

 **09hr_SC-CUER_sb0469_pt01**



Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2009-10

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Commerce, Utilities, Energy, &
Rail (SC-CUER)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Appearances for Information Only

- Gary Evenson — PSC
- Tom Moore, Madison — WI Cable Communications Association
- Mike McDermott, Schaumburg, — Verizon Wireless
- Bill Esbeck, Madison — WSTA
- Drew Petersen — TDS
- Ray Riordan, Monona — Nsight Tele Services
- Chet Gerlach, Madison — Sprint
- Patrick Fucik — Sprint

Registrations For

- Dextra Hadnot, Milwaukee — AT&T
- Tama Weber, Oak Creek — At&T
- Matt McBriarty, Oak Creek — AT&T
- Matthew Dinnauer, Oconomowoc — At&T
- Lisa Schulte, Hartland — AT&T
- Debora Meixner, Burlington — AT&T
- Vicki Scott, Mc Farland — AT&T
- William Faulkner, Wales — AT&T
- Randy Udell, Fitchburg — AT&T
- Larry Baeder, McFarland — AT&T
- Erica Hoch, Cudahy — AT&T
- Kristen Cogswell, Middleton — AT&T
- Brian Ashafe, Hudson — AT&T
- Tricia Conway, Mt. Pleasant — AT&T
- Michael Klasen, Brookfield — AT&T
- Scott Jansen, Hartland — AT&A
- Dennis Sistoo, Hartland — AT&T
- Julie Tonkoritz, Waukesha — AT&T
- Michael Passino, Waukesha — AT&T

Registrations Against

- Gary Hebl — Representative
- Bill Smith, Madison — NFIB
- Brandon Scholz, Madison — Wisconsin Grocers Association
- Mary Cardona, Madison
- Barry Orton, Madison
- Terry Russell, Cottage Grove — CWA Local 4630

Registrations for Information Only

- Michael Theis, Madison — Theis Communications Consulting

March 23, 2010

EXECUTIVE SESSION HELD

Present: (7) Senators Plale, Wirch, Erpenbach, Kreitlow,
Cowles, Harsdorf and Kedzie.

Absent: (0) None.

Moved by Senator Plale, seconded by Senator Wirch that **Senate Amendment 2** be recommended for adoption.

Ayes: (6) Senators Plale, Wirch, Kreitlow, Cowles,
Harsdorf and Kedzie.

Noes: (1) Senator Erpenbach.

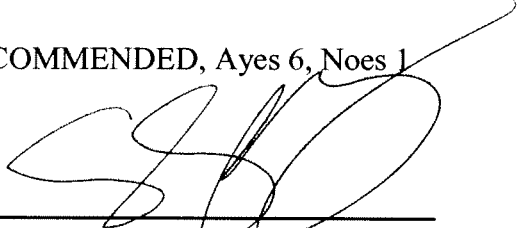
ADOPTION OF SENATE AMENDMENT 2 RECOMMENDED,
Ayes 6, Noes 1

Moved by Senator Wirch, seconded by Senator Plale that **Senate Bill 469** be recommended for passage as amended.

Ayes: (6) Senators Plale, Wirch, Kreitlow, Cowles,
Harsdorf and Kedzie.

Noes: (1) Senator Erpenbach.

PASSAGE AS AMENDED RECOMMENDED, Ayes 6, Noes 1



Summer Shannon-Bradley
Committee Clerk

Vote Record

Committee on Commerce, Utilities, Energy, and Rail

Date: _____

Moved by: _____

Seconded by: _____

AB _____

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other SB 409

A/S Amdt _____ SA 2 to A/S Amdt _____

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- | | | | | |
|---------------------------------------|------------------------------------|---------------------------------------|---|--|
| <input type="checkbox"/> Passage | <input type="checkbox"/> Adoption | <input type="checkbox"/> Confirmation | <input type="checkbox"/> Concurrence | <input type="checkbox"/> Indefinite Postponement |
| <input type="checkbox"/> Introduction | <input type="checkbox"/> Rejection | <input type="checkbox"/> Tabling | <input type="checkbox"/> Nonconcurrence | |

Committee Member

Senator Jeffrey Plale, Chair

Senator Robert Wirch

Senator Jon Erpenbach

Senator Pat Kreitlow

Senator Robert Cowles

Senator Sheila Harsdorf

Senator Neal Kedzie

Aye No Absent Not Voting

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>6</u>	<u>1</u>		

Totals: _____

*Motion adopt.
Plale
2nd
Wirch
Vote*

Motion Carried

Motion Failed

Vote Record

Committee on Commerce, Utilities, Energy, and Rail

Date: 2/23

Moved by: _____

Seconded by: _____

AB _____ SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

AR _____ SR _____ Other _____

A/S Amdt SA1 to SA2 to SB 409 ERP

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
- Introduction Rejection Tabling Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
Senator Jeffrey Plale, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Wirch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Jon Erpenbach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Cowles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Sheila Harsdorf	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Neal Kedzie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

SB 409
SA1 to SA2 ERP.
 move for adopt.
 second.
no vote
 ERP.
 (NO 2nd)

Motion Carried Motion Failed

Vote Record

Committee on Commerce, Utilities, Energy, and Rail

Date: _____

Moved by: _____ Seconded by: _____

AB _____ SB _____ Clearinghouse Rule _____

AJR _____ SJR _____ Appointment _____

AR _____ SR _____ Other _____

A/S Amdt _____ *SA 2 to SA 2 to SB 4009 erp.*

A/S Amdt _____ to A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____ to A/S Sub Amdt _____

A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
- Introduction Rejection Tabling Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
Senator Jeffrey Plale, Chair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Wirsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Jon Erpenbach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Pat Kreitlow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Robert Cowles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Sheila Harsdorf	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Neal Kedzie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: _____

Move for adopt erp
Second no second
Vote → no vote

Motion Carried

Motion Failed

Vote Record

Committee on Commerce, Utilities, Energy, and Rail

Date: _____

Moved by: _____

Seconded by: _____

AB _____

SB _____

Clearinghouse Rule _____

AJR _____

SJR _____

Appointment _____

AR _____

SR _____

Other _____

A/S Amdt _____

A/S Amdt _____

A/S Sub Amdt _____

A/S Amdt _____

A/S Amdt _____

to pass

WFO as amended. (by SA2)

to A/S Amdt

to A/S Sub Amdt

to A/S Amdt

to A/S Sub Amdt

Be recommended for:

- Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrence

Committee Member

Senator Jeffrey Plale, Chair

Senator Robert Wirch

Senator Jon Erpenbach

Senator Pat Kreitlow

Senator Robert Cowles

Senator Sheila Harsdorf

Senator Neal Kedzie

Aye No Absent Not Voting

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals:

6 1 _____ _____

*Motion:
2nd. Wirch
Vote Plale* →

Motion Carried

Motion Failed



624 North 24th Street, First floor
Milwaukee, Wisconsin 53233

Phone:(414)933-0640
Fax: (414) 933-0641

January 27, 2010

Senator Jeff Plale, Chair
Senator Bob Wirth
Senator Jon Erpenbach
Senator Pat Kreitlow
Senator Robert Cowles
Senator Sheila Harsdorf
Senator Neal Kedzie

Dear Chairman Plale and Senate Utility Committee members:

I am writing in support of passage of Senate Bill 469 which I understand to be related to Access Reform and Regulatory Parity for Wisconsin telecommunications companies.

As Executive Director of the Avenues West Association in Milwaukee, I direct the organization's resources and establish partnerships in an effort to create economic opportunities, revitalize residential and commercial property, and promote safety throughout the Avenues West neighborhood on the near west side of Milwaukee. We support the right of businesses to exist in an environment where the rules are applied evenly and fairly. I understand that if SB-469 is enacted, all telecommunication companies will be able to operate on a level playing field and will charge the same access rates for trafficking calls.

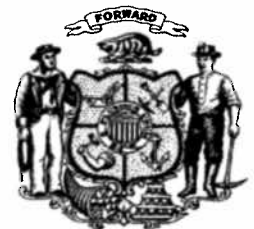
In this economy, businesses are struggling to keep their doors open and to keep jobs for their employees. The State should do everything that it can to sustain businesses and aid economic recovery. Senate Bill 469 is a great step in the right direction. We commend the Senate Utility Committee for recognizing the disparity in the current access rate system and encourage the committee to pass SB-469 and treat all telecom companies the same.

Sincerely, yours,

June R. Moberly
Executive Director
Avenues West Association, Inc.



WISCONSIN STATE LEGISLATURE



The Chamber

Eau Claire Area Chamber of Commerce

101 N. Farwell Street, Suite 101 ■ P.O. Box 1107 ■ Eau Claire, WI 54702-1107 ■ Ph. (715) 834-1204 ■ Fax. (715) 834-1956 ■ www.eauclairchamber.org

February 1, 2010

SB 469?

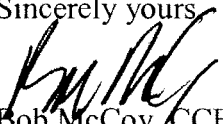
Senator Jeff Plale, Chairman
Senator Bob Wirth
Senator Pat Kreitlow
Senator Sheila Harsdorf
Senator Jon Erpenbach
Senator Robert Cowles
Senator Neal Kedzie

Dear Senate Utility Committee members:

It is always good to have a "level playing field" for all businesses within the state of Wisconsin. There appears to be a discrepancy within the telecommunications area. For example, Representative Jeff Smith cannot get a high speed internet service from his provider, but his neighbor can (served by a different company). This is due in part to the field not being equal for all companies.

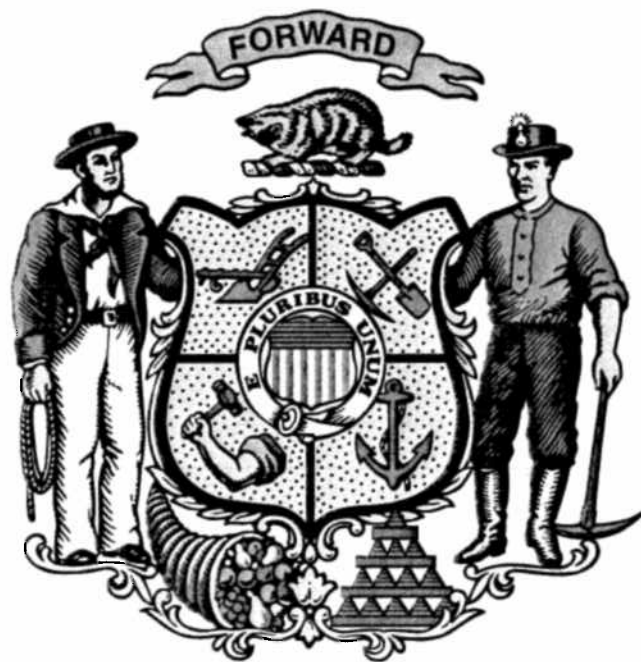
I believe you will be considering a bill that could do just that for the benefit of your constituents and the businesses you serve. I'm sure Representative Smith, and many others, could benefit from this initiative. Please give it serious consideration.

Sincerely yours,



Bob McCoy, CCE

President & CEO



Wisconsin Supplier Development Council

2 February 2010

Senator Jeffrey Plale, Chair
Room 313 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Plale and Senate Utility Committee Members:

I appreciate this opportunity to encourage your support for ~~Senate Bill 469~~, Wisconsin Access Reform and Parity Legislation. Your deliberations and action in support of this legislation will correct what I consider to be an economic injustice.

As the President of the Wisconsin Supplier Development Council, I have the responsibility of working and partnering with Wisconsin-based corporations and businesses to develop minority suppliers and procurement opportunities for minority businesses in the State of Wisconsin and in the Midwest. I have had the pleasure of a long partnership with companies like AT&T, whose investments have fueled the enterprise of supplier development for 40 years. But I am now concerned that those years of investment by AT&T in supplier development may be challenged if regulatory parity is not approved in Senate Bill 469.

More than a decade ago, the local telecommunications marketplace in Wisconsin was not competitive. This is no longer true as consumers can buy telecommunication services from a variety of providers and service plans. We are now at a point in the competitive marketplace where this committee and the Wisconsin State Legislature can right an outdated regulatory scheme that requires AT&T to pay higher intrastate access rates than other Wisconsin-based telecom companies. Why should AT&T have to pay higher access rates while losing more than 50 percent of its residential and business access lines to other carriers? As competitive telecom companies and cable companies have the ability to sell residential and business phone service with minimal regulation, AT&T is still heavily regulated while losing their customers. How then can the State of Wisconsin expect AT&T to continue to make network investments, create jobs and pay the same level of taxes or more under the scenario of paying higher access rates? I ask these questions rhetorically, but I hope to make a point of understanding that no business can continue to function with such a weight on its back.

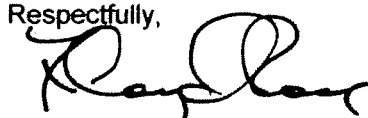
The goal of the Wisconsin Legislature toward Wisconsin businesses should be to establish an environment that is fair and free of regulatory constraints. In today's economy the mindset of eliminating regulations that stifle business investment and partnerships should be commonplace. If not, the Wisconsin State Legislature should quickly adopt the attitude of removing the handcuffs from businesses like AT&T that make great investments in the state and pay their share of corporate taxes.

Senate Bill 469 will create a fair, competitive playing field for companies like AT&T. Passage of the bill will remove discriminatory regulations that favor one telecom provider over another. I ask that you consider the negative effect of the current access rate requirements. If unchanged, these requirements will harm AT&T's investments, jobs and supplier relationships with minority businesses in the state.

I strongly encourage that this committee and members of the Legislature adopt one set of regulations for all providers. When Wisconsin regulators and lawmakers create an environment that encourages businesses to stay and invest in Wisconsin, we all reap the benefits.

Thank you for your time and consideration.

Respectfully,



Dr. Floyd Rose
Wisconsin Supplier Development Council



Lynch, Abigail

From: H.Carl Mueller [cmueller@muellercommunications.com]
Sent: Thursday, February 04, 2010 2:31 PM
To: Sen.Plale; Sen.Wirch; Sen.Erpenbach; Sen.Kreitlow; Sen.Cowles; Sen.Harsdorf; Sen.Kedzie
Subject: Senate Bill 469 - I encourage your support
Attachments: Senate Bill 469.pdf



Mueller Communications, Inc.

February 4, 2010

Senator Jeff Plale, Chair
Senator Robert Wirch
Senator Jon Erpenbach
Senator Pat Kreitlow
Senator Robert Cowles
Senator Sheila Harsdorf
Senator Neal Kedzie

Dear Senator Plale and Committee Members:

I am writing to encourage your support for Senate Bill 469 concerning access reform and regulatory parity for Wisconsin telecom companies. Your committee and the state legislature can help balance and eliminate regulation that is harmful to business in Wisconsin.

Under the current system governing access rates, an intrastate call between two Wisconsin residents causes one provider to pay the other provider an access fee higher than the compensation for an interstate call. Senate Bill 469 would clean up this disparity and create a system that mirrors the FCC –Interstate rates which are cost based. A new model is necessary to bring balance to phone companies providing service in the Wisconsin marketplace. We also need all landline telecommunications service providers to be regulated equally.

These policy changes will spark further investment by telecom providers and improve the business climate in Wisconsin.

I appreciate the attention your committee is taking toward this issue and I encourage you to vote in support of Senate Bill 469.

Respectfully,

Carl

H. Carl Mueller
President
<mailto:cmueller@muellercommunications.com>
Mueller Communications, Inc.
1749 N. Prospect Avenue
Milwaukee, WI 53202
414.390.5500 / 414.390.5515 fax
www.muellercommunications.com

2/4/2010





Fox Cities

Chamber of Commerce & Industry

February 8, 2010

Senator Jeff Plale, Chair
Senator Bob Wirth
Senator Pat Kreitlow
Senator Sheila Harsdorf
Senator Jon Erpenbach
Senator Rob Cowles
Senator Neal Kedzie

Representative James Soletski (Chair)
Representative Josh Zepnick (Vice-Chair)
Representative Anthony Staskunas
Representative Jon Richards
Representative John Steinbrink
Representative Joe Parisi
Representative Ted Zigmunt
Representative Michael Huebsch
Representative Phil Montgomery
Representative Mark Honadel
Representative Kevin Petersen
Representative Rich Zipperer

Re: SB-469/AB-696

Dear Senate Utility Committee, and Assembly Committee on Energy and Utilities Members:

The Fox Cities Chamber of Commerce and Industry (The Chamber) is an organization representing the interests of over 1,500 businesses, both large and small, throughout the Fox Cities metropolitan area.

In December of 2002, the Chamber took a strong position in support of the rapid deployment of advanced telecommunications services via a free and open marketplace as vital to our state and national interests.

Here we are eight years later with yet another opportunity, via the Wisconsin Access Reform and Parity Legislation (SB-469), to promote investment and stimulate job creation in the telecommunications industry.

Consumers are clearly benefiting from the accelerating convergence of technologies that allows for vibrant, cross-platform competition in voice, video and broadband. This progress also creates the urgent need for regulatory parity to ensure that consumer choices, rather than uneven policies, shape the future of this vibrant and innovative marketplace.

The ability to achieve regulatory parity among competing providers has been extremely important to creating the climate that has supported today's levels of investment. The language in SB-469/AB-696 takes us one step closer toward ensuring all telecommunications providers are dealing from a position of strength, supported by regulations that ensure fairness and opportunity to all.

We ask that you support SB-469/AB-696.

Sincerely,

William J. Welch
President & CEO





WISCONSIN CALLS

Customers for Affordable Local and Long Distance Service

**Testimony of Kira E. Loehr
on behalf of Wisconsin CALLS
2009 Senate Bill 469/Assembly Bill 696**

Senate Committee on Commerce, Utilities, Energy, and Rail
Assembly Energy and Utilities Committee
Hearing, February 9, 2010, 412 East

Good morning Chairmen Plale and Soletski and committee members. My name is Kira Loehr and I am one of the attorneys representing Wisconsin CALLS. I am testifying on behalf of CALLS in opposition to Senate Bill 469 and Assembly Bill 696 as drafted.

Wisconsin CALLS is a coalition of organizations and companies dedicated to improving service and promoting competition in the delivery of local and long distance telecommunications services. CALLS' members include several competitive local exchange carriers or "CLECs," Covad Communications, Northern Telephone & Data, One Communications, PAETEC, TDS Metrocom, and tw telecom of wisconsin. These companies have invested significant funds developing infrastructure and creating jobs in this state in order to provide choice in telecommunications services to the people of Wisconsin. These companies are also wireline competitors of AT&T, the largest incumbent local exchange carrier, or "ILEC," in the state.

To foster competition in a market developed and dominated by a monopoly incumbent for scores of years, federal law requires ILECs to lease part of their networks to competitors. Each state, through its Public Service Commission, plays a significant role in balancing, policing, and enforcing, this arrangement. Chapter 196 along with the

federal Telecommunications Act of 1996 provides the source of the Commission's authority over wholesale issues. It is a complex chapter with many intertwined parts. Opening it up is much like opening Pandora's box, and should be done with extreme care. CALLS is concerned that the current draft of the bill has unintended consequences that would have a severe negative impact on competition in the telecommunications industry in Wisconsin.

For instance, under the auspice of changing the current regulatory structure so that the incumbent providers are treated "just like everyone else," the bill restricts the Commission's authority to open an investigation on its own motion to decide policy issues applicable to all providers. The loss of this authority could be devastating to a competitors' ability to survive if the incumbent were to begin taking actions for which the competitor had no other recourse. Moreover, the refrain that all providers should be treated equally may sound fair, but in reality it is not. All providers are not, in fact, equal nor can they be. As the legacy carriers that have been providing services directly to the homes and businesses of Wisconsin for generations, it is the incumbents who maintain the services and equipment that all telecommunications companies need access to in order to reach wireline customers.

There is clearly a tension when competitors are forced to share services and, not surprisingly, disputes between competitors and the incumbents sometimes arise. Under current law, the Public Service Commission can address these disputes and determine whether a telecommunications provider is providing the reasonable and adequate service that is required under federal law. In just the last ten years the Public Service Commission has decided many disputes between providers with respect to the provision

of wholesale services and opened many of its own investigations after providers brought issues to its attention. In addressing these wholesale concerns, the Commission relied upon Wis. Stat. §§ 196.02(7); 196.03; 196.219(3)(f); 196.22; 196.26; 196.28; 196.37; and 196.60. These provisions would no longer apply to incumbents as a result of these bills.

The statutory provisions just identified are not the sole source of CALLS' concerns. The bill has other "rough edges" such as the introduction of new undefined terms related to "wholesale" access services and rates. The bills also address the laudable goal of requesting providers to submit information for proper billing for services, but the bills focus on CLECs and wireless providers to the exclusion of VoIP providers and the current draft of the bills do not appear to fully capture the bills' intent.

In addition, although the majority of the provisions relating to intrastate access have been removed in the amendment to the bills; the amendments also add new sections with respect to access services that seem out of place in what purports to be a retail deregulatory bill.

The bottom line is that extreme care must be taken when seeking to alter the delicate balance contained within the Commission's ability to regulate providers in a previously monopoly-dominated industry, and this bill has numerous flaws that must be corrected in order to safeguard the interests of all providers in the state.

CALLS would be happy to work with the chairs of these committees, Representative Zepnick, other committee members and committee staff in crafting a solution to the problems we have raised.

Thank you. At this time I would be happy to answer any questions the committees may have.

WISCONSIN CALLS Members Include:

Citizens Utility Board • Covad Communications Group • McLeodUSA/PAETEC • Northern Telephone & Data • One Communications Corp. • TDS Metrocom • tw telecom • Wisconsin Alzheimer's Association • Wisconsin Association of Accountants, Inc. • Wisconsin Council of the Blind & Visually Impaired • Wisconsin Independent Businesses, Inc. • Wisconsin Rental Housing Legislative Council

P.O. Box 1443, Madison, WI 53701 • Phone: (608) 204-0065 • Fax: (608) 251-2883 •
www.wisconsincalls.org





February 9, 2010

The Honorable Jeffrey Plale
Chairman
Senate Committee on Commerce, Utilities, Energy, and Rail
State Capitol, Madison, Wisconsin

The Honorable James Soletski
Chairman
Assembly Committee on Energy and Utilities
State Capitol, Madison, Wisconsin

RE: AB 696 and SB 469, relating to telephone regulation

Dear Senator Plale, Representative Soletski, and Members of the Committees:

On behalf of the Citizens Utility Board, I would like to provide you with our concerns regarding AB 696 and SB 469, which would radically deregulate telephone service in Wisconsin.

The Citizens Utility Board of Wisconsin is a member-supported, nonprofit organization that advocates for reliable and affordable utility service. CUB represents the interests of residential, farm, and small business customers of electric, natural gas, and telecommunication utilities before the Legislature, regulatory agencies, and the courts.

In the fall and winter of 2007-2008, the Senate and Assembly utilities committees reviewed AB 561 and SB 285, two identical bills that also would have deregulated telephone utilities in Wisconsin. In my testimony dated October 25, 2007, I urged the Public Service Commission to open an investigation to explore the issues regarding further deregulation of telephone service. The PSC opened such an investigation in docket 05-TU-1777 on February 7, 2008.

Unfortunately, this investigation has not been completed. Indeed, the PSC has yet to issue a draft report on how telephone regulations should be modified. In an email dated November 20, 2008, Commission staff explained that the draft report would be delayed pending resolution of various issues before the Federal Communication Commission and other matters.

Given that the PSC has yet to weigh in regarding telephone service and appropriate regulation, AB 696 and SB 469 are premature and not ready for review. CUB recommends that you take no action on these bills until the PSC has finished its investigation.

Assuming that you and your colleagues will continue reviewing these bills, I urge you not to give them your support. These bills would almost completely eliminate any remaining regulation of telephone service in Wisconsin, especially service provided by AT&T and other “telecommunications utilities,” or TUs (also known as “incumbent local exchange carriers” or ILECs). These bills would make it nearly impossible for the PSC to ensure that customers are receiving “reasonable and adequate service at just and reasonable rates throughout the state,” a current requirement of AT&T and other TUs.

Below are some specific concerns regarding AB 696 and SB 469.

Section 88 would allow TUs to demand that the PSC regulate them as “alternative telecommunications utilities,” or ATUs. Typically, ATUs are provided with less regulatory scrutiny because they don’t own the lines, switches, and equipment that make up traditional phone service—service previously provided by the Bell Telephone System and other monopoly providers. ATUs are the newcomers in the telephone world, which are trying to compete with the old monopolies now owned by AT&T and other TUs. AT&T and other TUs still provide service over telephone lines to millions of customers. Allowing AT&T to be regulated as an ATU would not be good policy, because AT&T and other TUs still have near-monopoly responsibilities to provide adequate service at reasonable rates over telephone lines.

Should AT&T and other TUs wish to keep their TU certification, then Section 88 would allow them to do so, but then requires the PSC to regulate them as ATUs. This is similarly unreasonable.

Under current law, AT&T and other TUs are treated as “public utilities.” Under the proposed legislation, should AT&T and others wish to remain certified as TUs, then they would be exempt from many of the regulations that apply to public utilities. These regulations attempt to ensure that customers receive adequate and reliable service at affordable rates, because TUs still provide service to older citizens and others who prefer lines instead of wireless phones. In fact, TUs still own the lines leading to homes and businesses. Competing companies often need to rent these lines from AT&T so that they can provide competing service. TUs still have responsibility to maintain these facilities and services, not only for their own customers, but for their competitors as well. Therefore, PSC oversight is still needed to make sure the TUs are providing reasonable service at reasonable rates, and it remains appropriate to regulate TUs as public utilities.

Below are specific examples of how AT&T and other TUs, which continue to have important responsibilities, would evade regulation that protects consumers and the public interest:

Section 84, which would amend 196.50(2)(f), which deals with certificates of authority for providing service. Section 84 would delete the following words: “The commission may order the applicant to satisfy any conditions that the commission considers to be necessary to protect the public interest, including structural safeguards.” By deleting these words, the proposed legislation would restrict the PSC from making sure that TUs provide reasonable service.

Section 86, which would repeal 196.50(2)(h). Section 86 would eliminate the PSC's authority to make sure a TU is providing reasonably adequate service at just and reasonable rates.

Section 87 would **exempt** AT&T and other TUs from the following requirements:

1. exemption from 196.02(2), which relates to classification of service. AT&T and other TUs would no longer need to comply with regulations regarding the classification of service, which takes into account the purpose for which the telephone service is used, when it is used, and the quantity used. The classification of telephone service has a direct bearing on the rates, tolls, and charges related to specific types of telephone service.
2. exemption from 196.03 (as noted in the draft amendment LRBA1464/1), which requires that AT&T and other TUs provide adequate services at reasonable rates.
3. exemption from 196.05, which allows the PSC to value or revalue the property of a public utility used and useful for the convenience of the public.
4. exemption from 196.06, which requires public utilities to keep uniform accounting, forms, and books.
5. exemption from 196.07, which requires public utilities to annually file with the PSC its balance sheet and other financial information.
6. exemption from 196.09, which requires public utilities and TUs to annually file with the PSC depreciation schedules for capital investments used for public utility purposes.
7. exemption from 196.10, which requires the PSC to "keep itself informed" regarding new construction and extension of service by public utilities.
8. exemption from 196.12, which requires public utilities to file information with the PSC regarding depreciation, salaries and wages, legal expenses, taxes, expenses for materials, revenues, profits, dividends, and prices paid by customers, along with other information.
9. exemption from 196.13, which requires the PSC to publish biennial reports regarding public utilities.
10. exemption from 196.19, which requires public utilities to file schedules showing all rates, tolls, and charges. Subsection (1m) requires TUs to file tariffs for new telecommunication services.
11. exemption from 196.20, which requires public utilities and TUs to provide service under filed rates and tariffs, unless they apply for and receive permission from the PSC to change the rates and tariffs. If AT&T and other TUs were to become exempt from this law, then they could stop providing telephone service anywhere, anytime, without reason or notice.

12. exemption from 196.22, which forbids public utilities from charging different rates to customers that receive similar service, known as "discrimination." This is one of the oldest and most important principles of utility regulation, because it is simply unfair to charge one customer a lower rate for receiving service similar to service provided to another customer. Without this protection, AT&T and other TUs could provide lower rates for favored, influential customers, while charging everyone else higher rates, returning us to the bad old days of discriminatory service that reigned in the era before telephone regulation was established over 100 years ago.
13. exemption from 196.28, which allows the PSC to investigate complaints regarding service that is unreasonable, inadequate, unjustly discriminatory, or for service that cannot be obtained.
14. exemption from 196.37, which allows the PSC to change rates, tolls, charges, and schedules if it determines they were unreasonable or unlawful. It also allows the PSC to change any practice, act, or service that is unreasonable or unlawful.
15. exemption from 196.52, which defines how public utilities can interact with affiliated interests.
16. exemption from 196.58, in which municipalities may enter into contracts with public utilities regarding the provision of service and the use of public places, including streets, poles, and other public property within the municipality.
17. exemption from 196.60, which prohibits public utilities from charging different rates to customers that receive similar service. Similar to 196.22, this law prohibits rate discrimination between customers. TUs already are allowed to offer free or special rates to officers, employees, and pensioners. If AT&T and other TUs become exempt from this law, they can offer special rates to their favorite customers and charge higher rates to everyone else.
18. exemption from 196.78, which prohibits companies that own public utilities from simply dissolving without receiving permission from the PSC.
19. exemption from 196.79, which requires a TU to provide the PSC with notice that it will reorganize its corporate structure.

These are just some of the reasons why AB 696 and SB 469 go too far in removing regulations that have long protected customers of AT&T and other telephone utilities.

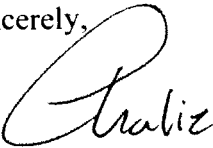
In summary, AB 696 and SB 469 would radically deregulate telephone service, and AT&T and other TUs:

- would no longer need to provide reasonable service at reasonable rates;
- would no longer need to file financial information with the PSC, allowing them to evade appropriate regulation and charge whatever they want for service;
- could change telephone rates or stop providing service at their discretion;
- would no longer need to maintain important equipment and facilities, such as the lines going to homes and businesses;
- could charge customers discriminatory rates for similar service, thus favoring preferred customers while charging everyone else higher rates;
- could engage in unscrupulous or even illegal schemes, and the PSC would have reduced authority to investigate, stop, and remedy such abuses;

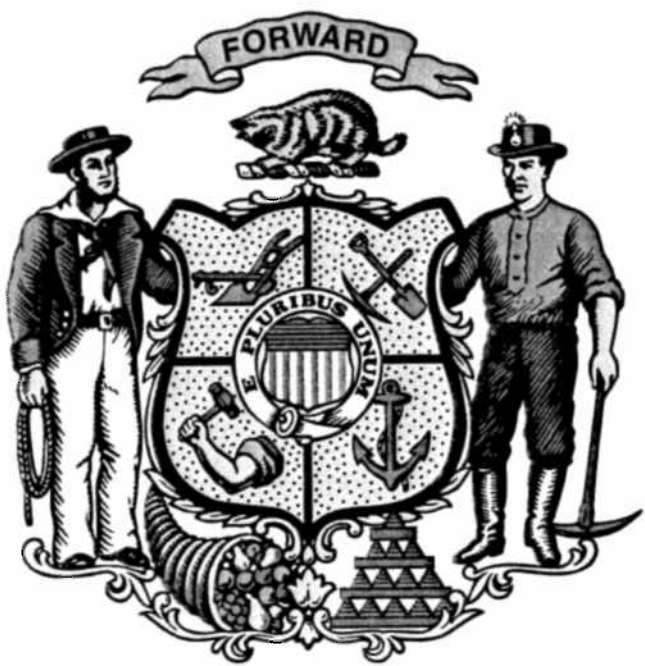
With millions of Wisconsin consumers still relying on traditional telephone service, I urge you to oppose this legislation and to wait until the PSC finishes its investigation into whether and how telephone regulation should be modified.

Thank you for your consideration.

Sincerely,


Charlie Higley
Executive Director





Testimony of State Representative Josh Zepnick
Assembly Committee on Energy and Utilities
Senate Committee on Commerce Utilities and Rail
AB 696/ SB469
9 February 2010

Thanks to Chairman Soletski and other members of these committees for hearing these proposals today. I am pleased to author legislation that presents so many opportunities for Wisconsin. AB 696 and SB 469 as amended takes a critical next step in modernizing Wisconsin's statutes to reflect the true dynamics of the telecommunications industry in this state.

If Wisconsin truly hopes to maintain and grow its technology workforce and provide families with affordable options for the advanced services we have all come to rely on, we must make our statutes come to terms with reality.

In my south side Milwaukee district, consumers have many options. A family on my block can chose from several wire-line carriers, VOIP providers or they can bypass a home phone altogether and chose from one of many wireless carriers available to them. In fact, the traditional incumbent provider in my area now serves significantly less than half of my constituents and neighbors. This kind of development is a very positive thing for consumers. It forces providers to compete for the customer dollar. That

competition results in more choices and better values for many of the folks I represent.

That competition though has changed the state of the industry. It has forced traditional providers to adapt if they hope to survive and grow. Given the decrease in the number of households opting for a traditional land line service, traditional providers have had to make changes and offer new and better services to keep their employees working and protect their investments in the state. It is our responsibility to make sure that outdated state statutes don't get in the way of that adaptation.

We must create a regulatory framework that treats all providers fairly. Everybody must play by the same set of rules or we run the very real risk of advancing one subset of employees and consumers at the expense of another. A level playing field will allow these traditional Wisconsin employers to evolve along with the rest of their industry and bring their employees, investment and consumers along with them.

It is one of my top priorities that as we move through this process to modernize and update our statutes that we preserve the interests of all Wisconsin consumers. It is critically important that Wisconsin consumers be protected the same way they are now. We have gone to great lengths to preserve all protections under 100.207 of the Statutes and ATCP 123 of the Wisconsin Administrative Code. The provisions protect consumers from unfair billing practices, rate increases without notification and ensure that all

consumers will have recourse if they have an issue with the telecommunications provider of choice. These statutes also give DATCP and DOJ clear enforcement authority over these provisions. By consolidating all consumer protection responsibilities under the DATCP in this way we make it clear that providers must be accountable to the needs of their customers. If that does not happen, DATCP will make sure they are accountable to the state.

AB 696 and SB 469 must move forward if Wisconsin hopes to keep pace with the technology world around us. Who would have imagined just 15 years ago we'd have all the options and services available to us that we have today. If we want to see that same growth in the next 15 years, we need to make changes that foster continued investment in our technology infrastructure. That investment will also create jobs and greater benefits for Wisconsin families.

Thank you again for your consideration of this proposal. I look forward to working with members of both committees and other stakeholders and we move this legislation forward.





Metro Innovation Center
1245 E. Washington Ave.
Madison, WI 53703

Phone: 608-441-8060
Fax: 608-441-8064
www.northstareconomics.com

Feb. 9, 2010

Senator Jeff Plale, Chairman
Senator Bob Wirch
Senator Pat Kreitlow
Senator Sheila Harsdorf
Senator Jon Erpenbach
Senator Robert Cowles
Senator Neal Kedzie
Representative James Soletski, Chairman
Representative Josh Zepnick
Representative Anthony Staskunas
Representative Jon Richards
Representative John Steinbrink
Representative Joe Parisi
Representative Ted Zigmunt
Representative Michael Huebsch
Representative Phil Montgomery
Representative Mark Honadel
Representative Kevin Petersen
Representative Rich Zipperer

Re: SB-469 / AB-696

Dear Senate and Assembly Utility Committees' Members:

As the consulting economist to the Wisconsin Technology Council, I am writing to you about SB-469 and AB-696. With the dramatic changes in the telecommunications industry that have taken place in the last twenty years, there is a need to modernize Wisconsin's telecommunication's regulatory policy to keep the state and its telecommunication providers competitive with neighboring states and the global markets.

The economics of the telecommunications industry have changed dramatically in the last two decades. New technologies including wireless cell phones and Voice over Internet Protocol (VoIP) have challenged the old wire line service that once was a virtual monopoly in the telecommunications industry. Along with new technologies, there have been a huge increase in the number of telecommunication providers as cable companies, new wireless providers, and others have provide new business models that challenge the plain old telephone service (POTS).

In most cases, the new technologies and providers are regulated in a different and lighter fashion than the POTS providers. There are fewer regulations and

regulatory costs to the newcomers and as a result there is an uneven economic playing field. As the number of wire line customer's declines, the difference in costs and regulations will work to the disadvantage of the POTS providers. In addition to eroding market share, this condition will also affect the capacity of Wireline providers to invest in a new generation of technologies needed to replace the aging current telecommunications infrastructure and needed to keep wire based service economic efficient and competitive. Because Wireline providers are still critical to a nearly all areas of the state, but are particularly important to rural areas, the uneven economic playing field has the potential to harm key parts of the state.

The modernization of telecommunications infrastructure is particularly critical in rural areas and counties with low population density. NorthStar has completed a number of studies in northern Wisconsin counties and regions such as the Grow North Region and Florence and Marinette counties. We are currently engaged in a study in Pulaski, Wisconsin, a small village about 15 miles from Green Bay. In all of these studies we find significant challenges to job creation and the need for robust telecommunications infrastructure as a means to attract and grow jobs and businesses. In that respect, Wisconsin regulatory policy must be focused on the impact of regulation on job growth and the creation of regulatory policy that enables private sector job creation.

SB 469 and AB 696 are an important beginning to telecommunications regulatory modernization. It is essential that the State of Wisconsin stay near the cutting edge of telecommunications as the developing knowledge economy will put a premium on the efficient delivery of voice, video, and data. Future jobs in this state will depend on a good telecommunications infrastructure. By correcting some of the current imbalances in regulation, the legislature will help to encourage job growth, investment in new telecommunications technologies and a competitive business climate in the state.

Thank you for listening to my thoughts on this matter and I wish you and your colleagues well as you deliberate on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "David J. Ward".

David J Ward, Ph.D.
CEO NorthStar Economics, Inc.
Madison and Sturgeon Bay, Wisconsin



Senate Committee on Commerce, Utilities, Energy, and Rail

Assembly Committee on Energy and Utilities

Joint Hearing on SB 469 and AB 696

February 9, 2010

Testimony of Gary A. Evenson - Public Service Commission of Wisconsin

Good morning, Chairman Plale, Chairman Soletski, and members of the Committees. Thank you for the opportunity to present information to the Committees regarding the impact on customers and providers if SB 469 or AB 696 were enacted as currently drafted.

My name is Gary Evenson, and I serve as Administrator of the Telecommunications Division at the Public Service Commission.

The Commission is not taking a position on these bills at this time. I am here to testify for informational purposes.

These bills identify topics that are real and relevant issues for telecommunications today -- for providers and for consumers: access charges, universal service, electronic records for transiting traffic, competitiveness in the telecommunications market, the increasing appearance of Voice over Internet Protocol offerings, and the level of regulation for providers.

Many Commission investigations and most telecom or regulatory discussions today touch somehow on these issues.

In recent years, Commission leadership, including current Commission Chairperson Eric Callisto, has sought to evaluate legislative efforts to de-regulate, or re-regulate, various elements of the telecommunications industry in light of three priorities: (i) consumer protection, (ii) broadband deployment, and (iii) promoting competition. While Commission staff continues to analyze the bill, we note today concerns about the following key impacts and potential shortcomings, with respect to those three priorities, which are not exclusive:

1. Removal of retail consumer protections. With or without increased competition for telecommunications, it is important that basic consumer protections be available. The bill removes critical protections for individual consumers and small businesses that are not available in other agencies like DATCP or at least not with the same scope and effectiveness. Small businesses and consumers would not have any recourse other than

costly litigation to address unfair disconnection, deferred payment arrangements, wrongful termination of service, poor technical service quality, rebates or liquidated damages for provider service outages and missed appointments, and similar provider performance failures. The idea that consumers (presuming they do not have long term contracts or large early termination fees) can switch carriers when they are dissatisfied with service may be true in areas where competition exists, but effective competition does not exist everywhere and so switching service is not always an adequate solution. The draft legislation's elimination of complaint options and other oversight mechanisms removes a critical consumer safety net.

2. Removal of authority to foster broadband deployment. It is becoming more universally recognized that broadband telecommunications connections are vital to the state and the economy and to individual consumer needs. The bill removes existing ways to incent broadband facility deployment as part of the necessary "information highway" infrastructure of the state. This is occurring just as Wisconsin is implementing a federal grant to map broadband availability and plan for further broadband deployment. To date, market forces have not provided ubiquitous broadband build out in this state. Legislation should preserve whatever tools the state has to promote broadband deployment for Wisconsin.

3. Ubiquitous competition. The bill assumes telecommunications competition is strong throughout the state, even in rural and northern areas, and is sufficient to discipline prices and maintain service quality. This is not entirely true. Many areas still have only a single wireline provider, no access to the Internet, or little to no cell service coverage. In the absence of real competition, with options consumers want and can use, consumers could be trapped by unregulated price increases and service quality decreases.

4. Potential harm to existing competition. Competition in telecommunications comes in many flavors – from cable TV companies that have their own networks and facilities, from wireless providers who use spectrum over the airwaves, from internet protocol providers that make voice services travel over existing broadband connections, and from competitive local exchange providers who use, at least in part, some facilities secured from the incumbent local exchange providers. Federal legislation in 1996 compelled monopoly incumbent local exchange carriers to make their facilities available at wholesale to new entrants. The bill could harm the competition that has developed since, by:

- (a) Allowing incumbent local exchange carriers, or ILECs, to avoid current commitments to promote competition, minimum service quality standards, and additional broadband deployment, in exchange for pricing freedom and unrestrained earnings;
- (b) Potentially permitting ILECs to abandon services at an exchange, and thus force CLECs—who use the ILECs' facilities at wholesale rates—to abandon the exchange or incur substantial and unexpected costs to replace service and facilities; and
- (c) Denying to CLECs nondiscriminatory access to ILEC wholesale telecommunications services as allowed under law. These particular provisions enable Commission resolution of industry-wide issues (*e.g.*, access charges and transit traffic standards) for all carriers and, through an impartial and expert forum, prevents any one carrier from unreasonably forcing its position as to an industry practice or standard that unreasonably burdens competitors.

Changes to regulation should not be justified by the existence of competition if those very changes can jeopardize the viability of that competition.

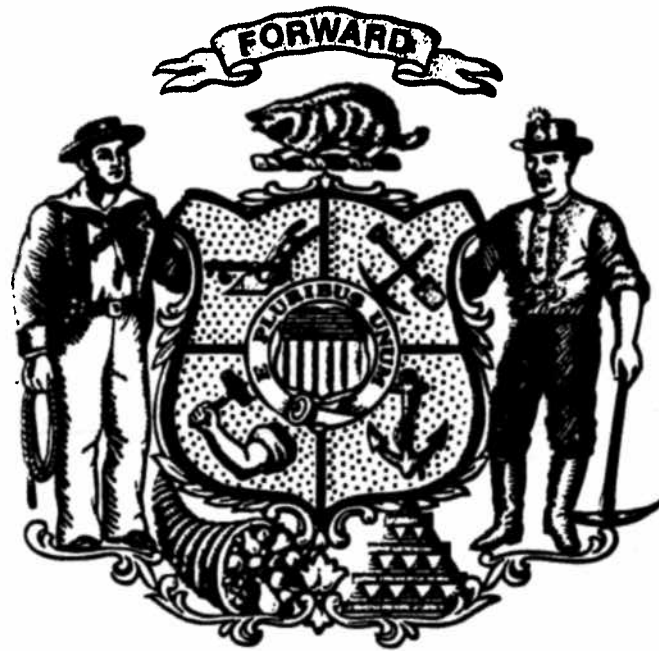
5. Removing any oversight over next-generation digital Internet Protocol (IP)-enabled transmission technology and service. Clearly, the technology of telecommunications is changing. Increasingly, voice telephony is migrating to Internet-protocol technologies and services. Because the most basic component of universal service is a basic voice service (especially for E911 emergencies), the removal of Voice over Internet Protocol, or VoIP, from Commission jurisdiction has serious implications for the public interest in maintaining a minimum universal service platform of a “basic voice offering everywhere” as the communications network technologies evolve. The new fiber-based Internet Protocol (IP)-enabled transmission technology is replacing circuit-based technology with the capability, via broadband, to use a common digital transmission to handle all voice, video, and data. This “convergence” trend does not care what the content is. Under the bill, Voice over Internet Protocol offerings would not be subject to Commission oversight or universal service funding (USF) support as the next generation of basic voice service.

6. Removal of adequate services at just and reasonable rates. The bill allows virtually any telecommunications utility to withdraw at will from markets, and lets providers freely vary or raise local rates. Local rate increases are more likely in high-cost areas of the state where there is less competition, the net effect of which could increase the demand for USF support and ultimately raise fees for consumers, or worse, leave some customers unserved.

7. State public interest objectives as to universal service would be unnecessarily restricted to unknown federal minimums. The bill reduces USF jurisdiction to a set of as-yet-undefined federal “essential telecommunications services,” thus repealing the promotion of, and support for, access to “advanced service capabilities”— such as broadband. Wisconsin should not defer to the federal government on what basic services are necessary to serve Wisconsin customers.

These concepts are important and far-reaching and the drafting is both critical and complex. We continue to review the words and explore the intentions. The Commission stands ready to assist the legislature understand the issues and effects of the present bill, any bill amendments, or alternatives.

Thank you for this opportunity to testify today.



Summer



SENATOR JEFF PLALE
SEVENTH SENATE DISTRICT

CHAIR
COMMITTEE ON COMMERCE, UTILITIES, ENERGY, AND RAIL

STATE CAPITOL
P.O. BOX 7882
MADISON, WI 53707-7882

800-361-5487 - MADISON
414-744-1444 - MILWAUKEE
SEN.PLALE@LEGIS.WISCONSIN.GOV

Testimony of Senator Jeff Plale
Senate Committee on Commerce, Utilities, Energy, and Rail
And
Assembly Committee on Energy and Utilities
Senate Bill 469 and Assembly Bill 696
February 9, 2010

Thank you to the members of the committees for your consideration of these proposals. Senate Bill 469 and Assembly Bill 696, as amended by Senate Amendment 1 and Assembly Amendment 1 respectively, represent the product of significant collaboration and negotiation between various sectors of the telecommunications industry and other stakeholders. This legislation will modernize the outdated regulations that currently govern this rapidly changing industry. Once passed, SB 469/AB 696 will allow Wisconsin's statutes to catch up with the technologies and service options available to Wisconsin consumers.

It is worth noting that originally, these bills were significantly more expansive. Initially, they contained two distinct components. One of these components dealt solely with the regulatory framework that governs telecommunications providers. The other component dealt with intrastate access charge reform. SA 1/AA 1 removes the access charge language from this bill in its entirety. While access charge reform remains an issue that needs to be resolved in the near future, it presents distinct challenges for each provider and their customers. It was simply too costly and complicated to deal with both issues in one piece of legislation.

The primary objective of this legislation is to recognize the true nature of the telecommunications marketplace in Wisconsin. There has not been an update to our telecommunications statutes since 1994. Given the speed at which telecommunications services and options develop and evolve, revisions to the laws are long overdue. The objective is reached by creating one statewide standard for regulation that treats all providers and customers equally.

This is accomplished by creating a statewide certification process that would allow every provider to be governed under the same Alternative Telecommunications Utility (ATU) framework. The ATU framework currently governs competitive providers such as cable phone providers and competitive local exchange carriers (CLECs). By making statewide



ATU status available to every provider in the state by election, we ensure that all companies are allowed to compete for customers under the same set of rules.

We have also included provisions to promote the expansion of voice over internet protocol (VOIP) services. This technology is increasing in popularity and has become a very affordable option for many Wisconsin consumers. This bill creates a regulatory framework for VOIP that will encourage its continued deployment around the state while ensuring that these providers meet the same responsibilities to the Universal Service Fund and emergency services as other providers.

Finally, we have included language to reflect the necessary interplay of providers with one another. This language requires the provision of detailed records to local providers so that they can appropriately bill other carriers for traffic as it crosses from one company's network to another.

In making all of these changes, we have left one critical component untouched. All of the consumer protections that govern ATU's in Wisconsin in section 100.207 of the statutes and DATCP rule 123 of the Department of Agriculture Trade and Consumer Protection rules remain in place. **No changes are made to any of these provisions.** These statutes have protected customers of competitive providers and large ILECs for many years with great success. This bill will reinforce DATCP's ability to apply these standards to all providers statewide.

As I stated earlier, this legislation is a product of many discussions with many stakeholders. I look forward to moving this bill through the rest of the legislative process. Representative Zepnick and I will continue to meet with other stakeholders after this hearing to address outstanding issues that may arise, but I am confident that we have crafted a comprehensive bill that will work well for Wisconsin consumers, workers, and providers.

Thanks you for your time and attention to this proposal.





Sprint Nextel
6450 Sprint Parkway
Overland Park, KS 66251
Mailstop: KSOPHN0314-3B221
patrick.r.fucik@sprint.com

Patrick R. Fucik
Director, West Region
State Government Affairs
913-315-9155 office
913-687-5548 wireless

Testimony of Patrick Fucik on Wisconsin SB 469
Proposed Wisconsin Deregulation Legislation
(LRB 3964/1)
February 9, 2010

Thank you Chairman Plale, Chairman Soletski and members of the Committee. My name is Patrick Fucik and I am the Director of State Government Affairs in the West Region for Sprint. Thank you for the opportunity to present comments on behalf of Sprint regarding SB 469.

Sprint Position

During at least the last four legislative sessions, the Local Exchange Carriers (LECs) in Wisconsin have been trying to pass deregulation legislation. In fact, in preparation for this hearing, I pulled out my testimony from 2007 on SB 285 and the position Sprint held then is still relevant to the provisions of SB 469. That position is that no deregulation legislation should be enacted without the inclusion of intrastate access charge reform.

While Sprint's past efforts to include access charge reform in deregulation legislation was met with resistance from the LEC's I was very pleased to see that progress had been made and in fact SB 469 as introduced includes substantial access charge reform. As introduced, Sprint is willing to support SB 469 if a few amendments to the bill could be worked out.

However, I am concerned that a proposed Senate Amendment (LRBa1464/1) to SB 469 has been circulated that would remove the access charge reform language in the bill leaving only substantial deregulation that will provide no consumer benefits to Wisconsin residents.

If that proposed Senate Amendment (LRBa1464/1) to SB 469 is adopted, Sprint will have no choice but to follow our previous position of opposing any deregulation legislation that does not include intrastate access charge reform.

Overview of Deregulation Contained in SB 469

The proposed telecom deregulation language contained in SB 469 provides substantial benefits resulting in deregulation for LECs including:

- **Total pricing flexibility** – removes price cap regulations and rate of return regulation for LECs;
- **Total deregulation** – allows LECs to be treated like Alternative Telecom Utilities (ATU) which are essentially exempt from Wisconsin Public Service Commission (WPSC) jurisdiction; and
- **Reduced reporting** - reduces reporting requirements of ILECs to the WPSC.

While enabling incumbent telephone companies to raise rates for basic local services and reducing WPSC oversight enriches Wisconsin's LECs, it provides no benefits to Wisconsin's consumers. More over, the proposal fails to promote competition because it does not require LECs to mirror interstate access rates as current law does for carriers who elected price cap regulation (196.196).

Access Charge Reform Needed

Presumably, the ILECs contend the marketplace is adequately competitive to justify this reduced regulation. Unfortunately, while retail phone competition is beginning to make inroads the LECs retain their market power to deny or delay competitive entry and impose inflated costs on their competitive rivals in the form of high intrastate access charges.

What are Access Charges?

LECs such as AT&T, CenturyLink, TDS, Frontier and rural telcos impose a per minute intrastate charge on Sprint and other carriers to "access" the LEC facilities in order to complete wireless and long distance calls to LEC customers. Intrastate access rates, rates charged for calls within the State of Wisconsin are set by the WPSC and interstate rates on calls between Wisconsin and other states are much lower and set by the Federal Communications Commission (FCC).

While AT&T and Verizon currently mirror the interstate access rates, the other LECs in Wisconsin charge intrastate access charges that are 7 times higher than what AT&T and Verizon charge.

Do Wisconsin Legislators want to allow for substantial rate increases on basic local service with consumers receiving nothing in return?

If SB 469 were to pass with no access charge reform language, LECs will be given a windfall. They will be permitted to increase basic local rates AND continue to impose excessive access fees on competitors. Requiring access rate reductions is a necessary pre-requisite to any regulatory relief granted to the LECs. Wisconsin consumers will benefit from the lower calling costs and increased competition afforded by reducing bloated access fees. Decreased access rates are a necessary competitive safeguard – competitors should not be forced to subsidize the LECs they compete with by being forced to pay inflated access charges.

The impact of these excessive intrastate access rates is higher charges being passed on to Wisconsin residential and business customers. Attached to my testimony is a graph developed by the FCC that shows the linkage between retail long distance rates and access rates. The graph shows how retail long distance rates decrease when access costs decrease. In addition, reduced intrastate access expenses will result in consumers benefiting from increased investments of providers in Wisconsin.

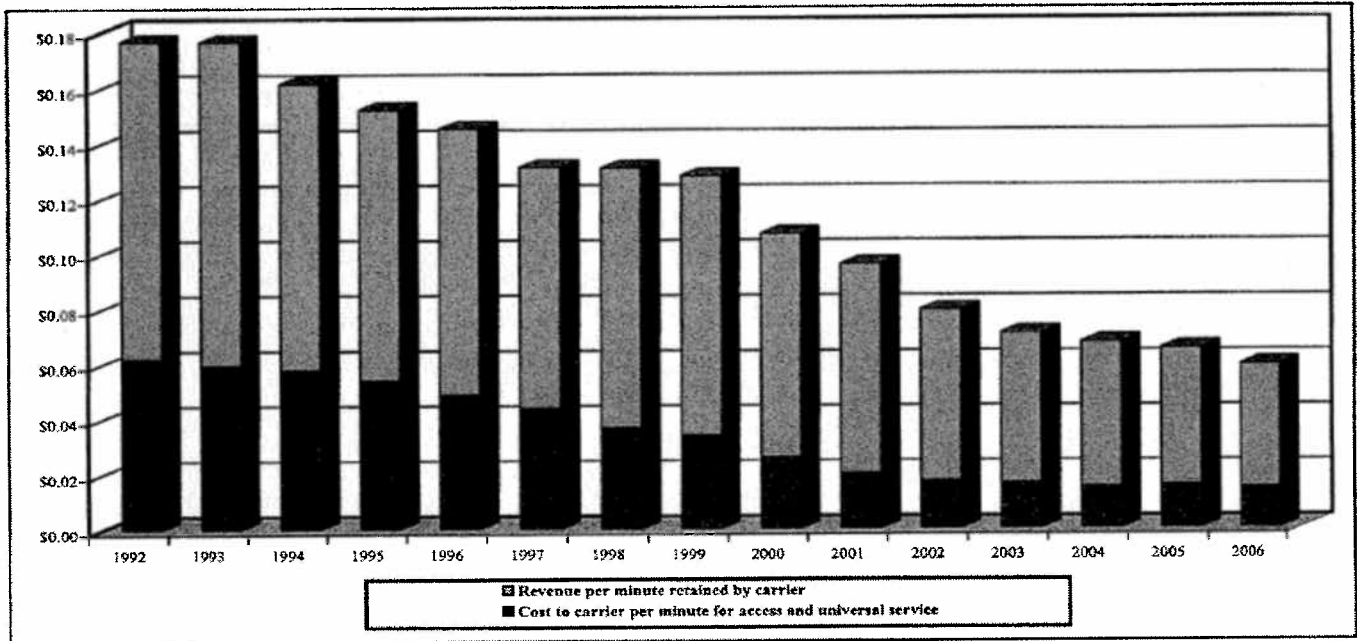
Conclusion

Sprint encourages the adoption of SB 469 as introduced with some minor changes in order to provide necessary intrastate access charge reform along with the substantial deregulation provisions for LECs. Without access charge reform, Sprint must oppose SB 469. Thank you.

Customers Benefit from Reduced Access Rates

RETAIL LONG DISTANCE RATES DECREASE WHEN ACCESS RATES DECREASE

Chart 13.1
Revenue per Minute for Interstate Calls



Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenue per minute retained by carrier	\$0.115	\$0.117	\$0.104	\$0.098	\$0.097	\$0.087	\$0.094	\$0.094	\$0.081	\$0.076	\$0.062	\$0.054	\$0.052	\$0.049	\$0.045
Cost to carrier per minute for access and universal service	\$0.062	\$0.059	\$0.058	\$0.054	\$0.049	\$0.044	\$0.037	\$0.034	\$0.026	\$0.020	\$0.017	\$0.016	\$0.015	\$0.016	\$0.015

Source: FCC Trends in Telephone Service, August 2008





Metropolitan Milwaukee
Association of Commerce

DATE: FEBRUARY 9, 2010

TO: SENATE UTILITY COMMITTEE, ASSEMBLY COMMITTEE ON ENERGY AND UTILITIES

**FROM: STEVE BAAS, DIRECTOR OF GOVERNMENT AFFAIRS
METROPOLITAN MILWAUKEE ASSOCIATION OF COMMERCE**

RE: SB 469/AB 696

Chairman Plale, Chairman Soletski and Committee members:

On behalf of the Metropolitan Milwaukee Association of Commerce (MMAC) I would like to urge your positive consideration of Senate Bill 469 / Assembly Bill 696; the "Wisconsin Access Reform and Parity Act."

The MMAC is an advocate for nearly 1800 member businesses, employing over 300,000 workers in the metropolitan Milwaukee region. We are also a founding partner of the Milwaukee 7 Southeastern Wisconsin regional economic development organization. As such, we support legislation like Senate Bill 469 / Assembly Bill 696 that aims to increase our economic competitiveness by reducing unnecessary regulatory burdens on job creators and creating a level playing field on which businesses can operate and innovate.

Wisconsin's large regulated telephone landline providers still operate under an outdated system of inconsistent rules that were enacted before competition existed in the Wisconsin telecommunications market. Other telecommunications and information technology providers operate under different regulatory rules. As you know, this is an area of technology that is developing at an almost exponential rate. Even the best intentioned attempts at government regulation will never keep pace with the marketplace's innovation, nor should it try. Instead, I urge you to support measures like SB 469/AB 696 that maintain the right level of consumer protections while creating a level playing field for all landline service providers. This bill will serve to increase service options and decrease confusion for consumers in this rapidly changing marketplace.

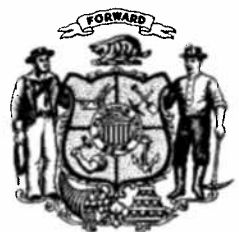
At a time when our state and our nation find themselves in dire need of economic recovery and jobs, it is essential that the Legislature does everything in its power to improve Wisconsin's ability to attract new business and hold on to existing members of the business community. By eliminating technologically obsolete distinctions and leveling the regulatory playing field within the information technology and telecommunications industry, we believe passage of SB 469/AB 696 will do just that.

Thank you for your granting SB 469 / AB 696 a public hearing and for your attention to our MMAC perspectives on this legislation.

###



WISCONSIN STATE LEGISLATURE





February 10, 2010

Senator Jeff Plale, Chairman
Senator Bob Wirch
Senator Pat Kreitlow
Senator Sheila Harsdorf
Senator Jon Erpenbach
Senator Robert Cowles
Senator Neal Kedzie

Representative James Soletski, Chairman
Representative Josh Zepnick, Vice-Chair
Representative Mark Honadel
Representative Michael Huebsch
Representative Phil Montgomery
Representative Joe Parisi
Representative Kevin Petersen
Representative Jon Richards
Representative Anthony Staskunas
Representative John Steinbrink
Representative Ted Zigmunt
Representative Rich Zipperer

Re: SB-469/AB-696

Dear Senate and Assembly Utility Committee Members,

Dear Senate and Assembly Utility Committee Members,

The Greater Brookfield Chamber of Commerce serves as an advocate for business at the local, state and federal level, with our goal to being to support policies – including SB 469 and AB-696 – that positively impact area businesses and customers. As you are well aware, the world of telecommunications and technology is changing by the minute. Businesses must keep up with the changes and innovation or they face the risk of losing market share and customers.

Competition and choice in the telecommunications industry will be a good thing for the Wisconsin consumer when service providers are regulated equally. This legislation takes a market driven, common sense business approach to regulating all providers of similar services and providing a level playing field to encourage a competitive market place.

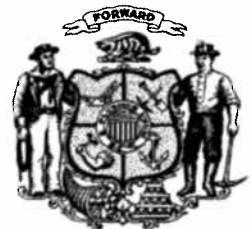
As the President of a local chamber of commerce, I see first hand what competition and consumer choice does for small and medium size businesses, as well as for the consumer. Businesses become more efficient, innovative and service oriented. Traditionally when there is competition and more consumer choice, the customer benefits. That is the reason I am encouraging you and the members of the Wisconsin Legislature to support SB 469 and AB 696.

Sincerely,

Carol M. White
President



WISCONSIN STATE LEGISLATURE





Wisconsin Chapter 4

Karen Schilling
AT&T Pioneers
WI Chapter 4 President
4311 Esch Lane
Madison, WI 53704
Karens51@ameritech.net
www.attpioneervolunteer.org

February 15, 2010

Senator Jeff Plale, Chairman
Senator Bob Wirth
Senator Pat Kreitlow
Senator Sheila Harsdorf
Senator Jon Erpenbach
Senator Robert Cowles
Senator Neal Kedzie
Representative Jim Soletski, Chairman
Representative Josh Zepnick
Representative Anthony Staskunas
Representative John Steinbrink
Representative Ted Zigmunt
Representative Phil Montgomery
Representative Kevin Petersen
Representative Jon Richards
Representative Joe Parisi
Representative Mike Huebsch
Representative Mark Honadel
Representative Rich Zipperer

Re: SB-469 & AB-696

Dear Senate & Assembly Utility Committee Members,

I am writing to you today as President of the Wisconsin Pioneers to express my support of SB469 and AB696. The Pioneers is a volunteer organization made up of almost 7,000 AT&T employees and retirees who volunteer time to enhance the communities where they work and live. We participate in a variety of projects that benefit the communities and residents across the state of Wisconsin including feeding the homeless, sending daily care packages to deployed troops in Iraq and Afghanistan, donating approximately 6,000 dictionaries to third graders, and donating school supplies to various schools to name a few. As a concerned Wisconsin resident, I want to ensure that the laws which govern our state encourage equal treatment of providers and competitive positioning of Wisconsin companies. The implementation of smart regulatory reforms will continue to encourage technological innovation and investment in Wisconsin, which in today's economy is not only smart, but essential. SB469/AB696 does exactly that for landline phone providers in Wisconsin.

This bill will help update and modernize an outdated system of telecom regulation that has been in place since 1994. By leveling the playing field for all communication providers, you create a single set of regulations that encourage competition and promote investment in Wisconsin's network infrastructure. It is important to make sure that Wisconsin remains competitive so that consumers and businesses have a wide array of service options at competitive prices.



Wisconsin Chapter 4

It is time to change these outdated and unfair regulations and with your support of SB-469/AB696, Wisconsin can improve its ability to attract new business which is good for the state, good for consumers and good for the Pioneers.

Sincerely,



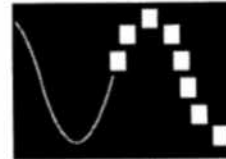
Karen Schilling
WI Chapter 4 President - AT&T Pioneers
4311 Esch Lane
Madison, WI 53704
karens51@ameritech.net



WISCONSIN STATE LEGISLATURE



February 17, 2010



The VON Coalition

Dear Senator:

The Voice on the Net (VON) Coalition, which represents the nation's leading companies developing and delivering voice innovations over the Internet, respectfully submits these comments concerning Section 58 of S.B. 469/A.B. 696, which would create new Ch. 196.206 of the Wisconsin statutes. Specifically, in order to ensure that consumers can take full advantage of the power and potential that Internet communication can deliver, VON supports the prohibition on the regulation of Voice over Internet Protocol ("VoIP"). However, by requiring VoIP providers to contribute to the state universal service fund or pay intrastate access charges (as we understand may be proposed) the legislation eliminates the benefits to consumers and the economy of not regulating VoIP providers. The VON Coalition therefore urges deletion of proposed Ch. 196.206(2). With these changes, Wisconsin consumers will benefit from the lower prices and robust services promised by Internet Protocol communications technologies, and the state of Wisconsin will benefit from additional investment in the broadband infrastructure that is necessary to deliver these innovative products and services.

VoIP can be a force for increased competition, a platform for innovation, a driver for broadband deployment and a vehicle for continued economic growth. In fact, with the right policies, VoIP competition can save Wisconsin consumers millions of dollars annually – putting real money back into consumers' pockets when they really need it. Further, by harnessing VoIP as a broadband driver (since VoIP calls are carried over broadband connections), increased broadband adoption in Wisconsin will create jobs as the country works its way out of these difficult economic times.

To help ensure that Wisconsin consumers can benefit from these transformative Internet services, Section 196.206(1) would prohibit regulation of interconnected VoIP. By adopting this provision, Wisconsin would join policymakers at both the federal and state level that have recognized that to unleash the vast benefits that VoIP can deliver, the service should not be subject to a potential patchwork of conflicting state regulatory models. The provision is particularly important for consumers living in rural Wisconsin who have yet to enjoy the benefits of broadband and voice competition.

However, proposed Ch. 196.206(2) would require VoIP providers to make contributions to the state universal service fund, could stall and stifle these vast consumer benefits, and is prohibited under federal law. In March 2007, the 8th Circuit Court of Appeals affirmed the FCC's *Vonage Preemption Order*, which preempted state regulation of VoIP services. The *Vonage Preemption Order* recognized that innovative and evolving services such as VoIP cannot be subject to a patchwork of regulations that would directly conflict with the goals of the Federal Communications Act and the FCC's pro-competitive deregulatory rules. Further when presented with the specific issue of whether the *Vonage Preemption Order* preempts a state requirement that VoIP providers contribute to the state universal service fund, both the U.S. District Courts for Nebraska (affirmed by the 8th Circuit) and New Mexico held that it does. Moreover, the issue of whether states have authority to impose state universal service charges is squarely before the FCC. The FCC is considering a petition for Declaratory Ruling filed by the Nebraska and Kansas state utility commissions, asking that the FCC find that the states can impose universal service

February 17, 2010

fund requirements on VoIP providers. Unless the FCC reverses course and grants the Nebraska/Kansas petition, state legislation applying intrastate universal service fund requirements or regulation to VoIP is contrary to federal law.

Second, we understand that incumbent local phone companies are seeking to apply legacy, telephony intrastate access charges to interstate Internet communications, in violation of FCC rules. The application of intrastate access charges to VoIP would stifle consumer benefits and slow broadband adoption in Wisconsin. Applying the intrastate access charge regime to innovative VoIP services is unnecessary and counterproductive; it would, in particular, undermine the objective of bringing advanced technologies to rural areas, where local telephone companies charge intrastate access rates as high as six cents a minute or more.

The legislature should not fundamentally alter the economic relationship between information and telecommunications service providers by imposing intrastate access charges on VoIP providers. Such a drastic change would result in artificially higher prices being imposed on broadband-originated traffic and broadband consumers which would negatively impact broadband deployment overall. Applying this universally recognized broken system to new innovations would likely mean that consumers and business users could miss out on the new services, increased choices and lower prices that VoIP can deliver. Moreover, the FCC is poised in 2010 to consider reform of the entire intercarrier compensation regime and it would be premature for Wisconsin to legislate rules that might be changes in the near future. No state has taken this radical step.

As a result, rather than adopting state-specific rules for VoIP, government leaders in states like California, Florida, Georgia, Maryland, New Jersey and Virginia have all taken steps to prevent state regulation of VoIP in order to boost broadband deployment, make phone service more affordable, and harness VoIP's vast potential for important public policy goals. We encourage you to follow suit and adopt our recommendations herein for S.B. 469/A.B. 696.

Sincerely,

The VON Coalition

/s/

Glenn S. Richards
Executive Director
202-663-8215 (phone)
glenn.richards@pillsburylaw.com (email)

About the VON Coalition:

The Voice on the Net or VON Coalition consists of leading VoIP companies, on the cutting edge of developing and delivering voice innovations over the Internet. The coalition, which includes Cisco, Google, iBasis, Microsoft, New Global Telecom, Skype, T-Mobile USA, Vonage and Yahoo!, works to advance regulatory policies that enable Americans to take advantage of the full promise and potential of VoIP. The Coalition believes that with the right public policies, Internet based voice advances can make talking more affordable, businesses more productive, jobs more plentiful, the Internet more valuable, and Americans more safe and secure. Since its inception, the VON Coalition has promoted pragmatic policy choices for unleashing VoIP's potential. <http://www.von.org>



Brian Doudna
3929 Freedom Dr
Eau Claire, WI 54703

To: Senator Jeff Plale, Chairman
Senator Bob Wirch
Senator Sheila Harsdorf
Senator Robert Cowles

Senator Pat Kreitlow
Senator Jon Erpenbach
Senator Neal Kedzie

Representative Jim Soletski, Chairman
Representative Josh Zepnick
Representative John Steinbrink
Representative Phil Montgomery
Representative Jon Richards
Representative Mike Huebsch
Representative Rich Zipperer

Representative Anthony Staskunas
Representative Ted Zigmunt
Representative Kevin Petersen
Representative Joe Parisi
Representative Mark Honadel

February 17, 2010

Re: SB 469/AB696

Having worked in the field of economic development for the past 17 years, I am asking for your support of SB 469/AB696.

By implementing smart regulatory reforms, SB 469/AB696 will encourage much needed technological innovation and investment in Wisconsin. SB 469/AB696 will clean up and streamline the regulatory process and encourage investment in Wisconsin's infrastructure. It also will create a level playing field for new and traditional landline providers, establishing a single set of regulations that encourage greater competition.

During these trying economic times, Wisconsin businesses, families and workers are struggling to make ends meet. We owe it to them to do everything possible to enhance Wisconsin's ability to attract jobs to the state. Please vote in favor of regulatory clarity and support SB 469/AB696.

Sincerely,



Brian Doudna