

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 343
Finance

(Senator Middleton)

Wireless Landline Telephone Service - Prohibition and Study

This bill prohibits a telephone company that provides local exchange access service using its own equipment from replacing landline or wireline telephone service to a customer with wireless telephone service. The Public Service Commission (PSC) is likewise prohibited from authorizing a telephone company to do the same. By December 31, 2014, PSC must report to the Senate Finance Committee and the House Economic Matters Committee on specified information relating to a telephone company replacing landline or wireline telephone service with wireless telephone service.

The bill takes effect June 1, 2014, and terminates May 31, 2015.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The report must include PSC's findings and recommendations regarding:

- whether and to what extent the replacement of landline or wireline service with wireless service affects or has an impact on the ability of the telephone company to provide service quality and reliability, customer access to the Internet through broadband digital subscriber service, and customer access to alarm, fax, and medical alert services;

- whether and to what extent the replacement of landline or wireline service with wireless service affects or has an impact on the ability of other service providers, including alarm monitoring companies and home health monitoring equipment providers, to provide services to individuals and businesses;
- what advantages and disadvantages arise as a result of the use of wireless service during extreme conditions, power outages, and other emergencies; and
- whether and to what extent customers whose service has been replaced have requested to switch back to landline or wireline service.

Current Law: “Telephone company” means a public service company that owns telephone lines to receive, transmit, or communicate telephone or teletype communications; or leases, licenses, or sells telephone or teletype communications. A telephone company does not include a cellular service provider.

PSC may adopt reasonable regulations as it deems necessary to carry out relevant provisions of law. In regulating telecommunications, PSC reviews tariff filings and rate revisions, requires telephone companies to meet or exceed specified service standards, and regulates the intrastate services of long distance companies. If a telecommunications regulation results in unreasonable hardship to a utility or to a customer, an application may be made to PSC for the modification of the regulation, or for temporary or permanent exemption from its requirements.

Background: The bill places a one-year prohibition on telephone companies switching customers from traditional telephone service to “wireless telephone service.” An example of this technology is Verizon Voice Link, which uses cellular technology to provide service to wireline residential telephone customers over the Verizon Wireless’ wireless network.

According to a January 9, 2014, letter from Verizon to Senator Middleton, “thousands of customers in a number of states, including Florida, New Jersey, New York, Virginia, and now Maryland as of a few months ago” have chosen Voice Link. Customers make and receive calls just as they would over traditional copper telephone networks, with features like caller ID and voicemail. In addition, Voice Link provides detailed caller location information for 9-1-1 dispatchers. The letter notes that this emergency response service does differ from other similar service providers that do not give wireline-like address identification.

Voice Link has a battery backup that provides power for a few days in the event of a power outage. Batteries can be replaced by the customer.

Subsequent to hurricane Sandy, Verizon asked for and received permission from the New York Public Service Commission to substitute Voice Link service for traditional wireline service in some of the communities damaged by the storm, including Fire Island. However, the decision was met with resistance, including from New York officials and residents in the prospective replacement areas, after which Verizon decided to not pursue the plan in those locations.

Additional Information

Prior Introductions: None.

Cross File: HB 447 (Delegate Mitchell, *et al.*) - Economic Matters.

Information Source(s): Public Service Commission, Office of People's Counsel, *New York Times*, Verizon, Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2014
ncs/lgc

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