American Public Power Association

Communities Provide More Services Every Year

"Broadband" refers to a communication network in which a wide band of frequencies is available to transmit information through a single portal. It includes video, voice, and data services, such as Internet access, cable television, telephone, and related services.

Through a survey of its members at the end of the year 2005, the American Public Power Association identified 665 public power systems that offer some kind of community broadband services—up from the 621 reported in 2004.

Here is a list of some external services and the number of utilities indicating their provision:

- fiber leasing–**175**
- Internet service provider–**132**
- cable television–**105**
- cable modem, DSL service–**82**
- long distance telephone–**47**
- broadband resale–**132**
- local telephone–**57**

In addition, many public power systems have broadband capabilities for internal reasons, such as the 305 reporting they have automated meter reading systems, 272 that offer municipal data networking, and 446 with SCADA (Supervisory Control and Data Acquisition) systems.

Based on community needs and success stories from across the country, additional public power systems will offer more advanced services every year.

Public Power:

Powering the 21st Century Through Community Broadband Services

More than 2,000 cities and towns in the United States light up their homes, businesses and streets with "public power"—electricity that comes from not-for-profit, community-owned and operated utilities. These utilities serve about 43 million Americans—or about 14 percent of electricity consumers. They also provide new infrastructure their communities demand, such as community broadband networks.

For many public power systems, community broadband services are a natural extension of their public service responsibilities. They have a track record as technological innovators, and as community and economic development supporters. They already maintain certain broadband capabilities to distribute electricity efficiently and safely, so extension of broadband services to their customers is an easy expansion. And, they are already trusted hometown providers of low-cost, not-for-profit services in the public interest.

665

Number of systems offering community broadband services

American Public Power Association ■ 2301 M Street, N.W. ■ Washington, DC 20037–1484 ■ 202/467-2900 ■ Fax 202/467-2910 ■ www.APPAnet.org

272

Number of public power systems providing municipal data networking

Private Providers Battle Cities and Towns

Privately-owned broadband service providers—primarily incumbent cable television and telephone interests—are using vast resources to prevent cities and towns from offering their citizens not-for-profit broadband services.

At their behest, 14 states have enacted laws that are anti-competitive bariers to entry. For more details on state barriers, go to Legislative/Regulatory pages of APPA's Web site at www.APPAnet.org.

State Barriers to Community Broadband Services

Arkansas prohibits municipal entities from providing basic local exchange services.

Florida imposes various taxes to increase the prices of telecommunications services (as distinguished from other services) sold by public entities.

Missouri bars municipalities and municipal electric utilities from providing telecommunications services or facilities, except, under certain conditions.

Minnesota requires municipalities to obtain a super-majority of 65% of the voters before providing telecommunications services.

Nebraska prohibits any agency or political subdivision of the state that is not a public power supplier from provising any wholesale or retail broadband, Internet, telecommunications, or cable service; and prohibits public power suppliers from providing such services on a retail basis until December 31, 2007.

Nevada generally prohibits municipalities with populations larger than 25,000 or counties with populations of 50,000 or more from providing retail "telecommunications services," as defined by federal law.

Pennsylvania prohibits political subdivisions from providing advanced telecommunications and broadband services for a fee to the public unless no such services are provided by the local telephone company and the local telephone company has refused to provide such services within 14 months of a request by the political subdivision for those services at the requested data speeds.

South Carolina imposes significant restrictions and burdensome procedural and imputed-cost requirements on municipal providers of communications services.

Tennessee bans municipal provision of paging and security service and allows provision of cable, two-way video, video programming, Internet and other "like" services only upon satisfying various anti-competitive public disclosure, hearing and voting requirements that a private provider would not have to meet.

Texas bars municipalities and municipal electric utilities from offering telecommunications services to the public either directly or indirectly through a private telecommunications provider.

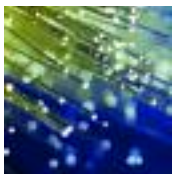
Utah imposes burdensome procedural and accounting requirements and limits the authority of municipalities to provide retail cable television, broadband and telecommunications services.

Virginia allows municipal electric utilities to become certificated municipal local exchange carriers and offer all communications services that their systems are capable of supporting, provided they satisfy various anti-competitive requirements that a private provider would not have to meet.

Washington limits public utility districts to providing only wholesale telecommunications services.

Wisconsin imposes burdens on municipal communications providers not imposed on nongovernmental providers. Generally, it requires municipalities to conduct a feasibility study and hold a public hearing prior to providing telecom, cable, or Internet services. It also prohibits "subsidization" of most cable and telecom services and prescribes minimum prices for telecom services.

The American Public Power Association is the service organization for the nation's more than 2,000 community- and state-owned electric utilities. It represents public power's interests in Washington, D.C., and provides an array of services to help its members with managerial and operational issues.



Congress Must Promote the Development of Broadband Services for All Citizens

Congress is now considering what changes need to be made to federal communications laws in order to align federal policy with technological advances, the nation's growing need for advanced communications services, and a new legal framework. APPA advocates that as Congress makes changes to existing communications laws, it should ensure that cities and towns will be able to own and operate broadband infrastructure and services in the public interest if their citizens so desire. APPA supports the approaches taken in S. 1294, the Community Broadband Act, introduced in June 2005 by Senators Frank Lautenberg (D-NJ) and John McCain (R-AZ) and in Section 401 of H.R. 5252, the Communications, Opportunity, Promotion, and Enhancement Act of 2006, passed by the House of Representatives in June 2006. Both measures include specific language protecting municipalities' options to serve their citizens.