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News From the Illinois Telecommunications Association
Representing The Telecommunications Industry in Illinois

Illinois House Creates Group to Study Broadband Issues

Heightened interest in making broadband technology widely available has caused policymakers at the local, state and federal levels to accelerate discussions about broadband deployment policies. In Illinois, Governor Blagojevich has issued an executive order (2005-9) in which he sets forth the policy goal of "universal, competitive and affordable broadband" access throughout the state. In response, House Speaker Michael J. Madigan created a subcommittee of the House Telecommunications Committee to consider issues related to governmental involvement in the deployment of broadband technology.

The Speaker has charged the subcommittee with investigating a number of policy issues raised by the Governor's goal. Representative Kevin McCarthy, a Democratic legislator from Orland Park, chairs the subcommittee, which held its first meeting in early March.

Issues to be studied by the subcommittee include the overarching question of whether the General Assembly agrees with the Governor's goal. The subcommittee also will consider whether government resources ought to be used to supply broadband services to Illinois citizens or whether government efforts should be directed toward creating demand-side incentives for greater use of broadband that would stimulate more private investment. Representative McCarthy's group will also look into the role of municipal governments in provisioning broadband and whether any federal laws exist that would limit the right of the state to offer broadband infrastructure to its citizens.

"We need to have a thorough investigation of these issues going into the telecommunications rewrite year to ensure that we make Illinois an attractive place for business investment," subcommittee chairman McCarthy said. "It is important that we be fair to consumers while balancing the needs of businesses who have opportunities to invest in other states as well. These are complex issues and we intend to have an open and fair process to make the correct policy decisions to keep Illinois competitive."

The subcommittee's first hearing focused on testimony from governmental agencies, such as the Illinois Department of Central Management Services (which runs the Illinois Century Network broadband network) and the Illinois Department of Transportation, which is currently running fiber along highway right-of-ways. Other hearings will focus on plans by the telecommunications industry to meet the demand for broadband deployment and on municipal provisioning of broadband.

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Indiana Latest Neighbor to Reform Telecom Law

Following the lead taken by four Midwestern states in 2005, the Indiana legislature this year passed a new telecommunications law that significantly lessens the regulatory oversight of the industry and allows traditional local telecommunications carriers to compete more easily with other service providers.

Concerned about an outdated regulatory framework and its negative impact on economic development and job creation, lawmakers approved the new law that allows traditional phone companies more pricing flexibility for residential service, deregulates broadband and Voice Over Internet Protocol (VOIP) for all carriers, and removes obstacles that have delayed traditional phone company entrance into the video franchising market. The bill also provides that traditional carriers continue to have an obligation to serve as providers of last resort.

"In 2005, Iowa, Michigan, Missouri and Ohio all approved new telecommunications laws that recognize that the telecommunications industry and the economy in general have changed dramatically while state regulatory laws haven't kept pace," said Doug Dougherty, president of the Illinois Telecommunications Association. "This year, Indiana has joined that group of forward-looking states. Illinois continues to lag behind. The movement in surrounding states, and in 10 other states throughout the country, has left Illinois consumers and Illinois telecommunications companies at a serious disadvantage."

Proponents of the Indiana law change included the telecommunications industry, the state AFL-CIO, the Indiana Association of Cities and Towns, the Indiana Manufacturers Association, Women Impacting Public Policy and the Consumer Electronics Design and Installation Association.

Ball State University's Digital Policy Institute projects that the Indiana law will save Indiana cable subscribers up to \$262 million annually, bring video service to as many as 438,000 new homes, and generate 20,000 new jobs and \$7 billion in new investment in the state.

"When policymakers recognize the tremendous impact telecommunications investment has on the economy and the quality of life for their citizens, they make decisions like Indiana legislators made this year," said Dougherty. "There is no doubt that consumers in Indiana will benefit. Unfortunately, in Illinois the telecommunications industry continues to labor under outdated regulatory requirements that put our companies and our citizens at a distinct disadvantage compared with other states. I hope that will change next year in Illinois when lawmakers again must revisit the expiring telecommunications law."

Breaking News. Kansas has become the latest state to pass a telecommunications rewrite law, updating the law to avoid unnecessary and harmful regulation. The Governor signed the measure on April 19, 2006.

President's Letter

As an association executive, I struggle every day to communicate effectively with policymakers, both elected and appointed, about the implications of their decisions on the telecommunications industry in Illinois. As society and government become more complicated, so do the issues and their ramifications. More and more groups are affected by each piece of legislation and each administrative rule.

For many policymakers, sorting through the information to be able to reach an appropriate conclusion is a challenge. A focused argument with a specific goal is most likely to be convincing, and is something I work to provide. But sometimes, I think it is most effective to step back from the detailed analysis and provide policymakers with a broader frame of reference that can help them fit the analysis into context.

This session, and over the past few years, I have been struck by a push at the state level to move government into providing services that the private sector has traditionally provided. Some examples include: broadband service, traditional telephone service, health insurance, and water systems. At the same time, government is looking to get out of the work that it has traditionally and properly performed. The most striking example of this from my perspective is the recent interest in turning over the management and maintenance of the state's transportation infrastructure to private companies.

Rather than focusing on creating an environment that encourages the private sector to offer services and meet consumer demand as the market presents it, government is moving toward offering the services itself in competition with the businesses that exist or would be created to fill the demand. At the same time, by stepping away from the infrastructure maintenance that keeps people and goods moving throughout Illinois, government makes it more difficult for businesses to remain profitable and create jobs.

As we approach next year's rewrite of the law regulating telecommunications in Illinois, it is my hope that policymakers will think about the proper role for government. I hope we will convince the General Assembly that the recent movement toward government provisioning of services such as broadband and traditional telephone service is misdirected use of government resources, and that government should instead focus on creating a healthy and vibrant economy in which private sector business can thrive.

Doug Dougherty

Mark Your Calendar!

The Illinois Telecommunications Association (ITA) will hold its 101st annual convention June 11-13. The convention will be held at the Oak Brook Hills Resort and Conference Center in Oak Brook. As usual, the event will be marked by a series of up-to-date and informative educational sessions, enjoyable recreational activities and outstanding entertainment.

"Each year as an industry, we come together at the convention to discuss current issues and trends and to renew and enhance friendships and business relationships," said Doug Dougherty, president of the ITA. "After last year's special 100th anniversary convention, it might be easy to sit back and rest on our laurels, but in this competitive and ever-changing environment, it's important to gather for information exchange and relationship-building."

Highlights of the convention include presentations by Carrie Hightman of AT&T, Steve Soraparu of Stifel Nicholas Associates, Danny Riazzi of Riazzi Rhyne Investment Group among others, and an afternoon session dealing with the provisioning of Voice Over Internet Protocol service. An exhibition of services and products provided by Associate Members of the ITA will be held. The exhibits showcase the latest in technological innovations and engineering standards the industry is and will be deploying to expand services and improve efficiencies.

Broadband

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"The industry will have the opportunity to present its point of view at future hearings," said Doug Dougherty, president of the Illinois Telecommunication Association (ITA). "Clearly, we believe that government should not go into business to provide services that the private sector is already offering. We hope that creation of demand for broadband will be the focus of government's role. There are also a number of things government can do to incent private investment, such as reviewing tax policies to see how out-of-date tax structures relate to the changed and changing telecommunications environment. We look forward to working with Representative McCarthy, his subcommittee members and other policymakers as these discussions continue."

Members in the News

Norlight Telecommunications is offering carriers the opportunity to get closer to their customers with enhanced local distribution. Norlight, a full-service provider of high-quality, wholesale network transport solutions, announced recently that it has expanded its 3,800-mile network by activating optical fibers along the Central Illinois corridor. "We believe our ability to provide redundant, regional distribution is especially appealing to wholesale carriers," said Jim Ditter, president of Norlight. This regional penetration into Central Illinois emphasizes local distribution in order to take our wholesale customers close to their customers." The Norlight 347-mile network expansion establishes points-of-presence in Peoria, Bloomington, Champaign, and Danville.

AT&T was recently named the World's Most Admired Telecommunications Company by *Fortune* magazine, an honor that the company has enjoyed more than any other telecommunications company since the rankings were first published. The award is based on AT&T's performance in 2005.

Wireless members of the ITA are proud to announce the results of a study by J.D. Power and Associates that shows wireless customers are happier with their service providers than in the past. Consumer satisfaction increased 3 percent this year over 2005.

ITA Purchases Building

After renting office space in the same Springfield building for 45 years, the Illinois Telecommunications Association (ITA) has purchased its own office building and is planning to move its offices before the end of 2006. The 90-year-old building near the state capitol and the Illinois Commerce Commission will be renovated and restored to its original historical condition with the help of Springfield municipal Tax Increment Financing funds.

The ITA board approved the building purchase late last year. Construction proposals have been solicited and work will begin soon on the building renovation.

"We are definitely excited about the possibilities this new building holds for us," said Kevin Rauh, chairman of the ITA Board of Directors. "We're anticipating that this office will be a showcase for the latest in telecommunications technologies. The two-story building will have a large, modern conference room for board meetings and other gatherings and allow members of the ITA to have a satellite office when conducting business in Springfield."

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