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Good Morning Chairman Townsend and Members of the Commerce Committee. My name is Christine Milburn and I am here this morning as a the Nevada Coordinator of Consumer Voice, an organization committed to working with elected and appointed officials at all levels of government to ensure that consumers have a voice in telecommunications and technology matters that impact Nevada consumers. I thank you for the opportunity to speak in opposition to Senate Bill 400.

My message to you today is clear: ***This bill will hurt consumers and small businesses here in Nevada.*** While SBC and Sprint may have portrayed to you that this legislation will help the economy in Nevada, let me tell you what a vote in favor of this bill means to the average consumer. ***It will mean that SBC and Sprint can unilaterally raise rates,*** including rates for basic local services, and neither consumers nor the state will be able to do anything about it. ***It also will eliminate the state's ability to enforce minimum service quality standards, to prescribe levels of infrastructure investment and maintenance and protect consumers from anti-competitive conduct.*** Further, any chances of the development of a competitive telecommunications marketplace will be thwarted. In return for this special interest legislation, what do consumers get in return? Nothing...zilch...indeed, they are left worse off.

Let me explain why this is the case.

First, by giving these monopolies their wish list, you will essentially deregulate the telecommunications market in Nevada. While many Nevadans are in favor of deregulation, most of us are well aware of what happened in California when a monopoly utility was deregulated to "benefit consumers". Our neighbors are still digging out from under that mess and paying the high prices that went along with it. Make no mistake about it - Sprint and SBC still hold monopoly power in their territories and if this bill passes, that fact will not change - ever. Consumers and small businesses in some parts of the state are just beginning to see the benefits of competition. I'm sure some the small companies here today can talk about what they're doing in Nevada and how this so called reclassification of telecommunications services will impact their ability to provide a choice for consumers.

Secondly, and even more important to consumers is the fact that this bill will take away any state authority to protect consumers from shoddy service and

rising prices. The Public Utilities Commission of Nevada is charged with looking out for the interests of the residents in this state. By passing this legislation, that authority will be stripped and consumers will suffer.

This bill is nothing more than a rehash of a monopoly phone company wish list that has been rejected as anti-consumer by legislators around the country. These companies have gone to Congress, to the FCC and now to state legislatures to overturn provisions of the Telecom Act that were supposed to give consumers the benefits of competition in the local market. In spite of a recent FCC decision that gave SBC the broadband deregulation it was seeking, they have the audacity to waste your time by asking for a further hand-out. And for its part, Sprint has fought similar legislation in the Congress, the FCC and in other states where it's actually a competitive carrier – not the local monopoly it is here in Nevada. Just this week, Indiana joined the growing list of states that have rejected similar legislation. That should tell you how good this bill really is for competition and consumers here at home.

The jargon of SB400 may be complex, but the impact for the consumer is clear-- prices in Nevada will go up, service quality will suffer, investment will decline and consumers will not have competitive choice anytime soon. Instead of seeking a special deal from the legislature, why don't Sprint/SBC seek to make money by providing innovative offerings and better service at lower prices? I can just hear comedian Lily Tomlin's response: "We're the phone company. We don't have to".

SBC bill appears to have hit a dead end

Measure favorable to phone company won't get to a vote

By Michele McNeill Solida
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In what is being hailed as a victory for consumers and utility regulators, a controversial bill backed by phone giant SBC will not advance in the Indiana Senate.

Only last-minute maneuvers can save House Bill 1627, which SBC argues would level the telecommunications playing field.

Sen. James Merritt, R-Indianapolis, chairman of the Senate Utility and Regulatory Affairs Committee, said Tuesday he will not allow a vote on the bill.

Instead, next week he will offer a resolution in his committee urging the Indiana Utility Regulatory Commission to deal quickly with these telecommunication issues -- such as anti-competitive behavior, high-speed Internet access and how much SBC can charge to competitors to lease its phone lines.

House Bill 1627 would have required the IURC to be more favorable to SBC in calculating the rate it can charge other companies for using its lines and equipment. The proposal would deregulate broadband high-speed Internet access and shorten the waiting period before SBC could try to lure back customers.

The bill's chief sponsor, Rep. Ed Mahern, D-Indianapolis, said he will look for other avenues to advance the issue. The legislation could return during last-minute negotiations on other utility bills.

"We think there are still a lot of legislators out there who think these issues are important," said SBC spokesman Mike Marker. He said his company was disappointed that the bill has stalled.

This bill has provoked a high-powered lobbying battle -- with SBC and Verizon fighting consumer groups, state regulators and smaller phone companies.

Last year, SBC (formerly Ameritech Indiana) spent \$221,538 lobbying the General Assembly. Verizon spent \$141,074. Combined, AT&T and WorldCom spent less than \$100,000.

The bill, which sparked a showdown in the Indiana House before it passed 63-36, inspired rallies by SBC proponents and consumer groups that opposed the measure. The issue also set off an advertising war between the rival factions.

And Senate President Pro Tempore Robert Garton, R-Columbus, who has had harsh words for SBC's efforts, said on Tuesday that the negative campaigning on SBC's part has been "deplorable."

IURC chairman William McCarty also has been an outspoken critic of

the proposal, saying the issue should be left to his commission to decide.

"We appreciate the legislature's acknowledgment of the role that the IURC was created to play in resolving these issues," said Beth Herriman, the IURC's director of external affairs.

And Merritt said he agrees these issues should be dealt with by state regulators. "I don't want the utilities committee to become the new IURC," Merritt said.

But Mahern criticized the IURC for acting too slowly on telecommunications issues. He said the bill is about economic development and jobs -- about helping SBC thrive.

He points to Monday's lowering of SBC's bond rating by Moody's Investors Service -- in part because SBC must lease lines to competitors below its cost. Monday's downgrade means SBC will pay higher interest rates to borrow money. That could cost Indiana in terms of jobs and phone service, Mahern said.

And he blames WorldCom for the bill's demise. He said it is benefiting most from being able to lease SBC's lines at cheap rates.

"The Senate has allowed that company to perpetrate one of the biggest frauds at the expense of an Indiana company and Indiana employees," Mahern said.

Stefanie Scott, a spokeswoman for WorldCom, said her company opposes the legislation because the only beneficiary would be SBC. "We certainly opposed this legislation, and we were not alone. The biggest beneficiary of the demise of this bill would be the Indiana consumer," she said.

Mike Pruyn, spokesman for SBC competitor AT&T, agreed that the death of the bill is good news for Indiana consumers because this will spark more local competition.

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