HB 1221

Department of Legislative Services

Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1221 (Delegate Gutierrez, *et al.*)
Economic Matters

Public Utilities - Residential Copper Landline Replacement - Moratorium and Study

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This bill prohibits a telephone company that provides local exchange access with its own equipment from replacing a copper landline with optical fiber or Voice over Internet Protocol (also known as VoIP) unless a customer or group of customers submits written approval of the replacement. The prohibition only applies to residential customers. By December 1, 2021, the Public Service Commission (PSC) must report to the Senate Finance and House Economic Matters committees on its findings and recommendations regarding (1) a comparison of landline telephone service provided on copper line, optical fiber cable, and VoIP in terms of network reliability, regulatory oversight, and customer health and safety considerations and (2) methods for ensuring that future removal and replacement of copper landline occurs on a uniform basis across all geographic regions of the State.

The bill terminates September 30, 2022.

Fiscal Summary

State Effect: PSC can handle the bill's reporting requirement with existing budgeted resources.

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal. Small businesses involved in the process of replacing copper telephone lines may be negatively affected by the five-year moratorium on copper line replacements for residential customers; however, the bill allows replacements to continue during those years with the permission of the customers, and the moratorium does not apply to commercial customers.

Analysis

Current Law: "Telephone company" mean a public service company that (1) owns telephone lines to receive, transmit, or communicate local exchange telephone services, exchange access telephone services, or teletype communications; (2) leases, licenses, or sells local exchange telephone services, exchange access telephone services, or teletype communications; or (3) owns telephone lines to receive, transmit, or communicate telephone services to inmate facilities. A telephone company does not include a cellular telephone company.

PSC does not have jurisdiction over the regulation of Internet service providers, nor does it have jurisdiction over VoIP service. However, PSC's lack of jurisdiction may not be construed, among other things, to (1) exempt VoIP service from generally applicable State and federal laws relating to public safety, consumer protection, and unfair and deceptive trade practices or (2) remove PSC's jurisdiction over circuit switched local exchange access.

Background: Verizon Maryland, Inc. is the traditional provider of local telephone service in virtually all of Maryland. Via docketed cases, PSC has been considering various issues associated with Verizon, including the appropriate forms of regulating telephone companies, service quality, bundled services, and other factors dating back to at least 2006.

According to PSC, the advantages of fiber over copper have been widely documented in Maryland and nationwide. Any potential disadvantages of network transformation have been explored and addressed by the Federal Communications Commission. Under direction from the commission, PSC staff, Verizon, and the Office of People's Counsel have instituted a process to ensure that the transition is smooth and customers are appropriately informed of the transition and its implications.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Department of Legislative Services

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