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February 5, 2003

Honorable  
House of Representatives  
State House  
Indianapolis, IN 46204

Dear Representative :

You have been hearing a lot lately about HB 1627, the telecommunications industry, and telecommunications regulation – likely more than you ever wanted to hear. I'd like to take a few moments to explain **Sprint's opposition to HB 1627** and why we firmly believe it will do more to disrupt telecommunications markets in Indiana than to improve them.

I also believe that Sprint is uniquely positioned in the telecom industry to comment on HB 1627. We provide local telephone service in Indiana and seventeen other states; we are an active member of the Indiana Telephone Association; we are the third largest long distance company in the country; and Sprint PCS provides wireless service throughout the United States. For some time now Sprint has tried to balance the role of the incumbent local telephone company with the need to create a regulatory environment that nurtures competition.

From Sprint's perspective HB 1627 is not the right solution for Indiana's telecommunications market and, in fact, is likely to impede competition and damage the telecommunications industry overall. Sprint believes this legislation will hamper future network investment critical to Indiana, not incent it, as some have argued.

If enacted, HB 1627 will dramatically increase the price that "new entrants" to the local telephone business pay when they buy services from the incumbent telephone company. This may be good for the incumbent but it will be very bad for competition. It is Sprint's position that the local telephone companies should be fully compensated when they sell a service to a competitor. If they are not being appropriately compensated it is up to the regulators to adjust those prices. These are extremely complex issues. We believe that the regulatory bodies, however, are best equipped to resolve them.

In addition, HB 1627 would make it much more difficult for companies to gain access to what's called a "broadband capable loop." This means that the incumbent telephone company would have virtually complete control over the DSL services provided in its service area. Again, this may be good for the incumbent telephone company but it's not good for competition.

A strong, healthy telecommunications market requires balancing the needs of the incumbent telephone company with the benefits of a truly competitive market. HB 1627 does not achieve that balance, and I ask you to oppose it.

And, again about jobs, we heard that Local 6401 of the Communications Workers of America was not soliciting workers from Bell competitors to join the Union because the Union didn't think those competitors would be around very long. I wonder why the Union reached that conclusion?

As required by law, Sprint makes parts of its networks available to its competitors. Sprint has interconnection agreements with at least 50 competitors in Kansas. In Osborne, Kansas, we've lost more than 700 of 1,300 local customers to competition.

But, we are not asking you to change the rules to avoid competition.

### **Is Sprint harmed by HB 2019?**

Sprint's business plans call for it to compete with Bell in the provision of local telephone service and high speed data services in some of SBC's local territories. To do that we need access to a broadband capable loop (both fiber and copper) that allows us to provide such services beyond the 18,000 foot limit. To the extent that the FCC doesn't include such a DSL capable loop in it's list of unbundled network elements, the Kansas Corporation Commission needs to have, as it does today, the authority to to define such a loop as an unbundled network element, and to set the prices for such unbundled network elements. This is what the KCC just did in its most recent order, the 032 Docket. This bill would take away the KCC's authority to do that.

As a result we simply would not be able to compete with SBC by offering voice and high speed internet access to a significant number of its customers.

### **Conclusion**

Without real competition there is no incentive to reduce prices or introduce new and innovative products and services. Is this really where you want to go? It used to be said that what was good for General Motors was good the country. What's good for SBC, or Sprint, or Birch or AT&T is really not the issue. It is what is good for the consumer that is central to this debate. Competition is good for consumers because it means lower prices, and increased availability of higher quality products and services.

I was visiting with one of your legislative colleagues yesterday about this bill and noticed a quote on the wall from a former leader in the US House of Representatives. The quote was, "Ain't no right way to do the wrong thing." Passage of HB 2019 would be the wrong thing. You can't make it right.

We respectfully ask that you reject HB 2019.

I'd be happy to respond to questions.