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Telecommunications Deregulation:
Updating the Scorecard for 2013

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Legislation at a glance

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  - Oversight of quality of service, customer complaints, billing, limited or withdrawn altogether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

- Legislation has passed in 20 of the 22 states where AT&T is the primary wireline carrier
  - Legislation eliminating COLR requirements failed in Kentucky
  - Legislation limiting commission oversight to basic service only failed in Connecticut
- Legislation growing in the 13 states where Verizon is the primary wireline carrier
  - 5 states in the Verizon wireline footprint have passed legislation removing or limiting oversight
  - Legislation in Delaware eliminates COLR obligations, allows carriers to abandon “competitive offerings” without notice, and eliminates regulatory assessments
Region Summary

- 6 states in legacy Qwest’s 14 state local service territory have reduced or eliminated oversight
  - Legislation in Arizona would have removed all oversight of IP services, including market entry and exit
  - Legislation in CO would have removed IP oversight and deemed all “new” products unregulated
  - Iowa Utilities Board studying changes to regulation, including COLR
- FairPoint has been “de-regulated” in Northern New England
Current Legislation

Legislation Reducing Telecommunications Regulation by State, 2010-2013

Primary ILEC:

- AT&T
- CenturyLink
- Verizon
- Fairpoint

Source: LegiScan
The Potential “De-regulated Landscape”
Key Questions for Companies and Regulators Going Forward

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

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

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

- Do we need a new focus on network reliability?
Proposed Research Topics

• Next Generation 911 (NG911) and the IP Transition

  o The transition to IP networks will include the development of new ways of communicating with emergency service providers and first responders, including texting, video, and other IP-enabled processes. What is NG911 from a technical perspective? What does this transition mean for end users, first responders, and the states? This paper will examine the transition to NG911 and provide a primer on the future of emergency services.
The IP transition will expand communications options for all users, including the deaf, hearing-impaired, and others currently supported by state-sponsored accessibility programs. Will the new networks continue to support today’s accessible devices, including relay service, TTD devices, etc., or will new equipment be required?

This paper will explore the effect of the IP transition on accessibility programs and devices, including the FCC’s proposed trial of accessible services in an IP-environment. It will answer the following key questions.

- Will states need to adjust their current equipment distribution programs to replace current equipment with new IP-enabled services?
- Will state programs need to change to include these new devices?
- How will this effect Universal Service and other state funds?
- How will we make sure that communications remains accessible to all?