



February 20, 2005

The Honorable Phil King
Chairman of the Committee on Regulated Industries
Texas House of Representatives
Austin, Texas 78768

Dear Mr. Chairman:

Pending before the Committee is HB 789, a bill amending the State's telecommunications laws. One provision of HB 789 restricts municipal owned utilities from providing services to its customers. The provisions will keep a utility from meeting its own requirements with the most advanced technology and bringing innovation to its customers. It restricts competition and stifles economic growth. It will slow realization of the real public safety, economic development and municipal productivity benefits of broadband wireless that are delineated on the attached fact sheet. On behalf of Tropos Networks and our rapidly growing customer base, I write to urge you to amend the legislation to delete these provisions.

Tropos wireless router technology delivers citywide mobile broadband access via a reliable, secure, low-cost and easy-to-install Wi-Fi infrastructure in a licensed or unlicensed environment. As the leading supplier of equipment used to build metro-scale broadband networks, with a rapidly growing customer list that today stands at more than 135 municipalities and service providers worldwide, the Tropos experience is that affordable broadband access can be a reality *today*. We have supplied our technology to both private and public sector customers in Texas and across the United States and have worked with carriers, service providers, public agencies and utilities in doing so.

HB 789 amends section 54.201 of the Utilities Code and precludes a municipally owned utility from providing any telecommunications or similar service to the public, even in partnership with a private entity. The provision will make even slower the rollout of broadband access. HB 789's provisions disregard the advances in broadband technologies that can quickly and at low cost broaden access by individuals and businesses. The provisions ignore the economic benefits that will accrue to municipal utilities in providing better services and to the individual and business customers municipal utilities serve.

President Bush has made expanding broadband access a national priority. Broadband access means that individuals and businesses are able to receive and transmit

video, data and other information at speeds not before seen. Throughout the country utilities are taking advantage of the new technology that provides broadband for public safety, public utility and other responsibilities while at the same time affording broadband access to citizens and businesses. This effort is frequently done in partnership with private business.

Municipal utilities have had a critical role in bringing technology to individuals and businesses. HB 789 would halt the ongoing rollout of numerous initiatives across Texas. Municipally owned utilities in Corpus Christi, Austin, Dallas and Houston are rolling out broadband networks that integrate the internal requirements of the utility with that of their customers. Similar provisioning of the technology is taking place across the country, as you can see from our fact sheet.

These provisions of HB 789 are anticompetitive. It restricts competition for broadband access to incumbent telephone companies and cable operators. Importantly, municipal utilities are in a pivotal position of bringing competition to the market. They own or have access to the critical infrastructure needed for broadband rollout by new entrants and incumbents alike, that of poles, and street lamps. HB 789's provisions remove a competitive force from the market and will certainly increase the costs of municipal owned utilities. HB 789 will keep municipal utilities from not only expanding broadband access, but partnering with the private sector to do so.

On behalf of Tropos Networks and our growing customer list, we urge you to amend HB 789 and remove any restrictions on municipally owned utilities.

Sincerely,

Ronald A Sege
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Attachment