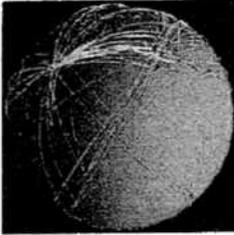


Michigan Internet & Telecommunications Alliance



Connecting Michigan to the World

December 2, 2009

Dear Chairman Mayes and Vice Chairman Horn;

We would like to extend our appreciation to each of you and all the Energy & Technology Committee members for taking an extraordinary amount of time to understand the complex telecommunications issues during these difficult times. We have reviewed the most recent version of the H-5 substitute and appreciate the opportunity to provide feedback.

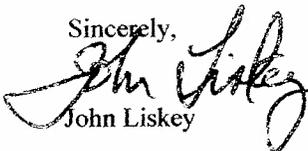
After careful review, we hold steadfast in our belief that HB 4257 in its current form would hurt telecom competition in Michigan. In this fractured Michigan economy, it's already difficult for high-tech companies to make ends meet, but HB 4257 would make even more difficult. It would require CLEC's to lower the rates that long distance companies pay CLEC's to use their networks by requiring the CLEC's to match the rates of companies like AT&T and Verizon which have huge economies of scale which CLECs don't have. We believe passage of this bill in its current form would cost Michigan CLEC's millions of dollars in lost revenue and undoubtedly force many to layoff workers, or worse, go out of business. Equally important, it would give thousands of CLEC customers like businesses, schools, and hospitals less of a choice in choosing their telecom provider. Less choice to customers means higher telecom rates for everyone across Michigan.

Competitive telecom companies are exactly the high-tech industry that Michigan needs to attract, not discourage. These companies are aggressively installing fiber optics throughout the state, interconnecting school districts and bringing the internet to rural areas where it was not available before. Also, in its current form, HB 4257 not only costs CLEC's revenue, but also forces them to pay into a fund that makes other telecom providers 'whole', while the CLEC's do not get to benefit from the fund they are contributing to.

We request that the committee consider an amendment which would accommodate our concerns. Instead of requiring CLEC's to set their 'access rates' at the same level as the giant telecom companies, we suggest an amendment that would allow CLEC's to set their rates at the state-wide average of 'eligible providers' as defined in the bill.

It is for these reasons that we must continue to oppose HB 4257 in its current form. We ask you and the rest of the committee members to consider amendments to the bill which will address these concerns. We are hopeful that once policymakers recognize the extremely negative impact this bill would have on telecommunications competition in our state that you will work with us to alleviate this impact so that Michigan will continue to be a leader in telecommunications policy. Please do not hesitate to contact me with any questions you may have.

Sincerely,



John Liskey

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SAVE TELECOM COMPETITION IN MICHIGAN

HB 4257 would hurt telecom competition in Michigan

Don't make it harder for competitive telecom carriers to survive.

It's difficult enough to for high-tech companies to survive in this economy. But this bill would make it harder. It would require CLECs to lower the rates that long distance companies pay them to use their network by requiring the CLECs to match the rates of huge companies like AT&T and Verizon which have huge economies of scale that the CLECs don't have. This would cost Michigan CLECs millions of dollars in lost revenue and undoubtedly put some out of business resulting in layoffs. Just as important, thousands of CLEC customers like businesses, schools and hospitals would have less choice.

Less choice means higher telecom rates for everyone.

Don't risk losing high-tech jobs.

Competitive telecom companies are exactly the high-tech industry that Michigan needs to attract not discourage. These are the companies that are installing fiber optics and bringing the Internet to rural areas.

Support amendments that would treat CLECs fairly

Instead of requiring CLECs to set their "access rates" to the same level as the giant telecom companies, the bill should be amended to allow CLECs to set their rates at the statewide average of the "eligible providers" defined.

As the bill is currently drafted, not only do CLECs lose revenue but they have to pay into a fund that makes other telecom providers "whole."

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