Telecommunications Deregulation
2010 – 2012

Sherry Lichtenberg, Ph.D.
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Deregulation at a Glance

• 22 states limited or eliminated commission oversight between 2010 and Q2 2012
  – Most bills are in states where AT&T is the primary carrier
  – Georgia updated regulations established in 2010
  – Vermont revised state USF requirements

• 9 states eliminated or severely restricted basic service requirements
  – Retail regulation eliminated completely
  – Basic service requirements in non-competitive areas only
  – Carriers may “opt” to continue providing basic service

• Commissions retain wholesale oversight
Legislation Reduces or Eliminates Jurisdiction Over Retail Services

• No regulation of VoIP or “IP-enabled” services
• Limited authority over service quality or customer complaints
• Limited tariff requirements
  – Basic local service
  – Access services
  – Prices generally listed on company websites
• Reduced COLR requirements in competitive areas
3. MI carriers may choose to continue to offer basic service.
The Deregulation Momentum Continues

• Bills introduced/pending in 11 states
  – CA, CT, KY, MN, NJ, NY, OK, RI, UT
  – CO bill withdrawn
  – OH bill passed but not yet signed
  – WY bill will be introduced this session

• Key points match earlier legislation
  – No oversight of VoIP or IP-enabled services
  – Reduction or elimination of commission jurisdiction over consumer complaints
  – Reduction or elimination of COLR requirements
  – Continued oversight of carrier-to-carrier services
Pending Deregulation Legislation as of 4/30/2012

- **AT&T**
- **CenturyLink**
- **Verizon**
- **Other**

1. 2011 legislation addressed small carriers only
2. Deregulates rural carriers only
Key Questions for Regulators Going Forward

• How do we measure competition and quality?
  – Many bills remove the requirement for reporting on the level of competition
  – Limited tracking of customer complaints or concerns
  – No oversight of problems, outages, pricing for IP-enabled carriers

• How do we ensure that competition remains a viable substitute for regulation?
  – Initial bills require a specific number of competitors to declare a market no longer regulated
  – What is the back up plan if that number is reduced?
  – What process should we put in place to track the level of competition?

• What is the back-up plan?
  – How do we ensure universal service without COLR requirements?
  – What do we do if the primary carrier (ILEC, cable company) withdraws from the market?