Telecommunications Deregulation: Updating the Scorecard for 2013

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27 states have reduced or eliminated commission oversight
First wave of legislation focused on limiting retail oversight
  - 11 states eliminated or significantly limited basic service and COLR requirements
    - Basic service requirements in non-competitive areas only
    - Carriers may use any service (wireless, wireline, VoIP) to meet requirements
  - Oversight of quality of service, customer complaints, billing, limited or withdrawn altogether
    - Customers can “vote with their feet”
    - Complaint process moved to other state agencies
2013 legislation focuses on removing oversight of VoIP and IP-enabled service
Commission retains oversight of ETC designation, 911, intrastate access, TRS, and wholesale requirements (including interconnection)
Legislation spans all former ILEC regions

- Legislation has passed in 20 of the 22 states where AT&T is the primary wireline carrier
  - Legislation eliminating COLR requirements failed in Kentucky
  - Legislation limiting commission oversight to basic service only failed in Connecticut
- Legislation growing in the 13 states where Verizon is the primary wireline carrier
  - 5 states in the Verizon wireline footprint have passed legislation removing or limiting oversight
  - Legislation in Delaware eliminates COLR obligations, allows carriers to abandon “competitive offerings” without notice, and eliminates regulatory assessments
• 6 states in legacy Qwest’s 14 state local service territory have reduced or eliminated oversight
  ○ Legislation in Arizona would have removed all oversight of IP services, including market entry and exit
  ○ Legislation in CO would have removed IP oversight and deemed all “new” products unregulated
  ○ Iowa Utilities Board studying changes to regulation, including COLR
• FairPoint has been “de-regulated” in Northern New England
Legislation reduces or eliminates commission oversight

- First wave of legislation focused on limiting retail oversight
  - 10 states eliminated or significantly limited basic service and COLR requirements
    - Basic service requirements in non-competitive areas only
    - Carriers may use any service (wireless, wireline, VoIP) to meet requirements
  - Oversight of quality of service, customer complaints, billing, limited or withdrawn altogether
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Current Legislation

Legislation Reducing Telecommunications Regulation by State, 2010-2013

Primary ILEC:
- AT&T
- CenturyLink
- Verizon
- Fairpoint

Source: Legiscan

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The Potential “De-regulated Landscape”
What will these changes mean?

• Technology is bringing new choices
  ○ VoIP
  ○ Wireless
  ○ “Other” IP-enabled services

• Deregulation is limiting commission support/responses
• Consumers are caught in the middle
Key Questions for Companies and Regulators Going Forward

- Could collaboration among regulators, companies, and consumers become a viable substitute for regulation?

- How do we determine whether competition is a viable substitute for regulation?
  - Initial bills require a specific number of competitors to declare a market no longer regulated
  - What do we do if some or all of those competitors leave the market?
  - Do we need a process to track the level and success of competition on an on-going basis?

- Do we need a back-up plan?
  - How do we ensure the universal availability of service without COLR requirements?
  - What do we do if the primary carrier (ILEC, cable company) withdraws from the market?

- Do we need a new focus on network reliability?
The Principles of Cooperative Federalism

1. Consumer protection: ensure that users are protected from unfair or illegal practices (including cyber threats) and that their privacy is maintained.

2. Network reliability and public safety: ensure that all communications networks are reliable and available, regardless of technology.

3. Competition: The states are well positioned to work with all stakeholders to ensure robust competition and customer choice.

4. Interconnection: Networks must remain interconnected on a non-discriminatory basis.

5. Universal Service: The states and the FCC should work together to ensure that service is reliable, affordable, and ubiquitous.

6. Regulatory diversity: Regulation should be functional across technologies and developed after reviewing and evaluating constitutional and statutory state and federal roles and exploring multiple points of view.

7. Evidence-based decision making: Evidence based decision making should be the primary tool in reforming regulatory policies.

8. Broadband access, affordability, and adoption: States have a key role in implementing broadband deployment and protecting consumers.