



Via Electronic Submission and Verbal Testimony

February 12, 2018

The Honorable David Gomberg, Chair
House Interim Committee on Economic Development
900 Court Street NE
H-471
Salem, OR 97301

RE: HB 4023-3 and -4 Unnecessarily Promotes Taxpayer-Funded Broadband Network Overbuilding and Should be Rejected or Amended

Dear Representative Gomberg and members of the Committee:

LightSpeed Networks, Inc. dba "LS Networks" is owned by 5 rural Oregon power electric cooperatives and one Tribal nation (the Coquilles). The assets of LS Networks represent the investment interest of about 70,000 Oregonians. The Company's network offers high-speed access, transport, and protection to every county of the state and provides notable protection to Oregon's most vulnerable locations – the coast.

HB 4023 which started as a report on access in this state to broadband technology now seeks to expand Oregon's statewide broadband network and to promote state-owned broadband deployment to directly compete with middle mile and other service providers. The bill if amended with Oregon State Chief Information Officer's amendments -3 and -4 ("OSCIO Overbuild") will result in an unnecessary expansion of the State's broadband network *at taxpayer expense* in instances where privately-funded broadband networks already exist.

The underlying issue is not the current reach of Oregon networks, but rather *access* to those networks, as acknowledged in Oregon's "last mile" request for proposal, DASPS-1412-18. Although the State's contemplated Oregon broadband network envisions 29 points of presence ("POPs"), this proposed network would overlap significant portions of LS Networks' *existing* 72 POP network, as reflected in the attachment.

In an effort to mitigate the likely harm that Amendments -3 and -4 ("OSCIO Overbuild") would impose on private investment, Amendment -7 ("Mitigate Overbuild's Collateral Damage) is being drafted for introduction in a spirit of possible compromise so that the intent of network coverage and inclusion could still be achieved without overtly overbuilding and risking private investment in existing networks. Due to the tempo of progression of this bill and amendments, as of the submission of this testimony, legislative counsel is still drafting the proposed amendment so we reserve our position until we can review the final language.



This kind of major policy decision that is introduced by amendment just prior to the public hearing requires stakeholder involvement and should not be decided in a short session without more input.

At a minimum, an updated Needs Assessment is recommended and upon the completion of that Assessment, a meeting between the OSCIO and industry leaders is encouraged to collaboratively identify solutions for those in need. With that approach, public funding and private investment could work in harmony rather than in competition.

In light of the complexities created by Amendments -3 and -4 (“OSCIO Overbuild”) we oppose their passage. If Amendments -3 and -4 (“OSCIO Overbuild”) are passed, it is our hope the language in the Dash 7 amendment will work as compromise.

There are two other Amendments associated with this bill -2 (“local broadband champion program”), and -6 (“E-rate and match funding”) that are fully supported by this party. Their passage is encouraged.

Respectfully,

LS NETWORKS

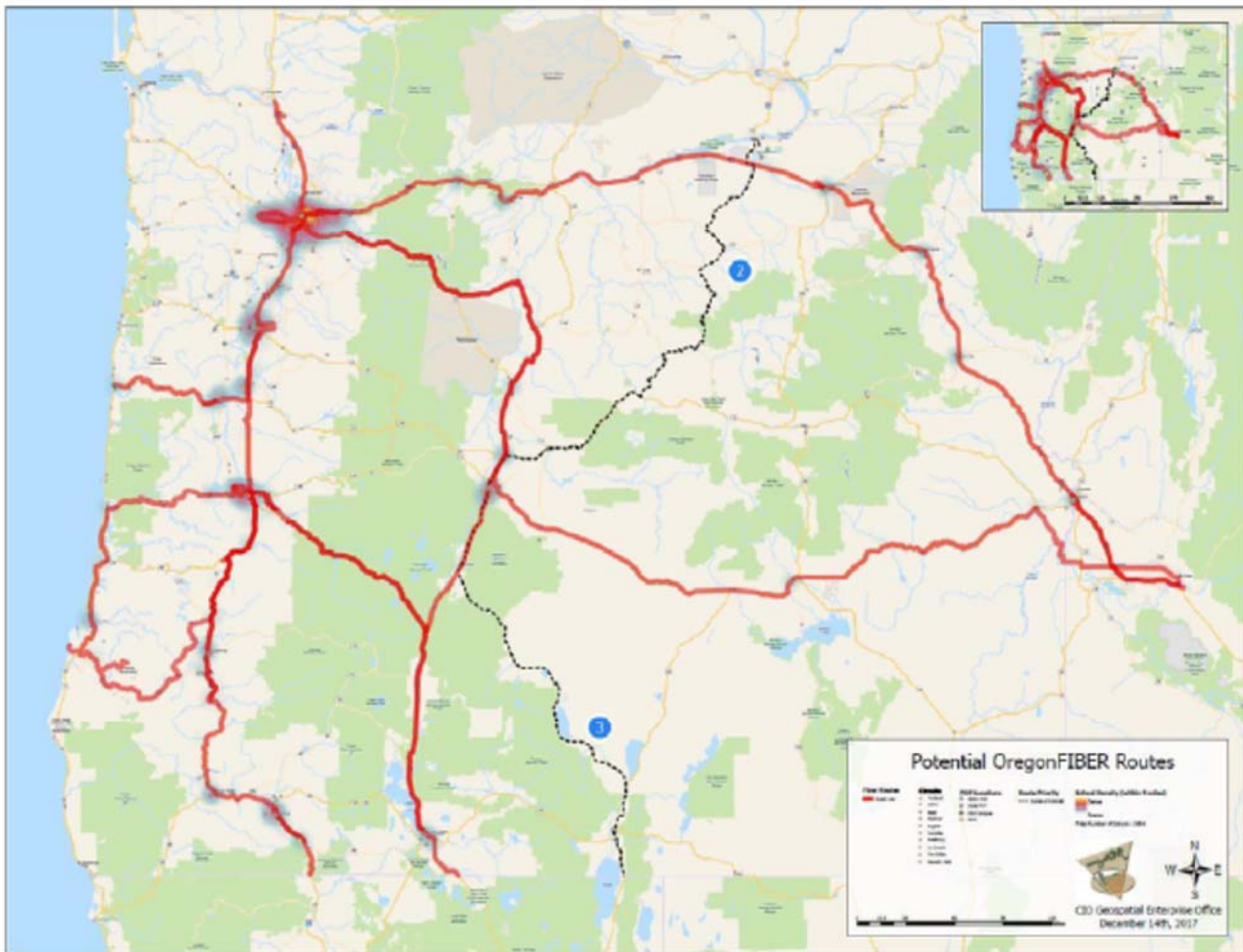
A handwritten signature in blue ink, appearing to read "Michael Weidman", is written over the printed name.

Michael Weidman
President and Chief Executive Officer

cc: The Honorable Representative Pam Marsh, Vice-Chair
The Honorable Representative David Brock Smith, Vice-Chair
The Honorable Members of the House Interim Committee on Economic Development

Attachment

Proposed/Potential Oregon Fiber Routes (Oregon RFP DASPS-1412-18)



LS Networks' Current Oregon Network

