

## CITY OF WAUPACA

111 SOUTH MAIN STREET • WAUPACA, WISCONSIN 54981  
OFFICE OF THE MAYOR      TELEPHONE: (715) 258-4410  
FAX (715) 258-4426

October 8, 2001

Senator Bob Welch  
P.O. Box 7882  
Madison, WI 53707-7882

Dear Sen. Welch:

RE: SB248-Prohibiting Municipalities from Providing Telecommunications Services

Bob, it has come to my attention that you are co-sponsoring the above legislation. As you consider your co-sponsorship did you consult with any municipality currently providing telecommunications services or ones that are intending to do so in order to understand their motivations? If you have not, I hope you will consider my thoughts as this legislation is considered.

Some background. The city of Waupaca is considering a project that would position the city as a dedicated, high speed internet service provider to local business and industry in our city. We would do this through 900 mhz wireless technology. Our project is a direct result of small industry asking us to do so.

You see, the private sector is not serving our market. While Charter Communications is concentrating on providing dedicated internet services to residential customers, they have turned their back against business. Charter Communications will not serve our industrial park – not enough density. An overture nearly a year ago by the city to Charter to cost share on the backbone infrastructure was ignored. A dedicated DSL line, provided by Ameritech is technically restricting as well as cost prohibitive to small business in the industrial park. Long story short, the city is getting into this area, first and foremost as a service. The city provides all types of services as you know – public safety, public works, planning, zoning and building inspection. Telecommunications services are really just expanding the city's service base. Senate Bill 248 will have a negative impact on Waupaca based business and industry. If this legislation becomes law, then our local industries and small businesses will loose competitive advantage.

As a legislator that has been a vocal supportive of making Wisconsin businesses and industry more competitive, you must agree that having dedicated, affordable internet services is a key in today's economy. Providing this amenity to our

current and future business and industry base will allow our community to compete.

Second, we see this project as providing an opportunity for property tax relief. I am very proud of the fact that we have reduced our mill rate for three budgets in a row. The budget we are considering now will actually reduce our property tax levy this year with a resultant lower mill rate. While this is very positive, we must do more in the area of property tax relief. The city as a telecommunications provider, and I am suggesting only that the city will provide internet services, is a way for us to lessen the tendency for property tax increases. Specifically, it is our intent to charge some of the current administrative expenses to the telecommunications utility as well as charging the utility a franchise fee or tax.

Mr. Ray Riordan, Executive Vice President of Wisconsin State Telecommunications Association (WSTA), in a September 21, 2001 Press Release states that "it is not a proper role for municipalities to be in competition with private business". Is it proper then for our small local industries and businesses to not have high speed, dedicated internet services because the private sector won't serve them?

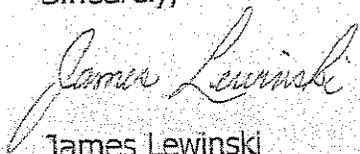
Mr. Riordan, also makes the claim that it will take municipalities as long as 15 years to break even on their investment. Mr. Riordan has not spoken with us. Our business plan shows a pay-off in less than half this time.

Rest assured, the city of Waupaca is not moving forward "willy-nilly". This is a project more than 9 months in the making. It started with requests from current Waupaca Business Park tenants who want affordable dedicated internet services. The private sector is not serving their needs. To date, we have undertaken a community survey of nearly 250 businesses and industries. A technical feasibility is just finishing up. The business plan has been worked and reworked. And, we fully intend to have a public informational meeting on the topic.

In closing, I would ask that your office keep me apprised of the status of this legislation. I hope that you will seek out our input as the bill moves forward for further consideration. I also encourage you to speak with me and city staff about our goals, intentions and aspirations. I also strongly encourage you to contact Mr. Charlie Lieby, Centerline Machine to hear his tale of how the private sector abandoned him by making it unaffordable to buy their services. When you do, I think you may have a different feeling about the benefit and desirability of municipal supplied internet services. I believe it makes perfect sense in rural areas where we lack the density to make it feasible from a business standpoint to make the investment needed. For the city, we don't have the profit motive and therefore our return can be much less in order to make this project work.

Thank you for your consideration. I look forward to speaking with you soon about SB 248 and our project in particular.

Sincerely,



James Lewinski  
Mayor

CC: Sen. Dan Shibilski  
Rep. Neal Kedzie  
Rep. Jean Hundertmark  
Dan Thompson, League of Wisconsin Municipalities  
Scott Meske, MEUW  
Charlie Lieby



*City of Waupaca, Wisconsin*

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*City Administrator*

*Ph: 715-258-4411*

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*<http://www.cityofwaupaca.org>*

October 18, 2001

Sen. Robert Welch  
P.O. Box 7882  
Madison, WI 53707-7882

Dear Senator Welch:  
RE: SB 248

The City Council adopted the attached resolution at its October 16, 2001 Council meeting. Please consider their action as the Senate considers debate on this legislation.

Thank you.

Sincerely,

Henry Vefeker  
City Administrator

CC: Sen. Shibiliski  
Sen. Moen  
Dan Thompson, LWM  
Dave Benforado, MEUW  
Ray Riordan, WSTA

**RESOLUTION NO. 1112 (2001)**

**RESOLUTION SUPPORTING MUNICIPAL TELECOMMUNICATIONS  
INITIATIVES, AND OPPOSING SENATE BILL 248  
AND ASSEMBLY BILL 518**

**Common Council of the City of Waupaca  
Waupaca County, Wisconsin**

**WHEREAS**, Under 1993 Wisconsin Act 496 and the Federal Telecommunications Act of 1996, municipalities are allowed to supply competitive telecommunications services to their communities; and

**WHEREAS**, to date 19 Wisconsin municipalities have been granted Competitive Local Exchange Carrier (CLEC) status from the Public Service Commission of Wisconsin, joining more than 200 communities nation wide; and

**WHEREAS**, most large incumbent telecommunications companies are primarily investing in high population urban markets; all but ignoring the rural and low-income areas, thereby increasing the technological "Digital Divide" between urban and rural areas of Wisconsin; and

**WHEREAS**, State Senator Kevin Shibilski (D-Plover), and State Representative Neil Kedzie (R-Elkhorn) have introduced legislation in the 2001-2002 Legislative Session (SB 248 and AB 518) prohibiting Wisconsin cities, villages, towns, and counties from providing telecommunications services to local citizens and businesses; and

**WHEREAS**, the League of Wisconsin Municipalities, Wisconsin Alliance of Cities, Wisconsin Counties Association, the Regional Telecommunications Commission, the Wisconsin Association of School Boards, the Wisconsin Education Association Council, the Wisconsin School Administrators Alliance, the Wisconsin Towns Association; and the Municipal Electric Utilities of Wisconsin have collectively communicated to state legislators urging them not to co-sponsor legislation which would prohibit telecommunications competition by cities, villages, towns or counties;

**NOW THEREFORE BE IT RESOLVED** that the City of Waupaca strongly supports the current legal right and authority of Wisconsin cities, villages, towns and counties to provide competitive telecommunications services; and

**BE IT FURTHER RESOLVED** that the City of Waupaca opposes the "anti-competitive" preemption legislation introduced by Senator Shibilski, Representative Kedzie and the Wisconsin State Telecommunications Association (SB 148 and AB 518), which would prohibit municipalities from providing local citizens and businesses telecommunications and internet services; and

**BE IT FURTHER RESOLVED** that copies of this Resolution be sent to the Governor, the state legislative delegation representing this community, and legislatures sponsoring the proposed legislation.

RESOLUTION INTRODUCED BY

/s/ PATRICK PHAIR

ALDERPERSON (TITLE)

*William Parker*

WILLIAM PARKER

ACTING MAYOR (TITLE)

*Sharon Nelson*

Sharon Nelson

CITY CLERK (TITLE)

CERTIFICATION

I, SHARON NELSON, Clerk of Waupaca, Wisconsin, do hereby certify that the foregoing is a correct copy of a Resolution introduced at a COUNCIL meeting of the CITY on 10/16, 2001, adopted by a majority vote, and recorded in the minutes of said meeting.

*Sharon Nelson*

Sharon Nelson, City Clerk

Jerold R. Johnson  
Controller  
Wood County Telephone Company

October 23, 2001

RE: Affiliated-Interest and Cross-Subsidization Legislation

Wood County Telephone is a 105 year old, locally owned communications company. Our company is headquartered in Wisconsin Rapids, a community of 18,000 people in rural central Wisconsin. Wood County Telephone Company has the privilege and responsibility to serve over 30,000 telephone customers. Wood County Telephone also offers dial-up Internet service, High-Speed DSL Internet service, long distance service, dedicated analog and digital circuits, telephone systems and installation and Digital DSL Cable TV to our customers.

We have always tried to bring cutting-edge technology to our rural customers before or at the same time it is being deployed in urban areas. Many times we have beaten the bigger companies to market with services. We have been fortunate to be able to offer services like DSL High-Speed Internet and Digital Cable TV to our customers quickly because our company operates lean and efficiently because of our size. Our employees wear many hats with varied responsibilities in our small company. This translates to efficiency and responsiveness not seen in the larger telcos. We are not an Ameritech or Verizon with many layers of management between our customers and our CEO. We live, work, shop and worship with our customers, they are our neighbors.

Recently, the PSC has pushed hard for rules that would restrict our ability to operate in this lean and efficient manner. The proposed rules would force Wood County Telephone Company, and other small telephone companies, to have separate physical buildings and employees for non-telephone or advanced services such as our long distance service, DSL High-Speed Internet and Digital DSL TV service. Wood County Telephone is too small to affordably operate separate buildings, overheads and employees and benefits to provide these advanced services. Today, we separate and allocate our various shared expenses and costs through accounting methodology to the various services. Our service representatives handle sales and questions on all our products. Our installation crews are trained to do installation and repairs on all of our service offerings. If the PSC succeeds in making us have a separate building with separate employees, it would increase our overheads and costs to the point where we would not be able to offer these advanced services to our customers.

I don't think that forcing local business out of offering internet, cable TV or long distance services is what the FCC or the Wisconsin Legislature had in mind when they allowed competition in the telephone business. The PSC rules will force Wood County Telephone Company out of these markets and back to just plain old dial-tone service at the same time allowing our competition to fill the vacuum left by our departure. This is anti-competitive and anti-small business.

It should be noted that even in rural Wisconsin Rapids, competition already exists for telephone and internet service, telephone systems, long distance and cable TV. Wood County Telephone Company already competes with Charter Communications for Cable TV service, High-Speed Internet Service and soon, telephone service. Charter Communications has recently been authorized by the PSC to provide telephone service in our area. There are also numerous vendors serving our area that compete with us for our internet customers, telephone system sales and installations and long distance services.

Wood County Telephone Company has had to diversify its product offerings beyond dial-tone to survive and remain a viable company. The PSC's recent push for more

stringent regulation of small telcos puts Wood County Telephone in jeopardy. We simply cannot afford to have separate facilities and employees and continue to provide competitive and affordable new services in our area. Couple that with the PSC's recent decision to penalize a small telco in <sup>Dallas</sup> Cable Wisconsin over a four-year cross-subsidization complaint by a competitor, Charter Communications; and frankly small telcos may be at risk not only by competition but by regulators too. Please support legislation sponsored by Rep. Mark Pettis that would allow small telephone companies like Wood County Telephone Company to be subject to the same cross-subsidization and affiliated-interest laws that all other small businesses have to follow in Wisconsin.

Thank you.

jjj

**Comments For The Senate  
Health, Utilities, Veterans, & Military Affairs Committee  
Rural Telecommunications Options**

**Comments of  
Daniel M. Dasho  
General Manager  
Shawano Municipal Utilities  
Wednesday, October 24, 2001**

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**Rural Areas Need the Telecommunications  
Infrastructure Necessary to Promote Business and  
Provide Rural Citizens with the Same Access Available  
to the Residents of Big Cities.**

Citizens, Businesses and Local Governmental Offices are demanding High Speed, Broadband Technology. The sad fact is that the current Telecommunications Corporate Giants are unwilling to provide the latest technologies in rural areas. These telecommunications companies provide service where the money is and there is no money to be made in low customer density rural areas.

Wisconsin communities, particularly rural communities, know that to ensure the economic viability and success of their citizens, businesses and community, they must have access to advanced telecommunications services.

The needs of the rural areas for service are just as critical as in the big cities. Our businesses have to compete on a statewide, nationwide and global stage. They must have the same tools to compete as their competitors. If they can't get them they will go elsewhere or fail. Worse yet, when trying to attract new industry a lack of advanced telecommunications will be seen as black mark against rural areas. Yet how can these services be provided if the private telecommunications companies are unwilling to do it?

**Municipalities can help bridge the "digital divide" by  
bringing advanced telecommunications services to  
areas being underserved by private providers.**

Municipalities can bring the benefits of competition to areas outside of the big

urban markets. The promise of vigorous competition and resulting benefits (e.g., lots of suppliers vying for your business, those suppliers offering high quality services at prices kept in check by competition) has simply not happened. Competition is not coming to rural areas and will not in the near future. Rural areas need all options available to them to get these services established.

Twenty municipal CLEC's have been authorized by the Public Service Commission. These 20 communities stand ready to provide these services to their communities.

Municipalities have the tools and expertise to provide service. Customer service is our bread and butter. Municipalities providing electricity to our cities have the expertise to install facilities; we know lines and wires. We are locally based and locally controlled. We are the real competition to the big corporations; competition is not new to us.

## **Proposed Legislation Puts the Municipal Option at Risk**

Currently Senate Bill 248/Assembly Bill 518 introduced last month would extinguish competition by the "local government telecommunications option" in Wisconsin. Rather than increasing options for rural areas the bills would limit options and put the economic viability of rural areas at risk. That means less job opportunities and fewer opportunities for our kids.

Those bills would tell local governments across Wisconsin that they are forbidden from building the increasingly critical "on-ramp" to the Information Superhighway for the benefit of their citizens and businesses, even if the private telecommunications companies will not do so.

Limiting telecommunications competition is not the thing we need for our state. Worse, taking away, the ability of a local community to provide needed services to its citizens and businesses will hurt our rural areas.

## **Shawano Meets its Citizens' Needs**

In Shawano, the community got together and developed a fiber optics system for the city. This was done in 1996 when no other entity would even talk about high-speed access. Today we provide our schools, city and county with 10 and 100-Megabit ethernet connections. You can not get these services from either the Cable Company or the local Phone Company. We have businesses connected to the Internet via wireless and fiber optic connections. This would not be possible if it weren't for the foresight of our city fathers. Why should we be at the mercy of corporations headquartered in Texas or New York, we want our local control that knows how to meet our local needs.

We would be willing to work telecommunications providers for the benefit our communities and the State. We should find ways to make strategic alliances,

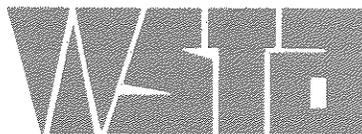
partnerships and other business relationships that benefit the telecommunications customers. This will enhance our communities by getting new advanced telecommunications infrastructure in place, which will make our state a better place to live and do business. Limiting municipals in this area will relegate rural areas to the back of the economic bus. Give our rural areas a chance.

The Federal Communications Commission recently stated that “the entry of municipally-owned utilities [into the competitive telecommunications market] can further the goal of the [1996 Telecommunications Act] to bring the benefits of competition to all Americans, particularly those who live in small or rural communities.” (Federal Communications Commission, August 2000).

Shawano Municipal Utilities  
122 North Sawyer Street  
Shawano, WI 54166  
[ddasho@shawano.com](mailto:ddasho@shawano.com)  
715-526-3131

# Wisconsin State Telecommunications Association, Inc.

MICHAEL D. JENSEN, President  
THOMAS R. SQUIRES, Vice President  
RAY J. RIORDAN, J.D. CAE  
Executive Vice President and General Counsel



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Website: <http://www.wsta-net.org>

## Testimony By

**Chris LaRowe, Manager of Legislative Affairs, WSTA**

**10:00am, Wednesday, October 24, 2001**

**Rhineland City Hall/Council Chambers, Rhineland, WI**

**Senate Health, Utilities, Veterans and Military Affairs Committee**

Good morning. Mr. Chairman, Committee members. Thank you for the opportunity to appear before you today to discuss a very important issue to Wisconsin's small telephone companies and cooperatives. My name is Chris LaRowe, I am the Manager of Legislative Affairs for the Wisconsin State Telecommunications Association (WSTA). WSTA is a Madison-based statewide trade association representing the telecommunications industry. Its members are all of the 82 local telephone companies and cooperatives in Wisconsin, 56 Internet service providers (ISPs) and nine wireless carriers.

As many of you already know, small telephone companies and cooperatives are providing both regulated and unregulated services in rural areas of Wisconsin. Often times, these companies are too small to have separate employees, buildings, billing systems, equipment and other resources dedicated to just unregulated services. In addition, they are also often the only providers of several unregulated services to rural areas including Internet service, competitive local telephone service, sophisticated telecommunications equipment and maintenance, and cable television service.

DIRECTORS:  
DAVE CARTER, Cable  
GEORGE FRIOU, Madison  
ROGER L. HERMSEN, Abrams  
MICHAEL D. JENSEN, Amery

RHONDA J. JOHNSON, Milwaukee  
DIANA LaPOINTE, Oxford  
DAVID J. LULL, Blue River  
AL MAHNKE, Wittenberg  
DANIEL W. MATSON, Sun Prairie

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PATRICK D. RIORDAN, Pulaski  
MARK SCHROEDER, Independence  
BOB SCHULZE, Little Chute

SID SHERSTAD, Siren  
THOMAS R. SQUIRES, Manawa  
DOUGLAS J. WENZLAFF, Wisconsin Rapids  
FRED WEIER, Strum  
WILLIAM C. WISWELL, Eikhorn

The Public Service Commission (PSC) is pushing restrictions that will make it economically impossible to provide these and other unregulated services and would place these companies at risk of incurring severe penalties. This will probably cause some small telephone companies and cooperatives that are offering such services to reconsider the risk. Although the final order has not been issued, this decision will reverse decades of PSC policy and industry practice and will effectively stop some small telephone companies and cooperatives and deter others from offering competitive and unregulated services in the rural areas of Wisconsin.

If the expected decision was issued earlier, many rural areas would not have toll-free access to the Internet, wireless service, paging, or other unregulated services. As a result of this decision, rural areas will be slow to receive the benefits of competition and new telecommunications services. With the growth of wireless service, reduction in access revenues, and other changes in the industry these small telephone companies and cooperatives have few options for growth, even survival, outside of providing unregulated and competitive services.

The PSC decision will effectively prevent independent small telephone companies and cooperatives from using their capital, borrowing power, or other financial resources to invest in unregulated and competitive businesses. The larger companies are entering new businesses because they do not have the same restrictions. It is only fair to allow the independent small telephone companies and cooperatives to do the same.

Further, competitors have forced small telephone companies and cooperatives to incur hundreds of thousands of dollars defending themselves. In one instance, a small telephone cooperative (Chibardun) has paid over a quarter of a million dollars to fight Charter Communications. This has taken nearly 4 years to resolve and has discouraged many small telephone companies and cooperatives from providing competitive cable service and some from providing competitive telecommunications service. As a result, this may stop and possibly reverse the efforts of small telephone companies and cooperatives to provide competition in the rural areas of Wisconsin.

WSTA encourages the members of this Committee to support efforts to allow small telephone companies and cooperatives to be subject to the same cross-subsidization and affiliated-interest laws that all other small businesses follow. Rep. Mark Pettis will soon be introducing legislation, which is intended to allow the locally-owned small telephone companies and cooperatives to provide CATV, Internet, competitive local telephone service, long distance, and other unregulated services in their exchanges and neighboring exchanges.

Once again, thank you for the opportunity to appear before you today and share WSTA's thoughts regarding this matter. I would be happy to answer any questions at this time.

**Testimony of  
Larry L. Lueck  
Manager of Government Relations  
Nsight Telservices**

**Before the**

**State of Wisconsin Senate Committee on Health, Utilities, Veterans  
and Military Affairs  
Rhinelanders City Hall, Rhinelanders, WI  
Wednesday, October 24, 2001**

Mr. Chairman and members of the Committee:

Thank you for the opportunity to appear before you today to discuss the issue of Internet, Telephone and other telecommunications services that are available in rural areas.

My name is Larry Lueck and I am the Manager of Government Relations for Nsight Telservices. Nsight Telservices is the holding company for a variety of telecommunications companies. Some of those companies include Northeast Telephone Company, which provides local telephone service to the Pulaski, Oneida, Mill Center and Krakow communities; NET Cable, which provides cable television service to the village of Pulaski; Northeast Telephone Long Distance (d/b/a Nsight Long Distance), which provides long distance service; NetNet, which provides internet access service to the village of Pulaski and the Green Bay area; Cellcom, which provides cellular and paging service throughout most of Northeast and Northern Wisconsin; and Local Nsight, which is a competitive local exchange company serving Green Bay and Appleton. As you can see, we offer a complete package of telecommunications services which we actively market in all of the rural communities we service.

My testimony today will focus on the history of our company, the types of services we provide and what those services cost, and most importantly, how some potential regulatory and legislative activities would impact us.

### **History**

In 1910 the Pulaski Farmers and Merchants Telephone Company was formed to bring local telephone service to the village of Pulaski. In the late 50's and early 60's, local exchange service was expanded to include the communities of Oneida, Mill Center and Krakow. In 1968, the Pulaski Farmers and Merchants Telephone Company changed its name to Northeast Telephone Company, and it has kept that name ever since.

In 1983, Northeast saw the need to form a holding company and Northeast Communications of Wisconsin, Inc. was born. This allowed the next subsidiary to be formed – NET Cable. NET Cable brought cable television service to the village of Pulaski.

In 1987, we brought cellular telephone service to Brown County with the introduction of Cellcom. Cellcom later expanded their product line to include paging service.

In 1994, the next subsidiary was introduced. NetNet brought Internet access service to Green Bay and the communities that Northeast Telephone Company services.

The next company formed was Northeast Telephone Long Distance, which got its start in 1997. Northeast Telephone Long Distance provided customers of Northeast Telephone Company with affordable long distance service.

Finally, in 1998, the latest addition to the Nsight family was created. Local Nsight is a competitive local exchange carrier which competes against Ameritech for local telephone service.

### **Types of Services**

The communities that Northeast Telephone Company services are basically rural areas. Our territory covers approximately 182 square miles and 17,000 people. We currently have just under 10,000 access lines. In our territory, there are only **three** major businesses and 80% of our customers are residential customers.

However, all of this does not mean that advanced telecommunications services are not available to our customers. On the contrary, we offer almost all of the features that could be found in a big city. More importantly, we offer these services at a very affordable rate.

Our residential customers pay between **\$12.35 and \$12.85 per month** for local telephone service depending upon which exchange they live in. This monthly amount includes **unlimited local calling**.

In addition, Northeast Telephone Company offers our customers advanced calling features, voice mail, Internet, long distance, cellular, paging, high-speed data services, and cable television service. In fact, we were the first in Brown County to offer Caller ID service. We offered that service to our customers before Ameritech even began offering it to their customers in Green Bay. Some of the latest features we have introduced to our customers include DSL high-speed Internet access service, Telemarketing Call Screening, Verified Account Code Billing, Wake Up Service, and Call Waiting on Caller ID. I have given each of you a copy of our brochure that highlights the services we offer and the costs for those services.

For unlimited dial-up Internet service, the monthly fee is \$19.95, not including state sales tax, which is an issue I will address later. Our long distance rates are as low as \$0.07 per minute with **absolutely no monthly fees**. For cellular and paging we have numerous calling plans available which fit in almost everyone's budget.

So as you can see, in our rural area our customers have some of the most advanced features and services available and those services are available at an affordable rate.

### **Regulatory and Legislative Actions**

Now imagine if none of those advanced services were available to the good people of Pulaski. Or imagine if the rates were so exorbitant that most customers could only afford basic service and nothing else. No cell phones, no connection to the Internet, no Telemarketing Call Screening.

The reason Northeast has been able to keep our local phone rates so low and offer advanced products and services is because we are a diversified company. Over the years, the regulatory environment allowed us to bring the latest and greatest services to our customers. By spreading the costs for labor, insurance, worker's compensation, and other expenses amongst all of our companies, Northeast is able to keep its expenses lower than if Northeast had to pay for each of those items individually. In addition, by buying in bulk quantities, we are able to reduce our cost per item for a number of things that we purchase. All of this means that Northeast can invest more money into our plant and the equipment which helps bring advanced services to the rural areas we service.

The Public Service Commission of Wisconsin is set to issue a ruling which would severely impair our ability to provide all of the services I talked about at an affordable rate to our customers. If they impose the restrictions they are seeking, we would be subjected to cross-subsidization and affiliated-interest laws more severe than other small businesses in this state.

How severe are these restrictions? If we had had to operate under these restrictions back in 1987, we never would have started Cellcom. Today, Cellcom is the 13<sup>th</sup> largest cellular provider **in the country**. In addition, all of the sister companies have benefited from the success of Cellcom, which in the end has benefited all of our customers. Without those benefits, I would not want to think about what our rates would be or about how great the "digital divide" would be in the communities we service.

On the legislative side, we would encourage you to support any legislation that would not allow the Public Service Commission to impose excessively restrictive rules upon us. Representative Mark Pettis will soon be introducing legislation that would basically subject us to the same cross-subsidization and affiliated-interests that other small businesses are subject to. We would ask you to support that bill and help with its passage.

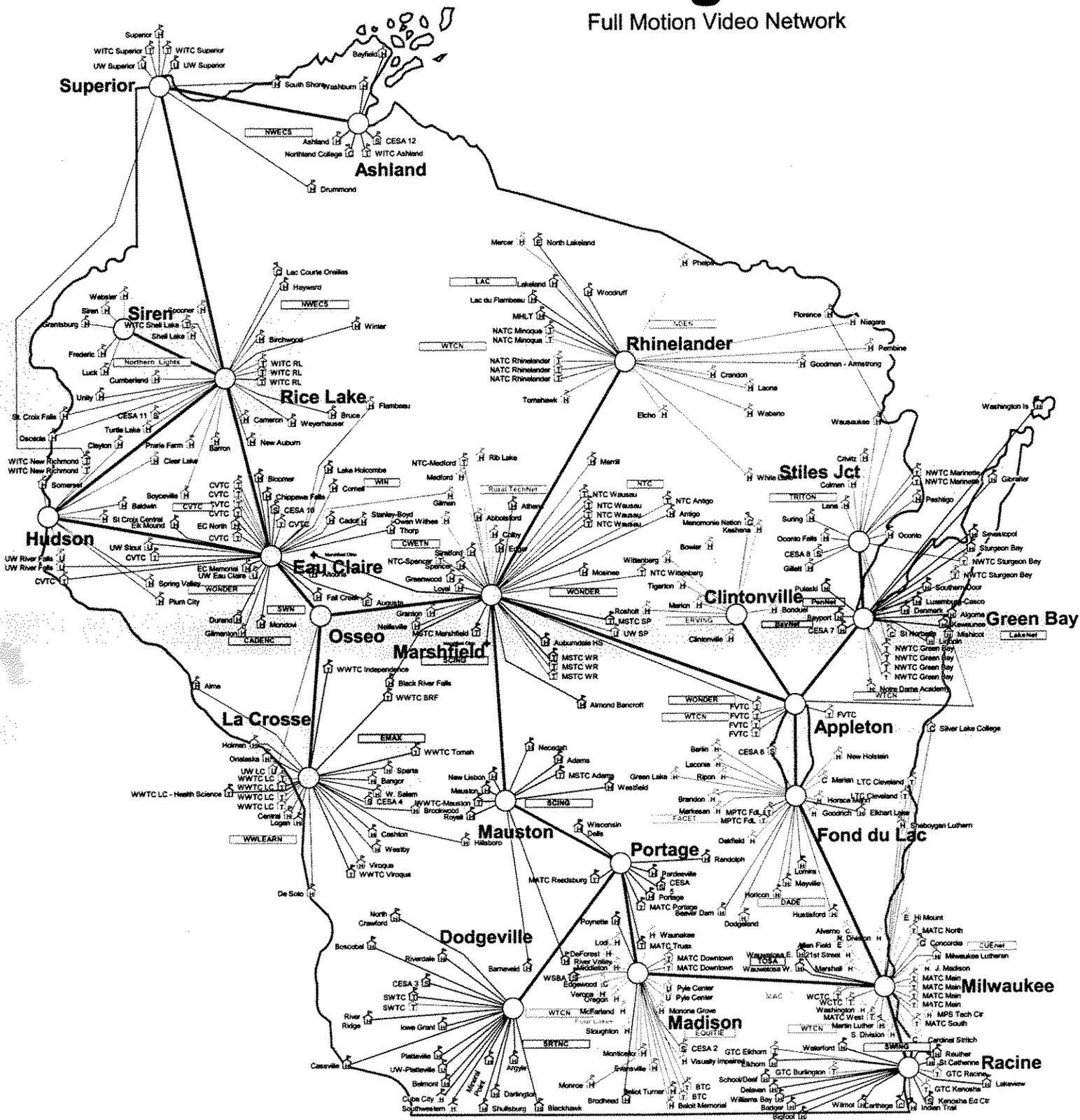
Finally, there is one other inequity that needs to be addressed. Currently, we must charge Wisconsin state sales tax to all of our Internet subscribers. The sole reason we have to do this is because our operations are located in Wisconsin. Any competitor who is not headquartered here in Wisconsin does not have to charge the state sales tax to their customers. This automatically puts us at a 5% disadvantage when we compete against AOL, Microsoft, AT&T, and the numerous other providers who choose not to have operations in Wisconsin. There is a fundamental flaw in the logic of requiring us to charge our customers more than our competitors because we reside in Wisconsin. The message that is obviously being sent to us is quite simple – move your operations out of Wisconsin.

#### **Conclusion**

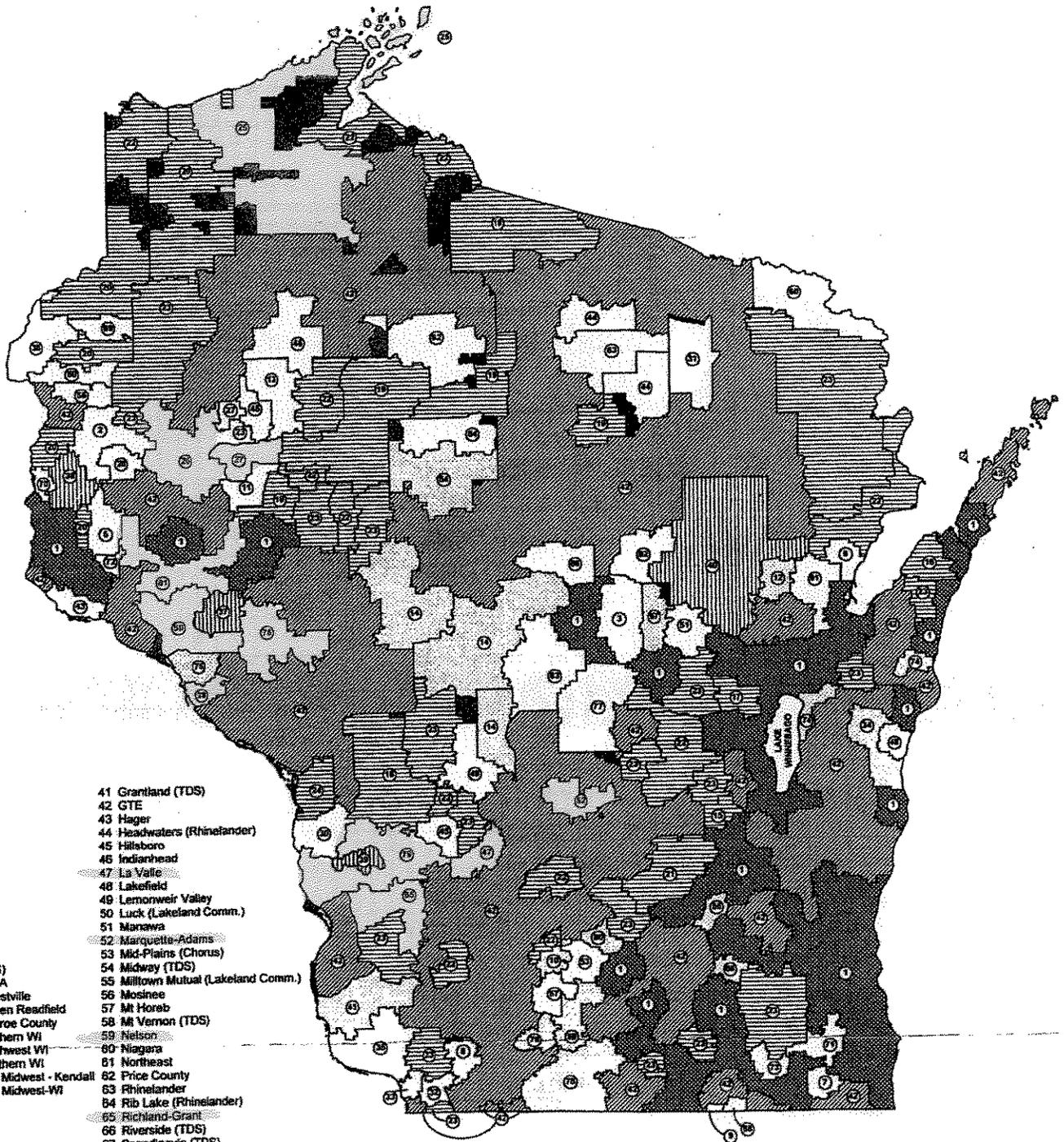
Thank you for the opportunity to share our situation with you and to address these very serious issues. I would be happy to answer any questions at this time.

# BadgerNET

Full Motion Video Network



# WISCONSIN'S ELEVEN TELEPHONE COOPERATIVES



- |  |                                     |
|--|-------------------------------------|
| 1 Ameritech                            | 41 Grantland (TDS)                  |
| 2 Amery                                | 42 GTE                              |
| 3 Amherst                              | 43 Hager                            |
| 4 Badger (TDS)                         | 44 Headwaters (Rhineland)           |
| 5 Baldwin                              | 45 Hillsboro                        |
| 6 Bayland                              | 46 Indianhead                       |
| 7 BB&W (TDS)                           | 47 La Valle                         |
| 8 Belmont (Lynch)                      | 48 Lakesfield                       |
| 9 Bergen                               | 49 Lemonweir Valley                 |
| 10 Black Earth (TDS)                   | 50 Luck (Lakeland Comm.)            |
| 11 Bloomer                             | 51 Manawa                           |
| 12 Bonduel (TDS)                       | 52 Marquette-Adams                  |
| 13 Bruce                               | 53 Mid-Plains (Chorus)              |
| 14 Central State (TDS)                 | 54 Midway (TDS)                     |
| 15 CenturyTel of F-B-A                 | 55 Milltown Mutual (Lakeland Comm.) |
| 16 CenturyTel of Forestville           | 56 Mosinee                          |
| 17 CenturyTel of Larsen Roadfield      | 57 Mt Horeb                         |
| 18 CenturyTel of Monroe County         | 58 Mt Vernon (TDS)                  |
| 19 CenturyTel of Northern WI           | 59 Nelson                           |
| 20 CenturyTel of Northwest WI          | 60 Niagara                          |
| 21 CenturyTel of Southern WI           | 61 Northeast                        |
| 22 CenturyTel of The Midwest - Kendall | 62 Price County                     |
| 23 CenturyTel of The Midwest-WI        | 63 Rhineland                        |
| 24 CenturyTel of WI                    | 64 Rib Lake (Rhineland)             |
| 25 Chequamegon                         | 65 Richland-Grant                   |
| 26 Chibardun                           | 66 Riverside (TDS)                  |
| 27 Citizens                            | 67 Scandinavia (TDS)                |
| 28 Clear Lake                          | 68 Sharon                           |
| 29 Cochrane                            | 69 Siren                            |
| 30 Coon Valley                         | 70 Somerset                         |
| 31 Crandon (Rhineland)                 | 71 Southeast                        |
| 32 Cuba City (Lynch)                   | 72 Spring Valley                    |
| 33 Dickeyville (Chorus)                | 73 State Long Distance              |
| 34 Eastcoast (TDS)                     | 74 Stockbridge & Sherwood (TDS)     |
| 35 Farmers (Chorus)                    | 75 Tenney (TDS)                     |
| 36 Farmers Independent                 | 76 Tri-County                       |
| 37 Frontier of Mondovi                 | 77 Union                            |
| 38 Frontier of St. Croix               | 78 Utelco Inc (TDS)                 |
| 39 Frontier of Viroqua                 | 79 Vernon                           |
| 40 Frontier of WI                      | 80 Waunakee (TDS)                   |
|  | 81 West WI                          |
|  | 82 Wittenberg                       |
|  | 83 Wood County                      |

	AMERITECH
	GTE
	TDS TELECOM
	FRONTIER
	CENTURYTEL
	OTHER INDEPENDENT TELCOS
	UNASSIGNED TERRITORY

## JUDGE ISSUES PRELIMINARY SPLIT DECISION

Putting to rest the Public Service Commission's Chibardun Telephone Docket 1090-TI-100, PSC Telecommunications Division Attorney and acting Administrative Law Judge, Edward Marion, recently issued a preliminary split decision. The Docket, which resulted from a complaint filed by Marcus Cable against Chibardun Telephone when CTC Telcom began offering competitive services in Barron, has been under consideration by the PSC for nearly four years. Marion's recommendations are now before the Public Service Commission commissioners for a final ruling.

Finding for Chibardun Telephone, Marion stated that Chibardun's wholly owned subsidiary, CTC Telcom, is properly and adequately compensating Chibardun Telephone for the use of the Cooperative's name and goodwill.

Marion also found no violation of Wis. Statute 196.204, as Marcus suggested. Instead, he found that while PSC staff preferred an alternative methodology for allocating payroll expenses and costs of capital assets, the existing method being used by Chibardun is permissible.

Marion ruled that Chibardun had not violated Wisconsin Statute 196.204 in its methodology developing the price of property and services between Chibardun and its affiliates. He indicated that the commission "needs to prescribe HOCUM/LOCUM by rule, if it expects utilities to utilize it." Marion recommended that within 30 days, Chibardun needs to file a proposed method of valuing transactions with affiliates with the Commission to use to avoid any cross subsidization in the future.

Finding against Chibardun, Marion ruled that the Cooperative had failed to file an affiliated interest agreement between Chibardun and Chibardun Cable TV for the years of 1991 to 1993 and that the agreement prepared in 1994 wasn't reflected in the PSC files until Chibardun re-filed it in 1997. While Chibardun believes that the agreement had been properly sent to Madison, it had no proof that the document had been received at

the PSC prior to 1997.

Marion's ruling stated that while the existing affiliated interest agreement between Chibardun and CTC Telcom listed the transfer of assets, it didn't define "major" assets such as the transfer of fiber optic cable as defined in Wisconsin Statutes 196.53 and 196.219. Marion ruled that while the fiber was priced properly, the agreement should have been more specific and reflected the word "major."

In analyzing the affiliated interest agreement between Chibardun Telephone and CTC Telcom, Marion found that for a forty-two day period between December of 1997 and February of 1998, the affiliated interest agreement on file at the PSC didn't mention the word "financing" when referring to loan guarantees between the companies. For those forty-two days, Chibardun experienced an infraction of Wisconsin Statute 196.52 and 196.219. The new agreement filed on February 12, 1998, referred to "financing."

In his proposed order, Marion wrote that he did "not believe that Chibardun intentionally failed to file affiliated interest agreements...." He also wrote that he believes "that the Commission has an obligation to promulgate rules clearly setting standards for affiliated transactions between an incumbent local exchange carrier (ILEC) and its affiliates." Marion issued a recommendation that Chibardun be required to file new affiliated interest agreements in accordance with this decision within 90 days and file affiliated transaction agreements every quarter until December 2002.

Also at issue in the Docket, was the question of whether a Cooperative's retained capital credits qualified as retained earnings and could be calculated in guaranteeing loans to affiliates. Under Wisconsin Statute 196.204, a parent company is prohibited from providing subsidies in the form of loan guarantees beyond the amount of retained earnings.

Marion wrote that the "conclusion is far from ineluctable. The legislature knew how to directly prohibit a loan guarantee when

## IN CHIBARDUN TELEPHONE DOCKET

it wanted to. In Wisconsin Statute 196.525, it regulated a utility's lending of credit. In Wisconsin Statute 196.795 (5)(d), it expressly prohibited a public utility affiliate from guaranteeing the obligations of a non-utility affiliate. The legislature has also, quite frankly, eased up on telecommunications utilities: neither of these statutes applies to them." Marion stated that loan guarantees are "subsidies," but "just barely." Chibardun's loan guarantees to CTC Telcom did not exceed retained earnings and thereby did not violate the law. Marion's proposed order called for CTC Telcom to compensate Chibardun Telephone for a determined value of the loan guarantees it has in place.

In a move having the potential to affect most of the Cooperatives in the State, Marion ruled retained capital credits are to be recorded as "additional paid in capital" and distinguished separately from retained earnings. Marion also wrote that he "cannot fault Chibardun's accountant (and management) for characterizing capital credits as retained earnings.... the Commission has no rules regarding the accounting for public utilities that are cooperatives.... Nor, are there authorities—either technical or legal—out there to guide companies like Chibardun. Under these circumstances, Chibardun's accounting judgements were not egregious."

In the proposed order Marion indicated the Commission had an obligation to report any Statute infractions to the State Attorney General but recommended no sanctions in Chibardun's case. "This is a close case in many respects," wrote Marion. "I have concluded that a loan guarantee is a "subsidy" within the meaning of 196.04(1), but just barely. I have concluded that patronage capital should not be accounted for as retained earnings, but that it was not unreasonable for Chibardun's accountants to book it that way. I do not believe that Chibardun intentionally failed to file affiliated interest agreements, or to file them late, or to file agreements not broad enough to include the transactions at issue in this proceeding. ....All of these facts operate to mitigate the seriousness of the viola-

tions found in this decision....The telecommunications industry is in transition (if not in chaos). The Commission has had difficulty figuring out the rules. The utilities have not had it any easier. Consequently, Chibardun should not be penalized for doing its best in the present environment." Marion concluded.

Chibardun's Chief Executive Officer, Rick Vergin, had these comments in regard to the decision "We strive for excellence at every turn, including our regulatory efforts. Being on the leading edge of technology and advancement sometimes includes being on the leading edge of regulations too. We would have liked to have every aspect of Marion's decision in our favor, but frankly we're very pleased with his recommendations. Chibardun offered to settle the case prior to the hearing for recommendations much more stringent than what he recommended for the Commissioners."

"We need to keep this docket in perspective," Vergin continued. "The judge basically found that over the last four years, 99% of the transactions between Chibardun and Telcom were completed properly. Every issue in question in the PSC hearing was an issue recommended by or reviewed by an accounting firm, consulting firm or legal firm hired by Chibardun Telephone for the specific purpose of properly handling interaction between the parent company and subsidiary."

The judge's findings will not change the services Chibardun offers, will not affect patronage capital amounts, or change the bottom line for either company financially. "Basically, a bookkeeping record in the amount of about the cost of a new car will be changed from a Chibardun expense to a CTC Telcom expense to address the value of the loan guarantee that Marion established," explained Vergin. "We will file new affiliated interest agreements and review them periodically for 15 months, and we'll file a proposed transaction value plan with the Commission for future use."

If you have questions in regard to the PSC hearing, please call Lori Roemhild at 837-2340 for more information.

*Presented By:*

**Frank Tower of NorthNet, LLC.**

# **Internet Accessibility**

**A Report on Today's  
Internet Access Technologies  
Available in Wisconsin**

## **Internet Accessibility Presentation Outline**

- Introduction to NorthNet.**
- What is an Internet Service Provider?**
- What technologies are available?**
- Challenges for the future.**
- Conclusion and questions.**

## **Internet Accessibility**

### **Introduction to NorthNet**

#### **□ Who is NorthNet?**

- **Small regional Internet Service Provider (ISP) located in Oshkosh, Wisconsin since 1995.**
- **Service the greater Fox Valley area including Oshkosh, Appleton, Green Bay and Fond du Lac area.**
- **Just under 3,000 subscribers with a mix of business and residential customers.**
- **Primarily a dial-up provider utilizing POTS and ISDN technologies.**

## **Internet Accessibility**

### **What Is An Internet Service Provider?**

#### **□ Provider of Information Services.**

- **ISPs provide dial-up (temporary) or dedicated ('nailed') services utilizing a number of access technologies.**
- **ISPs are usually 'value-added' components of a network and provide information services over that existing network.**
- **ISPs can be small regional companies to large nation-wide multi-media giants.**

## **Internet Accessibility**

### **What Technologies Are Available?**

- POTS - Plain Old Telephone System**
- ISDN - Integrated Services Digital Network**
- DSL - Digital Subscriber Line**
- Hybrid Fiber/Coax Systems (Cable)**
- Ground Based Fixed Wireless**
- Satellite**
- Power Lines**

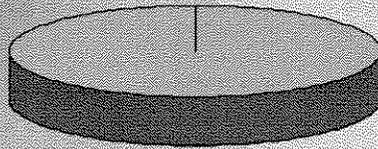
## **Internet Accessibility**

### **Plain Old Telephone System**

- Dial up it the most often used technology for Internet service.**
- The most widely available technology for Internet service.**
- Multiple companies offering in almost all areas of Wisconsin.**
- Very cost-effective type of service with prices averaging from \$10 to \$25 per month.**
- Speeds between 25kb and 50kb.**

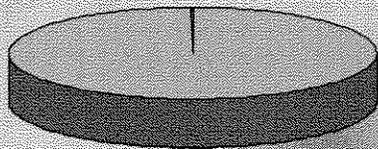
## Internet Accessibility

### Subscriber POTS Penetration



Total Subscribers With Local Access is 99.87%

■ Total Subscribers With Local Access: 99.87%  
■ Total Subscribers Without Local Access: 0.13%



Rural Subscribers With Local Access is 99.64%

■ Rural Subscribers With Local Access: 99.64%  
■ Rural Subscribers Without Local Access: 0.36%

## Internet Accessibility

### Integrated Services Digital Network

- ❑ Higher-speed dial up alternative.
- ❑ Usually available in digital switching areas.
- ❑ Multiple companies offering in many areas of Wisconsin.
- ❑ Prices averaging from \$25 to \$50 per month.
- ❑ Speeds between 56kb and 128kb.

## **Internet Accessibility**

### **Digital Subscriber Line**

- Family of high-speed technologies utilizing existing copper lines with speed advantages and distance disadvantages.
- Available in many Wisconsin markets.
- SBC/Ameritech, TDS MetroCOM, Verizon, and other ILEC's & CLEC's are deploying or have deployed.
- Prices averaging from \$35 to \$90 per month.
- Speeds between 256kb and 2mb

## **Internet Accessibility**

### **Hybrid Fiber Coax Systems (Cable)**

- High-speed technology using existing coaxial networks.
- Available in many Wisconsin markets.
- No real competition as each provider has exclusive rights in each market; Charter and AOL/Time Warner are the largest players in Wisconsin.
- Prices averaging from \$35 to \$50 per month.
- Speeds between 256kb and 10mb

## **Internet Accessibility**

### **Ground Based Fixed Wireless**

- Promising high-speed technology over unregulated frequencies of 2.4GHz, 5.7Ghz (UNII) and regulated frequency of 2.5GHZ (MMDS).**
- Not many companies in deployment.**
- Speeds between 256kb and 5mb**

## **Internet Accessibility**

### **Satellite**

- Two-way high-speed technology using existing GEO satellites from Hughes and EchoStar.**
- Future GEO from Wildblue (2002) and of LEO satellites from Teledesic (2005).**
- Available anywhere in the continental United States.**
- Prices average around \$70 per month for the two existing services.**
- Speeds between 40kb to 500kb.**

## **Internet Accessibility**

### **Power Lines**

- Two-way high-speed technology over existing power lines.**
- Very immature technology that is only now seeing trials.**

## **Internet Accessibility**

### **Challenges for the future.**

- Managing different, competing technologies.**
- Managing national, regional, and local companies.**  

**'With data having no traditional geographic boundaries, how does any governmental agency regulate (if at all) Internet providers fairly?'**
- Managing different organizations (Pure ISPs, ILEC's, CLEC's, DLEC's, etc.).**

## **Internet Accessibility**

### **Conclusion and questions.**

- We want a competitive business climate where competing technologies can flourish.**
- We have so many different technologies, some still in their development early stages.**
- Let the market mature and complete on its own.**
- Thank you!**
- Questions?**

## VOICE MAIL

Voice Mail allows families and businesses to easily manage messages. Voice Mail is similar to an answering machine but you do not have to maintain it. Voice Mail is reliable and easy to use. It also allows your callers to leave a message for you while you are talking to another caller or surfing the internet.

### Basic Service

Holds up to 20 one minute messages for three days if unplayed, five days if the message is saved.

### Enhanced Service

Holds up to 30 two minute messages for five days unplayed, seven days if the message is saved.

### Deluxe Service

Holds up to 30 three minute messages for five days if unplayed, seven days if the message is saved.

### Long Message Service

Holds up to 20 five minute messages for three days unplayed, five days if the message is saved.

### Long Retention Service

Holds up to 40 two minute messages for 10 days if unplayed or 15 days if saved.

### Vacation Service

Holds up to 40 two minute messages for 22 days, played or saved.

## QUESTIONS

If you have questions about these services please call a customer service representative at Northeast Telephone at 822-3201 or 869-2201 or 800-224-3308.

*Prices are listed on the back of this brochure. There is also an installation charge when adding new features to your phone.*

## PRICES

### < Custom Calling Features >

	RES.	BUS.
Call Waiting	\$2.20	\$2.55
Cancel Call Waiting	2.50	2.85
Speed Calling-Short	1.00	1.00
Speed Calling-Long	1.50	1.50
Teen Line	4.00	n/a
Call Forward	2.20	2.30
Call Forward-No Answer	.75	.75
Call Forward-Busy	.75	.75
3 Way Calling	2.20	2.30
Warm Line	1.25	1.75
Toll Denial	free	free
900 Blocking	free	free

### < Advanced Custom Calling Features >

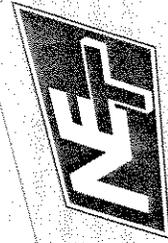
Automatic Recall	3.00	3.00
Automatic Callback	3.00	3.00
AIN Prepay/Budget Toll	3.00	3.00
Call Forward/Remote Access	1.00	1.00
Caller ID with Name	6.50	6.50
Call Waiting ID	.75	.75
Do Not Disturb with Override Code	1.50	1.50
Distinctive Ringing	4.00	4.00
Non-Verified Account Code Billing	5.00	5.00
Personal Billing	2.00	2.00
Selective Call Acceptance	5.00	5.00
Selective Call Forward	5.00	5.00
Selective Call Rejection	5.00	5.00
Telemarketer Call Screening	3.00	3.00
Verified Account Code Billing	5.00	5.00
Wake Up Service	1.50	1.50

### < Voice Mail >

Basic	3.00	3.00
Enhanced	3.50	3.50
Deluxe	4.00	4.00
Long Message	4.00	4.00
Long Retention	5.00	5.00
Vacation	6.00	6.00

### < Other Features >

Wire Maintenance	1.50	1.50
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**Northeast Telephone Company**

122 S. St. Augustine Street  
PO Box 860  
Pulaski, WI 54162

822-3201  
869-2201  
800-224-3308

cust\_serv@netelco.com  
www.netelco.com

## FEATURES

**Call Waiting** - This feature allows you to receive a call while you are on the phone. You will hear a beep during your conversation. You can place your first call on hold and answer your new call.

**Cancel Call Waiting** - This feature allows you to prevent a call from interrupting you while you are on the phone. You must subscribe to Call Waiting to have this feature.

**Speed Calling Short** - This feature allows you to pre-program up to eight numbers in a speed calling list.

**Speed Calling Long** - This feature allows you to pre-program up to 30 numbers that you frequently call in a speed calling list.

**Teen Line** - This feature allows you to have two telephone numbers with only one telephone line. The second number rings differently. This works great for kids! The second number could be given to their friends. When that number rings, the kids and parents know who the phone is for. You also receive a second listing in the phone book at no charge.

**Call Forward** - This feature allows you to forward your phone number to wherever you might be. It works great when you are away from home and need to receive your call.

**Call Forward - No Answer** - With this feature, calls are forwarded to a designated number after a certain number of rings.

**Call Forward - Busy** - When your phone is busy, this feature allows calls to be forwarded to a different number or to voice mail.

**3 Way Calling** - This feature allows you to have a conversation with two other people at the same time.

**Warm Line** - Your phone will automatically dial the number you have selected if your telephone is off the hook for over 30 seconds without making a call. Warm Line can bring help to those who may not be able to call for help.

**Toll Denial** - This service allows you to block long distance calls from being made from your telephone. This is a free feature.

**900 Blocking** - Northeast Telephone Company will block 900 calls from your phone for no charge.

## ADVANCED FEATURES

**Automatic Recall** - Allows you to automatically dial the last number that called you if you happen to miss a phone call. If the line is busy it will automatically monitor the line for 30 minutes and a distinct ring will sound when the line is free. When you pick up your phone, the caller's phone will automatically start ringing.

**Automatic Callback** - If a number you are trying to reach is busy this feature will monitor the line for you for 30 minutes. After activating this feature, when the line is free your phone will ring differently. When you pick the phone up it automatically starts ringing the number you were trying to reach.

**AIN Prepay/Budget Toll** - Allows you to allot a specific number of toll service minutes. This allows you to limit toll calls and stick to a budget. A call is not disconnected if the toll minutes expire during the call, but additional calls are denied.

**Call Forward/Remote Access** - This feature allows you to forward your calls from any phone. You don't have to be at the phone that you want your calls forwarded from.

**Caller ID with Name** - This feature allows you to see the number and name of the person calling you before you answer the telephone. This is a great way to screen your telephone calls.

**Call Waiting ID** - Now you can see who's calling even when you're already on the phone. Call Waiting ID works with Call Waiting and Caller ID to display a caller's name and phone number so you can decide if you want to click over to the other call now or return it later.

**Do Not Disturb with Override Code** - Do Not Disturb with Override is useful for families who desire a quiet "supper hour," shift workers who need to sleep during the day, etc. Users of this service can block incoming calls from ringing during a specified period of time. If the user desires, they can provide a four-digit Override Code to specific callers (i.e. family members) to allow them to connect.

**Distinctive Ringing** - If you would like to know if someone special is calling, this feature is for you. You put them on your VIP list and when those certain people call you, your phone will ring distinctively.

**Non-Verified Account Code Billing** - This service is used by businesses that pass along toll call charges to their clients. An account code is assigned to each client. When a call associated

with a particular client is made, that client's account code is entered. A record of the call and the account associated with it is generated, making it easy to pass the expense along to the client. Also, allows businesses to separate calls per department or per employee.

**Personal Billing** - Allows up to four individuals to share a designated phone, with each person receiving a separate long distance bill. Each toll call requires entering a PIN for call completion. Individuals living in shared housing arrangements such as family members, shared apartments, halfway houses, nursing homes, etc. will benefit from the convenience of Personal Billing.

**Selective Call Acceptance** - This feature allows you to decide which calls from specific numbers you would like to receive, while all other calls will be blocked.

**Selective Call Forward** - This feature allows you to forward certain numbers. You select these numbers and they will be forwarded to the number you would like. Other calls will not be forwarded.

**Selective Call Rejection** - With this feature you can select numbers from which you do not want to receive calls. The message your caller will receive is "The number you have reached is not accepting calls at this time."

**Telemarketer Call Screening** - This popular service solves subscribers' problems with telemarketing calls. Calls that would be delivered as "unknown" or "out-of-area" are first intercepted by the service before the phone rings, and an announcement is played that instructs telemarketers to hang up and add the party to their Do Not Call List. Other callers delivered as "unknown" or "out-of-area" are asked to dial 1 or stay on the line to be connected through to the called party.

**Verified Account Code Billing** - You are prompted to enter a pre-assigned code when placing a toll call. When a correct code is entered, the call is completed and a record identifying the account with the call is generated. This service can be used for internal cost accounting, to restrict toll calling to specific employees, or to charge back toll calls to clients.

**Wake Up Service** - This service provides a wake up announcement system for hotels, motels and residential subscribers. It allows the user to schedule up to 2 wake up calls at any time within the next 24 hours. The (IVR) interactive voice response system allows user-friendly scheduling.

# Bill would ban Web service by cities

C2P. TIME  
10/22/01

By Anita Weier

The Capital Times

Telecommunications is becoming a major issue in the current legislative session, and telephone companies have prepared well with substantial contributions to key legislators during the first half of the year.

For instance, Sen. Kim Plache, D-Racine, who serves on the Senate's Joint Committee on Finance and the Privacy, Electronic Commerce and Financial Institutions Committee, received \$7,500 from telecommunications and cable interests from January through June. And Sen. Kevin Shibilski, D-Stevens Point, who serves on Joint Finance and on the Joint Committee on Information Policy and Technology, received \$2,550.

## Call of the Bankroll

**'I don't think government should be in the business of telecommunications. If they run companies like they run government, there could be a locally owned municipal white elephant.'**

Rep. Neal Kedzie, R-Elkhorn

Assembly Bill 518, introduced by Rep. Neal Kedzie, R-Elkhorn, and Senate Bill 248, introduced by Shibilski, would prohibit governmental units from providing a telecommunications service to the public. This includes voice and data transmission, except for cable television or broadcast service.

The bills would also bar government units from selling, leasing or transferring a transmission facility to another person if the facility is used to furnish a telecommunications service to the public, or selling an Internet access service to the public.

See CALL, Page 3A

"They have an anti-competitive edge. They don't pay state or federal taxes and can borrow money more easily than companies," Kedzie said. "They have right of zoning and conditional use permits and right-of-ways. It is not only a competitive disincentive but could be used wrongly to put municipalities at an advantage."

He added that government moves slowly and would be hard pressed to keep up with technological change. High startup costs would also be required, and such an enterprise would probably be subsidized by taxpayers, Kedzie said.

"I don't think government should be in the business of telecommunications. If they run companies like they run government, there could be a locally owned municipal white elephant," he said. "This seems to be a trend or a fad. We have to get in front of this before it snowballs. It would be difficult for state government to bail out any municipalities that got into trouble."

He added that the idea of governments owning communications services also raises privacy questions.

Ray Riordan, executive vice president of the Wisconsin State Telecommunications Association, also has said that municipalities should not be in competition with private business.

But Sun Prairie City Admin-

# Call

Continued from Page 1A

Exceptions are provided for governmental units that provide or sell service to a state agency, school district, cooperative educational service agency, technical college district, public library system, Indian tribe, fire department or local government unit such as a political subdivision or special purpose district.

The bills also would bar the Public Service Commission from allowing a governmental subdivision to provide telecommunications services as a carrier or utility.

Shibilski said he drafted the bill because, in a time of limited resources, local government should have much higher priorities than providing telecommunications services.

"They are struggling to find enough for social services, transportation and criminal justice. I don't want local governments to be distracted from their fundamental responsibilities," Shibilski said. "Local governments should fix potholes before they tax people to provide Internet service. It's all about priorities."

He noted that the bill contains exemptions for services for school districts, public libraries and other "legitimate government uses."

Shibilski maintains the bill was not requested by the telecommunications industry, and that campaign contributions had nothing to do with it. "I receive support from all over the place. The vast majority of my contributions come from people from my district from all walks of life," he said.

Kedzie, who introduced the companion bill in the Assembly, said it is needed because municipalities would stifle competition if they go into the telecommunications business.

Continued  
→

## Top large individual contributors from telecommunications and cable interests to legislators and legislative campaign committees

January - June 2001

Contributor	City	Occupation	Employer	Amt.
Beck, Jeff	Green Bay	cable operator	Fenix Communications	\$1,500
Greenberg, Beverly	Milwaukee	VP	Time Warner Cable	1,500
Nellen, James	Bayside	president	Ameritech	1,114
Vowell, Tim	Waunakee	gov't affairs	Charter Communications	1,000
Keating, Kathleen	Appleton	exec	Time Warner Cable	1,000
Sharrard, Thomas	Milwaukee	business exec	Time Warner Cable	750
Fenger, J. Christian	Verona	CEO	Charter Communications	500
Hendricks, Brian	Madison	director	Ameritech	500
Rac, Kailas	Whitfish Bay	CEO	Indus Inc	500
Hess, Kevin	Monona	VP	TDS Telecom	500
Barry, Robert	Glen Ellyn	senior manager	MCI	350
Voeks, Dean	Madison	CEO	Mid-Plains Telephone Co	350
Anderson, Mark	Clear Lake	general manager	Clear Lake Telephone Co	350
Knegendorf, Larry	Woodville	general manager	Baldwin Telecom	350
Johnson, Rhonda	Milwaukee	VP	Ameritech	300
Murty, Brenda	Waunakee	VP Human Rel.	Charter Communications	300
McFerron, John	Madison	VP	Charter Communications	300
Plice, James	Madison	executive	Charter Communications	300
Robinson, Marshall	Madison	general manager	Charter Communications	300
Schroeder, Mark	Independence	VP customer relations	Western Wisconsin	300
Sievers, William	Oshkosh	VP customer relations	Charter Communications	300
Theroux, Nicholas	Deerfield	executive	Charter Communications	300
Steichen, Bob	Bonduel	owner	Bonduel Cable TV	297
Shirk, Brian	Verona	executive	Charter Communications	250
Leavasseur, Michael	Verona	VP customer sales	TDS Telecom	250
Zalewski, Michael	Fitchburg	VP business development	TDS Telecom	250
Darwin, Dale	Verona	senior VP	TDS Telecom	250
Conley, Timothy	Marshall	manager	AT&T	250
Carlson, LeRoy Jr	Chicago	executive	US Cellular	250
Barnes, G. Ronnie	Townsend, TN	VP	TDS Telecom	250
Grabel, William	Madison	senior VP	TDS Telecom	250
Masters, Jerry	Verona	employee	TDS Telecom	250
Pandow, Michael	Waunakee	VP	TDS Telecom	250

Source: Wisconsin Democracy Campaign. \*List contributors who gave \$250 or more during the six-month period.

istrator Patrick Cannon opposes the bill because it would take away the city's right to do something it is already doing — providing Internet service.

"We have authority to do that and would like to continue to have that," Cannon said. "Residents can sign up for the Internet through our Water and Light Commission. They buy the service through the commission."

Rich Eggleston of the Wisconsin Alliance of Cities says the telecommunications industry is behind the bills, and that there is no basis in fact for concern about municipalities offering such services.

"The telephone companies want to save local government from the allure of getting into telecommunications," he said with a touch of sarcasm. "In fact, local government officials don't want to get into telecommunications. They have plenty to do as it is. But if there is a case in which there is a vacuum to fill, a digital divide, local officials should have the ability to fill it."

Eggleston said that 20 communities, including Sun Prairie and DeForest, have been certified as competitive local exchange carriers by the Public Service Commission. He added that a number of cities are partnering with school districts, technical colleges and other public agencies to provide digital communications, the Internet or video conferencing.

"Local officials are not anxious to jump in and have city Internet service or fiber optics. But they do want to preserve what they are doing," Eggleston said. "It is important to link city hall, schools and so on at a reasonable price."

He maintains that when

local governments have gotten into telecommunications, they did so because the alternative was service at exorbitant rates. Another potential reason is that it could be an economic development tool, Eggleston added.

"We conducted a survey on the bill, and the response was overwhelmingly that local government doesn't want to lose the right to do this if needed," he said. "The Legislature has to trust local governments to do what is right for their citizens."

Another telecommunications issue recently coming to the fore in the current legislative session is a desire by some to revise Act 496, the measure enacted in 1994 that deregulated telecommunications. No specific legislation has yet been introduced, but state Sen. Judy Robson, D-Beloit, and state Rep. Mike Powers, R-Albany, are drafting a bill, and legislative hearings are being conducted to determine how deregulation is or is not working.

## Total telephone industry PAC contributions to legislators and legislative campaign committees

January - June 2001

PAC	Amt.
Ameritech WI State PAC	\$4,950
FONEPAC	3,300
Verizon Good Government Club	800
AT&T PAC-WI	500
TDS Telecommunications	250
Sprint Corp.	100
<b>TOTAL</b>	<b>\$9,900</b>

Source: Wisconsin Democracy Campaign