

TELECOMMUNICATIONS CONSUMER
ENHANCEMENT ACT OF 2001

HON. CLIFF STEARNS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 22, 2001

Mr. STEARNS. Mr. Speaker, I would like to submit for the RECORD a number of concerns that I have been made aware of by the Florida Public Service Commission regarding H.R. 496. In the past week my staff and I have been in contact with the bill's sponsor, Representative BARBARA CUBIN, in assembling answers to the Florida PSC's concerns. For the record I would like to summarize the Florida PSC's concerns and the answers we have received from Representative CUBIN's office.

As a result of these proposed diminished reporting requirements, how would regulated and deregulated services be differentiated to avoid cross subsidization of telecommunications offerings and non-regulated services?

H.R. 496 would do nothing to change the FCC's or state commissions ability to differentiate regulated and non-regulated services.

H.R. 496 would leave intact the FCC's cost allocation rules. It would only eliminate the separate requirement to file voluminous CAM and ARMIS reports originally designed for the largest carriers.

How will there be assurance that purported savings from reporting responsibilities will actually be applied toward the provision of advanced services in rural areas, as highlighted in the bill?

Virtually all 2 percent carriers only serve areas defined under the Act as "rural". Their network investment will necessarily be in rural areas.

Rate of return regulation, by its nature, will ensure either reinvestment in rural network infrastructure or reduced rates for customers. Virtually all 2 percent carriers are rate of return carriers.

Many of the benefits of the bill are intangible. It would primarily give carriers added flexibility to respond more quickly and effectively to customer demand and competitive opportunities.

To attempt to tie specific savings directly to specific investments would significantly increase bureaucratic red tape rather than decrease it and would ultimately slow investment in rural areas.

What restriction in this bill will prevent regional bell operating companies and other large holding companies from qualifying as a 2 percent carrier?

New language added by the Energy and Commerce Committee necessarily excludes larger companies from the definition of "two percent carrier". The definition now includes an operating company which, together with all affiliated carriers, "controls . . . fewer than two percent of the nation's subscriber lines. . . ."

The new language was adopted from a recent FCC order that definitively construed the same definition in Section 251(f)(2) of the 1996 Act.

If a company such as Cincinnati Bell is considered a 2 percent carrier, then what assurance is there that this bill is truly targeted toward rural areas and not certain urban areas such as Cincinnati, Ohio?

Apart from Cincinnati, the RBOCs and Sprint serve the remaining 99 of the 100 largest metropolitan statistical areas in the country. The remainder of two percent com-

panies serve rural areas and second- and third-tier towns (e.g. Rock Hill, South Carolina; Roseville, California; Dalton, Georgia).

How does self-certification of competitive entry by a "single facility based competitor serving a single customer" truly promote effective competition, or would this "one-customer" standard in reality inhibit true development of competition?

H.R. 496 requires significantly more than "one customer" for competitive entry. It requires, either expressly or by necessary implication:

Existence of an enforceable interconnection agreement between the incumbent and competitor (including any necessary state arbitration procedures).

Provision or procurement of switching facilities.

Actual provision of service (implying billing, customer service, maintenance and other systems that are fully operational).

Any competitive carrier that has made the investment necessary to meet all these conditions would necessarily be positioned to pose a competitive threat throughout the ILEC's service territory.

Any concerns regarding the competition standard in H.R. 496 should be mitigated by the fact that Section 286(a) only allows downward pricing flexibility. Regardless of the trigger, customers would benefit from lowered prices and increased competition.

The standards set in 286(d) mirror the standards set by the FCC for competitive entry in the SBC/Ameritech merger, which required a small number of actual customers to establish competitive entry by SBC.

If "any new service" not currently being provisioned by a 2 percent carrier is subsequently offered, would this bill preempt a State from oversight of this offering and why should it be exclusively considered interstate in nature?

H.R. 496 would not alter state jurisdiction over new services. H.R. 496 would only affect the FCC's cumbersome approval process for new interstate services. Historically, states have had jurisdiction over intrastate services but not interstate services.

To date, no party except the Florida PSC has suggested enlarging the scope of the bill to include new intrastate services.

Would the ability of 2 percent carriers to opt in or choose to opt out of the National Exchange Carrier Association (NECA) pool, in Section 284 of the bill, undermine this mechanism and promote "gaming" of this process by certain carriers?

New language added by the Energy and Commerce Committee restricts 2 percent carriers' ability to move in and out of the pool. This language provides an additional level of assurance that no company could game this process.

The majority of 2 percent carriers will continue to rely on the NECA pool. It is not in their interest to undermine a mechanism that serves their and their customers' needs.

Is this legislation premature in light of the FCC's current consideration of the proposal by the Multi-Association Group (MAG) which also purports to help promote the deployment of broadband services to rural areas? Also, isn't it premature in light of the FCC's docket on streamlining of reporting requirements for mid-sized carriers?

H.R. 496 and the MAG plan address significantly different sets of issues. H.R. 496 is primarily designed to clear away a handful of outmoded regulatory burdens that are ill-suited for 2 percent carriers. The MAG plan proposes an entirely new system of incentive regulation and would also significantly alter

existing access charges. Since they are complementary initiatives, it is unnecessary to delay one pending consideration of the other.

The FCC docket on streamlining reporting requirements, while constructive, will in all likelihood perpetuate a number of the same burdens that exist today. The FCC has been debating accounting reform without taking any final action at least since 1999 when it was responding to the ITTA forbearance petition.

ADMINISTRATION'S ENVIRONMENTAL POLICY IS JUST PLAIN WRONG

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 22, 2001

Mr. HASTINGS of Florida. Mr. Speaker, I rise today to express my disgust over the Bush Administration's unwillingness to take the necessary steps to curb the effects of global warming and protect our natural resources. When our environment needs us most, it is sad that the President is abandoning our lakes and rivers, while siding with those who pollute our air.

The Administration's recent shift in environmental policy contradicts its earlier promises and commitments to the American people and at the same time, undermines previous policy statements made by the Environmental Protection Agency. This Administration has made it clear that protecting the environment is not one of its priorities.

This shift in policy, however, is not just another broken campaign pledge and promise to the citizens of South Florida and the rest of the American people. On the contrary, it is a clear example that the President's position on the environment is just plain wrong. Scientists and elected officials on both sides of the aisle agree that the key to ending global warming begins with reducing the amount of carbon dioxide emissions in the air we breathe. Even more, according to a recent survey, this common sense approach toward ending global warming is supported by 80 percent of the American public.

Mr. Speaker, the people of South Florida know a great deal about the importance of taking care of the environment. It was no more than six months ago that I stood on this floor with many of my colleagues fighting for protection of Florida's most sacred ecosystem, the Everglades. Thankfully, after nearly a decade of planning and fighting, we reached an agreement that ensures the Everglades will be around for all Americans to enjoy for generations to come.

Today, I am once again coming to the floor to fight for the protection of our country's greatest treasures. The current Bush Administration plan to conduct exploratory drilling for oil in Alaska's Arctic National Wildlife Refuge is not only an action that will destroy the last remaining parcel of untouched Arctic coastline, it is also just bad energy policy. It is widely accepted that roughly 3.2 billion barrels of economically recoverable oil can be found under the ANWR. Those 3.2 billion barrels, however, represent a mere six-month supply of oil for