

# The Impact of Modernized Telecom Rules on Illinois and Ohio

## Overview

Prior to 2010, the telecommunications regulatory systems of Ohio and Illinois had been in place for decades. Illinois established its system in 1985, and Ohio in 1988, with neither state significantly updating its laws to account for changes in technology over the respective time periods.

Each state required telecommunications providers to invest resources in old technologies – such as copper line services – that consumers no longer desired. With the increasing popularity of voice-over-Internet-protocol, broadband, and wireless services, consumers had begun to move away from traditional landlines, and the regulations in place were limiting the ability of companies to invest in the new technologies that their customers desired.

In 2010, however, both Illinois and Ohio passed modernized telecom rules legislation that significantly updated the regulatory system in both states. Illinois' State Legislature passed SB 107 in May and its governor signed the bill the following month, and Ohio's Legislature passed SB 162 in June, followed by the governor's signature in September.

The following is an analysis of the economic impact of Ohio and Illinois' legislation in terms of investment dollars and jobs created. As such, the Ohio and Illinois bills' impacts in the past two years should provide a glimpse into the effects of similar legislation in other states.

The research was conducted by Midwest Consumers for Choice and Competition (MCCC). MCCC is a non-profit organization of state chapters and individual consumers interested in technology, broadband, and telecommunication issues in the Midwest region and working to promote and support access and broadband deployment, as well as innovative technology and economic job growth in the Midwest.

## Ohio

Since the Ohio Telecom Modernization Act passed in June 2010, the state has seen nearly 50 new investment projects related to improving access to the newest telecommunications technologies, according to Technology for Ohio's Tomorrow (TOT), a state chapter of MCCC.

Projects include new data centers, the expansion of existing fiber networks to rural and underserved communities, wireless broadband networks, the addition of public computers, smart grid upgrades, and broadband training for disadvantaged households.

Among the largest investors are Frontier Communications Corp., which is bringing broadband access to 85% of its customers across the state at a cost of \$150 million over three years; AT&T, which is building a new \$120 million data center in Akron; and Horizon Telecom, which is connecting Appalachian counties via a fiber optic network at a cost of \$66.5 million.

All told, the projects represent more than \$540 million in infrastructure, with the bulk of those costs related to technological infrastructure. According to TOT's estimates, that investment will create more than 8,000 jobs in the telecommunications industry in the state, and more than 12,000 in other industries. A list of Ohio projects is found in Appendix A.

Total Investment (Since July 1, 2010): **More than \$601 million**

Estimated Jobs Created: **23,373**

## **Illinois**

In Illinois, the state has seen more than 100 new infrastructure projects since its telecom legislation passed through the State Legislature in May 2010, according to Illinois Technology Partnership (ITP), a state chapter of MCCC.

Projects in Illinois include a number of cellular network upgrades from providers like Verizon, AT&T, and T-Mobile – including the launch of 4G services in the Chicago area – additional Wi-Fi hotspots, high-speed fiber deployment across the state, and the expansion of voice-over-Internet-protocol and broadband services.

As in Ohio, Frontier Communications has pledged \$40 million to achieve an 80 percent broadband reach in its service area over the next two years, with an 85-90 percent goal within three years. Other large projects include a \$62 million expansion and improvement to the Illinois Century Network, a \$68.5 million, 870-mile fiber-optic network across nine counties in northwestern Illinois, and a \$45.4 million, 740-mile expansion of fiber-optic lines to 23 counties around the state.

These projects represent around \$520 million in investment, upwards of 4,400 jobs in the telecom industry, and approximately 4,000 jobs in other industries. A list of Illinois projects is found in Appendix B.

Total Investment (Since June 1, 2010): **More than \$777 million**

Estimated Jobs Created: **15,733**

## **Summary**

Both Illinois and Ohio have been the beneficiaries of \$1.378 billion in combined telecom investment and more than 39,000 new jobs since the passage of modernized telecom rules in 2010. For more states to capitalize on opportunities to expand telecom infrastructure, bring new services to residents across the state, and create new jobs, comprehensive telecommunications regulatory reform – similar to what has been passed in Illinois and Ohio – must be a priority.

*Midwest Consumers for Choice and Competition (MCCC), is a non-profit organization of individual consumers interested in technology, broadband, and telecommunication issues with state projects throughout the Midwest region. The project will work to support an environment for innovative technology, high-tech job creation, and economic growth. MCCC Wisconsin will seek to educate consumers, policy makers, and businesses about technology- related legislative and regulatory issues that impact our lives and advocate for common-sense approaches to spur innovation and grow the economy.*

## **Appendix A: Ohio Data**

Date	Investor	Area Impacted by Investment	Type of Investment	Dollar Amount	Estimate of Total Jobs created
7/7/10	AT&T	Akron	Data center	\$120,000,000.00	
7/15/10	Com Net Inc. (as part of Ohio Middle Mile Consortium)	Western Ohio (28 counties)	Fiber network - Extending broadband service to rural and underserved communities	\$30,000,000.00	1500
8/5/10	Sycamore Telephone Company	Sycamore, Melmore, McCutchenville	Fiber to the Home	\$4,100,000.00	205
8/5/10	New Era Broadband	Meigs County	Bringing broadband services to underserved rural communities	\$2,900,000.00	145
8/5/10	Utopian Wireless Corporation	Kinsman	WiMax infrastructure for rural communities	\$1,400,000.00	70
8/5/10	Nelsonville TV Cable Company	Athens, Hocking and Morgan Counties	Extend HFC digital cable services	\$4,600,000.00	230
8/5/10	Southern Ohio Communication Services, Inc.	Pike & Adams counties	Constructing "last-mile" wireless Internet infrastructure, VoIP services	\$1,400,000.00	70
8/18/10	Connected Nation Ohio	Statewide	Updating public computers and running computer training sessions	\$3,000,000.00	136
8/18/10	One Community	Northeast Ohio	Fiber construction project	\$44,800,000.00	2240
8/18/10	Horizon Telecom	34 southern and eastern counties	Fiber optic broadband network connecting Appalachian counties	\$66,500,000.00	3325
8/23/10	Nationwide Mutual Insurance Co.	New Albany	Data center	\$140,000.00	
8/30/10	Frontier Communications Corporation	Ohio (statewide)		\$150,000,000.00	7500 (2500 per year)
8/30/10	Involta, LLC	Akron	Data center	\$20,000,000.00	
8/31/10	Continental Broadband, LCC (dba Expedient Comm.)	Columbus	Data center		
9/13/10	Hometown Cable Co. LLC	Darke and Preble counties	Bringing broadband services to rural communities and businesses.	\$4,600,000.00	230
Date	Investor	Area Impacted by Investment	Type of Investment	Dollar Amount	Estimate of Total Jobs created
9/13/10	Toledo-Lucas County Public Library @ccess Center	Lucas County	expand public computer access in Lucas County	\$927,281.00	46

9/13/10	Toledo-Lucas County Public Library @ccess Center	Lucas County	expand public computer access in Lucas County	\$2,136,655.00	107
9/16/10	Hocking Valley Community Hospital	Logan	medical white-space broadband network		
9/21/10	The Appalachian Center for Collaborative and Engaged Learning	Central Ohio; Muskingum, Coshocton, Guernsey Counties	Broadband Internet training and adoption by more than 5,000 disadvantaged households.	\$3,000,000.00	150
9/29/10	Ohio Office of Information Technology	Statewide	extend broadband mapping and planning efforts	\$5,253,023.00	262
9/30/10	Enhancing Education Through Technology	Statewide/ <b>ACCESS CENTER</b>	Improve student achievement using technology	\$5,734,462.00	287
10/25/10	Putnam County Educational Service Center	Putnam County/ <b>ACCESS CENTER</b>	new computers to train students and develop career readiness	\$2,000,000.00	100
10/27/10	First Energy Service Company in Akron	Akron/ <b>BRBAND EXPANSION</b>	Updating the smart grid	\$57,400,000.00	2870
10/27/10	City of Wadsworth	Wadsworth/ <b>BRBAND EXPANSION</b>	Updating the smart grid	\$5,400,000.00	270
11/28/10	Sprint	Cleveland, Cincinnati Columbus	4G network		
12/14/10	Benton Ridge Telephone	South central Ohio	Fiber-to-the-home expansion	\$3,159,066.00	175
1/5/11	Verizon	Portions of Brown County	expansion of 3G network/new cell site		32
1/27/11	Holzer Clinic	SE Ohio counties	medical and healthcare training between the hospital hub and hospitals and clinics	\$400,083.00	20
2/25/11	AT&T	Columbus and surrounding communities	Enhanced backhaul to more than 100 cell sites		400
3/8/11	AT&T	Cuyahoga and Summit Counties	Enhanced backhaul to 239 cell sites		956
3/8/11	AT&T	Cuyahoga and Summit Counties	6 new cell sites		195
3/25/11	AT&T	Greater Cincinnati	4G upgrade to 100 cell sites		400

Date	Investor	Area Impacted by Investment	Type of Investment	Dollar Amount	Estimate of Total Jobs created
3/25/11	AT&T	Greater Cincinnati	10 new cell sites		325
3/30/11	Cincinnati Bell	Fountain Square (Cincinnati)	Wi-Fi Hotspot		
8/26/11	AT&T	Cincinnati	3 new mobile broadband sites		227
8/26/11	AT&T	Cleveland	6 new mobile broadband sites		195

8/26/11	AT&T	Columbus	12 new mobile broadband sites		390
8/15/11	Verizon	Ashland County	1 new mobile broadband site		32
8/5/11	Verizon	Marysville	1 new mobile broadband site		32
7/15/11	Verizon	Belmont	1 new mobile broadband site		32
7/15/11	Verizon	West Chester Township	1 new mobile broadband site		32
7/8/11	Verizon	Wayne County	expanded network capacity		
6/30/11	AT&T	Buckeye Lake	1 new mobile broadband site		32
6/16/11	T-Mobile	Columbus	Increased 4G speeds		
6/6/11	AT&T	Akron	Improvements designed to enable 4G Speeds		

## **Appendix B: Illinois Data**

Date	Investor	Area Impacted by Investment	Type of Investment	Dollar Amount (High End)	Estimate of Total Jobs created
6/3/10	Verizon	Pontiac	Activated new cell site, increased network capacity	\$865,000	43.25
6/10/10	Verizon	Hoopeston	Activated new cell site, increased network capacity	\$865,000	43.25

6/22/10	AT&T	Illinois	80 new cell sites and 300 network upgrades		
6/22/10	Verizon	Bollingbrook	Activated new cell site, increased network capacity	\$865,000	43.25
6/28/10	AT&T	Kankakee, Bourbonais, Bradley	Activation of 3G mobile networks on more than 10 cell sites	\$1,850,000	92.5
6/28/10	AT&T	Decatur, along I-72 and I-55 and US-51	Activation of 3G mobile networks on more than 20 cell sites	\$3,700,000	
7/3/10	Shawnee Telephone Co.	Equality and Rosclaire	Fiber-to-home project	\$8,400,000	100
7/7/10	Key On Communications		Acquired TS Wireless		
7/26/10	AT&T	Chicago	WiFi Hotzone		
7/28/10	AT&T	Pontiac, Chenoa, Dwight, Flanagan, Idell	Upgraded wireless service to 3G at six sites	\$1,110,000	55.5
8/2/10	The SmartChicago Sustainable Broadband Adoption Program through BTOP	Chicago	Expanding access to broadband and improving computer work stations	\$7 million	320
8/2/10	The SmartChicago Sustainable Broadband Adoption Program through BTOP	Chicago	Expanding access to broadband and improving computer work stations	\$9 million	
8/2/10	The SmartChicago Sustainable Broadband Adoption Program through BTOP	Chicago	In support of The Smart Chicago Projects through Illinois Jobs Now!	\$2,200,000	
8/2/10	The SmartChicago Sustainable Broadband Adoption Program through BTOP	Chicago	In support of The Smart Chicago Projects through matching funds provided by local partners	\$3,500,000 million	
8/19/10	Clearwave Communications	23-county region of southern IL	High speed fiber middle mile network	\$45,000,000	492
<b>Date</b>	<b>Investor</b>	<b>Area Impacted by Investment</b>	<b>Type of Investment</b>	<b>Dollar Amount (High End)</b>	<b>Estimate of Total Jobs created</b>
8/19/10	Illinois Century Network	East central region of IL	Expansion and improvement of network	\$62,000,000	160
8/19/10	Utopian Wireless Communications	Cairo, MonmouthWhite Hall	Broadband infrastructure development	\$1,100,000	55
8/19/10	Cellular Properties	Danville	Broadband expansion	\$24,529,040	267
8/21/10	AT&T	Carbondale	3G network upgrade	\$185,000	9.25
8/21/10	AT&T	Carrier Mills, Royalton, Cobden	3 new cell phone sites	\$2,595,000	129.75
8/21/10	AT&T	Marion	3G network upgrade	\$185,000	9.25

8/31/10	Frontier	Springfield area	Broadband expansion	\$40,000,000	2000
9/8/10	US Dept of Commerce	Illinois	1,000 new miles of fiber optic network	\$100,000,000	676
9/14/10	Convergence Technologies/NIL	Illinois	870-mile fiber optic network	\$68,500,00	3,425
9/14/10	Convergence Technologies	Cook, Kankakee and Will Counties	Last-mile wireless broadband and digital phone service (VoIP)	\$12,137,500	75
9/14/10	Norlight Inc.	Central IL	Wireless network in 13 unserved and underserved counties	\$11,900,00	36
9/14/10	Federal grant, state grant, private funds	My Way Village	Improvements to 23 public housing facilities	\$6,790,000	35
10/07/11	Verizon	Chicago	4G service	\$865,000	43.25
10/08/11	State of IL	Chicago and Bensenville	Provided \$7 million in tax credits to keep U.S. Cellular headquarters in Chicago	\$7,000,000	25
10/12/10	Sprint/Virgin Mobile	Chicago	Program provides free mobile service to 60 Chicago HS seniors	\$19,200	
10/5/10	Illinois Broadband Opportunity Partnership – Southern Region.	23 IL Counties	740 miles of fiber optic cables to 23 counties	\$45,400,000	150
10/28/10	Verizon	Anna	New cell site	\$865,000	43.25
11/3/10	T-Mobile	Chicago	4G service in Chicago and 20-mile radius	\$865,000	43.25
12/21/10	AT&T	Massac County	3G cell tower	\$865,000	43.25
12/29/10	Partnership for a Connected Illinois				
12/31/10	AT&T	Quincy, West-Central IL	3G service in Adams County	\$865,000	43.25
<b>Date</b>	<b>Investor</b>	<b>Area Impacted by Investment</b>	<b>Type of Investment</b>	<b>Dollar Amount (High End)</b>	<b>Estimate of Total Jobs created</b>
1/10/11	Verizon	Dekalb	New cell site	\$865,000	43.25
1/20/11	Verizon	Sterling	New cell site	\$865,000	43.25
1/28/11	AT&T	Quincy and surrounding towns - Griggsvile and Pittsfield	Broadband activation on 12 new sites	\$2.2 million	111
2/04/11	Verizon	Vernon Hills	New cell site	\$865,000	43.25
2/04/11	Verizon	Buffalo Grove	New cell site	\$865,000	43.25
2/04/11	Verizon	Clifton	New cell site	\$865,000	43.25
2/18/11	Verizon	Mazon	New cell site	\$865,000	43.25
2/18/11	Verizon	Geneva	New cell site	\$865,000	43.25
2/18/11	Verizon	Winfield	New cell site	\$865,000	43.25

2/18/11	ISU	Central IL	Broadband initiative in underserved areas	\$15,400,00	
2/21/11	Verizon	Multiple cities	30 new cell sites	\$25,950,000	1,298
3/8/11	Verizon	Multiple cities	10 new cell sites	\$8,650,000	433
3/9/11	Verizon	Taylor Ridge	Cell site	\$865,000	43.25
3/9/11	Verizon	Geneva	Cell site	\$865,000	43.25
3/9/11	Verizon	Barrington Hills	Cell site	\$865,000	43.25
3/9/11	Verizon	Burlington	Cell site	\$865,000	43.25
3/22/11	Verizon	Springfield	Cell site	\$865,000	43.25
3/22/11	Verizon	Champaign	Cell site	\$865,000	43.25
3/22/11	Verizon	Rockford	Cell site	\$865,000	43.25
3/22/11	Verizon	Bloomington Normal	Cell site	\$865,000	43.25
3/24/11	Verizon	Wheeling	Cell site	\$865,000	43.25
3/24/11	Verizon	Newark	3G Cell site	\$865,000	43.25
3/24/11	Verizon	Libertyville	3G Cell site	\$865,000	43.25
3/29/11	Verizon	Chicago	Two new cell sites	\$1,730,000	43.25
4/4/11	T-Mobile	Springfield	4G service	\$865,000	43.25
4/7/11	Clearwire and Locus Comm	Chicago	Prepaid 4G service		
4/8/11	AT&T	Chicagoland	35 cell sites, enabling 4G speeds	\$865,000	43.25
Date	Investor	Area Impacted by Investment	Type of Investment	Dollar Amount (High End)	Estimate of Total Jobs created
4/20/11	Verizon	Victor	3G site	\$865,000	43.25
4/20/11	Verizon	Batavia	3G site	\$865,000	43.25
4/20/11	Verizon	Bondville	3G site	\$865,000	43.25
4/22/11	Alhambra-Grantfolk Telephone Co.	Alhambra	FTTP system, improvements	\$8,775,000	439
4/22/11	Woodhull Telephone Co.	Woodhull	111 miles of fiber optic cable	\$3,403,00	170
4/22/11	Oneida Telephone Co.	Oneida	Fiber optic cable	\$2,619,000	130
5/16/11	Verizon	48 state locations	4G	\$41,520,000	2,076
5/16/11	Verizon	Chicago	4 new cell sites	\$3,460,000	173
5/16/11	Verizon	Chicago	Enhanced coverage	\$185,000	9.25
5/24/11	T-Mobile	Chicago	Upgrading 4G network	\$865,000	43.25
5/25/11	AT&T	Chicago	4G LTE	\$865,000	43.25
6/9/11	DCEO	Springfield	Work at community colleges and libraries	\$1,000,000	50

6/11/11	Hamilton County Telephone Co-op	Hamilton Co.	50 miles fiber optic cable and electronic equipment		
7/13/11	T-Mobile	Rockford	Expand 4G service	\$865,000	43.25
8/23/11	Wabash Telephone Corp.	Louisville	777 miles of fiber-optic cable	\$22,000,00	
8/29/11	Verizon	Naperville	New cell site	\$865,000	43.25
8/29/11	Verizon	Plainfield	New cell site	\$865,000	43.25
8/30/11	Comcast	Schaumburg	New cell site	\$865,000	43.25
8/31/11	Federal grant	9 locations	Fiber optic cable		
9/19/11	AT&T	Chicago	4G		
9/25/11	Frontier Communications	13 locations	Expanded broadband access		
9/29/11	AT&T	Libertyville	Expanded broadband access	\$185,000	9.25
10/3/11	AT&T	Taylorville	Activated new cell site	\$865,000	43.25
10/6/11	AT&T	Rockford	New cell site	\$865,000	43.25
10/17/11	AT&T	East Peoria	New cell site	\$865,000	43.25
10/20/11	AT&T	Atwood	New cell site	\$865,000	43.25
10/20/11	AT&T	Durand	New cell site	\$865,000	43.25
<b>Date</b>	<b>Investor</b>	<b>Area Impacted by Investment</b>	<b>Type of Investment</b>	<b>Dollar Amount (High End)</b>	<b>Estimate of Total Jobs created</b>
10/23/11	AT&T	Naperville	New cell site	\$185,000	9.25
10/23/11	AT&T	Hinsdale	Cellular antennas on light poles	\$185,000	9.25
11/16/11	AT&T	9 locations	Network upgrades	\$1,665,000	83.25
11/16/11	AT&T	Mattoon, Charleston, Humboldt	Network upgrades	\$555,000	27.75