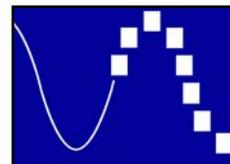


April 12, 2007



Rep. Dave Hunt
House Majority Leader
900 Court St NE, H-295
Salem, OR 97301

Dear Majority Leader Hunt:

As the nation's leading companies developing and delivering voice innovations over the Internet, we are writing to highlight a new federal court decision affirming exclusive federal regulatory jurisdiction over VoIP services – in direct contradiction to SB 969 and amendments being considered to HB 2621. The ruling makes clear that these bills, if enacted, would be in direct violation of federal rules by extending Oregon regulations to Internet communications.

The VON Coalition believes that with the right public policies, Voice over Internet Protocol or VoIP can make talking more affordable, can be a force for increased competition, a platform for innovation, a driver for broadband deployment, and a vehicle for continued economic growth. Across the country, VoIP competition is projected to save consumers an astonishing \$100 billion over the next 5 years – three times more than federal universal service policies will do to reduce phone prices over the same period.¹ In fact, with the right policies VoIP competition in Oregon will deliver new competition, lower prices, and improved ways to communicate.

However, applying Oregon's intrastate rules to VoIP, as SB 969 and amendments to HB2621 contemplate, is strictly prohibited under federal law. In March, the 8th Circuit Court of Appeals affirmed the FCC's Vonage Jurisdictional Order, which preempted state regulation of VoIP services including economic and entry regulation. The Vonage Jurisdictional Order recognized that innovative and evolving services such as VoIP can not be subject to a patchwork of regulations that would directly conflict with the goals of the federal Act and the FCC's pro-competitive deregulatory rules. The FCC also made clear that preempting state regulation of VoIP services was essential to "increase investment and innovation in [VoIP services] to the benefit of American consumers." The FCC has recently stated that nothing in its subsequent decisions to apply limited federal rules to VoIP services undermines its holding in the Vonage Jurisdictional Order. Thus, state legislation applying intrastate telecommunication regulation including state registration of VoIP is contrary to the FCC's and the court's decisions.

In view of the federal decisions preempting state regulation, we encourage you to refrain from attempting to regulate VoIP and instead seek to harness the full power and potential that Internet based communication can deliver. More and more states are coming to recognize that phone competition has lagged, kept phone prices too high for too many Americans, and VoIP can be harnessed for enormous public gain. As a result, rather than adopting state specific rules for VoIP, last year government leaders in states

¹ Micra report (available online at <http://www.micradc.com/news/news.html>) found that VoIP competition can save consumers \$102 billion over the next 5 years.

like California, Florida, Virginia, Georgia, Kentucky, and Colorado all took steps to prevent state regulation of VoIP in order to boost broadband deployment and harness VoIP's vast potential for lowering prices while boosting choices and features.

For these reasons, we encourage you to follow suit and delay action on SB969 and HB 2621 at this time.

We look forward to working with Oregon leaders to forge pragmatic solutions that enable consumers, businesses, and the economy to achieve the full promise and potential that VoIP can deliver.

Sincerely,

The VON Coalition

About the VON Coalition:

The Voice on the Net or VON Coalition consists of leading VoIP companies, on the cutting edge of developing and delivering voice innovations over Internet. The coalition, which includes AccessLine, AT&T, BMX, BT Americas, CallSmart, Cisco, Convedia, Covad, EarthLink, Google, iBasis, i3 Voice and Data, Intel, Intrado, Microsoft, New Global Telecom, Openwave, Pandora Networks, PointOne, Pulver.com, Skype, Switch Business Solutions, T-Mobile USA, United Online, USA Datanet, VocalData, Veraz Networks, and Yahoo! works to advance regulatory policies that enable Americans to take advantage of the full promise and potential of VoIP. The Coalition believes that with the right public policies, Internet based voice advances can make talking more affordable, businesses more productive, jobs more plentiful, the Internet more valuable, and Americans more safe and secure. Since its inception, the VON Coalition has promoted pragmatic policy choices for unleashing VoIP's potential. <http://www.von.org>