



Status Report to the Joint Committee on Information Management and Technology

August 23, 2002

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### **Introduction and History**

The 2000 Oregon legislature created the Oregon Telecommunications Coordinating Council as an interim task force by SB 765. The legislative directive to the Council is to:

- 1) Study alternative approaches to providing coordinated statewide, regional and local telecommunications services, including providing services to unserved or underserved areas of the state; and
- 2) Study the manner in which telecommunications investments can be coordinated to facilitate partnerships between the public sector and the private sector and between state and local governments.

The Council is directed to report its findings to the Governor and the Joint Legislative Committee on Information Management and Technology. This is the Council's fourth report to the Joint Committee.

The Council is eager to keep the Joint Committee up to date on its work, and wishes to request that at the Joint Committee's scheduled meeting on November 6, 2002, the Council might have sufficient time to discuss the Council's work.

### **Council Focus Thus Far: Review of Substantive Issues and Draft Guidelines**

The Council's earliest focus was to gather information concerning the many important issues related to telecommunications and telecommunications deployment in Oregon. Subsequently, the Council formed several committees to allow the Council members to more intensely focus on some of the most important issues. The committees are Education, Telehealth, Legislative Guidelines, Community Outreach, Public-Private Initiatives, Economic Development and Government Services.

The Committees have fostered very helpful discussions concerning, for example, the potential of telecommunications as a means for better health care for rural Oregon and the need for a reimbursement for medical care that is provided when the doctor is in one city and the patient in another. In distance learning, the telecommunications infrastructure is available but there is a small amount of educational content that is available. In the efforts communities are making to find partners to improve their telecommunications infrastructures, there are limitations in existing laws and rules that will need attention. In these and other areas, the Council is discovering the barriers to improved services through improved telecommunications seems to involve issues of awareness and non-telecommunications related policy changes as much as the issues concerning technical or policy changes in the area of telecommunications. The Council has been encouraged to find that the legislature's foresight in creating a Council to bring together experts and interested parties to solve problems through coordinating telecommunications issues with other concerns is already proving valid.

The Council also has had a continuing discussion with the Oregon Public Utility Commission and has now met with all three Commissioners at our public meetings. The Commissioners have provided the Council members with considerable information and insight concerning state and federal regulatory policies related to telecommunications.

The Council has continued its process toward preparing an outline of what policy recommendations and legislative concepts it might eventually report to the legislature and the governor. These recommendations and concepts may range from a policy to "encourage" cooperation in the fast track negotiations for telehealth reimbursement to very specific edits to existing tax incentive statutes. In between may be support for specific funding sources for specific purposes in education or for legislation to increase the ability of public- partnerships to borrow money for their projects.

The Council has created draft Guidelines for Considering Telecommunications Legislative/Policy Recommendations that are attached. These Guidelines will have a strong influence on the remaining work of the Council.

As we indicated at the beginning of this report, the Council hopes that, as it moves toward more specific policy and legislative concept recommendations, the Council will return to the Joint Committee, to provide the Committee with the Council's thoughts, and receive from the Committee their individual thoughts on the Council's developing ideas.

The work of the Council is steadfastly focused on our statutory mandate and the opportunity to provide our recommendations to the Governor and the Joint Committee. We are experiencing excellent cooperation from all parties and look forward to continuing our studies toward developing sound, balanced recommendations for the future of Oregon telecommunications policy.

Attachment: Draft Guidelines for Considering Telecommunications Legislative/Policy Recommendations.

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### **Guidelines for Considering Telecommunications Legislation/Policy**

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The OTCC recommends that all proposed telecommunications legislation/policy be in keeping with the mission statement adopted by the Council:

Provide all Oregonians with affordable access to broadband digital applications that will improve the Oregon economy, improve the quality of life in Oregon communities and reduce the economic gap between well-served and underserved Oregon communities for present and future generations

In addition, the Council recommends that the following guidelines be used when considering proposed legislation/policy:

**1. Telecommunications policy should be applicable to every resident of the State regardless of location.**

All telecommunications policy should apply to all Oregonians, both urban and rural in all geographic regions.

**2. Legislation should encourage expansion of and provide incentives for affordable broadband and other telecommunications services.**

The council defines affordable broadband as not exceeding 125% of the average cost for the specific application as charged in the Portland Metropolitan Area, with the hope of moving to parity. The council affirms its belief in competition as the primary means to achieve this goal. It further recommends removal of barriers to public-private partnerships to provide services to underserved communities.

**3. Legislation should support telecommunications planning at the local, regional, and state level that includes participants from both public and private sectors.**

Telecommunications infrastructure and usage have become vital components of economic and quality of life development. Planning for communications infrastructure is akin to planning for water systems, roads or sewers. As such it requires comprehensive planning and expertise to ensure cooperation and collaboration between community planners, providers of telecommunications services and end users. Many times community planners find they lack the financial resources or knowledge necessary to provide such strategic planning efforts. Telecommunications providers are not required to provide this sort of comprehensive community planning nor is it within their core competencies to do so. Providing assistance to the public private planning process could be a big boon to advancing broadband deployment, especially in rural areas. Public and private sectors working together in a strategic manner would expedite deployment and help build demand for revenue generating services.

**4. Legislation should remove barriers and provide incentives to the full deployment of applications (examples: telehealth reimbursement; distance learning incentives).**

Where available advanced telecommunications services are introducing new ways to provide services. Too often financing and reimbursement schemes are now impeding the

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use of these services; services that build skills, create jobs, distribute healthcare treatment and education, improve public safety and national security and other examples. Legislation that removes these barriers would promote economic development and quality of life enhancements throughout Oregon.

### **5. Legislation should encourage and remove barriers to public/private partnerships in areas where the private sector cannot justify investments.**

The deployment of affordable broadband digital applications to all regions of the state and available to all residents will require both private and public investment. In those instances where the private sector determines investment in infrastructure and service does not meet the threshold for private investment, the public sector will need to step forward to either make the necessary investment or partner with the private sector to secure the investment. Actions taken by the Oregon Legislative Assembly and by agencies of the State should address removal of barriers to partnerships between the private and public sector to address needed infrastructure investments and should not impede the ability of the public sector to address investment needs in those circumstances where private investment is not forthcoming or does not provide affordable access to all residents and users in the area.

### **6. Legislation should encourage the use of economic development resources to help fund programs to train telecommunications technical support personnel.**

The deployment of digital broadband applications requires there be adequate, local technical support to assist the end-users in assuring beneficial and cost-effective access to the technology. In many smaller, more remote communities, technical support may not be readily available. The State of Oregon should provide resources through community and economic development programs as well as employment training programs to assist in the deployment of technical support capacity to all areas of the state.

### **7. Legislation should encourage the use of economic development resources to help fund educational programs to assist communities to maximize their use of telecommunications technology.**

The deployment of digital broadband to many unserved and underserved areas of the state is experiencing a low "take rate" which is creating a business model problem for those telecommunications providers willing to make the investment. The State should address the need for educational programs and activities to help develop local markets for broadband digital applications. These programs and activities should address business and government applications as well as provide information on the benefits such applications may have on quality of life.

### **8. Benchmarks should be established to measure future deployment and utilization of broadband telecommunications throughout the State and should be monitored by the OPUC and OECD.**

The mission statement of the Oregon Telecommunications Coordinating Council establishes the following goals for telecommunications in Oregon:

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- a. Access to affordable broadband digital applications for all residents in Oregon;
- b. An improved economy through the use of broadband digital applications;
- c. Improved quality of life in Oregon communities aided by use of broadband digital applications;
- d. The reduction of the economic disparity between urban and rural communities.

To be able to measure, both quantitatively and qualitatively, the State's progress toward achieving these goals, identifiable and measurable benchmarks need to be defined. The State needs to identify whom will monitor, collect, maintain and report the information and data needed to assess progress, or lack thereof, in addressing these goals.

The following benchmarks are used to assess the progress in implementing the mission statement:

- a. Access to affordable broadband digital applications for all residents in Oregon
  1. Cost of broadband digital applications, including Digital Subscriber Line (DSL), video conference service and T1 service, shall not exceed 125% of the average cost for the specific application as charged in the Portland Metropolitan Area. Percent of communities that meet this benchmark.
  2. Percent of households in the state without plain old telephone service.
  3. List of Oregon communities without plain old telephone service.
  4. Percent of Oregon communities lacking local dial-up Internet service.
  5. Percent of Oregon communities with access to affordable broadband services of 500 kbs or faster, videoconference service, and T1 service.
  6. Percent of Oregon telephone customers without access to DSL due to:
    - A. DSL service not offered in their service area;
    - B. Residence is situated beyond the distance covered by the service;
    - C. Infrastructure serving the residence needs renovation before it can support DSL service.
  7. Percent of telephone exchanges with access to custom calling services such as:
    - A. voice mail,
    - B. caller I.D.,
    - C. call waiting
    - D. call forwarding.
- b. An improved economy through the use of broadband digital applications
  1. Number and percent of local businesses utilizing Internet technology and applications in business operations.
  2. Number of jobs directly attributable to use of broadband digital technology in local economy.
- c. Improved quality of life in Oregon communities aided by use of broadband digital applications:
  1. Percent of public libraries with Internet connection
  2. Percent of public libraries providing access to Internet applications for community members.
  3. Percent of clinics or other health care facilities providing tele-health services.
  4. Access to two-way videoconferencing learning opportunities in community

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5. Utilization by local government of Internet applications to communicate with residents -- promoting e-government

d. The reduction of the economic disparity between urban and rural communities (comparing urban and rural Oregon on a number of economic measures):

1. Average pay per job,
2. Average household income,
3. Average per capita income,
4. Unemployment rate.