

SENATE BILL 285/ASSEMBLY BILL 561

**Testimony of Bill Esbeck
Executive Director – WSTA
Before the Assembly Energy & Utilities Committee and Senate Commerce, Utilities
& Rail Committee**

Tuesday, March 27, 2007

WSTA (who and what);

- WSTA was founded in 1910 as an association for Wisconsin's local phone companies offering local and long distance voice services.
- Today, our member companies offer a broad range of high quality telecommunications and entertainment products and services.
- The vast majority of our member companies are headquartered in Wisconsin and many have served their local customers and communities for more than 100 years.
- Our members include 70 Incumbent Local Exchange Carriers, 30 ISPs, and 10 Wireless carriers – we represent some of largest telecommunications providers in the country as well as small, locally owned companies serving homes, schools, and businesses in communities throughout the state – like Wittenberg, Niagara, Abrams, Pulaski, Amery, Grantsburg, Clear Lake, Baldwin, Spring Valley, Siren, Luck, Milltown, Hager City - Washington Island and Sister Bay to Bristol and Silver Lake...

No significant telecom statutory changes since 1993 Act 496;

It has been more than 13 years since the Act 496 was signed into law in the summer of 1994, and since that time there has been tremendous change in the telecommunications marketplace, but very little in the way of updating to the statutes governing the increasingly competitive marketplace.

However, since Act 496 was signed, some very significant marketplace developments have occurred:

- There are now more wireless phones in Wisconsin and nationwide than there are wireline phones. In Wisconsin specifically, there were 3.5 million wireless phones and 3.3 wireline phones.

- Fierce battles for consumers purchasing voice, video, and data packages are being fought in large and small communities across Wisconsin between the local phone company and the local cable company.
- Internet based phone services like Vonage and Skype are significantly increasing their customer base – Vonage has more than 2.5 million customers nationwide on their internet based telephone service

As a result of these competitive market realities and other factors, access line counts for local telephone companies has been decreasing steadily over the last five years as customers choose competitive alternatives to the traditional local phone company.

WSTA supports SB 285 because we feel it responds to the realities of today's competitive market place and begins the process to update the statutes created with Act 496.

The bill accomplishes this in 2 different ways:

The first is Reduced reporting: SB 285 provides local phone companies relief from an overly burdensome and outdated annual reporting requirement. The current annual report in Wisconsin typically requires 40 or more pages of detailed filings – while our neighboring states of Iowa, Minnesota, and Michigan have already significantly reduced their reporting requirements to just a few pages. SB 285 will reduce the annual report to a much more reasonable list of requirements – and will result in a more equitable reporting requirement among all incumbent and competitive telecommunications utilities.

The second is Increased pricing flexibility: SB 285 allows local phone companies additional flexibility on how they price their product packages and bundled services like combinations of local and long distance, digital television, and broadband Internet. Our member companies face competition from companies with **far fewer regulations** on how they price bundles offerings voice, video, and data, - and the pricing flexibility offered in SB 285 will provide options that allow them to respond immediately to increasing competition. If a company elects this new form of regulation, they consent to the entry of additional competitors into their service territories as outlined in ss. 196.50.

We have been working actively with the lead authors of this legislation and appreciate their willingness to encourage and facilitate conversations between other interested parties. In a collaborative effort the lead authors, WSTA has worked to address concerns raised by the Wisconsin Cable Communications Association, Wisconsin CALLS...and we are actively working and have draft amendments in an effort to address concerns raised by the PSC, AARP and the Citizens Utility Board.

Thank you for the opportunity to testify here today.