

# TelesState

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**News** From the Illinois Telecommunications Association  
**Representing** The Telecommunications Industry in Illinois

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## **Other States Deregulate, Leave Illinois Behind**

Legislatures and regulatory bodies in states throughout the country are recognizing that the competitive landscape in telecommunications has changed, and that traditional telephone carriers are handicapped in comparison with their cable, Internet and wireless competitors in the race to bring new and better services to customers. This recognition by policymakers outside Illinois is resulting in the elimination of regulatory barriers for telephone carriers in other states.

"The deregulatory actions being taken by many states now enable all telecommunications providers who compete in those states to do so on an equal footing, thereby promoting the development and delivery at reasonable prices of new services and products," said Doug Dougherty, president of the Illinois Telecommunications Association. "Unfortunately for Illinois consumers and for Illinois' traditional telephone carriers, policymakers here don't recognize the economic impact of their lack of action."

Illinois is 49<sup>th</sup> out of 50 states in job growth since January of 2003. Telecommunications is a cornerstone industry for jobs and economic growth. While surrounding states such as Iowa, Wisconsin, Indiana and Missouri have updated their telecommunications laws to recognize new technologies and innovations and the impact these new services and products have on the competitiveness of the telecommunications industry, Illinois has taken no action to update the laws in more than four years.

"Other states are gaining jobs much faster than Illinois and are promoting an economic climate that helps attract businesses and employers," Dougherty said. "In Illinois, the message is not positive for businesses and consumers."

This past spring, Missouri lawmakers overwhelmingly approved a revision to their telecommunications law making it easier and more efficient for incumbent phone companies to earn competitive status for individual exchanges. More than 100 exchanges statewide have already received this competitive designation from the Missouri Public Service Commission, enabling incumbent carriers to respond quickly and effectively through discounted rates and new services to the competitive market.

In Michigan policymakers have approved legislation that would allow the Public Service Commission to retain regulatory authority over stand-alone, primary basic local exchange service. Residential bundled services and other items such as call waiting and caller ID would be priced according to market prices, enabling traditional

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## *Rural Teleco Makes Broadband Available in All Exchanges*

A forward-thinking rural telecommunications carrier and growing consumer demand for broadband have combined to produce a win-win situation for the company and its customers. Responding to the political will of policymakers and the demand from consumers for access to broadband Internet capability, Frontier Communications began aggressively investing in upgrades throughout its service territory in mid-2003. By the end of 2004, broadband was available to all 138 exchanges in the company.

"This was a capital investment in the millions for not just hardware and software to provide broadband, but also a substantial investment made in the data backbone of our offices and equipment – in router equipment and aggregation points that lead to our network in Rochester, New York," said Kim Harber, the state vice-president and general manager of Frontier in Illinois.

The response to Frontier's initial investment has been tremendous, according to Harber, who said consumers have already driven the company to upgrade the service. In January of 2004, the company had 1,305 customers take advantage of the high speed DSL Internet service it offered. By the end of December 2004, that number had increased to 7,261 and it currently totals almost 13,000. This represents about 11% of all of Frontier's approximately 122,000 customers. Harber is pleased with the results.

"As a company, we've seen the effects of competition on voice lines," Harber said. "But the company has seen significant broadband growth. We're finding that the consumers love the fact that the service is always on, 24 hours a day, and at a stable speed. They are using it for financial purposes – online banking – and for shopping from home. Our customers don't have to travel to shop now.

"This is not just a product customers subscribe to, it's a product they are pushing us to upgrade to higher speeds," Harber added. "As consumers get used to the product they find more and more things to do with it. As we reach capacity internally on our equipment, our consumers are driving us to upgrade, and we have."

Frontier's Illinois headquarters is in Carlinville, and the company serves about 122,000 customers in 138 exchanges predominantly down the western corridor of the state from East Dubuque in the north to Ina in the southern part of the state.

"We're very pleased with customer acceptance of the broadband product," Harber said. "Even more pleasing is the growth we're seeing that is driven by consumer demand for better and better quality. A customer doesn't just buy on cost, they want quality. And that's what we offer them."

The next step is going to be wireless service within the house or business that will complement the DSL line into the structure. Harber said customers are asking now to be able to use the high-speed Internet anywhere in the house or business, rather than be limited by the wireline connection.

## President's Letter

As 2005 draws to a close and the association looks forward to a new year, we face a number of challenges as well as new opportunities. We face challenges in convincing policymakers to update our regulatory laws in recognition of the highly competitive and vibrant, technology-driven marketplace that our members must compete in today. We can also see opportunities that result from the explosion of new technologies and their applications in our everyday lives.

Today, due to technological advances, Illinois citizens have access to high-speed Internet, no matter where they live in this great state. The need for government involvement in the provision of high-speed Internet has disappeared. Whether they get the service through DSL, wireless, satellite or cable, consumers have options for quality Internet service that didn't exist three or four years ago.

The industry is ready and eager to respond to consumer demand. We now need policymakers to allow us to do so by reducing unnecessary regulation and allowing the market to work.

**Doug Dougherty**

# Illinois Hosts Nation's Largest Public Telecom Training Center

In a world that is highly dependent on telecommunications to make connections that grow its businesses and benefit workers and families, Illinois has historically been at the vibrant center. As the home to more than 50 small and mid-size traditional telecommunications carriers, as well as national companies, competitive providers, wireless, Internet and cable providers, Illinois has enjoyed many of the benefits of the technological explosion that has driven the demand for new and better services.

But, as technology changes and the options for businesses and other consumers continue to multiply, the need grows for training to keep current telecommunications industry workers up-to-date and to train new workers. Fortunately, Illinois hosts the nation's largest public telecommunications training center – the Telecom Program at Lincoln Trail College in Robinson. The training facility covers 18,000 square feet on five acres and is dedicated to the advancement of telecommunications.

Program Director, John Highhouse, who began his career as a cable splicer for an independent telecommunications company, said the program has been at Lincoln Trail since 1993 and has trained at least 3,500 current and future telecommunications employees. In addition to the on-campus, two-year degree program, Lincoln Trail offers courses to industry participants at locations worldwide.

Lincoln Trail's list of industry clients includes AT&T, Ameritech (SBC), the U.S. Navy and Coast Guard, Sprint, Verizon, and telecommunications companies in several states throughout the nation.

The Lincoln Trail program also partners with the Illinois telecommunications industry in a number of ways, Highhouse said. He has made presentations at industry meetings and conferences. In addition, the program instructors offer technical classes to train current telecommunications industry employees through the Illinois Telecommunications Association. The program also participates in apprenticeship and internship opportunities with Illinois telecommunications companies.

"LTC is frequently asked by smaller, area phone companies to provide equipment and technical advice," Highhouse said. "For instance, companies ask to borrow our testing equipment from time to time."

Further evidence of the partnership between Illinois' telecommunications industry and the LTC program can be found in a scholarship program sponsored by the Illinois Telecommunications Association Foundation. To support the LTC program, and to provide another means of attracting quality, well-trained workers to the telecommunications field, the ITA Foundation endowed a scholarship, which has been given annually since 2001, in the name of former, long-time ITA president Jack Tharp.

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telephone companies to better compete and to offer customers competitive rates and products.

"States all around us are moving forward to provide their citizens with the benefits of competition while maintaining appropriate consumer protections, and Illinois is left behind," said Dougherty. "Texas has also recognized the basic truth that cable is a direct competitor with traditional phone companies. That state recently passed a measure that will allow phone companies, as well as cable companies, to receive a statewide franchise for internet-based television services. In many other states, the goal of policymakers is to let the marketplace deliver consumers the products they want at competitive prices and in a timely manner. Illinois has a lot of catching up to do."

# Worth Noting

Ken Mihelcio of Staunton is celebrating the one-year anniversary having survived an accident involving a fallen tree. He credited **Madison Telephone Company employee Josh Karcher** with saving his life. Karcher, who was working near Mihelcio's home when the accident occurred, heard Mihelcio's cries for help and took a break from his official duties to make sure Mihelcio stayed warm and alert until emergency medical personnel arrived. Mihelcio had been trimming a tree when a branch knocked into the ladder he was on and sent him to the ground. He suffered a gash on the head and broken leg in the accident.

**SBC** has adopted at&t, Inc. as its name following completion of its acquisition of AT&T, which was recently finalized. Edward E. Whitacre Jr., chairman and CEO of SBC Communications, Inc., said this of the merger and name choice. "The AT&T name has a proud and storied heritage, as well as unparalleled recognition around the globe among both businesses and consumers. No name is better-suited than AT&T to represent the new company's passion to deliver innovation, reliability, integrity and unsurpassed customer care."

## Important Dates

**January 18, 2006**

Governor's State of the State Message

**February 15, 2006**

Governor's Budget Message

**April 7, 2006**

Scheduled Adjournment of Spring Legislative Session

**TeleState**

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