

“State Deregulation at the PUC”

presented by

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State Deregulation at the PUC

CONSUMER AND INDUSTRY PERSPECTIVES

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December 5, 2014



COLORADO
Department of
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The New Regulatory Regime for Broadband in Colorado

- **Broadband Deployment Act – HB 14-1327 and 14-1328**
(effective May 2014) (CRS 40-15-502 through 40-15-509.5)
Goals: deploy broadband statewide in unserved areas
- **Definition of broadband:** use FCC definition (now 4 Mbps up and 1 Mbps down, but FCC may change to 10 Mbps up and 4 (?) Mbps down) and any new FCC definition is incorporated automatically in CO state law
- Projects eligible to receive support: yet to be determined
- **Broadband Deployment Board:** run out of DORA; 16 members, no more than 8 from one party; includes all industry and politics



The New Regulatory Regime for Broadband in Colorado (cont.)

- Shift monies from support for high-cost basic local exchange (voice) service to broadband services
 - Monies that will be available: **NOT MUCH, NOT ENOUGH** only small part of a \$54.5 million cap on High Cost Support Mechanism
- Incumbent provider gets “right of first refusal”
- **Unserved areas:** less than 5,000 population; and lacking access by at least one satellite broadband provider **and** at least one non-satellite broadband provider (also along federal and state highways)



The New Regulatory Regime for Broadband in Colorado (cont.)

- **High Cost Support Mechanism:** contribution assessed on “all telecommunications service providers in Colorado” (use federal definitions?)
- Do IP-enabled services pay into High Cost Support Mechanism fund *involuntarily*
- **Surcharge** on customers’ bills to fund High Cost Support Mechanism decreasing over time
- Recipients of broadband support monies must demonstrate ability “to provide broadband service at a reasonable cost per household”



GETTING TO 1 GIG

- **Municipal Government-Owned Broadband Networks**
 - SB 05-152: bars municipalities from providing broadband service unless there's a vote of the people
 - Out-of-date? Yes
 - FCC Chairman Wheeler said feds **should** pre-empt state laws banning or restricting "competition from community broadband"
 - Cities like Centennial, Montrose, Longmont (began Nov. 3), and Boulder (already has 100 miles of fiber) have passed municipal broadband authority
 - Chattanooga, TN: "Gig city;" used \$111 million in federal stimulus money; city now tech-startups' home; New York Times said, "signs of growth in Chattanooga are unmistakable"
 - Municipal prices are low: e.g., Longmont: \$100 per month for 1 Gig (up and down); early adopters get permanent price of \$50 or \$60 per month
 - Some municipalities include discounts for low-income households or people with disabilities



Federal Resources on Broadband

The National Broadband Plan (2010)

<http://transition.fcc.gov/national-broadband-plan/national-broadband-plan.pdf>

FCC: Economics of Broadband: Market Successes and Market Failures (October 2014) <http://www.fcc.gov/events/open-internet-roundtable-economics> (three hour video)



UNDERSTANDING THE REPEAL OF THE STATE LOW-INCOME TELEPHONE ASSISTANCE FUND

- **BACKGROUND**

From 1990 to 2013, the Colorado's Low-Income Telephone Assistance Program (LITAP) and federal Lifeline programs worked in tandem to provide:

- **combined benefit up to \$15.75 per month per household (\$6.50 state and \$9.25 federal).**
- 13,000 eligible Colorado consumers received state and federal support
- 16,000 received only federal Lifeline through "free wireless" offerings or other discounted wireless service plans.



2013 – COLORADO STATE SUPPORT PROGRAM ELIMINATED BY LEGISLATURE

- Cost to administer the LITAP program **increasing from \$118,000 in 2013 to as much as \$900,000 a year**
- Repeal of program expected to **save Colorado consumers more than \$2 million per year: eliminate the \$.07 monthly surcharge**
- Majority of growth in low-income participation occurring in the federal Lifeline-only program, and not in the state LITAP program
- Federal Lifeline discount still available to low-income customers



WHAT HAPPENS NOW FOR COLORADO'S LOW INCOME TELEPHONE CONSUMERS?

Federal Lifeline Assistance mechanisms:

- Eligibility certified by state; must recertify every year
- Subsidized price: \$9.25 per month (wired or wireless)
- Link-up program (connection fees) still administered by feds for tribal lands only

Colorado mechanisms: NONE! Although,

- “Basic service should be available and affordable to all”
- “The Commission may regulate providers of telecommunications services to the extent necessary to assure that universal basic service is available to all consumers in the state at fair, just, and reasonable rates.” (CRS 40-15-502(3))



