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Kentucky Chamber Urges Public Service Commission to Reform Outdated Telecom Rules and Encourage Investment in Next-Generation Technology

More Than 20 Leading Business, Labor and Consumer Groups Come Together to Sign Joint Letter to Gov. Beshear, Attorney General, Legislative Leaders and the Kentucky Public Service Commission

Frankfort, Ky. (April 22, 2010) – The Kentucky Chamber of Commerce today joined the Communication Workers of America, Connected Nation, Greater Louisville Inc. and several other leading organizations representing the interests of Kentucky to advocate for reforms to the state's outdated telecom access subsidy system.

In a joint letter issued today to Gov. Beshear, the attorney general, state legislators and the Kentucky Public Service Commission, the Kentucky Chamber urged them to support telecom access rate reform. More than 20 other organizations from around the state signed the joint letter.

"At a time when Kentucky is competing so aggressively with other states, we need to be more proactive than ever if we intend to attract new investment and jobs," said Kentucky Chamber President David Adkisson. "The deployment of next-generation technology is critical to our endeavor and having the right regulatory environment is a key piece of that puzzle. Access rate reform is needed now to protect rural connectivity, encourage investment in high-speed networks and grow jobs for the 21st Century."

In 1984, an access rate system was created to subsidize telephone service for rural communities. But, that system relies on traditional long-distance phone calls to keep subsidies flowing. As consumers and businesses have moved on to wireless and broadband technologies to communicate, the subsidies that rural telecom providers receive are quickly declining.

"The Kentucky Public Service Commission has the opportunity to reform a system that is creating disincentives for investment in innovative broadband technologies," said Brian R. Mefford, chairman and chief executive officer of Connected Nation. "We've studied this issue and a seven percent increase in broadband adoption nationwide would lead to the creation of 2.4 million new jobs per year, including 31,699 jobs in Kentucky. So, access reform would be good for consumers, business owners and jobs."

"Access rate reform would be welcome news to working families across Kentucky," said Isa Shabazz, Kentucky state director at Communications Workers of America. "The opportunities are huge, since every \$5 billion invested in broadband infrastructure can create 100,000 new jobs in the telecom and information technology industries the same year."

In their joint letter, the various Chamber groups from around the state also pointed out how access rate reform would provide Kentuckians greater access to innovative telemedicine options for improved healthcare and more opportunities to leverage online education options through universities and trade schools. They said that next-generation broadband access would also allow more of our citizens to telecommute and compete for jobs anywhere in the world.

“The Federal Communications Commission is taking introductory steps to address this issue nationally, but action on that front could take a very long time to complete,” said Adkisson. “That’s why other states have already addressed this issue. If Kentucky acts now, we can make our state more attractive for new investment in the next-generation technologies our residents and businesses need to succeed.”

“We estimate that the current access system now puts \$38 million in hidden subsidies on Kentucky consumers every year,” said AT&T Kentucky President Mary Pat Regan. “The system isn’t fair to consumers and it also discourages new competitors from coming into communities to offer new choices. For those reasons and more, we decided to file a case with the Kentucky Public Service Commission this week that asks them to address access rate reform.”

Understanding what is at stake, other states have already taken action in reforming their access rate systems. Now, Kentucky has the opportunity to create a modern access system that is transparent to consumers, fair to everyone and is sustainable given 21st Century technology trends.

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