

What gets lost in the IP Transition?



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Who gets lost in the IP Transition?



**Consumers are
at risk of
getting lost**

Topics



- Decide big picture issues pre-trial
- Engage with federal and state debates
- Consumer protection associated with “legacy” copper as a yardstick for the IP transition
- Technological obsolescence – to the extent it surfaces – is entirely separate from regulatory obsolescence
- VoIP/broadband Internet access
- What could consumer advocates advocate for?

Big Picture First



- Resolve policy matters before embarking on trials – trials should not drive policy
- VoIP is a telecommunications service –
FCC should make this finding
- Address 251/252 interconnection issues first
- Ensure states retain oversight (COLR, consumer protection, price, service quality, terms, conditions, VoIP authority)

Reply Comment of the New Jersey Division of Rate Counsel and NASUCA, 8/7/2013



- “Consumer Advocates disagree with AT&T’s preference for the FCC to allow industry to use their ‘best business judgment’ regarding copper retirement decisions. Telecommunications services continue to have public utility attributes – private sector investment cost-benefit analyses will fail to take into consideration important public benefits such as –economic development in rural areas (harmed by loss of DSL), public safety (harmed by deterioration of copper plant), lack of urban/rural comparability (the quality of services varying significantly by community). Unless the FCC wants to abandon its commitment to universal service principles, the FCC should not allow ILECs to dictate the way in which they retire copper plant.”

“AT&T’s approach in the all-IP, wire center trial seems to be to put consumers in a free fall,



- without any regulatory protection, and then, based on their experience, to resurrect skeletal safeguards. Among other things, AT&T contends that, “[m]ost importantly, the Commission must sweep away rules that prevent carriers from retiring their legacy networks and services” and recommends that the Commission rely on “general consumer-protection laws.” Industry-specific consumer protection measures and regulatory safeguards have been put in place over the years by the FCC and state public utility commissions to address diverse consequences of market imperfections, ranging from carrier of last resort obligations, to the goals of just and reasonable rates, reasonable service quality, universal service, as well as to address such market distortions as slamming, cramming, failure to complete rural calls, etc. Relying on “generic” consumer protection laws would be insufficient and COLR obligations should be investigated by state PUCs based on empirical evidence about consumers’ alternatives for reliable service at reasonable prices. It would be entirely against the public interest to dismantle these safeguards simply because carriers are handling traffic differently. Re-paving highways does not eliminate the need for traffic rules, nor does carriers’ migration to IP networks alter the need for consumer protection from markets that are not yet effectively competitive. **Instead of starting from scratch, which would shift the burden to consumers to justify the need for each and every safeguard that exists, the burden should be on industry to demonstrate, with empirical evidence, where and why specific consumer protection measures have become obsolete.** Technological obsolescence – to the extent it surfaces – is entirely separate from regulatory obsolescence, and the former should not obscure the latter. Any trial that is conducted should encompass comprehensive data collection (regarding for example prices, costs, network reliability).”

AT&T's DTV analogy is inapt, its proposal flawed



- AT&T envisions a “flash cut” to IP in the selected wire centers, an approach it claims worked well for DTV
- However, telecommunications networks support multiple generations of technology simultaneously – a “flash cut” is not necessary.
- Some other flaws in AT&T's proposal:
 - Mandatory nature of the trial;
 - Vague reference to the elimination of legacy and “counterproductive” regulatory obligations; and
 - Provision for carriers to be allowed to discontinue, post-trial, the service that they offered as part of the trial

“Verizon also over-reaches with respect to deregulation of any transmission

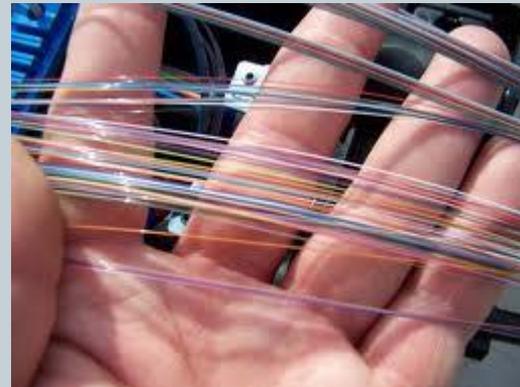


- occurring over wireless, saying ‘Nor should trials serve as a means to circumvent Congress’s deregulatory mandate under Section 332(c) of the Act by extending to wireless technologies legacy regulatory schemes that may have been appropriate for legacy networks in a different era.’ Consumer Advocates strongly disagree that any ‘deregulatory mandate’ applies to the use of wireless service for fixed local exchange access or under conditions of market failure. The FCC should continue to ensure that common carrier protections apply regardless of technology platform.”

Questions to consider



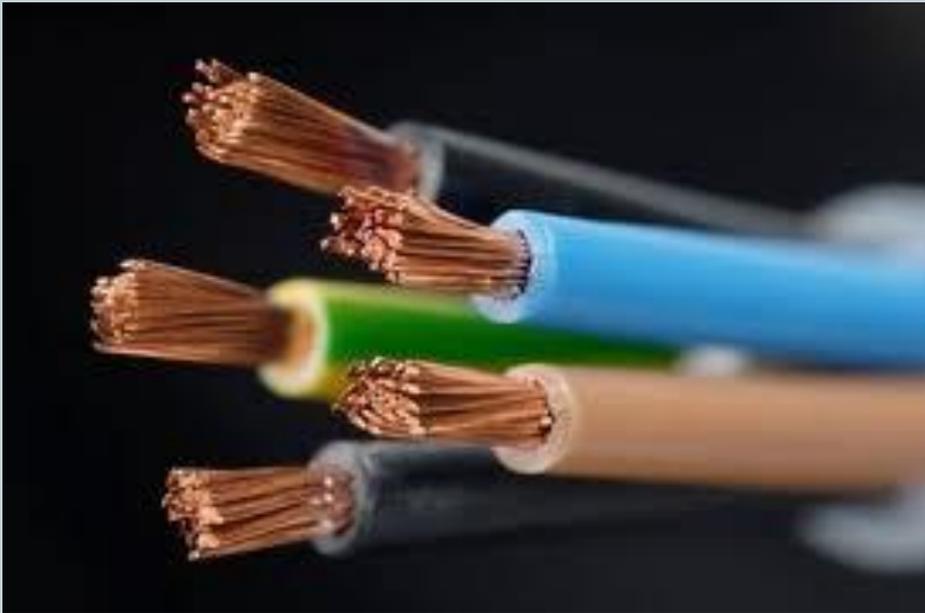
- Who gets to choose which communities and consumers get what technology when and why?
 - Industry?
 - Legislators?
 - State regulators?
 - FCC?



“Legacy” Copper-Based Landlines



- The litmus test against which new platforms should be evaluated



“Legacy” Copper-Based Landlines



- Typically offered on an “unbundled” “stand-alone” basis
- Affordable
- Sometimes subject to some type of price and quality regulation
- But demand is diminishing –
 - This creates new challenges for consumers as companies seek to walk away from traditional service

Guidelines for Transition



- Consumers should not be worse off as result of transition.
- Migration to new platform should not (1) lead to erosion of consumer protections; nor (2) jeopardize universal service
- New platform has nothing to do with whether sufficient competition exists to protect consumers from wireless market concentration and broadband duopoly
- **Don't relinquish oversight prematurely**

IP Transition and Consumers



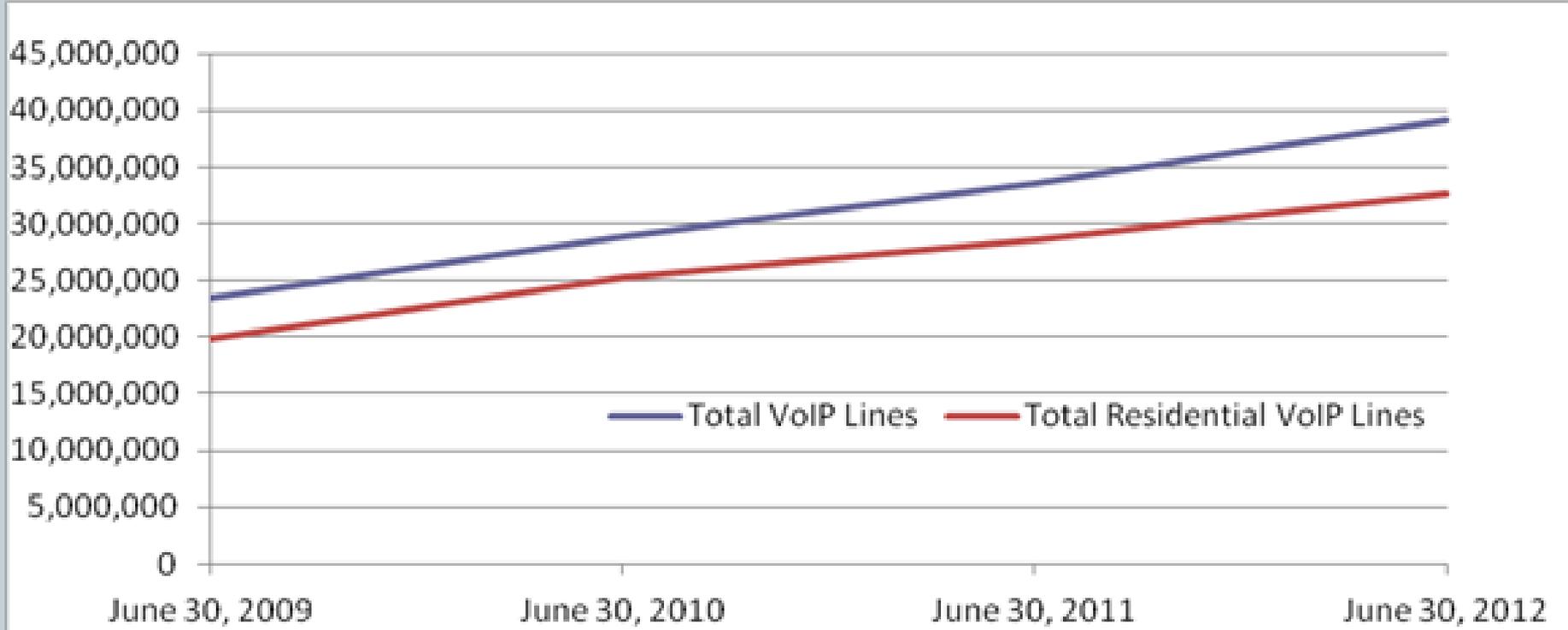
- Consumers should be allowed to “vote with their feet” – let consumers choose new services
- If consumers participate in trials – let them return to their earlier service
- A reliable affordable connection to the network – priceless!
- What’s good for competitors often is good for consumers – keep markets open and interconnection fair

VoIP



- Voice over Internet Protocol (VoIP) – a type of “landline” or “wireline” offered over broadband platform
 - Includes cable companies’ voice services and Verizon’s FiOS , AT&T’s U-verse
 - Cable companies are major competitors to incumbent phone companies
 - We have a landline duopoly: controlled by phone company and cable company – so competition does not protect consumers
 - **Consumer concerns: VoIP does not work during prolonged power outage; affordability concerns, some states have prematurely relinquished oversight**

Growth in VoIP Demand in the United States: 2009 to 2012



Home broadband demographics

% of American adults age 18+ who have a high-speed broadband connection at home, as of August 2011.

	% who access the internet via broadband at home
All adults (age 18+)	62%
Men	65
Women	59
Race/ethnicity	
White, Non-Hispanic	66
Black, Non-Hispanic	49*
Hispanic (English- and Spanish-speaking)	51*
Age	
18-29	76
30-49	70
50-64	60
65+	30

	% who access the internet via broadband at home
All adults (age 18+)	62%
Household income	
Less than \$30,000/yr	41
\$30,000-\$49,999	66
\$50,000-\$74,999	81
\$75,000+	89
Educational attainment	
No high school diploma	22
High school grad	52
Some College	73
College +	85

* All differences are statistically significant except for those between the rows designated with an asterisk.

Source: The Pew Research Center's Internet & American Life Project's August Tracking Survey conducted July 25-August 26, 2011. N=2,260 adults age 18 and older, including 916 interviews conducted by cell phone. Interviews were conducted in both English and Spanish.

Broadband Internet Access



The FCC should revisit its earlier decision –

- Broadband Internet access is a telecommunications service
- Don't relinquish oversight based on technology, relinquish oversight if/when competitive pressures yield just and reasonable rates and adequate levels of service quality
- Keep consumers informed about the prices, quality, and reliability of services on sunny days and stormy days offered over new platforms so they can make efficient purchasing decisions

Where is industry heading?



- Within any given territory a duopoly – and often a monopoly;
- ILEC
 - Verizon (DSL and FiOS)
 - AT&T (DSL and UVerse)
 - CenturyLink – used to be Qwest (DSL)
- ✦ Cable Company
 - Comcast
 - Time Warner
 - Cablevision
 - Etc.

Where is industry heading?



- Increasing adoption of broadband
 - ✦ Industry does not compete out of their footprint
 - ✦ So we have one ILEC and one cable (at best) in any community
 - ✦ And moreover, cable-telco cross-marketing agreements
 - ✦ An essential service offered by few suppliers – sounds like a candidate for regulation What does this mean for consumers
 - High prices
 - Who's monitoring the service quality?
 - How much profit can they make before someone decides we should regulate broadband prices and quality

What should we be advocating for?



- Affordability
- Network reliability – migration to new technology should not mean a step backward
- Consumers should be able to *choose* new technology rather than having it foisted on them.
- Consumer protection
 - ✦ Industry wants us to rely on broad general consumer protection language that exists in most states – this is insufficient
 - ✦ We need continuing industry-specific protection
 - ✦ Such as: anti-cramming, anti-slamming, prevent “bill shock”
 - ✦ Clear and fair billing and termination

Conclusion



- **The technology transition should not produce collateral damage for consumers**

For more information



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