

The Evolving Telecom Marketplace: The Consumer Perspective

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January 4, 2012

Telecom Advisory Group

- ▶ Telecommunications Advisory Group
 - Docket No. 10M-565T
 - Commission Information Meeting on Connect America Fund, December 16th
 - Commissioners, Sens. Scheffel and Schwartz, Rep. Williams and DORA executive director Kelley in attendance
 - Briefings by Ray Gifford and Lynn Notarianni available at https://www.dora.state.co.us/pls/efi/EFI_Search_UI.Search
 - At Chairman's request, OCC filed 911, service and consumer protection regulation comments on December 23rd

Connect America Fund

- ▶ FCC CAF, issued in November, recognizes changes in technology
 - Analog to Digital
 - Circuit Switched to IP Packet Switching
 - Wireless
 - Pre and post paid
 - Fixed Voice over Internet Protocol
 - Nomadic Internet Telephony
 - Skype
 - Google Voice
 - Magicjack

Universal Service/High Cost Funds

- ▶ Current Federal USF and Colorado HCF
 - Based on 1990s technology, census and costs
 - Basic local service as foundation of network
 - Inter-carrier compensation/access charge recovery
 - Result of breakup of Bell System
- ▶ At same time, traditional landlines down 40 percent from 2 million to 1.2 million in Colorado
 - ▶ Similar decreases nationwide

Changes in Network

- ▶ Wireless lines have grown exponentially, even in rural areas to more than 4 million in state
 - Viaero high cost funding
 - Wireless-only broadband connections nearly 7 percent in US per Strategy Analytics report, 12/11
- ▶ Over 500,000 VoIP lines in Colorado
- ▶ Rural LECs using digital/soft switches and providing fiber to neighborhood and home
 - Federal ARRA/RUS funding
 - Zayo contract with 10 eastern plains rural local exchange carriers to provide 50 mbps

More Network Changes

- ▶ One result is precipitous drop in access charges
 - Carriers made in-state PUC filings effective December 29, 2011
- ▶ Basic service, however defined, now application
- ▶ Broadband now foundation – need to look at forward looking, not historic costs
 - Visit to Salida and Buena Vista highlighted dichotomy between services in town vs. truly rural areas
 - WildBlue satellite service providing 12 mbps down beginning in December 2011 and rolling out in next 18–months

Connect America Fund Details

- ▶ Caps Federal USF at \$4.5 billion
 - Most funding limited to incumbent providers
- ▶ USF surcharge ballooned from less than 10 percent three years ago to 17.9 percent first quarter 2012
- ▶ Order recognizes need to eliminate identical support rule
- ▶ Order also would limit customer support to one provider
- ▶ Phase-in to bill and keep for access
- ▶ Challenge to order in 10th Circuit – Denver

Impact on Colorado

- ▶ With transition from landline to wireless, VoIP and internet telephony over which only the Feds have jurisdiction, is there need for state HCF?
- ▶ Based on Salida/Buena Vista meetings and with AARP and Utility Consumers' Board, clear that consumers don't distinguish among various technologies (landline, wireless, fixed and nomadic VoIP)
- ▶ Whatever regulation (including service and complaint jurisdiction) state retains should apply to all similar services that provide voice

Colorado Consumer Impact

- ▶ Look to transition part 2 fully regulated services (except possibly 911) to part 3 relaxed regulated and relaxed regulated to part 4 un/deregulated under current law
- ▶ 2012 legislative proposals
 - AT&T Bill to deregulate services
 - Sens. Scheffel and Tochtrop
 - Reps. Murray and Williams
 - Broadband mapping bill
 - Sen. Schwartz
- ▶ Qwest Rate Case Appeal, 2012 oral argument in Supreme Court, Docket No. 2011SA115
 - Possible multi-million dollar refund to Qwest basic service ratepayers

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Office of Consumer Counsel

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