



# **Telecommunications Legislation 2014: Completing the Process**

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**Report No. 14-07  
June 2014**

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## **Acknowledgments**

The author thanks **Suzanne Smith**, Iowa Public Utilities Board; **Lynn Notarianni**, Colorado Public Utility Commission; and **Greg Doyle**, Minnesota Department of Commerce for their input to this paper. She also thanks **Daniel Phelan**, Research Assistant, NRRI, for his help in formatting this paper and preparing the figures.

## **Executive Summary**

### **Telecommunications Legislation 2014: Completing the Process**

Deregulation of retail wireline telecommunications continued to be a focus for state regulators and legislators during the 2014 legislative sessions. By the end of 2013, 30 states had reduced or eliminated retail telecommunications regulation. Two additional states, Colorado and Iowa, were added to the map in 2014, bringing that total to 32. Bills pending in another four states (Massachusetts, Pennsylvania, New York, and Oklahoma) could increase that number to 36, covering nearly 75% of the country. Legislation was proposed in all of the former ILEC regions, with the CenturyLink territory seeing the largest success.

During 2014, legislators continued to focus on leveling the playing field between the Incumbent Local Exchange Carriers (ILECs) and their competitors by proposing bills that would eliminate or significantly reduce carrier of last resort obligations (COLR), reduce or eliminate the state commission's authority to resolve customer complaints for both wireline and IP-enabled services, and eliminate oversight of IP-enabled services. By the end of 2013, 15 states had eliminated or significantly reduced COLR obligations. By the middle of 2014, bills in Colorado and Michigan increased that total to 17, with additional legislation still pending in Pennsylvania and Massachusetts.

State legislators also addressed issues concerning broadband deployment and wireline replacement. Maryland, Minnesota, New Jersey, New York, and West Virginia, considered bills that would continue commission oversight of critical retail services, ensure that the incumbents maintain copper-based wireline service rather than moving consumers to wireless alternatives, and apply consumer protections and commission oversight to IP-enabled services. States also addressed broadband deployment and municipal networks. 2014 saw legislation to provide incentives to increase broadband penetration in rural or hard to serve areas. Hawaii, Iowa, Kansas, and Mississippi proposed bills to increase broadband infrastructure deployment, while Tennessee, Minnesota, and Kansas introduced bills addressing the deployment of municipal broadband. The Tennessee legislature proposed that that municipal electric cooperatives be allowed to offer broadband using their internal telecommunications networks and rights of way, while Minnesota and Kansas took opposite sides in the debate over broadband services provided by cities/municipalities rather than more traditional competitors such as the ILECs and cable companies.

In some states where legislation has not been proposed or where bills have mandated that the commission study how oversight may be adjusted in light of the changing telecommunications landscape, state commissions are reviewing their processes for overseeing telecommunications services. Maine, Montana, and New Mexico have opened dockets to study the needs of their citizens in order to determine the path their legislatures should take in light of the changing telecommunications infrastructure. These studies will include an evaluation of the requirements for revisions to consumer safety nets such as carrier of last resort obligations and the need for state-funded universal service programs. Maine will report to the legislature on

potential changes to regulation, including the question of maintaining carrier of last resort and how this mandate should be funded. Montana will use its study to recommend changes to oversight.

Telecommunications deregulation continues to be an important question for regulators, companies, and consumers. This paper updates the status of regulation across the country in 2014. It discusses the effects of relaxed regulation on commissions, consumers, and carriers, and recommends ways in which state commissions can continue to ensure that their constituents continue to be able to obtain the services they need even as the country transitions from wireline to IP-enabled service. The paper is directed to commissioners, legislators, and commission and legislative staff engaged in developing and implementing telecommunications legislation and evaluating its success. It provides insight into the process used by those states considering changes to or the elimination of regulation in order to assist them in crafting the proper structure for preserving core values while addressing the issues raised by new models for telecommunications services.

The effects of deregulation are still difficult to gauge. Carriers continue to provide wireline service even in areas they consider difficult or costly to serve, although the transition to IP services may change this picture in the long run. Customers in rural areas continue to be able to obtain affordable wireline service, although questions about broadband deployment and the effects of the USF Transformation Order on the ability of rural companies to provide service with lowered USF dollars remain. By continuing to work together to understand the effects of deregulation, states will continue to ensure that the Telecommunications Act's promise of ubiquitous, reliable, and affordable service for all citizens, regardless of where they live or the type of service they choose, remains viable.

## Table of Contents

<b>I.</b>	<b>Introduction .....</b>	<b>1</b>
<b>II.</b>	<b>2013-2014 Legislation at a Glance .....</b>	<b>5</b>
A.	30 states had limited telecommunications oversight by the end of 2013 .....	5
B.	Deregulation bills were introduced in nine states in 2014 .....	6
1.	AT&T .....	9
2.	Verizon .....	11
3.	CenturyLink .....	15
<b>III.</b>	<b>Key legislative areas for 2014.....</b>	<b>21</b>
A.	Broadband .....	21
1.	West Virginia proposes broadband oversight .....	22
2.	Broadband deployment .....	22
3.	Municipal Broadband.....	23
B.	COLR obligations and the oversight of basic local service .....	25
1.	Colorado .....	27
2.	Kentucky .....	29
3.	Michigan .....	29
4.	Pennsylvania .....	31
C.	Other Issues .....	33
1.	Wireline replacement .....	33
2.	Lifeline and Universal Service .....	35
3.	Complaint jurisdiction.....	38
<b>IV.</b>	<b>Effects of Deregulation .....</b>	<b>40</b>
A.	Rulemakings and Inquiries.....	41
1.	Maine.....	41
2.	Montana.....	43
3.	New Mexico .....	46
B.	Regulatory Assessments.....	47
1.	Florida .....	47
2.	Iowa.....	48

3.	North Carolina.....	49
C.	Pricing .....	49
V.	<b>Conclusions and Recommendations.....</b>	<b>51</b>
	<b>Bibliography .....</b>	<b>54</b>
	<b>Appendix.....</b>	<b>61</b>

### **List of Figures**

<b>Figure 1:</b>	Legislation Reducing Telecommunications Regulation by State, 2010-2013 .....	6
<b>Figure 2:</b>	Legislation Reducing Telecommunications Regulation by State, 2010-2014 .....	8
<b>Figure 3:</b>	Pending and Enacted Legislation Reducing Telecommunications Regulation by State, 2010-2014 .....	9

# Telecommunications Legislation 2014: Completing the Process

## I. Introduction

State legislatures across the country continue to consider changes to state statutes to reduce or eliminate regulation of retail telecommunications services. By the end of 2013, 33 states had reduced or significantly eliminated state commission oversight of retail telecommunications either legislatively or procedurally.<sup>1</sup> This process has continued in 2014.

During the 2014 legislative sessions, bills that would relieve incumbent carriers of retail oversight, eliminate carrier of last resort obligations (COLR), and reduce or eliminate the state commission's authority to resolve customer complaints were proposed in Alabama, Colorado, Kentucky, Massachusetts, Michigan, New Mexico, and Pennsylvania. A second group of states, including Maryland, Minnesota, New Jersey, New York, and West Virginia, considered bills that would continue oversight of critical retail services, including ensuring that the incumbents maintain copper-based wireline service rather than moving consumers to wireless alternatives, and applying consumer protections and commission oversight to IP-enabled services. And, finally, a third group of states, including Maine, Montana, and New Mexico opened dockets to study the needs of their citizens in order to determine the path their legislatures should take in light of the changing telecommunications infrastructure. These studies will include an evaluation of revisions to consumer safety nets such as carrier of last resort obligations and the need for state-funded universal service programs.

The state legislative process is being conducted against the backdrop of the transition to internet protocol- and fiber and wireless-based services, adding another layer of complexity to the question of the need for and the level of oversight necessary in the new "internet ecosystem." During 2014, states, the FCC, and carriers began the process of proposing, evaluating, and initiating experiments to determine whether and to how to dismantle the current time division multiplexed (TDM) network and move services to IP and fiber and wireless infrastructure. This transition will result in changes not only to the physical networks over which companies provide service, but also to the regulatory structure necessary to ensure that carriers maintain the core values of universal connectivity, consumer protection, public safety, network reliability, and competition, while moving forward with network change.<sup>2</sup> This paper reviews the status of regulation across the country in 2014 and discusses the effects of relaxed regulation on commissions, consumers, and carriers. This paper is directed to commissioners, legislators, and

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<sup>1</sup>Deregulation bills were passed in DE and NV at the end of the 2013 legislative sessions. In addition, commission action in LA, OK, SC, and RI effectively deregulated the ILECs in their states through commission orders, raising the total number of states eliminating or significantly curtailing commission oversight to 31. *See* Lichtenberg, Sherry, Ph.D. Telecommunications Deregulation: Updating the Scorecard for 2013, National Regulatory Research Institute, Report 13-05, May, 2013, available at <http://communities.nrri.org/documents/317330/0e3a5988-6f57-492d-8ce5-70926cfe68f4>

<sup>2</sup> FCC Order on IP trials



commission and legislative staff engaged in developing and implementing telecommunications legislation and evaluating its success. It provides insight into the process used by those states considering changes to or the elimination of regulation in order to assist them in crafting the proper structure for preserving core values while addressing the issues raised by new models for telecommunications services.

**Part I** of this paper is this introduction.

**Part II** of the paper begins with an overview of the status of regulation at the end of 2013. It then reviews legislation passed or pending during the 2014 legislative sessions. By the end of the 2014 legislative sessions, the number of states<sup>3</sup> that have eliminated or significantly relaxed commission oversight could grow from 31 to 36, with AT&T achieving nearly complete deregulation in its former ILEC territory in the Southwest and South.<sup>4</sup> In addition to new bills deregulating retail services, some states have further contracted their already limited oversight by eliminating or phasing out further regulation, including COLR requirements and oversight of customer complaints.

State legislatures cite three key reasons for deregulation: the need to level the playing field among competitors, the incumbent carriers' loss of traditional landlines due to competition, and the new investment promised as a result of the IP transition.<sup>5</sup> As the South Carolina legislature pointed out in the preamble to the Consumer Choice and Technology Investment Act of 2009 (Act 7), many state legislators (and the incumbent carriers themselves) continue to find that reducing regulation over incumbent carriers is not only necessary to level the playing field, but should prove positive for both customers and the state itself in the long run.

The General Assembly finds that relaxing certain restrictions will relieve customers of unnecessary costs and burdens, encourage investment, and promote timely deployment of more innovative offerings at more competitive prices for customers.<sup>6</sup>

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<sup>3</sup> For ease of reading, NRRI uses the term "states" to refer to the 50 states and the District of Columbia. DC is included in the territory where Verizon is the primary incumbent carrier.

<sup>4</sup> 19 out of the 21 states in the territory where AT&T is the predominant ILEC have passed legislation reducing or eliminating regulation. Although Oklahoma has not passed a formal deregulation bill, the OCC has ruled AT&T fully competitive and thus has almost completely eliminated retail regulation. AT&T has announced the sale of its Connecticut property, reducing its former 22 state footprint to 21. Only Kentucky and Oklahoma, whose deregulation bills failed for a second time in 2014, prevented AT&T from legislatively "running the table" and achieving retail deregulation in each of the 21 states that make up its former ILEC territory. See Lichtenberg, Sherry, Ph.D., Characterizing Competition: A Look at State Processes, NRRI, Report No. 14-01, February, 2014, available at <http://nrri.org/documents/317330/ba8051b3-b8c8-4881-b4a9-fc6adbc46051>

<sup>5</sup> Both AT&T and Google have cited reduced regulation as one of the key requirements for investing in new networks.

<sup>6</sup> South Carolina Act 7 (2009), available at [http://www.scstatehouse.gov/sess118\\_2009-2010/bills/09actsp1.php](http://www.scstatehouse.gov/sess118_2009-2010/bills/09actsp1.php)

The 2014 legislation continues to propose to level the playing field by withdrawing requirements placed solely on the incumbent carrier so that it may compete on an equal basis with new entrants, including cable companies and wireless providers. This legislation reduces or eliminates COLR requirements in areas with effective competition or allows carriers in areas where COLR requirements remain to use any technology (including wireless) to meet this obligation. Leveling the playing field is also cited as the reason for removing commission oversight of the consumer complaint process, where the legislature has found that competition gives consumers the option of selecting another carrier when the performance of their current carrier.

**Part III** of this paper reviews the key components of the 2014 legislation, including COLR requirements, broadband oversight, interconnection agreements, and support for consumer complaints. It addresses the question of changes to basic service requirements where competition has reduced the incumbent's market share and the ways in which state commissions and other state agencies are addressing the changing structure of the telecommunications industry.

**Part IV** examines state responses to the service and funding issues stemming from reduced regulation and the IP transition, including CenturyLink's request to be considered a mid-sized carrier rather than the dominant incumbent ILEC in New Mexico, and proceedings in Maine and Montana to evaluate the level of regulation required given the changes in both the industry and consumer behavior. This part also discusses Maine's review of the state's COLR requirements and the incumbent carrier's request to increase prices and to cover the increased cost of providing service in hard to serve areas of this state. This issue is a key question raised by the transition to a fully IP network.<sup>7</sup>

As the transition to IP-based services continues, state oversight and support remain important considerations for regulators, legislators, consumers, and companies alike. **Part V** of this paper provides recommendations for the way in which regulators suggesting or evaluating potential state legislation or implementing legislation that has already passed can work jointly with all stake holders to ensure that the core values of universal connectivity, consumer protection, public safety, network reliability, and competitions survive the move to the new network.

Telecommunications deregulation continues to move rapidly across the nation. By the end of the 2014 legislative sessions, over 70% of the states will have reduced or eliminated retail regulation. While it is impossible to predict the future with any certainty, it is clear from history that some level of oversight will continue to be required to ensure universal service, network

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<sup>7</sup> Maine Docket 2013-00340, Northern New England Telephone Operations LLC D/B/A FairPoint Communications-NNE, Request for Increase in Rates and for Maine Universal Service Fund Support for Provider of Last Resort Service, available at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2013-00340>. AT&T has proposed that once it has transitioned a state network to IP, it should no longer be treated as an incumbent carrier. See also, AT&T Petition to Launch a Proceeding Concerning the TDM-to IP Transition, available at [http://www.att.com/Common/about\\_us/files/pdf/fcc\\_filing.pdf](http://www.att.com/Common/about_us/files/pdf/fcc_filing.pdf)

reliability, and consumer protection. By understanding the way in which the market has developed and the effects of reduced regulation, state regulators can influence the final outcome to benefit all involved.

## II. 2013-2014 Legislation at a Glance

### A. 31 states had limited telecommunications oversight by the end of 2013

By the end of 2013, 31 states had passed legislation limiting or completely removing commission oversight of retail telecommunications, VoIP, and other IP-enabled services. Of the states reducing oversight, 19 were in the legacy AT&T footprint, 2 were in the legacy Verizon territory, 3 were in the FairPoint footprint, and 7 were in the CenturyLink footprint.<sup>8</sup> In general, these bills eliminate tariff requirements for retail services,<sup>9</sup> limit quality of service oversight to standalone basic service, and provide for commission involvement in the consumer complaint process only for issues related to basic service. All of the bills insulate VoIP and other IP-enabled services from commission review, although VoIP providers must continue to meet emergency service requirements and contribute to universal service programs.

In the 21-state legacy AT&T footprint, only Oklahoma and Kentucky had **not** fully deregulated retail services by the end of the 2013 legislative sessions, although bills were proposed (and failed) in both states.<sup>10</sup>

In the 14-state region where CenturyLink is the dominant incumbent carrier, bills were introduced in Colorado, Iowa, Minnesota, and New Mexico during the 2013 legislative session.<sup>11</sup> Only NM Bill HB 58, the Rural Telecommunications Act, passed during the 2013 session. This bill reduced regulation on rural carriers with fewer than 50,000 access lines, including reducing the oversight of rates.<sup>12</sup>

In the 13-state legacy Verizon footprint, bills were introduced (often for the second or third time) in Delaware, Massachusetts, New Jersey, New York, and Rhode Island. Only Delaware's legislation passed. Delaware HB 96 fully deregulated retail telecommunications in the state, including eliminating COLR requirements. The commission retained limited commission jurisdiction over the price and quality of basic service. HB 96 limits basic service price increases to no more than 10% per year, and retains the commission's ability to adjudicate disputes raised by consumers regarding the availability and "adequacy" of basic service. HB 96

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<sup>8</sup> AT&T and Verizon are both legacy carriers in California, Texas, and Florida. To avoid confusion, we count those states as part of the AT&T territory, because it is the largest carrier in those states. Because AT&T has filed to sell the former Southern New England Telephone Company (SNET) in Connecticut to Frontier, we no longer consider that state as part of the legacy AT&T footprint.

<sup>9</sup> Tariffs are still required for intrastate access services and wholesale services.

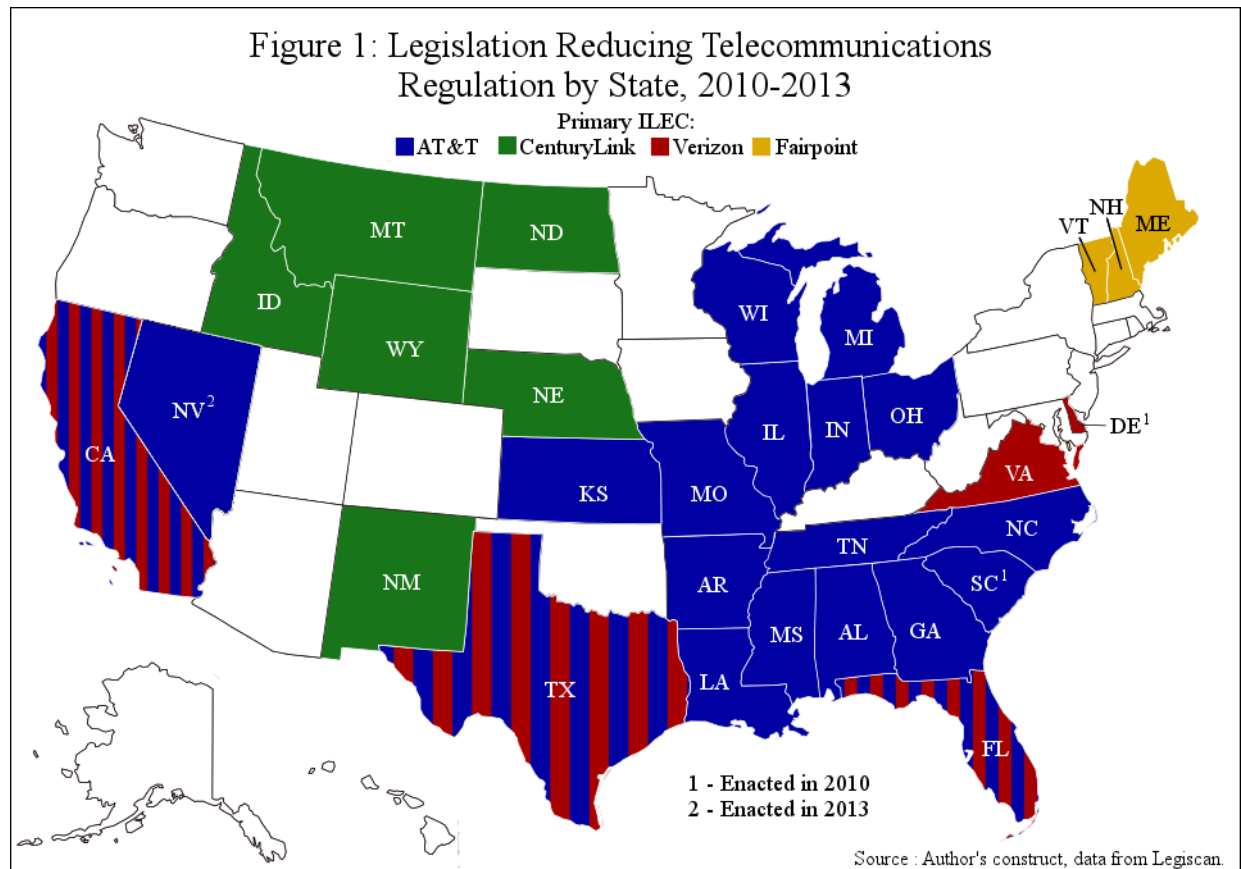
<sup>10</sup> Kentucky failed to pass legislation for the second time in 2 years. Although Oklahoma has not passed a formal deregulation bill, it has effectively eliminated commission oversight of retail services through commission decisions addressing effective competition.

<sup>11</sup> Bills in these states were reintroduced in 2014. We discuss these bills in Part B of this section.

<sup>12</sup> New Mexico Bill HB58, available at <http://www.nmlegis.gov/Sessions/13%20Regular/final/HB0058.pdf>

also addressed regulatory assessments for telecommunications carriers, cancelling these payments effective 7/1/13.<sup>13</sup>

Figure 1 shows the states that had eliminated or reduced telecommunications regulation by the end of December 2013.



## B. Deregulation bills were introduced in nine states in 2014

During 2014, bills limiting retail telecommunications regulation or updating previous deregulation bills were introduced in nine states. These bills proposed retail deregulation in Colorado, Kentucky, Massachusetts, Minnesota, New Mexico, New York, Oklahoma, Pennsylvania, and West Virginia.<sup>14</sup> Bills limiting commission oversight were introduced in 15 states, across all of the former ILEC territories.<sup>15</sup> Bills updating previous legislation were

<sup>13</sup> Delaware HB 96, 6/26/13, available at <http://legis.delaware.gov/LIS/LIS147.nsf/vwLegislation/HB+96?Opendocument>

<sup>14</sup> West Virginia is part of the original Verizon territory but is now served by Frontier, who bought the property from Verizon in 2009. The West Virginia bill was the first introduced in a territory where Frontier is the primary carrier. Frontier has since petitioned for treatment as a competitive carrier in West Virginia.

<sup>15</sup> Legislatures in Montana, Nevada, North Dakota, and Texas meet only biennially, so did not hold 2014 sessions. The Montana commission is using the interregnum between the 2013 and 2015

proposed in Alabama (complaint jurisdiction), Indiana (IURC authority), Maine (USF and COLR changes), Michigan (COLR), New Hampshire (oversight of telecommunications mergers and acquisitions), and Vermont (state USF). Bills addressing other aspects of telecommunications regulation, including prohibiting the replacement of wireline services with fixed wireless, universal service contributions, broadband deployment, and municipal broadband were introduced in nine other states.<sup>16</sup>

In addition to retail deregulation, the bills introduced in 2014 focus on eliminating carrier of last resort requirements, declaring markets competitive (and thus requiring only minimal oversight), limiting or removing commission jurisdiction over customer complaints, allowing carriers to provide basic service (where still required) via any technology (including wireless and satellite), and insulating IP-enabled services from regulation. On the other side of the coin, bills proposed in Minnesota and West Virginia<sup>17</sup> would have expanded the ability of the state commission to address key customer problems, including call completion and complaints about broadband service. Minnesota bill SF 2218 would have added the oversight of local call completion and the adjudication of customer complaints to the duties of the commission.<sup>18</sup> Bills in Maryland, New York, and New Jersey address the question of whether and when an ILEC may offer customers a fixed wireless service in lieu of its copper infrastructure.<sup>19</sup>

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session to study the requirements for regulation as the country transitions to IP services. We discuss that study in Part IV of this paper.

<sup>16</sup> Detailed information regarding the bills introduced in 2014, as well as previous legislation, appears in Appendix A. We discuss changes to COLR rules, complaint resolution, and other issues in Part III.

<sup>17</sup> West Virginia bill HB 4165 would have placed oversight of broadband service complaints under the state commission's purview. Although this bill failed, it shows recognition of the fact that customers consider the state commission as the primary arbiter of all communications complaints. See West Virginia HB 4165, Authorizing the Public Service Commission to Regulate Broadband Services, available at <http://legiscan.com/WV/text/HB4165/id/920412>

<sup>18</sup> Minnesota Bill SF 2218, available at <http://legiscan.com/MN/text/SF2218/2013>. This bill died in committee.

<sup>19</sup> New York also continues to consider three bills originally introduced in 2013: S0 3175, The Omnibus Telecommunications Act of 2014; S0 1605, a bill to modify regulation to reflect industry changes; and S0 1341, An Act to eliminate state regulation of VoIP.

Figure 2 updates the deregulation heat map to include the states where legislation passed in 2014.

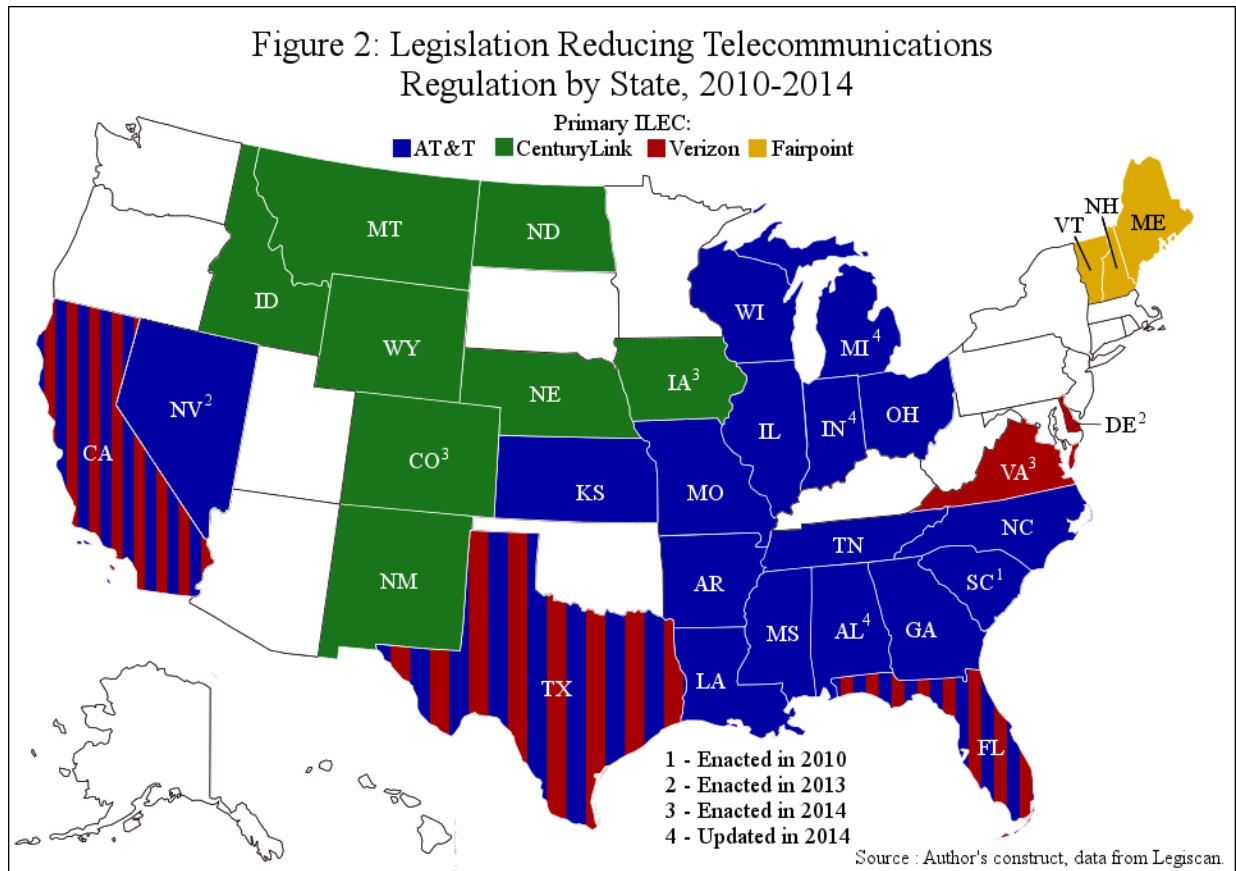
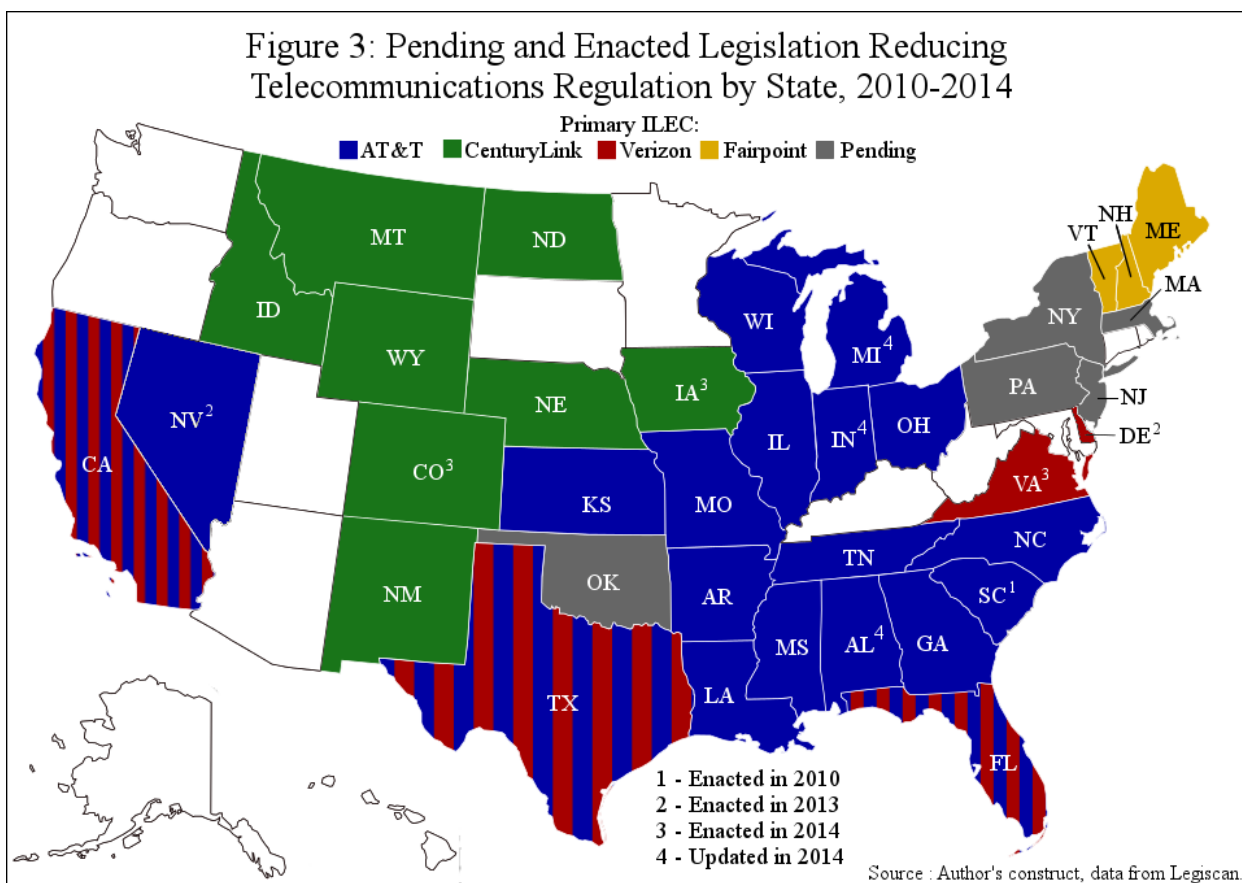


Figure 3 shows the states where legislation was still pending in June 2014. We discuss these bills in detail in the following paragraphs.



## 1. AT&T

During 2014, legislation removing commission oversight was re-introduced in Kentucky and Oklahoma.<sup>20</sup> Bills in Alabama and Michigan, states deregulated in 2011 and 2013, respectively, moved to further reduce commission jurisdiction by eliminating the oversight of consumer complaints (Alabama) and providing carriers with a method for eliminating COLR obligations (Michigan). We discuss these bills below.

### a. Kentucky

The Kentucky legislature initially introduced a bill deregulating retail telecommunications in the state in 2013. Kentucky's Senate Bill 88 focused on ensuring that there would be no new regulation for VoIP and IP-enabled services, while at the same time eliminating nearly all traditional telecommunications regulation, including most COLR obligations. 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

<sup>20</sup> Oklahoma bill HB3386 was still pending as of June 2014.



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;<sup>21</sup>

SB 88 failed at the end of the 2013 legislative session, after testimony from AARP and other consumer groups that noted the potential for negative consequences if carriers were allowed to withdraw basic local service in the less populated (and presumably lower income) portions of the state. Kentucky Representative Larry Clark was particularly direct about what he saw as the rationale for SB 88.

“Communications modernization” [as AT&T refers to it] is nothing more than a euphemism for communications deregulation, a concept the results of which, if implemented, cannot be guaranteed to best serve the interests of many Kentuckians. The most immediate result would have been an end to AT&T’s existing obligation for providing basic telephone service as a carrier of last resort. This is precisely the reason the Kentucky House of Representatives this session opted to proceed cautiously in considering Senate Bill 88, commonly known as the “AT&T bill.”<sup>22</sup>

SB 99, introduced in 2014, modified the language in SB 88 in an attempt to address some of the criticism expressed by opponents like Representative Clark. It would have preserved COLR obligations in areas with limited or no competition, and continued commission oversight of the technologies companies would be allowed to use to provide basic service. SB 99 died in committee, presumably as a result of its position on basic local service and COLR obligations. We discuss this bill in more detail in Part III.

## **b. Oklahoma**

Oklahoma is the second of the only two states in the former AT&T ILEC territory where legislation deregulating retail services has not passed. An Oklahoma Commerce Commission (OCC) Order in 2005 declared the services provided by AT&T (then Southwestern Bell Telephone Company) competitive in most portions of the state, but preserved the OCC’s right to reevaluate the competitive situation and return to regulation if conditions required.

During 2014, the Oklahoma legislature proposed HB 3386 to codify the reduced regulation of AT&T and similar companies.<sup>23</sup> HB 3386 would prohibit the OCC from regulating competitive services, including VoIP and other IP-enabled services but would preserve carrier of last resort obligations by continuing the requirement that the incumbent carrier provide regulated basic service in areas with fewer than 75,000 lines. HB 3386 would also retain tariffing

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<sup>21</sup> KY SB 88, available at <http://www.lrc.ky.gov/record/13RS/SB88.htm>.

<sup>22</sup> Clark, Larry, Member, Kentucky State Legislature, Letter to the Editor on AT&T Tactics, April 15, 2013, available at <http://keepclarryclark.com/>

<sup>23</sup> A similar bill, HB 2194, was proposed in 2013 but died in committee.

requirements for basic service and intrastate access services, as well as OCC oversight of wholesale services as provided in Section 251/252 of the Telecommunications Act of 1996.<sup>24</sup>

During the 2014 session, Oklahoma also passed SB 1510, a law limiting reimbursements from the state lifeline fund to \$.02/month per lifeline user, significantly reducing the state funding available for the program.<sup>25</sup>

## **2. Verizon**

Verizon appears to have been less aggressive than AT&T or CenturyLink in pursuing deregulation, focusing instead on increasing the penetration of FiOS or fiber-based service in areas where it is available and offering wireless as a replacement for wireline service.<sup>26</sup> Prior to the 2014 legislative sessions, commission oversight of the states where Verizon was the primary incumbent carrier had been reduced by legislation in Delaware (HB 96, passed in 2013), by commission orders in Rhode Island and Virginia (declaring Verizon competitive in all areas of the states), and jointly with AT&T in California, Florida, and Texas.<sup>27</sup>

2014 brought increased activity in the former Verizon ILEC region, including deregulation bills in Massachusetts, Pennsylvania, and Virginia. In addition to these deregulation bills, multiple bills in New York (originally proposed in 2013) would revise the commission's jurisdiction over consumer complaints and IP-enabled services. In a response to the IP transition and the proposal to withdraw landline service on Fire Island and in New Jersey, bills introduced in Maryland, New York, and New Jersey would prohibit Verizon from offering fixed wireless service instead of copper-based wireline service.

We discuss the legislation in the Verizon states in the following paragraphs.

### **a. Maryland**

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<sup>24</sup> Oklahoma HB3386, An Act relating to telecommunications amending 17 OS 2011, available at [http://webserver1.lsb.state.ok.us/cf\\_pdf/2013-14%20INT/hB/HB3386%20INT.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2013-14%20INT/hB/HB3386%20INT.PDF)

<sup>25</sup> Oklahoma SB 1510, available at <http://legiscan.com/OK/bill/SB1510/2014>. The majority of Oklahoma is treated as tribal lands, so federal Lifeline funding exceeds that of most states. See Lichtenberg, Sherry, Ph.D., Lifeline and the States: Designating and Monitoring Eligible Telecommunications Carriers National Regulatory Research Institute Report Number 13-12, November 2013, available at <http://communities.nrri.org/documents/317330/d28a1e7f-20e7-4a64-b933-20400e20f9e5>

<sup>26</sup> During 2013 and 2014 Verizon also purchased the portion of Verizon Wireless formerly owned by Vodafone. Verizon also announced a delay in the expansion of FiOS in its DC footprint. See Neibauer, Michael, The Wait Goes On: Verizon's FiOS Deployment Pushed Back A Year in DC, Washington Business Journal, May 8, 2014, available [http://www.bizjournals.com/washington/blog/2014/05/the-wait-goes-on-verizons-fios-deployment-in-d-c.html?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+bizj\\_national+\(Bizjournals+National+Feed\)](http://www.bizjournals.com/washington/blog/2014/05/the-wait-goes-on-verizons-fios-deployment-in-d-c.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+bizj_national+(Bizjournals+National+Feed))

<sup>27</sup> RI S-0111, the Telephone Regulation Modernization Act was introduced in Rhode Island in 2013 but did not pass. This bill was not reintroduced in the 2014 session. See RI bill S-0111, available at <http://legiscan.com/RI/bill/S0111/2013>

Verizon operates under an Alternate Form of Regulation (AFOR) plan in Maryland that has reduced the commission's role in some areas but continues to allow the commission to adjudicate complaints and oversee service provisioning. Although Maryland has not yet formally proposed legislation limiting oversight of telecommunications, as in neighboring states, Maryland legislators have sought to review the potential replacement of wired telephone service with fixed wireless service.

During 2014, the Maryland legislature proposed House Bill 447, which would have placed a one-year prohibition on transitioning customers from wireline to a fixed wireless telephone service such as VoiceLink. Maryland's bill, Wireless Landline Telephone Service – Prohibition and Study, would have prohibited a

Telephone company that provides local exchange access service using its own plant [from] replac[ing] landline or wireline telephone service to a customer with wireless telephone service.<sup>28</sup>

HB 447 was withdrawn after an unfavorable report by the House Committee on Economic Matters.<sup>29</sup>

#### **b. Massachusetts**

Massachusetts HB 2930 would remove the Department of Telecommunications and Cable's (DTC) oversight of the services provided by Verizon in areas where there are two competitive providers of any type, including cable, VoIP, and wireless providers. The DTC would retain jurisdiction over emergency services, Lifeline, and universal service funding, as well as wholesale service, including interconnection. The MA Attorney General would retain authority over consumer issues under her jurisdiction. HB 2930 was originally introduced in 2013 and is still pending.<sup>30</sup>

Like other bills proposing the deregulation of the former Bell companies, MA HB 2930 cites the need for "regulatory equality" among providers and suggests that deregulation is necessary to ensure ongoing innovation in the communications market. According to Verizon, its market share in Massachusetts has dropped in direct response to the availability of more lightly regulated competitors such as cable and wireless companies, causing the bill's sponsor, State representative Stephen DiNatale to propose the bill in order to "review the role [of the DTC]. . . in the existing innovation economy."<sup>31</sup>

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<sup>28</sup> Maryland House Bill 447, Wireless Landline Telephone Service Prohibition and Study, available at <http://legiscan.com/MD/text/HB447/id/938695/Maryland-2014-HB447-Introduced.pdf>

<sup>29</sup> Maryland General Assembly, Fiscal and Policy Note, House Bill 447, available at [http://mgaleg.maryland.gov/2014RS/fnotes/bil\\_0007/hb0447.pdf](http://mgaleg.maryland.gov/2014RS/fnotes/bil_0007/hb0447.pdf)

<sup>30</sup> Massachusetts HB 2930, An Act modernizing telephone regulation and encouraging economic growth, available at <https://malegislature.gov/Bills/188/House/H2930>. The MA legislative session continues until 1/7/2015.

<sup>31</sup> Metzger, Andy, Industry execs urge state to revisit telecom regulation, State House News Service, 10/9/2013, available at [http://www.lowellsun.com/business/ci\\_24271461/industry-execs-urge-state-revisit-telecom-regulation](http://www.lowellsun.com/business/ci_24271461/industry-execs-urge-state-revisit-telecom-regulation)

**c. New York**

In New York, three bills proposed in 2013, S3175, the Omnibus Telecommunications Act of 2014; S1605, A Bill to Modify Regulation to Reflect Industry Changes, and S1341, an Act to Eliminate State Regulation of VoIP, remain under consideration.<sup>32</sup> These bills would limit state regulatory commission oversight to intrastate access, wholesale services, and basic services provided over existing wireline networks. They would also remove any authority over IP-enabled services such as VoIP and over wireless services. S1341 is particularly clear on this point.

Notwithstanding any other provision of law to the contrary, neither the commission, the Department of Public Service, nor any other department or agency of this state, or any political subdivision thereof, shall have authority to regulate the entry, rates or other terms of service of voice-over-internet protocol service.<sup>33</sup>

In addition, S1605, A Bill to Modify Regulation to Reflect Industry Changes, would eliminate all retail regulation in areas where there are two unaffiliated competitors providing service using any technology.

In response to Verizon's proposed replacement of the wireline network on Fire Island with fixed wireless service after Hurricane Sandy, the New York legislature is also considering a bill to limit wireless replacement only to those customers who specifically request the service. S5630 "establishes a moratorium on telephone corporations [replacing] . . . landline telephone service with a wireless system".<sup>34</sup> The New York legislative session continues until 1/7/15.

**d. New Jersey**

New Jersey did not propose legislation reducing telecommunications oversight during the 2014 legislative session; however, like its neighboring states, New Jersey introduced a bill to review the impact of replacing customers' copper lines with fixed wireless service. AB 2459 would allow

a local exchange telecommunications company [to] replac[e] copper-based landline telephone service with wireless telephone service [only] at the unsolicited request of the customer, provided that the customer may return to copper-based landline telephone service, or other comparable service as determined by the

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<sup>32</sup> See S3175, the Omnibus Telecommunications Act of 2014, available at <http://legiscan.com/NY/text/S03175/id/944848>; S1605, A Bill to Modify Regulation to Reflect Industry Changes, available at <http://legiscan.com/NY/bill/S01605/2013>, and S1341, an Act to Eliminate State Regulation of VoIP, available at <http://legiscan.com/NY/bill/S01341/2013>.

<sup>33</sup> Id. S 1341, lines 17-21. This language may even remove the Attorney General's jurisdiction over VoIP complaints.

<sup>34</sup> New York bill S 5630, Establishing a moratorium on telephone corporations on the replacement of landline telephone service with a wireless system, available at <http://legiscan.com/NY/text/S05630/2013>

Board of Public Utilities, with no penalty or termination fee imposed by the local exchange telecommunications company.<sup>35</sup>

As in New York, the New Jersey bill appears to be a response to Verizon's plan to replace the infrastructure in one part of the seaside resort community of Mantoloking destroyed by Hurricane Sandy with VoiceLink. Verizon's Section 214 application for shutting down its wireline network in Mantoloking is pending at the FCC.

**e. Pennsylvania**

Like other bills introduced and/or pending in the Verizon region, Pennsylvania HB1608 reduces commission oversight in those areas of the state where legislators believe competition provides service alternatives. The bill makes local exchange service tariffs optional, reduces oversight of service quality, and amends basic service requirements to allow service to be provided using any technology.<sup>36</sup> Should the bill pass, carriers could elect deregulation in exchanges with greater than 300 residents per square mile. After 2018, carriers in rural parts of the state could seek deregulation based solely on the presence of two competitors, including one over the top (OTT) VoIP provider.<sup>37</sup>

Tariffs would continue to be required for intrastate switched access and basic service provided in "non-competitive" exchanges. The commission would continue to oversee basic service in non-competitive areas, including adjudicating customer complaints relating to truth in billing and service quality. The commission would also maintain oversight of wholesale services and require companies to continue to implement Alternate Form of Regulation (AFOR) plans that require broadband build out across their territory.

HB 1608 also eliminates commission administration of the state universal service fund after 1/1/2019. Prior to that date, the bill charges the PUC with studying the fund to determine whether it should continue after 2019.<sup>38</sup>

An important and controversial aspect of HB 1608 is the proposed change to the state's policy regarding quality of service. If HB 1608 the PUC would be directed to review and modify quality standards to

Take into consideration the emergence of new industry participants, technological advancements, service standards, and customer demands.<sup>39</sup>

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<sup>35</sup> New Jersey Assembly bill A2459, available at [http://legiscan.com/NJ/text/A2459/id/988903/New\\_Jersey-2014-A2459-Amended.html](http://legiscan.com/NJ/text/A2459/id/988903/New_Jersey-2014-A2459-Amended.html)

<sup>36</sup> PA HB 1608, An Act Amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, available at <http://legiscan.com/PA/text/HB1608/id/870914/Pennsylvania-2013-HB1608-Introduced.pdf>

<sup>37</sup> An over the top carrier like Vonage or Magic Jack requires the customer to provide her own broadband transport.

<sup>38</sup> PA HB 1608

<sup>39</sup> PA HB 1608 at §3019 (B)(2)(i)(a)

HB 1608 also removes the requirement that the commission determines where and whether carriers are competitive based on an adjudicatory process. HB 1608 defines all services as competitive in exchanges with more than 300 residents per square mile (a unique descriptor among recent bills). Beginning in 2016, carriers may designate rural exchanges as competitive depending on the number of alternative suppliers providing service.

Finally, HB 1608 requires the Pennsylvania PUC to revise its rules by 2016 to equalize the regulatory treatment of all carriers.

The Pennsylvania legislative session ends in November, 2014.

#### **f. Virginia**

Virginia began deregulating its incumbent local exchange carriers in 2011 with HB 2367. That bill made tariffs optional, eliminated the requirement for basic local service as of 7/1/13, and required COLR service only where no alternate supplier was available. Exchanges were designated as "effectively competitive" by the Virginia State Corporation Commission (SCC) based on a study of service availability.

SB 584 completes this transition.<sup>40</sup> SB 584 treats all telecommunications companies in the state as competitive suppliers. The bill allows carriers to elect competitive status. The SCC will continue to investigate and resolve consumer complaints, but may not require any pricing or service terms beyond those required by the FCC.

Although the SCC retains oversight of Lifeline providers, it may not designate a competitive carrier as an Eligible Telecommunications Carrier (ETC) unless the carrier requests such a designation, effectively removing COLR requirements.

#### **3. CenturyLink**

During 2014, legislators in the western states increased their efforts to reduce regulation in the territory where CenturyLink (formerly Qwest) is the incumbent ILEC. This legislative session saw bills in Colorado, Iowa, Minnesota, and New Mexico,<sup>41</sup> as well as rulemakings in Montana and New Mexico.

The Montana commission opened a docket to evaluate the need to amend state telecommunications regulation to take into account changes in technology (for example, the IP transition) and consumer behavior (including cord cutting and the use of alternate technologies such as texting).<sup>42</sup> This rulemaking will provide recommendation to the Montana legislature on how to restructure telecommunications regulation in the state when it convenes in 2015. In New

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<sup>40</sup> Virginia SB 584, An Act to amend and reenact §56-57 of the Code of Virginia and to amend the Code of Virginia by adding in Title 56 a chapter numbered 2.1, 3-26-14, available at <http://legiscan.com/VA/text/SB584/2014>

<sup>41</sup> New Mexico HB 242, an act to equalize regulations for carriers, did not pass. We discuss it here for completeness. See New Mexico HB 242, An Act Relating To Communications; Amending and Repealing Sections of The New Mexico Telecommunications Act to Equalize Regulation Among Incumbent Local Exchange Carriers, available at <http://legiscan.com/NM/text/HB242/id/942563>

<sup>42</sup> The Montana legislature meets biennially. There was no 2014 session.

Mexico, at the request of CenturyLink and other carriers, the Public Regulation Commission (PRC) opened a proceeding to evaluate the level of regulation required for CenturyLink due to technology changes and line loss.

We discuss the bills in Colorado, Iowa, Minnesota, and New Mexico here. We review the Iowa, Montana and New Mexico proceedings in Part IV.

**a. Colorado**

Bills to reduce telecommunications regulation in Colorado were introduced in the 2012 and 2013 sessions but did not pass. The commission followed these unsuccessful bills with a proceeding to determine areas of the state where competition was sufficient to allow reduced oversight. The commission opened docket 13M-0422T in April 2013 to determine those areas of the state in which the incumbent provider, CenturyLink, faced effective competition. In Phase 1 of the proceeding, the commission determined that effective competition was present in 35 wire centers<sup>43</sup> and, based on that finding, reduced regulation on the incumbent in order to level the playing field with its competitors.<sup>44</sup> The commission planned to address the remaining wire centers in the state in a follow-on proceeding.<sup>45</sup> Legislation passed in 2014 will supersede this proceeding.

Colorado passed four bills in 2014 reducing regulation and increasing support for broadband:

- HB 1328, creating a broadband fund;
- HB 1329, deregulating IP services;
- HB 1330, updating the definitions for telecommunications services;
- HB 1331, updating regulations for basic local telecommunications service (BLS).<sup>46</sup>

Taken together, these bills designate the majority of the exchanges in the state as effectively competitive, remove oversight of VoIP and IP-enabled services, refocus the state USF to increase funding for broadband in underserved areas, and provide COLRs with high cost support only in non-competitive portions of the state, while ensuring that BLS remains where

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<sup>43</sup> A wire center is an exchange or combination of exchanges where the incumbent carrier provides local exchange service.

<sup>44</sup> Docket 13M-044T, In the Matter of Commission Consideration of Effective Competition Areas and the Classification of Basic Local Exchange Service Pursuant to 4 CCR 723-1-2213.

<sup>45</sup> The passage of the CO deregulation bills may render this proceeding moot.

<sup>46</sup> CO HB 1328, available at [http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/1E390935433C251F87257C620063CC4A?Open&file=1328\\_rev.pdf](http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/1E390935433C251F87257C620063CC4A?Open&file=1328_rev.pdf); CO HB 1329, available at <http://legiscan.com/CO/text/HB1329/id/1015298/Colorado-2014-HB1329-Amended.pdf>; CO HB 1330, available at <http://legiscan.com/CO/text/HB1330/id/1007380/Colorado-2014-HB1330-Engrossed.pdf>; and CO HB 1331, available at [http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&file=1331\\_01.pdf](http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&file=1331_01.pdf)



necessary.<sup>47</sup> We discuss each of these bills briefly below. Detailed descriptions of the bills appear in Appendix A.

HB 1328, An Act Concerning the Deployment of Broadband into Unserved Areas, will transfer monies from the state USF fund from areas with effective competition to areas where the cost of service and lack of competition continues to require state support. The bill creates a Broadband Deployment Board to determine how and where funds should be utilized. The Board will disburse funds to reduce the state high cost fund by a total of 20% by 2023.<sup>48</sup> The Board will dissolve in 2024, after broadband service has been deployed throughout the state. HB 1328 defines broadband service as

a retail service that transmits and receives data from the customer's property or determined point of presence to substantially all internet endpoints. The term includes any capabilities that are incidental to and enable the operation of the broadband service.<sup>49</sup>

The bill requires broadband providers to meet the standards set by the FCC for broadband speed and latency. Carriers providing service under the fund established by HB 1328 will be required to provide service equivalent to service provided in urban areas, including providing service with "either no usage limits or usage limits that are reasonably comparable to those found in urban areas for the same technology."<sup>50</sup>

The second bill, HB 1329, An Act Concerning the Exemption of Certain Internet-Protocol-Enabled Services from Oversight by the Public Utilities Commission, exempts VoIP and IP-enabled services from PUC oversight. The commission retains oversight of emergency services, including 911, regardless of the technology used to provide connectivity. The commission will continue to regulate wholesale services as provided under Sections 251 and 252 of TA96. HB 1329 differs from similar bills in other states by suggesting that the PUC will initially retain oversight of intrastate access services but may lose this responsibility at some later date. In addition, the commission retains oversight of interexchange carrier registration for intralata toll service, and will continue to address complaints regarding unauthorized charges and slamming.

The third bill, HB 1330, Updating Intrastate Telecommunications Technology, provides revised definitions for basic local service and other telecommunications terms "to encompass

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<sup>47</sup> A fifth bill, HB 1327, addresses tax exemptions for companies that build broadband infrastructure and gives these companies access to rights of way. See HB 1327, Colorado Broadband Deployment Act, available at <http://legiscan.com/CO/text/HB1327/id/1013948>

<sup>48</sup> Reductions will be 5% in 2016-2017; 10% in 2018-2019; 15% in 2020-2021; and 20% in 2023.

<sup>49</sup> Id. 6-12

<sup>50</sup> Op. cit. HB 1328, 9-11. This language would appear to require wireless broadband service providers to create unlimited plans.



new technologies and terms and repeal language related to outdated technologies and terms and expired statutory deadlines."<sup>51</sup>

Finally, the fourth bill, HB 1331, an Act Concerning the Regulation of Basic Local Exchange Service as It Affects Effective Competition, completes the deregulation package approved by the Colorado legislature. This bill brings the regulation of rural and urban carriers into alignment, deregulates basic local service in locations with effective competition, and retains commission oversight of BLS service quality.

**b. Iowa**

Iowa bill SF 2195, An Act Modifying Provisions Applicable to Telecommunications Regulation, passed the state legislature and was signed by the governor 4/29/14.<sup>52</sup> The bill implements many of the recommendations of Iowa Docket NOI-2013-01, Inquiry into the Appropriate Scope of Telecommunications Regulation, ordered by the Iowa Utilities Board (IUB) in October, 2013.<sup>53</sup>

SF 2195 phases out retail tariff requirements effective 1/1/15, but maintains the requirement for wholesale tariffs. The IUB continues to designate carriers and services as competitive (and thus subject to only limited regulation) based on an adjudicatory investigation. Finally, the Board continues to have jurisdiction over consumer complaints.

**c. Minnesota**

Minnesota legislators proposed two bills in 2014 that would have taken different directions in determining how to ensure that the state's citizens receive adequate and affordable telecommunications services. Both bills would have preserved basic service, but one, SF 584, reduced regulation of the incumbent carrier and limited commission oversight, while the other, SF 2218, provided a path to deregulation but also included additional consumer protections. Neither bill passed. We discuss them below to provide an example of the way in which some states have addressed the need for continuing consumer protections, even in a deregulated environment.

SF 584, Telecommunications Statute Modernization, was originally proposed in 2013, but did not pass.<sup>54</sup> The bill continued commission oversight of basic service but redefined it to include only a standalone local exchange line, without any features or additional functions. As defined by SF 584,

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<sup>51</sup> Op. cit. HB 1328, Bill Summary

<sup>52</sup> Iowa bill SF 2195, An Act Modifying Provisions Applicable to Telecommunications Regulation, available at <http://coolice.legis.iowa.gov/linc/85/external/govbills/SF2195.pdf>

<sup>53</sup> Iowa Docket No. NOI-2013-01, Inquiry Into the Appropriate Scope of Telecommunications Regulation, available at <https://efs.iowa.gov/cs/groups/external/documents/docket/mdaw/mja0/~edisp/204327.pdf>

<sup>54</sup> Minnesota bill HF 985/SF 584, available at <http://legiscan.com/MN/text/HF985/id/765921/Minnesota-2013-HF985-Introduced.html>

"Basic services" means 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 services do not include any state or federally authorized or mandated services.<sup>55</sup>

In addition to overseeing basic service, under SF 584, the commission would continue to review and approve tariffs for intrastate access service and oversee wholesale service as determined by the FCC. The commission would retain the ability to investigate consumer complaints about basic service, but only if 5% or 100 customers complain about the same problem. Individual complaints would be handled by the carriers involved. The bill would also eliminate any alternative regulation plans in effect on the date it passed.

SF 584 would have reduced regulatory assessments from the current rate of 3/8 of one percent of total gross jurisdictional intrastate operating revenues from basic and wholesale telecommunications services to 3/32 of one percent. The rate reduction would have taken effect July 1, 2019.<sup>56</sup>

The Minnesota legislature considered SF 2218, A Bill for an Act Relating to Telecommunications, Modifying Rate Case Procedures, Removing Antiquated or Obsolete Provisions.<sup>57</sup> Under this bill, the commission would have retained oversight of billing for both regulated and non-regulated services. Most importantly, SF 2218 provided an expansive definition of telecommunications provider that includes all providers, not just traditional carriers.

SF 2218 amends Sec. 5 of the Minnesota Statutes to define a telecommunications service provider as

a provider of wire-line service, packet-based service, data service, or any other telecommunications service that provides a customer with the ability to originate or terminate calls using the North American Numbering Plan, including but not limited to telephone companies and telecommunications carriers.<sup>58</sup>

In addition, the bill specified that telecommunications services include

The offering of telecommunications for a fee directly to the public or to such classes of users as to be effectively available to the public **regardless of the facilities used** (Emphasis added).<sup>59</sup>

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<sup>55</sup> Id. Subsection d. c. It is unclear what the state or federally mandated services are, although they could include broadband access provided through the Connect America Fund (CAF).

<sup>56</sup> Reductions in regulatory assessments have been a theme in bills proposed in previous years in other states. For example, reducing regulatory assessments based on reduced work by the commission after deregulation was a key goal of the Florida and Wisconsin bills.

<sup>57</sup> Minnesota Bill SB 2218, A Bill for an Act Relating to Telecommunications, Modifying Rate Case Procedures, Removing Antiquated or Obsolete Provisions, available at <http://legiscan.com/MN/text/SF2218/2013>

<sup>58</sup> Id., 2.13 – 2.17

<sup>59</sup> Id. 2.20 – 2.22

This language would have brought both VoIP and cable providers under the commission's jurisdiction.<sup>60</sup> All carriers would be required to register with the commission and provide contact numbers to allow staff to contact them to resolve problems.

SF 2218 defined basic service as "a telecommunications service provided to residential customers or business customers with three or fewer lines," and did not include the prohibition against additional features used in the definition proposed in SF 584. Under SF 2218, basic service providers would continue to file tariffs and give 60 days' notice of rate increases. The Commission would retain the ability to investigate billing, quality of service, or other issues.<sup>61</sup>

Call completion has been a significant problem across the country, but particularly in the rural states, where some companies appear to have used least cost routers that have failed to deliver calls to rural high cost areas. The FCC addressed this issue in a rulemaking in 2013, but Minnesota is the first state to attempt to resolve this problem through legislation.<sup>62</sup> SF 2218 would have provided safeguards against call completion problems. Providers must not "knowingly contract" with a provider that is not registered with the commission and must ensure that all calls are completed, regardless of the destination or carrier.

Telecommunications service providers shall not participate in the adoption or perpetuation of intrastate call routing practices that result in the blocking, restriction, or interference with the completion of calls to certain telephone exchanges, for the purpose of avoiding the terminating access rates of those exchanges. All contracts, agreements, or arrangements with underlying providers to deliver traffic on behalf of the telecommunications service provider shall not contain terms that are inconsistent with this section.<sup>63</sup>

Carriers learning of a call completion problem must investigate the cause and provide a remedy. Carriers are liable for fines for failure to complete calls, even when those failures are caused by a second, underlying provider.

#### **d. New Mexico**

New Mexico passed SB 58, the Rural Telecommunications Act of New Mexico in 2013. This bill reduced rate oversight and regulation for rural companies, allowed tariffs to become effective in 10 days, and provided for rate increases without commission review. SB 58 also

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<sup>60</sup> The Minnesota public utility commission structure includes both the Public Utility Commission and the Department of Commerce (DOC). For ease of reading, this paper refers to both organizations as "the commission." SF 584 would transfer the staff and responsibilities of the DOC to the PUC in 2019.

<sup>61</sup> Tariffs are also required for intrastate access and for wholesale services. In addition, wholesale providers, including those that provide only transit, must register with the commission.

<sup>62</sup> Federal Communications Commission, Report and Order and Notice of Further Notice of Proposed Rulemaking in the Matter of Rural Call Completion; WC Docket No. 13-39, issued 10/28/13, available at <http://www.fcc.gov/document/fcc-releases-order-combating-rural-call-completion-problems>

<sup>63</sup> MN bill SF 2218, 8.8 – 8.14

called for an interim legislative committee to conduct a study to consider reduced regulation of incumbent rural local exchange carriers in the state.<sup>64</sup>

HB 242, An Act to Equalize Regulation, was proposed in 2014 to complete the deregulation process by reducing oversight of large carriers such as CenturyLink. Although HB 242 did not pass, we review it briefly here to complete the picture of the deregulation legislation proposed in the CenturyLink territory.<sup>65</sup> As stated in the preamble, the purpose of the bill was to

Extend to all consumers and carriers in the state the benefits of the regulatory flexibility previously provided only to incumbent rural telecommunications carriers.<sup>66</sup>

To provide that flexibility, HB 242 would have removed retail tariff requirements for carriers with more than 50,000 lines, while continuing commission oversight of intrastate access and wholesale pricing. The New Mexico PRC would continue to resolve consumer complaints regarding retail services. Although ILECs covered by this bill would be able to increase their residential retail rates on 10 days notice, a public hearing would be required to explain the reason for the increase. If more than 2.5% of subscribers protest the rate increase, the commission may review the issue and, if warranted, reinstitute the old rates.

The failure of HB 242 has lead CenturyLink to petition the PRC to declare it a mid-sized carrier and reduce regulation based on that designation.<sup>67</sup> We discuss that petition in Part IV.

### **III. Key legislative areas for 2014**

During the 2014 sessions, state legislatures focused on broadband deployment and oversight, carrier of last resort/basic local service obligations, and changes to the Universal Service Fund and Lifeline.

We discuss these issues below.

#### **A. Broadband**

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<sup>64</sup> New Mexico HB58, Amending the Rural Telecommunications Act of New Mexico to Amend Regulation of Incumbent Rural Telecommunications Carriers, available at <http://www.nmlegis.gov/Sessions/13%20Regular/final/HB0058.pdf>

<sup>65</sup> New Mexico HB 242, An Act Relating To Communications; Amending and Repealing Sections of The New Mexico Telecommunications Act to Equalize Regulation Among Incumbent Local Exchange Carriers, available at <http://legiscan.com/NM/text/HB242/id/942563>

<sup>66</sup> Id. Pg. 2, 8-10

<sup>67</sup> New Mexico Public Regulation Commission, In The Matter Of CenturyLink QC's Status as a Mid-Size Carrier, Case No. 14-00068-UT, available at <http://164.64.85.108/index.asp>. Should CenturyLink prevail in this proceeding, it will represent the first time that an incumbent ILEC has successfully argued that line loss has reduced its size to such an extent that it should no longer be considered a large carrier and subject to the rules established for the former Bell Operating Companies under TA96. The proceeding was underway prior to the opening of the legislative session but was halted pending its outcome.

2014 saw an increased focus on ensuring broadband availability in rural areas, allowing non-traditional companies such as electric cooperatives to provide broadband, and, in some states, restricting the development of municipal networks. These bills also addressed the state commission's role in encouraging broadband development, including, in one case, ensuring that providers meet the needs of their users. Bills encouraging broadband deployment passed in Colorado and Hawaii. Bills in Iowa, Mississippi, Utah, and West Virginia failed. We discuss these bills below.

### **1. West Virginia proposes broadband oversight**

The West Virginia legislature considered (but did not pass) HB 4165, a Bill Authorizing the Public Service Commission to Regulate Broadband Services, during its 2014 legislative session.<sup>68</sup> This bill would have given the Public Service Commission the authority to regulate broadband under certain circumstances, including requiring access to publicly funded broadband facilities and resolving consumer complaints concerning broadband service. The PSC would have no authority to

Impos[e] any requirements relating to the terms, conditions, rates, or availability of broadband service provided to the end-user

But would continue to arbitrate and enforce interconnection agreements and address other wholesale issues.

### **2. Broadband deployment**

As the IP transition focuses increased attention on the ability of all consumers to access the internet, legislators in Hawaii, Iowa, Kansas, and Mississippi proposed bills to provide incentives to increase broadband penetration in rural or hard to serve areas. These bills focused on the importance of broadband infrastructure to the development of industry in the state.

The Hawaii legislature passed SB 2981, a bill to encourage broadband deployment by streamlining the permitting process to encourage telecommunications infrastructure development and to promote the availability of high speed electronic and wireless communication to all residents and businesses.<sup>69</sup> This bill would

Establish an information network, with an emphasis on broadband and wireless infrastructure and capability that will serve as the foundation of and catalyst for overall economic growth and diversification in Hawaii.<sup>70</sup>

In Iowa, the legislature considered HF 2472, the Connect Every Iowan Act, which would have provided tax incentives to companies building broadband infrastructure in unserved and

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<sup>68</sup>See HB 4165, A Bill Authorizing the Public Service Commission to Regulate Broadband Services, available at [http://legiscan.com/WV/text/HB4165/id/920412/West\\_Virginia-2014-HB4165-Introduced.html](http://legiscan.com/WV/text/HB4165/id/920412/West_Virginia-2014-HB4165-Introduced.html)

<sup>69</sup> Hawaii SB 2981, A bill for an Act related to the economy, available at <http://legiscan.com/HI/text/SB2981/2014>

<sup>70</sup> Hawaii at 2.g.1

underserved areas of the state.<sup>71</sup> The Connect Every Iowan Act failed despite strong support from Governor Terry Branstad.

We launched the 'Connect Every Iowan' initiative to increase access, adoption and use of broadband technology in Iowa . . . Technology is the great equalizer and we know for Iowa to continue to grow and prosper, we must have quality broadband technology all across Iowa. We are disappointed that Iowa Democrats chose to put election-year politics ahead of good public policy. We plan to continue working to bring high-speed Internet access to all corners of the state, not just to population and industrial centers.<sup>72</sup>

Mississippi considered a similar broadband deployment bill, with a similar result. HB 489, An Act to Establish a Goal for the State of Mississippi That By No Later Than The Year 2022, All Residents and Businesses Have Access to Broadband, died in committee.<sup>73</sup>

New York looked toward legislation to increase broadband penetration in rural areas as a means of helping farmers to implement 21<sup>st</sup> century growing techniques. SB 6543 - rural broadband use and accessibility for farm use, would evaluate the ways in which farmers use broadband for crop measurement and climate review and determine how this process could be enhanced. The bill requires the State Broadband Authority to report its findings to the Governor by November, 2014.<sup>74</sup>

Finally, Utah Joint Resolution S.J.R. 18, "urges the Governor's Office of Economic Development and the Utah League of Cities and Towns to work with Utah's municipal leaders and **private** providers to help Utah become a fully "broadband friendly" state," by providing technical support and encouragement for broadband deployment. (Emphasis added).<sup>75</sup> This resolution did not pass.

### 3. **Municipal Broadband**

Municipal broadband has become an important concern for state legislatures as the need for higher broadband speeds collides with the slowing of fiber to the home by carriers like Verizon and the suggestion by AT&T and others that after the IP transition, some groups of rural customers will be served by wireless solutions only. Commentators like Susan Crawford have suggested that municipal broadband is the primary answer to the need for higher broadband speeds and rural broadband deployment, while some 20 states have responded either by banning

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<sup>71</sup> HF 2472, Connect Every Iowan Act, available at <http://legiscan.com/IA/text/HF2472/2013>

<sup>72</sup> TR Daily, May 5, 2014, Gov. Branstad disappointed broadband bill didn't pass

<sup>73</sup> HB 489, An Act To Establish A Goal For The State Of Mississippi That By No Later Than The Year 2022, All Residents And Businesses Have Access To Broadband

<sup>74</sup> NY SB 6543, available at [http://legiscan.com/NY/text/S06543/id/956750/New\\_York-2013-S06543-Amended.html](http://legiscan.com/NY/text/S06543/id/956750/New_York-2013-S06543-Amended.html)

<sup>75</sup> Utah S.J.R. 18S01, A Resolution to Make Utah a Fiber Friendly State, available at <http://legiscan.com/UT/text/SJR018S01/id/982059/Utah-2014-SJR018S01-Amended.pdf>

municipal broadband networks altogether or by passing regulations that are so restrictive that they make it nearly impossible for a municipality to provide such a service.

For example, Arkansas allows municipalities that operate electric utilities to provide communications services, but expressly prohibits them from providing local exchange services. Arkansas does not permit municipalities that do not operate electric utilities to provide communications services. Colorado requires municipalities wishing to provide cable, telecommunications, or broadband services to hold a referendum before doing so, unless the community is unserved and the incumbents have refused to provide the services in question. And Pennsylvania prohibits municipalities from providing broadband services to the public for a fee unless such services are not provided by the local telephone company and the local telephone company refuses to provide such services within 14 months of a request by the political subdivision.<sup>76</sup>

During 2014, Tennessee, Minnesota, and Kansas introduced bills addressing the deployment of municipal broadband. The Tennessee legislature proposed that that municipal electric cooperatives be allowed to offer broadband using their internal telecommunications networks and rights of way, while Minnesota and Kansas took opposite sides in the debate over broadband services provided by cities/municipalities rather than more traditional competitors such as the ILECs and cable companies.<sup>77</sup>

Tennessee proposed bills, SB 2140 and HB 2244, to allow municipal electric cooperatives to provide broadband service using the dark fiber they have deployed in their signaling networks.<sup>78</sup> Both bills failed.

Minnesota Bill 2255 specifically cited limited private investment in rural broadband as the reason these areas are "lagging behind metropolitan areas" and proposed municipal broadband networks as a means of ensuring that the state meets its goal of "increasing access to and speed of broadband service [to ensure] the state's present and future economic development and competitiveness."<sup>79</sup> SB2225 would have allowed rural municipalities to create their own broadband systems and issue bonds to finance the development. SB 2225 failed in committee but could be reintroduced next year if the broadband support promised by the CAF does not provide enough of an incentive for competitive carriers to move forward.

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<sup>76</sup> Baller Herbst Law Group, State Restrictions on Community Broadband Services or Other Public Communications Initiatives (as of January 1, 2014), available at <http://www.baller.com/pdfs/BallerHerbstStateBarriers%281-1-14%29.pdf>

<sup>77</sup> FCC Chairman Tom Wheeler has also weighed into this debate, stating that he will use Section 706 of the 1996 Act to pre-empt state laws forbidding municipal networks, regardless of the outcome of this legislation.

<sup>78</sup> HB 2244 would have applied only to Trousdale County. See TN bill 2140, available at <http://legiscan.com/TN/text/SB2140/id/934659/Tennessee-2013-SB2140-Draft.pdf>, and HB 2242, available at <http://legiscan.com/TN/text/HB2242/id/940874/Tennessee-2013-HB2242-Draft.pdf>

<sup>79</sup> Minnesota bill SB 2225, available at <http://legiscan.com/MN/text/SF2225/id/976304/Minnesota-2013-SF2225-Introduced.html>



The Kansas legislature took the opposite position from Minnesota regarding municipal broadband. SB304, The Municipal Communications Network and Private Telecommunications Investment Safeguards Act, would have prohibited municipalities from developing their own broadband networks in order to

Ensure that video, telecommunications and broadband services [in Kansas] are provided through fair competition consistent with the federal telecommunications act of 1996, Pub. L. 104-104, in order to provide the widest possible diversity of sources of information, news and entertainment to the general public.<sup>80</sup>

This bill also failed; opening the door for additional review of the tools the state can use to increase broadband availability.

#### **B. COLR obligations and the oversight of basic local service**

One of the key aspects of US communications policy has been the assurance that all citizens will have access to telecommunications services at comparable rates and with comparable functionality regardless of where they live.

Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.<sup>81</sup>

State commissions and the FCC have implemented this policy by ensuring that a "carrier of last resort" is available to "provide service to any customer in a service area that requests it, even if serving that customer would not be economically viable at prevailing rates."<sup>82</sup>

Traditionally, the carrier of last resort has been the states' wireline incumbent carriers, regardless of that carrier's market share or the level of competition in the state. As competition has increased and the costs of providing traditional service across a shrinking rate base have increased, both the states and carriers have moved to reconsider the COLR requirement, both in terms of which carriers should fulfill this role and the technology used to provide that service.

The elimination of carrier of last resort obligations and the discontinuance of requirements that incumbent carriers continue to provide wireline basic service has been a subject of concern for state regulators and legislators in each year that NRRI has reported on the status of telecommunications regulation. 2014 was no exception to this pattern. State legislatures proposed changes to COLR requirements in Colorado, Kentucky, Pennsylvania,

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<sup>80</sup> Kansas SB304, The Municipal Communications Network and Private Telecommunications Investment Safeguards Act, available at <http://legiscan.com/KS/text/SB304/2013>

<sup>81</sup> 47 U.S.C. 254(b)(3)

<sup>82</sup> Federal Communications Commission, Connecting America: The National Broadband Plan at (Mar. 16, 2010) at 351, available at <http://download.broadband.gov/plan/national-broadband-plan.pdf>



Maine, Massachusetts, and Michigan. The incumbent carriers base their requests for limitations on COLR requirements on the number of alternative technologies and competitors available to consumers and the on-going loss of market share in competitive areas, noting that the ILECs may no longer be the largest provider of telephone service in some states. As the FCC's 2013 Local Competition Report points out, the number of ILEC switched access lines has fallen dramatically since the passage of TA96, with switched access lines decreasing by 11% during 2012 alone.<sup>83</sup>

The reduction in COLR requirements has been addressed in numerous ways, depending on the area of the country and the carrier supporting the change. By the end of 2012, COLR obligations had been legislatively withdrawn in 12 states, all in the AT&T territory.<sup>84</sup> Other states, like Wyoming, had rewritten their statutes to allow the incumbent wireline carrier to petition the commission to withdraw from its COLR obligation if customers are not subscribing to the service or if it has "become obsolete."<sup>85</sup> In addition, states like Missouri, Texas, and Virginia allowed the incumbent carrier to discontinue COLR service in specific areas (Missouri) or where competitive conditions provided enough choice to make it unnecessary (Texas and Virginia).

Four bills eliminating COLR requirements were introduced in 2013. Bills in Delaware and Nevada passed, while legislation in Kentucky and Ohio failed,<sup>86</sup> bringing the number of states without specific COLR requirements to 13.

While carriers cite competition as the predicate for removing (or at least reducing) COLR obligations, consumer advocates support continued regulation to ensure that service remains universally available and reliable. These advocates focus on the fear that after deregulation,

Companies would no longer have to maintain phone lines. . . [And] costs for traditional landline service, often used by the elderly, disabled and those with low income, will skyrocket.<sup>87</sup>

To support their statements, consumer advocates point to alleged wireline maintenance issues in California, the District of Columbia, and New York and New Jersey, as well as Verizon's

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<sup>83</sup> Local Competition Report: Status as of December 31, 2012, Federal Communications Commission, (Nov. 2013). A significant portion of these lines has moved to wireless and cable providers.

<sup>84</sup> Lichtenberg, 2012. Some states, like Nebraska and Minnesota, do not have state-specific COLR requirements but require that service be provided universally.

<sup>85</sup> Wyo. Stat. Ann. § 27-15-202(f), available at <http://law.justia.com/codes/wyoming/2013/title-37/chapter-15/article-2/section-37-15-202>

<sup>86</sup> Kentucky bill SB 88 would have removed COLR requirements in those areas of the state where two competitors offered alternate service. New legislation proposing a similar change to COLR requirements in Kentucky was proposed in 2014. No new legislation was proposed in Ohio.

<sup>87</sup> Daley, John, Residents Describe the Impact of Poor Broadband Near Denver, Colorado Public radio, 4/25/14, available at <http://www.cpr.org/news/story/colo-lawmakers-look-relief-slow-broadband>

transfer of customers to wireless home voice service to resolve maintenance issues.<sup>88</sup> These issues continue to be a source of contention among consumers, carriers, and commissions in 2014.

During 2014, changes to COLR requirements were proposed in Colorado, Kentucky, Pennsylvania, Massachusetts, and Michigan. In addition, studies of the way in which COLR requirements should be applied or funded were launched in Maine and Montana. We discuss the Colorado, Kentucky, Pennsylvania, and Michigan bills here. We discuss the Maine and Montana studies in Part IV.

## 1. Colorado

Colorado enacted HB 1331, An Act Concerning the Regulation of Basic Local Exchange Service as It Affects Effective Competition, as part of a four bill package addressing local service deregulation.<sup>89</sup> As in many states, HB 1331 redefines basic local service to include only dial tone and local usage and does not require that service be provided by a specific technology (i.e., wireline).<sup>90</sup> HB 1331 retains COLR requirements and commission oversight of service quality (including complaint adjudication) and service pricing throughout the state until July 1, 2016.

HB 1331 allows the commission to determine a "reasonable benchmark rate" for basic service. This rate may not exceed the rate the company providing basic service charged on December 31, 2013.

Each incumbent local exchange carrier shall charge a uniform price for basic service throughout its service territory; except that an incumbent local exchange carrier shall not charge a price for basic service that is more than the price that the carrier charged on December 31, 2013, unless the price charged is lower than the urban rate floor prescribed by the Federal Communications Commission.<sup>91</sup>

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<sup>88</sup> Emergency Motion Of The Utility Reform Network (TURN) Urging The Commission To Take Immediate Action To Protect Verizon Customers And Prevent Further Deterioration Of Verizon's Landline Network, CA Docket R.11-12-001, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M088/K991/88991674.PDF>

<sup>89</sup> CO HB 1331, A Bill for an Act Concerning the Regulation of Basic Local Exchange Service as It Affects Effective Competition, available at [http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&file=1331\\_01.pdf](http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&file=1331_01.pdf). The Colorado legislative package includes a fifth bill, HB 1328, encouraging broadband deployment in unserved and underserved areas of the state, available at [http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/1E390935433C251F87257C620063CC4A?Open&file=1328\\_rev.pdf](http://www.leg.state.co.us/clics/clics2014a/csl.nsf/fsbillcont3/1E390935433C251F87257C620063CC4A?Open&file=1328_rev.pdf)

<sup>90</sup> Previous statutes included features, directory listing, and other ancillary services in the definition of BLS.

<sup>91</sup> Op. cit, Section 9, II (A) See also, Federal Communications Commission, Order In the Matter of the Connect America Fund, WC Docket 10-90, Adopted 4/3/14, available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DA-13-598A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-598A1.pdf)

Carrier of Last Resort obligations remain in effect until July 1, 2016. Until that point, Each incumbent local exchange carrier remains subject to any obligations as provider of last resort, as established by the commission under section 40-15-502 (6), throughout its service territory.<sup>92</sup>

The basic service rate remains in effect until July 1, 2016. After July 1, 2016, the commission will continue to regulate basic local service and to designate COLRs in those areas where

The commission provides high cost support mechanism distributions for basic service under sections 40-15-208 and 40-15-502(5)[.] [In these areas], the commission retains the authority to: (a) designate providers of last resort under section 40-15-502 (6); (b) determine a maximum price for basic service under section 40-15-502 (3) (b); (c) prohibit providers from discontinuing basic service, notwithstanding section 40-15-111; and (d) audit, investigate, and enforce compliance with regulation.<sup>93</sup>

Testimony regarding HB 1331 focused on the potential impact of removing COLR requirements and allowing carriers to provide service using any technology. As they have in other states, AARP and other consumer groups raised concerns regarding the impact of eliminating wireline basic service on older and disadvantaged citizens. AARP stated its concern that the transition from copper based TDM wireline services to IP-enabled services may result in reductions in service quality, 911 problems due to the loss of line-powered systems.

For older consumers especially, landlines are critical when electricity goes out, when wireless phones and VoIP phones don't work. The concern we have... is [these bills] have left consumers basically with nothing.<sup>94</sup>

The Colorado legislature acknowledged these fears by providing a two year window for evaluating the effects of the changes implemented as a result of the bill. After 2018, HB 1331 provides for the Commission to reconsider whether regulation should be reinstated as a result of consumer experience since the passage of the bill. Based on this language, the Commission will

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<sup>92</sup> Op. cit., Section 9, III

<sup>93</sup> Op. cit. Section 9, amending CO Statute 40-15-401. There has been some discussion of the meaning of this language. Does the commission retain jurisdiction over BLS and COLR based on the **location** where high cost support is **available** or only over those companies that take the support? The bill's legislative summary suggests the latter interpretation. "For basic local exchange providers that accept high cost support mechanism distributions, the commission retains the authority to designate providers of last resort, determine a maximum price for basic service, prohibit the discontinuance of basic service, and impose fees related to the high cost support mechanism, emergency service, and telecommunications relay service." The Commission will need to address this issue in the rulemakings implementing the requirements of HB 1331.

<sup>94</sup> Marcus, Peter, New legislation takes on old telecommunications laws, The Colorado Statesman, March 28, 2014, available at <http://www.coloradostatesman.com/content/994743-new-legislative-take-old-telecommunications-laws>

monitor consumer experiences and decide whether and where additional safeguards will be needed.

If, after July 1, 2018, the commission finds that re-regulation of basic local exchange service is necessary to protect the public interest following a hearing and upon findings of fact and conclusions of law, the commission may regulate basic local exchange service . . . .<sup>95</sup>

## 2. **Kentucky**

During its 2014 session, the Kentucky legislature tried again to deregulate telecommunications in the state and modify carrier of last resort requirements. SB 99, a revised version of 2013's bill SB 88, would have deregulated "modifying companies" in exchanges with greater than 15,000 housing units, as opposed to the 5,000 unit limit in SB 88, protecting more rural parts of the state.<sup>96</sup> In those rural areas, SB 99 would have continued the incumbent carrier's COLR obligations, a key point of failure for the 2013 bill.

SB 99 acknowledged consumer concerns about the effectiveness and reliability of alternate technologies by allowing consumers to "test drive" the new services. Although the deregulated companies could provide service using any technology, SB 99 would have created a trial period where customers requesting new service could "experiment" with VoIP and wireless service but fall back to wireline voice service if they were not happy.

The modifying utility may offer the requesting customer an IP-enabled service or a wireless service either directly or through an affiliate. If the requesting customer does not order an IP-enabled service or a wireless service, the modifying utility, upon request by the customer, shall provide basic local exchange service at that location. The commission retains the jurisdiction to enforce this obligation.<sup>97</sup>

Finally, under SB 99, the state commission would have continued to have limited jurisdiction over consumer complaints. The bill provided that "the commission **may** assist in the resolution of consumer complaints."<sup>98</sup>

SB 99 died in committee but may be reintroduced in the 2015 legislative session.

## 3. **Michigan**

Michigan initially deregulated telecommunications in 2011. Public Act 58 eliminated the requirement that carriers provide basic local exchange service and toll service to residential customers and prohibited oversight of VoIP. Act 58 exempted carriers from COLR requirements in areas with two or more providers, regardless of the technology used to provide service.

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<sup>95</sup> Op. Cit. HB 1331, Section VI, 6-10.

<sup>96</sup> Kentucky SB-99, An Act to modify the telecommunications deregulation plan, available at <http://legiscan.com/KY/bill/SB99/2014>

<sup>97</sup> Id. Section 1

<sup>98</sup> Id at Section 2(3), emphasis added

In 2014, Public Act 52 completes the process of phasing out COLR requirements by providing a path for carriers to cease providing that service.<sup>99</sup> Beginning in 2017, Public Act 52 allows providers to request to discontinue basic local exchange service and toll service completely in specific exchanges by filing a request with the FCC under Section 214 of TA96 and notifying customers, other carriers, and the Michigan Public Service Commission of their decision.<sup>100</sup> The company must certify that at least two other companies provide comparable service (regardless of technology) in the requested areas. If the FCC approves the discontinuance, the carrier may cease offering service in the requested exchanges after providing an additional 90 days notice.

As in Colorado, Michigan Act 58 provides safeguards for customers (including wholesale customers) who believe that the alternate provider or service does not provide comparable support for E911 and other emergency services. To ensure that the replacement service is comparable to the service being withdrawn and to adjudicate questions regarding whether the FCC has approved the exiting carrier's Section 214 application, after January 1, 2017,

A customer of that [exiting] provider . . . may request the commission to investigate the availability of comparable voice service with reliable access to 9-1-1 and emergency services . . . . If the commission, after conducting an investigation . . . determines that the federal communications commission failed to make a finding that the present and future public convenience and necessity is not adversely affected or has not adequately addressed the issue, the [state] commission shall declare by order that an emergency exists in an area in this state that is not served by at least 1 voice service provider offering comparable voice service with reliable access to 9-1-1 and emergency services through any technology or medium and shall conduct a request for service process to identify a willing provider of comparable voice service with reliable access to 9-1-1 and emergency services in that area, including the current provider.<sup>101</sup>

Act 52 defines comparable service to include

Any 2-way voice service offered through any form of technology, including voice over internet protocol services and wireless services, that is capable of placing calls to and receiving calls from a provider of basic local exchange service.<sup>102</sup>

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<sup>99</sup> Michigan Public Act 52 ( 52 PA 2014), available at <http://www.legislature.mi.gov/documents/2011-2012/publicact/pdf/2011-PA-0058.pdf>

<sup>100</sup> The Section 214 discontinuance process is a standard request to the FCC for carriers choosing to relinquish service in some or all parts of a state. It has generally been used by CLECs such as the former MCI when they have transitioned their customers to other carriers or by the ILEC to discontinue services that have few if any subscribers. See, for example, Application of MCI Communications Services, Inc. D/B/A Verizon Business Services To Discontinue Domestic Telecommunications Services Not Automatically Granted, WC Docket No. 13-247 Comp. Pol. File No. 1122, December 13, 2013, available at [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DA-13-2393A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-13-2393A1.pdf)

<sup>101</sup> Michigan Public Act 52 (52 PA 2014), section 313(6)

<sup>102</sup> Id. Section 313(6)(a)

The MPSC may review the availability of comparable service only on the request of a consumer (not on its own motion). If the MPSC finds that the replacement service is not comparable, Act 52 directs the commission to begin a search to designate a new provider, including issuing a request for service and undertaking a procurement. If no carrier applies to provide service in these areas, the MPSC may require the exiting provider to continue to provide service until a new provider is found.<sup>103</sup>

To ensure that the replacement service is comparable to the discontinued service, the Michigan law requires exiting carriers to follow the rules established by the FCC as a result of the IP Transition trials, including any prohibition against fixed wireless. Michigan is the only state that has included this condition as part of a deregulation bill.

A telecommunication provider that discontinues service under this section shall adhere to all rules, regulations, and guidelines set forth in the FCC trials order, including all appendices, for each of that telecommunication provider's exchanges in this state, whether or not the discontinuance is undertaken pursuant to an official trial under the FCC trials order.<sup>104</sup>

#### **4. Pennsylvania**

Pennsylvania HB 1608 provides a two step plan for reducing commission oversight of basic local service and eliminating the ILEC's COLR obligations. HB 1608 removes the ILEC's obligation to provide new basic local service immediately in competitive exchanges, and over time in rural exchanges depending on the level of competition in each exchange. The bill also provides a safety net for customers who cannot obtain alternate service of the same quality and with the same functionality as the ILEC's wireline service.

HB 1608 defines exchanges with greater than 300 residents per square mile as automatically competitive and eliminates PUC oversight based on a company declaration that it wishes to be regulated as a "competitive carrier."<sup>105</sup> Existing service would be grandfathered in competitive exchanges, but new basic local would no longer be required.

On the effective date of a declaration specified under this subsection, a local exchange telecommunications company shall continue to offer a basic calling service to a residential customer who subscribes to the service at the same location on the effective date of the declaration, until the date the customer

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<sup>103</sup> Interestingly, the law makes no provision to provide financial support for the new provider. Indeed, Act 52 prohibits the MPSC from creating a state universal service fund to assist the replacement provider.

<sup>104</sup> Act 52 at Section 313(7) Interestingly, Act 52 does not specify what steps the commission might take should a company seek and receive Section 214 authority to discontinue service from the FCC prior to the completion of the IP Transition trials.

<sup>105</sup> PA HB 1608, p7, lines 17-21, available at <http://legiscan.com/PA/text/HB1608/id/870914/Pennsylvania-2013-HB1608-Introduced.pdf> "A local exchange telecommunications company may classify any of its non-rural exchanges as a competitive exchange by filing a declaration. The declaration shall take effect upon filing."

requests that the service be disconnected or January 1, 2018, whichever is earlier.<sup>106</sup>

Beginning in 2016, rural exchanges (those with fewer than 300 residents per square mile) could be designated as competitive if customers may be served by at least two alternate telecommunications suppliers, regardless of technology (including over the top providers).

A local exchange telecommunications company may classify any of its rural exchanges as a competitive exchange by filing an affidavit and declaration that two or more alternative service providers operate in the exchange, as demonstrated by local number portability records or other relevant information.<sup>107</sup>

Customers may petition the commission to require the ILEC to provide basic wireline service if they can prove that alternate service of the same quality is not available. If the petition is granted, the commission may order the company to provide wireline service, but may do so at a price and on terms and conditions of its own choosing.

The question of the withdrawal of basic local service and the reduction in COLR obligations in Pennsylvania has raised concerns among consumer advocates similar to those in Kentucky and Michigan. AARP, for example, has argued against the bill because it

Changes the definition for basic calling service in a way that fails to require any new technology to match the performance of existing telephone service. . . [and] HB 1608 also changes the rules for defining a non-competitive phone market so the process of determining when and if a service becomes non-competitive could take place without meaningful input from the Office of Consumer Advocate and the PUC and could lead to the unwarranted deregulation of basic local service.<sup>108</sup>

The Pennsylvania commissioners have taken different positions on the impact of withdrawing carrier of last resort requirements. Commissioner James Cawley echoed the concerns of consumer advocates in his prepared testimony on the bill. Discussing the changes a carrier could impose in an area where it is declared competitive, he pointed out that the loss of carrier of last resort obligations could significantly impact consumers.

Once the company declares an exchange competitive, it is free to serve (or not to serve) whomever it pleases, to offer (or not offer) whatever services it pleases, and to charge whatever rates it pleases.<sup>109</sup>

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<sup>106</sup> Id., p8 lines 14-21

<sup>107</sup> Id., p7, lines 22-27

<sup>108</sup> AARP Pennsylvania Opposes Telephone Deregulation Bill That Removes PUC Oversight and Threatens Access to Landline Service, PR Newswire, 11/21/13, available at <http://www.prnewswire.com/news-releases/aarp-pennsylvania-opposes-telephone-deregulation-bill-that-removes-puc-oversight-and-threatens-access-to-landline-service-232893871.html>

<sup>109</sup> Cawley, James H., Prepared Testimony of James H. Cawley, Commissioner, Pennsylvania Public Utility Commission, November 21, 2013, available at [http://www.puc.pa.gov/General/pdf/Testimony/Cawley-HB1608\\_112113.pdf](http://www.puc.pa.gov/General/pdf/Testimony/Cawley-HB1608_112113.pdf)



PUC Chairman Robert F. Powelson provided a counterpoint to this argument by citing competition as a way of leveling the playing field while continuing to protect customers.

HB 1608 [updates regulation] to reflect how technology has changed the telecommunications industry and level[s] the playing field between Local Exchange Carriers and their unregulated competitors. For the regions of Pennsylvania where multiple telecommunications providers compete for customers, HB 1608 creates a regulatory landscape that relies largely on competitive forces to ensure quality of service and to check prices.<sup>110</sup>

The 2014 legislative session continues until the end of the year, so a decision on HB 1608 remains pending until that time.

### **C. Other Issues**

Legislation in 2014 also addressed other issues effecting commissions, consumers, and companies. Legislation in Maryland, New York, and New Jersey focused on the questions of wireline replacement, including the potential for fixed wireless as a replacement for traditional wireline services. Oklahoma, Maine and Vermont legislators proposed changes to the states' universal service funds, including Lifeline funding; and the question of commission assessments in states where regulation has been eliminated or reduced continued to be raised. We discuss those issues in the following paragraphs.

#### **1. Wireline replacement**

Maryland, New York, and New Jersey proposed legislation delaying or prohibiting the replacement of copper wireline service with fixed wireless service. The legislation focuses on concerns about the reliability of wireless-based services raised by consumer advocates and labor unions in the wake of Hurricane Sandy.

Consumer advocates point out that unlike traditional copper wireline service, wireless service requires commercial power, thus it will have only limited availability during an extended power outage.<sup>111</sup> They also question the reliability of fixed wireless service such as VoiceLink and point out that it does not provide broadband connectivity, and does not work with alarm systems, health monitoring devices, facsimile services, and other products that require an analog copper connection. Both AT&T and Verizon have stated that they are continuing to explore ways to meet this need.

As the Maryland Consumer Counsel pointed out in her statement on HB 442, a bill seeking a moratorium on and study of wireline replacement,

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<sup>110</sup> Powelson, Robert F., Prepared Testimony of Robert F. Powelson Chairman, Pennsylvania Public Utility Commission before the Pennsylvania House of Representatives Consumer Affairs Committee November 21, 2013, available at [http://www.puc.pa.gov/General/pdf/Testimony/Powelson-HB1608\\_112113.pdf](http://www.puc.pa.gov/General/pdf/Testimony/Powelson-HB1608_112113.pdf).

<sup>111</sup> Both the ILECs and the cable companies offer battery backup to their customers as an option. The most commonly used battery provides power for voice service for up to 8-hours, assuming it is fully charged and available.



Complaints also have been made about the overall quality and reliability of the [fixed wireless] voice services itself, and the 911 connection. These consumer concerns go to the very issue of comparability of this service, and whether it is a truly comparable replacement for current regulated landline service in terms of the quality and reliability of service. These issues are of importance to landline telephone users, but are of particular concern to customers that are older, or with medical conditions or disabilities.<sup>112</sup>

Similar concerns have been raised in response to bills eliminating or reducing COLR requirements in states where legislation allows companies to provide service using any technology, including fixed wireless.

Verizon counters these arguments by stating that it transitions customers to fiber service in order to solve the repair issues that often plague old copper infrastructure.

The move toward fiber . . . is nothing new. As customers and public entities have widely recognized, fiber is a safe, proven, and known technology with a track record of serving communities well. From the perspective of reliability, fiber is immune to many environmental factors that affect copper cable, including electrometric interference and radio-frequency interference. It is less susceptible to temperature fluctuations or weather conditions, meaning fiber is less likely to experience outages during weather events, homeland security incidents, or other public safety emergencies. Fiber lines are generally more durable, do not corrode, have a much longer lifespan, and require fewer repairs than copper lines.<sup>113</sup>

Verizon has also stated that it offers its wireless VoiceLink service only to customers who have standalone voice service, no incompatible devices, or broadband, and then only after providing a full description of the limitations of that service. Customers who are dissatisfied with the VoiceLink service may return to copper service upon request.

Maryland House Bill 442 focused primarily on wireless service. The bill would have prohibited the PUC from approving any plan by an incumbent carrier to replace wireline telephone service with wireless service for one year. During that period, the bill directed the commission to study the impact of wireless replacement and report to the Legislature on its findings. HB 442 died in committee.

Like Maryland's bill, New York bill S5630 focuses on wireless replacement. This bill also proposes a one year moratorium on replacing wireline service with wireless service and requires the commission to study the impact of wireless service to determine

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<sup>112</sup> State of Maryland People's Counsel, Statement on House Bill 447, Wireless Landline Telephone Service, Prohibition and Study, 2/6/14, available at <http://www.opc.state.md.us/LinkClick.aspx?fileticket=AA8IZ2ZalA8%3D&tabid=69>

<sup>113</sup> In the Matter of Wireline Competition Bureau Short Term Network Change Notification filed by Verizon New York Inc. and Wireline Competition Bureau Short Term Network Change Notification filed by Verizon Virginia LLC, Report No. NCD-2353 and NCD-2354, available at [http://publicpolicy.verizon.com/assets/docs/05\\_28\\_14\\_Verizon\\_NY,\\_Verizon\\_VA\\_response\\_to\\_NCD-2353,\\_2354.pdf](http://publicpolicy.verizon.com/assets/docs/05_28_14_Verizon_NY,_Verizon_VA_response_to_NCD-2353,_2354.pdf)

the incumbent local exchange carrier's ability to provide (A)adequate, efficient, proper, reliable, and sufficient service?(B) the ability of [the] ILEC to provide its customers access to service options, including, but not limited to, Internet access,(C) the ability of other service providers, including, but not limited to, alarm monitoring companies, home health monitoring equipment providers, to provide services to consumers and businesses (D) the ability of deaf and hard-of-hearing consumers to access communications services in accordance with section 91-a of the public service law.<sup>114</sup>

New Jersey bill AB 2459 would also establish a one-year moratorium on the replacement of copper landline service with

non-copper-based landline, which may include wireless telephone service by local exchange telecommunications companies [unless the customer requests such service], provided that the customer may return to copper-based landline telephone service, or other comparable service as determined by the Board of Public Utilities, with no penalty or termination fee imposed by the local exchange telecommunications company.<sup>115</sup>

In addition to the prohibition on transferring customers to fiber or wireless without the customer's direct request to do so, AB 2459 directs the Board of Public Utilities (BPU) to hold public hearings and report to the Governor and the Legislature by December 1, 2014, on the impact of replacing copper services with fiber or wireless-based service, including the impact on the incumbent's COLR obligations, and on

the ability of a local exchange telecommunications company to comply with the statutory and regulatory requirements to maintain universal telecommunications services at affordable rates; the ability of a local exchange telecommunications company to provide reliable connections for public safety and law enforcement agencies during normal operating conditions and during extreme weather conditions or power outages; the communications network reliability provided by a local exchange telecommunications company; and the current practices of local exchange telecommunications companies in replacing copper-based landline telephone service with non-copper-based landline or wireless telephone service.<sup>116</sup>

## **2. Lifeline and Universal Service**

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<sup>114</sup> New York Bill S 5630, Establishing a Moratorium on Telephone Corporations on the Replacement of Landline Telephone Service With a Wireless System, available at <http://legiscan.com/NY/text/S05630/2013>

<sup>115</sup> New Jersey AB 2459, available at [http://legiscan.com/NJ/text/A2459/id/988903/New\\_Jersey-2014-A2459-Amended.html](http://legiscan.com/NJ/text/A2459/id/988903/New_Jersey-2014-A2459-Amended.html). At the same time that AB 2459 seeks to prevent the deployment of fiber or fixed wireless, the New Jersey Rate Counsel has filed a complaint seeking to set aside the BPU's decision to allow Verizon to fulfill its requirement to deploy broadband throughout the state over fiber facilities (Docket TOI2020155).

<sup>116</sup> Id. 4(b)(1)

Lifeline and universal service continued to be important questions for state legislatures in 2014, as the FCC's new Lifeline rules took effect and as federal universal service funding changes threatened to reduce the amount of high cost funds available to rural companies. Bills in California, Oklahoma, Vermont, and Washington addressed funding for high cost service, Lifeline, and universal service support.

California SB 1364 will continue funding for the state high cost universal service funds through 1/1/19. The bill will require the PUC to

Take all reasonable steps consistent with the state's universal service policies and goals, to maximize the amount of federal funding to California and to California participants in the federal [USF] programs.<sup>117</sup>

In Oklahoma, SB 1510 reduced expenditures from the state Lifeline fund to \$0.02 per month, per eligible subscriber, in addition to the federal lifeline provider reimbursement.<sup>118</sup> During 2013, the Oklahoma state Lifeline fund provided approximately \$4,000,000 in subsidies to eligible telecommunications carriers.<sup>119</sup> The reduction in funding ordered by SB 1510 follows the Oklahoma Commerce Commission's (OCC) 2014 implementation of new rules governing the conduct of Lifeline providers, particularly those that seek customers at outdoor events. SB 1510 becomes effective November 1, 2014.

The Vermont legislature introduced H760, an Act Relating to the expenditure limit for the state universal communications services program, in response to the reduction in Universal Service funding that will occur with the implementation of the FCC's USF order. HB 760 would have increased support to carriers of last resort for both basic local voice service and broadband access. As the bill pointed out, the changes to federal universal service support resulting from the USF transformation order would transition the support for incumbent carriers' voice services to broadband under the Connect America Fund, causing a net reduction in the amount of support available in rural areas.

Had it passed H760 would have established

A high cost program under the Vermont Universal Service Fund to ensure the availability and affordability of basic telecommunications service and broadband access throughout the State.<sup>120</sup>

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<sup>117</sup> See California SB 1364, available at [http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb\\_1351-1400/sb\\_1364\\_bill\\_20140527\\_amended\\_sen\\_v98.pdf](http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_1351-1400/sb_1364_bill_20140527_amended_sen_v98.pdf)

<sup>118</sup> Oklahoma Enrolled Bill 1510, Lifeline Reimbursement Cap, available at [http://webserver1.lsb.state.ok.us/cf\\_pdf/2013-14%20ENR/SB/SB1510%20ENR.PDF](http://webserver1.lsb.state.ok.us/cf_pdf/2013-14%20ENR/SB/SB1510%20ENR.PDF)

<sup>119</sup> Lichtenberg, Sherry; Akyea, Kafui; and Bernt, Phyllis, Survey of State Universal Service Funds 2012, National Regulatory Research Institute, Report 12-10, July, 2012, available at <http://communities.nrri.org/documents/317330/e1fcec638-ef22-48bc-adc4-21cc49c8718d>

<sup>120</sup> Vermont HB 760, An Act Relating to the Vermont Universal Service Fund and High Cost Basic Telecommunications Service, available at <http://legiscan.com/VT/text/H0760/>

The bill would have conditioned this additional support on the commitment of recipients to increase the speed and availability of broadband in rural exchanges. Fund recipients would not need to provide broadband service in areas served by a competitor. Such areas would be designated by the Public Service Board.

The Washington state legislature also addressed the question of universal service funding, in light of changes to the federal universal service fund and its citizens' increasing reliance on internet access as "a basic staple essential to modern life."<sup>121</sup> The Washington legislature proposed two bills that would increase the size of the state universal service fund to cover shortfalls caused by the FCC's changes to the federal universal service fund and the loss of lines and revenue by the incumbent carriers caused by

The migration from customer reliance on access lines for voice service to the use of broadband for a number of communications applications; and changes in federal regulations governing: How communications providers compensate other providers for the use of the network; and eligibility for federal universal service funds.<sup>122</sup>

HB 2679 and SB 6572 proposed a onetime increase in the size of the state Universal Service Fund to \$5,000,000, to support Washington's rural carriers as they transition to broadband. The increased funding would be used to prevent "unreasonable telephone service rate increases" or even the failure of rural carriers impacted by these changes. The Washington Utilities and Transportation Commission (UTC) would manage the changes to the fund.

Neither bill was reported out of committee but they may be reconsidered during the 2015 legislative session.

The Maine legislature took a different direction in providing enhanced support to incumbent carriers seeking increased reimbursement from the state universal service fund to make up for lost revenue due to increased line loss and reduced access revenue. Rather than increasing the size of the Maine Universal Service fund, the Maine legislature passed LD 1479, an Act to Clarify Telecommunications Regulation Reform, over the Governor's veto. LD 1479 prohibits the state commission from disbursing any additional funds to the state's incumbent LEC without legislative approval.

Unless expressly authorized by law . . . the Public Utilities Commission may not, sooner than 90 days following the adjournment of the First Regular Session of the 127th Legislature, collect funds for the purpose of disbursing funds from a state

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<sup>121</sup> Washington House Bill 2679, An Act Relating to the expenditure limit for the state universal communications services program, Section 1, available at [http://legiscan.com/WA/text/HB2679/id/951325/Washington-2013-HB2679-Comm\\_Sub.pdf](http://legiscan.com/WA/text/HB2679/id/951325/Washington-2013-HB2679-Comm_Sub.pdf)

<sup>122</sup> Washington Senate Bill 6572, An Act Relating to the expenditure limit for the state universal communications services program, available at [http://legiscan.com/WA/text/SB6572/id/973414/Washington-2013-SB6572-Comm\\_Sub.pdf](http://legiscan.com/WA/text/SB6572/id/973414/Washington-2013-SB6572-Comm_Sub.pdf)

universal service fund to any company that operates more than 50,000 access lines in the State.<sup>123</sup>

LD 1479 directs the Public Utility Commission to study the need for Carriers of Last Resort and propose methods for lowering the cost of that support. The report is due January 7, 2015.

### **3. Complaint jurisdiction**

As in previous years, complaint jurisdiction remained a key facet of legislation proposed in 2014.<sup>124</sup> Nine states, Alabama, Colorado, Iowa, Kentucky, Massachusetts, Minnesota, New Mexico, Pennsylvania, and West Virginia proposed changes to the rules for overseeing consumer complaints, some expanding this role and others limiting it. Legislation in Alabama, Colorado, and Iowa passed. Legislation in Kentucky, Minnesota, New Mexico, and West Virginia failed. Legislation in Pennsylvania remains pending. We discuss this legislation below.

#### **a. Alabama eliminates oversight of retail complaints**

Alabama Act 2014-82 (HB-155) amended

Section 37-2A-4, Code of Alabama 1975, relating to the jurisdiction of the Public Service Commission . . . to specify that the commission would not have jurisdiction over certain customer complaints related to retail telecommunications services which are not otherwise regulated by the commission.<sup>125</sup>

Although Alabama deregulated retail telecommunications in 2011, the law did not explicitly specify the extent to which deregulation applied to consumer complaints. Act 2014-82 clarifies that decision by specifically prohibiting commission oversight over complaints relating to broadband services, including VoIP and IP-enabled services, as well as basic service. Carriers must file a request to be exempted from the commission's complaint jurisdiction.

The 2014 legislation may be a response to AT&T's decision to launch the first of its IP Transition Trials in Carbon Hill, AL, since Act 2014-82 clarifies that the state commission will have little (if any) authority either over the trial itself or any complaints arising from it. To ensure that it continues to have access to data regarding the trial, the Alabama commission has recommended that the FCC and AT&T establish a

Consumer Advisory Council to meet monthly in Carbon Hill whose members will include one or more representatives from AT&T, the APSC, local government, first responders, the local 911 district, business and residential consumers from the U-verse coverage area, and business and residential customers from outside the U-verse coverage area. The group's focus includes but is not limited to:

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<sup>123</sup> Maine LD 1479, an Act to Clarify Telecommunications Regulation Reform, available at <http://legiscan.com/ME/text/LD1479/id/1005576/Maine-2013-LD1479-Amended.pdf>

<sup>124</sup> State commissions retain jurisdiction over wholesale complaints as provided in Sections 251 and 252 of TA 96.

<sup>125</sup> Alabama Act 2014-82 (HB-155), available at <http://legiscan.com/AL/text/HB155/id/965762/Alabama-2014-HB155-Enrolled.pdf>

consumer education measures, service quality, reliability, availability, and compatibility issues, as well as IP-based pricing issues.<sup>126</sup>

**b. Colorado, Iowa, and Pennsylvania retain limited oversight**

Legislation passed in Colorado and Iowa and pending in Pennsylvania continues state commission oversight of basic local service (although not IP-enabled service).<sup>127</sup>

Colorado HB 1331 retains commission oversight of complaints regarding basic local wireline service. The bill allows the commission to address complaints about IP-enabled services when they are used to provide basic local service in high cost areas. The Iowa legislation (SF 2195) provides a similar opportunity for consumers to file complaints with the Board regarding service issues.

Pennsylvania HB 1608, An Act amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, remains pending in the Pennsylvania legislature. This bill would continue commission jurisdiction over consumer complaints regarding wireline basic local service quality. It does not allow oversight or provide jurisdiction over complaints concerning IP-enabled services, including VoIP. The PUC may hear and resolve complaints regarding basic local service but may not impose new standards for billing standards or require the LEC to provide additional reports on quality of service. Under HB 1608, the commission would

Hear and resolve retail customer complaints relating to the provision of protected services if the complaint is based on . . . (A) Truth-in-Billing regulations established by the Federal Communications Commission . . . (B) An alleged failure to comply with the provisions of an applicable tariff or the rate, term or condition of a protected service posted on an Internet website under section . . . (C) An alleged failure to comply with an applicable service quality standard.<sup>128</sup>

**c. Expand jurisdiction to VoIP**

Bills in Kentucky and West Virginia would have extended commission jurisdiction over consumer complaints to broadband service. Both bills failed.

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<sup>126</sup> Comments of the Alabama Public Service Commission In the Matters of Technology Transitions, AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition; GN Docket No. 13-5, GN Docket No. 12-353, available at <http://apps.fcc.gov/ecfs/document/view?id=7521096405>

<sup>127</sup> Bills in Minnesota and New Mexico would have allowed those commissions to continue oversight of basic local service. The Minnesota bill would have given the state commission jurisdiction to investigate complaints brought by 5% or 100 of the customers in an exchange. See Minnesota Bill SB 2218, available at <http://legiscan.com/MN/text/SF2218/2013> and New Mexico HB 242, available at <http://legiscan.com/NM/text/HB242/id/942563>

<sup>128</sup> PA HB 1608, An Act amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, available at <http://legiscan.com/PA/text/HB1608/id/870914/Pennsylvania-2013-HB1608-Introduced.pdf>

In Kentucky, SB 99 would have given the commission the authority to "assist in the resolution of complaints." <sup>129</sup>

In West Virginia, HB 4165 would have eliminated oversight of IP-enabled services, but would have given the Public Utility Commission authority over open access to publicly funded broadband projects and jurisdiction over consumer complaints. <sup>130</sup>

#### **IV. Effects of Deregulation**

State commissions continue to consider how best to respond to telecommunications deregulation, the transition to IP-enabled services and the need to extend broadband availability throughout their states, while continuing to ensure that basic local service remains available where needed at reasonable and comparable rates.

Maine and Montana have opened proceedings to review existing regulations, including carrier of last resort obligations, and the potential extension of these requirements to universal broadband connectivity.

New Mexico is reviewing whether to give CenturyLink reduced oversight as a "mid-sized," non-dominant carrier given the significant reduction in access lines caused by competition. Mid-sized carriers are subject to reduced oversight.

Commissions also continue to review the effects of deregulation on the regulatory process itself, including the cost of telecommunications regulation and regulatory assessments. Iowa issued a final order in its 2013 study of potential modifications to regulations required by the shrinking base of wireline customers and the increase in competition from alternate carriers and technologies. Florida issued a report to the state legislature on its implementation of the 2011 requirement that it reduce the cost of telecommunications regulation to reflect changes in regulation.

Finally, at least one state has begun to review the impact of deregulation on the price of standalone local exchange service. Consumer organizations in California have requested that the commission open a proceeding to review what appear to be significant price increases by the largest incumbent carrier in the state caused by the elimination of price regulation for basic service. We review these issues in the following paragraphs.

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<sup>129</sup> Kentucky SB 99, pg. 4

<sup>130</sup> West Virginia HB 4165, A bill authorizing the Public Service Commission to Regulate Broadband Services, available at <http://legiscan.com/WV/text/HB4165/id/920412>



## A. Rulemakings and Inquiries

### 1. Maine

Maine P.L. 2014, Ch. 600 (Act LD 1479) requires the Maine PUC to evaluate existing rules regarding carrier of last resort service and other state regulations to determine ways of "decreasing the cost of ensuring that there are adequate and affordable basic telephone service options throughout the State," including the modification or elimination of COLR requirements.<sup>131</sup> The bill, which was passed over the Governor's veto, comes on the heels of a request by FairPoint (FP) to increase the support it receives from the state universal service fund to cover the costs of providing service throughout the state, including those areas where it has encountered significant competitive line loss.<sup>132</sup>

LD 1479 specifically directs the commission to determine the level of financial support the largest incumbent carrier, FairPoint, requires to continue to provide basic local service throughout its territory, and to determine the "type of basic telephone service . . . [the carrier] could provide with limited or no financial assistance from the state universal service fund."<sup>133</sup>

The proposed study will also review whether basic local service should be required across the state, regardless of cost and the availability of competitive offerings, as well as the economics of providing the full range of voice and broadband services to customers in underserved and hard to serve areas. Specifically, LD 1479 directs the commission to determine:

1. The areas of the state where FairPoint cannot economically provide basic local service, including the actual cost of service "uneconomical" locations;
2. Whether (and how) other suppliers serve the locations FairPoint cannot serve economically;
3. The ways in which the state's provider of last resort (COLR) obligation might be changed to reduce the cost of providing such service, including the implications of changing these characteristics with regard to reliability, safety, cost and ease of use of provider of last resort service and the availability and quality of broadband service throughout the State [and] . . . the implications of limiting provider of last resort service to reliable access to emergency services [and not the full capabilities of BLS];<sup>134</sup>
4. The effect of limiting state universal service support to areas of the state where consumers have no competitive options for basic local service.

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<sup>131</sup> Maine P.L. 2014, Ch. 600 (Act LD 1479) , Section 4

<sup>132</sup> Northern New England Telephone Operations LLC d/b/a FairPoint Communications-NNE; Request for .Increase in POLR Rates and MUSF Support; Docket No. 2013-00340, available at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2013-00340>

<sup>133</sup> LD 1479

<sup>134</sup> Id. question 4



LD 1479 also requires the commission to determine the availability and speed of broadband service throughout the state, including identifying those areas where competitive carriers are providing service without state USF support.

Finally, the bill instructs the commission to examine whether COLR service can or should ultimately be required at all.

Can the State ensure the provision of universal access to telecommunications service at just, reasonable and affordable rates consistent with the federal Telecommunications Act of 1996 without maintaining a regulated provider of last resort service? If so, what is a reasonable time frame for eliminating a regulated provider of last resort service?<sup>135</sup>

The Maine Commission had already begun to answer these questions prior to the 2014 legislation.

The Maine PUC opened Docket 2013-00340 in November 2013 to review FairPoint's request to increase its end user rates for COLR service by \$2.00/month and to receive additional funding from the Maine USF to cover the cost of providing basic local service throughout the state. As part of this docket, the commission also asked participants to provide an analysis of the ILEC's federal requirement to provide COLR service, regardless of whether the state has created a specific obligation to do so.

The Hearing Examiners request briefing on the issue of whether, in the absence of any state obligation to provide POLR or any other telephone service, FairPoint (or any RBOC, ILEC or ETC) has independent obligations under federal law (federal statute or federal agency rules) to provide telephone service throughout its service territory in Maine, and, if so, what are those obligations and may those federal obligations be waived or be the subject of administrative forbearance.<sup>136</sup>

Responses to this question from carriers and the Maine Public Advocate uniformly support the theory that ILECs, as designated Eligible Telecommunications Carriers under TA96 have a federal duty to provide service to all residents of the state, regardless of a state decision to eliminate that obligation.

A state commission may permit the relinquishment of an ETC designation and the associated public interest obligation only when there is a second ETC, which the Commission must ensure will serve all of the customers that had been served by the relinquishing carrier.<sup>137</sup>

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<sup>135</sup> Id. question 9

<sup>136</sup> Maine Public Utility Commission, Procedural Order, Docket No. 2013-00340, Northern New England Telephone Operations LLC d/b/a FairPoint Communications-NNE, Request for Increase in Rates for Maine Universal Service Fund Support for Provider of Last Resort Service, November 13, 2013, available at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2013-00340>

<sup>137</sup> Brief of the Public Advocate Concerning FairPoint's Obligation to Provide Telephone Service Throughout its Service Territory, Maine PUC Docket 2013-00340, March 24, 2014, available at

FairPoint (and other companies responding to the commission's request) concurs with the assessment that Federal law requires an ILEC to continue to provide service throughout its territory regardless of a state decision, until the FCC relieves it of that duty.

FairPoint has obligations under federal law to continue providing certain services – specifically, interstate exchange access services – that it has been providing in Maine, as a telecommunications carrier or common carrier, until it receives permission from the Federal Communications Commission (“FCC”) to discontinue those services . . . FairPoint may not withdraw that service without prior FCC consent.<sup>138</sup>

The Maine PUC granted FairPoint's request for an increase in its basic service rates in May 2014. Docket 2013-00340 remains open to address FairPoint's request for additional support from the state USF and the questions raised by Act LD 1479. Hearings in this docket are scheduled for June 2014.<sup>139</sup>

## 2. Montana

Montana is proactively addressing the question of telecommunications deregulation by evaluating its existing statutes in preparation for recommending changes during the 2015 legislative session.<sup>140</sup> Although the commission has moved to limit some of the requirements for carriers doing business in the state, there has been no overall examination of the Montana telecommunications statutes since they were last revised in 1997.<sup>141</sup>

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<https://mpuc-cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=80995&CaseNumber=2013-00340>

<sup>138</sup> Brief of Northern New England telephone Operations LLC on Federal Obligations, Maine PUC Docket 2013-00340, March 24, 2014, available at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=81001&CaseNumber=2013-00340>

<sup>139</sup> The responses speak only to the question of whether an ILEC has a duty to provide service throughout its territory, not the way in which service must be provided (other than it must meet the criteria established for ETCs) or whether carriers that transition their customers to IP remain ILECs as defined by the Act. This issue will become more critical as the IP transition continues.

<sup>140</sup> The Montana legislature meets bi-annually. The Montana legislature passed SB 246 in 2011 regarding alternate regulation of telecommunications carriers but has not yet proposed legislation fully deregulating the state's carriers. Colorado, Iowa, and Maine successfully used this process in previous years to help the legislature determine how to address key telecommunications issues.

<sup>141</sup> The Montana Commission is simultaneously considering CenturyLink's petition for reduced regulation based on their shrinking market penetration. See Qwest Corporation d/b/a QC and CenturyTel of Montana d/b/a CenturyLink Petition for Waiver, In Part, of 69-3-805(1), MCC, October 31, 2013, available at <http://psc.mt.gov/docs/electronicdocuments/getDocumentsInfo.asp?docketId=10373&do=false>

The PSC opened Docket N2014.1.10 in January, 2014 to identify regulatory changes that may be appropriate in response to changing conditions in the state, including competition, inter-modal communications service options, and the significant line loss experienced by the incumbent carrier, CenturyLink. Over 400 telecommunications providers are registered with the state (although not all may be active), each held to a different regulatory structure (e.g., no regulation for wireless carriers, CLECs, and telephone cooperatives but significant regulation for the ILEC) resulting in an uneven playing field. In addition to changes in the structure of the telecommunications market place, CenturyLink notes that it has lost over 60% of its access lines since 2001 and now serves only 24.3% of the living units in its exchange area.<sup>142</sup>

Given this changed (and changing) telecommunications landscape, the Montana Commission is seeking input from the carriers they regulate and the consumers they serve in order to identify and address future regulatory requirements. In its notice opening the proceeding, the Montana Commission recognizes that many states have already limited carrier oversight but that

There does not appear to be a cookie cutter solution and statutes vary from state to state based on the unique situations in each state. Also, there may be exceptions for reducing or eliminating regulation in such areas as carrier of last resort, emergency services, services for the blind, deaf, and hearing-impaired, and other consumer protection statutes such as those involving cramming and slamming.<sup>143</sup>

The Montana proceeding asks for comments in eight areas:

1. What level of retail regulation (or deregulation) is appropriate for telecommunications services in Montana? Should the commission eliminate all retail oversight, with the exception of federally mandated rules such as the oversight of wholesale carriers, ETCs, and emergency service?
2. Will retail deregulation change the status of carriers from public utilities to something else? What will be the impact on public utility benefits such as the power of eminent domain and access to public rights of way?
3. Should telecommunications service providers continue to register with the commission? What benefits, if any, does this registration provide?
4. Should COLR and ETC requirements be retained? What will be the impact on customers in underserved or disadvantaged areas if this obligation is eliminated and retail services are deregulated? How can they be protected?
5. Should Montana create a state Universal Service Fund?<sup>144</sup>

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<sup>142</sup> Montana Public Service Commission, In The Matter of the Public Service Commission's Inquiry into Possible Telecommunications Reform Legislation, Docket No. N2014.1.10, January 30, 2014, available at [http://psc.mt.gov/docs/electronicdocuments/pdfFiles/N2014-1-10\\_OUT\\_20140130\\_RFC.pdf](http://psc.mt.gov/docs/electronicdocuments/pdfFiles/N2014-1-10_OUT_20140130_RFC.pdf)

<sup>143</sup> Id.

<sup>144</sup> The Montana legislature authorized the creation of a state universal service fund in 1997; one has not been established to date.

6. Should the Montana PSC exercise jurisdiction over VoIP? If it does so, what aspects of VoIP service should it oversee?
7. How should the Montana statutes be updated to promote competition, protect consumers, and increase infrastructure deployment?
8. Other comments regarding reforming the Montana telecommunications statutes.

The PSC has received comments from large carriers, including CenturyLink, AT&T, and Verizon, cable providers such as the Montana Consumer Counsel, rural carriers, such as Citizen's Telecommunications and Blackfoot Communications, and CLECs such as Integra. In general, the large carriers support retail deregulation, do not want the commission to exercise oversight of VoIP or other IP-enabled services, and believe that a deregulated market will enhance investment and competition.

CLECs and small carrier comments focus on the need to preserve the oversight of wholesale services, even as the market continues its transition away from ILEC-provided landline service.

Interestingly, commenters as diverse as AT&T, Verizon, and the Montana Consumer Counsel do not support the implementation of a Universal Service Fund, at least until the commission can examine the results of the funding provided by the FCC Connect America Fund (CAF).<sup>145</sup> As AT&T points out in its comments,

The Commission's decades-long determination to avoid market-distorting subsidies has proven to be sound public policy for Montana. Although the legislature first empowered the Commission to implement a USF in 1997, the Commission has decided not to do so, and nothing has occurred since then to suggest the need for such a fund. Indeed, the opposite is true – the marketplace changes over the last two decades have eliminated any need to tax certain telephone users to subsidize telephone service for other users.<sup>146</sup>

As expected from their position in other states, the large carriers also support retail deregulation, including removing requirements that they consider onerous, such as requiring VoIP providers to register with the Commission before providing service in the state. CenturyLink's comments in the docket point to eliminating the differences in regulation between traditional wireline ILECs and the newer entrants.

The market in general and consumers in particular will benefit from a competitive market where all competitors can compete, innovate and offer new services on an equal basis, without the distortions caused by asymmetrical regulation.<sup>147</sup>

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<sup>145</sup> Verizon comments p.1, available at <http://psc.mt.gov/docs/electronicdocuments/pdfFiles/N2014-1-10IN14031437335CM.PDF>

<sup>146</sup> AT&T comments, pg. 3, available at <http://psc.mt.gov/docs/electronicdocuments/pdfFiles/N2014-1-10IN14031359295CM.PDF>

<sup>147</sup> CenturyLink comments p.5

AT&T also supports retail deregulation, including removing the requirement that carriers file notice of their intention to withdraw service with the Commission 30 days prior to doing so. AT&T cites Montana's "hypercompetitive market" as the rationale for removing what it sees as an unnecessary requirement.

Customers have multiple options if their provider decides to withdraw service; it is unlikely that any will be left without service. This regulation was more suited for a time when communications options were limited and the threat of customers being without any communications options was a real threat. This is no longer the case.<sup>148</sup>

The Montana Commission has not indicated when it will reach a decision on the changes to the state's telecommunications policy it will recommend to the legislature. In the interim, the review and evaluation of existing statutes will provide a firm basis for that recommendation.

### 3. New Mexico

New Mexico HB 242, a bill that would have relieved CenturyLink of much of its regulatory obligations in New Mexico, failed to pass during the 2014 legislative session. In response, CenturyLink reopened its petition to the New Mexico Public Regulation Commission to open a proceeding to declare it a mid-sized carrier and thus reduce the level of regulation to which it is subject. Case 14-00068-UT will examine whether CenturyLink meets the requirements for a mid-sized carrier specified in the New Mexico statutes and thus determine how it will be regulated on an on-going basis.<sup>149</sup>

New Mexico statutes define a mid-sized carrier as a "telecommunications company with more than fifty thousand but less than three hundred seventy-five thousand access lines in the state."<sup>150</sup> CenturyLink's petition states that it had only 364,722 switched access lines as of December 31, 2013, bringing it into the mid-sized category.<sup>151</sup>

Mid-sized carriers in New Mexico are regulated less stringently than large carriers and may

Introduce or withdraw non-basic services, bundle and package non-basic services and products with other services and products, including basic services [without requiring commission approval.] The services offered shall be priced above cost

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<sup>148</sup> AT&T Comments, p.2

<sup>149</sup> New Mexico Public Regulation Commission, In The Matter Of CenturyLink QC's Status as a Mid-Size Carrier, Case No. 14-00068-UT, available at <http://164.64.85.108/index.asp>. Case No. 12-00224-UT was stayed pending the outcome of the 2014 legislative session. The case was reopened when the session ended without passing HB 242.

<sup>150</sup> In the Matter of the Development of an Alternative Form of Regulation Plan for Qwest/CenturyLink Corp. Qwest CenturyLink AFOR IV, Case No. 12-00224-UT, CenturyLink QC's Motion to Declare AFOR Case Moot Because CenturyLink is a Mid-Size Carrier, available at <http://164.64.85.108/index.asp>

<sup>151</sup> Id.

and provided throughout the mid-size carrier's service area to the extent the necessary facilities are available. The introduction of new services, withdrawal of existing services or price adjustments for non-basic services shall become effective upon a tariff filing and ten days' notice to the commission.<sup>152</sup>

CenturyLink's petition asks the Commission to determine that it has lost enough access lines to be considered a mid-sized company and begin to regulate it as such. The decision would remove the necessity for renewing the company's plan for an Alternate Form of Regulation (AFOR).

The New Mexico PRC's consideration of this case is important, since it raises the question of when an incumbent carrier becomes non-dominant and what rules it will be subject to at that point. To that end, some of the participants in the pre-hearing conference on the issue argued that the commission should consider two additional questions in resolving this case

(i) Whether, if CenturyLink is found to be a mid-size carrier, it is in the public interest to regulate CenturyLink as a mid-size carrier; and (ii) whether it is appropriate to regulate CenturyLink as a mid-size carrier absent a finding of effective competition.<sup>153</sup>

The Hearing Examiner did not agree with the commenters' suggestion and has limited the consideration of the larger question of the effects of determining that an incumbent carrier is no longer dominant to a potential subsequent proceeding. The current proceeding will examine only whether CenturyLink meets the requirements for a mid-sized carrier and, if so, what procedural steps are necessary to cancel the company's current AFOR and transfer regulation to the rules governing mid-sized carriers.

## **B. Regulatory Assessments**

Carriers have argued that reduced regulation requires a reduction in regulatory assessments. They point out that as retail regulation is eliminated, fewer staff hours will be required to oversee service quality issues, address customer complaints, or evaluate tariff filings. Florida and Iowa have addressed this issue. We review their experience here.

### **1. Florida**

Florida reduced its regulatory assessments in 2011 in response to the elimination of retail telecommunications regulation under the Florida Telecommunications Reform Act, House Bill CS/CS/HB 1231. The Florida PSC reports to the legislature annually on the changes to its processes and workload based on the Act and on its continuing efforts to reduce regulatory assessments. The PSC published its 2013 report in December, 2013.<sup>154</sup>

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<sup>152</sup> NMSA §63-9A-5.1 (2013), available at <http://law.justia.com/codes/new-mexico/2013/chapter-63/article-9a/section-63-9a-5.1/>

<sup>153</sup> In the Matter of CenturyLink QC's Status as a Mid-Size Carrier, Procedural Order, NM PRC Case No. 14-00068-UT, available at <http://164.64.85.108/index.asp>

<sup>154</sup> Florida Public Service Commission, Report on the Efforts of the Florida Public Service Commission to Reduce the Regulatory Assessment Fee for Telecommunications Companies; December 31, 2013, available at [http://www.psc.state.fl.us/publications/pdf/telecomm/2013\\_RAF\\_Report.pdf](http://www.psc.state.fl.us/publications/pdf/telecomm/2013_RAF_Report.pdf)

The Florida PSC reduced telecommunications regulatory fees by 20% as a result of the Act. Companies are now assessed a fee of 0.0016 of gross operating revenues derived from intrastate services. Given the continuing decline in intrastate revenues as companies move to all-distance service and VoIP, the fees collected are expected to decline further over time. The commission reduced regulatory assessments by reducing its workload and proactively consolidating operations.

The Commission no longer oversees any retail services, including adjudicating retail slamming or cramming complaints, resolving consumer complaints regarding the billing of non-basic services, publishing information for consumers on the competitive telecommunications market, and no longer designates wireless ETCs. In addition, carriers may no longer petition the PSC for recovery of storm damage related costs and expenses.

The Commission continues to oversee wholesale issues, including resolving carrier-to-carrier complaints. It also continues to oversee the telecommunications relay process.

To date, the Florida PSC has not reported any issues associated with the reduced assessment level. The commission had proactively begun to consolidate activities and reduce headcount through attrition prior to the Act. It continues to review its workload to prepare for further staff and process reductions that may be required in the future.

## **2. Iowa**

Iowa has also addressed the question of regulatory assessments. The Iowa Utilities Board (IUB) issued a Notice of Inquiry (NOI) in 2013 to examine how telecommunications regulation should be adjusted to respond to increased competition and the transition to IP-enabled services such as cable voice and VoIP.<sup>155</sup> The NOI studied the complete range of state telecommunications regulation in order to determine how to bring the rules in line with the changing needs of its citizens. The NOI's evaluation of the regulatory assessment process pointed out that assessments support not just specific activities, but also general programs that promote the public interest, including E911; telecommunications relay services; and universal service, and sought comment on how this support could be maintained. The IUB assesses regulatory costs to providers both directly on a contribution basis for specific services such as TRS and as a "remainder" assessment to cover the cost of the Board's operations that benefit all communications users in the state. Companies are assessed differently depending on the type of service offered, with traditional landline carriers assessed on a different basis than new entrants.

Commenters on the NOI generally agreed that assessments that directly support the public interest such as emergency service, dual party relay service for the deaf and hearing impaired, and the cost of regulation itself should be applied on a technology and competitively neutral basis, because "both public interest programs and a ubiquitous telecommunications network are available to and benefit all end users of telecommunications services."<sup>156</sup> Wireless carriers and some VoIP providers disagreed, pointing out that the Board has no jurisdiction over

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<sup>155</sup> Iowa Utilities Board, Order Closing Docket NOI-2013-0001, Inquiry into the Appropriate Scope of Telecommunications Regulation, October 13, 2013, available at <https://efs.iowa.gov/cs/groups/external/documents/docket/mdaw/mja0/~edisp/204327.pdf>

<sup>156</sup> Id. at pg. 29

these services and thus should not burden these providers and their end users with the costs associated with Board oversight.

For example, Verizon questioned the Board's authority to

Impose additional regulatory fees on providers of services that fall outside the Board's jurisdiction . . . [and argued] that no commenter defines an "indirect benefit" of Board actions or how providing indirect benefits to a non-regulated entity could form a legal basis for imposition of regulatory fees on that entity.

Staff agreed that the base of providers supporting the Board's general expenses (the "remainder" assessment) should include all providers but recommended additional study to determine how this might be done.

The Board accepted the Staff report as written and closed the docket, stating that it will "prepare proposals for certain potential statutory changes identified in the report as well as initiate a rule making to address some of the recognized issues with the Board's rules."<sup>157</sup>

### **3. North Carolina**

North Carolina is also examining the question of regulatory assessments. SB 742 proposes to "adjust the utility regulatory fee to reflect the changing regulatory climate for the telecommunications industry."<sup>158</sup> Regulatory assessments in North Carolina are used to "provide fair regulation of public utilities in the interest of the public."

Under SB 742, the fees would be adjusted to provide different rates for non-competitive and competitive services. Non-competitive revenues would continue to be assessed at the greater of (i) a percentage rate, established by the General Assembly, of each public utility's noncompetitive jurisdictional revenues for each quarter or (ii) six dollars and twenty-five cents (\$6.25) each quarter."<sup>159</sup> Competitive revenues would be assessed at a percentage rate determined by the General Assembly. The Commission may adjust the company's rates to cover the fee increase or defer the increase.

It is unclear what effect this bill would have on the amount of fees collected by the North Carolina Commission or on its operations.

#### **C. Pricing**

The debate over the impact of deregulation on end-user pricing continues. Consumer groups suggest that prices for basic POTs service have increased as carriers have encouraged them to move to service bundles or non-regulated offerings. Carriers disagree, pointing to the increased choices available to customers and citing competition as a means of ensuring that prices remain at reasonable levels. Data to prove either of these claims is difficult to find, as

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<sup>157</sup> IUB Order, October 18, 2013

<sup>158</sup> North Carolina Bill SB 742, An Act to Adjust the Utility Regulatory Fee to Reflect the Changing Regulatory Climate for the Telecommunications Industry, available at [http://legiscan.com/NC/text/S742/id/1023487/North\\_Carolina-2013-S742-Amended.html](http://legiscan.com/NC/text/S742/id/1023487/North_Carolina-2013-S742-Amended.html)

<sup>159</sup> Id. §62-302 (b) (2)



commissions reduce oversight of pricing and companies no longer file tariffs. Data from the FCC Urban Rate Floor survey may provide some insight into the question as more detail becomes available for analysis, but it currently only calls out the average prices in urban and rural locations.

Better data on the question of the impact of deregulation on prices may become available if California moves forward to adjudicate a complaint brought by the Utility Reform Network (TURN) against AT&T for "the dramatic increases to the rates for AT&T's residential flat and measured rate basic exchange service since the Commission has begun relying on market forces to constrain AT&T's rates."<sup>160</sup>

According to TURN's complaint, AT&T's flat and measured service rates have increased by 40% and 73% respectively, since these rates were deregulated in 2011. TURN also alleges that AT&T's rates for flat rate and measured basic service have risen by 115% and 222% respectively since the Commission granted higher price caps for basic services in 2009. TURN's complaint asks the CPUC to investigate these rate increases, and, if it finds that rates have increased to the levels cited by TURN, reduce those rates

to just and reasonable levels and . . . [cap them] at those levels until the Commission determines . . . why competition is not keeping AT&T's rates in check and what regulatory changes are needed.

AT&T's answer to the complaint points out that the Commission's 2006 decision to allow competitive forces to govern pricing for basic services gave AT&T the pricing flexibility it needed to serve its customers and that, going forward,

Competition – not price caps or cost-of-service principles – would be used to govern rates for most retail services, including basic service. [In that decision], the Commission explained that “price controls skew competitors’ interests, and they discourage true intermodal competition for voice services, including basic residential service” and “are incompatible with the emergence of competition in the voice communications market.”<sup>161</sup>

For these reasons, AT&T denies TURN's allegations and states that it is not in violation of commission orders regarding the pricing of basic local service. Indeed, AT&T points out that prior to 2006, AT&T's rates were set below cost and thus logically rose to their present levels over time. Speaking to the Commission's 2011 ruling granting full pricing flexibility to AT&T, the company points out that

The Commission fully expected that rates would likely increase as they moved to a market level under full pricing flexibility, recognizing that “with the passage of time since the basic rate freeze took effect in 1995, existing rate levels are

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<sup>160</sup> The Utility Reform Network, Complaint of The Utility Reform Network Regarding Basic Service Rates of AT&T California (Public Utilities Code Section 1702; Commission Rule of Practice and Procedure 4.1(B)), CA Docket C.13-12-005, 12-6-13, available at <http://delaps1.cpuc.ca.gov/CPUCProceedingLookup/f?p=401:57:8677952528008::NO>

<sup>161</sup> AT&T, Answer and Defenses Of Pacific Bell Telephone Company (U 1001 C) d/b/a AT&T California to the Complaint, CA Docket C.13-12-005, available at <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=86121242>

significantly outdated,” and that rate increases would be “necessary” to make prices “consistent with today’s intermodal market realities.”<sup>162</sup>

The outcome of the California proceeding should provide some information about the impacts of deregulation on end user pricing for basic wireline services in that state. In addition, should the Commission choose to open a proceeding on the level of competition in the state, this proceeding too should help commissions and regulators determine whether competition is, indeed, a substitute for regulation.

## **V. Conclusions and Recommendations**

Deregulation of wireline telecommunications continues to be a focus for legislators and regulators across the country. Although the pace of deregulation has slowed, with only two states, Colorado and Iowa, added to the deregulation map in 2014, a total of 33 states had significantly reduced or totally eliminated commission oversight by June 2014. Bills pending in another five states (Massachusetts, Pennsylvania, New York, New Jersey, and Oklahoma) could bring that total to 38, or nearly 75% of the country. States that have not completely eliminated oversight of retail telecommunications services have reduced the regulation of their incumbent carriers, finding that “effective competition” is sufficient to ensure that companies continue to provide reliable service at affordable prices.

States have also addressed the issue of carrier of last resort obligations, eliminating or modifying these regulations in 17 states.<sup>163</sup> States that have not eliminated or reduced COLR obligations have allowed carriers to provide service using any technology that provides sufficient quality and reliability to be considered adequate substitutes for POTS. The debate over the regulation of IP-enabled services continues, with states like Iowa continuing to accept complaints and to oversee service quality and others, like Colorado, specifically prohibiting such oversight, with the specific exception of ensuring the availability and quality of emergency services, including E911.

The effects of deregulation are still difficult to gauge. Carriers have not yet abandoned wireline service in areas they consider hard or costly to serve, although the transition to IP services may change this picture in the long run.<sup>164</sup> Customers in rural areas continue to be able to obtain service, although questions about broadband deployment and the effects of the USF Transformation Order on the ability of rural companies to provide service with lowered USF dollars remain.

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<sup>162</sup> AT&T answer, p.3

<sup>163</sup> The following states have removed or significantly reduced COLR requirements: AL, CO (after 2018), DE, FL, GA, IN, KS, LA, MI (based on rules established by the Transition Trials), MO, MS, NC, NV, SC, TX, VA, and WI. Bills pending in PA and MA could increase this total to 19.

<sup>164</sup> AT&T's proposal for a transition trial notes that IP service will not be available to a small percentage of customers in the test locations and that some of these customers may not be able to be served by wireless either. See AT&T proposal p.14

To the extent that states continue to track them, consumer complaint levels also appear to have remained fairly steady, with the exception of concerns about the replacement of traditional copper lines with fiber and wireless replacement products. Anecdotal information from state commission staff suggests that customers still request support in resolving complaints, regardless of whether the state retains jurisdiction over these issues.<sup>165</sup> More work is needed in this area to determine the actual level and type of complaints received.

Given these findings, the following recommendations for commission action continue to be important.

1. Regulators should continue to work together to assess the results of deregulation and identify best practices. This should include a review of both formal and informal complaints and the work done to resolve them.
2. Collaboration and advance planning continue to be the cornerstones for developing legislation that will meet the needs of both consumers and the companies that serve them.

States that proactively review their statutes and work with their carriers to determine what regulation is appropriate in the rapidly changing telecommunications environment have been the most successful in crafting deregulation legislation that continues to support ubiquitously available and reliable service, regardless of the type of technology a customer chooses. Colorado, Iowa, and Maine used this process effectively in 2013 and Montana is embarking on the same journey in 2014.

3. In areas where regulation has been reduced or eliminated, state regulators may look to other state agencies, such as the state's consumer protection organization or Attorney General, to determine how to address the gaps left by reduced oversight.
4. States should continue their outreach to their citizens to ensure that they understand the effects of the changes in telecommunications provided by competition and reduced oversight. This outreach will become more important as consumers continue to transition to IP-enabled services that will require them to proactively manage their service to ensure that backup power or alternate service is available should commercial power be lost.

In addition to these recommendations, we suggest two additional steps that state regulators may take to ensure that their citizens benefit from the IP transition,

1. State regulators should consider participating as fully as possible in the IP transition trials.

The trials will provide state regulators with an opportunity to examine how the telecommunications landscape will change over time and to determine the need for regulation in the long term, both in terms of consumer protections and the wholesale obligations the states will continue to oversee. Only by taking part in

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<sup>165</sup> Discussions with NARUC Telecommunications Staff Subcommittee members, 6/13/14

the trials, even as observers can the states ensure that their citizens continue to receive the ubiquitous and reliable telecommunications services they want and need.

2. States may consider evaluating the availability and quality of competitive broadband suppliers.

The IP-transition ultimately requires broadband availability, whether wired or wireless. State commissions should evaluate whether consumers actually do have a choice of supplier, or whether consumer choice is limited to one or two large suppliers.

The telecommunications landscape will continue to change as new technologies replace the existing TDM-based wireline networks and companies change, merge, and identify and develop new products and services. State commissions will remain an important source of information and support for their citizens, despite changes to legislation and infrastructure.

The states will continue to play a critical role in the changing telecommunications environment. They remain vital partners with the FCC, other federal agencies, and industry to ensure that customer needs are met as changing technology brings new challenges and concerns. Most importantly, as NARUC notes in its 2012 resolution on federalism,

The States are well positioned to understand the availability of communications services in their own jurisdictions, to respond quickly to consumer concerns, and to provide input on competitive issues and service problems, particularly as they affect service availability, affordability, reliability, quality, public safety, and privacy.<sup>166</sup>

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<sup>166</sup> NARUC, Resolution on Federalism, available at <http://www.naruc.org/Resolutions/Resolution%20on%20Federalism.pdf>

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## Appendix A

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
<b>AL</b>	<a href="http://legiscan.com/AL/text/HB155/id/965762/Alabama-2014-HB155-Enrolled.pdf">http://legiscan.com/AL/text/HB155/id/965762/Alabama-2014-HB155-Enrolled.pdf</a>	Act 2014-82 (HB-155); PUC jurisdiction over customer complaints; <b>passed</b>	<b>2011</b> - SB 87, amending Section 37-2A-8 of the code of Alabama. Removed regulatory oversight of retail services	<b>2011</b> - No oversight of retail prices; intrastate access tariffed	<b>2011</b> - No oversight of retail services and bundled offerings	<b>2012</b> - Carrier may drop its COLR obligations by petitioning commission; may provide service with any technology	<b>2012</b> - May provide using any technology. Service may be provided by affiliate.	<b>2014</b> - No jurisdiction over retail complaints for services not otherwise regulated by the commission. Carrier must file written election to be removed from the complaint process	<b>2011</b> - No jurisdiction over BB including monitoring, directly or indirectly "any aspect of broadband service, broadband enabled services, VoIP, or information services"	<b>2011</b> - May require unbundling but only to the level req. by FCC; Sec. 251-252 requirements remain; commission may continue to enforce wholesale rights through arbitration	
<b>AZ</b>		<b>No 2014 legislation</b>	HB2532, Oversight of Internet Service; died in committee 2013.						2013 bill would have removed oversight of IP enabled services		
<b>AR</b>	<a href="http://legiscan.com/AR/text/SB948/id/782616/Arkansas-2013-SB948-Draft.pdf">http://legiscan.com/AR/text/SB948/id/782616/Arkansas-2013-SB948-Draft.pdf</a>	<b>No 2014 legislation</b>	<b>2013</b> - Act 1098; Retail Deregulation	Basic local service, switched intrastate access	Retail deregulation	VoIP providers contribute	Tariff requirements retained		No VoIP regulation except USF	251/252 requirements	

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
CA	<a href="http://legiscan.com/CA/text/AB1409/2013">http://legiscan.com/CA/text/AB1409/2013</a>	2013 - AB 1409 - Lifeline/basic local service. <b>Vetoed no override.</b>	2012 - SB 1161, An Act to add Sections 239 and 710 to the public utilities code	2012 - SB 1161 continues landline voice oversight	2012 - SB 1161 continues landline voice oversight, including basic service	2012 - No changes to landline USF/COLR requirements; allows wireless and VoIP ETCs	2012 - No change to landline oversight or definition of basic service	2012 - No change to landline oversight	2012 - No regulation of broadband, VoIP, or other IP-enabled service; providers continue to pay 911 and other fees	2012 - Regulations consistent with Federal law (Sections 251/252)	
CO	<a href="http://legiscan.com/CO/text/HB1328/id/1007307/Colorado-2014-HB1328-Engrossed.pdf">http://legiscan.com/CO/text/HB1328/id/1007307/Colorado-2014-HB1328-Engrossed.pdf</a>	HB 1328 - Broadband Deployment fund using USF monies; <b>passed</b>	Bills in 2012 and 2013 failed. 2014 PUC study and order defined 35 exchanges as competitive and reduced oversight.			Adds BB in underserved area to USF-reimbursable services; reduce HCF yearly until reduced by 20% in 2023	Use HCS monies released from areas where effective competition makes basic service no longer necessary to fund BB		Creates BB fund and deployment board to increase rural deployment; BB board continues to 9/1/2024		BB definition: retail service that transmits and receives data from the customer's property or determined POP to substantially all internet endpoints. Includes capabilities that enable the operation of the BB service

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
CO	<a href="http://legiscan.com/CO/text/HB1329/2014">http://legiscan.com/CO/text/HB1329/2014</a>	HB 1329 Deregulate IP Services; <b>passed</b>	Bills in 2012 and 2013 failed. 2014 PUC study and order defined 35 exchanges as competitive and reduced oversight.	Switched access is <i>initially</i> subject to regulation	Switched access; basic emergency services (911)				VoIP, IP-enabled services are exempt from regulation (with the exception of 911)	Continue oversight under 251/252	Deregulates intra and inter LATA toll, wireless, information services, advanced features, retail DA; any product not defined in the statute is considered deregulated
CO	<a href="http://legiscan.com/CO/text/HB1330/id/1007380/Colorado-2014-HB1330-Engrossed.pdf">http://legiscan.com/CO/text/HB1330/id/1007380/Colorado-2014-HB1330-Engrossed.pdf</a>	HB 1330, Updating Intrastate telecommunications terminology; <b>passed</b>	Bills in 2012 and 2013 failed. 2014 PUC study and order defined 35 exchanges as competitive and reduced oversight.	CPCNs are required for all providers	PUC may regulate providers of telecom to the ensure BLS is available to all consumers at fair, just, and reasonable rates		CRS 40-14-502, the availability of high quality, minimum elements of local exchange telecommunications service, as defined by the commission, at just, reasonable, and affordable rates to all people of CO				Redefining terminology regarding telecomm to include IP-enabled service

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
CO	<a href="http://www.leg.state.co.us/cls/cls2014/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&amp;file=1331_01.pdf">http://www.leg.state.co.us/cls/cls2014/csl.nsf/fsbillcont3/4034ECA181A3A0D587257C9B00794391?open&amp;file=1331_01.pdf</a>	HB1331, Concerning the Regulation of Basic Local Exchange Service as it Affects Effective Competition ; <b>passed</b>	Bills in 2012 and 2013 failed. 2014, PUC has defined exchanges as competitive and reduced oversight.	Rural and urban carriers regulated similarly for BLS. Uniform price no greater than price on 12/31/13 with adjustments to FCC urban rate floor across the region. Rates unfrozen 7/1/16.	Switched access <i>initially</i> regulated, emergency service	High cost support remains effective to support basic service regardless of its classification; applies to VoIP and wireline. COLR designation continues to 7/1/2016. After that date, PUC may designate COLR and BLS price. COLR may not discontinue basic service.	BLS = local dial tone and local usage. BLS is exempt from regulation except for COLR, 911, and USF requirements. If PUC finds that it is required, may re-regulate BLS after 7/1/2018 as a competitive service.	PUC may address complaints regarding BLS	No regulation of VoIP or IP-enabled services unless provided as BLS in high cost areas	Requirements of Sec. 251/252	Deregulates: BLS, white pages, listed TN, new products, DTMF signaling, OS, advanced features for res., premium services, interlata toll, intralata toll, private line <24 circuits, IP-enabled services, VoIP. Provider can choose to offer BLS in exchanges where no high cost funding. May re-regulate BLS after 7/1/18 if necessary to protect the public interest.

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
CT		No 2014 legislation	2013 - HB 6401, HB 6402 deregulating retain telecommunications; <b>did not pass</b>	No tariffs for competitive services; carriers may withdraw tariffs 7/1/13; rates in company customer service guide filed annually with PUC; rate formula discontinued	Basic service only; commission may not reclassify a competitive service as non-competitive ; withdraws requirement for annual report on status of telecom service and competition			For non-competitive services only; withdraws annual report on services; 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		Bill requiring PUC to study modernizing telecommunications regulation <b>withdrawn</b> ; AT&T selling CT property to Frontier. Verizon keeping its CT property
DC		No 2014 legislation							Cable franchise agreement requires FiOS deployment		Docket open to review service quality and withdrawal of copper.



	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
<b>DE</b>	<a href="http://legis.delaware.gov/LIS/LIS147.nsf/vwLegislation/HB+96?OpenDocument">http://legis.delaware.gov/LIS/LIS147.nsf/vwLegislation/HB+96?OpenDocument</a>	<b>No 2014 legislation</b>	<b>2013</b> , HB 96	Basic service and switched access. BLS required only in locations where no competitor offers an alternate service.	No oversight of retail services and bundled offerings	No COLR	Basic service rate may increase 10%/year	Customers may dispute availability of basic service; commission has jurisdiction over adequacy of basic service only	No oversight	Section 251/252	Carrier may "abandon" a competitive offering without notice; Regulatory assessments cease 7/1/13
<b>FL</b>		<b>No 2014 legislation</b>	Fully deregulated in 2011	Intrastate access; tariffs optional	All retail services deregulated in 2011	No COLR requirements. Commission retains jurisdiction over Lifeline.	No basic service requirements	No oversight. Complaints go to Department of Consumer Services under Department of Agriculture.	No oversight	Sec. 251/252 rules; adjudicate wholesale carrier complaints	Authorize the District to build and manage telecommunications infrastructure, including wireline, broadband, CATV, and wireless
<b>GA</b>		<b>No 2014 legislation;</b> bill to create a 911 authority introduced in 2014	<b>2012 -</b> HB1115; An Act to revise and update certain provisions relating to telecommunications	Tariffs optional; no rate oversight; no rate reporting required	Intrastate Access	No COLR requirements if carrier does not receive USF money			No regulation	Operator svcs no longer required;	

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
<b>ID</b>		<b>No2014 legislation</b>	<b>2011</b> - An Act Amending Section 62-606 , Idaho Code	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	
<b>IL</b>		<b>No 2014 legislation</b>	<b>2010</b> - Public Act 096-0927, 6/15/2010; <b>2013</b> -Public Act 098-0045 Implement rule changes required by 2010 deregulation legislation	<b>2010</b> - basic service required; no rate regulation	<b>2010</b> - Carriers may declare themselves competitive ("electing carrier"); three types of "safe harbor" basic packages req. @2010 rates	<b>2010</b> - ICC no longer measures telecom penetration.	<b>2010</b> - ICC establishes "affordable price" for ETC service; removes req. that co provide customers w/report on available services.	<b>2010</b> - Commission may not file rate complaints against competitive carriers.	<b>2010</b> - Carriers must register. ICC may collect surcharges.	<b>2010</b> - TA96 wholesale obligations	Majority of current regulations will be repealed in 2015

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
IN	<a href="http://iga.in.gov/static-documents/7/4/f/8/74f81652/SB0396.04.COMH.pdf">http://iga.in.gov/static-documents/7/4/f/8/74f81652/SB0396.04.COMH.pdf</a>	2014 - Senate Enrolled Act 396 - Jurisdiction of IURC - <b>passed</b>	2013 - Senate Bill 492, An act to amend the Indiana Code concerning utilities; adds to regulations removed in 2012	2014 - Intrastate switched access and special access only; tariff notification on commission website	2014 - Repeals requirement to tariff rates ILECs charge to payphone providers	2014 - Prepaid wireless ETCs must pay enhanced prepaid wireless charge into the state USF	2012 - ILEC may withdraw as COLR if 2 providers (including ILEC) using any technology; <b>COLR req. ends 6/30/14.</b>	2013 - Slamming and cramming only	2013 - No oversight	2014 - IURC may not exceed authority under Section 251/252	2014 - Amends Indiana code to include fire protection standards that include IP-enabled devices
IA	<a href="http://coolice.legis.iowa.gov/linc/85/external/govbills/SF2195.pdf">http://coolice.legis.iowa.gov/linc/85/external/govbills/SF2195.pdf</a>	SF 2195 - Modifying provisions applicable to telecomm regulation - <b>signed, 4/28/14</b>	2013 - SSB 1048 - Exempting IP-enabled service and VoIP service from regulation; did not pass	2014 - Retail tariffs not required after 1/1/15; wholesale tariffs remain; notice of rate changes must be given to customers	2014 - <b>intrastate access;</b> wholesale services			2014 - Complaints may be filed with board; companies file terms and conditions in customer contracts/web page			2014 - Telephone companies no longer public utilities

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
<b>KY</b>	<a href="http://legiscan.com/KY/bill/SB99/2014">http://legiscan.com/KY/bill/SB99/2014</a>	SB-99 - KRS Chapter 278 to modify the telecommunications deregulation plan - <b>did not pass</b>	<b>2013</b> - SB 88 (HB 236); An Act relating to telecommunications - returned to committee, 3-12-13; <b>did not pass</b>	<b>2014</b> - Existing tariffs of "modifying" utilities may be withdrawn	<b>2014</b> - Utilities operating in areas with >15,000 housing units may elect deregulation after any AFOR plan expires. Commission may not impose requirements or regulate the service of modifying carriers.	<b>2014</b> - Designate ETCs following FCC guidelines; COLR continues for areas with <15,000 housing units; no obligation to offer BLS to locations without existing landline service.	<b>2014</b> - BLS required in exchanges with <15,000 housing units; customer may reject VoIP or wireless & ILEC must provide wireline; If customer does not reject service, PUC has no authority later. >15,000 housing units, no new lines if another carrier available using any technology	<b>2014</b> - Assist in resolution of complaints; VoIP customers in locations with <15,000 housing units have 30 days to trial product and may return to wireline upon request	<b>2014</b> - PUC may assist in the resolution of BB complaints; removes language "commission shall have jurisdiction to investigate and resolve" complaints	<b>2014</b> - May not go beyond FCC requirements under Sections 251/252. Carrier to carrier complaints must be resolved within 180 days	
<b>LA</b>	<a href="http://lpscstar.louisiana.gov/star/ViewFile.aspx?Id=14d64aec-51d0-4e35-9b6b-724eaeed13da">http://lpscstar.louisiana.gov/star/ViewFile.aspx?Id=14d64aec-51d0-4e35-9b6b-724eaeed13da</a>	General order R-31839 fully deregulating AT&T	<b>2009</b> - Initial commission competition order	Competitive tariffs are deregulated; pricing on company website and provided to commission	Basic service pricing may be increased	COLR requirements automatically lifted when CLEC (including cable) line share reaches 25%. Managed on a per-exchange basis	No requirement	No SQ measures for services that designated as "competitive"; report every 2 years	No regulation	Section 251/252	

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
ME	<a href="http://legiscan.com/ME/text/LD1479/id/1005576/Maine-2013-LD1479-Amended.pdf">http://legiscan.com/ME/text/LD1479/id/1005576/Maine-2013-LD1479-Amended.pdf</a>	LD 1479; An Act To Clarify Telecommunications Regulatory Reform; <b>vetoed, 4/28/14; veto overridden 5/1/14</b>	<b>2012</b> - PL 2011, An Act to Reform Telecom Regulation	<b>2013</b> - POLR; intrastate access	<b>2013</b> - POLR service only; single POTS line, unlimited local calling, toll blocking, IXC connectivity	<b>2014</b> - Consider creating state USF; no USF funds to carriers with >50,000 lines without legislative approval	<b>2013</b> - ILEC is POLR; may petition for relief or transfer; hearing required; USF funds only to POLR.	<b>2013</b> - POLR service only	<b>2014</b> - IP enabled carriers pay USF assessments	<b>2012</b> - Continue oversight under 251/252	<b>2014</b> - PUC report to the legislature on basic service requirement and POLR due 1/7/15
MD	<a href="http://legiscan.com/MD/text/HB447/id/938695/Maryland-2014-HB447-Introduced.pdf">http://legiscan.com/MD/text/HB447/id/938695/Maryland-2014-HB447-Introduced.pdf</a>	HB 447 - Prohibit copper replacement; <b>failed</b>									Wireline replacement prohibited for facilities-based carriers; commission to study impact of wireline replacement, including quality of service

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MA	<a href="https://malegislature.gov/Bills/188/House/H2930">https://malegislature.gov/Bills/188/House/H2930</a>	HB 2930 - Remove DTC oversight of telecommunications; originally introduced 1/15/13; session continues to 1/17/15; <b>pending</b>		Remove majority of retail oversight; Retain jurisdiction over 911, TRS	No oversight of services where there are at least 2 carriers offering service, including VoIP and wireless.	Retain jurisdiction over Lifeline and USF	No requirement where there are 2 carriers	AG retains authority over consumer matters under his jurisdiction		Continue oversight under 251/252	No jurisdiction over wireless

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MI	<a href="http://legiscan.com/MI/text/SB0636/2013">http://legiscan.com/MI/text/SB0636/2013</a>	Public Act 52 (52 PA 2014) <b>enacted 3/25/14</b>	Initial deregulation bill 2011 (Public Act 58); removed jurisdiction over IP, VoIP	Tariffs optional. Intrastate access restructuring/ recalculation in 2018; ARM eliminated in 2022. Reduces ARM to providers that eliminate service in an exchange. PUC report on ARM must include info on duplicate support from CAF, etc.	Continue to regulate switched access and basic local service. BLS may be discontinued after a Sec. 214 application is approved by the FCC. PUC may investigate discontinuance to determine whether FCC made a decision to grant it or whether that decision does not adequately serve MI customers.	COLR requirement ends 1/1/17; 90 days notice of discontinuance; customers may request investigation of service availability where COLR has left; if no competitive supplier exists may look for new supplier; providers not required to participate. No USF for carriers that discontinue BLS. State USF may not be created to support "emergency" provider.	May discontinue BLS 1/1/17. COLR/BLS requirement may be fulfilled by any technology; PUC may order existing provider to provide service after investigation shows that there are no willing providers in the exchange.; Intrastate USF may not be created to fund this provider.	All transition trial reports submitted to FCC must be submitted to PUC	After 1/1/17, providers who end service must adhere to FCC IP Trials order requirements and any policy decisions made via this order or subsequent orders. No commission oversight of VoIP	Requirements of Sec. 251/252	PUC to keep a data base of service providers by exchange; yearly report on access restructuring including any duplicative support; only 1 carrier needed to be a "competitive area" down from 2. Operator service and payphone providers relieved of registration requirements.

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
MN	<a href="http://legiscan.com/MN/text/HF985/id/765921/Minnesota-2013-HF985-Introduced.html">http://legiscan.com/MN/text/HF985/id/765921/Minnesota-2013-HF985-Introduced.html</a>	HF985/SF584, Statute Modernization; <b>did not pass</b>	S.F. 584; Telecommunications Statute Modernization; failed in 2013; re-introduced 2014	<b>2014</b> - No tariff required. except for intrastate access and basic service.	<b>2014</b> - Basic Service; intrastate switched access		<b>2014</b> - Single line, unlimited usage, residential or business; does not include state or federally mandated services.	<b>2014</b> - May investigate complaints about basic service if 5% or 100 customers complain	<b>2014</b> - Advanced service providers must register with the commission	<b>2014</b> - Requirements of Sec. 251/252	7/1/19, Authority and staff of DOC transferred to PUC



	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
MN	<a href="http://legiscan.com/MN/text/SF2218/2013">http://legiscan.com/MN/text/SF2218/2013</a>	SF2218, A bill for an act relating to telecommunications, modifying rate case procedures, removing antiquated or obsoleted provisions. <b>Tabled 3/5/14</b>		60-day notice for rate increases to basic service or switched access by telcos; tariff filings required for switched access from all service providers.	Bill gives DOC oversight of all telecom providers not just wireline; retain billing oversight of non-regulated and regulated services. Repeals ability to change designation of services from competitive to non-competitive .		Tariff required; may investigate rates with notice to telco; up to 5 lines for business or residential	May investigate quality of basic and wholesale services	All providers, including VoIP providers, must be registered w DOC	Defines wholesale transport provider as a carrier that transports calls to and from MN but is not a carrier in MN. Wholesale transport providers must be registered and provide contact info.	Defines telecommunications services and service providers as offering any form of service "not just telephone companies and telecommunications carriers." Local calls must be completed by all carriers transporting calls to MN and may not be blocked. Matches FCC call completion rules.

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MT	<a href="http://psc.mt.gov/Docs/ElectronicDocuments/getDocumentsInfo.asp?docketId=11413&amp;do=false">http://psc.mt.gov/Docs/ElectronicDocuments/getDocumentsInfo.asp?docketId=11413&amp;do=false</a>	<b>No 2014 legislative session;</b> PSC Docket N2014.1.10; examination of potential new legislation	<b>2011 - SB246</b> defining rules for AFORs			Should PSC create a state USF?			Should PSC regulate VoIP?		No MT legislative session until 2015. PSC seeking to determine whether it should support legislation in 2015.
NE		<b>No 2014 legislation</b>	<b>2011 - Leg Bill 257</b> amending § 86-143 and 86-144 of the Telecommunications Regulation Act	<b>2011 - No</b> tariffs for business services. Publish rates and terms on company website. Includes IXC charges	<b>2011 - BLS</b> rate regulated where no competition . The commission may reconsider whether competition exists on its own motion	<b>2011 - State</b> fund unchanged; basic local service required only where no competition		<b>2011 - Continue</b> to investigate/ resolve	<b>2011 - No</b> regulation	<b>2011 - 251/252</b> requirements	<b>2014 -</b> Competition proceeding opened

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
NV	<a href="http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf">http://legiscan.com/NV/text/AB486/id/803480/Nevada-2013-AB486-Introduced.pdf</a>	No 2014 legislative session	AB-486, removing COLR requirements and addressing regulation of VoIP; <b>signed 3/25/13</b>	<b>2013</b> - Post rates on carrier website	<b>2013</b> - No rate regulation for "alternative voice service," a retail service made available through any technology or service arrangement except satellite voice service	<b>2013</b> - COLR may be relieved of obligations if alternative service of any type from any carrier is available; notify PUC; providers granted relief prior to 10/1/13 shall be deemed fully released; removes language requiring equivalent service	<b>2013</b> - Removes requirements for basic service		<b>2013</b> - Prohibits any state agency or political subdivision from regulating VoIP or IP-enabled services.; VoIP providers contribute to 911, TRS, other funds	<b>2013</b> - 251/252 requirements	

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NH	<a href="http://legiscan.com/NH/text/HB1314/id/902515/NewHampshire-2014-HB1314-Introduced.html">http://legiscan.com/NH/text/HB1314/id/902515/NewHampshire-2014-HB1314-Introduced.html</a>	HB 1314 Telecommunications mergers and acquisitions; <b>pending</b>	<b>2011 -</b> Chapter 175, SB22, an act relative to alternative regulation of small incumbent local exchange carriers	<b>2011 -</b> BLS rate must not exceed comparable ILEC rate. Rates may increase 5 percent/ year for 4 years, plus changes in federal, state, or local government taxes, mandates, rules, regulations, or statutes	<b>2011 -</b> 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.				<b>2011 -</b> Must consider competition from wireline, wireless, and broadband when considering alternative regulation	<b>2011 -</b> TA96 wholesale obligations	<b>2014 -</b> Requires commission approval of mergers, consolidations, reorganizations, or sales of telecoms with revenues > \$50,000,000 only after determining that the change will advance the economic development and information access goals of the state, result in economic benefits to ratepayers, and be consistent with the interest of investors

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NJ	<a href="http://legiscan.com/NJ/text/A2459/2014">http://legiscan.com/NJ/text/A2459/2014</a>	AB 2459 Moratorium on Copper Replacement <b>pending - session ends 1/12/16</b>	AFOR plan deregulates most Verizon services; basic service oversight remains		Wireline basic service	12/1/14 - BPU reports to Governor and Legislature on need for COLR and impact of replacing copper	1 year moratorium on copper replacement; customer may change to non-copper but must sign BPU developed agreement	BPU to hold hearings on copper replacement			Governor or US may declare an emergency requiring replacement of copper

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NM	<a href="http://www.nmlegis.gov/Sessions/14%20Regular/bills/house/HB0242.pdf">http://www.nmlegis.gov/Sessions/14%20Regular/bills/house/HB0242.pdf</a>	HB 242 - Equalize regulation - <b>failed</b>	2013 - SB 58, HB58, Rural telecommunications act of New Mexico	2014 - Carriers with >50K lines - no retail tariffs; continue to tariff intrastate access; no additional price regulation; 60 days notice for rate increases	2014 - Reduce retail regulation for carriers with >50K lines in order to reduce the costs of regulation. Rural carriers continue to be regulated.		2014 - Public meeting required before res rate increases. If >2.5% of subscribers protest, PRC may review and reinstate old rates.	2014 - Commission continues to accept complaints		2014 - Commission continues to regulate wholesale, access charges, ICAs as provided by FCC	Removes requirement to designate effectively competitive carriers/area s; extend to all consumers and carriers the regulatory flexibility granted to rural carriers; because bill failed, CL has petitioned to be treated as a "mid-sized carrier," subject to less stringent regulation (Case No. 14-0068-UT)

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NY	<a href="http://legiscan.com/NY/text/S03175/id/944848/New_York-2013-S03175-Amended.html">http://legiscan.com/NY/text/S03175/id/944848/New_York-2013-S03175-Amended.html</a>	S0 3175 - Omnibus telecomm Act of 2014; <b>pending</b>	Pending bills from S 3175 reintroduces Omnibus Act of 2013			All utilities must contribute to USF and provide essential services, including voice grade access to the PSTN		Mergers approved only if they enhance service quality. Commission to evaluate service quality and implement rules to increase it.	Create BB development authority to provide service in underserved areas and increase competition	Continue oversight under 251/252	Promote affordable and universal access to cable; add state owned cable franchises. PUC establishes and enforces merger conditions. Report on impact of potential sale of upstate services.

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NY	<a href="http://legiscan.com/NY/text/S05630/id/926521/New_York-2013-S05630-Amended.html">http://legiscan.com/NY/text/S05630/id/926521/New_York-2013-S05630-Amended.html</a>	S0 5630 - Moratorium on wireless replacement; <b>pending</b>	Pending bills from 2013	Commission to report on wireline replacement, including rate review	Basic service, intrastate access		ILEC may not replace wireline with wireless until 2015. Customer may request wireless product but must sign waiver.			Continue oversight under 251/252	PUC to conduct public hearings and report on wireless replacement by 4/1/15; Act will expire on 6/1/15. Cable providers must give 6 months notice of service withdrawal.
NY	<a href="http://assembly.state.ny.us/leg/?default_flow_id=&amp;bn=S01605&amp;term=2013&amp;Summary=Y&amp;Actions=Y&amp;Text=Y&amp;Votes=Y">http://assembly.state.ny.us/leg/?default_flow_id=&amp;bn=S01605&amp;term=2013&amp;Summary=Y&amp;Actions=Y&amp;Text=Y&amp;Votes=Y</a>	S0 1605 - Modify the current regulatory framework to reflect industry changes	Pending bills from 2013	Intrastate access rates and tariffs. No retail tariffs.	No retail regulation where there are two competitive providers using any technology	Continue Lifeline oversight; carriers may use any technology	No requirement to use any technology, including wireless	Consumer protection laws and oversight; network outage reports required	No authority over VoIP and IP-enabled services	Continue oversight under 251/252	Allow competition rather than regulation to set prices and terms of service. Equalize regulation among providers. Reduce wireline regulation.



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NY	<a href="http://assembly.state.ny.us/leg/?default_fld=&amp;bn=S01341&amp;term=2013&amp;Summary=Y&amp;Actions=Y&amp;Text=Y&amp;Votes=Y#jump_to_Text">http://assembly.state.ny.us/leg/?default_fld=&amp;bn=S01341&amp;term=2013&amp;Summary=Y&amp;Actions=Y&amp;Text=Y&amp;Votes=Y#jump_to_Text</a>	S 1341 - An Act to eliminate state regulation of VoIP; <b>pending</b>	Pending bills from 2013			Continue to assess/manage USF		Enforce standard business practices	Neither the commission, the department of public service, nor any other department or agency shall regulate the entry, rates, terms of service for VoIP; except federal requirements	Continue oversight under 251/252 and other FCC mandates	
NC	<a href="http://legiscan.com/NC/text/S742/id/1023487/North_Carolina-2013-S742-Amended.html">http://legiscan.com/NC/text/S742/id/1023487/North_Carolina-2013-S742-Amended.html</a>	SB 742; adjust the utility regulatory fee; <b>pending</b>									Adjust the regulatory fee to reflect changes in the regulatory policy for telecommunications carriers in light of deregulation
ND		<b>No 2014 session</b>	HB 2234, Study VoIP								<a href="http://www.legis.nd.gov/files/resource/committee-memorandum/15.9047.01000.pdf?20140403100328">http://www.legis.nd.gov/files/resource/committee-memorandum/15.9047.01000.pdf?20140403100328</a>

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<b>OH</b>		<b>No 2014 legislation</b>	<b>2010 - SB 162</b>	<b>2010 - Basic service</b>	<b>2010 - Basic service</b>	<b>2010 - ILEC retains COLR requirements</b>	<b>2010 - ILEC must offer basic service</b>	<b>2010 - Take complaints on basic local service only.</b>	<b>2010 - No oversight</b>	TA96 wholesale obligations	Legislation removing COLR and BLS requirements proposed in 2013; failed
<b>OK</b>	<a href="http://legiscan.com/OK/bill/HB3386/2014">http://legiscan.com/OK/bill/HB3386/2014</a>	HB3386, An Act relating to telecommunications amending 17 OS 2011 - <b>pending</b>	<b>2013 - HB 2194</b> , died in committee		<b>2014 - Basic service</b> , intrastate access continue regulation; prohibited from regulating competitive services as defined in Para 24 Section 139.02 of 17 OS 2011	<b>2014 - Continued oversight of primary universal services provisioned by an ILEC serving &lt;75K lines as of 1/1/2013; may receive USF funds</b>	<b>2014 - Primary universal service (BLS) remains available in areas with fewer than 75K lines</b>		<b>2014 - Prohibiting oversight of IP enabled services and VoIP, including successor services</b>	<b>2014 - Follow requirements of Sec. 251/252</b>	VoIP definition includes transmission to the PSTN "or its functional equivalent"; HB 2194 included similar language but was not reported out of committee in 2013

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PA	<a href="http://legiscan.com/PA/text/HB1608/id/870914/Pennsylvania-2013-HB1608-Introduced.pdf">http://legiscan.com/PA/text/HB1608/id/870914/Pennsylvania-2013-HB1608-Introduced.pdf</a>	HB 1608, An Act amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes; <b>pending</b>	Initial reduced reg. bill Act 183, 2004; AFOR regulation for ILECs; broadband build out requirements	Tariffs optional except for switched access; basic service in non-competitive exchanges. May not require other tariffs. Filing of service contracts not required. PUC must approve rate increases for BLS.	Basic service only. To be judged competitive, non-rural exchange: carrier files declaration with immediate effect. Rural exchange: 2 competitors, 1 may be OTT. Rural filings take effect 1/1/2016. PUC may not regulate choice of technology.	PUC administers PA USF until 1/1/2019. Distributions limited to LEC that received funds prior to 1/1/2013 and offers BLS. Funding cannot be reduced until 1/1/2019. LEC declaring exchanges competitive shall have amounts reduced 5%/yr. LEC may recover reduction through end user charge. PUC to study whether fund to continue.	Protected service = Single line business and residential service in a non-competitive exchange using any technology including OTT. BLS required until customer disconnects service or 1/1/2018. Residential customer may petition PUC for review of alternative service availability. Carriers must complete BB dev.	<b>2014</b> - PUC continues oversight of BLS quality. Standards must reflect technology changes. PUC may hear and resolve complaints for BLS. May not impose new quality standards, including billing standards or require reports from LEC.	Network modernization reports for BB access continue until 100% access. BB is a competitive service so no oversight.	Sale/merger review except of transactions with affiliates or parents. Sec 251/252 oversight.	Competitive exchange = rural exchange <300 res/sq mi w/ILEC + 2 competitors; non-rural exchange with >300 res/sq mi; services declared competitive as of 1/1/13 remain competitive unless hearing proves otherwise. By 2016 revise regulations to reg. LEC same as others.

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RI		No 2014 legislation	S-0111; Telephone Regulation Modernization Act; died in committee (2013)	2013 - BLS remains but may be satisfied with any technology. Price = the price of traditional service.	2013 - Intrastate switched access; rules in 47 USC Sections 251/252	2013 - Commission continues to designate ETCs	2013 - If wireless used to meet basic service requirement, must meet wireline quality standards	2013 - AG may enforce consumer complaints under current laws	2013 - No regulation of wireless and broadband	2013 - Section 251/252	2013 - The great majority of other states have already enshrined [non-regulation of VoIP and wireless] in statute Sec. 1(4)
SC		No 2014 legislation	2009 - Act 7, Customer Choice and Technology Investment Act of 2009	2009 - BLS rates may increase based on GDPI; tariff requirements withdrawn	2009 - No retail regulation for LECs that "elect" competitive status	2009 - No COLR requirements; LEC continues to contribute to USF	2009 - Grandfathered for customers with previous service; no oversight	2009 - ORS keeps copies of complaints; report on effects of deregulation by 2014	2009 - No oversight	2009 - Section 251/252 requirements including interconnection	2009 - Level the playing field for LECs; provide basic service for existing basic service customers; Initial deregulation Act 318 (2006); prohibition on municipal BB, Act 284 (2012)

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<b>TX</b>		<b>No 2014 legislative session</b>	<b>2013</b> - An Act relating to communications services and markets	<b>2013</b> - No tariffs; price-cap carriers may change tariffs or withdraw service without approval; cost support for prices not required.	<b>2013</b> - No EAS orders after 9/1/11; no markets may be re-regulated; ILECs may petition for deregulation if two unaffiliated carriers with any service type, including satellite.	<b>2013</b> - Ensure reasonable transparency and accountability of USF; no POLR requirements in deregulated markets;	<b>2013</b> - No basic service or COLR requirements in deregulated markets; all ILEC markets deregulated	<b>2013</b> - No oversight	<b>2013</b> - No VoIP regulation	<b>2013</b> - TA96 wholesale obligations	<b>2014</b> - Studies of USF funding
<b>VT</b>	<a href="http://legiscan.com/VT/text/H0760/id/942406/Vermont-2013-H0760-Introduced.pdf">http://legiscan.com/VT/text/H0760/id/942406/Vermont-2013-H0760-Introduced.pdf</a>	H.760 - Establish a high cost program under the Vermont USF to include broadband support; <b>failed in committee</b>				<b>2014</b> - Establish a state USF fund to reimburse COLRs for providing BB basic service USF will be used to keep BLS and BB affordable.	<b>2014</b> - Define basic service to include broadband under the state USF. VT ETCs must offer service throughout the areas for which they are designated.	<b>2014</b> - ETCs must meet quality standards established by the Board.	<b>2014</b> - VT ETCs must provide voice and BB. VETC not required to provide service to a location with a competitive supplier.		<b>2014</b> - Build out requirements may be waived after hearing. Board may investigate companies and withdraw support if company is not meeting build out requirements . Speed must be 4-1.

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VA	<a href="http://legiscan.com/VA/text/SB584/2014">http://legiscan.com/VA/text/SB584/2014</a>	SB 584 - Regulation of telecommunications companies as competitive suppliers - <b>signed</b>	2011 - HB2367	2011 - Tariffs optional	2014 - Carriers may elect regulation as competitive carriers; limited oversight of competitive carriers	2014 - Continue jurisdiction over Lifeline; no terms/price requirements. beyond the FCC rules. May not designate competitive carriers as ETCs unless they request; carrier must extend service if no alternate available.	2011 - BLS not required after 7/1/13; COLR service required if there are no other terrestrial or wireless options	2011 - Ensure adequate retail voice service, timely and accurate billing, access to 911. Resolve customer complaints. Investigate adequacy of replacement service for wireline	2011 - No authority over broadband or wireless	2011 - Jurisdiction under Sections 251/252	2014 - Continue to enforce Utility Transfers Act (merger jurisdiction); residential price caps remain in effect until they expire 12/31/14. Orders issues prior to this law but which are no longer with their authority are no longer in effect.
WV	<a href="http://legiscan.com/WV/text/HB4165/id/920412/West-Virginia-2014-HB4165-Introduced.html">http://legiscan.com/WV/text/HB4165/id/920412/West-Virginia-2014-HB4165-Introduced.html</a>	HB 4165 - Broadband regulation - <b>Failed</b>			2014 - PSC may require ILECs to provide open access to federally funded BB facilities at rates that are reasonable and non-discriminatory			2014 - PSC may investigate and resolve consumer complaints regarding broadband	2014 - PSC may not regulate broadband, including rates, terms, and conditions	2014 - PSC may arbitrate and enforce ICAs under Sections 251/252; must continue to offer unbundled elements	

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WI	<a href="http://legiscan.com/WI/text/AB595/id/905072">http://legiscan.com/WI/text/AB595/id/905072</a>	HB 595 - Changes to WI regulation to bring statutes up to date with telecom deregulation <b>passed</b>	Wisconsin Act 22, 6/8/11, deregulating all retail telecommunications		Defines alternate telecom providers (ATUs); removes cable tv cos and payphone from definition as ATU.						Exempts telecom companies from filing accident reports with PUC
WY		<b>No 2014 legislation</b>	<b>2013</b> - Act 82, exempting internet protocol enabled services from regulation			<b>2013</b> - VoIP providers who accept state USF must adhere to rules for BLS			<b>2013</b> - Remove all broadband/ VoIP oversight; providers must contribute to commission assessments & 911 fees		
<b>Other</b>											
AK	<a href="http://rca.alaska.gov/rcaweb/dockets/docketdetails.aspx?id=2b18d15e-ae7f-475d-bece-7c86dba1af2d">http://rca.alaska.gov/rcaweb/dockets/docketdetails.aspx?id=2b18d15e-ae7f-475d-bece-7c86dba1af2d</a>	R-13-001, Petition of Attorney General to Adopt Regulations Addressing Inter-exchange COLR obligations				Petition to determine whether AT&T should continue as COLR for IXC service and to adopt COLR rules					

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
CA	<a href="http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_1351-1400/sb_1364_bill_20140527_amended_sen_v98.pdf">http://www.leginfo.ca.gov/pub/13-14/bill/sen/sb_1351-1400/sb_1364_bill_20140527_amended_sen_v98.pdf</a>	SB 1364 - retain USF funding to 2019 - <b>pending</b>				Would retain state high cost funding until 2019; funding was set to expire in 2015					
CO	<a href="http://legiscan.com/CO/text/HB1328/id/1015517/Colorado-2014-HB1328-Amended.pdf">http://legiscan.com/CO/text/HB1328/id/1015517/Colorado-2014-HB1328-Amended.pdf</a>	HB 1328 (originally 1327) - Broadband Deployment Act; <b>signed</b>	Bills in 2012 and 2013 failed. 2014 PUC study and order defined 35 exchanges as competitive and reduced oversight.						Defines BB as including cable; gives BB providers access to rights of way; provides notice of trenching projects		Tax exemptions for BB providers to promote BB in areas without infrastructure and in underserved areas that do not meet BB speed requirements



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HI	<a href="http://legiscan.com/HI/text/SB2981/2014">http://legiscan.com/HI/text/SB2981/2014</a>	SB 2981, A bill for an Act related to the economy; <b>signed</b>							Encourage BB deployment; streamline permitting process		Streamline telecom infrastructure development, promote high speed electronic and wireless communication; and make high speed communication available to all residents and businesses

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IA	<a href="http://legiscan.com/IA/bill/HF2472/2013">http://legiscan.com/IA/bill/HF2472/2013</a>	HF 2472 (originally HF 2329), Connect Every Iowan Act; creating state BB commission - <b>failed</b>		<b>2014 - BB</b> commission/ CIO to determine rates for wholesale net access to state funded BB					<b>2014 - Tax</b> exemptions and other incentives to increase BB access; coordinate and monitor availability and affordability, including public/private partnerships	<b>2014 - BB</b> commission may authorize access by wholesale providers offering retail service to unserved; providers cannot use Iowa network to provide in areas served as of 7/1/14	<b>2014 –</b> Communications service provider = broadband provider using any infrastructure. Unserved/underserved area = census blocks in which no provider offers BB with download speed>50mb and upload speed>15mb ; annual BB report

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KS	<a href="http://legiscan.com/KS/text/SB304/2013">http://legiscan.com/KS/text/SB304/2013</a>	SB304 - Municipal broadband in unserved areas - <b>failed</b>	2013 - HB 2201, An act concerning telecommunications (updating 2011 legislation) 2013	2013 - 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	2013 - Commission may resume price cap regulation if determines there is no longer competition; continue to issue CPCNs but may not use this authority to provide additional regulation; intra-state switched access;	2013 - Administer contributions to USF. As of 1/1/2014 - no KUSF funds for lines in price-deregulated exchanges; no support for "electing (i.e., deregulated) carriers;" price cap carriers receive support until 3/1/17	2013 - Commission continues to administer BLS requirements for ETCs; carriers may opt out with 90 days notice	2013 - Commission may "administer" customer complaints, but may not use this authority to "regulate" carriers	2013 - No oversight of VoIP; 2014 - Municipal BB in unserved areas, where 9 out of 10 units lack access to facilities-based terrestrial bb, either fixed or mobile or satellite at 4:1	2013 - 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.	2014 - Ensure that video, telecommunications and broadband services are provided through competition as required by TA96; no municipal BB except in unserved areas where no mobile or satellite

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ME	<a href="http://legiscan.com/ME/bill/LD1761/2013">http://legiscan.com/ME/bill/LD1761/2013</a>	An Act To Ensure That Large Public Utility Reorganiza-tions Advance the Economic Developmen t and Information Access Goals of the State," (LD 1761) - <b>vetoed</b>									Telephone companies with >50K lines must show that any merger or sale will not have a negative economic effect on the state (directed at FairPoint)
MN	<a href="http://legiscan.com/MN/text/SF2225/id/976304/Minnesota-2013-SF2225-Introduced.html">http://legiscan.com/MN/text/SF2225/id/976304/Minnesota-2013-SF2225-Introduced.html</a> <a href="#">1</a>	SB 2225 - Broadband infra-structure development <b>failed</b>							Encourage municipal BB; state BB commission and investment		

	Current Legislation (2014)	2014 Bill Title	Previous Legislation	Rates and Tariffs	Regulated Services	USF/ COLR	Basic Service	Quality/ Customer Complaints	Broadband/ VoIP	Wholesale	Other
MO	<a href="http://legiscan.com/MO/text/SB651/id/980946/Missouri-2014-SB651-Enrolled.pdf">http://legiscan.com/MO/text/SB651/id/980946/Missouri-2014-SB651-Enrolled.pdf</a>	SB651 removing liability for loss of service during an emergency - <b>signed</b>	An Act to Amend Chapter 392 by Adding Thereto One New Section Relating to Telecommunications. 7/8/11	<b>2011 -</b> Companies may elect to be exempt from retail tariff requirements. Publish retail rates on the company's website.	<b>2011 -</b> 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	<b>2011 -</b> Carriers relieved of COLR obligations where another provider is contracted to provide service; no COLR obligations in St. Louis County and in St. Louis and Kansas City	<b>2011 -</b> No requirement	<b>2011 -</b> Telcos may exempt themselves from PSC consumer regulations already mandated by the FCC. <b>2014 -</b> Carriers are not liable for loss of service during an emergency, except in cases of negligence or direct misconduct.	<b>2011 -</b> No oversight	<b>2011 -</b> Commission retains oversight as defined by FCC; may adjudicate complaints about access services	<b>2011 -</b> After 8/28/2014, all carriers may follow the process used by VoIP providers to provide service; 392.550.2, no hearing required, 30 day approval process; applicant must be financially capable of providing service
MS	<a href="http://legiscan.com/MS/text/HB489/2014">http://legiscan.com/MS/text/HB489/2014</a>	HB 489, Act to provide broadband throughout the state - <b>failed in committee</b>	<b>2012 -</b> HB 825, Act to Amend §77-3-3 (deregulating telecom)	<b>2012 -</b> Commission may regulate only intrastate switched access services	<b>2012 -</b> "Competition adequately protects the public interest;" the commission no longer has jurisdiction over these services	<b>2012 -</b> COLR obligations/ basic service no longer apply	<b>2012 -</b> No basic service requirements	<b>2012 -</b> Carriers no longer file quality reports; FCC quality standards apply to ETCs. Adjudicate access complaints only.	<b>2012 -</b> No jurisdiction over video, VoIP, wireless, IP-enabled services, broadband services.	<b>2012 -</b> Enforce regulations consistent with federal (not state) law, including carrier-to-carrier complaints.	

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NJ	<a href="http://legiscan.com/NJ/text/A2768/2014">http://legiscan.com/NJ/text/A2768/2014</a>	AB2768 Public Awareness campaign for VoIP and wireless; <b>pending</b>						BPU to conduct public awareness campaign on mobile and VoIP, including disclosure of customer information	VoIP carriers do not have to disclose their CPNI policies		
NY	<a href="http://legiscan.com/NY/text/S06543/id/956750/New_York-2013-S06543-Amended.html">http://legiscan.com/NY/text/S06543/id/956750/New_York-2013-S06543-Amended.html</a>	SB 6543 - rural broadband use and accessibility for farm use							Evaluate precision agriculture for the state's farmers and the accessibility of broadband to increase efficiency and productivity. Report to Governor 11/14.		
SD	<a href="http://legiscan.com/SD/text/HB1166/id/963012/South_Dakota-2014-HB1166-Comm_Sub.pdf">http://legiscan.com/SD/text/HB1166/id/963012/South_Dakota-2014-HB1166-Comm_Sub.pdf</a>	HJ- 790 Revise Telecommunications services program to include developing technology - <b>signed 3-31-14</b>									<b>2014 -</b> Establishes a fund to cover assistive devices for persons with disabilities

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TN	<a href="http://legiscan.com/TN/text/SB2140/id/934659/Tennessee-2013-SB2140-Draft.pdf">http://legiscan.com/TN/text/SB2140/id/934659/Tennessee-2013-SB2140-Draft.pdf</a>	SB2140 - electric cooperatives may offer broadband (also SB 2428) <b>failed</b>							Electric coops may provide BB using dark fiber; adds coops to definition of telecomm provider		
TN	<a href="http://legiscan.com/TN/text/HB2242/2013">http://legiscan.com/TN/text/HB2242/2013</a>	HB2242 - Electric coop may provide broadband <b>failed</b>							Coop to contract with county to provide broadband in counties with between 7,866 and 7,900 residents		
UT	<a href="http://legiscan.com/UT/text/SJR018S01/id/982059/Utah-2014-SJR018S01-Amended.pdf">http://legiscan.com/UT/text/SJR018S01/id/982059/Utah-2014-SJR018S01-Amended.pdf</a>	S.J.R. 18S01 - Resolution to make Utah a fiber friendly state; <b>failed</b>									Provide support, encouragement, and technical expertise to promote the goal of ubiquitous fiber connectivity to every Utah home and business

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UT	<a href="http://legiscan.com/UT/text/SB0199/id/989657/Utah-2014-SB0199-Enrolled.pdf">http://legiscan.com/UT/text/SB0199/id/989657/Utah-2014-SB0199-Enrolled.pdf</a>	SB 199 - Emergency Service; <b>signed</b>	<b>2012 - Update telecomm regulations; failed in committee; not resubmitted</b>						<b>2012 - No VoIP regulation/ oversight</b>		VoIP providers included in the list of providers that can request that customers release them of civil liability/ claims for releasing them of liability for releasing non-published or private numbers or for 911 errors.
WA	<a href="http://legiscan.com/WA/text/HB1857/id/733640/Washington-2013-HB1857-Introduced.pdf">http://legiscan.com/WA/text/HB1857/id/733640/Washington-2013-HB1857-Introduced.pdf</a>	HB 2678 - Increasing USF expenditures									