



Telecommunications Deregulation: Updating the Scorecard for 2013

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Executive Summary

Telecommunications Deregulation: Updating the Scorecard for 2013

Telecommunications deregulation continues to be a key issue facing state public utility commissions and legislators across the country.¹ Twenty-five states had passed legislation eliminating or reducing state commission authority over telecommunications by the end of the 2012 legislative sessions. By the end of 2013, this number could increase significantly, given the legislation pending in states from Tennessee to Nevada. Legislation reducing regulatory oversight (or clarifying the deregulation initiatives passed earlier) was proposed in 19 states during the 2013 legislative session. Of these bills, ten were pending in areas where AT&T is the incumbent local exchange carrier (ILEC), three were under consideration in states where Verizon is the primary ILEC, and six were introduced in CenturyLink (formerly Qwest) ILEC territory.² By early April 2013, bills had passed in Tennessee, Indiana,³ and Wyoming, with bills in several other states awaiting signature. Should the majority of the legislation pending in the 2013 sessions be enacted, nearly 70% of the country will have significantly reduced or eliminated commission jurisdiction over retail telecommunications services, including VoIP and other IP-enabled services. In these states, the legislatures have generally opted to trust the competitive marketplace to ensure service availability and network quality and reliability, although state public utility regulators continue to retain oversight over programs such as state universal-service funds and emergency services such as 911.

The initial wave of deregulation legislation sought to "level the playing field" among carriers, eliminating tariff filings, quality-of-service requirements, and commission jurisdiction over customer complaints. Limitations on telecommunications regulation began in 2006 with Indiana Bill HEA 1279, which eliminated commission oversight of pricing and service quality for all retail services with the exception of basic local service (BLS). Since that point, state legislators have moved rapidly to reduce telecommunications oversight across the country. The legislation enacted since 2006 limits commission oversight of services provided by VoIP, quality of service, and, in some cases, the ability of state regulators to address consumer complaints. Most importantly, by the end of 2012, legislation in ten states had withdrawn or limited the requirement that the incumbent carriers serve as carriers of last resort (COLR) in their service

¹ In the context of this paper, the term "deregulation" means "no longer subject to state commission oversight." Unless specifically provided in the legislation, telecommunications services in states that have "deregulated" in this manner remain subject to other state regulations generally applied to other consumer services, such as general consumer protection requirements and laws. Communications services in these states also remain subject to FCC regulations.

² Bills in Texas, Kansas, and Indiana expand on earlier deregulation initiatives.

³ Indiana Bill 492 "cleans up" the areas eliminated by the 2009 legislation.

territories. The legislation pending in 2013 continues the process of moving toward a deregulated, market-driven telecommunications ecosystem. Given the speed with which retail buyers are choosing to replace their traditional wireline telephone service with Internet Protocol (IP)-based and wireless services (and the concerns of the major suppliers that these services remain “unregulated”), the focus of legislation pending in 2013 is on ensuring that VoIP and other "IP-enabled" services are not subject to state commission oversight, with the exception of some social programs such as Lifeline and the designation of Eligible Telecommunications Carriers (ETCs), emergency services such as 911, and some specific exceptions carved out by state legislation.⁴ Deregulation is proceeding most rapidly in the 22 state AT&T ILEC territories, but bills ensuring that IP-enabled services will be deregulated and limiting retail telecommunications oversight are also pending in states where CenturyLink and Verizon are the primary ILECs.

State commissions have taken various approaches to address the changes in regulation, including amending current rules to reduce regulation in competitive areas prior to legislation; working with consumer advocates, carriers, and legislators to determine where regulation is most needed; and implementing the changes required by the legislation enacted between 2006 and 2012. Regulators are also working to implement and address the effects of deregulation.

This paper updates the status of telecommunications deregulation in 2013. It reviews pending legislation and explores the effects of this deregulatory legislation on end users and state regulatory commissions. Finally, it provides suggestions for how states that are or will be implementing these new laws can adapt to the new telecommunications paradigm.

It is clear from the number of bills passed since Indiana's 2006 deregulation bill, as well as the bills pending in 2013, that deregulation will continue, either individually, state by state, or via FCC forbearance. Although not all of these bills will pass, that they are being proposed across the country provides clear notice that the telecommunications landscape is changing and has changed. By understanding the key points and impacts of these bills, state commissions and carriers will be better able to serve their key constituency: the residential and small-business consumers that depend on voice communications for their safety and security.

⁴ For example, legislation in Maine applies to providers of last resort regardless of the technology they use to provide service.

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Telecommunications Deregulation: Updating the Scorecard for 2013

I. Introduction

By the end of 2012, 25 states had passed legislation eliminating or reducing state commission authority over telecommunications.⁵ These bills addressed issues ranging from the elimination of tariff filings for price cap companies, to the removal of commission oversight for Voice Over Internet Protocol (VoIP) and other “current or future IP-enabled services,” to limitations on commissions addressing (or even accepting) consumer complaints (for example, Florida). In addition to these limits on commission oversight, the legislation across the country reduced or eliminated quality-of-service requirements for the newly non-regulated carriers or applied these requirements only to a subset of services or consumers (for example, lifeline users). And even in states where commissions have retained some of their traditional authority over wireline time division multiplexed (TDM) telecommunications services, this oversight authority is generally limited to “basic service,” that is, circuit-switched, plain old telecommunications services (POTS) provided as a standalone functionality and not part of a service bundle (including interstate service). Most importantly, the requirement that the incumbent carriers serve as carriers of last resort (COLR) was withdrawn or limited to a subset of customers or physical locations in ten states.⁶

Historically, the deregulation of retail telecommunications began in 2006 with the passage of Indiana Bill HEA 1279. HEA 1279 eliminated state commission oversight of pricing and service quality for all retail offerings, with a limited exception for basic local service. Basic local service remained regulated during a “transition period” that ended June 30, 2009. The Indiana Utility Board retained authority over wholesale matters (as defined by Sections 251/252 of the Telecommunications Act of 1996), wholesale payphone rates, slamming/cramming, 911, Telecommunications Relay Service (TRS), Universal Service Fund (USF), and numbering issues (area codes, etc.).⁷

Following in the path of the Indiana deregulation bill, subsequent legislation has reduced or eliminated commission oversight of retail services, including VoIP and, in some cases, basic

⁵ We use the term “deregulation” in this paper as shorthand for the reduction in commission oversight of retail telecommunications. The states retain oversight of areas specifically delegated to them by the 1996 Act, including interconnection arbitrations, wholesale dispute resolution, E911, ETC designation (generally for wireline carriers only), state Universal Service Fund (USF) assessments, Telecommunications Relay Service (TRS), and other areas.

⁶ See Lichtenberg, Sherry, *The Year in Review: The Status of Telecommunications Deregulation in 2012*, NRRI, 6/2012, available at <http://communities.nrri.org/documents/317330/0179150e-ef83-4e94-bf94-80c7af830ab6>. COLR requirements were also withdrawn in Louisiana as part of a 2009 rulemaking.

⁷ Indiana House Enrolled Act 1279, 2006, available at <http://www.in.gov/legislative/bills/2006/PDF/HE/HE1279.1.pdf>

local service. State regulators retained a role in the critical areas of emergency-services oversight; ETC designations; service for the blind, deaf, or hard of hearing (Telecommunications Relay Service); slamming and cramming (in some states); carrier certification (generally for wireline carriers only); numbering administration; state USF administration; and intrastate access. In addition, the legislation retained state commission jurisdiction over those areas specifically deferred to the states in the Telecommunications Act of 1996 (TA96 or "the Act"), including wholesale services such as arbitrating interconnection agreements, resolving disputes among carriers, and managing pole attachments (where a state chooses to do so).

NRRI's 2012 study predicted that the momentum toward reduced oversight would continue and perhaps even increase as service providers encouraged state legislatures to level the playing field among the multiple intermodal carriers doing business in the state. That prediction has proved correct. When NRRI's paper was published in June 2012, 24 states had reduced or eliminated telecommunications oversight and legislation was pending in 12 states. By the beginning of the 2013 legislative sessions, 19 states had proposed legislation limiting or eliminating state commission oversight of competitive and "emerging" services. Of those bills, two, in Wyoming and Tennessee, became law in March 2013, bringing the number of states reducing or eliminating telecommunications regulation to 26.⁸ Should all of the new legislation currently pending survive, by the end of 2013, 35 states will have significantly reduced or eliminated commission jurisdiction over communications services.

The legislation pending in 2013 follows the pattern set by previous bills, deregulating carriers in "competitive" areas, prohibiting oversight of VoIP and other IP-enabled services, and limiting (or eliminating) the commission's role in evaluating quality of service and/or investigating and resolving retail-service complaints. In cases where proponents appear to have judged that the bills passed during earlier sessions were ambiguous or did not go far enough toward deregulating competitive services (for example, Kansas and Texas), follow-on bills have been proposed to resolve these issues. The similarity among these bills suggests a coordinated effort to reduce regulation on a state-by-state basis, particularly for IP-based services, and to limit or withdraw service-quality measurements and enforcement on the assumption that customers may "vote with their feet" and change carriers if the services they purchase do not meet their expectations.

Because deregulation and its impact on consumers, commissions, and companies remains a key issue for state regulators, this paper updates NRRI's 2012 study to assess the current state of telecommunications regulation. The paper reviews the legislation pending in the 2013 legislative sessions to determine how far "deregulation fever" has spread. It then examines the ways in which the legislation enacted in 2012 and earlier has affected consumers, commissions, and companies in the states that have deregulated. To that end, the paper reviews the key issues that concerned regulators when the initial legislation was proposed, including the continued

⁸ Tennessee's bill SB 1180 updates legislation initially passed in 2009 and TN Act SB 5598 passed in 2011.

availability of basic service at "reasonable" rates, the continued availability of service in areas where COLR requirements no longer apply, customer complaint rates, and changes in the availability of competitive service offerings. The paper also addresses how commissions have implemented and adapted to the requirements of the new laws.

This paper is directed to commissioners, legislators, and staff who want to compare the legislation enacted or pending in their states with legislation proposed or enacted in neighboring jurisdictions. It will also be useful to commission staff members and consumer advocates in determining how to respond to the changes these bills will produce in their functions, particularly in the area of consumer protection.

Part II of this paper reviews the legislation proposed or enacted in the 2013 legislative session. As of April, 2013, 17 states had proposed legislation that will reduce or eliminate state commission oversight of retail telecommunications, including eliminating or reducing the commission's role in reporting on the status of service availability and competition in the state. Five of these bills update previous legislation to further reduce oversight, particularly of VoIP and other IP-enabled services. Legislation was enacted in two states (Tennessee and Wyoming) and will take effect at the end of the legislative session. As we noted in our 2012 study, many state legislatures viewed deregulation as a way of "leveling the playing field" among traditional and non-traditional competitors, primarily the regulated price-cap companies (the incumbent local exchange carriers (ILECs) providing wireline service) and the "new" VoIP and wireless carriers. In addition, some legislators have viewed the elimination of commission oversight for these IP-enabled services as a way to "protect the Internet" from government intervention. The 2013 legislation continues the focus on competition as a substitute for regulation, but it also introduces economic issues, such as the job growth attributed to IP-enabled services and the reduction in the number of customers taking traditional wireline service (wireline subscriptions) as the rationale for abandoning traditional rules. In this section of the paper, we highlight the key points in these bills, including the deregulation of VoIP and other IP-enabled services, the removal or limitation of the requirement that carriers be "certificated" (approved) by the commission to operate in the state, and notice requirements for the withdrawal of service or changes to product availability. This section includes exhibits showing where legislation is pending and which of the ILECs will be most affected.

Part III examines the key components of the 2013 legislation in detail, including broadband deregulation, basic services and COLR obligations, commission oversight of service quality, and customer complaints. An important finding here is that while the push to deregulate existing and future IP-enabled services has increased, the drive to eliminate COLR designations appears to have slowed. This section also reviews legislative approaches to interconnection requirements and other changes pending as a result of these bills.

Part IV reviews how state commissions are adapting to the changes in their jurisdiction resulting from the legislation already passed between. It examines the steps that commissions are taking to "remake themselves" in light of the new rules, as well as the processes some states have implemented to provide the data necessary for their state legislatures to understand the pros

and cons of deregulation and craft legislation that will provide companies with more regulatory flexibility while ensuring that consumer protections remain. This section also reviews the early effects of the legislation passed in 2012 on product offerings, Carrier of Last Resort (COLR) designations, customer complaint rates, and staff support functions. In this section, we also try to determine whether the predictions of the negative impact on customers have become reality or whether carriers have remained "on their best behavior" while pressing for legislation in other states.

Finally, **Part V** provides options for state regulators to consider in responding to the reduction in telecommunications regulation and oversight, as well as the on-going transition to VoIP and IP-enabled services. This section looks at states that have taken alternative steps to address regulatory flexibility. It reviews key concerns about network quality, the availability of wholesale components to competitors, and the need for long-term review of the effects of deregulation on consumers (including both residential and small business), commissions, and carriers.

It is clear from the number of bills passed between 2010 and 2012, as well as the bills pending in 2013, that deregulation will continue, either individually, state by state, or via FCC forbearance.⁹ Although not all of these bills will pass, that they are being proposed across the country provides clear notice that the telecommunications regulatory landscape is changing and has changed. By understanding the key points and impacts of these bills, state commissions and carriers will be better able to serve their key constituency: the residential and small-business consumers that depend on communications for their safety and security.

II. Updating the Legislative Scoreboard

A. Bills have passed or are pending in 70% of the states

By the end of 2012, 25 states had eliminated or significantly reduced telecommunications regulation in "competitive markets," defined as those areas that have at least two unaffiliated competitors, regardless of the type of service they provide.¹⁰ Of the states eliminating oversight,

⁹ In what appears to be a "belt and suspenders" approach to ensuring near nationwide deregulation, the ILECs and others that have proposed draft legislation across the country have simultaneously pressed the FCC to remove their "dominant carrier" status and reduce or eliminate regulation through forbearance and/or the elimination of what they consider to be "outdated rules." *AT&T Petition to Launch a Proceeding Concerning the TDM-To-IP Transition*, GN Docket No. 12-353

¹⁰ From a historical perspective, the push toward deregulation began in 2006, with the passage of legislation in Indiana and Mississippi, followed by other states, including Tennessee in 2009, Illinois and Georgia in 2010, and the revision of PUC General Order R-30347 in Louisiana. In Indiana, HEA 1279 removed price and service quality regulation from non-basic service in 2006; deregulation of basic local service occurred after a three-year transition period, ending June 30, 2009. The IL law removed regulations covering pricing, quality of service, and regulation of emerging services. The LA Order

13 also eliminated or significantly reduced COLR requirements.¹¹ Although many states have retained some requirement that companies provide "basic service,"¹² price constraints, tariff requirements, and quality-of-service oversight has generally been eliminated. Most importantly, each of the states that enacted legislation during this period specifically exempts VoIP and other IP-enabled services from commission oversight.¹³

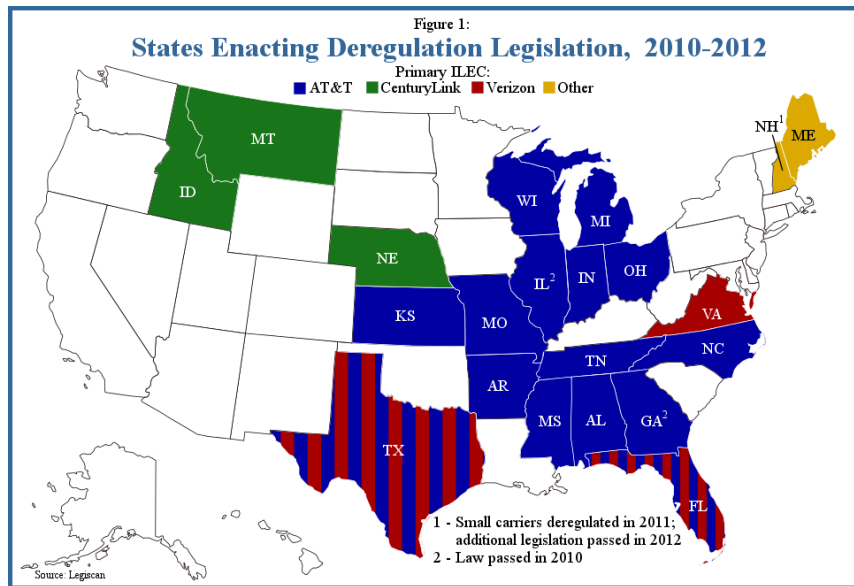
Figure 1 shows the states that had enacted laws reducing commission oversight of telecommunications by the end of 2012.

reduced the requirements for quality-of-service monitoring, removed oversight of "competitive services," and eliminated COLR requirements in "ILEC exchanges where CLEC market share has reached 25%." See the Georgia Telecom Jobs and Investment Act of 2010, available at http://www1.legis.ga.gov/legis/2009_10/pdf/hb168.pdf and LA General Order R-30347, available at <http://www.lpsc.louisiana.gov/docs/Utilities/8-14-09-3.pdf>. Georgia passed legislation further limiting commission oversight in 2012.

¹¹ *State COLR Obligations as of June 2012*, National Exchange Carrier Association, 1/2013. Florida dropped its COLR requirement in 2009.

¹² "Basic service" is generally defined as a single, switched line providing local service. For example, legislation pending in MN defines basic service as "one unbundled, single line, unlimited usage, and residential voice local exchange telephone service." See MN bill SF 584, available at <https://www.revisor.mn.gov/bin/showPDF.php>.

¹³ While VoIP is generally exempted from commission oversight in areas such as service quality customer complaint resolution, the state PUCs retain the authority to ensure that VoIP providers meet emergency service requirements as mandated by the FCC. Other jurisdictions, such as the District of Columbia, eliminated the oversight of VoIP and other IP-enabled services earlier, increasing the number of states with no oversight of these services to a larger number.



The legislation enacted between 2006 and 2012 cites increased competition, citing competition from intermodal services such as wireless and cable telephony, the reduction in ILEC switched access lines, and the need to create a "level playing field for all competitors" as the primary reasons for reducing regulation on the Incumbent Local Exchange Carriers (ILECs).¹⁴ This sentiment is perhaps best expressed in proposed Texas bill SB 259. This bill amends Section 52.154 of the Texas Utility Code to ensure that all companies providing service in Texas are treated equally.

The commission may not, by a rule or regulatory practice adopted under this chapter, impose on a telecommunications utility a greater regulatory burden that is imposed on a holder of a certificate of convenience and necessity service the same area or a deregulated company . . . that holds a certificate of operating authority service the same area.¹⁵

The deregulatory process has continued in 2013. By the beginning of April 2013, Wyoming and Tennessee had enacted bills eliminating most telecommunications regulation and specifying that VoIP and IP-enabled services are not subject to oversight. Bills had been

¹⁴ See Lichtenberg, Sherry, *The Year in Review: The Status of Telecommunications Deregulation in 2012*, NRRI, 6/2012, available at <http://communities.nrri.org/documents/317330/0179150e-ef83-4e94-bf94-80c7af830ab6>

¹⁵ Texas proposed bill SB 259, available at ftp://ftp.legis.state.tx.us/bills/83R/billtext/html/senate_bills/SB00200_SB00299/SB00259I.htm

submitted in 17 additional states.¹⁶ Of these bills, ten were introduced in the AT&T ILEC footprint; six in the CenturyLink (formerly Qwest) ILEC footprint; and three in the Verizon ILEC territory.¹⁷ If the majority of these bills are enacted, nearly 70% of states will have limited state-commission jurisdiction over retail telecommunications services, with some exceptions for basic service, emergency services, the designation of eligible telecommunications carriers (ETCs), and wholesale services under sections 251 and 252 of the Act. In addition to reducing commission authority over telecommunications, bills pending in other states address state universal-service funding and other issues.¹⁸

The legislation proposed in 2013 follows a similar pattern to that enacted in 2012, reducing or eliminating regulation of retail services, eliminating quality-of-service standards, and, in several states, removing or reducing the commission's power to accept and adjudicate consumer complaints. For example, New York Senate Bill 1605, proposed at the beginning of the 2013 legislative session, would

amend the current state regulatory framework to better reflect the current realities of the telecommunications and cable industries," because "sound public policy favors allowing competition, rather than regulation, to set the prices and other terms and conditions of service."¹⁹

Other bills, such as those pending in Massachusetts (HB 2930) and Minnesota (SF 584), cite economic development and the need to "modernize" telecommunications regulation as the rationale for deregulating services.

¹⁶ The total number of bills introduced in 2013 includes all bills submitted to the legislature during the 2013 session. Tennessee's legislation updates the deregulation legislation originally passed in 2009. Of these, bills in Iowa, Kentucky, Mississippi, and Minnesota failed in committee. The Mississippi bill was actually an "anti-deregulation bill," which would have rescinded the changes made in 2012. Bills in Indiana, Kansas, Missouri, New Mexico, and Texas update or expand the changes made by previous legislation.

¹⁷ Connecticut's bill is counted as part of the AT&T bills, although Verizon also provides service in the state.

¹⁸ Both New York and Washington State are considering creating state universal-service funds, while legislation in CO seeks to remove funding in competitive areas. *See* Part IV. In addition, the Iowa Utilities Board has opened a proceeding to review its procedures.

¹⁹ Telecommunications Reform Act of 2013, AB 1605, available at <http://openstates.org/ct/bills/2013/HB6401/documents/CTD00013162/> A companion bill, the Omnibus Telecommunications Regulation Bill of 2014, S 4143, would also reduce regulation in NY, but would add consumer protections regarding companies that choose to exit the New York market. *See* <http://legiscan.com/NY/text/A04143>

Indeed, modernization appears to be the key word in the quest to deregulate services provided using VoIP or other IP-enabled communications services, both at the state and the federal levels. The majority of the 2013 legislation focuses specifically on ensuring that these "new services" (both existing and potential) remain almost completely unregulated. For example, proposed CT bill 6402 provides that

no authority shall enact, adopt or enforce . . . any law, rule, regulation, ordinance, standard, order or other provision . . . regulating the entry, rates, terms or conditions of interconnected VoIP service.²⁰

In effect, many of these bills appear to function as a "preemptive strike" against any potential designation of VoIP or IP-enabled services as Title II services.²¹ To that end, states like Arkansas, which passed a telecommunications reform act in 2012, have proposed new bills specifically prohibiting the regulation of VoIP, IP-enabled services, wireless, or any other competitive offering, regardless of any designation to the contrary. Proposed AR Senate Bill 948, An Act Regarding the Advertising and Provision of Telecommunications Services, specifically exempts both wireless and IP-enabled services and providers from regulation:

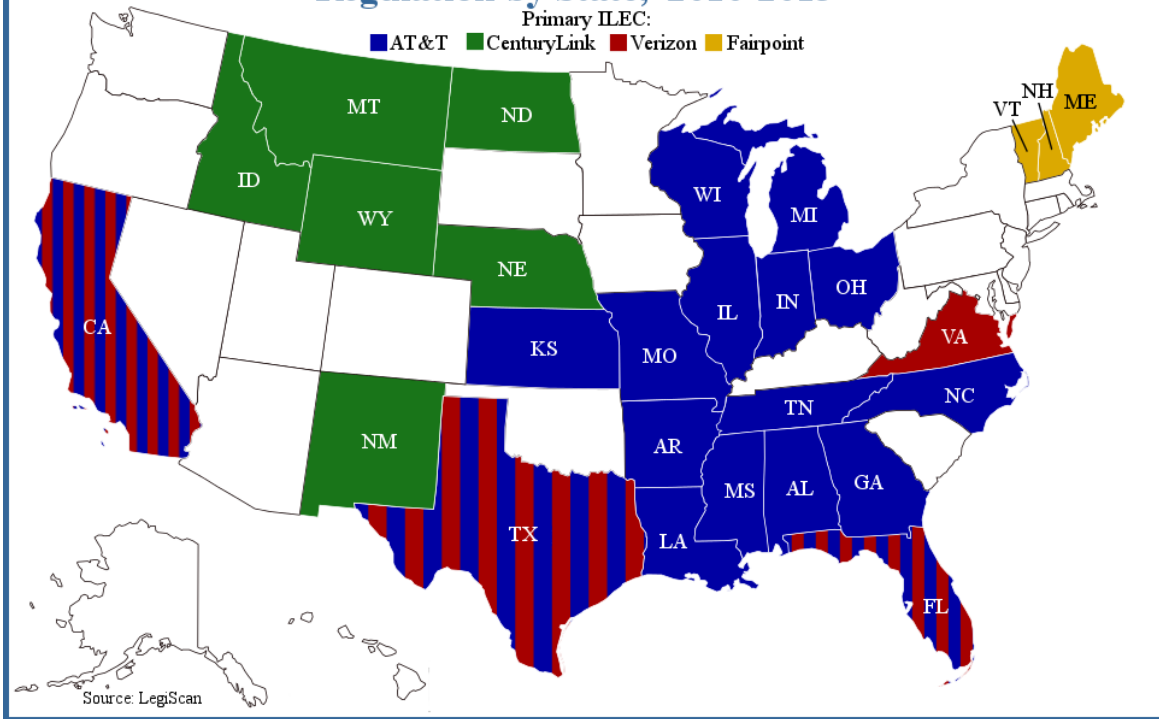
Except . . . with respect to universal services, [the Public Utility Commission] shall have no . . . jurisdiction to regulate (1) commercial mobile services or commercial mobile service providers; (2) Voice over Internet Protocol services or other Internet Protocol enabled services; or (3) Voice over Internet Protocol providers or providers of other Internet Protocol enabled services.

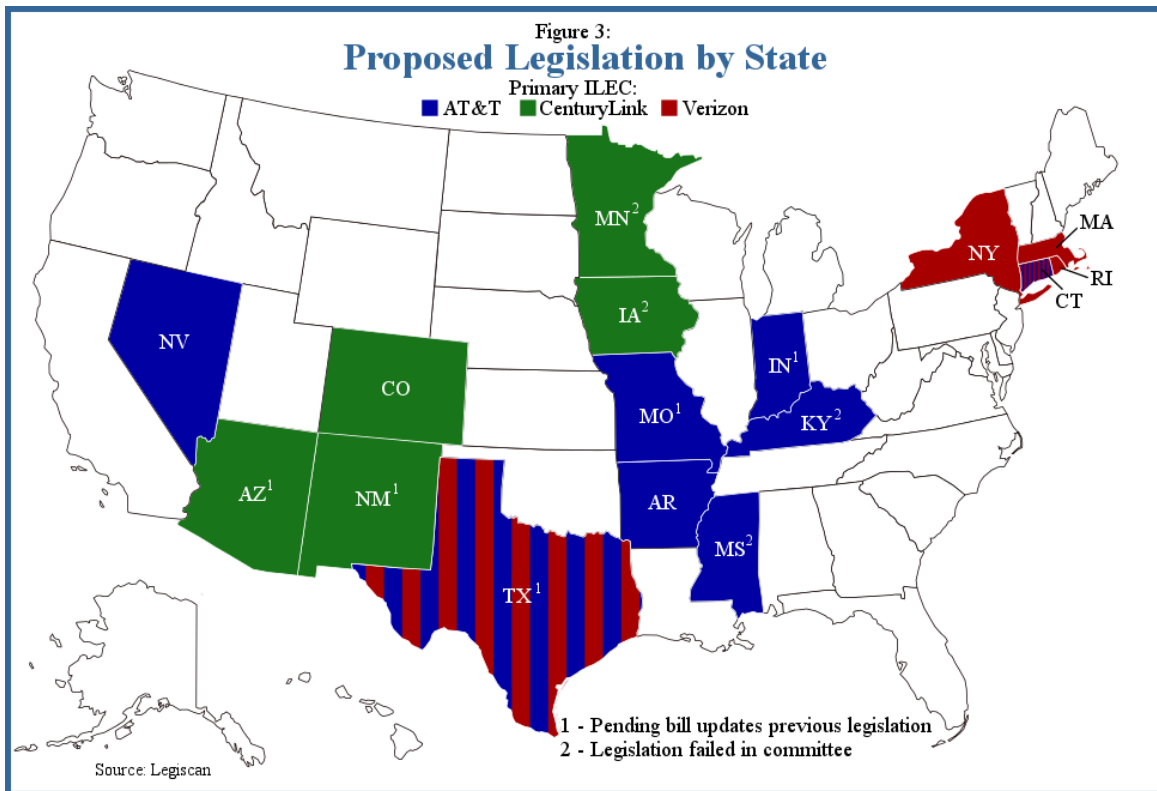
Figures 2 and 3 depict the status of regulation across the country as of April 2013. Figure 2 shows the states that have passed legislation limiting public utility commission oversight of telecommunications. Figure 3 shows the states where legislation was pending as of the publication of this paper. The Appendix provides a spreadsheet detailing the bills passed and pending as of April 2013. We discuss these bills in the following paragraphs.

²⁰ Connecticut raised bill 6402, An Act Modernizing the State's Telecommunications Laws, Section 1, available at <http://openstates.org/ct/bills/2013/HB6401/documents/CTD00013162/>

²¹ Federal law distinguishes between telecommunications services (regulated under Title II of the Telecommunications Act) and information services (regulated under Title I). Telecommunications service is defined in federal law as the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used. Information services include broadband Internet access services like VoIP, as well as non-communications services like voice mail.¹⁶¹ The FCC has sole jurisdiction over Title I services. See Bluhm, Peter and Sherry Lichtenberg, Ph.D., *Fundamentals of Telecommunications Regulation: Markets, Jurisdiction, and Challenges*, NRRI, Report 11-03, available at <http://communities.nrri.org/documents/317330/7bb0d474-4d21-479d-bf84-58eac5ef87a7>

Figure 2:
**Legislation Reducing Telecommunications
Regulation by State, 2010-2013**





B. Deregulation efforts continue

As of April 2013, bills reducing regulation of traditional services and eliminating regulation of advanced services such as VoIP and IP-enabled services were pending in each of the traditional ILEC regions.²² Only five states (Delaware, Maryland, New Jersey, Pennsylvania, and West Virginia) and the District of Columbia have yet to see legislation.²³ The following paragraphs review this legislation on a region by region basis.

1. Bills pending in the Midwest, South, and Nevada could "run the table" for AT&T

²² Deregulation was completed in the FairPoint territory of Northern New England in 2012 through legislation enacted in Maine, New Hampshire, and Vermont.

²³ A telecommunications deregulation bill was pending in New Jersey at the end of 2012 legislative session but has not yet been resubmitted. Pennsylvania removed oversight of retail VoIP in 2008.

AT&T has taken a dual approach to deregulation, encouraging state legislators to remove regulatory barriers that the company sees as hampering competition and/or reducing the company's incentive to invest in these states, while at the same time lobbying for almost complete deregulation of IP services at the FCC and other federal venues. In its petition to trial the transition to an all-IP network, AT&T requests that the FCC forbear from federal rules that would delay this transition, as well as pre-empt state rules that might also impede this transition.

AT&T believes that this regulatory experiment [in transitioning to an all IP-environment] will show that conventional public utility style regulation is no longer necessary or appropriate in the emerging all-IP ecosystem . . . To the extent that any regulation is necessary, the experiment will enable the Commission to consider, from the ground up and on a competitively neutral basis, what, if any, legacy ILEC regulation remains appropriate after the IP transition.²⁴

Legislation passed or pending in the 22 states where AT&T is the primary ILEC could almost totally eliminate state utility commission oversight of retail telecommunications across the AT&T region. AT&T is the primary wireline ILEC in the former Bell Operating Company (BOC) regions of BellSouth, Southwestern Bell, Pacific Bell, and Ameritech. As the largest carrier in these regions, AT&T has moved aggressively to encourage state legislatures to deregulate both traditional wireline and emerging VoIP and IP-enabled services throughout the territory. AT&T's key legislative goals appear to be protecting VoIP and "emerging IP-enabled services" from regulation and eliminating the COLR and/or basic service obligations not shared by its more lightly regulated competitors.

By the end of 2012, deregulation bills supported by AT&T had been enacted in 17 of the 22 states where AT&T is the primary ILEC (Arkansas, Alabama, California, Florida, Georgia, Illinois, Indiana, Kansas Michigan, Louisiana, Mississippi, Missouri, North Carolina, Ohio, South Carolina, Tennessee, Texas, and Wisconsin). Deregulation bills were pending in Connecticut, Indiana, Kansas, Nevada, Missouri, and Oklahoma.²⁵ Kentucky's deregulation bill did not pass.²⁶ Should the remaining bills be enacted, retail telecommunications regulations will be eliminated or significantly reduced in 21 of the 22 states where AT&T is the primary carrier. Figure 3 shows the states where legislation is pending in 2013.

²⁴ *AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition*, WC Docket 13-5

²⁵ The Indiana, Kansas, and Missouri legislation "cleans up" regulations made unnecessary or inaccurate by earlier telecommunications reform bills. Both bills passed in 2013.

²⁶ Indiana deregulated the bulk of its retail telecommunications services in 2006. An additional bill, SB492, An Act to amend the Indiana Code Concerning Utilities, is a "clean-up" bill that eliminates temporary and/or moot provisions of old law and makes some additional changes to current regulations. Kansas bill HB 2201 updates legislation passed in 2011.

The impact of the legislation passed in 2012 ranges from Florida and Wisconsin's almost total deregulation to California's purely VoIP-focused legislation. California Act SB 1161 retains the commission's traditional role in overseeing traditional wireline service while ensuring that VoIP will remain outside state commission jurisdiction. In every case, these laws exempt both current and future VoIP and IP-enabled products from regulatory oversight, with the limited exception of public-safety requirements and universal-service contributions. The Legislative Digest for California Act 1161 makes the focus on protecting VoIP from regulation clear.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. This bill would [retain PUC oversight of *wireline* service, but] prohibit the commission from regulating Voice over Internet Protocol (VoIP) and Internet Protocol enabled service (IP enabled service) . . . [and] prohibit any department, agency, commission, or political subdivision of the state from enacting, adopting, or enforcing any law, rule, regulation, ordinance, standard, order, or other provision having the force or effect of law, that regulates or has the effect of regulating VoIP or other IP enabled service . . .²⁷

Kentucky's Senate Bill 88 also focused on "protecting" the special status of VoIP and IP-enabled services, while at the same time eliminating nearly all traditional telecommunications regulation. KY SB 88 would have amended the Kentucky code to

eliminate Public Service Commission regulation of terms, conditions, rates, and availability of service, except basic local exchange service; require . . . utilities to continue to offer basic local exchange service to existing customers in some exchanges; [and relieve the basic service obligation] if there is alternative service available; . . . remove commission jurisdiction over . . . consumer complaints and end commission authority to develop standards for eligible telecommunications carriers;²⁸

Significantly, KY SB 88 would also have exempted a utility that chooses to elect deregulation from commission approval of changes in ownership or control, including the sale of the property to another carrier.²⁹ Kentucky's bill failed based on concerns about its effects on service in the state's rural areas, including the potential for a major carrier like AT&T to abandon wireline service in these areas in favor of wireless service.

²⁷ CA Bill Legislative Digest. See http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1151-1200/sb_1161_bill_20120326_amended_sen_v98.pdf

²⁸ KY SB 88, available at <http://www.lrc.ky.gov/record/13RS/SB88.htm>.

²⁹ Similar language regarding the sale or transfer of properties appears in bills in Arizona and Connecticut.

In the Midwest, Indiana Senate Bill 492 cleans up the deregulatory legislation initially passed in 2006.³⁰ This bill amends the Indiana code to remove the requirement that carriers notify customers of the availability of basic service, since basic service is no longer required. The bill also eliminates the requirement that the Commission report to the Legislature's Regulatory Flexibility Committee on the level of telecommunications competition in the state.³¹

Kansas bill HB 2201 will similarly limit oversight of both traditional and emerging services. The bill updates legislation enacted in 2012 to remove regulation of all retail services by "electing carriers," and limits commission oversight of consumer complaints, including complaints regarding fraud and other practices harmful to consumers to an "administrative function". In addition, HB 2201 establishes a committee to study the policy requirements for advancing statewide telecommunications infrastructure including broadband. Uniquely, HB 2201 also provides that the commission may return to price-cap regulation in areas where competition no longer exists.³²

In the South, proposed Tennessee bill 1180 continues the deregulatory process begun in 2009. The bill eliminates the reference to COLR in Tennessee law, prohibits the state commission from mandating the deployment of any type of network facilities, eliminates the state's unfunded state Lifeline discount, and removes state commission complaint authority. TN SB 1180 also removes the requirement that "market regulated carriers" (including the incumbent ILEC) be certificated in order to offer service.³³

2. Deregulation efforts have increased in the western states

CenturyLink serves the 14 former Qwest ILEC states in the western part of the United States, including Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming.³⁴ Bills reducing

³⁰ 2012 Indiana Enrolled Act 1112 available at <http://www.in.gov/legislative/bills/2012/HE/HE1112.1.html>

³¹ Indiana Senate Bill 492, available at <http://legiscan.com/IN/text/SB0492/id/755974/Indiana-2013-SB0492-Amended.html>.

³² KS HB 2201, available at <http://legiscan.com/KS/text/HB2201/id/718683>.

³³ TN SB1180, available at <http://legiscan.com/TN/bill/SB1180%20%20%200dhttp://legiscan.com/TN/text/HB0972>

³⁴ Frontier is also an incumbent carrier in the western region as a result of its purchase of Verizon's properties in Washington, Oregon, and Idaho. Frontier has recently petitioned for deregulation as a non-dominant (i.e., competitive) carrier in Washington State. *See Frontier Petition for Competitive Reclassification*, UT-121994 available at <http://www.utc.wa.gov/docs/Pages/DocketLookup.aspx?FilingID=121994>

commission oversight of telecommunications were passed in Idaho, Montana, and Nebraska in 2011. These bills eliminated the requirement to file tariffs for all but intrastate access services and exempted VoIP and IP-enabled products from regulation. The public utility commissions in these states retained authority over service quality and consumer complaints for basic local wireline service.

As of April 2013, bills limiting commission oversight of retail services and deregulating VoIP and other IP-enabled services are pending in Arizona, Colorado, Iowa, and New Mexico. Wyoming Act 82 was signed into law in March 2013. Minnesota Bill SF 584 died in committee but may be re-introduced in 2014. We discuss these bills in more detail below.

Legislation pending or passed in Arizona, Colorado, Iowa,³⁵ New Mexico, and Wyoming will (in most cases) remove the requirement to tariff local exchange services, reduce service quality oversight, and eliminate all oversight of VoIP or IP-enabled services. Colorado's bill will continue the requirement to tariff traditional wireline services while eliminating all oversight of VoIP and IP-enabled services.

Wyoming Act 82 is the first deregulation bill to be passed during the 2013 legislative session in CenturyLink territory. Act 82 retains commission jurisdiction over intrastate access services and continues to apply the interconnection rules in Sections 251 and 252 of the Act. Like other "VoIP deregulation bills," Act 82 exempts VoIP and IP-enabled services from traditional retail regulation, with the exception of contributing to commission assessments and paying 911 fees. Act 82 allows IP providers to qualify for ETC status and receive state Universal Service Funds. If a provider chooses to accept such funds,

then that supported . . . service shall be subject to all laws and rules governing the receipt of such funds, and the support provided to those services shall not exceed the support that would be provided to eligible noncompetitive essential local exchange services on a per access-line basis.³⁶

Legislation pending in the other CenturyLink states also focuses on removing tariff requirements and exempting VoIP and other IP-enabled services from regulation. For example, New Mexico bill SB 58 would limit regulation of both price cap and rural companies, reduce the review period for tariffs from 30 to 10 days, remove the requirement that companies provide notice of rate changes via newspaper ads, and allow rates to increase without formal rate cases. Arizona Bill HB 2532 would continue to regulate only intrastate switched-access services and

³⁵ Senate Study Bill 1048 failed in committee. The Iowa Utilities Board has issued a Notice of Inquiry to review potential changes to telecommunications regulation in the state. Depending on the outcome of this study, legislation could be introduced again in the next legislative session.

³⁶ Wyoming Act 82, available at <http://legiscan.com/WY/text/HB0018/id/757692/Wyoming-2013-HB0018-Enrolled.pdf>

give the state commission the right to implement the new FCC rules governing intercarrier compensation. Arizona's bill would also prohibit the state commission from regulating the "entry, exit, rates, terms and conditions" of any provider of IP-enabled service.³⁷

Minnesota bill SF 584, Telecommunications Statute Modernization, would have gone further in withdrawing commission oversight of both wireline and VoIP telecommunications services. Although this bill failed in committee, it is instructive to review it here, both to understand the level of deregulatory sentiment in state legislatures and because it will undoubtedly be reintroduced in the next legislative session. SF 584 addressed both wireline and IP-enabled services. This bill terminated alternate regulation plans, defined basic service solely as voice services, removed all language referring to providing "advanced services" from state statutes, and removed commission jurisdiction over all complaints except those involving basic or wholesale services. Finally, the new law would specifically allow the commission to investigate providers of basic and wholesale services for "adequacy and availability."³⁸

The certification of carriers to ensure that they are capable of providing the services they offer has long been an important commission duty. Minnesota SF 584 would have limited certification to basic service providers only. New entrants would not need to obtain certificates, if they provided services beyond basic dial tone.³⁹ Advanced services providers would simply register with the commission and would not need to provide evidence of the company's "financial, managerial, and technical" ability to provide the service. Telecommunications providers already holding CPCNs would continue to be certificated under the old regime.⁴⁰

Colorado's HB 1255 also addresses VoIP and other IP-enabled services. This bill includes three important points, one of which, the prospective regulation of as-yet to be developed services, has not been addressed in other states. First, HB 1255 exempts all IP-enabled and VoIP services from commission jurisdiction. Second, it retains PUC jurisdiction over existing 911 services provided by "basic emergency service providers." Third, the bill prospectively deregulates "any product not [yet] defined in the law and that is not already classified by the bill."

³⁷ AZ Bill HB 2532 available at <http://legiscan.com/AZ/text/HB2532/id/719363/Arizona-2013-HB2532-Introduced.html>

³⁸ MN S.F. 584, available at <http://legiscan.com/MN/text/HF985>

³⁹ SF 584 defines basic service as "one unbundled, single line, unlimited usage, residential voice local exchange telephone service, or unbundled, single line, unlimited usage, business voice local exchange telephone service. Basic service does not include any state or federally authorized or mandated services." See MN SF584, Subdivision 1c, available at <http://legiscan.com/MN/text/HF985>

⁴⁰ Proposed MN Bill SF 584.

The Colorado bill is especially interesting because it comes on the heels of a yearlong collaborative and rulemaking addressing how to modernize telecommunications oversight in the state. This rulemaking tabled the question of VoIP regulation, perhaps opening the door to a pre-emptive strike by the IP service providers. We discuss the Colorado rulemaking in detail in Section IV as an example of state responses to potential legislation.

Finally, Iowa SSB 1048 would have exempted VoIP and other Internet-enabled services from Iowa Utilities Board (IUB) oversight, with the exception of those services addressed by federal law, including emergency services. Unlike the other bills addressing IP-enabled services, SSB 1048 specified that state consumer protection laws continue to apply to these services (although presumably not any quality-of-service or other requirements imposed on wireline carriers by the IUB).⁴¹ This bill died in committee.

The IUB responded to the question of deregulating VoIP and other IP-enabled services by issuing a Notice of Inquiry to begin a rulemaking to address how the Board should respond to changes in technology, including the movement of customers from traditional wireline services to IP-enabled and wireless communications products.⁴² This rulemaking will discuss the need for tariffs, consumer protection issues, and how to treat IP-enabled services, as well as issues regarding wholesale interconnection agreements and carrier disputes. It will also examine the continuing need for statewide COLR obligations given the level of competition in the state, and whether Iowa should continue to participate in federal programs delegated to the states, including the Universal Service Fund. We discuss this rulemaking in detail in Part IV.

3. Bills are pending in key Verizon territories

Verizon appears to have been the least active of the former Bell Operating Companies in sponsoring deregulation activity in its 13-state ILEC region. Rather than push for deregulation, Verizon appears to have focused its efforts on increasing the penetration of FiOS where it is already available, addressing the damage caused by Hurricane Sandy, resolving quality-of-service issues raised by the failure of the 911 system during the 2012 Derecho, and responding to questions about service quality raised in New York and California.⁴³

⁴¹ SSB 1048, available at <http://legiscan.com/IA/text/HSB170/id/759075/Iowa-2013-HSB170-Introduced.html>

⁴² *Inquiry into the Appropriate Scope of Telecommunications Regulation*, NOI-2013-0001, available at <https://efs.iowa.gov/efs/ShowDocketSummary.do?docketNumber=NOI-2013-0001>

⁴³ Verizon serves as an ILEC in Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, and the District of Columbia, as well as parts of California, Connecticut, Florida, and Texas (jointly with AT&T). Verizon has generally allowed AT&T to take the lead in deregulation in their joint territories.

Deregulation bills had passed in the joint Verizon and AT&T territories of California, Florida, and Texas by the end of 2012.⁴⁴ As of April 2013, deregulation bills are pending in New York, Rhode Island, and Massachusetts, as well as Connecticut, where both AT&T and Verizon provide service.

Connecticut bills HB 6401 and 6402 prohibit regulation of VoIP and other IP-enabled services, both current and future.⁴⁵ In addition, HB 6402 provides that carriers may withdraw all retail tariffs (with the exception of intrastate access services) and replace the pricing information with a customer-service guide posted on the carrier's website and filed with the PUC annually. The Public Utility Regulatory Authority (PURA) would retain jurisdiction only over non-competitive services, primarily basic wireline local service not bundled with any other product.⁴⁶ In lobbying for these bills, both Verizon and AT&T cite the economic benefits of ensuring that emerging services remain unregulated. As Verizon testified in a public hearing in Connecticut in February 2013,

The proposal is drafted to ensure that Voice over Internet Protocol or “VoIP” services remain free of legacy regulatory burdens. The legislation does not deregulate telecommunications service providers as some opponents of the bill have suggested. The Public Utility Regulatory Authority will retain its current statutory role of regulating the provision of telecommunications in the state in a manner designed to foster competition and protect the public interest. In addition, the legislation expressly provides that the State’s generally applicable consumer protection laws . . . will continue to apply, as they do to other services offered in the state. In addition, existing social programs and services will remain in place.⁴⁷

AT&T raised similar points in this hearing, including citing the economic benefits of reduced oversight.

⁴⁴ California's deregulation bill addresses only VoIP and other IP-enabled services. It retains PUC oversight of all wireline services, including regulation of service quality and review and adjudication of consumer complaints.

⁴⁵ Connecticut bills HB 6401 and HB 6402 were introduced separately. We discuss them jointly here because they address the same subjects.

⁴⁶ HB 6402 defines “competitive services” as “services offered before 7/1/94 and any service bundles.”

⁴⁷ Testimony of David Lamendola, Director, Government Affairs, Verizon, before the Energy and Technology Committee Public Hearing, 2/21/13; available at <http://www.cga.ct.gov/2013/ETdata/Tmy/2013HB-06401-R000221-David%20Lamendola%20-%20Verizon-TMY.PDF>

In passing this legislation, the General Assembly will provide regulatory certainty to the communications industry, which is important as companies consider where and to what level it will invest in states. At the same time, the legislation is not removing any regulatory oversight in proactive today, while making clear that important consumer protections apply to such services.⁴⁸

The Connecticut Office of Consumer Counsel provides a different point of view. The Consumer Counsel echoes the concerns of other states that competition may not be sufficient to discipline prices and ensure that service remains available throughout the state.

The telephone companies will have an unfettered right, if this bill passes into law, granted solely by legislative fiat without a regulatory investigation engaging all stakeholders, to 1) withdraw from local wireline basic telephone service, and 2) operate without quality of service standards or penalties. In the absence of true competition for basic telephone service, this bill will result in higher prices for most residential telephone customers across the state at a time when electric, natural gas, and cable rates have already skyrocketed.⁴⁹

Verizon-supported bills in Massachusetts and Rhode Island also focus on creating a regulatory climate that will encourage economic growth. The Rhode Island legislation makes it clear that the goal of reducing regulation and oversight is to increase jobs and benefit the state's economy.

Stating [deregulatory] policies in statute will provide additional certainty and continuity of this policy and is necessary to attract new investment in wireless, broadband and other advanced networks, encourage technology deployment and promote the creation of new jobs in Rhode Island.⁵⁰

Both the Rhode Island and Massachusetts bills focus on competition and would eliminate commission oversight where there are "two providers offering service of any type," including wireless and VoIP.⁵¹ In addition, the MA bill specifies that the Department of

⁴⁸ Testimony of John Emra, Vice President, AT&T Connecticut, 2/21/13; available at <http://www.cga.ct.gov/2013/ETdata/Tmy/2013HB-06401-R000221-AT&T%20of%20Connecticut-TMY.PDF> AT&T has tied potential corporate investment to deregulation in other parts of their territory as well.

⁴⁹ Testimony of Bill Vallee, Principal Attorney for Telecommunications, State of Connecticut Office of Consumer Counsel, available at <http://www.cga.ct.gov/2013/ETdata/Tmy/2013HB-06402-R000221-Office%20of%20Consumer%20Council-TMY.PDF>

⁵⁰ RI S-0111, Section 1(3), available at <http://legiscan.com/RI/text/S0111>

⁵¹ MA HB 2930, available at <http://legiscan.com/MA/text/H2930>. RI S-0111, available at <http://legiscan.com/RI/bill/S0111>

Telecommunications and Cable (DTC) will continue to provide oversight of Lifeline and other services specifically delegated to the states by the FCC, including oversight of wholesale services under Sections 251/252 of the 1996 Telecommunications Act. Finally, both bills stress that the State Attorney General will retain the right to enforce "general consumer protection laws," which will ensure that consumers are not harmed by the reduction in commission oversight.⁵²

The New York legislature has been addressing the question of "telecommunications modernization" for several years. Legislation proposed in 2012 was withdrawn at the end of the legislative session. Two bills—S 4143 (the Omnibus Telecommunications Reform Act of 2014) and S1605 (the Telecommunications Reform Act of 2013)—have been introduced during the 2013 legislative session.⁵³ Both bills eliminate any current or future oversight of IP-enabled services and focus on competition as a means of ensuring service availability. These bills would eliminate regulation in "competitive exchanges" served by "two providers offering retail services using any technology." Both bills also retain oversight of wholesale services, intrastate access services, and basic local service, although, as S4143 points out, the definition of basic service may change and prices may be increased as more services are added. In addition, S 4143 addresses service-quality issues and commission oversight of the exit or sale of a telecommunications provider in New York.⁵⁴

III. Key Components of the 2013 Legislation

The legislation pending in 2013 focuses on the elimination of commission oversight of VoIP and other IP-enabled services. This legislation also limits quality-of-service oversight and addresses rules for market exit and withdrawal of service, and wholesale obligations, including commission oversight of wholesale interconnection agreements. Based on the limited number of states legislatures proposing to eliminate basic service and Carrier of Last Resort requirements, it appears that the bills pending in 2013 have to some extent "dialed back" the level of deregulation

⁵² Both the traditional wireline carriers and the cable industry have proposed that oversight of consumer issues more properly belongs with the state Attorneys General or other state agencies that handle industry complaints rather than with the public utility commission. For example, in Florida and Wisconsin, complaints of all types are handled by the state Department of Agriculture and Consumer Affairs. *See Comments of NCTA on NARUC's Draft Federalism Principles*, available at http://www.naruc.org/Publications/NCTA_Comments_NARUC_DraftFederalismPrinciples.pdf.

⁵³ NY Bill A 4143, http://assembly.state.ny.us/leg/?default_fld=&bn=A04143&term=2013&Summary=Y&Actions=Y&Vote_s=Y&Memo=Y&Text=Y#jump_to_Text

⁵⁴ This section of the bill appears to respond to ongoing concerns that Verizon might exit its markets in upstate New York. *See* A 4143, Section 8.2(C), available at http://legiscan.com/NY/text/A04143/id/719988/New_York-2013-A04143-Introduced.html

contemplated. While all of the bills call for the deregulation of VoIP and other IP-enabled services, the movement to drop basic local service and remove COLR requirements may have quieted a bit. Of the bills pending in 2013, only three (Kentucky, Nevada, and Texas) would remove COLR requirements or eliminate basic service.⁵⁵ Finally, in addition to these areas, legislation in several states proposes adding or refocusing universal-service funding. We discuss the key points of the 2013 legislation below.

A. Broadband deregulation

The bills pending in the 2013 legislative sessions specifically exempt voice services provided over broadband connections (including cable broadband) from state regulatory commission oversight, with some limited exceptions. These bills continue state oversight of emergency services (911 and E911) and contributions to public funds, including TRS and state USF. In Wyoming, for example, Act 82 states that "the commission shall not regulate IP-enabled service or voice over Internet protocol service" but makes VoIP subject to emergency-service requirements and other fees assessed by the commission.⁵⁶ In Arizona, HB 2532 precludes all regulation of IP-enabled services, including market entry and exit, rates, terms, and conditions.⁵⁷ Connecticut bill HB 6402 uses similar language, prohibiting the regulation of interconnected VoIP service and withdrawing regulation of all bundled services offered before July 1, 1994, including voice bundled with broadband service.⁵⁸

At least one state legislature included language in its proposed bill to ensure that VoIP and IP-enabled services would remain outside state commission jurisdiction, even if the FCC determines that these services should be regulated under the common carrier provisions of Title II of the Communications Act. Minnesota bill S.F. 584 would have removed state commission oversight of *all* advanced services, even those not yet invented. Had it passed, the Minnesota legislation would have deregulated all

Internet protocol-enabled services, including, without limitation, Voice over Internet Protocol, *regardless of how the service is defined, classified,*

⁵⁵ The Kentucky bill did not pass. Legislation pending in Texas expands the ability of carriers to opt out of COLR regulation, the Nevada bill is pending.

⁵⁶ Wyoming Act 82, available at <http://legiscan.com/WY/text/HB0018>

⁵⁷ AZ HB 2532, available at <http://legiscan.com/AZ/text/HB2532/id/719363/Arizona-2013-HB2532-Introduced.html>

⁵⁸ Presumably, this would include ISDN services or any other high speed data product combining voice and data access sold under tariff prior to the 1996 Telecommunications Act. See CT HB 6402, available at <http://openstates.org/ct/bills/2013/HB6402/>

interpreted, or enforced by the Federal Communications Commission. [Emphasis added]⁵⁹

The Minnesota bill would also have deregulated future technologies, including commercial telecommunications services not available as of the date the bill was enacted.

Nevada's proposed telecommunications bills, SB 41 and AB 486, take the opposite tack from that of Minnesota in prescribing the state commission's role in the oversight of VoIP and other IP-enabled services. Nevada deregulated telecommunications in 2007, removing state commission jurisdiction over VoIP and other broadband-enabled services. SB 41 amends the existing regulations to allow the commission to exercise authority over broadband if directed to do so by changes to federal statutes, including

taking any action within the scope of that authority because of a regulation or order of the Federal Communications Commission.⁶⁰

AB 486 prohibits any state agency or political subdivision from regulating VoIP and other IP-enabled services, but specifically requires providers to contribute to 911, Telecommunications Relay Service (TRS), and other state funds.⁶¹

B. Basic services and COLR obligations

1. COLR obligations and the oversight of basic service

A key component of the legislation enacted between 2009 and 2012 was the elimination of Carrier of Last Resort (COLR) requirements. COLR requirements generally apply to incumbent carriers (ILECs) and require those companies to serve all customers in their territories, including building or extending wired facilities to individual customers and locations when necessary. Because this requirement applies only to the incumbent carrier, the large wireline companies have viewed it as especially burdensome and costly, particularly when their competitors (for example, cable companies) are not encumbered by this obligation.

By the end of 2012, COLR requirements had been completely or partially withdrawn in 12 states, all in the AT&T ILEC territory.⁶² In addition, some states, like Wyoming, had already

⁵⁹ MN SF 584, available at <http://legiscan.com/MN/text/SF584/id/742221/Minnesota-2013-SF584-Introduced.html>

⁶⁰ Legislative Counsel's Digest for Nevada SB 41, available at <http://legiscan.com/NV/text/SB41>

⁶¹ Nevada AB 486, available at <http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf>

rewritten their statutes to allow the incumbent carrier to petition to withdraw COLR service if customers are not subscribing to it or if it had "become obsolete."⁶³ Other states, such as Nebraska and Minnesota, do not have specific COLR requirements but ensure that service is universally available to their constituents. In Nebraska, for example, state statute requires companies to offer telecommunications services to consumers in their service area upon reasonable request.⁶⁴ Still other states, like Missouri and Texas, either identify specific areas where COLR service is no longer required (Missouri) or limit the COLR requirement to areas of the state that either have multiple carriers or support a specific number of lines (Texas).

The trend toward eliminating or reducing COLR requirements has moderated in 2013, as the legislatures have shifted their focus to "protecting" IP-enabled services. Only three of the 17 states proposing deregulation of telecommunications services in 2013—Nevada, Kentucky, and Texas (all in the AT&T footprint)—address COLR requirements. Kentucky's legislation did not pass during the 2013 session.

In a reversal of the move to eliminate COLR requirements, in Mississippi, HB 991 would have reinstated the COLR requirement in areas where the incumbent is the only provider. In that case, this bill would have required the incumbent to provide plain old telephone service (POTS) where no alternate suppliers were available and the installation would cost less than \$5,000.00.⁶⁵

In Texas, if SB 259 is passed, deregulated carriers that hold certificates or operating authority issued by the state commission are immediately declared non-dominant and need no longer provide basic service or meet COLR requirements.⁶⁶

In Kansas, proposed bill HB 2104 died in committee. We review it here, however, because of its unique requirement that customers accept "alternate service." HB 2104 would have allowed any COLR that is *not* receiving universal-service support to be relieved of its requirement to serve all users if two alternate providers are available in the service area from

⁶² See Lichtenberg, *The Year in Review: Telecommunications Deregulation in 2012*, available at <http://communities.nrri.org/documents/317330/0179150e-ef83-4e94-bf94-80c7af830ab6>. See also *State COLR Obligations as of June 2012*, National Exchange Carrier Association, 1/2013. Florida dropped its COLR requirement in 2009.

⁶³ Wyo. Stat. Ann. § 37-15-202(f), available at: <http://law.justia.com/codes/wyoming/2011/title37/chapter15/section37-15-202/>

⁶⁴ Email from Shana Knutson, Legal Counsel, Nebraska Public Service Commission, January 7, 2013. The NE statutes and commission rules do not make distinctions between ILECs and CLECs.

⁶⁵ Mississippi HB 991, available at <http://legiscan.com/MS/text/HB991>

⁶⁶ Legislation passed in 2012 allows carriers in Texas to "elect" to be deregulated.

which they want to withdraw. The alternate providers may use any technology, but must meet existing quality-of-service standards and provide a minimum of three hours of voice service in the event of an electric power outage.⁶⁷ Prior to HB 2104, COLRs in Kansas were required to serve all customers in their territory. The new legislation would allow the incumbent COLR to drop its designation if one of the two alternate providers meets this requirement. HB 2104 provides that

a local exchange carrier shall be relieved of carrier of last resort obligations in any exchange in which the carrier is not receiving federal universal service fund or KUSF moneys if there are at least two other telecommunications providers in each such exchange and at least one of such providers, in addition to the local exchange carrier, is able to serve each residential and commercial location within each such exchange.⁶⁸

An important facet of the proposed Kansas legislation is that customers *must* allow the incumbent carrier to move them to an alternate technology, for example wireless or VoIP, if it chooses to do so.

Customers of a local exchange carrier may not refuse an alternative technology provided by the carrier, but may require the carrier to assist them in finding an alternative service provider. If no alternative service provider is available, the customer shall accept the alternative technology or the carrier will be relieved of carrier of last resort obligations to that customer.⁶⁹

The COLR must give the state corporation commission 60 days' notice of the transition to an alternate technology and five days' notice of the transition of the customer to another provider.

In Nevada, a COLR provide may elect to be relieved of its obligations if alternative service of any type or from any provider is available. The carrier must notify the PUC of its decision and provide data showing that an alternate provider is available. The commission staff or consumer advocates may challenge the election within 30 days and must rule on the objections within 90 days. The bill also removes previous statutory language requiring the alternate service to be equivalent to wireline service.⁷⁰

⁶⁷ The bill does not specify how such backup must be provided, but since the majority of large VoIP carriers provide an eight-hour battery pack, they should have no problem satisfying this requirement.

⁶⁸ Kansas HB 2104, available at <http://legiscan.com/KS/text/HB2104>

⁶⁹ Id.

⁷⁰ Nevada AB-486, available at <http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf>

Legislation in Kentucky proposed a similar methodology for relieving carriers of their COLR obligations. Kentucky SB 88 would have allowed COLRs to petition to be relieved of the requirement to offer basic service if two "unaffiliated carriers" offer voice service. One of these carriers must be facilities-based and one must offer broadband service that can support voice. To ensure that service is maintained in the most rural and hard-to-serve parts of the state, SB 88 maintains the obligation for incumbent providers to offer basic local exchange service to residences located in exchanges with fewer than 5,000 housing units. Carriers must petition the commission for relief from their COLR obligations and provide data showing that the alternative carriers they cite in their petitions actually provide the required service. SB 88 also removed PUC oversight of telecommunications providers that "elect" to be deregulated.⁷¹ This bill failed to pass in 2013.

2. Market entry and exit

One of the concerns raised by opponents of deregulation is that companies that are no longer required to provide service across their territory may exit unprofitable or hard-to-serve areas completely or may stop offering fixed wireline service in those areas, forcing customers to use potentially inferior-quality services from alternative carriers. Prior to the deregulation legislation of 2012, the majority of states required companies that wanted to exit a market to seek state commission approval. Companies with COLR obligations were required to transfer those requirements to their successors. With the removal of COLR obligations, carrier certification requirements, and the requirement that carriers offer landline basic service, the concern that carriers will "abandon" unprofitable areas continues in 2013.⁷² For example, news reports in Kentucky cited the potential abandonment of landline basic service in parts of the state as a reason to reject pending legislation. As an article in the Public News Service in Kentucky points out,

According to AARP, two-thirds of its members "strongly oppose" the move to eliminate landlines . . . The cell phone isn't enough of a security blanket. "It can't be depended upon for emergencies and . . . folks of all ages, but particularly seniors, have that concern."⁷³

While the legislation pending in 2013 removes commission jurisdiction over the entry, exit, certification, and rates of broadband service providers, including interconnected VoIP

⁷¹ Kentucky Senate Bill 88 Summary, available at <http://www.lrc.ky.gov/record/13RS/SB88.htm>. The bill was returned to committee on 3-12-13 and therefore will not pass this session.

⁷² No carrier has yet "abandoned" service in its traditional territory, although in some areas customers with on-going service problems have been "encouraged" to move to wireless-based products or other services.

⁷³ *Busy Signal on Kentucky Phone Deregulation*, Public News Service, March 2013, available at <http://www.publicnewsservice.org/index.php?/content/article/31000-1>

carriers, only one state, New York, addresses the question of the exit of landline carriers from the state directly, particularly the concern that the exit of traditional companies may impede the goal of universal service. Proposed Assembly Bill 4143

finds that universal access to affordable telephone service has been a long-standing tradition and policy. . . [which] . . . has come into question with proposals by incumbent carriers to sell significant portions of the upstate telephone network to companies with little or no background in the provision of telephone service.

To respond to this concern, the legislation orders the preparation of a report on the issue, due by August 1, 2014. The report will

evaluate the implications of a sale of a portion of the upstate telephone network [on]. . . universal access to affordable service. The report shall further evaluate the standards by which the department will analyze a proposed sale.⁷⁴

C. Commission oversight of service quality and consumer complaints

One of the key complaints of the incumbent wireline carriers has been that they must meet quality-of-service standards enacted at a time when customers had few options for seeking other service. With the rising number of customers moving to alternate technologies, like wireless and interconnected VoIP, as well as the loss of lines to cable voice providers, these carriers have argued that the market will enforce penalties for poor service. Based on the legislatures' views of the evolution of the telecommunications market and the availability of multiple carriers, the bills enacted between 2006 and 2012 either removed or significantly limited state utility commission jurisdiction over service-quality standards and limited regulators' ability to accept and adjudicate customer complaints. For example, legislation in Florida and Wisconsin moved the process for handling consumer complaints about telecommunications providers to the state Department of Agriculture. In Missouri, carriers may exempt themselves from quality-of-service oversight and responding to customer complaints if these issues are already covered by the FCC. And in other states, including Maine, Mississippi, New Hampshire, North Carolina, and Ohio, the commission's jurisdiction over service quality and customer complaints is limited to customers who purchase basic local service.⁷⁵

Legislation proposed in 2013 continues down this same path. The bills proposed during the 2013 legislative session specify that the state commission has no authority over services provided over broadband connections, including VoIP and other IP-enabled services. In

⁷⁴ Proposed NY Assembly Bill 4143, available at http://legiscan.com/NY/text/A04143/id/719988/New_York-2013-A04143-Introduced.html

⁷⁵ We discuss the impact of this 2012 legislation in Part IV.

addition, bills proposed in Connecticut, Kansas, Kentucky, Massachusetts, Minnesota, Missouri, and Tennessee would restrict commission jurisdiction over wireline service quality and reduce and/or remove oversight of consumer complaints. In those states where the legislation maintains commission jurisdiction over service quality and customer complaints, it does so only to a limited extent in specific areas such as basic service, slamming and cramming, and wholesale service quality.

In Connecticut, for example, HB 6402 would limit quality-of-service oversight to "non-competitive services" but continue to allow the State Attorney General to investigate unfair trade practices under existing law.⁷⁶ In Kentucky, proposed bill SB 88 would have allowed the state commission to "assist" in complaint resolution, presumably suggesting that consumer problems can be resolved by good-faith discussions between providers and public utility commission staff.

In New York, the proposed Omnibus Telecommunications Reform Act of 2014 (Assembly Bill 4143) includes language to ensure that commission oversight will continue if competition falls short in ensuring service quality. AB 4143 specifically recognizes that

no matter the source or vehicle by which people communicate with each other, the people of this state have the right to adequate service at just and reasonable rates. Therefore, all telecommunications services must meet the highest standards of quality, reliability, and safety—including protecting and expanding the system of emergency 911 services.⁷⁷

To ensure that all state residents are able to receive adequate service, regardless of the technology they choose, AB 4143 would require that the state study the metrics required for wireline, broadband, and wireless services and develop quality-of-service standards to ensure emergency access and service availability. The bill would also apply these service standards to any provider that offered emergency service (i.e., 911 and E911).

D. Other issues

1. Interconnection requirements

The legislation enacted between 2010 and 2012, as well as currently pending and proposed legislation, preserves state commission jurisdiction over interconnection agreements between carriers as provided in Section 252 of the Telecommunications Act of 1996.

⁷⁶ Connecticut bill HB 6402, available at <http://openstates.org/ct/bills/2013/HB6401/documents/CTD00013162/>

⁷⁷ New York Omnibus Telecommunications Reform Act of 2014, available at http://legiscan.com/NY/text/A04143/id/719988/New_York-2013-A04143-Introduced.html

Proceedings in Sprint's interconnection arbitrations in Illinois have questioned the meaning of this language as it applies to the interconnection of IP networks. In the Illinois proceeding, Sprint requests direct interconnection with AT&T to pass traffic in IP format, rather than having to convert this traffic to traditional Time Division Multiplexed (TDM) format before handing it off. Sprint's petition states that this interconnection format is technically feasible and covered by the Act, as the FCC has confirmed that Section 241(c) is technology neutral. To that end, the FCC expects carriers to enter into good-faith negotiations regarding IP-to-IP interconnection. AT&T disagrees with this position, claiming that it does not have an IP network for Sprint to interconnect with, despite the fact that it offers VoIP services to end users. In addition, AT&T maintains that Section 251(c) does not apply to IP interconnection. In its response to Sprint's petition, ICC staff points the FCC has not yet ruled on this requirement.⁷⁸ The Illinois arbitration is still open.

In order to address this issue in the future, Sprint proposed amendments to the bills pending in Kansas, Missouri, Minnesota, and Arizona clarifying the commission's role in overseeing IP interconnection. Sprint would add language to the bills clarifying that the interconnection language in Section 252 of the 1996 Telecommunications Act is technology neutral.

Incumbent local exchange carriers as defined in 47 U.S.C. § 251(h) must interconnect with a requesting carrier upon request in Internet Protocol or any successor Internet Protocol format for the exchange of voice services traffic.⁷⁹

It remains to be seen whether these amendments (or the legislation in Missouri and Kansas) will survive.

2. Miscellaneous legislative changes

The legislation pending in 2013 also reduces commission oversight in other areas.

For example, in Indiana Bill 492 sunsets the requirement that companies proactively notify customers of the availability of basic service and removes commission oversight of basic service pricing. Basic service has been deregulated in Indiana since 2006, so the notification rule was redundant. In Minnesota, SF 584 would have reduced the assessment of telecommunications companies to 1/32 of the revenues generated from wholesale and basic

⁷⁸ ICC Docket 12-0550, Petition for Arbitration, Pursuant to Section 252(b) of the Telecommunications Act of 1996, to Establish an Interconnection Agreement with Illinois Bell Telephone Company d/b/a AT&T Illinois, available at <http://www.icc.illinois.gov/e-docket/reports/browse/sheet.asp?id=13430&no=12-0550>. Staff also points out that 2009 legislation in Illinois requires the ICC to follow FCC guidance in arbitrating interconnection agreements.

⁷⁹ Email from Ken Schifman, Senior Counsel and Director, Sprint State Government Affairs, 3/1/2013.

services in order to reflect the lowered costs of reduced regulation.⁸⁰ In New Mexico, SB 58 examines the regulations applicable to rural companies and appoints a committee to study the need for reducing this legislation.⁸¹

Similarly, North Dakota Bill 2234 directs the legislative management committee to "consider" a study of VoIP and the effect of this service and other technologies on the telecommunications industry, including any desired changes in regulation and taxation. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the 64th legislative assembly.⁸² In addition, legislation pending in Washington State and Nebraska directs the commissions to study the need for a state universal-service fund and, in Indiana, to determine how these funds should address broadband services.

IV. Effects of Deregulation

State public utility commissions have responded to telecommunications deregulation in various ways, including reviewing existing regulations to determine which ones might be relaxed or eliminated, collaborating with carriers to ensure that customer complaints are resolved regardless of whether the state commission continues to have jurisdiction over the provider, and developing procedures to ensure that customers have the information they need to determine the supplier that best meets their requirements.

In August 2012, Colorado proactively took steps to reevaluate its telecommunications regulation by issuing a notice of proposed rulemaking to solicit input on the commission's role in a less stringently regulated world.⁸³ The order resolving that case was issued in December 2012 and provided guidance to the legislature in crafting or modifying telecommunications legislation. Iowa began a similar study in early 2013. New Hampshire opened a rulemaking in 2012 to review its existing telecommunications rules in light of changes in technology and the potential for deregulation. We discuss these proceedings in the following paragraphs.

⁸⁰ MN Bill SF 584, available at <http://legiscan.com/MN/text/SF584/id/742221>

⁸¹ NM Bill SB 58, available at <http://legiscan.com/NM/text/HB58>

⁸² ND 2234, available at <http://legiscan.com/ND/bill/2234/2013>

⁸³ Colorado issued its formal order reducing regulation in competitive areas in December 2012. Colorado House Bill 13-1255 was introduced in March 2013. HB 13-1255 may "undo" some of the decisions reached in the Commission's order, particularly the decision not to address the regulation of IP-enabled services. We discuss the Commission's deliberations here as an example of how state commissions are responding to the prospect of deregulation.

Florida and Wisconsin have the longest experience with the current wave of deregulation bills. We review the experiences of those states in this section as well.

A. State responses to deregulation: Rulemakings and inquiries

1. Colorado

Colorado opened Docket 12R-862, *In the Matter of the Proposed Rules Regulating Telecommunications Providers, Services, and Products*, in August, 2012. The goal of this rulemaking was to review and revise the existing telecommunications rules in order to

bring telecommunications regulation into the modern era by guaranteeing the affordability of basic telephone service while fostering free market competition within the telecommunications industry.⁸⁴

The Colorado proceeding included carriers providing service across the state (regardless of technology), as well as consumer advocates and other interested parties. The goal of the proceeding was to craft technologically neutral rules for telecommunications regulation that reflect the changing competitive and technology landscape. The Commission determined that new rules were necessary to protect the public interest by ensuring the universal availability of communications services and access to emergency services across the state at affordable prices, despite changes caused by new technology and the reduction in ILEC market share. During the rulemaking, which included written filings, open meetings, and feedback sessions for both constituents and companies, the Commission addressed the need for provider-of-last-resort obligations in areas served by multiple competitors, evaluated whether quality-of-service requirements remain necessary where customers can choose among multiple carriers, examined the need for commission oversight of customer complaints, and considered methods for ensuring that all carriers provide service adequate to reach 911 during an emergency.

As we have noted before, incumbent carriers have increasingly been concerned by what they have described as the distinction in regulatory treatment between traditional providers and new entrants, including VoIP providers, CLECs, and cable voice companies. The Colorado rulemaking attempted to close this gap by reducing or eliminating regulation in competitive areas. In geographic areas found to be "effectively competitive," the new rules eliminate tariff requirements; withdraw the requirement for traditional rate setting for basic service, and remove service-quality oversight in areas where the market is competitive enough to be "self-regulating" by offering customers the option to "vote with their feet."

⁸⁴Docket 12R-862, *Order Adopting Rules in the Matter of the Proposed Rules Regulating Telecommunications Providers, Services, and Products*, 4 Code of Colorado Regulations 723-2. The rulemaking was initiated after a deregulation bill failed in committee in 2012.

Many of the states that eliminated regulation between 2010 and 2012 define competition based solely on the number of carriers providing service. The Colorado Order requires data collection, investigation, and an adjudicatory proceeding in order to declare that an exchange is competitive and to reduce regulation. As the Order points out, the rules "contain significant due process protections to assure the determinations of effective competition are accurate" and comply with state statutes concerning service quality and availability. Carriers in competitive areas are only relieved of COLR obligations after their written application is approved by the commission. To ensure that all residents can access 911 services, the new Colorado rules exclude emergency services offered by basic emergency providers from reduced regulatory treatment. Finally, the Order neither regulates nor deregulates VoIP and other IP-enabled services; it

simply affirm[s] the status quo in which we do not place any regulatory barriers on IP enabled services and continue to exercise authority to ensure high quality basic emergency services and require contributions to vital state support funds from carriers on a technologically neutral basis.⁸⁵

The CO PUC Order provides an outline of the way in which commissions and state legislatures might evaluate the adequacy and effectiveness of competition in the state. The Colorado commission and carriers continue to discuss the proper method for regulating or deregulating telecommunications services, with proposed legislation amending the Commission's decision pending in the state legislature. Despite the Commission's yearlong study of telecommunications oversight requirements, the legislature has proposed a bill that would override the Commission's decision not to immediately exempt VoIP and IP-enabled services from PUC oversight. In addition to fully deregulating VoIP, HB 13-1255 would deregulate all future products, including those not yet available.⁸⁶

⁸⁵ Id., p. 3.

⁸⁶ CO HB 13-1255, available at <http://legiscan.com/CO/text/HB1255>

2. Iowa

The Iowa Public Utilities Board (IUB) opened an inquiry into the appropriate scope of intrastate telecommunications regulation in January 2013.⁸⁷ In the order initiating the inquiry, the IUB acknowledges the changes that have occurred in telecommunications technology and competition since the Iowa statutes were last revised and asks for comments to understand how future regulation should be structured. The Notice of Inquiry (NOI) acknowledges the deregulation efforts in other states, as well as the increasing availability and acceptance of service provided by competitive carriers using non-traditional modes of communications, but it does not rule out the need for "some level of regulation . . . to protect the public interest."⁸⁸

The Iowa NOI identifies 13 topics for discussion: (1) the proper regulatory structure for VoIP traffic; (2) COLR obligations; (3) consumer complaints and protections; (4) regulatory assessments for telecommunications providers; (5) federally delegated authority; (6) intercarrier disputes; (7) quality of service; (8) commission authority over rights of way and the joint use of utility poles (i.e., pole attachment rules); (9) railroad crossings; (10) commission authority over alternative operator services companies; (11) tariff requirements; (12) monitoring and protecting competition; and (13) other issues including carrier entry and exit, implementing the National Broadband Plan, and ensuring universal service. Many of these issues (such as the elimination of tariff requirements for all but intrastate access services, commission authority over rights of way, and alternate operator service companies⁸⁹) are fairly obvious, so we do not discuss them in detail here. Rather, we focus on the key issues of VoIP; consumer protections, including complaint adjudication, COLR obligations, and service quality; and regulatory assessments.

a. Regulatory treatment of VoIP carriers

The primary driver for telecommunications deregulation between 2010 and 2012 was leveling the playing field between traditional wireline carriers and new entrants, including CLECs and cable voice providers. The primary driver for deregulation during the 2013

⁸⁷ Iowa Utilities Board Docket No. NOI-2013-0001, *Inquiry into the Appropriate Scope of Telecommunications Regulation*, available at <https://efs.iowa.gov/cs/groups/external/documents/docket/mdaw/mtty4/~edisp/137447.pdf>. Proposed Senate Study Bill 1048, *An Act Exempting Internet Protocol-enabled Service from the Regulatory Authority of the Utilities Board of the Utilities Division of the Department of Commerce*, was submitted to the legislature at the same time. That bill failed in committee, but new legislation may be introduced in 2014.

⁸⁸ IUB Docket No. NOI-2013-0001, page 2

⁸⁹ Alternate Operator Service (AOS) companies provide service to customers that direct dial calls in locations such as hotels. These companies generate income by placing a surcharge on these "captive customers." The number and revenues of AOS companies has declined sharply as the use of cell phones has increased, so regulation may no longer be a critical commission duty.

legislative sessions is the deregulation of all VoIP services. While the IUB rulemaking acknowledges the significant number of states that have deregulated VoIP, it seeks comments on why the differences between VoIP and other communications services are significant enough to merit different regulatory treatment. It also questions whether deregulating VoIP will disadvantage other users by creating "an artificial competitive advantage" for companies based on the technology they use.

Technological differences can justify different regulatory treatment; mobile telephone technology is an example. But at this stage, the Board has not identified any technological basis for treating non-nomadic VoIP in a different manner than other voice telecommunications services and has determined in at least two cases that intrastate VoIP service is subject to certain regulatory requirements. Stated differently, if some degree of reduced or limited regulation is appropriate in the telecommunications marketplace, why should it be limited to VoIP?⁹⁰

As the Iowa proceeding continues, the responses to this question may be helpful to other states where legislation has not yet foreclosed the possibility of creating a regulatory scheme for IP-enabled services.

b. Consumer protections

Consumer protections remain a critical issue for commissions across the country. Much of the legislation enacted in 2012 and pending in 2013 reduces or eliminates commission oversight of service quality (generally for services beyond "basic dial tone"), eliminates commission adjudication of consumer complaints (albeit with some exceptions for basic service), and reduces COLR obligations. The Iowa Utilities Board NOI requests comments on each of these issues.

The traditional wireline carriers have sponsored legislation to remove COLR designations across the country. In lobbying for these changes, the ILECs have cited what they view as the onerous nature of COLR requirements, particularly the burden of serving all customers in their territories with legacy technology (i.e., copper wireline circuits), regardless of cost, even where they are no longer the largest carrier. The ILECs argue that this requirement burdens them unfairly because it is not shared with their competitors. To that end, they propose that COLR obligations should be withdrawn or be rewritten to apply to all carriers, and to be voluntary and market-based. The IUB NOI seeks input on creating a "modern" COLR requirement, which would more fully share the burden among all carriers or eliminate it altogether in places where it is no longer necessary due to competition or other market forces.

The NOI also addresses the questions of who should deal with consumer complaints, including slamming and cramming, and to what extent quality-of-service requirements and

⁹⁰ Iowa NOI, p. 3.

measurements remain necessary. While the NOI recalls the truism that competition may reduce the necessity for quality-of-service regulation, it also considers the question of whether

the level of competition in the local exchange service marketplace is . . . sufficiently robust to make [quality-of-service] regulation unnecessary, as may be demonstrated by the ongoing call-completion situation affecting rural customers in Iowa and elsewhere.⁹¹

c. Regulatory assessments

As regulation is reduced, carriers and others have argued that regulatory assessments should also be reduced. In Florida, commission assessments were reduced after the 2011 passage of the Florida Telecommunications Reform Act, based on the need for a smaller staff and a more limited budget. Pending legislation in Minnesota would reduce the assessment of telecommunications companies to 1/32 of the revenues generated from wholesale and basic services in order to reflect the lowered costs of reduced regulation. And in New Hampshire, FairPoint filed an objection to the commission's regulatory assessment, stating that as an "excepted local exchange carrier" it no longer need pay such a fee.⁹²

The Iowa NOI points out that carrier assessments support a variety of public-interest programs, such as emergency services (E911) and Telecommunications Relay Service (TRS), as well as funding the operations of the Board in general. Not all carriers pay into all of these programs, causing a disparity in end-user customer costs. In addition, some carriers only indirectly benefit from the work of the Board, because it does not regulate them directly. For these reasons, the NOI seeks to determine the most equitable way for the Board to recover the costs of these programs and its own costs from all users, driving the costs to the cost causers.

The results of the Iowa NOI should provide both regulators and legislators with the factual data they need to craft new legislation in the 2014 session or to determine that such legislation is not necessary.

3. New Hampshire

The New Hampshire legislature enacted SB 48, limiting commission oversight of retail telecommunications, in May 2012. The legislation created a new category of carrier, the excepted local exchange carrier (ELEC), defined as "any provider of telecommunications

⁹¹ Iowa NOI, p. 8. Both the states and the FCC have expressed concerns that carrier routing issues have affected the ability of callers to reach users in rural areas, perhaps due to least cost routing issues.

⁹² New Hampshire PSC Order 25,451, available at <http://www.puc.state.nh.us/regulatory/Orders/2013orders/25451m.pdf>

services that is not an incumbent local exchange carrier."⁹³ The legislation removes commission oversight of ELECs and allows them more flexibility in defining and offering their services. SB48 retained COLR regulations for ILECs and maintained PUC oversight of basic service, including the PUC's ability to resolve consumer complaints. The bill also allowed basic service providers to increase prices by 10% each year to cover increased costs.

Although the SB 48 decreased PUC oversight of telecommunications services, it also "introduced a variety of ambiguities and possible contradictions that will require rulemaking and in many cases adjudication."⁹⁴ These changes will be addressed by Rulemaking PUC 400-Telephone Service. New Hampshire requires a review of its public utility regulations every five years. The implementation of the SB 48 coincided with this rulemaking, which is seeking comment on the changes required to the state statutes based on changes in telecommunications technology and competition.⁹⁵

As part of DRM 12-036, the Commission solicited public comments on the way the New Hampshire regulations should be changed to reflect the reduced regulation required by SB 48. Carriers participating in the docket provided redlined versions of current rules reflecting their understanding of the changes required by the new law. The commission will issue a draft of the proposed new rules before the end of 2013. Because parts of SB 48 are unclear, the rulemaking may also result in the need to amend SB 48 to resolve these ambiguities. Such legislation would be introduced in 2014.

C. Assessing the effects of deregulation

It is too early to judge accurately the long-term effects of deregulation on carriers and consumers, but the early experience from the states that deregulated between 2006 and 2012 shows that, with some exceptions, the dire impacts on pricing and service availability forecasted by opponents of the legislation have not yet appeared. While there have been some reports of price increases by deregulated carriers and reductions in service quality as carriers reduce the maintenance of their embedded copper plant, the vast majority of consumers still have access to local and long-distance calling services from a variety of carriers, using multiple access technologies.⁹⁶

⁹³ New Hampshire Statutes 2012 Chap. 177:1; RSA 362:7, I(c). Existing ILECs may declare themselves ELECs.

⁹⁴ Michael Ladam, Asst. Dir., Telecommunications, New Hampshire PUC. Response to NRRI deregulation survey questionnaire, December 2012.

⁹⁵ New Hampshire DRM 12-036; Rulemaking PUC 400- Telephone Service, available at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-036.html>

⁹⁶ The 911 failures during the 2012 Derecho may have been triggered in part by the reduction in physical plant maintenance, but cannot be attributed to deregulation per se. See *Impact of the June 2012*

A Cato Institute study published in the fall 2012 issue of *Regulation* points out that while critics have argued that the monopoly power of the incumbent providers would result in large price increases should state laws remove commission oversight of retail pricing, these dire predictions have not materialized.

Trends in telephone price indices show that state regulators were correct in concluding that competition would discipline the price of telephone service. Indeed, prices for telephone service, including both wireless service (which has never been subject to price controls) and landline service, have fallen consistently in real terms since the mid-1990s.⁹⁷

On the opposite side of the equation, wireline prices in California have increased dramatically since the state's major wireline carriers were price deregulated in 2006. According to a 2010 report by the California Public Utility Commission (CPUC), the rate for basic service has increased over 100% in the course of five years, going from \$10.94 in 2005 to \$23.00 in 2010.⁹⁸ The CPUC is also investigating what appears to be a drop in wireline service quality, as carriers focus on new technologies rather than their traditional copper networks. In order to judge the impact of legislation reducing or eliminating commission jurisdiction over pricing, service quality, and alternative products, we discuss the results of deregulation in two key states, Florida and Wisconsin, in the following paragraphs. We also briefly review the responses to NRRI's 2012 state survey on the effects of telecommunications deregulation.

1. Florida

Florida's Telecommunications Reform Act of 2011 removed commission oversight of the majority of retail telecommunications services, including service quality, consumer complaints, tariffs, pricing, and cramming.⁹⁹ The Commission retained jurisdiction over Lifeline, carrier

Derecho on Communications Networks and Services, Report and Recommendations, Public Safety and Homeland Security Bureau, Federal Communications Commission, January 2013. In addition, the elimination of tariff requirements and the elimination of the FCC ARMIS reports, as well as the increase in product offerings that bundle multiple services together, make it difficult to track the effects of deregulation on pricing.

⁹⁷ Jeffrey A. Eisenach and Kevin M. Caves, *What Happens When Local Phone Service is Deregulated?* Fall 2012, available at http://www.aei.org/files/2012/09/26/-eisenach-cato-phone-deregulation-paper_09341082848.pdf

⁹⁸ California Senate Office of Oversight and Outcomes, "California Public Utilities Commission: Gaps Emerge in Telephone Consumer Protections," a report prepared for the Rules Committee of the California State Senate, July 16, 2010, available at http://www.dra.ca.gov/uploadedFiles/Content/Communications/Hot_Topics/ca_public_utilities_commis_report_for_web.pdf

⁹⁹ Florida removed COLR regulations in 2009.

certification, and wholesale issues, including carrier-to-carrier complaints. The Florida Commission responded to the changes mandated by the Act by reorganizing its staff and shifting its focus to the areas over which it retained jurisdiction. The size of the staff dropped via attrition in the first year after the law passed and is expected to contract further over time.

The impact of the reduction of telecommunications oversight on Florida consumers appears to have been minor so far. According to Beth Salak, Director of the Office of Telecommunications, "We have seen no significant negative impacts from the commission's changed responsibilities."¹⁰⁰ The primary ILEC in Florida, AT&T, has continued to offer basic service, although prices have increased. Prices for Lifeline service have also increased, due to reductions in the amount carriers receive from the FCC and reductions in Universal Service Funding. Carriers have not left the state or reduced service.

The responsibility for consumer complaints was shifted to the Department of Agriculture and Consumer Affairs, and the staff worked with that department to educate them about the issues most often raised by consumers. The reasons for consumer complaints have not changed. Violations of the Do Not Call list and billing issues continue to lead the list of consumer concerns.

Commission staff now focuses on wholesale issues, including carrier to carrier complaints and contract arbitrations. In addition, the commission focuses on best practices for the Florida Lifeline program. Finally, staff are also considering how to handle issues related to the transition to an IP network and its impact on users.

2. Wisconsin

Wisconsin passed Act 22, deregulating telecommunications in the state, in 2011. Like the Florida Telecommunications Reform Act, Wisconsin's legislation eliminated nearly all commission oversight of retail telecommunications services, including tariff requirements, pricing (except for intrastate access), quality-of-service requirements, and the resolution of consumer complaints. Act 22 specifically removed VoIP and other IP-enabled services from commission oversight, revising the definition of basic local exchange service to cover voice transmission only.¹⁰¹ The WI Public Service Commission retained limited oversight of basic voice service and Provider of Last Resort requirements, certification of Eligible Telecommunications Carriers (ETCs), numbering, and administration of the state universal-

¹⁰⁰ Telephone interview with Beth Salak, Director, Office of Telecommunications, Florida Public Service Commission, 12/21/12

¹⁰¹ Prior to Act 22, Wisconsin statute 196.01(1g) defined basic local service as "the provision to residential customers of an access facility, whether by wire, cable, fiber optics or radio, and essential usage within a local calling area for the transmission of high-quality two-way interactive switched voice or data communication." Basic local exchange service does not include cable service or services provided by a commercial mobile radio service [wireless] provider.

service program. The commission also continues to handle wholesale telecommunications issues, including interconnection and resolving complaints between carriers.¹⁰² As in Florida, the responsibility for resolving consumer complaints was moved to the Department of Agriculture and Consumer Affairs.

Act 22 temporarily preserved the requirement that the ILEC serve as the carrier of last resort across the state. Wisconsin Statute § 196.503 requires that “an incumbent local exchange carrier shall make basic voice service available to all residential customers within a local exchange area in which it operates as an incumbent local exchange carrier.” While Act 22 continues this requirement, the statute also provides a process for carriers to petition for waivers of the carrier of last resort requirement. (Wisconsin's COLR requirement no longer applies after April 30, 2013.)¹⁰³

As in Florida, Wisconsin has seen few (if any) consumer problems caused by the deregulation of telecommunications. Commission staff continues to monitor the number and type of complaints received but has seen no increase in volumes or types of concerns. Carriers have not left the market or dropped basic landline service or required customers to purchase product bundles rather than standalone local wireline service in rural or hard-to-serve portions of the state. This may change after COLR requirements are withdrawn at the end of April 2013. The loss of service in these areas has been a concern raised in nearly all of the conversations regarding telecommunications deregulation.

Wisconsin has begun a rulemaking to address the changes required by Act 22. The rulemaking will strip out many of the retail-service rules made unnecessary by the removal of retail regulation. The commission will hold hearings on these changes later in the year.

Finally, it is difficult to assess whether prices have increased since Act 22 was enacted, because the elimination of tariff requirements means that companies no longer need to inform the commissions of changed prices or product availability. Indeed, the inability of commissions to track pricing changes may be one of the significant long-term effects of deregulation legislation across the country.

¹⁰² The WI PSC has no authority over emergency services. E911 is managed by a separate agency.

¹⁰³ To date, no Wisconsin carrier has filed for a waiver.

3. Other states

NRRI surveyed the states at the end of 2012 to determine what, if any, changes they had experienced from telecommunications deregulation in their states. Thirty-four states and the District of Columbia responded to the survey.

The 35 states/municipalities responding to the NRRI survey reported experiences similar to those of Florida and Wisconsin, primarily minor price increases and the elimination of some basic service requirements. No state reported that a carrier had withdrawn service from a location they deemed "unprofitable" or had forced customers to move from traditional wireline service to wireless only or to another carrier.¹⁰⁴ Finally, there has been no spike in customer complaints, including complaints regarding slamming, billing, or failure to provide service. We discuss some specific state experiences below.

a. Pricing and complaints

Michigan Act 58 became law in 2011. This act amended the Michigan Telecommunications Act to eliminate oversight of VoIP, eliminate quality-of-service rules, remove tariff requirements (other than intrastate access), and exempt carriers from COLR requirements in areas where there is more than one unaffiliated provider, regardless of mode of service. Michigan Act 58 also removed the requirement that carriers provide Primary Basic Local Service (BLS), a regulated service offering for residential customers. Since the requirement to offer BLS was eliminated, some carriers have removed this package from their catalog.

Georgia deregulated retail telecommunications in 2009. The PSC continues to resolve complaints, designate ETCs, oversee the Lifeline program, and monitor service quality. Regulated wireline ILECs (primarily rural carriers) must continue to offer basic local service, but the PSC no longer oversees pricing for carriers that have been deregulated (primarily AT&T). Prices have increased in accordance with the statutes implementing the 2009 deregulation

¹⁰⁴ Verizon is in the process of moving customers in New York from copper to fiber as a result of the damage caused by Hurricane Sandy but has not changed the price or the regulatory treatment of these services. In addition, in those areas where Verizon cannot repair the copper plant in order to provide adequate service with existing infrastructure, they are replacing individual customer access service with a wireless solution. Discussion with Thomas Maguire, SVP, Verizon, March 18, 2013. *See also* DC Formal Case 1102, *In the Matter of the Investigation into the Continued use of Verizon Washington, DC, Inc.'s Copper Infrastructure to Provide Telecommunications Services*, Order No.17045, available at http://www.dcpsc.org/edocket/docketsheets_pdf_FS.asp?caseno=FC1102&docketno=1&flag=C&show_result=Y

legislation.¹⁰⁵ In addition, the Georgia PSC has recently passed an order requiring a minimum charge of \$5.00 for all Lifeline customers.¹⁰⁶

b. COLR requirements

Although COLR requirements were withdrawn (or limited) in 13 states between 2010 and 2012, no state reported that a deregulated carrier has stopped providing wireline service in areas where it is the provider of last resort. Most states require carriers that no longer choose to operate as a COLR or that will replace wireline service with wireless or another technology to notify the commission and customers of this change. It appears that carriers have not yet taken advantage of this option. State commissions are addressing this issue by tracking service availability and developing new standards to ensure that alternate service is sufficient.

For example, Alabama requires ILECs to provide COLR service in areas where no competitive carrier is available, but to date no carrier has petitioned to remove or change services in these areas. In order to ensure that customers receive service in areas where the COLR does withdraw or where wireless is substituted for wireline connectivity, the commission will be establishing wireless signal strength standards to ensure that adequate alternative service is available.

Missouri's experience has been similar to that of Michigan, Georgia, and Alabama. Missouri legislation allows all companies to obtain waivers of most of the Missouri PSC's retail telecommunications rules. House Bill 339, passed in 2011, provides COLR relief to specific areas of the state based on competition and creates a process for companies to seek a waiver of COLR obligations. To date, no companies have requested relief from COLR obligations.¹⁰⁷

c. Reduced regulation and commission staffing

Reduced regulation has led to reductions in dedicated telecommunications staff, primarily through attrition. In some states, staff has begun to focus more directly on wholesale issues or has moved to other utility sectors. The decline in telecommunications staff may also be a result of across-the-board reductions in commission size due to the changing economy. For example,

¹⁰⁵ See O.C.G.A. § 46-5-166 and the GPSC November 23, 2010 Order Implementing House Bill 168, available at <http://facts.psc.state.ga.us/Public/GetDocument.aspx?ID=132356>

¹⁰⁶ Docket No. 35537: *Notice of Proposed Rulemaking to Promulgate Rules Governing Eligible Telecommunications Carriers 515-12-1-.35, Eligible Telecommunications Carriers*, available at <http://www.psc.state.ga.us/factsv2/Document.aspx?documentNumber=140939>

¹⁰⁷ Email from John Van Eschen, Manager, Telecommunications Unit, Missouri PSC. Legislation further limiting commission oversight of telecommunications is pending in the MO legislature. See HB601, available at <http://legiscan.com/MO/text/HB601/id/740754>

the number of Missouri PSC Staff assigned to telecommunications matters has significantly declined over the years, falling from 17 full-time positions at the beginning of the century to five positions today. The work focus has also changed as staff has refocused their efforts from examining tariff filings to reviewing ETC applications and addressing ETC compliance matters.

V. Conclusions and Recommendations

It has only been three years since the majority of the bills limiting commission oversight of retail telecommunications were passed, and the early results seem, if not positive, then at least "palatable."¹⁰⁸ Carriers have not withdrawn service from their traditional markets, including their rural markets. ILECs have not raised prices significantly or eliminated traditional TDM wireline service offerings (despite AT&T's plan to "test" such a change in the near future). Customer complaint levels appear to be holding steady, either because customers have adjusted to changes in service quality (for example, wireless dropped calls) or, more likely, because carriers simply continue to "do the right thing" in response to market needs.¹⁰⁹ And commissions are adjusting to their new role in managing a (mostly) deregulated telecommunications ecosystem. In states where deregulation has eliminated many of their traditional tools for responding to customer issues, state commissions are working collaboratively with carriers and their retail and wholesale customers to develop new ways to ensure that carriers' private behavior remains aligned with the public interest.

Reductions in the oversight of telecommunications will continue and ultimately expand as customers continue to migrate to newer technologies and more companies seek to eliminate their traditional product offerings in favor of non-regulated services such as VoIP and wireless. In states that have not yet passed legislation limiting telecommunications oversight, state commissions can help legislators understand the critical components that such bills should include. For example, state commissions may work with legislators to ensure that they understand the need for continued support for the universal availability of voice and broadband service, even in remote areas. These services are critical to ensure that all end users will be able to reach emergency services when they need them and that carriers continue to provide access for all calls. Because state regulators are "on the ground" with the users of these services, they can provide legislators with a unique perspective on the problems and successes of the technology and regulatory transition.

¹⁰⁸ Indiana removed oversight of retail telecommunications in 2006. Other states granted carriers pricing flexibility during the same time frame. This paper focuses on the effects of the more recent legislation.

¹⁰⁹ Carriers would argue that they must provide good service because otherwise customers will leave, but it is difficult to find direct evidence of the extent to which that is happening.

Even where deregulation has removed direct oversight, regulators should continue to focus on customer requirements and service availability in order to proactively identify problems and propose solutions, including amending legislation as necessary. These areas include universal service, service quality, and network reliability. As the Iowa NOI points out, call-completion problems and other issues that limit the ability of customers to communicate with each other remain key areas for state commission focus going forward. Commissions should, therefore, continue to work with state legislatures to ensure that further legislation does not remove or significantly vitiate this critical oversight responsibility.

Quality of service and network reliability will also continue to be key questions for state regulators. In those states where quality requirements remain for basic service or for ETCs, state commissions can use those requirements to drive overall network improvements. One of the key areas for state commission focus is the intersection between the reliability of the electric grid and the availability of the new telecommunications networks. As the network transitions from TDM service provided by battery-backed central-office switches to VoIP service dependent on commercial power, state regulators will play an important role in coordinating the sharing of responsibility between telecommunications providers and electricity suppliers.

In the long term, collaboration between regulators and carriers of all types will become the key to ensuring that the results of telecommunications deregulation remain more positive than negative. Regulators in states that have already deregulated and those that are still considering deregulation may want to consider the following suggestions for ensuring that this endeavor is successful.

1. States can learn from each other as deregulation continues.

Regulators across the country may want to work together to identify best practices for implementing deregulation, explore the potential pitfalls of reduced regulation, and discuss how best to address emergency access and consumer safety issues.

2. Collaboration and advance planning are key requirements for crafting legislation that responds to the needs of both business and residential customers and providers.

By working together, commissions, legislators, consumer advocates, and companies can identify key areas where oversight will continue to be important, including systemic issues such as universal service, billing, slamming and cramming, E911 connectivity, and network reliability.

3. In areas where regulation has been reduced or eliminated, state regulators may work with other state agencies to fill the gaps left by the reduction in oversight.

State outreach programs can ensure that customers understand the pluses and minuses of the products they may select in an unregulated environment. Consumer-protection groups and the Attorney General may be able to "fill in the blanks" to resolve problems caused by a commission's inability to resolve consumer complaints.

Deregulation will continue and potentially expand over the next few years, particularly as the network transitions from TDM to new technologies. Regulators will retain an important role in this transition, both to ensure that no user is left behind and to explain this change in terms that all users can understand. By focusing on the end result of limitations on regulation, state commissions can proactively ensure that this transition is successful.

Appendix: Passed and Pending Legislation

Legislation Passed Between 2009 and 2013

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
AL	http://e-lobbyist.com/gaits/text/324571	SB 87, amending Section 37-2A-8 of the code of Alabama, 1975, 6/1/11	ILEC basic service, including bundled service, must be tariffed.	No oversight of basic residential-service pricing	No oversight of quality of service	ILEC must extend line if cost is <\$8K or if USF has sufficient funds; ILEC can fulfill COLR obligations using any available technology; no COLR obligations where landlord has obtained alt. svc			No regulation	TA96 wholesale obligations; CLECs have no COLR obligation	
AL	http://e-lobbyist.com/gaits/text/622219	HB 169, effective 7/1/12	Basic Service=any mode of service including wireless provided by an ILEC or affiliate	ILECs no longer required to provide basic service		Carrier may drop COLR obligation on request; if a customer in an existing service area cannot obtain svc from any other carrier or via any other mode, PUC can order ILEC to provide.	May continue to designate ETCs		No regulation	Regulations consistent with federal law (Sections 251/252)	
AR	http://www.arkleg.state.ar.us/assembly/2011/2011R/Acts/Act594.pdf	3/23/2011, Act 594 (SB 755)		VoIP and wireless customers outnumber wireline connections; therefore, ILEC exchanges are competitive.	Eliminates QS regs for carriers operating in a competitive exchange; prohibits new standards.		ETCs in competitive exchanges are no longer bound by commission rules (§23-17-404(e)(1)(B))		Broadband-service deployment supported by HCF.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
AR	http://legiscan.com/AR/text/SB948/id/782616/Arkansas-2013-SB948-Draft.pdf	SB 948; Passed - now Act 1098, 2013	No tariffs for deregulated carriers; rates posted on its website	Basic local service, switched intrastate access		VoIP providers contribute			No VoIP regulation except USF	251/252 requirements	
CA	http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_1151-1200/sb_1161_bill_20120326_amended_sen_v_98.pdf	SB 1161, An Act to add Sections 239 and 710 to the public utilities code, introduced 2/22/12	continues landline voice oversight	continues landline voice oversight	continues landline voice oversight	No changes to landline USF/COLR reqs	no change to landline oversight	no change to landline oversight	No regulation of broadband, VoIP, or other IP-enabled service; providers continue to pay 911 and other fees	regulations consistent with Federal law (Sections 251/252)	
DE	http://legis.delaware.gov/LIS/LIS147.nsf/vwLegislation/HB+96?OpenDocument	DE HB96, An Act to amend title 26 of the Delaware code relating to the jurisdiction of the PSC and public utilities providing telecommunications service	No tariff filings; basic service rate may increase 10%/year	Basic service required and regulated only in locations where no competitor offers an alternate svc.	No oversight	COLR requirement rescinded; utilities no longer have to extend lines to any subscriber that wishes	No change	Customers may dispute availability of basic svc; commission has jurisdiction over adequacy of basic service only; cannot adjudicate any other retail complaints	No oversight	Section 251/252	Carrier may "abandon" a competitive offering without notice; Regulatory assessments cease 7/1/13

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
FL	http://law.s.flrules.org/files/Ch_2011-036.pdf	4/28/11 - - HJ 893	PSC has no authority over retail services; PSC cannot regulate prices for any services	removes PSC regulatory oversight of all services (basic and non-basic)	PSC has no authority over retail services	COLR obligations withdrawn 1/1/09	Designate wireline ETCs only	PSC can no longer prohibit cramming but can regulate wholesale slamming. Customer complaints handled by Department of Agriculture and Consumer Affairs.	Considered equivalent service in defining competition; not subject to PSC regulation or state business laws	TA96 wholesale obligations	
GA	http://www.law.ga.gov/legis/2009_10/pdf/hb168.pdf	7/1/10: The Telecom Jobs and Investment Act of 2010, amending Ch 5 of the official code of GA	Companies may elect to set their own rates for competitive svcs; intrastate access tariffs req., carriers must adjust access rates to bring inter and intrastate rates to same level. by 12/31/15	Basic local svc remains regulated. Rates may be adjusted to compensate for access charge reductions.	Can set rules only for RoR cos.	All companies must contribute to USF. GA telcos may use "accumulated unexpired GA net operating losses for tax yrs prior to 1/1/10 to reduce up to 50% of its USF contribution.	No change	PUC may address customer complaints. Customers/companies may bring complaints for abuse of market power in rate setting.	The PUC shall not have any jurisdiction, right, power, authority, or duty to impose any requirement or regulation relating to the setting of rates or terms and conditions for the offering of broadband service, VoIP, or wireless services.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
GA	http://www1.legis.ga.gov/legis/2011_12/pdf/hb1115.pdf	HB 1115; An Act to revise and update certain provisions relating to telecommunications, signed 5/1/12, effective 7/1/12	Tariffs optional; no rate oversight; no rate reporting required.			No COLR requirements if carrier does not receive USF money			No regulation	Operator service no longer required.	
ID	http://www.legislation.idaho.gov/legislation/2011/S1156.pdf	An Act Amending Section 62-606 , Idaho Code, effective 7/1/11	Carriers no longer req. to file price lists or tariffs for business services; rates must be published on company website.	No regulation of business customers; no residential regulation in competitive areas.				Commission continues to have the authority to resolve customer complaints	No regulation	TA96 wholesale obligations	
IL	http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=096-0927	Public Act 096-0927, 6/15/2010	No rate oversight for competitive carriers. Basic pkgs req. but no rate reg.	Carriers may declare themselves competitive ("electing carrier"); three types of "safe harbor" basic pkgs req. @2010 rates	Install = 5 days; restore=30 hours; issue credits for failure to meet install/restore times; does not apply to electing carriers.	ICC no longer measures telecom penetration.	ICC establishes "affordable price" for ETC svc; removes req. that co provide customers w/rpt on available svcs.	Commission may not file rate complaints against competitive carriers.	Carriers must register. ICC may collect surcharges.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
IN	http://www.in.gov/legislative/bills/2012/HE/HE1112.1.html	An Act to Amend the Indiana Code Concerning Utilities - signed 2/23/12			Continues federal reqs for SQ and COLR.	ILECs may withdraw as COLR if there are a total of two svc providers (including ILEC) using any technology; COLR req. ends 6/30/14.			No regulation	Regulations consistent with federal law (Sections 251/252)	
KS	http://www.kssos.org/pubs/sessionlaws/2011%20Session%20Laws%20Volume%201.pdf	SB 72, 4/14/11; An Act concerning telecommunications amending KSA 2010 Supp.66-2005	Electing carrier can charge no more for a single residential or business line in its rural exchanges than the average of its rates for those lines in its urban exchanges.	Any price-cap regulated local exchange carrier that has deregulated a majority of its local-exchange access lines may elect to be regulated as a telecommunications carrier rather than as a local exchange carrier. Intrastate access remains regulated. Must offer single-line residential local service.		Electing carriers eligible for USF lifeline funding; may be relieved of COLR obligations in urban areas with notice to commission. No KUSF funding if they shed the obligation. The local rates of electing carriers will not be included in determining KUSF rates for rural carriers.	ILECs electing telecom carrier regulation may keep Lifeline status.		VOIP is an equivalent service for defining competition.	Retains rules regarding reasonable resale of retail service and unbundling and interconnection obligations. Must allow interconnection regardless of the technology used to carry the call.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
KS	http://legiscan.com/KS/text/HB2201/id/736391/Kansas-2013-HB2201-Amendment.pdf	HB 2201, An act concerning telecommunications (updating 2011 legislation) ; 4/8/13 awaiting signature	Commission may investigate rates over which it has control. Electing carriers not under commission control. May substitute rates if existing rates are unjust or unreasonable.	Commission may resume price cap reg if determines there is no longer competition; continue to issue CPCNs but may not use this authority to provide additional regulation; intrastate switched access.	No oversight, including no oversight to "prevent fraud and other practices harmful to consumers."	Administer contributions to USF. As of 1/1/2014 - no KUSF funds for lines in price-deregulated exchanges; identical support rule ended; no support for "electing (i.e., deregulated) carriers;" price cap carriers receive support until 3/1/17; audit KUSF.	Commission continues to administer; carriers may opt out with 90 days' notice.	Commission may "administer" customer complaints, but may not use this authority to "regulate" carriers.	No VoIP oversight. Rpt on status of FCC IP Interconnection proceeding by 1/15/14	Interconnection required unless there is "an applicable exemption from interconnection generally." Commission may not exercise jurisdiction over services that are "exempt from or otherwise not subject to [its] jurisdiction.	Create a study committee to study KUSF, USF, creation of state bb fund, and other telecom issues. Report 13115
KS	http://legiscan.com/KS/text/HB2326/id/813052/Kansas-2013-HB2326-Enrolled.pdf	HB 2326 - AN ACT concerning certain Internet Protocol - enabled services. 2013				VoIP carriers are eligible for USF funds			No regulation of VoIP or IP-enabled services.		
LA	http://www.lpscLouisiana.gov/docs/Utilities/8-14-09-3.pdf	LA PUC General Order R-30347, 8/13/2009	Competitive tariffs are deregulated; pricing on company website and provided to commission	Service "baskets;" basic service pricing may be increased	No SQ measures for services that designated as "competitive"; report every 2 years	COLR requirements automatically lifted when CLEC (including cable) line share reaches 25%. Managed on a per-exchange basis.			No regulation	Sections 251/252 continue to apply ; CLECs must provide QS reporting.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
ME	http://www.mainelegislature.org/legis/bills/bills_125th/chapters/PUBLIC623.pdf	An Act To Reform Telecommunications Regulation, signed 4/4/12	No tariffs other than POLR	POLR service only; single POTS line, unlimited local calling, toll blocking, IXC connectivity.	POLR service only	ILEC is POLR; may petition for relief or transfer; hearing required; USF funds only to POLR.	Commission designates ETCs.	POLR service only.	Contribute to USF; no VoIP reg.	Regulations consistent with Federal law (Sections 251/252); CLECs no longer post bonds.	
MI	http://www.legislature.mi.gov/documents/2011-publications/pdf/2011-pa-0058.pdf	Michigan Telecommunications Act 58; 6/15/11	Local tariff filing optional; access tariffs continue to be required; carriers may pass on all their costs (including fines) to customers; rate regulation withdrawn.	Providers no longer required to offer primary basic local exchange service to residential customers. Repeals requirement to provide toll service to all customers.	Eliminates quality-of-service rules filed before 1/1/06. May create new rules under subsection (1)c.	Exempts carrier from COLR obligations if there is more than 1 provider in an area	Commission may establish a lifeline charge to all end-user customers to recover the costs of service provided.	PSC may investigate and resolve complaints; cannot fine for complaints older than two years. Carriers may discontinue all services in a bundle if customer does not pay for a non-regulated service.	PSC has no jurisdiction over VoIP.	TA96 wholesale obligations; providers can discontinue service if a comparable service is available in the exchange, including VoIP and wireless services.	
MO	http://www.house.mo.gov/billtracking/bills111/billpdf/truly/HB0339T.PDF	An Act to Amend Chapter 392 by Adding Thereto One New Section Relating to Telecommunications. 7/8/11	Companies may elect to be exempt from tariff requirements for retail services. Retail rates may be published on the company's website.	Companies may elect to be exempt from rules already mandated by the FCC, including CPNI, slamming, cramming, and the installation and provision of retail telephone service.	No service quality beyond FCC reporting requirements.	Carriers relieved of COLR obligations where another provider is contracted to provide svc.; no COLR obligations in St. Louis County and in St. Louis and Kansas City.		Telcos may exempt themselves from PSC consumer regulations already mandated by the FCC.		TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
MS	http://billstatus.ls.state.ms.us/2012/pdf/history/HB/HB0825.xml	HB 825, An Act to Amend Section 77-3-3; signed 4/19/12	Commission may regulate only intrastate switched access svcs	"Competition adequately protects the public interest;" the commission no longer has jurisdiction over these services.	Carriers no longer file quality reports; FCC quality standards apply to ETCs.	COLR obligations/basic service no longer apply.	Designate ETCs	Retain oversight of regulated services (access); enforce contract agreements.	No jurisdiction over video, VoIP, wireless, IP-enabled services, broadband services.	Enforce regulations consistent with federal (not state) law, including carrier-to-carrier complaints.	
MT	http://data.opi.mt.gov/bills/2011/seslaws/ch0263.pdf	SB 246 amending Section 69-3-809 MCA, 4/21/11	AFOR plan approved if it will produce fair, just, and reasonable rates.	Allows carriers to petition for alternate reg.	AFOR plan should not degrade quality of service.				No regulation	TA96 wholesale obligations	
NE	http://nebraskalegislature.gov/FloorDocs/CURRENT/PDF/Slip/LB257.pdf	Leg Bill 257, 3/16/11, amending § 86-143 and 86-144 of the Telecommunications Regulation Act	No tariffs for business services. Publish rates and terms on company website. Includes IXC charges.	Basic local exchange rates are regulated where competition does not exist. The commission may reconsider whether competition exists on its own motion.	No change; continues to regulate.	State fund unchanged; basic local service required only where no competition.		No change; continues to investigate/resolve.	No regulation	TA96 wholesale obligations.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
NH	http://www.gencourt.state.nh.us/legislation/2011/SB0022.html	Chapter 175, SB 22, signed 6/14/11; an act relative to alternative regulation of small incumbent local exchange carriers.	Basic service rate must not exceed comparable rate charged by the largest ILEC in the state. Rate increases limited to 5 percent in each of the 4 years after a plan is approved. Additional increases to reflect changes in federal, state, or local government taxes, mandates, rules, regulations, or statutes.	Small ILECs under ROR regulation and with 25,000 access lines may petition to be regulated the same as CLECs. The commission must approve the plan if the ILEC has 25% fewer lines than it had on 12/31/04.			Affordable, standalone local service preserved.		Must consider competition from wireline, wireless, and broadband when considering alternative regulation.	TA96 wholesale obligations	
NH	http://www.gencourt.state.nh.us/legislation/2012/SB0048.pdf	SB 48; signed 6/15/12; implemented 8/10/12	Basic svc regulated. Only ILECs must provide basic service.	Basic service; rates may not increase by more than 10%/year for eight years.			Designates ETCs; Lifeline rates may not increase more than 5%/year.	Cannot investigate user complaints; consumer advocate may not investigate.	No regulation of VoIP.	Regulations consistent with Federal law (Sections 251/252).	No merger or transfer oversight.

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
NC	http://www.ncga.state.nc.us/Sessions/2011/Bills/Senate/PDF/S343v4.pdf	S343, 4/26/11; The Comm. Regulatory Reform and Investment Act of 2011	LEC that has opted into alt. regulation no longer subject to tariffing reqs or rate regs; CLECs may also opt in.	All retail services deregulated; no basic service.	Provide yearly customer satisfaction reports. Requirement sunsets after three years (2015).	No COLR requirements; non-regulated carriers may no longer take state subsidies (USF, etc.).	Designates LL and ETC.	Continues to handle consumer complaints.	PUC cannot impose reqs. for terms, conditions, or service availability	TA96 wholesale obligations; Commission may make interconnection and unbundling rules; no price oversight of competitive carriers. CLECs may opt into Alt Reg.	
ND	http://legiscan.com/ND/text/2234/id/807357/North_Dakota-2013-2234-Enrolled.pdf	SB 2234; Study Bill on VoIP; signed by governor, 2013.							Legislation to study the requirements for VoIP regulation. To be completed by 2014 session.		
OH	http://www.legislature.state.oh.us/bills.cfm?ID=128_SB_162	OH SB 162	Basic service	Basic service	Oversight of basic service only.	ILEC retains COLR requirements.	ILEC required to offer.	Basic local service only.	No oversight	TA96 wholesale obligations	
TN	http://state.tn.us/soas/acts/107/pub/pc0068.pdf	Uniform Access, Competition, and Consumer Fairness Act of 2011; SB598, signed 4/12/11; published 4/28/11	Intra- and interstate access-charge parity; achieve parity with 60 days of act effective date; retail rates may be adjusted to recoup losses from reduced access rates.	TRA may not review or regulate price changes to recoup access-charge losses.					No regulation	TA96 wholesale obligations; CLEC access rates must = ILEC.	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
TN	http://legiscan.com/TN/bill/SB1180	An Act to amend TN Code relative to regulation of telecommunications; signed by governor 3/26/13.	No oversight; certification requirements removed.	No market regulated carrier will be subject to regulation where it designates itself unregulated.	No oversight		No new discount programs w/o carrier reimbursement. Current programs sunset 60 days after passage. TRS remains.	No oversight for market regulated carriers	No regulation	Oversight remains	Tax rules amended
TX	http://www.legis.state.tx.us/tlodocs/82R/billtext/pdf/SB00980F.pdf#navpanes=0	An Act relating to communications services and markets.	No tariffs; price-cap carriers may change tariffs or withdraw svc w/o approval; cost support for prices not req'd.	No EAS orders after 9/1/11; no markets may be re-regulated; ILECs may petition for dereg. if two unaffiliated carriers w/any svc type, including satellite.	Removes SQ rules	Ensure reasonable transparency and accountability of USF; no POLR reqs in dereg markets; do not have to file rpts w PUC.			No VoIP regulation	TA96 wholesale obligations	
VA	http://lis.virginia.gov/cgi-bin/legp604.exe?111+ful+CHAP0738	HB 2367; 3/28/11	All services may be detariffed a/o 7/1/13; competitive svcs detariffed; IXC detariffed; access tariffs remain; no basic local svc after 7/1/13.	Must provide reasonably adequate svc at just rates. No regulation of competitive svcs. All are competitive.	Commission may track customer complaints to determine SQ.	No COLR obligations where alternate providers regardless of svc type; no req. to build wireline if svc can be provided by wireless or other terrestrial svc.	Continues to certify ETCs	Commission monitors complaints and reqs cos to respond.	No oversight of VoIP; VoIP not classified as local or IXC service; access tariffs allowed.	TA96 wholesale obligations	

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
VT	http://www.leg.state.vt.us/docs/2012/Acts/ACT169.pdf	SB180 disburse USF funds to ILECs to provide basic svc; signed 5/18/12.	PUC to conduct a cost study to establish maximum basic svc price.	Basic service	Rules for ETCs unchanged.	USF to fund basic svc provided by ILEC; cost-based funding.	Establish a group to study cost/disbursement of funds; ETC reqs. unchanged.				Establish a USF to allow ILECs to provide basic service in high-cost areas.
WI	https://docs.legis.wisconsin.gov/2011/related/acts/22	Wisconsin Act 22, 6/8/11	Eliminates tariff reqs except intrastate switched access; inter- and intrastate access at parity by 2016.	No regulation of competitive svcs (including ILEC svc deemed competitive).	No quality oversight for competitive svcs.	LEC may apply to PSC to waive COLR obligations.	Advanced telco services not supported.	Addressed by Dept. of Ag and Consumer Affairs.	No VoIP, cable, or broadband reg.; imposes intrastate access charges on VoIP carriers.	TA96 wholesale obligations	
WY	http://legiscan.com/WY/text/HB0018	Act 82, exempting Internet protocol enabled services from regulation, 2013					VoIP providers who accept state USF must adhere to rules for BLS.		Remove all broadband/VoIP oversight; providers must contribute to comm. assessments & 911 fees.		

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
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Legislation Pending as of 4/2013

AZ	http://legiscan.com/AZ/text/HB/2532	HB 2532, Corporation Commission Internet Service; pending in House Rules Committee		Intrastate switched access; implement federal ICC rules					No regulation, including mkt entry and exit, rates, terms, conditions	251/252 requirements	Continue to assess E911 rates
CO	http://legiscan.com/CO/text/HB/1255	HB 13-1255, Concerning the exemption of certain Internet Protocol-enabled services from PUC oversight; in committee	Intrastate access	PUC retains jurisdiction over 911 as provided by "basic emergency service providers."			No change to state or federal high cost funding; basic svc is dial tone and 911		No regulation of existing or future VoIP or other Internet enabled svcs.	251/252 requirements; arbitrate intercarrier comp disputes	Any product not defined in the law and that is not already classified by the bill is deregulated (present or future); SB 194 also under consideration - will repeal State USF.

	Bill	Title	Rates and Tariffs	Regulated Services	Service Quality	USF/COLR Reqs.	Lifeline/ETC	Customer Complaints	Broadband/VoIP	Wholesale	Other
CT	http://openstates.org/ct/bills/2013/HB6401/documents/CTD00013162/	HB 6401, HB 6402; still pending	No tariffs for competitive svcs; carriers may withdraw tariffs 7/1/13; rates in company cust svc guide filed annually with PUC; rate formula discontinued	Basic service only; commission may not reclassify a competitive svc as non-competitive; withdraws req for annual rpt on status of telecom svc and competition	Non-competitive svcs only			For non-competitive svcs only; withdraws annual report on svcs; AG may address unfair trade practices	No authority shall enact, adopt or enforce . . . any law, rule, regulation, ordinance, standard, order or other provision . . . regulating the entry, rates, terms or conditions of interconnected VoIP service.		Competitive svcs: svcs offered before 7/1/94, WATS, 800, Centrex, business, bundled residential svc, including voice + bb svc and local/toll bundle; co may withdraw competitive svcs w 30 days notice; provide info on svc and locations only.
IN	http://legiscan.com/IN/text/SB0492/id/755974/Indiana-2013-SB0492-Amended.html	Senate Bill 492, A bill for an act to amend the Indiana Code concerning utilities; adds to regs removed by 2012 bill; sent to governor 3/26/13	Tariffs for intrastate switched access and special access take effect upon filing; no other tariffs required; tariff notification on commission website	Requirement to notify customers of availability of basic svc expires 6/30/13; rules sunset 6/30/13; deletes pricing oversight for basic svcs	Ends commission oversight of QS		Continues to designate ETCs;	Continue to enforce slamming/cramming rules	Removes language related to broadband oversight and reqs that carriers offer broadband; does not specifically note that IP or IP-enabled services may not be regulated	Cannot exceed FCC requirements; regulatory flexibility comm to file competition reports every 2 years beginning in 2013 rather than every year	Adds a committee to study competition and regulation in electricity; limits information provided for competition and pricing study to that provided to the FCC; competition study req. expires 6/30/13

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IA	http://coolice.wa.gov/Coolice/default.asp?Category=BillInfo&Service=Billbook&ga=85&hbill=SSB1048	Senate Study Bill 1048 ; An Act exempting IP-enabled service and VoIP service from regulation; failed in committee			State business regulations continue to apply	No change to 911, TRS rules			No regulation of mkt entry, rates, terms, or conditions		Failed in committee; IUB has opened an inquiry into changes required to telecommunications regulation
KS	http://legiscan.com/KS/text/HB2201/id/736391/Kansas-2013-HB2201-Amended.pdf	HB 2201, An act concerning telecommunications (updating 2011 legislation); 4/12 awaiting signature	Commission may investigate rates over which it has control. Electing carriers not under commission control. May substitute rates if existing rates are unjust or unreasonable	Commission may resume price cap reg if determines there is no longer competition; con-tinue to issue CPCNs but may not use this authority to provide additional regulation; intrastate switched access;	No oversight, including no oversight to "prevent fraud and other practices harmful to consumers"	Administer contributions to USF. As of 1/1/2014 - no KUSF funds for lines in price-deregulated exchanges; identical support rule ended; no support for "electing (i.e., deregulated) carriers;" price cap carriers receive support until 3/1/17; audit KUSF	Commission continues to administer; carriers may opt out with 90 days' notice	Commission may "administer" customer complaints, but may not use this authority to "regulate" carriers	No VoIP oversight. Rpt on status of FCC IP Interconnection proceeding by 1/15/14	Interconnection required unless there is "an applicable exemption from interconnection generally." Commission may not exercise jurisdiction over services that are "exempt from or otherwise not subject to [its] jurisdiction.	Create a study committee to study KUSF, USF, creation of state bb fund, and other telecom issues. Report 1/31/15

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KY	http://www.lrc.ky.gov/record/13RS/SB88.htm	SB 88 (HB 236); An Act relating to telecommunications - returned to committee, 3-12-13; did not pass	Not required but remain in effect until withdrawn	Basic service only; offered in exchanges w <5,000 housing units; alternate svc may substitute	For ETCs only; not to exceed FCC requirements			Carrier may be relieved of BLS if 2 unaffiliated providers offer service; 1 is a facilities-based provider and there is 1 BB provider that can deliver voice svc; relieve burden in 90 days after petition		Continue to "assist" in complaint resolution	Market-based and not subject to state reg.; all BB requirements in existence as of 7/15/04 voided	Retain federal obligations	Remove commission oversight of change of ownership or control
MA	http://legiscan.com/MA/text/HB2930	HB 2930, Act modernizing telephone regulation and encouraging economic growth; in committee		No oversight of svc where 2 providers offering svc of any type (wireless, VoIP)	No longer applicable		Lifeline and link-up oversight	AG may continue to enforce general consumer protection laws;		251/252 continue to apply		No oversight of wireless;	

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MN	http://legiscan.com/MN/text/SF584/id/742221	S.F. 584; Telecommunications Statute Modernization; not reported out of committee	Tariffs for basic svc and intrastate access; tariffs effective 30 days after filing	Basic svc - dial tone line; wireline providers get CPCN; advanced svc providers register; alt reg plans terminated	Commission may investigate basic and wholesale svcs for adequacy and availability	MN has no COLR requirements		Basic and wholesale only	No regulation of "advanced services;" providers pay into TRS, TAP, 911 funds	Wholesale svcs include intrastate access; continue 251/252 oversight; ILEC may disconnect CLEC for non-payment; objections filed within 20 days	Dept of Commerce duties move to PUC 7/1/19; financial assessment of telecommunications companies reduced; commission assessments on basic and wholesale svcs only; 7/1/19, assessment reduced to 3/32 of 1% of total gross rev from wholesale and basic
MO	http://legiscan.com/MO/text/HB601/id/740754	HB 601, Broadband and communications deployment 237 waiving rules for certification; pending	Carriers may be exempt from filing	Carriers may exempt themselves	Carriers may exempt themselves	Carriers continue to collect USF funds; no change from 2011	No change	Carriers may exempt themselves	VoIP is not a telecom service; 911 requirement only	Regulations consistent with Federal law (Sections 251/252)	8/28/13 - telecommunications companies certificated under same rules as VoIP providers; bill is an addition to the bill passed in 2012 but specifically includes a VoIP component

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MS	http://legiscan.com/MS/text/HB991	HB 991: revise jurisdiction of PSC to include certain technological services; died in committee	Basic local service only; rates may rise once/year	Standalone POTS only; may not be combined w any other product, features	Rpt only what is required by the FCC	ILEC must provide single line POTS only if <=/ to \$5K and only if no other providers available	No change	BLS only	No regulation	Regulations consistent with Federal law (Sections 251/252)	
NM	http://legiscan.com/NM/text/HB58	SB 58, HB58, Rural telecommunications act of New Mexico; pending signature	Reduce rate oversight and regulation for rural cos; tariffs effective in ten days; no newspaper ads req., rates may increase	Basic svc provided to rural end-users consistent with TA96		NM state rural USF continues; comm shall decide requests within six mos of filing					Appoint an interim legislative committee to conduct a study to consider reduced regulation of incumbent rural local exchange carriers in the state.

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NY	http://legiscan.com/NY/text/A04143	S 4143, Omnibus telecommunications reform act of 2014; in committee		BLS defined by commission; def may change; prices may increase as more svcs added; Sec S90-A	Network must be reliable and high quality; rpt on state-wide svc availability by svc type; quality must be high enough to ensure 911 access; study svc quality practices and standards and create rules that apply to all providers that offer 911	creates state USF to make basic voice and bb svc available in high cost areas; facilities based & resale providers to be fully reimbursed for the diff between reasonable and actual costs; bill surcharge; any technology; comm to designate COLR; carriers may ask to drop out; report on impacts of any sale/reorg of cos.	Essential services should be available to all	Report on wireless consumer protections	Create broadband authority to provide bb to rural areas; SQ rules apply to any provider that offers 911	Networks must be interoperable based on open standards, reliable, survivable, diversely pathed, as widely inter-connected as is reasonable	Yearly rpt on HCF income and expenditures; establishes state-wide cable franchises; building owners must allow telecom cos access; merger oversight; prepare and submit rpt on the potential impact of the sale of upstate networks by 8/1/14

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NV	http://legiscan.com/NV/text/SB41	NV SB 41; To revise certain provisions governing the regulation of certain providers of telecommunication services by the Public Utilities Commission of Nevada. (BDR 58-324)				Small COLRs may file price chgs via advice letter; staff may ask for review	Adopts new rules; allows lifeline rates to apply to broadband; basic svc or any bundled service offering that includes voice telephony and any other services specified in 47 C.F.R. Sec 54.40(b) as of 4/2/12 are included		No regulation; commission may exercise authority over bb as allowed by Federal statutes or FCC orders		NV deregulated telecommunications in 2007, including specifying no oversight for VoIP and broadband enabled services

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NV	http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf	AB 486, removing COLR requirements and addressing regulation of VoIP; submitted 3/25/13	Post on carrier website;	No rate regulation for "alternative voice service," a retail svc made available through any technology or service arrangement except satellite voice service		COLR may elect to be relieved of obligations if alternative svc is available after filing notice w PUC and providing data; alt service may be of any type and from any provider; providers granted relief prior to 10/1/13 shall be deemed fully released; removes language requiring equivalent service			Prohibits any state agency or political subdivision from regulating VoIP or IP-enabled svcs.; VoIP providers contribute to 911, TRS, other funds	251/252 obligations continue	
RI	http://legiscan.com/RI/bill/S0111	S 0111; Telephone Regulation Modernization Act; senate commerce committee	BLS remains but may be satisfied with any technology. Price may not exceed the price of traditional svc.	Intrastate switched access; rules in 47 USC Sections 251/252	Wireless service used to provide POTs must meet POTs reqs.		Commission continues to designate ETCs	AG may enforce consumer complaints under current laws	No regulation of wireless and broadband	Federal regulations	The great majority of other states have already enshrined [non-regulation of VoIP and wireless] in statute Sec. 1(4)

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TX	ftp://ftp.legis.state.tx.us/bills/83R/billtext/html/senate_bills/SB00200_SB00299/SB00259I.htm	SB 259, An act relating to telecommunications services and markets; approved by Senate, in House	No approval required for price changes to bundled svc or BLS in a deregulated area; no cost studies	All companies must be regulated similarly; no additional burdens may be imposed on any other company serving the same area. No req to provide uniform terms and conditions to all customers	No oversight	Deregulated carriers no longer must fulfill COLR requirements					No pre-approval required for a filing that "adds, modifies, withdraws, or grandfather" a non-basic service or basic svc in a deregulated mkt; deregulated carriers are non-dominant
Other											
CO	https://www.dora.state.co.us/pls/efi/EFI_Search_ULS_how_Decision?p_session_id=&p_dec=17972	Decision No. C12-1442, Docket No. 12r-862t, In the Matter of the Proposed Rules Regulating Telecommunications Providers, Services, and Products	BLS only; rates set through market forces; BLS is technology neutral; intrastate switched access rates; contract pricing allowed	"Basic Service" required in non-competitive areas; emergency svcs remain reg.	Non-ECA areas only	High-cost support retained only where there is no "effective competition;" providers seeking to drop POLR must file app w commission 45 days in advance and notify customers	Non ECA areas only	Do not accept complaints in areas w effective competition (ECA)	No decision at this time; retain status quo - no regulation on IP enabled service; continue 911 requirements including requiring contribution to E911 funds	251/252 reqs continue	Rules are technology-neutral; limited reg in areas w multiple providers -- "effective competition." Hearing to determine where there is effective competition. Only facilities based providers may be considered.

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WA	http://legiscan.com/WA/text/SB5351	SB 5351, Creating a state universal service fund									All carriers - wireline, wireless, VoIP will pay into the USF
IA	https://efs.iowa.gov/cs/groups/external/documents/document/mdaw/mtty4/~edisp/137447.pdf	IUB NOI regarding changes to telecommunications rules	Should tariffs continue? CAF suggests that they should in some cases.	Should IUB take jurisdiction over pole attachments; rights of way; etc.?	Can competition substitute for SQ regs?	IA statute reqs all carriers to serve all in their territory, but ILEC bears the brunt. What would a new rule look like?	Should IA continue to participate in Fed programs delegated to the states; including USF	IUB continues to get slamming/cramming complaints. Is there still a need for cons protection?	Is VoIP a different technology requiring different reg? Should all reg be reduced regardless of tech? Should IUB promote BB?	Should IUB continue to resolve intercarrier disputes?	Changes in technology require a re-evaluation; some level of reg necessary to protect the public interest; how should IUB assess costs to cost causers, including cost of the IUB itself and competitive oversight
NE	http://legiscan.com/MT/text/SB308	LB 617, Establishing a Broadband Universal Service Fund; postponed indefinitely									

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