



Telecommunications Deregulation 2010 – 2012

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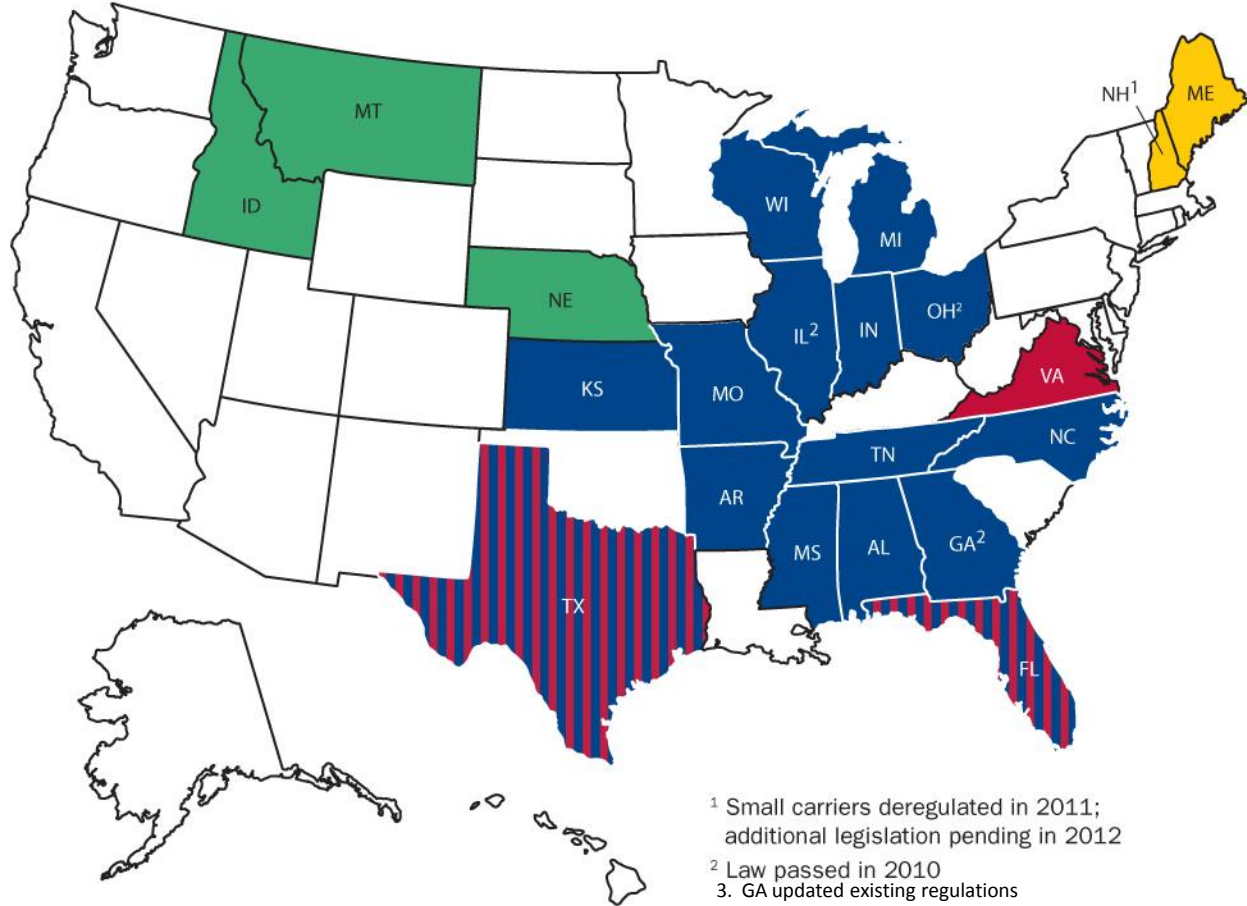
Deregulation at a Glance

- 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



States Enacting Deregulation Legislation, 2010-2012

■ AT&T ■ CenturyLink ■ Verizon ■ Other



¹ Small carriers deregulated in 2011; additional legislation pending in 2012

² Law passed in 2010

³ GA updated existing regulations



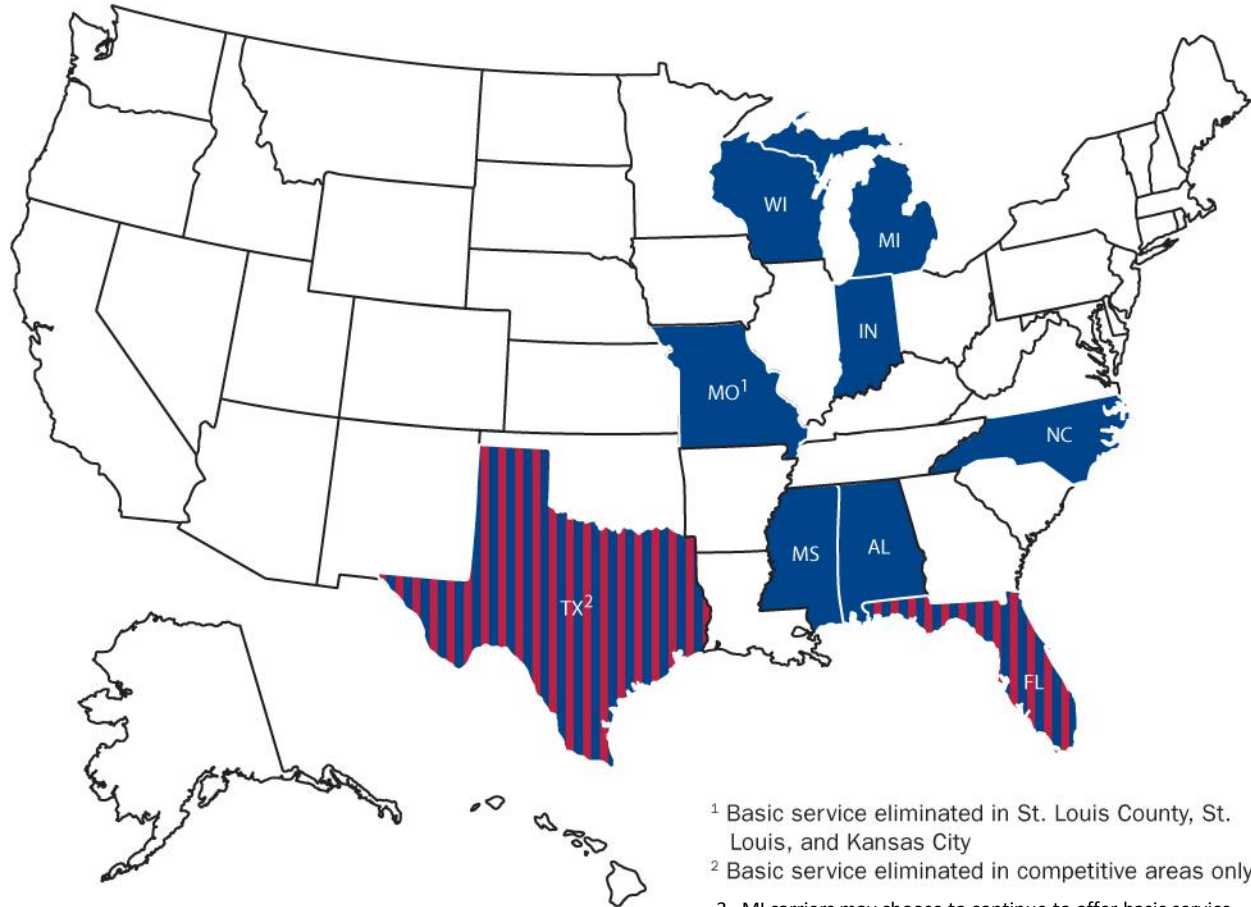
Legislation Reduces or Eliminates Jurisdiction Over Retail Services

- 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



States Eliminating Basic Service Requirements 2010-2012

■ AT&T ■ Verizon





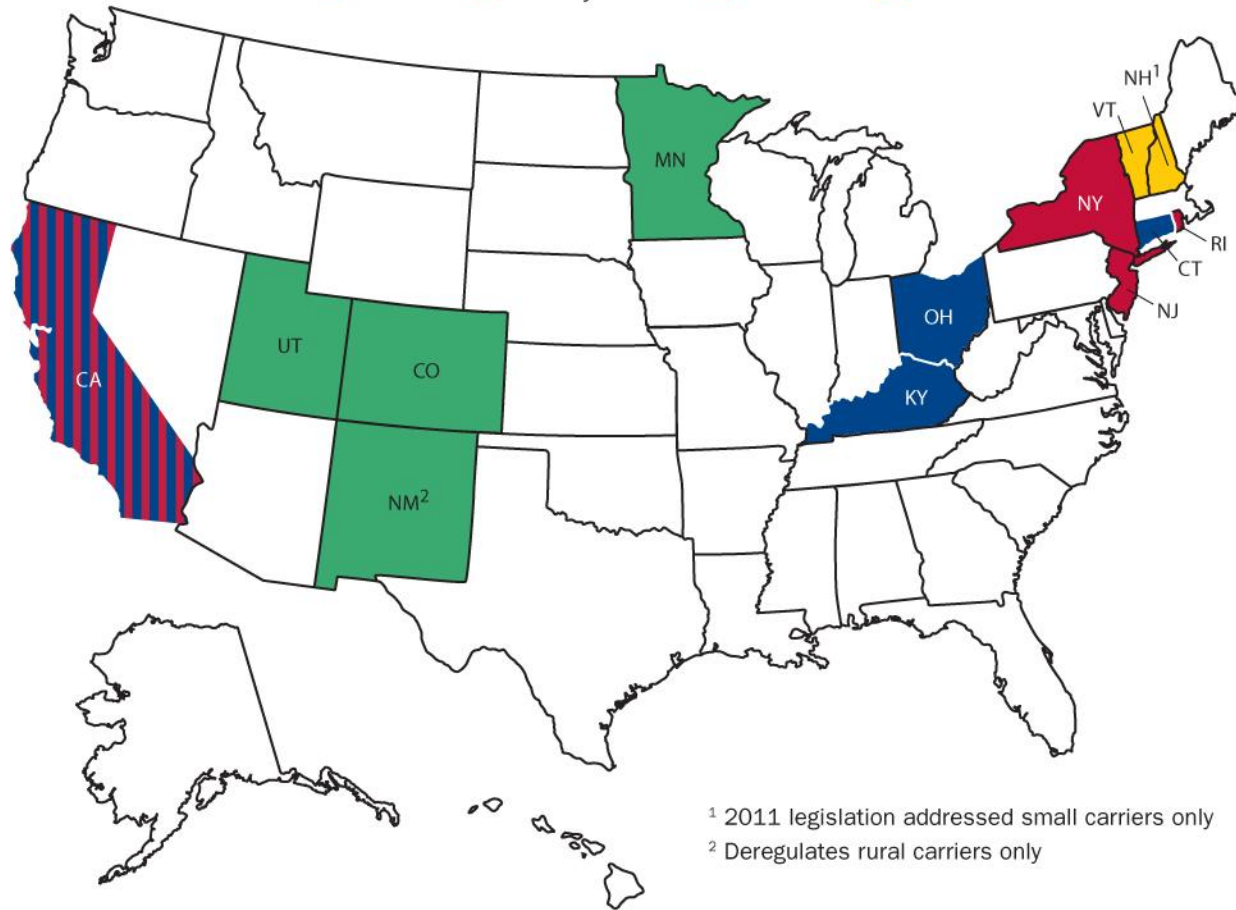
The Deregulation Momentum Continues

- 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 - CO bill withdrawn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?