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Testimony – Sue Ashdown, Executive Director, AISPA

Nevada Senate Commerce and Labor Committee

Re: SB 400

March 27, 2003

My name is Sue Ashdown and I am the Executive Director of the American Internet Service Providers Association, based in Washington DC. The Association was formed three years ago to help educate policy makers throughout the country about the Internet service industry, and act as an advocate for the more than 5000 small & medium sized providers who first brought America online.

In Nevada, some of those providers will be familiar to you.

| | | |
|-----------------|------------------------|----------------|
| Pyramid.net | NetNevada.net | Interstice.com |
| Accutek | TechWarrior.net | Oasis Online |
| ACI.net | Laughlin.net | |
| PowerNet | CommNet.net | |
| Autumn Internet | CyberHighway of Nevada | |
| Great Basin.net | NetWitts.com | |

These are the providers who have made a business of serving their local communities, metropolitan and rural, residential consumers and small businesses, and they are the providers who millions of Americans continue to rely on in this age of media consolidation. Your constituents know that when they call their local Internet provider, a human being will answer the phone, will make a house call, will take the time to explain the technology, and constantly look for ways to offer them faster and cheaper connections.

SB 400 is a bad bill for these small businesses.

First, a word of explanation about what Internet service providers do. Internet service providers buy more phone lines than any other business. Instead of having customer service representatives sitting behind each phone line, they have modems, reaching out to the Internet. It is crucial that they have enough supply – too little, and they have busy signals, customers flee. It is crucial that they have bargaining power when it comes to price. Lower phone line prices result in lower Internet access prices for their customers. These small businesses were the first to learn the advantages behind competitive local phone service and they are not prepared to lose those benefits now.

Yet that is exactly what SB 400 will do.

The bill, as you know, is a large one – a veritable wish list for Nevada's monopoly phone companies. Anything and everything SBC and Sprint have ever wanted from legislators in order to dispose of their competitors, they are asking for from you now. What they most want of course, is total deregulation, in order to preserve their monopolies. In other states, I have seen this described as an even playing field, but I am here to tell you that the field is already terribly slanted in SBC's and Sprint's favor, and to pass this bill would slant it even more, to the point of pushing more Internet service providers off the field completely.

Most of your small Internet service providers here in Nevada are busy running their businesses. They don't have the funds to hire lobbyists, nor the time to leave their businesses to act as their own lobbyists. Yet they are very concerned about this bill. ACI.net, one of the Internet service providers who could not be here today, is providing the high speed Internet access known as DSL, in the Carson and Reno service area. This product uses ordinary phone lines in order to transmit data to and from the Internet at speeds much faster than ordinary dial-up service. If you have a small business or wish to telecommute, DSL is hugely helpful. ACI has 25 well documented cases where SBC/PacBell has told their customers that their phone lines are not capable of running DSL, as long as ACI is their provider. However, when the customer selects SBC's Internet affiliate, the DSL is up and running in less than 2 days.

This is discrimination. It is illegal, and it is enforceable, if a utility commission wishes to address the issue. SB 400 would make that impossible, however, by putting high speed Internet, also known as "broadband" beyond your Commission's reach.

You might ask yourselves, in light of the recent FCC vote which appears to give SBC & Sprint the freedom to monopolize rural markets, why the necessity for a state bill that does the same thing?

It's a very good question. Frankly, I believe SBC and Sprint are doubling their bets. We as Internet service providers would like to see that vote overturned in court, so that state commissions can examine the state of broadband competition and decide whether monopoly deregulation is warranted. SB 400 would make that impossible, here.

The FCC vote did leave certain decisions about basic local phone service competition in the hands of the states to decide. We think that was a good thing. Yet through SB 400, SBC and Sprint are trying to take away Nevada's ability to consider those questions.

I recognize the enormous pressure you face as part time legislators. You have an avalanche of legislation to consider in a short period of time. You are besieged by lobbyists on both sides, who know that their next opportunity to change the law doesn't come around for another two years.

In the Internet world, two years is a lifetime. The next two years will see litigation over the FCC's recent vote. Practically every state in the country will be holding hearings to determine the price, terms and conditions, for competitors interconnecting with the public switched telephone network.

Nevada can willingly shut itself out of the process now, while competition goes forward in the surrounding states, or it can choose to be an active participant in that process, like the states who have rejected SBC's similar bills.

We urge you to consider the thousands of constituents who depend on locally based Internet service providers who in turn depend on local alternatives for competitive phone and DSL service. We urge a no vote on SBC's and Sprint's wish list - SB 400.

Thank you.

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