

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

Paula M. Carmody, People's Counsel

6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.state.md.us

BILL NO.: **Senate Bill 343**
Wireless Landline Telephone Service – Prohibition and Study

COMMITTEE: **Finance**

HEARING DATE: **February 4, 2014**

SPONSOR: **Senator Middleton**

POSITION: **Support**

Senate Bill 343 would prohibit certain telephone companies from replacing landline or wireline telephone service with certain wireless telephone service, and prohibit the Public Service Commission (“Commission”) from authorizing such a replacement. In addition, the Commission would be required to report to the Senate Finance Committee by December 14, 2014 on the impact of such a replacement on a variety of telephone service quality, reliability and service comparability issues. The Act would remain effective only through May 31, 2015. The Office of People’s Counsel (“OPC”) supports Senate Bill 343 as it calls for a “time out” and study before a telephone company could undertake actions that could negatively impact residential (and business) users of landline (wireline) telephone services.

It is no secret to the investment community and the FCC that the companies operating the landline services want to abandon their copper-based services, which continue to provide generally reliable telephone service to millions of consumers. Replacement of copper lines with

wireless telephone systems presents a number of issues, as discussed below. In Maryland, Verizon is the predominant landline service provider. Lowell McAdam, the Chairman and CEO of Verizon Communications, the parent of Verizon Maryland, has stated that his vision is “we are going into the copper plant areas, and every place we have FiOS¹, we are going to kill the copper...that is a pot of gold.”²

In those areas where Verizon has not deployed FiOS, the announced intention of Verizon Communications is to replace copper-based service with wireless service. As Mr. McAdam stated in June 2012: “And then in other areas that are more rural and more sparsely populated, we have got LTE³ built that will handle ...those services, and so we are going to cut the copper off there.”⁴ Since Verizon began winding down its FiOS expansion in 2010, and stopped deploying FiOS to new areas, significant portions of Maryland - Baltimore City, Prince George's County, Western Maryland and the Eastern Shore - do not have FiOS, that is, fiber deployment of the facilities that provide for regulated voice as well as the other non-regulated services from Verizon. Thus, with this game plan, those customers would be at risk of a replacement of their current landline service with Verizon's wireless service, known as Voice Link. This potential replacement became a source of controversy and consumer angst after Hurricane Sandy hit the States of New York and New Jersey in October 2012, when Verizon announced its intention not to fix the utility customers' copper-based services in certain areas after the storm, instead replacing those services with Voice Link. While consumer opposition, and that of the New York Attorney General, resulted in a change of Verizon's plan for Fire Island households, Maryland consumers do not have any such assurance.

Consumers have raised concerns specifically related to service quality, service reliability and affordability of the Voice Link service. A major concern reported by consumers relates to the

¹ FiOS is the trade name given to Verizon's fiber-optic communications network to the premises, which can provide voice, video and data services on a stand-alone basis or as a bundled service (the so-called “Triple Play”).

² June 21, 2012 Guggenheim Securities Symposium, Comments of Lowell McAdam. See http://www.huffingtonpost.com/bruce-kushnick/want-to-know-what-verizon-and-att-really-tell-their-investors_b_4640640.html. (McAdam Comments)

³ LTE is an acronym for Long Term Evolution (e.g., 4G LTE), and is a standard for wireless communication of high-speed data.

⁴ McAdam Comments.

need for a separate power source for wireless service, and the limited back-up power, in comparison to the much more reliable copper landline service. Complaints also have been made about the overall quality and reliability of the voice service itself, including the 911 connection. Additional concerns include, but are not limited to, lack of support for:

- Medical alert or other health monitoring services
- Deaf relay services
- DSL or Dial up with modem services
- Monitored home security systems
- Certain Calling features
- 911 service reliability

These consumer concerns go to the very issue of comparability of service, and whether the wireless service is a truly comparable replacement for current landline service in terms of the quality and reliability of service. These issues are of importance to many telephone users, but are of particular concern to customers that are older, or with medical conditions or disabilities.

Senate Bill 343 simply ensures that appropriate time and attention is paid to these issues *before* any steps are taken to replace one service with another. This “time out” is necessary and important to Maryland consumers.

OPC does have one suggestion regarding the current May 31, 2015 end date in the bill. To the extent that the Commission identifies or confirms service quality and reliability problems related to VoiceLink, there may not be sufficient time for the Commission to address those problems before the May 31, 2015 date. A change of the date to December 31, 2015 would provide more assurance that identified problems could be addressed before the deadline.

For all these reasons, OPC recommends a FAVORABLE REPORT on Senate Bill 343.

