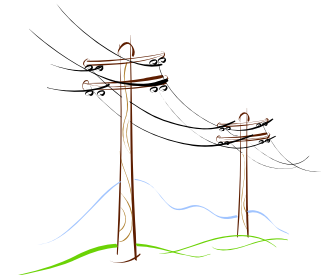


Consumer Protections for the 21st Century in Telecommunications

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Introduction and Overview

- Issues of Affordability
- Issues of Access
 - Carrier of last resort

Reasonable Customer Expectations of Telecommunications Service

- Service that is:
 - Continuous and reliable
 - Adequate for intended communications purposes
 - Non discriminatory
 - **Affordable**
 - **Accessible**
- Adequate notice
 - Service affecting changes, such as terminations
 - Changes in rates

Importance of Affordable Access

- Value of the network increases to each user, with more people connected
- Once, access to a canal, railroad, electricity or highway was essential to an individual's economic success.
- Today, individual economic success hinges on access to voice service and broadband internet
 - In-home access is requirement of early academic success:K-12 education
 - Decrease in public funding for community resources (libraries) makes in-home access more important

Affordable Access: Landline Still Essential

- Over 3.5 million AOL customers use dial-up
 - AOL added 200,000 new dial up customers in 2011
- Why do consumers subscribe to Landline?
 - Least Cost Option
 - Dialup speed and service is satisfactory
 - Lack of cellular service or high speed internet availability
 - Rural areas
 - Reliable 911
 - Familiarity (elders)
- Problems of all-IP network
 - Phone outages with electric outages
 - 911 accuracy



Affordable Access: the Digital Divide

- 40% of U.S. homes did not have a BB connection through December 2010.
 - Lowest subscribing states (43-50% subscriber rate) had low median incomes
 - AK, AL, TN, WV, OK
 - Wealthier states had higher rates of BB subscribership (70-74%)
 - CT, MA, NH, NJ
 - BUT impoverished areas of wealthy state has low BB subscribership
- Survey by Investigative Reporting Workshop shows lower the income, the less likely the household subscribes to the internet
 - Family income \$15,000 or less: 32% adoption rate
 - Family income \$150,000 or more: 90% adoption rate

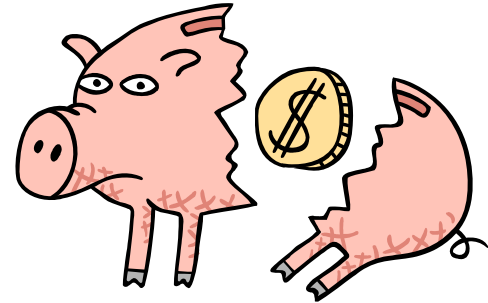
Affordable Access: Lifeline

- FCC's Modernization Order extends "voice service" definition to cover services supported by Lifeline
 - E.g., IP enhanced networks like VOIP
- States are main administrators of Lifeline funds, and ETC designation
- But many states have legislation in place prohibiting states from regulating VOIP

Ensuring Access for All

- Make products available for consumers in all marketing groups
 - Who needs basic service? (just voice)
 - Define basic service
 - Just voice?
 - Landline versus mobile phone
 - Excluding IP enabled voice service is unreasonable in connected network
 - Low income and elderly
 - Prefer landline
 - Who needs bundled service? (voice plus internet and TV)
 - Lifeline bundles should be affordable If Lifeline customer cannot pay bills, revert to basic service

Other Affordability Issues



- Cramming
- Slamming
- Other Billing Error
 - wrong customer; incorrect charges
- Bundled packages: must offer affordable options
- Prepaid phone cards
- Availability of discount programs
- Availability of payment plans

Affordability Issues on Horizon

- FCC Lifeline Reform Order
 - \$9.25 flat rate
 - Reduction from current benefit for many customers
 - Timing of reduction is off in this economy
- Cramming
 - traditionally LL problem, migrating to wireless and text messaging
 - LL providers institute bill block; should expand to IP enabled voice service
- Mobile Payments

Low-Income Assistance Programs

- Lifeline Discount (landline, wireless discount)
 - Applies to landline and wireless telephone service
 - In future, necessary for broadband, as programs below are limited in availability and scope
- Connect to Compete (BB internet discount)
 - Eligibility: child participating in free National School Lunch program; new/non-subscriber; no arrearage
 - Discounted monthly access fee and low-cost computer
 - Training provided
 - Limited 2-3 year offer period
 - <http://connect2compete.org>
- Comcast Internet Essentials (BB internet discount)
 - <http://www.internetessentials.com>, 1-855-846-8376

COLR Protections, Historically

- Carrier of Last Resort obligations for Landline
 - must provide local exchange service to a customer seeking to be served in the carrier's service area
 - State protection can include billing, termination, notice, service quality standards
- Companies cannot cherry pick and serve only most profitable areas
 - “duty to serve”
 - State Public Utility Commission (PUC) can compel companies to serve rural areas, high cost areas, lower income areas

Regulation or Deregulation?

- Legislation proposed in states, prohibiting PUCs from regulating IP enabled voice
- In some cases legislation restricts PUC authority over basic landline service
 - most phone companies use Internet Protocol (IP) in their networks and most phone calls involve the Internet
- Verizon stopping the build-out of FiOS
 - What about service to low income, high cost, or rural areas?
- National Association of State Utility Consumer Advocates 2009 Survey
 - Rates rose in 17 of 20 states that deregulated
 - **Problem for access and affordability**
- After airlines deregulated, new regulations are being added

Summary

- New voice technologies should serve to broaden consumer access, not narrow choices available
 - Landline still needed for some
 - Copper removal reduces options
 - IP enabled voice service and bundles must offer affordable options for all segments of the consumer market
- Lifeline for landline and BB are essential for enhancing the network for all, and keeping low-income and elder customers connected
- Carrier of Last Resort provisions are effective in ensuring all segments of society are served with essential voice service.

Questions

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