

## **Legislature Approves Act to Promote High Speed Internet in Illinois**

Recognizing that the further development and deployment of high speed Internet services is a boon to the state's economy, current and future businesses and its consumers, the General Assembly this summer approved the High Speed Internet Services and Information Technology Act. The Act was negotiated with several statewide interests including the Illinois Telecommunications Association (ITA) to encourage additional deployment and adoption of high speed Internet.

The measure transfers \$4 million away from the Illinois Commerce Commission's Digital Divide Infrastructure Elimination Fund into a new fund.

This is a fundamental shift in the way government believes it can help close the digital divide, said Doug Dougherty, president of the ITA. This demand-side driven proposal is based on the assumption that government should partner with private sector providers to help enhance access to and demand for high speed Internet throughout the state. Government's role in the development of high speed Internet services is to help build the understanding of and demand for this level of service among consumers and to coordinate with private sector companies who have expertise in developing and delivering new technologies and services. That's what this new act accomplishes.

Specifically, the legislation provides for funding to a qualified not-for-profit corporation that will create a geographic, statewide inventory of high speed Internet service and other broadband and information technology services; track and identify statewide residential and business adoption of high speed Internet, computers, and related technology; create local technology planning teams; and work with high speed Internet providers and state government to encourage deployment and increase computer usage.

The not-for-profit corporation that is selected to oversee this program must be governed by a board which has a majority of individuals representing private sector interests. The non-profit organization will be chosen and overseen by the Illinois Department of Commerce and Economic Opportunity. The legislation provides for \$4 million to go into the High Speed Internet Services and Information Technology Fund to launch this new effort.

Illinois policymakers will review the success of this coordinated effort. Each year for the first three years, the nonprofit organization selected for this effort will report to the Illinois Commission on Government Forecasting and Accountability, a legislative agency.

**Community Leadership** *Each issue of TeleState highlights how Illinois Telecommunications Association member companies and individual members invest in and give back to their communities. This issue highlights the video product offering by AT&T as a result of the passage of a statewide video competition act this summer.*

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## **AT&T To Launch New Illinois Video Product After Law Change**

Landmark cable competition legislation passed by the Illinois General Assembly and signed by Gov. Blagojevich this summer is a clear victory for Illinois consumers, workers and the state's economy, according to AT&T leadership in Illinois.

The Illinois General Assembly and the Governor clearly took a stand for consumers, workers and economic investment in Illinois when they passed the Cable and Video Competition Act, said Paul La Schiazza, President of AT&T Illinois. Illinois consumers will finally have a real choice for video services, and the state will benefit from the robust economic investment and the good-paying jobs the new law will create.

The Cable and Video Competition Act will bring consumers throughout the state long-awaited competition to cable TV, will attract significant economic investment and will create thousands of new jobs.

Similar legislation has passed in 16 other states and the benefits have been many. Consumers are enjoying more choices and more competitive video pricing. Video providers are investing billions of dollars to deploy state-of-the-art networks and thousands of good-paying jobs are being created.

The legislation was approved overwhelmingly in the General Assembly, passing the House 113-0 and the Senate 54-0. The legislation benefited greatly from the support of a rare Springfield coalition of business, labor and consumer organizations.

Passage of this legislation was a priority for AT&T this year. The company is committed to investment in Illinois and to bringing the latest technologies and services to its customers. The new video competition law is an important tool for the company's efforts to meet the demands of consumers throughout the state.

By establishing a statewide video franchise agreement, the new law streamlines the process to allow cable competitors to enter the video marketplace. The law is designed to bring consumers more choices, innovative leading edge products and competitive prices as quickly as possible.

Illinois consumers served by AT&T and other carriers will get the competition to cable TV they have long waited for and they deserve. In fact, video products such as AT&T's U-verse, are beginning to roll out to consumers in states that already passed cable competition legislation, providing consumers with choices and services they never had before.

**To learn more about U-verse, log on to [www.att.com/Uverse](http://www.att.com/Uverse).**

## President's Letter

As I write this, a record-breaking, long and difficult legislative session is drawing to a close and we have lost another opportunity with state legislators to modernize the state's telecommunications act. Unfortunately, we have been unable to get lawmakers to recognize the fact that the competitive marketplace is changing the way people consume our services and, as a result, that pricing and packaging of products must change quickly in response to consumer demands. Overall, lawmakers continue to insist that regulation of local phone service is necessary, despite market indicators to the contrary.

All of Illinois' surrounding states have recognized the ability of the marketplace to set prices. We have become the hole in the doughnut.

Every Illinois consumer should reap the benefits of fair and level competition amongst all providers of telecommunications services. Currently, consumers in the Chicago area are benefitting from AT&T's new ability (granted by the Illinois Commerce Commission) to respond more quickly to the market without excessive regulatory obstacles. The passage this legislative session of a statewide video franchise law will help traditional phone companies enter the video service market more quickly than before so that consumers can benefit from competition with video service providers.

These two new changes, while beneficial, are too narrow and too limited. Consumers throughout the state deserve that same opportunity to enjoy the benefits of competition, as do the businesses that serve those consumers.

Our inability to convince lawmakers that the marketplace for communication services is competitive stems from a general feeling on their part that the telephone company is still a utility and utilities need regulatory oversight. That day is long past, but we need to do a better job of demonstrating the error of their perception.

In the months and years ahead, we must rethink our approach to state policy and to state policymakers. We must creatively consider new ways of overcoming the misperception policymakers have of telecommunications companies and the telecommunications marketplace and encouraging changes to the outdated law that benefit consumers and the telecommunications industry.

**Doug Dougherty**

## Legislature OKs Wireless 9-1-1 Changes

Though the passage of changes to the wireless 9-1-1 surcharge and related regulations weren't approved during the traditional spring legislative session, they were finally passed by the General Assembly after months of negotiation in early August. With the passage of Senate Bill 837, the 9-1-1 wireless surcharge will be reduced from 75 cents a month to 73 cents a month everywhere in Illinois outside the City of Chicago. The bill also gives the City of Chicago, through action of the City Council, the ability to increase its wireline and wireless 9-1-1 surcharge from \$1.25 up to \$2.50. The wireless 9-1-1 surcharge pays for the public safety response infrastructure that tracks and responds to emergency situations from wherever the victim is calling.

This measure represents the ultimate compromise reached after months and months of negotiations among the industry, the Attorney General's office, public safety representatives, the City of Chicago and legislative leaders, said Doug Dougherty, president of the Illinois Telecommunications Association. It truly is the product of give-and-take by all who were involved. I am pleased with the work that went into this and with the outcome.

In addition to the fee changes, the bill clarifies in state law that wireless carriers have the ability to cost recover unfunded mandates through a line item fee on customers' bills. Further, it requires the Auditor General to conduct annual audits of the use of 9-1-1 funds and requires the Illinois Commerce Commission to conduct a study of the 9-1-1 systems.

In addition to clarifying that carriers can recover unfunded costs through separate bill line items, this legislation provides additional accountability on the part of the 9-1-1 systems, said Dougherty. The integrity of the program will help justify the surcharge that customers are paying, and will ensure that the fee collected by carriers is being used in an appropriate and necessary manner.

# Telecom Regulations Need Update by State

The last significant revision to the Illinois telecommunications law occurred in 2001. Mass market VoIP didn't exist. There were fewer wireless customers than wired customers, while the reverse is true today. Instant messaging was a nascent technology. The Blackberry was two years old. Today there are 6.5 million users of Blackberry. Dramatic changes in the telecommunications marketplace and in usage patterns illustrate how much more quickly Illinois consumers have moved than has the government regulation that is intended to protect them.

Price regulation of land-line phones is unnecessary. Telecommunications providers need flexibility to package services and change prices in response to service offerings and prices by competitors, said Doug Dougherty, president of the ITA. Clearly, based on the significant loss of land-line phones and the skyrocketing increase in the use of cell phones, consumers are replacing wireline with wireless technology. And more changes are forthcoming. Traditional telecommunications carriers need flexibility to respond to the changing marketplace in order to remain competitive and to have incentives to incorporate and offer new technologies as they become feasible. The best way of doing that is to offer a level playing field with regard to regulation for all telecommunications providers.

Under current regulations, Illinois cable service providers can offer telephone services over the cable line without price regulation. However, for consumers in most of the state, traditional phone companies have to work through months of regulatory and legal proceedings to make even the simplest of changes to their service offerings. That adds to the cost of the service and delays competitive responses to the point that they are no longer competitive.

In Illinois, state laws regulating telecommunications have two negative effects, said Dougherty. First, the laws favor some providers over others by giving some more freedom and flexibility to respond to consumer demands. Second, they cause consumers to forego the benefits of competition, which are lower prices, better innovation and improved service. Consumers should demand change. We hope to help focus the call for change.

The ITA and its member companies have worked on specific proposals to eliminate the negative impact of current Illinois regulations. Additional effort will be underway in the remaining months of this calendar year.

## Vendor Showcase

On September 20, the Illinois Telecommunications Association (ITA) will hold its Fall Vendor Showcase at the Decatur Conference Center and Hotel, US Route 36 and Wyckles Road. The showcase event will include a vendor exhibit the morning of the 20<sup>th</sup>, followed by a luncheon during which the annual meetings of the Universal Telephone Assistance Corporation, the Illinois Telecommunications Access Corporation, and the Illinois Small Company Exchange Carrier Association will be held. Following lunch there will be a series of industry presentations.

For those who want to participate in social activities prior to the meeting, a golf outing and a recreational trap and skeet shoot will be held beginning on Wednesday, September 19. The golf outing takes place at Scovill Golf Course, beginning at 10 a.m. Wednesday. The trap and skeet shoot will begin at 9 a.m. Wednesday at the Decatur Gun Club.

Contact the ITA office (217/572-1260) to make reservations.

**TeleState**

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