

Committee Name:

Senate Select Committee – Job Creation (SSC–JC)

Appointments

03hr_SSC–JC_Appt_pt00

Committee Hearings

03hr_SSC–JC_CH_pt00

Committee Reports

03hr_SSC–JC_CR_pt00

Clearinghouse Rules

03hr_SSC–JC_CRule_03–

Executive Sessions

03hr_SSC–JC_ES_pt00

Hearing Records

03hr_ab0729

03hr_sb0000

Misc.

03hr_SSC–JC_Misc_pt00

Record of Committee Proceedings

03hr_SSC–JC_RCP_pt00

Senate Select Committee on Job Creation

Paper Ballot: Senator Stepp
Deadline: Today, 2-3-04, 2:00 pm

The following bill received a public hearing on Thursday, January 15, 2004.

Attached, please find a substitute amendment, which addresses concerns heard at the hearing. This substitute amendment adds a 30 day petition completeness standard and adds a 60 day extension procedure after the 180 day deadline. The substitute amendment specifies that the deadlines apply to petitions filed by ILECs, CLECs and ATUs and gives greater detail on what information must be included in the petition.

Please return your vote via paper ballot to Senator Stepp's office by 2:00 pm today, Tuesday, February 3, 2004.

Thank you.

Assembly Bill 729:

relating to: petitions by certain telecommunications utilities regarding unbundled network or service elements.

Introduction and Adoption of Substitute Amendment.

LRBs 0327/2

YES NO

Concurrence as amended.

YES NO

Senate Bill 370 (Senate Companion):

LRBs 0329/2

Introduction and Adoption of Substitute Amendment.

YES NO

Passage as amended.

YES NO



Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Kanavas
Deadline: Today, 2-3-04, 2:00 pm

The following bill received a public hearing on Thursday, January 15, 2004.

Attached, please find a substitute amendment, which addresses concerns heard at the hearing. This substitute amendment adds a 30 day petition completeness standard and adds a 60 day extension procedure after the 180 day deadline. The substitute amendment specifies that the deadlines apply to petitions filed by ILECs, CLECs and ATUs and gives greater detail on what information must be included in the petition.

Please return your vote via paper ballot to Senator Stepp's office by 2:00 pm today, Tuesday, February 3, 2004.

Thank you.

Assembly Bill 729:

relating to: petitions by certain telecommunications utilities regarding unbundled network or service elements.

Introduction and Adoption of Substitute Amendment.

YES NO

Concurrence as amended.

YES NO

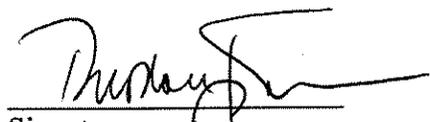
Senate Bill 370 (Senate Companion):

Introduction and Adoption of Substitute Amendment.

YES NO

Passage as amended.

YES NO



Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Leibham
Deadline: Today, 2-3-04, 2:00 pm

The following bill received a public hearing on Thursday, January 15, 2004.

Attached, please find a substitute amendment, which addresses concerns heard at the hearing. This substitute amendment adds a 30 day petition completeness standard and adds a 60 day extension procedure after the 180 day deadline. The substitute amendment specifies that the deadlines apply to petitions filed by ILECs, CLECs and ATUs and gives greater detail on what information must be included in the petition.

Please return your vote via paper ballot to Senator Stepp's office by 2:00 pm today, Tuesday, February 3, 2004.

Thank you.

Assembly Bill 729:

relating to: petitions by certain telecommunications utilities regarding unbundled network or service elements.

Introduction and Adoption of Substitute Amendment.

YES NO

Concurrence as amended.

YES NO

Senate Bill 370 (Senate Companion):

Introduction and Adoption of Substitute Amendment.

YES NO

Passage as amended.

YES NO

JOE LEIBHAM
Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Chvala
Deadline: Today, 2-3-04, 2:00 pm

The following bill received a public hearing on Thursday, January 15, 2004.

Attached, please find a substitute amendment, which addresses concerns heard at the hearing. This substitute amendment adds a 30 day petition completeness standard and adds a 60 day extension procedure after the 180 day deadline. The substitute amendment specifies that the deadlines apply to petitions filed by ILECs, CLECs and ATUs and gives greater detail on what information must be included in the petition.

Please return your vote via paper ballot to Senator Stepp's office by 2:00 pm today, Tuesday, February 3, 2004.

Thank you.

Assembly Bill 729:

relating to: petitions by certain telecommunications utilities regarding unbundled network or service elements.

Introduction and Adoption of Substitute Amendment.

YES NO

Concurrence as amended.

YES NO

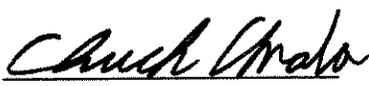
Senate Bill 370 (Senate Companion):

Introduction and Adoption of Substitute Amendment.

YES NO

Passage as amended.

YES NO


Signature

Senate Select Committee on Job Creation

Paper Ballot: Senator Jauch

Deadline: Today, 2-3-04, 2:00 pm

The following bill received a public hearing on Thursday, January 15, 2004.

Attached, please find a substitute amendment, which addresses concerns heard at the hearing. This substitute amendment adds a 30 day petition completeness standard and adds a 60 day extension procedure after the 180 day deadline. The substitute amendment specifies that the deadlines apply to petitions filed by ILECs, CLECs and ATUs and gives greater detail on what information must be included in the petition.

Please return your vote via paper ballot to Senator Stepp's office by 2:00 pm today, Tuesday, February 3, 2004.

Thank you.

Assembly Bill 729:

relating to: petitions by certain telecommunications utilities regarding unbundled network or service elements.

Introduction and Adoption of Substitute Amendment.

YES NO

Concurrence as amended.

YES NO

Senate Bill 370 (Senate Companion):

Introduction and Adoption of Substitute Amendment.

YES NO

Passage as amended.

YES NO


Signature



Wisconsin State AFL-CIO *...the voice for working families.*

David Newby, President • Sara J. Rogers, Exec. Vice President • Phillip L. Neuenfeldt, Secretary-Treasurer



January 12, 2004

Dear Members of the Wisconsin Legislature and Gov. Jim Doyle:

The Wisconsin State AFL-CIO and the Communications Workers of America strongly support passage of AB-729 and companion bill SB-370. These pro-jobs, pro-labor bills will help ensure that Wisconsin regulation keeps pace with constant change in today's telecommunications industry by setting a reasonable deadline of a half year (180 days) for decisions on certain cost filings. The current SBC Wisconsin cost docket was filed 44 months ago and is still ongoing.

The jobs of our members and Wisconsin residents are threatened by today's extremely low, government-mandated wholesale telecom prices (including the rate for what is known as "UNE-P"). By requiring review of new cost data in a timely manner, this bill could result in prices reflecting current facts. Without regulatory deadlines for these types of cases, workers and consumers will be denied the benefits of prompt regulatory review and potentially positive rulings.

AB-729 and Senate companion bill SB-370 will create the climate to preserve and grow family-supporting jobs in Wisconsin. Your support of this legislation is critical and will signal your support for the jobs of the thousands of telecom workers and other wage earners in Wisconsin. Thank you for your consideration and attention to this important legislation.

Sincerely,

David Newby
Wisconsin State AFL-CIO President

Ann Crump
CWA International Staff Representative

FEIN & FEIN

910 SEVENTEENTH STREET, N.W. SUITE 800
WASHINGTON, D.C. 20006

TELEPHONE: 202-775-1776
FACSIMILE: 202-478-1664
WWW.FEINANDFEIN.COM

January 14, 2004

Honorable Cathy Stepp
Senator
Room 7 South
State Capitol
P.O. Box 7882
Madison, Wisconsin 53707-7882

RE: LRB 03-33874/1; AB-729

Dear Ms. Chairperson:

I am writing as a former general counsel of the Federal Communications Commission, 1983-1984, former associate deputy attorney general of the United States, 1980-1982, and, at present, contributing editor of Tech Central Station and practicing attorney specializing in telecommunications and constitutional law. I wish to share my views in opposition to the above-noted legislation that would unreasonably prescribe a supersonic time deadline of 180 days on ratemaking decisions by the Public Service Commission ("PSC") pivotal to preserving and strengthening local phone competition and innovation. No deadline should be imposed, as is the case in Ohio, Michigan, Indiana, and, at present, Wisconsin.

The chronology, substance, and purpose of the monopolist friendly AB-729 speaks volumes of its special mischief on behalf of SBC. The 180 day prescription applies only to rate hikes proposed by monopolist SBC, not by any of its nine plucky competitors who predictably urge rate reductions (competitive local exchange carriers, or "CLECs"). Further, the hyper-acceleration applies only to unbundled network elements SBC is required to offer competitors under federal or state law to defeat its monopoly power and pricing. Additionally, SBC's purpose in promoting AB-729 is the destruction of CLECs by making the rates for UNEs prohibitive through blitzkrieg PSC proceedings.

The crippling of CLECs would be calamitous for Wisconsin consumers. The prevailing regulatory regime is expected to save phone users an estimated \$147 million annually if competition remains robust. Nine CLECs have captured 15% of the local exchange market from the monopolist SBC. They have spurred innovative calling packages and lower phone bills for every subscriber. Broadband is more widely and inexpensively available because SBC confronts flowering competition.

SBC and its puppets in the state legislature knew that prolonged sunshine on AB-729 would expose its tainted source and frustrate its enactment. Accordingly, they devised an irregular mercury-footed plan for its consideration. The bill was introduced on January 7, 2004. A hearing was held on January 8. An Extraordinary Session of the assembly passed the legislation on January 13 by a 57-37 vote entirely along party lines.

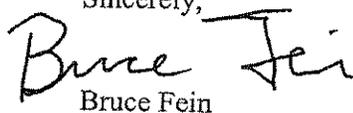
The bill was then sent to the senate where a hearing is scheduled for January 15, with an anticipated vote on January 20. In other words, a bill with vastly complex implications for competition and affecting hundreds of millions of dollars in savings for Wisconsin phone subscribers is scheduled for completion in less than two weeks, akin to mastering Beowulf overnight.

SBC can be summoned against itself to demonstrate the unreasonableness of the 180 window for PSC review of its UNE-P proposed rate hikes. In Indiana regarding the identical issue, SBC trumpeted in a pleading: "At the Prehearing Conference on April 14, 2003, the parties agreed that a proceeding involving a comprehensive review of all UNE prices, involving several hundred UNE rate elements, would be difficult to achieve in a proceeding to be completed by the end of 2003[or 261 days]." Michigan abandoned a 2 year rule because experience proved more time was essential for enlightened deliberation. Ohio similarly imposes no deadline for public service commission review of rate hikes proposed by the SBC local phone monopoly or otherwise. In Virginia, a government arbitration of a single interconnection rate between Verizon and Cavalier Telephone LLC consumed approximately 16 months!

If 180 days is persuasive, then why is it confined solely to SBC rate hikes for UNE-P, but to no other phone company or type of rate proceeding? SBC bemoans a 44 month period for the PSC to decide an earlier UNE-P rate filing. But the lion's share of delay was occasioned by SBC's chronic tardy responses to discovery demands and companion requests by the PSC and other parties. SBC is thus like a parricide pleading mercy because of his orphanage.

According to a French-coined adage, the more things change, the more they stay the same. As Wisconsin governor, "Fighting Bob" La Follette pledged to war against the rule of "corporation agents and representatives of the machine" who had "moved upon the capitol." He succeeded in spades. SBC is attempting to re-fight a lost corporate war. If the state legislators or the governor succumb to its influence by enacting AB-729, they will be dishonoring the thrilling La Follette legacy.

Sincerely,


Bruce Fein



**MCI Telecommunications
Corporation**

Public Policy
205 North Michigan Avenue
Suite 3700
Chicago, IL 60601
312 470 2121
FAX 312 470 4929

To: Senate Job Creation Committee
From: Joan Campion
Vice President, MCI Law & Public Policy
Re: AB-729 and SB-370 – Certain Petitions Filed with the Wisconsin PSC
Date: Thursday, January 15, 2004

As passed by the State Assembly, AB-729 is fundamentally flawed. It should be rejected by the State Senate as an anti-competitive and anti-consumer proposal. The bill will drive up the cost of phone service to residents of Wisconsin, at a time that the cost of phone service should be going down, not up.

The following policy questions merit your consideration:

- Why does AB-729/SB-370 only benefit certain companies, and not others? Why should petitions filed by SBC receive priority consideration, while those filed by MCI and other teleco providers could linger indefinitely?
- What is to prevent a company from “gaming” the system and abusing the 180 day time limit? If a company withholds information and then files a huge amount of materials with the Wisconsin PSC on day 178 or 179, how can the PSC be expected to make the best decision possible on day #180?
- Typically in administrative law proceedings, a statutory deadline for action is measured beginning from the date that the application on the matter is complete. AB-729/SB-370 lacks that basic provision of when the time begins to run.
- As laudable as the provision may be, the 180 days specified may be too short for the Wisconsin PSC to make decisions on petitions filed. Can the Commissioners with their current staff meet this 180 day deadline? Will more staff be needed?
- If a 180 day deadline is set for telecom decisions by the Wisconsin PSC, other matters pending with the Commission may slide/slip. Do you have a clear understanding about what matters will get pushed back, and what the consequence of those delays will be on other businesses and consumers?

MCI favors and supports the objective of timely decision-making by the Wisconsin PSC. Unfortunately, AB-729/SB-370 is not uniform in its application and would advantage one company's petitions, at the expense of consumers and that company's competitors. This bill should be rejected, and a new proposal developed through an inclusive process that Wisconsin's long consensus tradition favors.



January 15, 2004

To: Honorable Members of the Senate Select Committee on Jobs Creation

From: Gail Sumi, Government Affairs Representative

Re: AB 729/SB 370, related to telecommunications

AARP Wisconsin opposes AB 729/SB 370 related to setting PSC deadlines in wholesale rate cases. Unfortunately I have a conflicting meeting this morning and am not able to testify.

AARP has long supported the development of competition in local phone service. Competition helps keep down rates and promotes better quality service by providing consumers with choices in phone companies. AARP's representation of its member's interests in telecommunication policy issues at the national level before the FCC and at the state level has taught us that this is a complicated policy area and one that deserves careful and deliberate decision-making.

AB 729/SB 370 poses a threat to competition by attempting to lessen the ability of the Public Service Commission of Wisconsin to carefully review the wholesale rates charged to SBC's competitors. The competitors use parts of the SBC network to serve Wisconsin consumers. As you will hear this morning from others who are testifying, the result of an expedited process in Indiana led to wholesale rates that are higher than SBC's retail rates. The result is decreased competition and higher rates for all consumers.

Thank you for your consideration.

Assembly Bill 729 and Senate Bill 370:
The Case for Regulatory Certainty
(Or Why It Should Not Take Over 3 ½ Years
To Set Wholesale Telecommunications Rates)

- This bill is a simple, straightforward deadline that affects all telecommunications providers alike regardless of whether they charge wholesale rates or whether they pay wholesale rates. The outcomes of wholesale cost dockets will not change as a result of this bill. However, the bill will provide that those outcomes must be timely (180 days), which will, in turn, provide the regulatory certainty that is critical for companies like SBC Wisconsin to make decisions regarding jobs and investments in the state of Wisconsin.
- Perhaps more important than what this bill does is what it does not do: It does not preordain any substantive result. It does not pick winners and losers. Indeed, it provides no substantive guidance or restriction whatsoever on the PSC's setting of wholesale rates. It is merely a procedural rule requiring cost dockets to be completed in six months regardless of whether the result is good, bad or otherwise from the perspective of the telecommunications utility involved.
- The most recent cost docket before the PSC has lasted 44 months and is still ongoing.
- That sort of time lag is simply untenable for any company, particularly one, like SBC Wisconsin, that employs more than 6,200 people in Wisconsin and that invests millions of dollars every year in infrastructure upgrades.
- As of September 2003, approximately 435,000 lines were served by competitors using elements of SBC Wisconsin's network leased at wholesale rates set by the PSC.
- Wholesale rates are to be set in a way to accomplish the goal of enabling fair competition without subsidizing unfair competition (and thereby harming consumers).
 - As new facts arise and as the FCC changes the methodology underlying cost dockets (which it has recently done and is currently doing), such facts and methodology changes must be incorporated into new wholesale rates as quickly as possible in order to accomplish their purpose.
- This bill is in no material way different than many aspects of the Jobs Bill that provide reasonable agency deadlines.
- Moreover, it is not materially different than the existing law requiring the commission to act on completed applications for permission to construct large electric generating facilities and high-voltage transmission lines with in 180 days. That law was enacted in 1997 Act 204 and refined just last month in 2003 Act 89.

{ AB 729 } Grand
{ SB 370 } Panzer

Good afternoon. My name is Steve Beck and I am Senior Counsel to SBC Wisconsin. Thank you very much for the opportunity to speak to you about this very important piece of legislation.

In a nutshell, this legislation simply provides for a reasonable deadline in certain types of telecommunications cases before the PSC. In particular, it requires the PSC to render decisions in cases involving wholesale rates within 180 days of a petition by a telecommunications utility.

These cases are also called cost dockets by those in the industry. The most recent cost docket before the PSC has lasted 44 months and is still ongoing. With all due respect to the commission, and much respect is due, that sort of time lag is simply untenable for any company, particularly one that employs more than 6,200 people in Wisconsin and that invests millions of dollars every year in infrastructure upgrades. As of September 2003, approximately 18%, or almost one-fifth, of the lines in SBC Wisconsin's footprint were served by competitors using elements of our network leased at wholesale rates set by the PSC. In this fast-paced industry, it is simply not acceptable for these important dockets to take more than 3 1/2 years. All we are asking for is regulatory certainty as to how long it will take for us to get an answer on our petitions regarding wholesale rates. This committee is providing similar certainty to other companies that deal with various other regulatory agencies as part of AB 655.

For example, suppose a substantial new fact is discovered or there is a major change in the regulatory underpinnings of cost dockets. These examples are far from hypothetical. New facts do arise. The FCC recently did clarify the methodology underlying cost dockets, and it is currently considering many other changes to that methodology. In order to have wholesale rates that accomplish their purpose of enabling fair competition without subsidizing unfair competition (and thereby harming consumers), these new facts and changes in methodology must be incorporated into new rates as quickly as possible. This bill is necessary to allow that to happen.

This bill is in no material way different than many aspects of the Jobs Bill that provide reasonable agency deadlines. Moreover, it is not materially different than the existing law requiring the commission to act on completed applications for permission to construct large electric generating facilities and high-voltage transmission lines within 180 days. That law was enacted in 1997 Act 204 and refined just last month in 2003 Act 89.

Perhaps more important than what this bill does is what it does not do: It does not preordain any substantive result. It does not pick winners and losers. Indeed, it provides no substantive guidance or restriction whatsoever on the PSC's setting of wholesale rates. It is merely a procedural rule requiring cost dockets to be completed in six months regardless of whether the result is good, bad or otherwise from the perspective of the telecommunications utility involved.

This bill is a simple, straightforward deadline that affects all telecommunications providers alike regardless of whether they charge wholesale rates or whether they pay wholesale rates. The outcomes of cost dockets will not change as a result of this bill. However, the bill will provide that those outcomes must be timely, which will, in turn, provide the regulatory certainty that is critical for companies like ours to make decisions regarding jobs and investments in the state of Wisconsin.

Thank you.