

Municipal Telecommunications Services

Modern, affordable telecommunications infrastructure is key to economic growth in the 21st century. Unfortunately, some areas in Minnesota are without this infrastructure. Others suffer with unreliable, slow, or expensive service.

Studies show that the U.S. is rapidly falling behind other industrialized countries in the deployment of broadband services and other advanced communications services. A key factor is the lack of a national broadband policy. Congress is now beginning to address this issue through legislation and MMUA urges Congress to adopt pro-competition and pro-consumer policies that will foster the deployment of broadband delivery systems by any entity willing to do so, including municipalities and public power systems.

Why municipal telecommunications? Municipal utilities are at the cutting edge of providing broadband technology service in Minnesota and across the nation by offering a variety of wireless, DSL, broadband power line and fiber optic broadband services.

Municipal communications utilities: (1) drive economic development by serving existing business and industry and by attracting new ones; (2) improve the efficiency of the city and other local government institutions, including utilities; (3) keep customer savings in the community, where further economic activity is spurred; and (4) provide a wide variety of other public purposes that citizens, through their elected and appointed officials, demand. In short, municipalities can often close the “digital gap” that exists in many areas.

Over 700 public power systems across the country now offer some form of

telecommunications services, several of them in Minnesota. These local entities are simply responding to the demands of their community by providing services that were often expensive, inadequate, or even non-existent. Unfortunately, in some areas of the country, communities have been restricted or even prohibited from offering such services.

Courts can sometimes thwart Congressional intent. The landmark Telecommunications Act of 1996 provides that “any entity” is allowed to provide telecom services. But large, incumbent telecommunications companies thought otherwise, and often fought this principle at the state level. Unfortunately, the courts agreed and have not always honored the plain language of the federal statute. This has resulted in several states approving laws that prohibit local governments from providing needed telecommunications services.

To address this situation bipartisan legislation has started to move through Congress. The “Community Broadband Act of 2007” (HR 3281, sponsored by Reps. Boucher and Upton in the House, and S 1853, sponsored by Sens. Lautenberg, Smith, Stevens, and McCain in the Senate) was introduced last year. This important legislation would protect the ability of local governments, including municipal electric systems, to offer broadband telecommunications services to their citizens—many of whom cannot receive competitive service from other communications providers. MMUA urges you to support these bills by becoming a co-sponsor.

Cities should be able to offer all telecom services without barriers. The contention that public bodies shouldn’t provide a

service offered by private enterprise is disingenuous, since in many areas of the state the private sector is unable or unwilling to provide these services. In these localities, municipalities may be the only viable means of introducing such services. This was often the case with electricity over 100 years ago, and is still the case with telecom today. Affordable, truly high-speed broadband access is crucial to a city’s economic future. Federal policy that facilitates consolidation and limits any entity’s ability to provide services will not bring about benefits to consumers. Regulation that protects consumers from monopoly pricing and predatory pricing must be enhanced.

MMUA urges Congress to:

- **Recognize the positive role that units of local government, including municipal electric systems, can play in enhancing their communities by offering advanced communication services.**
- **Support federal legislative efforts, including the bipartisan Community Broadband Act of 2007, that protect the ability of local communities to offer telecom services.**
- **Oppose federal efforts that would restrict or prohibit local entities from providing key communication services.**