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Details:

(FORM UPDATED: 08/11/2010)

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

**2009-10**

(session year)

**Senate**

(Assembly, Senate or Joint)

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

**COMMITTEE NOTICES ...**

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

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

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

## Verizon's and The VON Coalition's Opposition to SB 469/AB 696

**To:** Senate Committee on Commerce, Utilities, Energy, and Rail  
**From:** Verizon and The Voice on the Net ("VON") Coalition  
**Re:** Opposition to SB 469/AB 696 – Telecommunications Legislation

DJE?

Verizon and The VON Coalition write to register their strong opposition to SB 469/AB 696 because of the bill's anti-consumer and anti-business provisions relating to Voice over Internet Protocol ("VoIP"). VoIP is a popular new technology that combines voice communications with a wide array of other innovative communications features. With VoIP, voice calls are made over the Internet, offering Wisconsin consumers a new way to fulfill their communications needs. However, SB 469/AB 696 would force VoIP providers to pay hefty intrastate "access" fees in order to connect voice calls in Wisconsin, contrary to the goals of the newly-released National Broadband Plan, and stifling investment in the state and harming consumers. This bill will be harmful to the state's economy, not beneficial.

- SB 469/AB 696 exerts authority over matters subject exclusively to federal law. VoIP travels over the Internet and cannot be separated into interstate and intrastate portions, so it is an *interstate* service. Only the Federal Communications Commission ("FCC") has the authority to establish rules for *interstate* communications services. Under federal law, individual states may not do so.<sup>1</sup> To our knowledge, no other state legislature has passed a law applying *intrastate* access fees on VoIP.
- SB 469/AB 696 would impose *intrastate* "access" fees on VoIP, an *interstate* service. This would invite litigation to invalidate these requirements. Minnesota's similar attempt to apply *intrastate* regulations to VoIP resulted in a lawsuit and invalidation of the illegal rules.<sup>2</sup>
- SB 469/AB 696's provisions imposing high "access" fees on VoIP directly conflict with the National Broadband Plan released on March 16, 2010, which calls for phasing out of all such "access" fees—precisely because they *discourage* broadband deployment.
- SB 469/AB 696 also impedes the National Broadband Plan's goal of expanding the availability of broadband to all Americans. Because SB 469/AB 696 requires VoIP providers to pay high "access" fees in order to connect calls in Wisconsin, it will deter investment that would expand the availability of VoIP services in the state, including investment in broadband networks that allow consumers to use the Internet to make VoIP calls.
- SB 469/AB 696 will hurt Wisconsin consumers by discouraging broadband investment and curtailing the availability of an affordable choice for voice communications in an already-challenging economic environment.

For all of these reasons, Verizon and The VON Coalition urge you to vote "NO" on SB 469/AB 696.

<sup>1</sup> See Memorandum Opinion and Order, *Vonage Holdings Corp. Petition for Declaratory Ruling Concerning and Order of the Minn. Pub. Utils. Comm'n*, 19 FCC Red 22404 (2004) ("*Vonage Order*"), *petitions for review denied*, *Minnesota Pub. Utils. Comm'n v. FCC*, 483 F.3d 570 (8<sup>th</sup> Cir. 2007).

<sup>2</sup> *Id.*





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## CenturyLink Opposes SB-469/AB-696 As Amended

Date?

CenturyLink, formerly CenturyTel, supports comprehensive access and regulatory parity reform that ensures a robust network, fair competition, and will allow for the expansion of broadband to all. There is a clear need for comprehensive reform – but it must be balanced, provide a “level playing field”, and take a long term view of potential outcomes to avoid jeopardizing universal network access and the expansion of broadband services in rural areas.

Access to broadband services is critical to economic development, education, government, and health care and its benefits continue to grow as more bandwidth becomes available.

Any amendment that would remove the funding mechanism in the access reform portion of SB-469/AB-696 would lead to unfair competition, inhibit the expansion of broadband, and provide for an un-level playing field. A reduction in access charges must be accompanied by a funding mechanism to make up for lost revenues.

### **Access Charges Support Telephone, Broadband, Wireless, And IP Services**

Long distance and wireless telephone providers pay local phone companies access charges for the cost of completing calls. This is a benefit that local phone companies provide to them at a reasonable cost. This revenue source helps maintain the local networks, allows investments in advanced services, and keeps rates affordable for both urban and rural customers – regardless of what technology they use to make calls.

Although telecommunications providers would prefer to avoid paying other carriers for network access (known as inter-carrier compensation) such payments are vital for maintaining the underlying network. Otherwise, the cost of bringing broadband services to many rural areas would be prohibitive. This economic support is required to maintain the network and to provide broadband services in high cost, sparsely populated rural areas, where availability continues to lag behind urban and suburban areas.

### **Reduction In Access Charges Must Be Accompanied By A Permanent Funding Mechanism To Ensure All Have Access To Affordable Broadband**

Comprehensive access reform must be balanced, including a funding mechanism that supports rural investments. If access rates are to be reduced and a commensurate increase to rates to customers to be avoided – a funding mechanism must be created that will make up for a loss in access fee revenue. This will benefit customers, promote investment, and keep local rates at an affordable level.

Any abrupt reduction of intrastate access rates – without the presence of a funding mechanism to make up for the lost revenues – would force local carriers to sharply increase their rates, negatively impacting homes and businesses.

Rate increases for customers living in rural areas of Wisconsin could force them to choose between network access and other basic services. Ultimately, this could slow much needed economic development, put additional network investment for maintenance and expansion at risk, and derail the rollout of broadband services across Wisconsin.

In order to ensure that retail rates remain affordable in rural areas and do not exceed competitive levels, a funding mechanism that supports high-cost areas must be created. The fund must be permanent.

### **All Providers Must Participate And Contribute To Funding Mechanism**

All providers use and benefit from the current network which is sustained by access charges. So the obligation to make certain that retail rates remain affordable in rural areas should be shared by all providers.

All providers must contribute to a funding mechanism. That will ensure compensation for loss of access fee revenue and ensure the expansion and affordable access of broadband to all, including to those located in rural areas in Wisconsin.

### **The Amendment To Remove Access Reform From SB-469/AB-696 Removes A Fair And Balanced Approach To Regulatory Reform**

The removal of access reform from SB-469/AB-696 removes the permanent funding mechanism that was put in place in exchange for a reduction of access fees. This eliminates the requirement that all providers contribute to the fund and places CenturyLink at a competitive disadvantage while jeopardizing needed investment in providing broadband access to all.

### **SB-469/AB-696 Removes Cross-Subsidization Protections While Not Providing Needed Access Reform**

The removal of cross-subsidization protections in SB-469/AB-696 will promote unfair competition and strand investment. The intent of cross-subsidization protections are to ensure that revenues are not used to subsidize unregulated ventures.

Not-for-profit cooperatives will seek to use tax-free revenue (i.e. patronage capital) as an unlimited source of cash to subsidize for-profit competitive ventures. These cooperatives are "not for profit" entities and are provided with corresponding tax advantages. They are expected to provide service to members at cost. Instead of lowering their prices or issue a dividend to members when rates exceed costs, cooperatives would be allowed to use these excess rate payer dollars to subsidize providing service outside of its territory. Tax-free patronage capital should not be used to subsidize service to non-members. This practice will lead to cooperatives "cherry-picking" other for-profit entities who do not enjoy a similar tax status. It will create unfair competition, strand investment, and potentially create a death spiral for for-profit entities.



**Senate Bill 469 and Assembly Bill 696:**

Date?

- Provides the first significant modification to Wisconsin's telecommunications regulations since 1994
- Promotes and encourages additional infrastructure investment and broadband deployment by reducing regulatory burden
- Promotes and encourages further competition by providing a statewide Competitive Local Exchange Carrier (CLEC) certification
- Places all landline providers under proven rules successfully in place for newer providers such as cable companies and CLECs
- Preserves competition and choice of provider in the small and medium sized business market by ensuring the PSCW still maintains adequate wholesale regulatory authority oversight (via Committee Amendment)
- Modifies legacy regulatory requirements for small and large landline carriers so they focus their product and marketing efforts toward lowering consumer prices and consolidating multiple services offerings such as voice, broadband and video on a single bill
- Maintains provider-of-last-resort obligations so no consumer is left without an incumbent provider in their community (via Floor Amendment)
- Keeps in place all current DATCP consumer protection provisions (ATCP 123)

**Senate Bill 469 and Assembly Bill 696 are supported by the following 37 organizations:**

Wisconsin State Telecommunications Association (WSTA), Wisconsin Cable Communications Association (WCCA), AT&T Wisconsin, TDS Telecom, Avenues West Association, Chippewa Falls Area Chamber of Commerce, Green Bay Area Chamber of Commerce, Discovery Center - UW Stout, Eau Claire Chamber of Commerce, Fox Cities Chamber of Commerce & Industry, Friends of Housing Corporation, Greater Brookfield Chamber of Commerce, Hispanic Business and Professionals Association, Hmong/American Friendship Association, Independent Business Association of Wisconsin, Kenosha Area Chamber of Commerce, Metropolitan Milwaukee Association of Commerce, Milwaukee Community Service Corps, Milwaukee Urban League, Momentum West, Mueller Communications, Inc., National Association for the Advancement of Colored People - Milwaukee Branch, National Association for the Advancement of Colored People - Racine County, National Association for the Advancement of Colored People - Waukesha Co. Branch, New North, Inc., Northeast Wisconsin Technical College, Paradigm Sensors, Racine Area Manufacturers and Commerce (RAMAC), United Community Center, Urban Economic Development Association of Wisconsin, Valley Home Builders Association, Waukesha County Chamber of Commerce, Wired Wisconsin, Wisconsin Business Council, Wisconsin Economic Development Association (WEDA), Wisconsin Supplier Diversity Council, Wisconsin Technology Council

**Senate Bill 469 and Assembly Bill 696 has been endorsed by the following media outlets:**

- Milwaukee Journal Sentinel
- Milwaukee Business Journal
- Milwaukee Courier



**Opposition to SB-469/AB-696  
Telecommunications Deregulation Legislation**

Date?

**To:** Wisconsin State Legislature

**From:** CenturyLink,  
Communication Workers of America Union Local 4603,  
Communication Workers of America Union Local 4640,  
Communication Workers of America Union Local 4622,  
Communication Workers of America Union Local 4630,  
Citizens Utility Board,  
Coalition of Wisconsin Aging Groups,  
Lakefield Communications,  
Lakefield Telephone,  
Municipal Electric Utilities Association of WI,  
National Federation of Independent Businesses,  
Nsight Telservices f/k/a Northeast Telephone Co. and Bayland  
Telephone Co,  
Sprint,  
Wisconsin Grocers Association

We strongly oppose the very broad and far reaching deregulation legislation proposed in SB-469/AB-696. The legislation is deficient in providing consumer protections and a level competitive playing field that would be beneficial to all--including both consumers and businesses--in both urban and rural areas.

Such far reaching deregulation must:

- Serve both business and residential customer interests.
- Maximize access to broadband, including in rural areas.
- Encourage economic development and the creation of jobs and investment.
- Benefit everyone and not just a select few major telecommunication providers.
- Ensure consumer protection and competition that benefits the end-user customer.
- Provide that rates will remain reasonable and affordable.
- Achieve balanced and comprehensive access reform with deregulation that protects consumers, promotes broadband investment and a robust telecom network.

- Ensure continued landline infrastructure build and Maintenance in both urban and rural areas.
- Ensure protection of current service levels, particularly in rural areas.

In addition to these substantive policy concerns, many groups did not have the opportunity to provide input on the legislation, which was introduced late in the process. As a result, amendments are still being offered that will affect many issues, will be difficult to review, and will impact thousands of consumers. This legislation and its amendments have not received the endorsement or support of the Public Service Commission.

The Legislature and the telecommunications industry must provide comprehensive reform that will benefit all of the citizens of Wisconsin, maintain reasonable rates, provide residential and business access to broadband, and include all interested parties in a collaborative effort to maximize the adoption of technology that benefits economic development, healthcare, and education.

**PLEASE OPPOSE SB-469/AB-696**



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Presented by the Wisconsin  
Government Accountability Board

as of Monday, March 22, 2010

**2009-2010 legislative session**  
**Legislative bills and resolutions**

(search for another legislative bill or resolution at the bottom of this page)

**Senate Bill 469**

authority of the Public Service Commission over certain telecommunications utilities, telecommunications access charges, universal service fund contributions based on interconnected voice over Internet protocol service, tandem switching provider electronic call records, granting rule-making authority, and making an appropriation. (FE)

**TEXT**  
sponsors  
LRB analysis

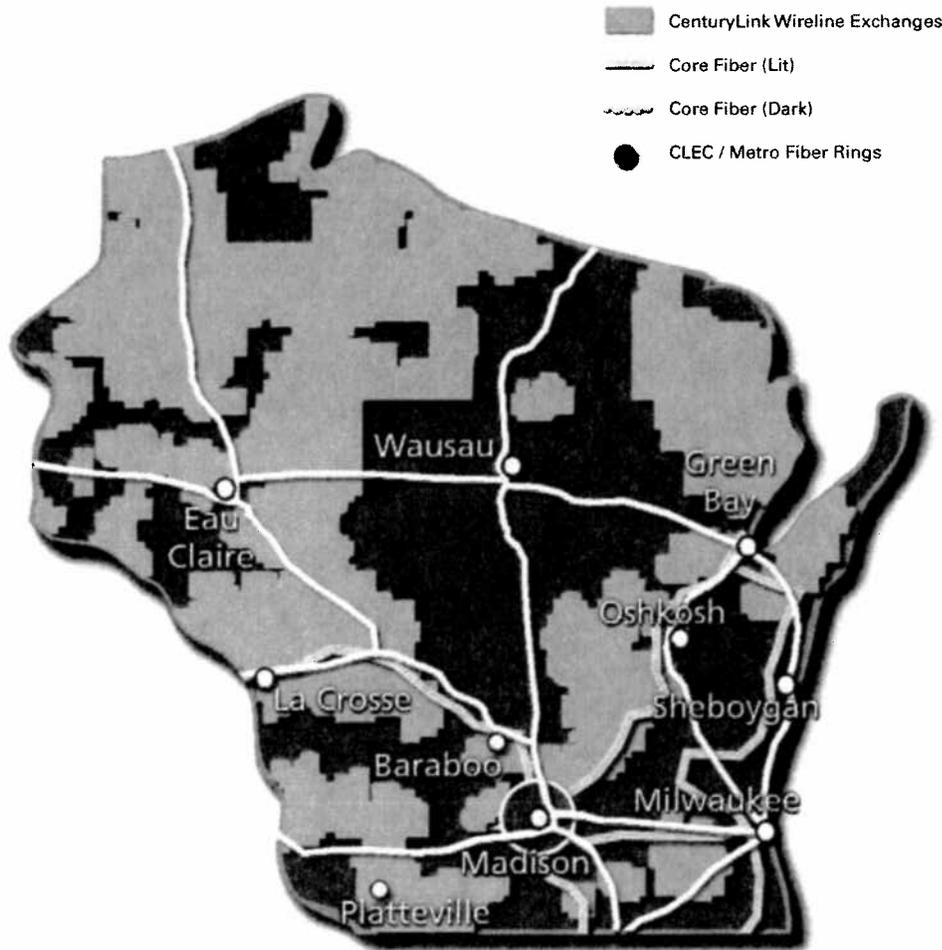
**STATUS**  
committee actions  
and votes  
text of amendments

**COST & HOURS**  
of lobbying efforts  
directed at this  
proposal

Organization		These organizations have reported lobbying on this proposal:	Place pointer on icon to display comments, click icon to display prior comments		
Profile	Interests		Date Notified	Position	Comments
●	●	AT&T Wisconsin	1/25/2010	↑	
●	●	CenturyLink (formerly CenturyTel Service Group LLC)	2/6/2010	?	
●	●	Coalition of Wisconsin Aging Groups Inc	2/22/2010	↓	
●	●	Cooperative Network Association	2/4/2010	↔	
●	●	Fox Cities Chamber of Commerce & Industry	2/8/2010	↑	
●	●	Metropolitan Milwaukee Association of Commerce	2/12/2010	↑	
●	●	Municipal Electric Utilities of Wisconsin	3/15/2010	↓	
●	●	National Federation of Independent Business	2/10/2010	?	
●	●	TDS Telecommunications Corporation	1/22/2010	?	
●	●	T-Mobile	3/1/2010	↓	
●	●	tw telecom of wisconsin l.p. (formerly tw telecom)	1/25/2010	?	
●	●	United States Cellular Corporation	1/27/2010	↓	
●	●	Verizon Communications	1/25/2010	↓	☺
●	●	Verizon Wireless	1/26/2010	↔	☺
●	●	Wisconsin Builders Association	1/25/2010	?	
●	●	Wisconsin Business Council	2/24/2010	↑	
●	●	Wisconsin Cable Communications Association	1/30/2010	↔	
●	●	Wisconsin Customers for Affordable Local and Long Distance Service	1/26/2010	↓	
●	●	Wisconsin State Telecommunications Association	2/1/2010	?	



# CenturyLink in Wisconsin



General Manager Bob Brown  
 Wisconsin, Iowa, Michigan (Upper Peninsula) and Minnesota Market  
 333 North Front Street  
 La Crosse, Wisconsin 54602

Corporate Headquarters  
 CenturyLink, Inc.  
 100 CenturyLink Drive  
 Monroe, Louisiana 71203

[www.centurylink.com](http://www.centurylink.com)  
 318.388.9000

## WISCONSIN STATISTICAL PROFILE

Employees	1,270
2008 Annual Payroll*	\$62,865,000
Total Investment	\$1,633,230,000
Access Lines	349,500
Access Lines, DSL-Enabled	91%

\*As of 12/31/08  
 All other statistics as of 06/30/09



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## **AT&T to build more than 80 cellular sites statewide**

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[Comments](#)

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June 22, 2010

**BY [SANDRA GUY](#) Staff Reporter**

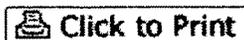
AT&T today said it will build more than 80 new cellular sites in Illinois this year and upgrade 300 more for high-speed, so-called 3G, wireless Internet access.

The upgrades are needed to accommodate growing numbers of customers who are using smartphones and other gadgets that access data-intensive video and large graphic files.

The network upgrade is part of AT&T's overall \$18 billion to \$19 billion investment this year in both regular phone service and wireless phone service, the company said.

That's an increase of 5 percent to 10 percent from 2009, the company said.



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## AT&T picks Akron as home of facility

By Betty Lin-Fisher  
Beacon Journal staff writer

POSTED: 08:38 p.m. EDT, Jul 07, 2010

A retrofitted, 25-year-old building near downtown Akron will soon handle all text messages and mobile data for AT&T's customers from Ohio to the East Coast.

AT&T officials said Wednesday they chose Akron to house their ninth mobility center in the country — an investment of \$120 million in high-tech equipment.

The announcement was made in the former Ohio Bell Data Center off Opportunity Parkway near downtown. The facility first opened in 1985 and handled service orders and prepared customer bills.

"If you look at the outside of this building, you'd never know what's going on inside," said AT&T Ohio President Tom Pelto of the center that is part of AT&T's plans to expand what is called 3G service and begin the launch of the 4G/LTE services aimed at better wireless quality. Currently, data is being handled by a center in Schaumburg, Ill.

Pelto's announcement included community, business and political leaders such as Gov. Ted Strickland, U.S. Rep. Betty Sutton, D-Copley Twp.; Summit County Executive Russ Pry and Akron Mayor Don Plusquellic, as well as several members of the state legislature.

"AT&T could have selected anywhere in the country" for the center and choosing Akron is "a big deal," said Charles Moses, president of the Ohio Telecom Association, which represents the regulated telephone companies and wireless providers AT&T and Verizon Wireless.

In the retrofitted area, bright white lights illuminate a high-tech room with raised floors to accommodate cables and cooling systems. Metal rods hanging from the ceiling are ready to hold suspended tiles for more cables and equipment for the first phase of the project.

The building has been in continuous use for AT&T and its predecessor companies, including Ameritech, SBC and Ohio Bell, but as the company's wireline or regular telephone land-line business is shrinking, services moved elsewhere, officials said.

The building has mostly been used to house large pieces of equipment for the phone company's system, though over the years, that equipment has gotten smaller, Pelto said. The \$120 million investment is the first phase of AT&T's commitment and could spark more expansion with the growth of the wireless industry, he said.

Pelto said approximately \$20 million was spent to refurbish the building and upgrade the cooling system, and \$100 million was spent on equipment. The data center has its own backup generators.

The investment is mostly in high-tech equipment and not necessarily new jobs, Pelto said. About 50 people work at the Akron facility, including five for the data center.

But the center will encourage other high-tech investments in Akron, Sutton said.

"By making this investment in Akron, AT&T will spur other initiatives. This is how things get started. This will make Akron an even more prominent high-tech hub," Sutton said.

Akron Mayor Don Plusquellic said: "So often we look at the things going on here as a result of the old rubber industry and we don't realize the high-tech companies that have located here, developed here."

Pelto credited Strickland and state lawmakers for the recently passed law reforming the telephone industry, saying it was long needed and opened the door for investments.

Pelto said while the new law has to do with the regulated portion of AT&T's wireline business, a favorable regulatory environment played a big role in the decision.

Pelto said he had to advocate strongly for placing the new data center in Ohio and Akron against his counterparts in other states with AT&T and a number of factors, including the established structure that could be retrofitted for the new center's needs right next door to an Ohio Edison substation also were helpful.

Pelto said the company did not receive any local or state tax incentives.

"This is a bet on the future of wireless; a bet on the future of Ohio. I think they're both good bets," Pelto said.

The center will be ready for testing in August. Pelto said the proximity of Akronites to the center won't help or hinder their data services. Asked whether some reported service issues with AT&T's network will be improved with the new center, Pelto said many of the problems have been exaggerated and that there have been some spikes in demand, but the new facility will help.

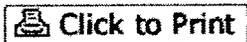
"A facility like this is built with traffic in mind," he said.

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Betty Lin-Fisher can be reached at 330-996-3724 or [blinfisher@thebeaconjournal.com](mailto:blinfisher@thebeaconjournal.com)

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