

Municipal Telecommunications

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 continue to show that the U.S. is rapidly falling behind other industrialized countries in the deployment of broadband services. A number of municipal utilities, however, have moved to fill this gap locally.

Why municipal telecommunications?

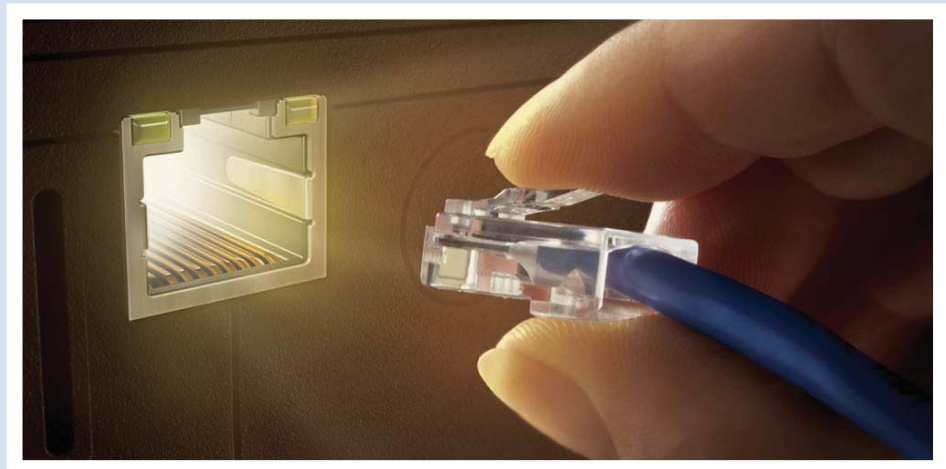
Municipal utilities are on the cutting edge of providing broadband technology service in Minnesota and across the nation by offering a variety of wireless, DSL, cable modem, broadband power line and fiber optic broadband services.

Municipal communications utilities:

(1) drive economic development, serve existing business and industry and attract new ones; (2) improve the efficiency of city and other local government institutions, including utilities; (3) keep customer savings in the community, where further economic activity is spurred; (4) provide a wide variety of other public purposes that citizens, through their elected and appointed officials, demand. In short, they close the digital gap that existed before their establishment.

Municipal utilities are often well-positioned to provide broadband service to their cities. The Legislature can allow cities to better control their economic destiny, and help the state reach its broadband goals, by:

- giving municipal utilities express authority to enter into joint



telecommunications ventures with other entities;

- removing barriers to entry to municipal telecommunications efforts; and
- giving cities an opportunity to bid on local exchanges, if they are to be sold.

Joint ventures make sense. Municipal utilities have authority to enter into joint ventures with other entities for the provision of electric service. It is a logical extension to include telecommunications under the municipal joint venture authority. Municipal utilities are perfect partners for local telephone companies in the provision of broadband access in underserved areas. Cooperation between municipal utilities and others could result in a sharp reduction in the costs of developing and delivering broadband services. It's a synergistic situation, where cooperation between the two could attract more customers for both.

Remove barriers to entry. Like many local phone companies, municipals view broadband access as a service necessary

to ensure economic viability. To foster broadband access, we must be allowed a reasonable opportunity to provide telecommunications services ourselves. That means reducing, to a simple majority vote, the 65 percent super-majority referendum requirement to construct a new phone exchange.

The local service option. As recently as 2005, Qwest was the subject of merger speculation. If the company merges or decides to sell exchanges, it should be required to offer local exchanges individually to local interests, including cities and municipal utilities.

Cities should be able to offer all telecom services without barriers. The contention that public bodies should not 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. Affordable, truly high-speed broadband access is crucial to a city's economic future.