“State Telecom Deregulation: Consumer Perspective”

presented by

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Denver
STATE TELECOM Deregulation:
Consumer Perspective

CLE Telecommunications Law

December 5, 2014

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Introduction

- House Bills 14-1329, 1330, 1331 as of May 9, 2014 deregulate basic landline telephone service and other telecom services.
- PUC proceedings to sort out impacts on high cost fund (HCSM), on tariffs and rules, etc.
WHAT’S DEREGULATED?

- Basic landline phone service except that (C.R.S. §40-15-401(b)):
  - HCSM remains to support basic service regardless of classification of basic or VOIP in Part 4;
  - Basic service providers collect fees to support HCSM, 9-1-1, and telecom relay service (see article 17 of title 40)

WHAT’S DEREGULATED, cont’d

- Until July 1, 2016, incumbent LECs charge uniform price no more than charged on 12/31/2013 but may raise to FCC’s urban rate floor;

- Until July 1, 2016, each incumbent LEC is still a provider of last resort (POLR) (see C.R.S. §40-15-502(6));
WHAT’S DEREGULATED, cont’d

• On and after July 1, 2016, in areas without effective competition where PUC provides HCSM support, PUC can designate POLRs, set maximum price for basic, prohibit service discontinuance, and enforce compliance with regulations permitted in C.R.S. §§40-15-208 (HCSM), 40-15-401 (deregulation of basic service), and 40-15-502(5) (universal service support).

WHAT’S DEREGULATED, cont’d

• After July 1, 2018, PUC may reregulate basic service if needed to protect the public interest and after hearing, findings of fact and conclusions of law (so-called “claw back” provision at C.R.S. §40-15-401(1)(b)(VI)).

All other telecom services (in-state long-distance, operator services, etc.) deregulated except as noted next.
WHAT’S STILL REGULATED?

- Basic emergency service (9-1-1), surcharge collection and access to 9-1-1;

- Switched access, which can only be deregulated by legislation;

- PUC jurisdiction over slamming and cramming complaints for in-state long-distance providers (not local service);

- PUC resolution of interconnection, access, intercarrier compensation disputes among telecom service providers.

IMPACT ON CONSUMERS

- Higher local telephone service rates: FCC urban rate floor $20.46 while CenturyLink’s rate was $17 on 12/31/13.

- PUC can’t resolve consumer complaints because no jurisdiction - take and track.

- Service degradation likely - no service quality regulation.
**IMPACT ON CONSUMERS, cont’d**

- No consumer protections re: service abandonment, disconnection without notice, reconnection charges, deposit rates and policies, abusive marketing practices, billing disputes, late payment fees, elimination of services, notices of rate increases not required (see C.R.S. §40-3-104), no PUC enforcement of anti-slamming and cramming for local service, etc.

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**IMPACT ON CONSUMERS, cont’d**

- Uncertainty about regulatory status of Next Gen 9-1-1 service could impede its development in Colorado.

- Legislation does not say 9-1-1 service is regulated regardless of the technology used vs. sponsors’ intent.

- C.R.S. §40-15-401(1)(q) deregulates internet-protocol-enabled services;

- C.R.S. §40-15-401(4): “Nothing in this Part 4 shall be construed to affect, modify, limit, or expand (emphasis added) the Commission’s authority to regulate basic emergency service.”
WHAT ABOUT THE CLAW BACK PROVISION?

- Applies 4 years after implementation, PUC may reregulate. With no jurisdiction over basic service, it will be hard to build a case even if warranted.

- Unlikely the PUC would roll back prices, require service improvements, or impose consumer protections over industry objections.

CONCLUSION

- Some consumers will get broadband access but balanced with higher local rates and other negatives. Most consumers will be harmed.

- AARP’s message: Buyer Beware!

- Consumers unaware of the new laws.

- Challenge to providers to implement in consumer-friendly way.