: Dick Bohling, Verizon Communications 608-837-1480
100 Communications Drive
Sun Prairie, WI 53590

A handwritten signature in black ink that reads "Dick".

I would like to thank you for co-sponsoring Senate Bill 272, relating to local government operation of telecommunications and cable television facilities. Verizon appreciates your support and we urge the committee to recommend the bill to the full Senate for approval.

There seems to be some misinformation being circulated among members regarding the bill. Below is a summary of replies to those items of which we are aware.

- The bill **does not** violate federal law. At least eleven other states have already passed some sort of legislation regarding this matter.
- The bill **does not** ban a city, village, town, or county governmental unit from providing telecommunications or cable television services.
- The bill **does not** prohibit bonding to obtain construction funds.
- The bill is intended to prevent a local unit of government that wants to provide cable television and/or telecommunications service from requiring taxpayers (non-subscribers), who do not use the service, to have to pay for the costs of the system.
- The bill requires that if a local unit wants to adopt an ordinance or resolution authorizing the operation of such a system that they must first hold a public hearing and provide a report to citizens showing the estimated total costs of, and revenues from, constructing, owning, or operating the facility. You would think that any business enterprise would perform a business case study before expending large amounts of capital.
- These requirements are effective only after passage of the bill.

Again thank you for your consideration.



Wisconsin Economic Development Association Inc.

TO: Members, Senate Transportation and Information Infrastructure

FROM: Amy L. Boyer, on behalf of
Wisconsin Economic Development Association

DATE: October 28, 2003

RE: Opposition to SB 272

The Wisconsin Economic Development Association (WEDA), a statewide association of approximately 500 economic development professionals, respectfully urges you to oppose Senate Bill 272 relating to local government telecommunications utilities.

The bill, as proposed, hinders a municipality's ability to develop and provide telecommunications services, which could adversely impact economic development in certain parts of Wisconsin.

In areas of the state where it does not make financial sense for private industry to provide the necessary infrastructure, communities should be afforded the opportunity to provide that infrastructure and services, if its citizens want them.

Attached is written testimony provided by WEDA member, Pete Mann. Mr. Mann is the City Administrator for the City of Washburn.

Please feel free to contact Pete Mann at (715) 373-6160 or me at (608) 258-9506 if you have questions or comments regarding WEDA's position on SB 272, as introduced.

Thank you.

PEOPLE • JOBS • PROFITS

P.O. Box 1230

Madison WI 53701

608-255-5666

Testimony on SB 272

As an individual with nine years of experience in attracting community investment in Wisconsin, I am adamantly opposed to the provisions of SB 272.

SB 272 does nothing to enhance the ability of Wisconsin, or its local units of government, to attract jobs and industry. It does nothing to assist this state in preparing for the new economy. It does nothing but hinder the ability of this state in pursuing a top priority of the legislature, that is to make Wisconsin more competitive in the race for industrial and business investment and the jobs that go with it.

Pure and simple SB 272 is protectionist legislation that guts the principles of national and state legislation intended to maximize the use of the market place to increase competition in the telecommunications industry. It is not legislation that is in the interest of the citizens of this state.

If the free market philosophies of competition are to be embraced to ensure the expansion of broadband communications services to all our citizens and create jobs, why is the legislature embracing legislation to encourage less competition in an already non-competitive industry? How does SB 272 encourage the national communications giants that dominate the Wisconsin landscape to provide the necessary infrastructure to permit new economy businesses to flourish in the remote corners of our state. It doesn't. No matter what spin is put on this bill, its provisions cannot be justified.

Deregulation of the telecommunications market place has failed. Instead of encouraging the development of infrastructure necessary to provide for the sustenance of the state's existing economy and the growth of the new economy, the legislature, through the adoption of this bill, is doing just the opposite. SB 272 takes away the incentive for the private sector to make investments in Wisconsin by eliminating the threat of competition. It can be shown the pressure of public sector participation in the broadband market place is essential to making the deregulated communication environment work. The promise of competition in the marketplace tends to fail when left solely to private sector interests. Wisconsin has many examples to warrant such a statement.

How does SB 272 solve issues of the lack of a competitive market place in communities like La Crosse? With a community containing a population of +/- 50,000, it can be reasonably assumed that La Crosse provides the critical mass to support a competitive broadband market place. Yet competition, whether provided by the private or public sector, does not exist. And rates are significantly higher than in the smaller competitive markets of Winona (population 27,000) and LaCrescent (population 5,000) across the river in Minnesota. When asked to cut rates in La Crosse to match those of the communities across the river, Mike Hill a Charter Communications employee was reported to have stated that the La Crosse market lacked competition. "The rates are whatever the market will bear," the La Crosse Tribune quotes Hill as saying. SB 272 ignores the issues of the La Crosse market and similar ones within the borders of Wisconsin.

How does SB 272 help our citizens address issues that have been experienced in the

communities of Waupaca or Medford? SB 272 doesn't help the residents in Waupaca deal with the private sector market failure currently occurring. It doesn't help the citizens of Medford where the incumbent broadband service provider has literally thumbed its nose at the needs of the community because the interests of the residents of Medford differ from the interests of a company with executive offices several states away. Charter's board of directors sitting in St. Louis could care less about the consequences its decisions have on Medford's broadband needs or their relationship to the City's development initiatives.

Yet, just the threat of municipal competition can obtain real results and private sector investments as shown in Richland Center (population +/- 5,000). SB 272 kills any opportunity to utilize such leverage.

And finally, whatever happened to local determination? Why do the sponsors of SB 272 believe it is necessary for the state legislature to intrude upon the decision making process of our local communities? Why do our leaders in Madison believe they can better determine the needs of our citizens than our citizens themselves. The legislature trusted the residents of Brown County to make a decision on taxing themselves hundreds of millions of dollars for a renovated Lambeau Field. But this same legislature believes that the residents Richland Center, Medford, Waupaca, La Crosse, or wherever do not have the capability of making a decision for themselves on providing a broadband infrastructure for their communities. If the residents of the community in which I reside believe it is in their best interests to instill competition in an industry in which national and state deregulation efforts have blatantly failed, why does the legislature care?

SB 272 protects the interests of communication giants at the expense of our citizens. SB 272 conflicts with the legislature's goal of making the state more attractive for business and industry. SB 272 is bad public policy and needs to be defeated.

Submitted By:

Pete Mann
City Administrator
City of Washburn
119 Washington Avenue
Washburn, Wisconsin 54891



Recob Enterprises, LLC
Target Shop
975 19th Street
Prairie du Sac, WI 53578-2101
608-643-6424
608-643-6166 (Fax)
1-800-359-4571

October 28, 2003

To Whom It May Concern:

When I read the enclosed letter from Charter Communications I knew that I had done the right thing by contacting the Village of Prairie du Sac with this matter. Because Charter Communications is the only high speed Internet source we have available, and the Village is the entity who negotiates the franchise agreements, we need to keep the Village in a position of authority.

Thank you for your help in this matter. If you have any questions please contact us.

Sincerely

Jeffrey T. Recob
Managing Member



Charter
COMMUNICATIONS®

A WIRED WORLD COMPANY™

February 21, 2003

Mr. Jeff Recob
Recob Properties, LLC
975 19th Street
Prairie du Sac, WI 53578

RE: Serviceability/Plant Extension Complaint

Dear Mr. Jeff Recob:

As part of our complaint resolution program, this letter is in follow up to the *Hot Gram* complaint you filed with the Village of Prairie du Sac dated 2/13/03 regarding serviceability. Charter Communications resolves all issues at the local system office level, therefore, if you have any future questions or concerns you may feel free to contact this office directly.

In order to resolve this issue, we researched your complaint and the franchise requirements. The franchise agreement states that cable plant extensions are covered by the franchise for *residential* customers, versus a commercial establishment. We definitely would like to have you as a customer. However, in order to perform the necessary work and activate the line in front of your business, which is currently un-spliced cable, it will cost Charter Communications \$2048.42. We are not required to cost split in this situation. However, we have offered to split the cost with you for \$1100.00, which is the quote we provided you. Charter Communications estimates construction, labor and material costs through a very complex project analysis, which in this instance, we have enclosed for your review.

You and each and every one of our customers are very important to us. If you have any questions or concerns, or when you decide you would like to begin activation, please contact Gary Anderson, Project Manager in our Engineering and Construction Department, during normal business hours, Monday – Friday, from 8am to 5pm at 274-3822 x6894. If for any reason he is unavailable at the time you call, please leave a message in voicemail, which is available 24/7, and he will return your call.

Charter Communications strives to provide the highest quality products and service in the communications and entertainment industry. Thank you for considering Charter Communications. We look forward to serving you.

Sincerely,

Brian J. Shirk
Vice President, Operations

BJS/afj

cc: Shawn Murphy, Village Administrator, Village of Prairie du Sac



TED KANAVAS
STATE SENATOR

**Testimony before the Senate Committee on Transportation and
Information Infrastructure
Senate Bill 272
Senator Ted Kanavas**

Good morning Chairman Leibham and Committee members. Thank you for allowing me the opportunity to testify before the Senate Committee on Transportation and Information Infrastructure.

I am here today to ask you to support a bill that Representative Montgomery and I co-authored, Senate Bill 272, which has broad bi-partisan support in the Legislature; the bill currently has 39 senate and assembly co-sponsors.

This legislation will promote private sector competition for telecommunications and cable television services while at the same time protecting Wisconsin's property tax payers. Taxpayers should not have to unknowingly foot the bill for local government entry into the highly competitive and risky telecommunications, broadband and cable television markets.

Senate Bill 272 is narrowly defined so as to safeguard the ability of a municipality to construct, own and operate a cable television or telecommunications service. The primary point of Senate Bill 272 is not to prohibit a local government from operating a cable or telecommunications system, but it is to ensure that local residents and taxpayers who do not choose to subscribe to the city's service are not required to pay for those who do subscribe.

Given the tight budget constraints both the state and local governments currently face, doesn't it make sense to get the input of the taxpayer before a local government invests millions of dollars in high-tech infrastructure?

Some of the opponents of this bill have said that this legislation would violate federal law. Since I am not an attorney, I will not attempt to forecast what a court might decide should this bill be challenged. However, I will tell you that 11 other states have passed similar laws that place limitations on the ability of local governments to subsidize telecommunications services.

To address some concerns raised by some local governments we are offering an amendment that would allow for the deployment of broadband service if there is no other provider willing or able to provide this service.

STATE CAPITOL

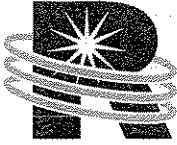
P.O. BOX 7882 ■ ROOM 20 SOUTH ■ MADISON, WISCONSIN 53707-7882
(608) 266-9174 ■ (800) 863-8883 ■ FAX: (608) 264-6914

I fully support the deployment of telecommunications and broadband services to un-served areas. If there is no other option for these services, then I believe local governments should consider the option of municipally owned telecommunications, cable and broadband services.

However, I do not believe it is not the role of government to enter into the competitive world of telecommunications as a competitor to private business

As we have seen in recent years with the "dot com" bubble burst and the subsequent failure of numerous information technology companies, the potential downside to the telecommunications industry is great, and not one that governments should enter into without first fully understanding the up and downs of this industry

Thank you for your time, and I ask that you support both the committee amendment as well as SB 272.



2003 Senate Bill 272

**Testimony of David Mikonowicz P.E., Utility Manager - Reedsburg Utility Commission
And Catherine Harry, Director of Marketing - Reedsburg Utility Commission**

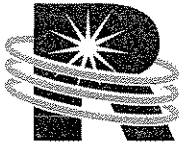
October 29, 2003

Hello,

Today I would like to address the key points and concerns that have arisen from the SB272. I'm not only here today to speak on behalf of the Reedsburg Utility Commission but also to defend and protect the rights of all other municipal utilities that should be given a fair chance at the communications market.

Key Points:

1. Small companies venturing into the telecommunications world have a challenging time just entering into the market let alone staying afloat once they have been established. Small companies have to jump through many hurdles just to implement their facilities or to even put plant into the ground. Small companies are often dependant upon large communication companies to provide access into their facilities. Large communication providers are often reluctant in providing access to these facilities. In turn making the process long and painful as well as forcing small companies to miss crucial time frames in order to achieve certain events. **Reedsburg Utility Commission has experienced this first hand with SBC. In order for telephone to be established it was necessary for 911 trunking to be completed by SBC. What should have been a short process was intentionally prolonged, when SBC realized that the Reedsburg Utility Commission was not marketing in their service area than the process began to speed up.** Because of the never ending battles that small communication providers face there are about 1/3 less Internet providers as there were five years ago. It's all about survival of the fittest and who can provide the funding to stay in the game. Small competitors search for other avenues to differentiate themselves such as finding small niches to service, adding superior customer service and gaining customer loyalty, and even going to lengths like donating \$2 from each account to the subscriber's favorite charity. When finally the small communications provider can almost see the light at the end of the tunnel, large communications providers set them back again. Large communication providers have



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COMMISSION

thrown a wrench in the plans of the small communications provider by funding a bill by the name of SB272. As a natural instinct large communication providers want to protect their already established turf, otherwise known as a monopoly, from small competitors.

2. Deregulation Act of 1996 should be encouraged not discouraged. Monopolization, which currently exists in most rural areas, does not support the Deregulation Act of 1996. To add to this non-supportive environment the SB 272 will only hinder the existence of competition as well as counter act the fact that the Deregulation Act of 1996 was ever deployed. The whole intention of having the Deregulation Act of 1996 was to encourage competition, thus giving consumers a choice of communication providers, driving down prices, and bringing economic development to communities.

3. **A “Level Playing Field” is unattainable. There is NO “level playing field” and never will be. A level playing field is unattainable in the eyes of both parties due to the strengths and weaknesses that both public and private sectors possess.**¹ The

following is a list of some of the regulations that currently apply to Wisconsin municipalities’ and their utilities, but which do not apply to private sector companies.

Code of Ethics for Public
Officials & Employees

Wis. Stat. § 19.41, et seq.

Competitive Bidding
Requirements

Wis. Stat. § 66.0901

Debt Limitations

Wis. Const., art. XI, § 3

Investment Restrictions

Wis. Stat. § 66.0603

Open Meeting Law

Wis. Stat. § 19.81, et. seq.

Payment in Lieu of Taxes

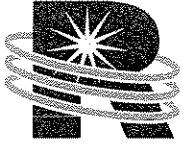
PSC Chapter 109

Prevailing Wage Requirements
for the Construction of Public
Improvements

Wis. Stat. § 66.0903

Public Purpose Doctrine

Heimerl v. Ozaukee County, 256 Wis. 151 (1949);
Beardsley v. Darlington, 14 Wis. 2d 369 (1961).

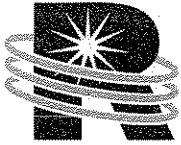


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Public Records Law	Wis. Stat. § 19.21, et seq.
Referendum and Initiative by Electors	Wis. Stat. § 9.20
Restrictions on Municipal Public Utility Charges	Wis. Stat. § 66.809
Restrictions on Sale/Lease of Municipal Public Utility Plant	Wis. Stat. § 66.8017
Restrictions on Use of Municipal Public Utility Revenues	Wis. Stat. § 66.8011
Spending Restrictions on Municipal Funds	Wis. Stat. § 65.06

¹ Research prepared by Anita T. Gallucci, of Boardman, Suhr, Curry, & Field LLP

Thus, for level playing field legislation to truly level the playing field between public and private sector providers, such legislation would have to consider all those regulations and restrictions that apply to municipalities but which do not apply to private entities. However, trying to make a municipal enterprise more like a private enterprise is just as unfair as adopting legislation in which Charter Communications (“Charter”) is required to offer service on a not-for-profit basis, to open its financial records to the public, to contribute to local economic development and other community programs at levels equal to municipal providers, and to provide services to all customers at the same low rates. In addition, private sector communications companies have benefited greatly from billions of dollars of tax incentives and tax deferrals that far exceed any tax benefits that are available to municipal utilities. Likewise, Wisconsin's municipal utilities make payments in lieu of taxes to their municipalities that are either equal to or greater than the taxes paid by private sector companies. **Currently the Reedsburg Utility Commission is the highest paying tax payer in the city of Reedsburg, contributing over \$400,000 annually to local and school tax in 2003 just for electric and water services. This amount is expected to increase by approximately \$50,000 due to the telephone plant. If the state wants level playing fields then legislation should pass a bill requiring**

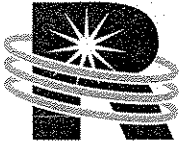


that all TV networks provide the same wholesale costs to municipalities as they do to Charter. The Charter's of the world enjoy these wholesale rates because of their large subscriber level, so to be "fair" municipals should be charged the same rate.

In order for a level playing field to ever exist either large communication providers like Charter, would have to convert to being a public entity or municipalities would have to convert to a private sector, and we know that neither of these transformations would ever occur.

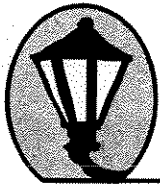
4. Cross Subsidization is not allowed. In addition to regulations the accusation of cross subsidizing appears to be a reoccurring issue brought up by large communication company's (Charter). Cross subsidization should not even be an issue with municipally owned communication providers due to the laws on municipal financing and spending. Municipally owned public utilities are regulated by the Public Service Commission of Wisconsin and must follow the Uniform System of Accounts for Municipally Owned Utilities.
5. SB272 only hinders competition. The SB272 is trying to prevent the possibility of any competition from entering into the communications market. Large providers need to face the fact that competition is coming, just like any other service or product that is available, competition is there no matter what, for example Coke VS. Pepsi. Why should communications be any different, let the best companies win.
6. **Are dollars talking louder than common sense? Is Charter buying their way to push the SB272? Why does the finger keep getting pointed at Utilities? Why is there not a bill defending the best interest for municipal communication providers? Could it be that the municipals do not have enough money to fund a senate bill?**
One question should be answered here and that is: who is setting the rules, bills, regulations? Charter and other large communication providers or the government?

With all playing fields set aside (regulations and perks between utilities and private entities) it should all boil down to pure and simple competition. Competition is a requirement of the game



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and is intended to work for the consumer. There should be no question that after the Deregulation Act of 1996 that the communications market would be free to enter, no matter what type of company you currently run. **With differences set aside it is a possibility that public and private sectors could work towards one common goal which is to provide superior product and service to consumers.**



2003 Senate Bill 272

Testimony of Carl H. Stolte, Mayor – City of Reedsburg

October 29, 2003

Good afternoon. I am Carl Stolte and I am the Mayor of the City of Reedsburg. I have had the honor and opportunity to appear before committees of the State Assembly and Senate on other occasions defending the home rule of authority of local municipalities to operate communication utilities. I return today to once again testify against another in a long series of legislative attempts to block the entry of municipal government into a field that is otherwise available according to the Federal Telecommunications Act of 1996.

Why is it a matter of statewide concern to enact further barriers to entry? What is the problem that the legislation is intended to correct? Most of the communities that are engaging in the feasibility studies, engineering analysis or, in a few circumstances, actual delivery of telecommunication services are operating where there are not competitive providers of telecommunication services or the services are inadequate for citizens and businesses.

Let's look at a few elements of SB 272 to see why it is unnecessary.

a. A community would be required to hold a hearing:

The City of Reedsburg created its Communications Utility by a method called a charter ordinance. A charter ordinance form is used when the local unit of government is enacting a fundamental change in governance or structure. We held a public hearing with proper notice before enactment. In fact the effective date of a charter ordinance is delayed to allow time for citizens to

remonstrate and petition for a referendum on the particular subject of the charter ordinance. There was no remonstrance. We do not need to be told to conduct a hearing. Reedsburg exceeded those requirements using its home rule authority already.

b. A community would be required to conduct a 3-year cost-benefit analysis of the proposed utility:

I'm sorry but three years is myopic! If three years is a sufficient horizon for one of the private providers with stockholders breathing down their collective necks that's fine. The Reedsburg Utility Commission has been around for 104 years and the City was first formed as a village in 1848. Our perspective is much longer term than a three-year window of opportunity. We are not going into this type of business lightly nor with the hope that we can maximize profits to be attractive to a larger fish for a merger or acquisition. Rest assured that we engage in the traditional tools of business planning such as feasibility studies, cash flow projections and market analysis before seeking capital and making commitments.

c. There are a myriad of exceptions from existing regulations now being carved out:

What is the case for placing these barriers that were enacted to reduce the burden on smaller companies whether they are public or private? The Public Service Commission has determined that no additional administrative requirements are necessary to achieve the public regulatory purposes over which they have jurisdiction. I thought there was near unanimous consensus that this state needs fewer barriers to effective telecommunications to achieve our economic success, not more.

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d. Why are there no legislative sponsors from communities that have the some of the most active municipal communication providers?

If the radical community leaders in Sun Prairie, Shawano and Reedsburg have led their communities astray, wouldn't you think that the citizens of those communities would have urged their elected state representatives to protect them? I do not see those representatives listed as sponsors of SB 272.

Finally we ask that this committee to leave well enough alone and allow this matter to "die" with the committee. It does not "level the playing field" anymore than it creates economic incentives. Municipal corporations and private corporations each have their respective characteristics and any attempt to make one like the other will be incomplete and hostile to their very nature. Please allow communities to determine their best efforts in the field of telecommunications.

If you really want to "level the playing field" you would require the private companies to serve each and every community with the highest and best services available in our most populous and wealthiest communities. That standard would give each and every citizen and business of Wisconsin the same opportunities to compete, learn and communicate in a global environment. However I believe that you will not do so as that smacks of over-regulation. So in the meantime, please stand aside and allow the cities, counties, villages and municipal utilities an opportunity to serve its customers as it deems necessary.

PRICING ABOVE COST IS THE LAW, AND MUNICIPALITIES ARE NOT ABOVE THE LAW

PRICING ABOVE TSLRIC AND IMPUTED COSTS IS THE LAW IN WISCONSIN.

Wis. Stat. §196.204 (5) provides that telecommunications utilities must price above total service long run incremental cost (TSLRIC). Wis. Stat. §196.204(6) generally provides that telecommunications utilities with control over bottleneck facilities must impute the prices they charge for those bottlenecks into their TSLRIC price floor. The TSLRIC idea is that the price of the service should cover its cost to prevent predation. The imputation idea is that telecommunications utilities with bottlenecks should not be able to execute a price squeeze.

Municipal telecom utilities seek to compete with other telecommunications utilities. As a general matter, the law should not pick winners and losers; therefore, the same rules should apply to all telecommunications utilities. The bill does not require the municipal utilities to abide by the plethora of rules applicable to telecommunications utilities, just the TSLRIC and imputation tests. So it is a rather conservative application of the unassailable principle of regulatory parity.

And it is a fair application: Pricing above TSLRIC is necessary to ensure that municipal customers do not pay twice for telecommunications services – once via their phone bill and once in their taxes. Further, municipalities control bottlenecks in the provision of telecommunications (e.g., poles and rights of way) that they should not be able to exploit via a price squeeze.

PARITY OF PRICE FLOORS IS NOT A BARRIER TO ENTRY

The opposition has stated that the bill would violate federal law. They are wrong. Section 253 of the federal Telecommunications Act bans only state laws that prohibit the ability of any entity to provide telecommunications service or have that effect. By definition, merely imposing parity of one regulation among many, is no such prohibition. The very fact that other telecom utilities offer service under this rule disproves the opposition's claim. How the opposition answers this problem with their assertion we do not know because their October 22 memo contains no reasoning, just a conclusion. Indeed, in the last paragraph of that memo, they admit that the bill will not prohibit their ability to offer service because they claim they are already operating consistently with the bill. They simply cannot have it both ways.



CITY OF WAUPACA
PUBLIC HEARING TESTIMONY INSERTS

Insert Items:

- * **City of Waupaca Resolution No. 1165**
- * **WaupacaOnLine.net Information Brochure**
- * **WaupacaOnLine.net Monthly Financial Statement (Sept. 2003)**
- * **Charter 2002 Confidentiality Statement from Annual Report**
- * **Excerpts of Broadband Report**
- * **Cindy Verhagen –fyndesign letter**
- * **Nicole Lannyk –National Leisure Group letter**

Hearing on SB272
ROOM 201 Southeast
12:00PM, Tuesday, October 29, 2003

Submitted by:
Henry Veleker, City Administrator
City of Waupaca

RESOLUTION NO. 1165

COPY

A RESOLUTION REGISTERING THE WAUPACA COMMON COUNCIL'S OPPOSITION TO SB272/AB588, LEGISLATION THAT WOULD SEVERELY LIMIT AND POTENTIALLY PROHIBIT THE CITY OF WAUPACA FROM CONTINUING TO PROVIDE ADVANCED TECHNOLOGY SERVICES TO WAUPACA AREA BUSINESSES AND RESIDENCES

WHEREAS, the Waupaca Common Council, created a Communication Utility (WaupacaOnLine.net – WOL.net) by Ordinance No. 2-02, dated February 28, 2002, and

WHEREAS, WOL.net has been up and running since October 7, 2002, providing, high speed, dedicated broadband internet access through wireless technologies, and

WHEREAS, WOL.net currently has over 160 business and commercial customers, many of which have no broadband services available because they are located outside Charter Cable's service area; and

WHEREAS, there has been a move afoot, both at the state and federal levels, to preempt local governments from providing cable and other telecommunications services in spite of, and contrary to the Telecommunications Act of 1996 which states :

"No state or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.", and

WHEREAS, there have been repeated attempts by the Wisconsin State Telecommunications Association and the Wisconsin Cable Communications Association to create barriers and even eliminate the ability of local governments to provide advance telecommunications service, the most recent of these attempts are manifest in SB54 and SB272 and their companion bills AB110 and AB588, and

WHEREAS, Sen. Bob Welch and Rep. Jean Hundertmark are co-sponsors of SB272 and AB588 respectively, and

WHEREAS, the Waupaca Common Council wishes to let both Sen. Welch and Rep. Hundertmark know that SB272/AB588 is bad public policy which caters to the interest of the cable and telephone industries at the expense of the general public and,

WHEREAS, the city of Waupaca will take the following actions to ensure that these anti-municipal legislative initiatives are defeated:

1) Staff is directed to submit this resolution to Sen. Welch and Rep. Hundertmark, Gov. Doyle's Office, Municipal Electric Utilities of Wisconsin, League of

Wisconsin Municipalities, Chairpersons of the Senate/Assembly committees handling the proposed legislation and Senate and Assembly leadership.

COPY

2) Staff is directed to invite both Sen. Welch and Rep. Hundertmark to Waupaca to give them a tour of WOL.net in an effort to increase their understanding of the city of Waupaca's goals and intentions with it's Communication Utility.

3) Current WOL.net customers will be notified of this anti-municipal legislation, legislation that would mean many WOL.net customers would no longer be able to receive broadband services. These customers will be asked to register their opinion on SB272/AB588.

4) Mayor Brian Smith and staff are encouraged to participate in any rallies, letter writing campaigns, directing lobbying etc. to defeat SAB272/AB588.

RESOLVED this 21st day of October 2003.



Brian Smith, Mayor

ATTEST: 

Sharon Nelson, City Clerk

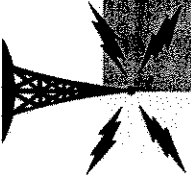
WaupacaOnline.Net

Please call us today to sign-up for a free

site survey or register at our web site

<http://www.waupacaonline.net>

WaupacaOnline.Net is dedicated to providing the highest quality wireless broadband internet access to our customers. Our service area includes most of the greater Waupaca area.



WAUPACAONLINE.NET

111 S. Main Street
Waupaca, WI 54981

Phone: (715)942-0095

Fax: (715)258-4426

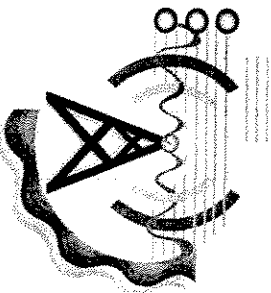
Email: info@waupacaonline.net

www.waupacaonline.net

Revised 06-18-03

WaupacaOnline.Net

Broadband, High-Speed, Wireless Internet Access



Tel: (715)942-0095
info@waupacaonline.net

Residential Users

Looking for High Speed, Broadband, Internet Access? Cannot be connected via cable modem because it is not offered in your area? Do you need more speed at a lower price? Allow WaupacaOnline.Net to make your life easier. Our wireless system can reach out to remote areas where cable modems do not and for \$32.95 per month (residential) you will be amazed at the speed difference.

Features

- Speeds up to 1,024kbs - Upload and Download
- USB or LAN attached to your computer
- Professional Installation
- Works with Windows 95, 98, 98SE, 2000, ME or XP
- 3 Email Addresses with Web Mail Access
- Unlimited Access

Pricing

- \$32.95 per month (using normal antenna)
- *\$39.95 per month (using Long Range antenna)
- \$99.00 installation fee (can be paid over 3 months)

* A \$200.00 refundable deposit is required for the Long Range Antenna



Dial-Up Users

Are you tired of all those disconnects, multiple login attempts, slow download speeds or paying for that extra phone line? WaupacaOnline.Net can assist you. If you are currently paying an extra \$15.00 a month for that second phone line and \$19.95 for your dial-up access, WaupacaOnline.Net will not only save you money but will increase your upload and download speeds greater than 20 times what they are now.

Small Business Users

Features

- Same as Residential Users

Pricing

- \$39.95 per month
- \$149.95 installation fee (can be paid over 3 months)

Restrictions

- Only 2 Physical Computers can be connected to the Internet

Business Users

Features

- Unlimited Access
- Attaches to one computer or your entire network
- Professional Installation
- Works with Windows 95, 98, 98SE, 2000, ME or XP
- Wireless WAN applications

Pricing

- 256kb @ \$69.00 per month
- 512kb @ \$99.00 per month
- 768kb @ \$119.00 per month
- \$250.00 installation fee (can be paid over 3 months)

WAUPACA ONLINE.NET

1110 Main Street
Waupaca, WI 54981

Phone: (715)256-9999

Fax: (715)256-4426

Email: info@waupacaonline.net
www.waupacaonline.net

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WAV

Fax: (715)250-4428
Email: info@waupacaonline.net
www.waupacaonline.net



Notice of Confidentiality Annual Report 2002

As part of our franchise agreement, we remit to you an annual report, which includes a revenue report. This information is confidential and needs to be treated as such.

We respectfully request that if you make any of this information available to the public, please remove the revenue report before doing so.

We thank you for your confidentiality.

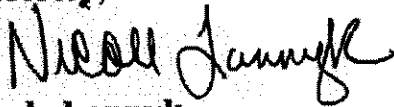
Sincerely,

Jessie Hlad
Government/Relations Manager

Senate Bill 272
Telecommunications
Committee

My name is Nicole Lannyk and I've had Waupaca online for a year now I'm very happy with the service it provides me to be able to work from home. I was very disturbed to learn that you may be taking away this service. Bottom line you are taking away jobs and livelihood. I'm employed with National Leisure Group 100 sylvan rd Woburn Mass 617-424-7990, the only way I can stay employed with them is to have internet service to my home which is 2 miles from the nearest cable lines. When I called charter pipeline and other providers I was told I would have to pay \$2.00 per foot for 2 miles of cable lines out of pocket!! Obviously not a solution, Waupaca online works for me because I paid only \$700.00 for a tower to be put up in my yard that connects to Waupaca online via wireless satellite so I can work from home. I have an autistic son who stays at home and receives in home therapy while I work, if I'm unable to work from home by son suffers as well. I strongly appose this bill, if you take away Waupaca online the cable company needs to put service in all areas with no cost to the client providing weather they are in the country or not. Do you really expect me and people like me to either quit their jobs or sell their houses just for an internet connection?? This is America freedom of speech and freedom of choice. I was unable to be here today but please contact me with any questions. Thank you for your time.

Sincerely,



Nicole Lannyk
E1221 Riverbend Lane
Waupaca WI 54981
715-256-8944 or connorn@nlg.com

CITY OF WAUPACA
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 9 MONTHS ENDING SEPTEMBER 30, 2003

COPY

COMMUNICATIONS UTILITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>OFFICE SUPPLIES</u>					
650-92100-201-000	OFFICE - TRAVEL	.00	.00	.00	.00
650-92100-206-000	OFFICE SUPPLIES - TELEPHONE	37.35	294.65	348.00	53.35
650-92100-207-000	OFFICE SUPPLIES - MNT EQUIP	.00	249.43	.00 (249.43)	.00
650-92100-213-000	OFFICE SUPPLIES - PRINTING	.00	.00	.00	.00
650-92100-216-000	OFFICE SUPPLIES - POSTAGE	42.92	458.21	240.00 (218.21)	190.92
650-92100-286-000	OFFICE SUPPLIES - SOFTWARE	.00	1,358.25	.00 (1,358.25)	.00
650-92100-301-000	OFFICE SUPPLIES - SUPPLIES	.00	465.58	300.00 (165.58)	155.19
TOTAL OFFICE SUPPLIES		80.27	2,826.12	888.00 (1,938.12)	318.26
<u>OUTSIDE SERVICE</u>					
650-92300-202-000	OUTSIDE SERVICE - TRAINING	.00	.00	.00	.00
650-92300-210-000	OUTSIDE SERVICE - PROF SERVCIES	2,155.71	22,140.03	21,000.00 (1,140.03)	105.43
650-92300-211-000	OUTSIDE SERVICE CONTR SERVICE	.00	12,373.86	17,857.00	5,483.14
650-92300-217-000	OUTSIDE SER: MEMBERSHIP & DUES	133.00	536.00	.00 (536.00)	.00
TOTAL OUTSIDE SERVICE		2,288.71	35,048.89	38,857.00	3,807.11
<u>INSURANCE</u>					
650-92400-209-000	INSURANCE - INSURANCE	302.05	302.05	660.00	357.95
TOTAL INSURANCE		302.05	302.05	660.00	357.95
<u>DEBT</u>					
650-94100-401-000	DEBT - PRINCIPAL	.00	.00	.00	.00
650-94100-404-000	DEBT - INTEREST	.00	313.52	.00 (313.52)	.00
TOTAL DEBT		.00	313.52	.00 (313.52)	.00
TOTAL FUND EXPENDITURES		7,732.68	80,806.71	83,043.00	2,236.29
NET REVENUES OVER EXPENDITURES		(1,830.38)	(30,729.39)	16,556.00 (51,757.97)	(185.61)

CITY OF WAUPACA
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 9 MONTHS ENDING SEPTEMBER 30, 2003

COMMUNICATIONS UTILITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>DEPARTMENT 810</u>					
650-40810-399-000 TAXES	.00	.00	6,057.00	6,057.00	.00
TOTAL DEPARTMENT 810	.00	.00	6,057.00	6,057.00	.00
<u>DEPARTMENT 120</u>					
650-41120-280-000 FRAN. FEE/T1LINE - TELECOMM.	2,188.52	13,610.15	11,700.00	(1,910.15)	116.33
TOTAL DEPARTMENT 120	2,188.52	13,610.15	11,700.00	(1,910.15)	116.33
<u>END POINT INSTALL</u>					
650-41600-118-000 END POINT - SOCIAL SECURITY	110.57	1,488.77	720.00	(768.77)	206.77
650-41600-119-000 END POINT - RETIREMENT (R)	.00	.00	.00	.00	.00
650-41600-121-000 END POINT - GROUP HEALTH INS.	.00	.00	.00	.00	.00
650-41600-122-000 END POINT - LIFE INS.	.00	.00	.00	.00	.00
650-41600-123-000 END POINT - INCOME PROTECTION	.00	.00	.00	.00	.00
650-41600-124-000 END POINT - WORK COMP	.00	.00	.00	.00	.00
650-41600-211-000 END POINT INSTALL - CONTRACT S	2,605.25	24,663.27	9,385.00	(15,278.27)	262.79
650-41600-268-000 END POINT - CAR ALLOWANCE	.00	50.00	.00	(50.00)	.00
TOTAL END POINT INSTALL	2,715.82	26,202.04	10,105.00	(16,097.04)	259.30
<u>SALES EXPENSE</u>					
650-91300-215-000 SALES EXP - ADVERTISING	20.50	820.00	1,320.00	500.00	62.12
650-91300-301-000 SALES EXPENSE - SUPPLIES	.00	.00	300.00	300.00	.00
TOTAL SALES EXPENSE	20.50	820.00	1,620.00	800.00	50.62
<u>ADMINISTRATION</u>					
650-92000-101-000 ADMIN - SALARIES	.00	.00	9,770.00	9,770.00	.00
650-92000-102-000 ADMIN - WAGES	22.26	184.14	.00	(184.14)	.00
650-92000-104-000 ADMIN - PART TIME	91.89	1,271.54	3,000.00	1,728.46	42.38
650-92000-116-000 ADMIN - PART TIME RETIREMENT	4.96	68.03	156.00	87.97	43.61
650-92000-118-000 ADMIN - SOCIAL SECURITY	8.65	109.20	230.00	120.80	47.48
650-92000-119-000 ADMIN - RETIREMENT (R)	2.40	18.91	.00	(18.91)	.00
650-92000-121-000 ADMIN - GROUP HEALTH INS.	6.34	48.73	.00	(48.73)	.00
650-92000-122-000 ADMIN - LIFE INS.	.09	.87	.00	(.87)	.00
650-92000-123-000 ADMIN - INCOME PROTECTION	.20	1.52	.00	(1.52)	.00
650-92000-124-000 ADMIN - WORK COMP	.00	.00	.00	.00	.00
TOTAL ADMINISTRATION	136.79	1,882.94	13,156.00	11,473.06	12.79

CITY OF WAUPACA
REVENUES WITH COMPARISON TO BUDGET
FOR THE 9 MONTHS ENDING SEPTEMBER 30, 2003

COMMUNICATIONS UTILITY

	PERIOD ACTUAL	YTD ACTUAL	BUDGET AMOUNT	VARIANCE	% OF BUDGET
<u>SOURCE 41</u>					
650-41020-000-000	SUBSCRIBER - RESIDENTIAL	2,565.85	17,297.48	44,976.00 (27,678.52)	38.46
650-41021-000-000	SUBSCRIBER - RES LONG RANGE	459.42	3,062.47	.00 3,062.47	.00
650-41022-000-000	MOBILE USER	49.90	166.33	.00 166.33	.00
650-41023-000-000	SUBSCRIBER - SMALL BUSINESS	1,266.80	7,709.68	8,389.00 (679.32)	81.90
650-41024-000-000	SUBSCRIBER- SM BUS. LONG RANGE	39.95	275.78	.00 275.78	.00
650-41025-000-000	TOWER RENT	.00	1,289.35	11,040.00 (9,750.65)	11.68
650-41026-000-000	SUBSCRIBER - BUS. 64KB	.00	583.71	3,042.00 (2,478.29)	18.53
650-41027-000-000	SUBSCRIBER - BUS. 128KB	.00	1,920.28	3,042.00 (1,121.72)	63.13
650-41028-000-000	SUBSCRIBER - BUS. 256KB	541.00	2,393.42	3,042.00 (848.58)	78.68
650-41029-000-000	SUBSCRIBER - BUS. 512KB	.00	.00	3,042.00 (3,042.00)	.00
650-41030-000-000	SUBSCRIBER - BUS. 768KB	.00	.00	3,042.00 (3,042.00)	.00
650-41031-000-000	PENALTY	39.24	166.11	300.00 (133.89)	55.37
650-41040-000-000	RES. INSTALL	429.00	7,326.00	8,514.00 (1,188.00)	86.05
650-41041-000-000	SMALL BUS. INSTALL	399.84	3,931.48	1,950.00 1,981.48	201.61
650-41042-000-000	BUSINESS INSTALL	.00	1,233.31	5,500.00 (4,266.69)	22.42
650-41043-000-000	MISC. PARTS	109.00	2,665.00	3,120.00 (455.00)	85.42
TOTAL SOURCE 41		5,900.00	50,000.40	98,999.00 (48,998.60)	50.51
<u>SOURCE 42</u>					
650-42020-000-000	WEGA - RESIDENTIAL	.00	.00	.00 .00	.00
650-42022-000-000	WEGA - MOBILE USER	.00	.00	.00 .00	.00
650-42023-000-000	WEGA - SMALL BUSINESS	.00	.00	.00 .00	.00
650-42028-000-000	WEGA - BUS. 256KB	.00	.00	.00 .00	.00
650-42029-000-000	WEGA - BUS. 512KB	.00	.00	.00 .00	.00
650-42030-000-000	WEGA - BUS. 768KB	.00	.00	.00 .00	.00
650-42031-000-000	WEGA - PENALTY	.00	.00	.00 .00	.00
650-42040-000-000	WEGA - RES. INSTALL	.00	.00	.00 .00	.00
650-42041-000-000	WEGA - SMALL BUS. INSTALL	.00	.00	.00 .00	.00
650-42042-000-000	WEGA - LARGE BUSINESS INSTALL	.00	.00	.00 .00	.00
650-42043-000-000	WEGA - MISC. PARTS	.00	.00	.00 .00	.00
650-42044-000-000	WEGA - RESIDENTIAL NON CITY	.00	.00	.00 .00	.00
650-42045-000-000	WEGA - BUSINESS NON CITY	.00	.00	.00 .00	.00
TOTAL SOURCE 42		.00	.00	.00 .00	.00
<u>SOURCE 48</u>					
650-48111-000-000	INTEREST	2.28	76.92	600.00 (523.08)	12.82
TOTAL SOURCE 48		2.28	76.92	600.00 (523.08)	12.82
TOTAL FUND REVENUE		5,902.28	50,077.32	99,599.00 (48,521.68)	50.28

CITY OF WAUPACA

BALANCE SHEET
SEPTEMBER 30, 2003

COMMUNICATIONS UTILITY

ASSETS

650-10001-000-000	TREASURER'S REPORT-PR ONLY	2,707.55	
650-10004-000-000	CASH - COMMUNICATIONS UTILITY	16,314.21	
650-14800-000-000	CUSTOMER ACCT. RECEIVABLE	1,769.72	
650-30111-000-000	ACCUMULATED DEPRECIATION	(4,720.00)	
650-36400-000-000	CAPITAL - TOWER	148,895.51	
650-38100-000-000	CAPITAL - EQUIPMENT	11,640.44	
650-38200-000-000	CAPITAL - END POINTS ONLY	96,831.32	
	TOTAL ASSETS		273,438.75

LIABILITIES AND EQUITY

LIABILITIES

650-21211-000-000	VOUCHERS PAYABLE	.00	
650-21217-000-000	CUSTOMER DEPOSITS	2,603.44	
650-21581-000-000	SALES TAX DUE STATE	(1.51)	
650-22300-000-000	SEWER FUND INTERNAL LOAN	(32,465.23)	
650-25100-000-000	WAGES & EXPENSES TO MUNIC	5,391.00	
650-25620-000-000	DUE TO SEWER UTILITY	320,000.00	
650-25621-000-000	DUE TO BAYLAKE BANK	56,022.99	
	TOTAL LIABILITIES		351,550.69

FUND EQUITY

650-20010-000-000	CAPITAL PD BY MUNICIPALITY	34,507.00	
	REVENUE OVER EXPENDITURES - YTD	10,265.13	
	TOTAL FUND EQUITY		44,772.13
	TOTAL LIABILITIES AND EQUITY		396,322.82

COMMUNICATIONS UTILITY
 WAUPACA ONLINE NET
 SUMMARY FOR 2003

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
POSITS	2,931.07	4,831.99	6,173.69	6,333.34	7,992.62	5,460.35	5,493.50	5,632.79	6,820.20			
N		11,351.65	7,199.89		15,471.45				22,000.00			
POKES	27,585.70	19,541.73	15,946.83	15,551.33	22,470.89	29,013.79	10,768.10	7,652.95	26,882.35			
HI BALANCE	59,623.01	56,018.36	53,445.11	44,227.12	45,220.30	21,666.86	16,392.26	14,372.10	16,309.95			

Date: October 29, 2003

To: Senate Transportation and Information Infrastructure Committee

From: David Byers, Mount Horeb Telephone Company

Re: Senate Bill 272

- 1) I'm here to let you know that competition is coming to rural areas.

We are doing it. We currently provide competitive local telephone and high speed Internet service in Dodgeville as well as competitive cable television service in Dodgeville, Blue Mounds and Mount Horeb.

And no we didn't pick Dodgeville because of the expectation of landing a huge account like Land's End. We did it because we built a customer base from our Internet business that could be used to to sell other services such as local telephone service and cable tv.

I constantly hear the opponents of this bill say that this bill is a barrier to entry. I can't find anywhere in the bill that says a municipality can't provide these services as long as they hold a public hearing, prepare a report that shows how the entity will be funded, operated and projected revenues and operational costs.

Welcome to the real business world.

Indeed, we spent a great deal of time (years) on business plans that we could sell to our shareholders and financial institutions as a

viable proposition. We do not have the luxury of falling back on the local taxpayers if the business plan fails.

Is it unreasonable to suggest that a municipality be required to make the case to their shareholders, otherwise known as the local taxpayer how they intend to fund and operate such an entity and what the potential risks are with such a venture in the event it does not succeed ?

The second point I would like to make is that opponents of this bill talk about how incumbents want to simply protect their monopoly status and engage in the predatory pricing that they love. It is apparent to me that these individuals and groups have no idea the regulatory oversight that we, as incumbents endure with respect to how our services are priced. All of our rates are subject to scrutiny, and indeed approved by the Wisconsin Public Service Commission or the FCC. We are required to file annual reports of our revenues and expenses which are then reviewed and adjusted as necessary by the Public Service Commission. Rates for the services we charge are not set at the discretion of the company, but rather with the advice and consent of state and federal regulatory agencies who are charged with looking out for the public interest.

Municipalities, certified as a CLEC, are not subject to such oversight. It is therefore incumbent upon the legislature to insure that if a municipality enters into this business, that they are not pricing their services below cost, therefore burdening their local taxpayers.

Finally, I want to tell you a story about how communities can bring services to their citizens without taking on the risk themselves. In 1997 and 1998 we were approached by the communities of Argyle and Avoca to bring dial-up internet access to their citizens.

Through surveys and signatures on petitions, they were able to convince MHTC that there was a significant customer base to bring service to those customers. We as a private business did it, and as a result there was no risk to the taxpayers of paying for a service that could have potentially failed.

I believe this bill does just that. A municipality going into a competitive business should be a last resort. They should be compelled to try and get private business to deliver these services. If they cannot, then the obligations a municipality must adhere to in this bill will insure that the local taxpayer clearly understands the risks associated with such a venture.

Cindy Verhagen
fyndesign!
N 3972 Cty Hwy 0
New London, WI 54961
920-867-3509

To Whom It May Concern:

Six months ago I made a tough decision. I gave up the corporate life for a shot at the American dream, owning my own business. My partner, another former corporate world member, also left the monthly salary and business suit behind for the hopes of a new life. That day fyndesign! (pronounced Fine Design) was born.

Our business is providing web services to the newspaper industry, including posting of newspaper classifieds, display ads, editorial content and special sections to their websites. Our clients encompass many small and large newspaper groups across the United States. Everything we do requires the transferring of large, graphic intensive files back and forth via the Internet.

Both my partner and I live in rural Wisconsin – there is no cable here, no DSL, no high - speed anything. We rely on satellite for our TV as well as our Internet, with dial-up for a backup. Truthfully, satellite Internet is worse than dial-up and less reliable. What a sad thing to hear myself say. My monthly cost for satellite Internet and dial-up is over \$125.00 a month!

If there was one thing that constantly made me consider going back to corporate America, it was the daily struggle to get our files back and forth. My workday was 16-17 hours with 3 - 6 of those hours being spend transferring files. Not to mention newspapers are constantly on deadline and if my company cannot give them their content on time, someone else will.

Then the good news came. Broadband was available to me – FINALLY! That was a week ago. Since the waupacaonline service was installed, I am working approximately 5 hours less each day – I can see my family again. My files are back to the customer in a reasonable amount of time and I assume because of that, they can see their families as well.

I don't know why the cable industry would fight such a wonderful thing. There isn't even cable AVAILABLE here. If they have a problem with those like myself choosing broadband, they should first offer their own service everywhere. Level the playing field, vie for the business of customers like myself, compete for the customer like everyone else does, rather than simply trying to stop something they are not even offering an alternative to.

Please, as an aspiring entrepreneur, I plead with you not to pass into legislation something that so hinders the success of so many others just like myself.

Sincerely,

Cindy Verhagen
Owner/Designer
fyndesign!

**Opposition to SB272
City of Oconomowoc
October 29, 2003**

Since June 2002, the City of Oconomowoc has been trying to work with Charter communications and SBC to provide broadband communications services to our existing Corporate Park and the future Pabst Farms development.

As many are aware Oconomowoc is strategically located midway between Milwaukee & Madison on the I-94 corridor. The Pabst Farms is the largest planned development in the State of Wisconsin. These facts have no bearing on the decision makers for our existing service providers. Several businesses, including a bank and two attorneys, decided to locate in Oconomowoc, only to find out that the technology infrastructure was not sufficient to meet their needs. This was very shocking to those who perceive that Oconomowoc is a progressive area. As a community, we would like to be progressive and provide ample opportunity for economic expansion to complete Wisconsin's first high tech corridor (Milwaukee -Oconomowoc-Madison).

Oconomowoc Municipal Utilities is an authorized CLEC, and has hired a consultant to determine the feasibility of providing telecommunications services. Given the inaction by the existing providers, this is the most logical solution to meet our community and economic development goals to attract high tech business. I would think the promotion of high tech economic development and the accessibility to high speed data infrastructure is way to accomplish the State of Wisconsin's goals identified by the Economic Summit and the Grow Wisconsin Plan.

It is my belief that SB272 is inconsistent with the Wisconsin's broader goal of attracting high skilled employers and employees, by limiting the ability of a community like Oconomowoc. Oconomowoc is a great example of a community that is underserved by the existing telecommunication providers, and is attempting to be part of the solution. Senate Bill 272 will prevent the development of Municipal Telecom in Oconomowoc and Wisconsin which will ultimately hinder Economic Development. We need to be on the information highway, as well as complete the Milwaukee-Oconomowoc-Madison high tech corridor and beyond to make our businesses, State and communities more competitive in the new technology based economy.

Bob Duffy
Economic Development
City of Oconomowoc
262.569.2185

Lindstedt, Daniel

From: Scott J. Meske [smeske@meuw.org]
Sent: Friday, October 31, 2003 12:32 PM
To: Dan Lindstedt; Bruce Pfaff
Cc: David Benforado
Subject: Request for Amendment language to SB 272

Bruce and Dan:

Although I haven't seen any final language, here is what we are proposing. Please keep me in the loop as to the committee vote, and if what we have proposed makes sense. We believe it does, without harming the intent of the bill.

Again, thank you both for your cooperation and sincerity on SB 272.

*Scott Meske
Governmental Affairs Director
Municipal Electric Utilities of Wis
(608) 837-2263
smeske@meuw.org*

10/31/2003



Algoma
Arcadia
Argyle
Bangor
Barron
Belmont
Benton
Black Earth
Black River
Falls
Bloomer
Boscobel
Brodhead
Cadott
Cashton
Cedarburg
Centuria
Clintonville
Columbus
Cornell
Cuba City
Cumberland
Eagle River
Elkhorn
Elroy
Evansville
Fennimore
Florence
Gresham
Hartford
Hazel Green
Hustisford
Jefferson
Juneau
Kaukauna
Kiel
La Farge
Lake Mills
Lodi
Manitowoc
Marshfield
Mazomanie
Medford
Menasha
Merrillan
Mount Horeb
Muscoda
New Glarus
New Holstein
New Lisbon
New London
New Richmond
Oconomowoc
Oconto Falls
Pardeeville
Plymouth
Prairie du Sac
Princeton
Reedsburg
Rice Lake
Richland Center
River Falls
Sauk City
Shawano
Sheboygan
Falls
Shullsburg
Slinger
Spooner
Stoughton
Stratford
Sturgeon Bay
Sun Prairie
Trempealeau
Two Rivers
Viola
Waterloo
Waunakee
Waupun
Westby
Whitehall
Wisconsin Dells
Wisconsin
Rapids
Wonewoc

Memo to: Senator Joe Leibham, Chairman, Senate Committee on Transportation and Infrastructure
Senator Ted Kanavas, Lead author of Senate Bill 272

From: Scott Meske, Governmental Affairs Director, MEUW

Date: October 31, 2003

Re: Request for amendments to Senate Bill 272

First, let me say thank you for your time and interest in the municipal positions as they relate to broadband deployment, competition in the teleco and cable television industry and affordable services for residents and businesses in Wisconsin. It is clear that small towns (and some larger ones) feel this industry has let them down, based on testimony presented at Wednesday's hearing. It is also apparent that communities do not venture into the telecom business lightly; acting much like a private carrier with extensive research, meetings, and feasibility studies prior to investing capital in a telecom, cable television or broadband network.

We believe the authors of the bill are sincere when discussing the intent of the legislation. Therefore, we are pleased to be forwarding some language, which, in discussions with the principle parties, may work in accomplishing the goals set out by Senator Kanavas and the authors of the bill.

- 1) Attached is "grandfathering" language that would be acceptable to our members. It ensures all communities that proactively went forward and obtained a competitive local exchange carrier permit from the PSC would be allowed to proceed with their plans without adhering to the provisions of the bill.
- 2) Secondly, as Dave Mikonowicz from Reedsburg said at the hearing, there should be some exemption for "feasibility and engineering studies" from the provisions of the bill. This would allow a community to spend money to make a qualified and informed decision about the prospects of forming a telecom utility.
- 3) We believe Sen. Kanavas' amendment is very well intended. However, as mentioned, we believe the word "internet" should be replaced with "broadband."

Finally, our members provide direction to us and to MEUW as a whole. We have done our level best to provide them with as much information as possible to make such difficult decisions. We believe these three points represent those sentiments and those decisions well. Any modifications or differing language would have to go through the same review process. Again, we appreciate your interest in our input and we look forward to working with you.

Attach.

MAR 08 2004

TO: All Members of the State Senate

FROM: League of Wisconsin Municipalities, Curt Witynski (267-2380)
Wisconsin Alliance of Cities, Ed Huck (257-5881)
Wisconsin Counties Association, Mark O'Connell (663-7188)
Wisconsin Association of School Boards, Pam Rewey (257-2622)
Municipal Electric Utilities of Wisconsin, David J. Benforado (837-2263)
Wisconsin Towns Association, Rick Stadelman (715-526-3157)
Citizens Utility Board, Charlie Higley (251-3322)
North Shore Cable Commission, Bob Chernow (414-347-7089)
Regional Telecommunication Commission, Bob Chernow (414-347-7089)

DATE: March 8, 2004

RE: **Senate Bill 272 (restrictions on local government telecommunications and cable television operations) remains bad public policy for Wisconsin broadband development efforts.**

Please vote "NO" on concurrence of Assembly actions on Senate Bill 272.

Throughout these past few weeks and months, we have engaged in sincere, thoughtful and difficult discussions to make our concerns known on SB 272. While it has been touted as a "good bill," and amendments have been added in both the Senate and the Assembly, it is our view that such legislation is bad public policy for Wisconsin and should not be supported.

It has been the position of our organizations from the first onset of legislative efforts to limit, inhibit, or prohibit local governments from entering the telecom business, that **no legislation is required**. The language of SB 272 is written from the incumbent teleco and cable television perspective, without regard to a) locally elected officials and the decisions they are empowered to make, or b) Wisconsin consumers of broadband and cable television services. We seriously question the need for such legislation. Where is the problem this bill is trying to solve? We are highly skeptical that the tremendous legislative and lobbying efforts being taken to restrict municipal telecom utilities will result in better services, more services being offered by incumbent providers, and faster broadband availability around the State.

While we have actively engaged in hopeful discussions, throughout this legislative session, we have not wavered from our position that this bill, and others like it, is a solution in search of a problem, and is protectionist in its design.

We respect the proponents and authors of the bill for attempting to work with our organizations to reach some acceptable language. The two amendments to SB 272 adopted by the Assembly may help a couple of communities that have invested in cable television systems and infrastructure, but it does not address the true need of increased broadband availability in Wisconsin.

Vote No on concurrence of Assembly actions on SB 272
Page 2

Please vote "NO" on concurrence on Senate Bill 272. We stand fully willing to work on positive broadband policy for Wisconsin, together with all interests involved in the discussions from the beginning of the process.

Attach.

List of Organizations and Resolutions Opposing SB 272
Wisconsin State Journal editorial (2/23/04)
Milwaukee Journal Sentinel editorial (1/28/04)
Assembly Committee Hearing Record on SB 272 (12/9/03)

Organizations on record as opposing Senate Bill 272

Name of organization	Date Passed	Name of organization	Date Passed
Bangor Village Board	December 9, 2003	Hustisford Utilities	December 1, 2003
Brodhead Water & Light Comm.	December 15, 2003	City of Algoma	February 2, 2004
City of Boscobel	December 16, 2003	City of Rice Lake	February 11, 2004
City of Brodhead	December 8, 2003	Reedsburg Utility Commission	December 12, 2003
City of Clintonville	December 9, 2003	City of Reedsburg	December 9, 2003
City of Columbus	December 16, 2003	Cashton Municipal Light & Wtr	January 20, 2004
City of Eagle River	December 10, 2003	Columbus Water & Light Comm	January 14, 2004
City of Kaukauna	December 16, 2003	Marshfield Utility Commission	December 8, 2003
City of La Crosse	December 11, 2003	Jefferson Utilities Commission	February 9, 2004
City of Lodi	January 6, 2004	Kaukauna Utilities	December 17, 2003
City of Marshfield	December 23, 2003	Lodi Utilities Commission	December 17, 2003
City of Medford	December 16, 2003	Menasha Utilities Commission	November 26, 2003
City of Menasha	December 1, 2003	New London Utilities Commiss.	December 16, 2003
City of Milton	December 16, 2003	Shawano Municipal Utilities	December 16, 2003
City of New Holstien	December 17, 2003	Village of Bellevue	December 10, 2004
City of New London	December 9, 2003	Village of Jackson	December 8, 2003
City of New Richmond	December 8, 2003	Village of Kellnersville	January 6, 2004
City of Oconomowoc	December 16, 2003	Village of Poynette	December 8, 2003
City of Plymouth	December 9, 2003	Village of Stratford	January 13, 2004
City of Prescott	December 22, 2003	Waupaca County	December 16, 2003
City of Richland Center	December 16, 2003	Waupun Utilities Commission	December 8, 2003
City of River Falls	January 13, 2004	Winnebago County	December 16, 2003
City of Sun Prairie	December 16, 2003	Village of Star Prairie	January 13, 2004
City of Verona	January 12, 2004	Waterloo Light & Water Commission	December 3, 2003
City of Waterloo	December 15, 2003	Chippewa County	January 13, 2004
City of Waukesha	December 16, 2003	City of Shawano	December 10, 2003
City of Waupaca	December 16, 2003	City of Stoughton	January 13, 2004
City of Weyauwega	December 15, 2003	City of Sturgeon Bay	January 6, 2004
City of Wisconsin Dells	December 15, 2003	Columbia County	December 17, 2003
Lafayette County	January 19, 2004	Columbia Co. Econ. Devel. Cor.	January 14, 2004
Bloomer Electric Utility	January 28, 2004	Cadott Light & Water Dept.	February 2, 2004
Florence County	February 17, 2004	Town of Florence	January 26, 2004
City of Jefferson	February 17, 2004	City of Neenah	March 3, 2004
Village of Waunakee	March 1, 2004	Racine County	February 24, 2004
		<i>* Indicates non-MEUW entity</i>	
Name of organization	Date Opposed	Editorials Opposing to SB 272	Date Published
Wisconsin Alliance of Cities	October 13, 2003	Wisconsin State Journal	October 19, 2003
Municipal Electric Utilities of Wis.	October 15, 2003	Veleker Column (Wis. St. Journal)	December 4, 2003
League of Wisconsin Municipalities	October 16, 2003	GB Press Gazette (Dipko)	December 15, 2003
Wis. Association of School Boards	October 16, 2003	Capital Times	January 5, 2004
Kenosha County	October 20, 2003	Lodi Enterprise (Fisk column)	January 15, 2004
Wisconsin Towns Association	October 27, 2003	Milwaukee Journal Sentinel	January 28, 2004
Wisconsin Counties Association	October 31, 2003	Appleton Post Crescent (Laux column)	February 1, 2004
City of Milwaukee	December 8, 2003	Wisconsin State Journal	February 23, 2004
Citizens Utility Board	February 16, 2004	The Marketplace Magazine	February 24, 2004
		The Country Today	February 25, 2004

OPINION

Wisconsin State Journal

A8 • Monday, February 23, 2004

OUR OPINION

Don't shield telecoms from local competition

When Reedsburg's water and electric utility, the local school district and a few businesses and residents started wanting high-speed Internet service a few years ago, city officials asked phone and cable TV companies to provide it. The city received no response. So, the city's utility commission took on the project. Today, Reedsburg has its own high-speed Internet service.

Reedsburg, a city of 8,100, about 50 miles northwest of Madison, is not alone. There is a small but growing trend nationwide for local governments, fed up with the monopoly power of cable TV and telecommunications companies, to start their own services.

Yet, the trend is in danger in Wisconsin. The state Senate has passed a bill that would curtail local governments' ability to provide Internet, cable TV or telephone services. It's up to the Assembly to keep local governments' options open by rejecting the bill.

At stake for consumers is the ability to benefit from the choice and creativity that competition in the marketplace supports — or, in some cases, the ability to benefit from any service at all.

Senate Bill 272 is designed to protect large cable television and telecommunication companies

At stake is consumers' ability to benefit from choice or, in some cases, to benefit from any service at all.

from competition by placing extra hurdles in front of municipalities. It would require municipalities planning to offer Internet, cable TV or telecommunications services to perform cost-benefit analyses and hold public hearings. Furthermore, municipalities could not require taxpayers to pay for systems, beyond debt service and public access channels, unless a majority voted in favor of the proposed service.

Proponents of the bill maintain that restrictions on municipalities are needed to ensure a level playing field among competitors. But state law and accounting requirements enforced by the Public Service Commission already ensure, with few exceptions, that local governments and private service providers operate on a level playing field. For proof, look at the states long history of regulating municipal electric utilities alongside major power companies.

SB 272 goes too far to hamstring local governments and, consequently, to restrain competition. It should be defeated.

Brouhaha over broadband

We agree with those who argue that private firms should be the preferred providers of telecommunications services. But when private companies show no interest in providing such services to rural areas, we see nothing wrong with local governments' picking up the slack. After all, it's in the interest of consumers, taxpayers and government to make sure that their communities have access to the latest technology.

So we're not entirely sure why some legislators in Madison are trying to make it more difficult for communities to offer telecom services. Proposed legislation would require local governments to jump through a series of hoops that local officials say would make it nearly impossible for them to provide cable, telephone and broadband service.

State Sen. Ted Kanavas (R-Brookfield), primary sponsor of the legislation in the Senate, and other sponsors such as Rep. Scott Jensen (R-Town of Brookfield) say that they don't want local governments to have an edge over private telecom companies and that they don't think taxpayers should be supporting ventures best left to the private market.

We agree in principle, but we find it a little odd that Kanavas is more than willing — through separate legislation — to have taxpayers help pick up the tab for offering tax credits to private firms that extend broadband to underserved areas. If

it's OK for taxpayers to subsidize private firms, why isn't it OK for taxpayers to directly pay for their own service?

The need for government service appears real. Local officials in some rural areas complain that telecom firms won't even return phone calls because they simply have no interest in building networks that don't promise to be very profitable. That unwillingness is understandable, but it's in no one's interest to allow rural Wisconsin to go unconnected.

The Wisconsin State Telecommunications Association says that private providers aren't ignoring rural Wisconsin and that 80% of the state's telecommunications customers have access to broadband. There is no reason to doubt those numbers, but that still leaves 20% without access. And while what the association says may be true in terms of the big picture, there still obviously are pockets where customers are underserved. In those cases, communities should have the ability to wire their residents without having to go through all the hoops that the proposed legislation would require.

Yes, Kanavas and his cohorts have some good points in their favor, and perhaps if the legislation were modified to make it easier for governments to serve their constituents, the bill would deserve passage. But right now and in this form, the proposed legislation appears to be both unnecessary and bad policy.

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► Municipal Pugilism**Local government vs. big business**

Written by Karl Bode

The push for municipal broadband in the Illinois cities of Geneva, St. Charles, and Batavia has gotten ugly. SBC and Comcast's PR departments have been busy trying to persuade voters that municipal broadband projects generally end in fiscal failure. Naturally the Tri-City broadband commission is angry, suggesting there would be no need for municipal broadband if these companies had shown such interest in service much earlier. While the vote looms, 'misinformation' reigns, and the city mayors claim they will push the project forward even if they face a loss.

We first mentioned the Illinois municipal broadband project during its earliest stages in [February of last year](#), at which time the three cities had become frustrated with the service of AT&T Broadband, and were just beginning to explore their options. Using the success of other communities such as Spencer, Indiana; Thomasville, Georgia; and Palo Alto, California, as a blueprint, the Tri-City area leaders began to draft their plan and formed a research commission.

The city of St. Charles began to keep a [progress log](#) of its push to revitalize its business district, part of which would now include high speed infrastructure. After waiting through the summer of 2002, a requested 700 page feasibility study was completed for the broadband initiative, and the three cities began to plan in earnest. The proposed plan would cost \$63 million and would create nearly 50 city jobs to administer and maintain the broadband network.

Naturally the plan had its skeptics from the start. The Heartland Institute, a national nonprofit research organization based in Chicago, released a [scathing 22 page report](#) that stated the project was likely to go bankrupt, and that the city would be unable to compete with the private sector. Area papers and leaders criticized the Institute, claiming that while it claimed to be bias free, it repeatedly took pro-business stands on public policy issues such as the privatization of public services.

The cities weren't fazed. One Batavia city administrator claimed that Bast and the institute did not have an "accurate understanding of the project", others arguing that since the city already ran its own electric utility, start-up and operation costs would be significantly less. *"Historically, we got into the electric utility for the same reason: the residents wanted it,"* Geneva Information Systems Supervisor Peter Collins said at the time. *"We're used to being different."*

With the feasibility study completed, and area leaders convinced

the project could be practical and successful, they now faced the problem of convincing voters that such a plan was in their best interests. A community vote was set for April 1st, and area leadership began to pitch the idea to area residents.

Debate began to rage in local papers over the necessity of the project. One woman wrote her local editor to complain about the local leaders trying to pitch the broadband idea as a "necessity of life". *"I raised two very intelligent children without cable television and high-speed Internet",* argues the woman. *"Necessity of life? Whose life?"*

Ironically enough, in some ways the mother of the project, AT&T Broadband, whose poor service helped to birth the plan, began to finally show an interest in the region. In a sense showing that competition was already having a positive impact on the area; the company began sending out letters to area consumers informing them that they'd be finally upgrading the area's cable system after years of unheeded complaints.

One area resident wrote us in amazement after receiving the letter. *"I find it strange that, after years of putting it off, AT&T all of a sudden sends me a letter saying that they will be upgrading the cable system in my area (Geneva, IL), so that I can get enhanced services like cable broadband. AT&T has been putting off the work for years until now, when the tri-city area is thinking about doing it on their own, without the help of a big telco/ISP/Broadband provider."*

As the April first vote grew closer, SBC and the newly merged Comcast began to fire up their PR machinery, trying their best to convince area voters that a municipal broadband system simply wasn't in the residents' best interests.

Both companies began by issuing surveys via telephone and mail, which asked customers questions such as *"Is it appropriate to spend 62 million for broadband service when two private companies already provide that service?"* and *"Should tax money be allowed to provide pornographic movies for residents?"* When criticized by local officials who claimed the surveys were misleading propaganda, neither company was willing to release the content of the surveys to the press. Thanks to area residents, Broadband Reports received a transcript of the questions available [here](#).

On March 13 Comcast began [running an ad](#) (pdf copy) in area papers 'warning' voters that building such a network would be a fiscal gamble, and that residents could wind up with *"higher taxes, higher utility rates, or decreased city services"*.

Comcast followed up that ad with [another ad](#) (pdf copy) that claimed most other nationwide attempts at local government operated broadband networks ended in failure, calling the Illinois endeavor "a long shot". The company even circulated a [list](#) of these "failed" municipal projects to area residents and leaders, all of which are rebuked at the [Tri-City broadband website](#).

SBC meanwhile turned to its employees for support, sending them an e-mail (pdf copy) that urged them to lend their voice to oppose the broadband plan. *"Despite what you may have heard from our opposition", the letter says, "SBC has welcomed competition. However, all competitors must enter on a level playing field. A government funded network relies on taxpayers' hard earned money, threatens SBC jobs and puts the municipal broadband at an advantage not afforded to other competitors."*

For the first time since the plan was launched, the three mayors of Batavia, St. Charles, and Geneva stood together at a meeting yesterday evening to encourage voters to say "yes" to the April 1st vote, and to criticize both Comcast and SBC, whom they say are engaged in a campaign of "lies" and "misinformation". *"We aren't trying to misrepresent anything,"* said Patricia Andrews-Keenan, Comcast vice president for communications, who pointed out the company was spending \$50 million for upgrades in DuPage and Kane counties.

So what happens if voters say no on April 1st? According to the Kane County Chronicle, the mayors, who at one point promised they'd only move forward with resident approval, are now saying they may move forward regardless, thanks in part to SBC and Comcast's tactics in the region. According to St. Charles Mayor Sue Klinkhamer, the *"economic development of our communities depends on it."* According to one area resident we spoke to this morning, the Kane County Chronicle article is misleading in that while St. Charles and Batavia are or will soon be home rule, Geneva is not, and can not move forward without a proper voter victory on April 1st.

We've fired some questions at the leaders of the "Fiber for our Future Committee", who have created the Tri-City Broadband Citizen Support Group, and will post the interview hopefully this week.

Posted 03-25 13:03 See: alternatives competition

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2farfromCO

Make the monopolies make counter-proposals

I say, make the monopolies put their money where their mouth is. Have the stipulations and stiff and unappealable penalties if they don't meet their pro



mocoder

MEMBER

Joined 01-22-2001

Location: Naperville, IL

Home

Re: Make the monopolies make counter-proposals

I would be cool with that...but what similar mechanism can be put in place belly-up?

If SBC/Comcast had any brains, they would shut up and allow the municipalities out for pennies on the dollar...complete with infrastructure, customer bas



Utility borrows additional \$3.5 million

By Emily M. Bialkowski
Times-Press

With unanimous support the Reedsburg Utility Commission agreed to acquire an \$8,858,000 bond anticipation note (BAN) for their fiber to the home project.

The loan retires an existing \$4,900,000 in debt and generates \$3,500,000 in capital to continue work.

Little room was available for the commission to debate the decision as current funds are almost dried up.

"If we don't do something as of the end of this month we're broke," Utility Superintendent Dave Mikonowicz said, adding that necessary electronics alone will cost an additional \$1.2 million.

The BAN is set up to give the utility a financial cushion through 2004, after which time the fiber project must have enough customers to pay for itself. Up to this point the utility has relied on loans to pay for the

"If we don't do something by the end of this month we're broke."

Utility Superintendent Dave Mikonowicz

project.

"We're kind of in too deep now," Mayor Carl Stolte said.

About 600 customers can currently sign up for the utility's fiber services, which includes long-distance telephone, cable TV and high-speed internet. Of that 166 have elected to do so, or 27 percent.

Commission Chair Bill Ritzer was reassured by the number saying, "I'm pleased with the take rate."

Budget projections have the utility needing a 35 to 40 percent take rate to support the endeavor once the entire city is connected.

Catherine Harry, fiber marketing director, said, "I think right now starting off

slow is a good thing. It's going to be about finding the staff to accommodate more customers."

Fiber Supervisor Brad Niebuhr echoed Harry's sentiments saying it's a double-edged sword.

"We'll need customers to have the money to hire help, but we need help to get customers connected," Niebuhr said.

Though admittedly ambitious, Niebuhr is hoping to have the entire city connected by the end of 2004.

"It is attainable if we can throw enough help into the picture," he said.

Customers will be notified as the utility's telephone, TV and internet services become available in their neighborhood.

This latest borrowing step was not unexpected and had been brought by Mikonowicz months in advance.

Utility seeks more borrowing for fiber optic system

The Reedsburg city council will be asked to authorize \$8.86 million in borrowing Monday night in order to complete financing of the Reedsburg Utility fiber optic system. The utility commission approved the borrowing request when it met this past Monday.

Without the borrowing, utility superintendent Dave Mikonowicz told the commission the fiber optic communications system will run out of funds to operate by the end of November. The fiber optic operates separately from the water and light operations of the utility.

The need for more funding for the fiber optic system, through which video, high speed computer and telephone services are being offered; has come because only recently have the first revenues for the operation come in. The West Side of the city has come on line for the system and so far 161 customers have signed up for one or more of the fiber services. Utility marketing director Catherine Harris told the commission more requests are coming in every day.

The borrowing will allow for the completion of the fiber optic system in the remainder of the city this year and in 2004.

While the borrowing is for \$8.86 million, it will not all be new money. \$4.87 million of it will be to refinance the original bonding for the system.

City administrator Dave Waffle, speaking on behalf of city financial consultant Paul Patric, told the commission that the borrowing will come in the form of bond anticipation notes, which offer the lowest interest rates right now, currently under two percent. The plan would be to refinance the bond anticipation notes in a few years, once the utility establishes a steady stream of revenue and can secure

bond revenue notes.

The borrowing for the utility fiber optic system will count against the city's general obligation borrowing limit, Waffle said. However he said the good news is that the city is not anticipating any major borrowing projects any time soon.

In other action Monday, the utility commission heard complaints about the city's system of having unpaid electrical bills put on property tax bills, even though the bills are owed by tenants.

Dave Pace came to talk about being stuck with an \$800 bill when he had to take back a property through failure of another party on a land contract. He said he feels there should be some sort of notification system of such problems for people selling on land contracts, noting a title search on the property had come back clear.

Carl Mundth, who owns rental property, expressed concern that the utility doesn't disconnect renters when it issues such notices. He said a tenant he was trying to evict last year received such a notice. He also was given notice and assumed that power would be cut off. However as it turned out, the tenant got an extension and paid off the bill shortly before the annual Wisconsin utility cutoff moratorium. Mundth said he would have appreciated being told an extension had been offered.

Utility commission members said their hands are tied by Public Service Commission rules concerning cutting off electricity to residential customers. However they said they will seek a legal opinion from the utility attorney concerning land contracts and privacy law issues.

Unfulfilled promises of telecommunications deregulation

In 1994, when the Wisconsin Legislature deregulated the telecommunications industry and cable television services, consumers were promised more choices, quality service, and fair pricing. Consumers are still waiting for these promises to be fulfilled.

Despite claims to the contrary, there is very clear evidence that neither the cable television industry nor the local telephone markets have effective competition. In fact, the Federal Communications Commission recently highlighted municipal telecommunications as one positive tool that communities can use to further the goals of telecommunications deregulation: "In particular, we believe that the entry of municipally-owned utilities can further the goal of the Telecommunications Act of 1996 to bring the benefits of competition to all Americans, particularly those who live in small or rural communities."

While Proponents of SB 272/AB 588 Characterize the Bill as a "Level Playing Field" Bill, Read the Fine Print!

Proponents of SB 272/AB 588 continue to claim that local governments have unfair advantages over private telecom providers. However, over a dozen state statutes currently apply to Wisconsin municipalities and their utilities (e.g., Code of Ethics, competitive bidding, open meeting and open records, etc.), but do not apply to private sector companies. Thus, for "level playing field" legislation to truly level the playing field between public and private sector providers, such legislation would have to consider all those regulations and restrictions that apply to municipalities but which do not apply to private entities.

Current Laws Prevent Cross-Subsidization by Municipal Utilities

Proponents of SB 272/AB 588 charge that municipal service providers will raid the general fund or use electric or water utility revenues unlawfully so that they can provide communications services for less than the cost of service. There is no basis for such claims.

Wisconsin municipalities are subject to enterprise accounting. That is, when the municipality engages in an enterprise, such as operating a utility, it is required to keep separate accounts for that enterprise. In addition, municipally owned public utilities are regulated by the PSC and must follow the Uniform System of Accounts for Municipally Owned Utilities (USOA) (see Wis. Stat. 196.06). The USOA dictates the type of property and accounting records the municipal utility must keep and the manner in which utility property and expenses are to be reflected on the utility's books. Each utility (electric, water, telecommunications) keeps its own set of books, and the funds of each utility may not be commingled (see Wis. Stat. 66.0811(2)). Thus, electric and water utility funds cannot be used to subsidize a municipal communications utility.

Please see the attached copy of a well-written editorial from this past Sunday's *Wisconsin State Journal* (10/19/03) urging defeat of the bill.

Please vote "NO" on Senate Bill 272/Assembly Bill 588.

Attach.