

The Honorable Jim Fain  
Secretary of Commerce  
North Carolina Department of Commerce  
301 North Wilmington Street  
Raleigh, NC 27699-4301

July 12, 2007

Subject: Opposition by Hitachi to HB 1587: The Local Government Fair Competition Act

Dear Secretary Fain,

I am writing on behalf of Hitachi Telecom (USA), Inc. to request your opposition to HB 1587, The Local Government Fair Competition Act, as amended by the House Public Utilities Committee. This bill will effectively discourage or prevent municipal governments in the state of North Carolina from providing the newest broadband services to their residents and businesses. Private sector service providers (e.g. telcos or cablecos) continue to determine that many municipalities do not (and will not) offer sufficiently attractive business opportunities to deploy broadband services because of the size, location, or economic status of the residents and businesses in the municipality. In addition, private sector service providers focus their efforts on more profitable locales that consume their available capital and other resources for years to come. This situation deprives many municipalities of the advantages of a next generation broadband infrastructure. These advantages have been shown, in community after community across the country, to improve both the quality of life for the residents as well as facilitate economic growth opportunities for the municipality.

Hitachi Telecom USA is a member of the Hitachi group of companies. Hitachi has many business activities and employees in North Carolina with offices and other facilities in Charlotte, Raleigh, Greensboro, and China Grove. Hitachi has had worldwide experience with next generation broadband technologies, including state-of-the-art Fiber-to-the-Premises (FTTP). Hitachi has been an active participant in the US and worldwide standards committees that define these technologies and has been involved in Passive Optical Network (PON) deployments since 1994.

(Note: PON is the dominate technology used for FTTP deployments in the US and worldwide). We are a world leader in PON installed base and have installed the first standards-compliant G-PON system in the town of Bandon, Oregon. We have installations in many other small municipalities including Foley, Alabama, Dumont, Iowa, Dover, Ohio, and Coquille, Oregon. These deployments bring unparalleled high-speed triple-play (voice, video, and Internet access) to the residents and businesses of these towns. They also provide high speed communications for future improvements in safety and security. Most of these deployments were initiated because the existing service providers had no plans to offer triple play broadband services in the foreseeable future.

Our current understanding of the amended HB 1587 is that, while removing the requirement of commercial profitability within a four year window and attempting to provide a level playing field for private service providers, it contains onerous requirements and unreasonable cost allocation rules that would discourage investment and practically prevent adoption of broadband systems.

We urge you to oppose HB 15897 and give the residents of North Carolina the same opportunities and choices that are currently being offered in other states across the country. Your constituents deserve the best service available.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Foote", written in a cursive style.

David L. Foote

Chief Technical Officer

Hitachi Telecom (USA), Inc.