Universal Service and COLR

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Traditionally COLR Responsibilities and Rights

• Duty to Serve
• Limitations on rate discrimination
• Monopoly Franchise Agreement
• Opportunity to Earn a Reasonable Return
• Eminent domain and Right of Way Use
• Recent additions:
  • E911
  • TRS
Telecommunication Act of 1996

• Exit Barrier – there must be at least one ETC in every service territory
• Interconnect with facilities and equipment of other carriers
• Obligation to resale
• Provide number portability
• Establish dialing parity
• Provide access to right-of-way
• Reciprocal compensation for traffic
• UNEs
• Collocation
• Bell Company 271 standards
Transformation Order

• Broadband Requirement – a moving target
• Provide voice throughout the state
• Monthly usage – 100 GBs
• Latency
Financing Telecommunications Investment

- For large companies capital came from private sources.
- For small companies capital came from private sources and RUS loans.
- State Commissions allowed carriers to earn a high enough rate of return to attract capital and pay capital a reasonable return.
- Universal Service Support allowed small carriers to invest in high cost areas.
- Rate averaging supported large carrier investment in rural areas.
Recent Trends

• Competition eroded the ability of rate averaging schemes to finance rural investment
• Cable Competition has de-stabilized rural carrier business plans
• What is the meaning of a revenue requirement in a competitive landscape? – Market Street Railway
• Difficult political environment for state USF funds
Is VoIP a telecommunications Service? And if not, what is COLR?

• A telecommunications service is defined as the offering of telecommunications for a fee directly to the public or to such classes or users as to be effectively available to the public regardless of the facilities used.

• Telecommunications is the transmission, between or among points specified by the user, of information of the user’s choosing, without change in the form or content of the information as sent and received."

• VoIP is
  • Holds itself out as providing voice service
  • Does not require IP-CPE
  • Originate and Terminate PSNT calls
  • No net protocol conversion
The FCC Plan and Related Problem

• Right of First Refusal
• If the ILEC turns down the FCC offer, then what?
  • Wireless service has limits
  • The Remote Fund is unknown
  • Can competitive bidding work?
• Rural Carriers appear to be in substantial financial stress