Overview & History

of the

Michigan Telecommunications Act

and

Telecommunications Regulation

MPSC Commissioner Greg White

February 1, 2011

History of the MPSC

- Michigan Railroad Commission
  - Established in 1873
  - Authority over railroad and electric rates and conditions of service
  - **Authority expanded to telecom services in 1911**
- Michigan Public Utilities Commission
  - Replaced the MRC in 1919
  - Authority expanded to include steam, natural gas, water carriers, natural gas and petroleum pipelines, motor carriers
- **Michigan Public Service Commission**
  - Replaced the MPUC in 1939
  - 3 Commissioners, no more than two may represent the same party

A Monopoly until the Mid-80s

- Telecom considered a natural monopoly with rate regulation in effect across most of the U.S.
- In the mid-80's as the result of a settlement agreement of antitrust lawsuits filed by the U.S. Justice Department, the large national provider AT&T broke up into the regional Bell operating companies
- The breakup spurred competition in long-distance service but did not immediately facilitate competition for local service.

Resulting Michigan Telecommunications Legislation through 1995

- PA 305 of 1986
  - Sought to facilitate innovations like fiber optic cable and wireless communication services
- **PA 179 of 1991 – The Michigan Telecommunications Act**
  - Major underpinning of today's MTA
  - Introduced competition, Consumer Price Index rate regulation, authorized the End User Common Line Charge (EUCL)
- PA 216 of 1995
  - Required rate rebalancing and unbundling, set terms for interconnection between providers

The Federal Telecommunications Act of 1996

- Sought to establish competition in local service
- Many observers say it was patterned after Michigan's telecommunications legislation

MTA Amendments 1995-present

- PA 295 of 2000
  - Eliminated EUCL, imposed price freeze, increased slamming penalties, expanded local calling
- PA 235 of 2005
  - Shifted from a paradigm of facilitated competition between companies to a goal of facilitating competition between technologies.
- PA 52 of 2008
  - Repealed the (12/31/09) sunset of the Act
- PA 182 of 2009
  - Sought to reform intrastate switched toll access charges (the charges providers pay to each other for transport and termination of toll traffic)
  - Established the Access Restructuring Mechanism

MPSC Telecommunications Division

- Division Director: Robin Ancona
- Four Formal Sections
  - Licensing & Competitive Issues
  - Operations & Tariffs
  - Rates & Financial Analysis
  - Access Restructuring Fund Administration
- Other Major Program Areas
  - Video Franchise
  - Connect Michigan – Broadband Mapping & Planning

Primary Basic Local Exchange Service (PBLES)

- All providers serving residential customers are required to offer this service.
- This is the only rate regulated service to end-user customers (pursuant to the 2005 MTA amendments)
- PBLES is defined as:
  - 100 outgoing calls per month (additional calls subject to additional fees)
  - 12,000 minutes of outgoing voice telephone usage
  - unlimited incoming calls
  - DOES NOT include special features like caller-ID, call forwarding, call waiting or calls to a dial-up internet provider
- Prices are in the $15 - $25 range

Quality of Service Standards

- There are still approximately 4 million wireline customers in Michigan
- Quality of service rules will apply to all areas and exchanges
- Rules will apply to all providers of wireline service (competitive providers, small incumbents, AT&T Michigan, and Frontier)
- The Commission recently completed a proceeding on these rules and they remain pending in the administrative process.

Other Duties of the MPSC Telecom Division

- Licensing of basic local exchange carriers
- Oversight of abbreviated dialing numbers (2-1-1, 3-1-1, 7-1-1, 8-1-1, 9-1-1)
- Lifeline & Link-up services
- Designation of carriers for federal Universal Service Fund programs
- Rights-of-way matters pursuant to the METRO Act (PA 48 of 2002)
- Processing of interconnection agreements and interconnection disputes (mediation, arbitration, contested case hearings)
- Process cost studies
- Administer the Access Restructuring Mechanism

Thank You!

Questions?