

MEMORANDUM

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From: Tracey Wilson
Common Carrier Bureau
Policy & Program Planning Division
445 12 Street
5-C150
S.W., Washington, D.C.

To: Office of the Secretary
445 12 Street.
TW-B204F
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UNITED STATES FEDERAL COMMUNICATIONS COMMISSION

FEDERAL-STATE JOINT CONFERENCE

ON ADVANCED SERVICES

MIDWESTERN REGIONAL

FIELD HEARING

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MAY - 4 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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1220 L Street, N.W., Suite 600
Washington, D.C. 20005-4018

(202) 628-4888

hrc@concentric.net

FEDERAL COMMUNICATIONS COMMISSION

FEDERAL-STATE JOINT CONFERENCE
ON ADVANCED SERVICES
MIDWESTERN REGIONAL
FIELD HEARING1:00 p.m.
Wednesday,
April 19, 2000Carlisle Room
Marina Inn
4th and B Streets
South Sioux City, Nebraska

BEFORE:

WILLIAM KENNARD, Chairman,
Federal Communication Commission
SEN. BOB KERREY
REP. BOB LATHAM
JO ANNE SANFORD, Chair, North Carolina
Utilities Commission
CHRIS McLEAN, Acting Administrator,
Rural Utilities ServiceHeritage Reporting Corporation
(202) 628-4888

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P R O C E E D I N G S

1
2 MAYOR DOUGHERTY: Good afternoon. My name is
3 Marty Dougherty. I'm actually the mayor of Sioux City,
4 Iowa, and it's my pleasure to welcome you here today from
5 the other side of the river. We really, truly believe in
6 the regional approach to things in Sioux land, and I would
7 offer as evidence of that the fact that a guy from Sergeant
8 Bluff -- a little company in Sergeant Bluff called me and
9 invited me to do a welcome over here in South Sioux City,
10 Nebraska, so I thought that was kind of -- shows that we
11 take regionalism seriously here.

12 In local government we hear a great deal about
13 the importance of technology, and by that I mean not just
14 the latest in software. I was looking at some things the
15 other day and talking about things like digital government
16 and e-democracy and how we as council members might best
17 strategically our technology for our communities, and it all
18 becomes very confusing at times for part-time elected
19 officials like myself.

20 But I think one thing is clear, and that is if we
21 are going to prosper in today's economy in places like the
22 heartland of America like Sioux-land, then we need to find
23 ways to ensure that we have access to high-speed
24 telecommunications networks and technology, and I think
25 that's what we're here today to learn about. And it is my

1 privilege to be here. I think we have a remarkable
2 opportunity with the guests that we have here today in
3 Sioux-land.

4 So I am to introduce several people that are here
5 from Iowa, and it's kind of a changing list. But I do want
6 to recognize Allan Thoms, the Iowa Utilities Board chairman.

7 (Applause.)

8 MAYOR DOUGHERTY: John Worley, who is a staff
9 member representing Senator Harkin's office.

10 (Applause.)

11 MAYOR DOUGHERTY: And finally I would like to
12 recognize my good friend and our distinguished congressman
13 and good friend of Sioux land, Tom Latham.

14 (Applause.)

15 CONGRESSMAN LATHAM: Thank you very much, Marty.
16 I appreciate the introduction and the chance to be here
17 today. A couple of things. I'll be very, very brief.

18 I'd like to first of all -- it's probably the
19 only chance I'll have to publicly recognize a great neighbor
20 in the state of Nebraska who's going to be retiring, but
21 Senator Kerrey, thank you for all your great service to not
22 only the people in Nebraska but this whole country
23 throughout your life. We --

24 (Applause.)

25 CONGRESSMAN LATHAM: It's a great opportunity for

1 us to welcome the chairman here. We have the opportunity
2 each year for Chairman Kennard to come before our
3 subcommittee to ask for his appropriation, which is nice to
4 have him coming and asking us for something rather than him
5 telling us what's going to happen in the future, but it's
6 great to have you here and thank you for being in Sioux
7 land.

8 I think this site is so appropriate for the
9 discussion that we're having today on the bank of the
10 Mississippi River where almost 200 years ago Lewis and Clark
11 came up and explored new frontiers, not knowing what was
12 ahead of them, not knowing the dangers or the opportunities
13 in front of them. That is a lot like what we're
14 experiencing today in the whole idea of telecommunications,
15 the changing environment, what's out there for the future,
16 and I believe our future depends on it in rural America.

17 But it's a great opportunity to learn a lot today
18 and I look forward to the hearing, and thank you for the
19 opportunity to be here.

20 (Applause.)

21 MAYOR DOUGHERTY: Now I'll turn this over to the
22 person from the correct side of the river, City Council
23 President Al Bengtson.

24 MR. BENGTON: Thank you, Marty.

25 Welcome, Commissioner Kennard, dignitaries, and

1 special guests. My name is Al Bengtson. I am the chairman
2 of the city council of the City of South Sioux City. On
3 behalf of Mayor Bill McLarty [phonetic], my fellow
4 councilmen, and the citizens of South Sioux City, thank you
5 for visiting our fair city. Thank you for coming.

6 As you cross the bridge into our community,
7 you're greeted by a sign that says, Welcome to South Sioux
8 City, where the good life gets better. I think through our
9 planning and our vision in the community we really live up
10 to that slogan. I think there also has to be an addition to
11 that. Welcome to South Sioux City, where the good life gets
12 better and technology is growing.

13 Let me just take a minute of your time to tell
14 you why I feel that. We're very proud in the city of South
15 Sioux City of some of the strides we've made in technology.
16 Through a partnership with the school and the city we have,
17 with volunteer labor only, built a technology center that is
18 used by the school during the day and by the people of the
19 community in the evening.

20 We have just instigated a technology academy that
21 will soon turn out technologically trained students to
22 become employees in many, many of the technical fields. We
23 are now the proud owners of more than eight miles of fiber
24 optic loop, which will soon connect every home in our
25 community.

1 Our freenet system is a prime example of what
2 cooperation between city, county, and schools can provide.
3 Through this process we are able to provide interactive
4 capabilities 24 hours a day for citizens. The first e-city
5 program is also a unique private partnership agreement
6 between the city and the chamber. And finally, our
7 Paperless City Project exemplifies the potential for
8 customer service and government efficiency.

9 This is why I say not only is the good life
10 getting better, technology is getting better in South Sioux
11 City.

12 It is now my pleasure to introduce some of the
13 people from Nebraska. Some of them I've seen here. Some of
14 them I've not, but I'm going to introduce them anyway
15 because they will eventually be here to join us later in
16 this conference.

17 Senator Kerrey, who is very instrumental in
18 bringing this conference to our community, I want to thank
19 him for coming, and I'm also chairman of the Visitors'
20 Bureau, so from that side I want to thank you for bringing
21 all these people. Thank you very much.

22 Senator Chuck Hagel, Congressman Bereuter from
23 the Public Service Commission that are co-sponsoring this
24 hearing, Anne Boyle --

25 (Applause.)

1 MAYOR DOUGHERTY: -- Lowell Johnson, Rod Johnson,
2 State Senator Pat Ingle [phonetic], Senator Kirk Braham
3 [phonetic], and Senator Bob Wickersham [phonetic].

4 (Applause.)

5 MAYOR DOUGHERTY: If I forgot anyone, I'm very
6 sorry. If I hit everyone it's because I stayed up nights
7 doing the research. If I missed anyone it's because Lance
8 gave me this list. But again, thank you very much for
9 coming. I hope you enjoy your stay and return soon.

10 With that, I'm going to turn the podium over to
11 Senator Kerrey, who will introduce our guests.

12 (Applause.)

13 SENATOR KERREY: During the writing of the
14 Telecommunications Act and the debate of the
15 Telecommunications Act of 1996, one of the most impressive
16 things that happened -- one of the few times I've seen it
17 happen in my eleven years in the Senate -- a group of
18 Senators and a group of House members disregarded their
19 party caucus and became a part of what was known as a "farm-
20 state coalition" and insisted, as we wrote a law that was to
21 give the marketplace the opportunity to compete and through
22 competition to give us higher quality and lower prices,
23 insisted on the preservation of the universal service fund,
24 insisted on the institution of a new program called the e-
25 rate, and insisted that we put in law that all Americans

1 would have access to enhanced telecommunications services.

2 As I introduce Chairman Kennard and Commissioner
3 Sanford to take over this program, I'll point out to you
4 that in the old days when we regulated, it was relatively
5 easy to determine whether or not we were achieving the
6 objective of universal service, because all you had to do
7 was measure how many homes had telephone lines. And we
8 tried to get to 100 percent and came pretty darn close over
9 the 60 years during which the old regulatory environment
10 held.

11 But in the new world it's hard to know whether or
12 not you've got enhanced services. Beauty is easily in the
13 eye of the beholder in this case, and I would point out to
14 those of you in attendance today that it is an exceptionally
15 difficult question to answer for those of us who are elected
16 with the responsibility, temporarily, to try and figure out
17 what we should be doing both with our regulation of our laws
18 to make certain the promise of the communication revolution
19 comes to every single one of our communities.

20 And I would hold for your consideration a little
21 book that took several hundred dollars for my staff to put
22 together to try to answer the question just for Nebraska,
23 How are we doing? And we were able to answer an awful lot
24 of questions.

25 But we were not able -- we were able to answer

1 how many C-LECs [phonetic]s, how many I-LECs [phonetic], how
2 many lines there are in the state, although I suspect the
3 data that we have has already been outdated.

4 But when we tried to answer the question whether
5 or not enhanced services were being delivered, we simply do
6 not have the data in order to be able to answer that
7 question. It is a very critical problem, in my view,
8 because if you don't know where you're going, any road will
9 take you there. And right now it's very difficult to have a
10 debate with anything other than anecdotes about whether or
11 not we are heading in the right direction towards providing
12 universal-enhanced services to all of our communities.

13 The Chairman and I visited Bayard, Nebraska
14 before we came here, and though I would -- in my experience,
15 the incumbents in the state of Nebraska at least are doing
16 all they possibly can to bring enhanced services, Bayard
17 still doesn't have enhanced services for -- they have 86 KV
18 line coming into their school, and that's much different
19 than if you're a student in school in Omaha, Nebraska, or
20 Lincoln, Nebraska.

21 And it's a critical problem for our educators.
22 It's a critical problem for those who are doing economic
23 development, and I believe it's going to be essential either
24 through law or rulemaking for us to be able to fill in these
25 blanks. Otherwise it is going to be very difficult to try to

1 figure out where we are other than through the assembling of
2 more anecdotal information and stories, which I think will
3 be inadequate for the policymakers to decide what needs to
4 be done.

5 With that said, let me say that it is a very high
6 honor for me to welcome FCC Chairman Bill Kennard and North
7 Carolina Utilities Commissioner Jo Anne Sanford, as well as
8 the Rural Utilities Service acting administrator, soon to be
9 administrator Chris McLean, back to the state of Nebraska.

10 Chairman Kennard told me that his great-
11 grandfather was in the media business in Nebraska in the
12 late 19th century, started a newspaper in Beatrice, and
13 asked me to find out through the Historical Society whether
14 there's any copies of that newspaper still around, and I
15 hope that we're able to answer that in the affirmative.

16 Chairman Kennard took the helm of the FCC in
17 1997. He has continued to advance his central goal of
18 ensuring that all Americans, whether rural or urban, rich or
19 poor, have access to the technologies that are driving our
20 economy and shaping our society. He's a native of Los
21 Angeles. He graduated Phi Beta Kappa from Stanford
22 University, and he received a law degree from Yale.

23 Commissioner Sanford is a distant relative she
24 tells me of one of my favorite politicians, former
25 Senator -- Governor Terry Sanford, has been chair of the

1 North Carolina Utilities Commission since 1997. And prior
2 to joining the commission in 1995 she spent 20 years with
3 the North Carolina Attorney General's Office, and is now one
4 of three state appointees to the FCC's North American
5 Numbering Council, and she also serves with the five FCC
6 commissioners on a joint conference established to promote
7 the deployment of broadband services to all parts of the
8 country.

9 The RUS acting administrator, soon to be dropping
10 the "acting," Chris McLean, is from Omaha, Nebraska, and
11 needs very little introduction to those of us from Nebraska.
12 He worked for many years for Senator Eksent [phonetic], and
13 he was actively involved with the writing of the '96 act,
14 and he worked in my office for a year prior to moving over
15 to the RUS. He has not only worked for the RUS for the past
16 2-1/2 years, our agriculture committee recently had a
17 hearing to confirm his nomination as the permanent
18 administrator. I can't think of anybody more qualified to
19 run the RUS or to be here talking with you today.

20 And with that, I'm going to ask you in a sort of
21 unconventional fashion to jointly give a round of applause
22 to Chairman Kennard and Chairman Sanford.

23 (Applause.)

24 CHAIRMAN KENNARD: Thank you very much, Senator,
25 for that very generous introduction.

1 We spent a very interesting morning touring a
2 small school in Bayard, Nebraska, and it was really
3 inspirational to me to see in a little school -- 357
4 students -- to see how that school is literally being
5 transformed by technology and it's really, really on the
6 move.

7 And I was driving back it reminded me of a story
8 that somebody told me once about three men who died and went
9 to heaven -- and by the way, this is not the same joke I'm
10 going to tell -- that I told in Bayard. This is a different
11 joke.

12 (Laughter.)

13 VOICE: A lot of people dying and going to
14 heaven.

15 CHAIRMAN KENNARD: That's right. Three guys die
16 and go to heaven and they're waiting to get into the gates
17 of heaven and they have to go through a little test. And
18 they're asked what they would like to hear said about them
19 at their funeral.

20 So the first guy thinks for a minute, and he
21 says, "Well, I would like to hear, as I'm laying in my
22 casket, that I was a great doctor and a great family man.

23 "And then they go to the next guy, and the next
24 guy says, Well, I would like to hear that I was a great
25 teacher and improved the lives of all my students,

1 generations of students.

2 "Then they get to the third guy and he says,
3 Well, I'd like to hear, Look, he's moving!"

4 (General laughter.)

5 CHAIRMAN KENNARD: I tell this story because I'm
6 really delighted to see so much movement and activity around
7 this issue of broadband access and narrowing the digital
8 divide. I came off of -- yesterday I was in Chicago with the
9 President, finishing up his first new markets tour devoted
10 exclusively to narrowing the digital divide. It was a
11 wonderful adventure really. We started in East Palo Alto,
12 California, right there in the midst of Silicon Valley.
13 There's a small African-American inner-city community that
14 is cut off from all that prosperity and all that investment
15 in telecommunications. Then we traveled to a remote Indian
16 reservation in Navajo country and were greeted by 25,000
17 Navajos who came out to hear the President speak about how
18 we are going to bring telephone service to that part of the
19 world.

20 And then we ended up in Chicago yesterday at the
21 Comdex convention, which was a fascinating exposition of
22 technology. The topmost cutting edge devices that are being
23 developed to address the digital divide were on display
24 there.

25 And as I've traveled around the country on those

1 visits and in Bayard earlier today, it strikes me that
2 everyone is asking the same question. How are we going to
3 ensure that our communities and our children get the
4 benefits of this technology? How are we going to narrow
5 this gap?

6 And the good part of the answer here is that we
7 are making progress. We are on the move, thanks to the
8 tools that Congress gave us in the '96 act, thanks to
9 Representative Latham and Senator Kerrey. We do have
10 important tools to narrow this divide. The e-rate program
11 has been phenomenally successful. By the end of this year
12 we will have invested \$6.25 billion in wiring our schools
13 and libraries to the Internet, the most significant
14 educational investment by the federal government in years,
15 and I'm delighted that it's about technology.

16 We have some important tools in the
17 Telecommunications Act that have to take us to the next
18 step, and that's making sure that these advance networks are
19 really driven into all our communities, smaller towns and
20 rural communities, because technology, as you all know, is
21 becoming the nucleus for economic development.

22 The thing that I want to stress before I close my
23 brief remarks is that this has got to be a federal-state
24 partnership. If you look historically how we have -- in
25 this country how we've taken on big challenges and met them

1 successfully, it's because the federal government and the
2 states join together to make it happen. That's how we built
3 the interstate highway system for the country.

4 Government will not build these advance broadband
5 networks, but we will play a role in making sure that all
6 Americans have access to them. This effort, this joint
7 conference that we're participating in is a very, very
8 important centerpiece of this federal-state partnership to
9 bring advanced services around the country.

10 In my little part of the world in
11 telecommunications where we have done big things it's
12 because we've partnered with the states. That's how we have
13 the e-rate. It began as -- its implementation began as a
14 joint federal-state effort. That's how we're opening these
15 telecommunications markets around the country to
16 competition.

17 The federal government is working with the
18 states, giving the blueprint that we got in the '96 act to
19 break open those historic monopoly markets so that
20 competition can drive deployment of these networks, and that
21 is how we're going to get broadband deployed. The federal
22 government, working with the states to identify what's
23 working, what's not working, and address them in law, and
24 that's what this effort is all about.

25 This is not a public relations stunt. This is

1 not a road show to no end. This is a fundamental
2 centerpiece of what we're doing at the FCC to report to
3 Congress, our elected representatives, on what we need to do
4 to bring broadband to all parts of the country. So what we
5 hear today and what you say today is going to be very
6 important in shaping the policies for the future and how
7 we're going to get these networks deployed.

8 So I'm delighted to see such a great turnout
9 today, and I want to thank our hosts for having us here
10 today, and I look forward to a very productive afternoon.
11 Thank you.

12 (Applause.)

13 MS. SANFORD: Thank you, Senator Kerrey, for that
14 nice introduction, and thank you, Chairman Kennard, for your
15 remarks. I wish I could tell jokes like he does but I
16 can't, so I'll spare you that this afternoon.

17 It is a distinct pleasure for me to be here this
18 afternoon. This is my first time in this part of the
19 country. I arrived yesterday and it's been delightful.
20 It's been very interesting as well. We had a tour this
21 morning of the South Sioux City Town Hall and a
22 demonstration of some wonderful results of some very
23 innovative and forward-thinking commitment to technology
24 that have been achieved by the local government here in
25 South Sioux City.

1 I want to issue a very personal and very sincere
2 thanks to all of the people who have put this program
3 together. It has been truly a public-private partnership of
4 the first order. There are a number of people here in the
5 room and some not here who have worked very, very hard on
6 it. The proof is in the pudding in terms of the incredible
7 turnout of people and the great program we have that will
8 move too quickly this afternoon.

9 So thank you very much. This is the result of a
10 lot of work.

11 We are connected in this country by our joint
12 commitment to achieving, on the ground, deployment of
13 advanced technology throughout this country, rural and urban
14 areas alike. Your presence here this afternoon is testimony
15 to your commitment to that proposition and to that goal.

16 I will tell you that being a member of this panel
17 or this conference gives me a unique and wonderful
18 opportunity to see how exciting the movement is in this
19 country towards that end, and to see the commitment of
20 people from all over the country and from all walks of life
21 towards it. We are working towards that goal at home in
22 North Carolina, and as I talk to people from all states I
23 sense the same excitement, the same commitment, the same
24 determination to get there and to get there quickly in terms
25 of ubiquitous deployment and speedy deployment.

1 I look forward to learning with you this
2 afternoon and hearing from our panelists. And with that, we
3 will turn to our first panel if there's no other business,
4 and I believe there isn't.

5 I would like to introduce the moderator of this
6 panel, who is Commissioner Lowell Johnson from the Nebraska
7 Public Service Commission. It is my pleasure to introduce
8 him this afternoon and he is -- he comes to you from the
9 Nebraska commission but with a distinguished career in
10 business and in the Nebraska Legislature that preceded his
11 election to that commission. He was elected to the
12 commission in 1994, serves with distinction, and will be
13 moderating our first panel this afternoon.

14 As he comes to the podium, let me make two other
15 introductions of fellow commissioners from this part of the
16 world. Commissioner Pam Nelson from South Dakota is here,
17 and I'd like for her to stand, if she would.

18 (Applause.)

19 MS. SANFORD: And Commissioner Steve Burtney, who
20 is from Wyoming and who is also a member of this Section 706
21 joint conference.

22 (Applause.)

23 MS. SANFORD: And with that, if we could have a
24 round of applause for Commissioner Johnson I'll turn it over
25 to him.

1 (Applause.)

2 MR. JOHNSON: Thank you, Commissioner Sanford,
3 and my special thanks to all of our very fine guests this
4 afternoon who participate with us. I add my warm welcome to
5 all of you, because we are actually meeting in my home
6 district of the Public Service Commission, the Third
7 District of Nebraska, which I have the honor to serve.

8 Today's technologically sophisticated consumers
9 of all ages are fueling an ever-increasing demand for access
10 to the advanced services that Chairman Kennard mentioned.
11 As a consequence, our state policymakers are feeling
12 increasing political pressures to improve the broadband and
13 voice-grade networks in rural and high-cost areas.

14 It highlights Chairman Kennard's ABCs agenda for
15 the year 2000: Access, Broadband, and Competition.

16 To get a feel for the changes that we face, take
17 into account, if you would, the following quote from Ken
18 Olson, the founder of the Digital Equipment Company, who
19 remarked at one time, There is no reason for any individual
20 to have a computer in his home. Of course he said that not
21 too far back, 1977.

22 This morning we were privileged to have a
23 demonstration of the South Sioux City City Council work in
24 the technological age. It is truly a virtual city of the
25 21st Century, and it is all as a result of what they called

1 visioning. Hopefully, this joint conference this afternoon
2 that we all participate in will be a visioning experience.

3 Before we begin the panel presentation this
4 afternoon, I would like to present a very short bio of each
5 one of our participants or members of the panel, and
6 following the reading of the bios, we'll ask them to present
7 their contributions in the same order as of introduction.

8 Number one is David Maurstad, former mayor of
9 Beatrice, Nebraska, former state senator, and in 1998 was
10 elected Lt. Governor of the State of Nebraska. Lt. Governor
11 Maurstad is also the chairman of the Nebraska Information
12 Technology Commission. He has been active in business,
13 education, health care, and a great number of civic and
14 professional activities.

15 Number two is Betsy Roe, an attorney who last
16 year was appointed by Iowa Governor Thomas Vilsak [phonetic]
17 to the Governor's Strategic Planning Council for the State
18 of Iowa. She has previously served as federal regulatory
19 counsel for Bell Atlantic, and she holds degrees from Johns
20 Hopkins, Oxford University as a Rhodes Scholar, Yale Law
21 School, and an MBA from the University of Virginia.

22 Number three is Frank Hilsabeck, who was
23 president and chief executive officer for Reliant
24 Communications in Lincoln, Nebraska, and since the merger
25 will ALLTEL is serving as executive vice-president. His

1 community interests and leadership has benefitted education,
2 health care, and economic development, along with the
3 professional promotion of his communications industry.

4 Number four, Patty Anderson, City of Hawarden,
5 Iowa. She is a native of Hawarden and holds a degree as
6 graduate of Briarcliff College in Sioux City, Iowa. She's
7 been employed by the City of Hawarden for the past ten
8 years. Patty is currently the high-tech communications
9 director, managing cable TV, telephony, and finalizing plans
10 to offer high-speed Internet in the city. Patty has had
11 experiences in local government in many areas of municipal
12 concerns.

13 With that, we will continue with our
14 presentations in the order introduced, and there's been some
15 talk of special timeline on -- we'll have somebody out in
16 the audience tell you when you reach what we think is your
17 scheduled time.

18 Thank you very much.

19 (Applause.)

20 LT. GOVERNOR MAURSTAD: Thank you, Chairman
21 Johnson, Chairman Kennard, Commissioner Sanford, other
22 distinguished guests. Let me first extend greetings from
23 Governor Mike Johanns in welcoming -- he certainly expresses
24 his hope that we have a productive afternoon.

25 In addition to the materials provided to you in

1 preparation of today's hearing, we welcome the opportunity
2 to share our ideas and initiatives regarding the development
3 of broadband services throughout Nebraska. The importance
4 of the topic is evident from the turnout of today's hearing
5 and the array of public and private interests represented on
6 the panel.

7 Information Technology is changing the way people
8 communicate, conduct business, learn, and gain access to
9 services. In order to prosper in the increasingly
10 competitive global economy, our communities must have a
11 robust telecommunications infrastructure --

12 (A cell phone rings in audience)

13 Is my time up?

14 (Laughter.)

15 However, recent evidence indicates that those
16 living in rural areas are less likely to use Information
17 Technology and often encounter barriers in gaining access to
18 affordable high-speed services.

19 The 1998 study found that less than 50 percent of
20 non-metropolitan Nebraskans own a home computer connected to
21 the Internet, compared to over 60 percent of metropolitan
22 Nebraskans. The disparity was even greater when considering
23 the use of information technologies in the work place.

24 Rural communities in Nebraska are also less
25 likely to have equitable access to high-speed services.

1 While substantial fiber, frame-relay, ATM, cable, and
2 competitive service providers are available in Nebraska's
3 larger metropolitan communities, the availability of
4 broadband services drops off rapidly as population density
5 declines.

6 Although the Telecommunications Act of 1996 was
7 intended to promote competition and in turn to lower prices
8 and improve services, competition among service providers is
9 slow in coming to rural areas. Smaller telecommunications
10 providers serving rural areas are unable to realize the same
11 economies of scale as urban providers.

12 In short, Nebraska's rural communities are faced
13 with a two-fold challenge. In order to remain competitive
14 in an emerging digital economy they must increase
15 utilization of the telecommunication services in their
16 communities and improve access to telecommunications
17 infrastructure and services. Meeting these marketplace
18 challenges will require cooperation between our citizenry,
19 the telecommunications industry, and all levels of
20 government. No sector has the financial, technical, or
21 intellectual resources required to single handedly resolve
22 the issues surrounding the problems of rural access to
23 equitable broadband services.

24 It was this recognition of state government's
25 role as a partner that led the Nebraska Legislature to

1 establish the Nebraska Information Technology Commission, or
2 the NITC, in 1998.

3 The purpose of the NITC is to establish a
4 statewide strategy for Information Technology development in
5 Nebraska. In January of this year, the NITC released its
6 first statewide technology plan. Individuals representing
7 agriculture, business, health, libraries, law enforcement,
8 local and state government, and all levels of education,
9 invested hundreds of hours in the development of the plan.

10 The title, United 2000, recognizes their
11 collaborative effort in a common vision of using Information
12 Technology to improve Nebraska citizens' quality of life.

13 A number of strategies presented in United 2000
14 address the two-fold challenge to advance Information
15 Technology and broadband service access and utilization
16 phasing by Nebraska's rural communities. Three actions
17 particularly germane to these proceedings are: first,
18 aggregating telecommunication networks and services by the
19 state's public entities. The state government of Nebraska
20 is clearly among the state's largest users of
21 telecommunications services. By aggregating demand and
22 acting as an anchor-tenant, the state can contract with
23 private telecommunication companies to consolidate its own
24 statewide communication services and seek to stimulate
25 private investment and competition in providing necessary