



June 14, 2007

The Honorable Joe Hackney
Speaker
North Carolina House of Representatives
2207 State Legislative Building
Raleigh, NC 27601-1096

Dear Speaker Hackney:

On behalf of the Fiber-to-the-Home (“FTTH”) Council, I write to urge you to oppose HB 1587, the Local Government Fair Competition Act. This legislation is neither fair nor pro-competitive. Rather, it will limit access by many North Carolinians to high bandwidth networks at the very time when government officials are trying to encourage such deployment. By establishing unrealistic and ill-defined criteria for municipalities to deploy broadband infrastructure, HB 1587 would effectively halt the advancement of these networks and the innovative services they provide. As a result, this legislation will harm the state’s economy, education system and quality of life.

The FTTH Council is a non-profit organization established in 2001 to educate, promote, and accelerate fiber-to-the-home and the resulting quality of life enhancements. The Council’s members represent all segments of the broadband industry, including telecommunications, computing, networking, system integration, engineering, content-provider companies, as well as traditional telecommunications service providers, utilities, and municipalities. As of today, the Council has more than 130 companies as members, 14 of which, including Corning and Alcatel-Lucent, have significant operations in North Carolina.

Although there has been significant global progress in the deployment of FTTH networks and technology, the United States continues to lag behind many other countries, harming our ability to compete in today’s world. Americans need access to higher-bandwidth capabilities right now, and federal and state governments should be taking steps to clear the way for the deployment of networks delivering much higher bandwidth than what is generally available today. Failure to do so risks harming economic growth and job creation by allowing other countries to outperform the U.S. in the delivery of information and other activities requiring next-generation broadband capability. Accordingly, the legislature should be looking to accelerate and promote entry by all entities – private and public – into the deployment of next-generation networks. Specifically, you should be lowering barriers to entry by municipalities – and not raising them, as HB 1587 would do.

We ask for your special consideration of communities throughout North Carolina that are unable to obtain adequate broadband services from incumbent service providers. Typically, this occurs



in rural areas and small towns – although it also happens in larger cities – when the incumbent provider cites a weak business case as the reason for not investing in network upgrades and bandwidth improvements. Given that local governments have larger interests (such as the welfare of their constituents) than those of the distant investors and shareholders who normally drive the incumbent provider’s agenda, it is perfectly reasonable that a municipality might adopt a longer time period for recouping its investment in order to create something that will bring far-reaching benefits to the public at large. HB 1587 would undermine a local government’s ability to do this.

In these circumstances, we believe municipalities must have the right to take the initiative and ensure that their citizens have access to advanced broadband services. We know of dozens of local governments throughout the country that have faced the same challenges and have responded by building their own FTTH systems. The vast majority of the projects are successful and are providing many thousands of people with the high speed links to the global information economy that they otherwise would not have.

From navigable rivers, railroads and interstate highways to electrification and telecommunications systems, history shows that investments in our key infrastructure have paid dividends many times over in terms of broadly shared prosperity and world economic leadership for our country. Today, municipalities are key drivers of America’s march to next-generation networks – the on-ramps to the global information superhighway – and thereby to a secure future in a technologically competitive world. The legislature should not frustrate their efforts to serve their residents this way.

Please preserve North Carolina’s options for extending next-generation broadband networks by opposing HB 1587.

Sincerely,

A handwritten signature in black ink that reads "Joseph P. Savage".

Joe Savage
President, FTTH Council
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