

June 18, 2007

The Honorable Paul Luebke  
Senior Chairman, Committee on Finance  
House of Representatives  
North Carolina General Assembly  
300 N. Salisbury Street, Room 529  
Raleigh, NC 27603-5925

**RE: Alcatel-Lucent's opposition to HB 1587, The Local Government Fair Competition Act.**

Dear Senior Chairman Luebke:

On behalf of Alcatel-Lucent, I am writing to request that you oppose HB 1587, the Local Government Fair Competition Act, as amended by the House Public Utilities Committee. HB 1587, which is currently pending before the House Finance Committee, would effectively bar municipal governments from owning, operating or otherwise providing next generation broadband service to the residents of North Carolina.

Alcatel-Lucent is the leading supplier of broadband access networks worldwide, with over 20,000 employees in the United States, including over 1,200 employees in North Carolina at our Cary, Raleigh, Charlotte, and McLeansville facilities. In fact, the vast majority of our wireline broadband technologies, such as Fiber-to-the-Home (FTTH), Fiber-to-the-Node, and Digital Subscriber Line technologies, are researched and developed in North Carolina. Alcatel-Lucent has provided equipment for a number of municipal broadband networks in the United States and abroad, including the FTTH network being constructed in Wilson, North Carolina. Municipal broadband networks contribute to our continued growth as the world leader in broadband access, as well as our investments in North Carolina.

Next generation broadband access that is both robust and widely available is important for the continued growth of the economy, both in North Carolina and throughout the United States. Alcatel-Lucent believes that HB 1587 endangers the ability of municipalities to offer next generation broadband services where private service providers have not made next generation broadband investments or are not providing next generation broadband service.

For instance, while HB 1587 was amended to remove a requirement that municipal broadband networks achieve commercial profitability within four years, new language replacing it appears intended to achieve the same result. At best, the amended language is sufficiently unclear that its net effect will be to preclude investment to begin with, due to the risk of a potential four year profitability requirement arising upon further interpretation of the legislation. HB 1587 will serve as a barrier to municipal deployment of next generation broadband networks as it is currently written.

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Again, Alcatel-Lucent encourages you and your fellow Committee Members to oppose HB 1587. Municipal provision of broadband is an important component to ensuring that all residents of North Carolina have access to next generation broadband services. A number of cities and counties across the United States have already begun providing broadband services to their constituents, as service providers, or through partnerships with the private sector. Alcatel-Lucent hopes that by opposing HB 1587, you and your fellow lawmakers will give the residents of North Carolina the same benefits, there by increasing number of American consumers receiving broadband services from their local governments where appropriate.

Sincerely,

*[Handwritten signature]*

Mike Dobbs  
Sr. Vice President  
Alcatel-Lucent  
2301 Sugar Bush Road  
Raleigh, NC 27612

CC: Members of the House Committee on Finance

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The Honorable William Wainright, Chairman  
The Honorable Jennifer Weiss, Chairman  
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