



State of the Telecommunications Market

Senate Business and Commerce Committee

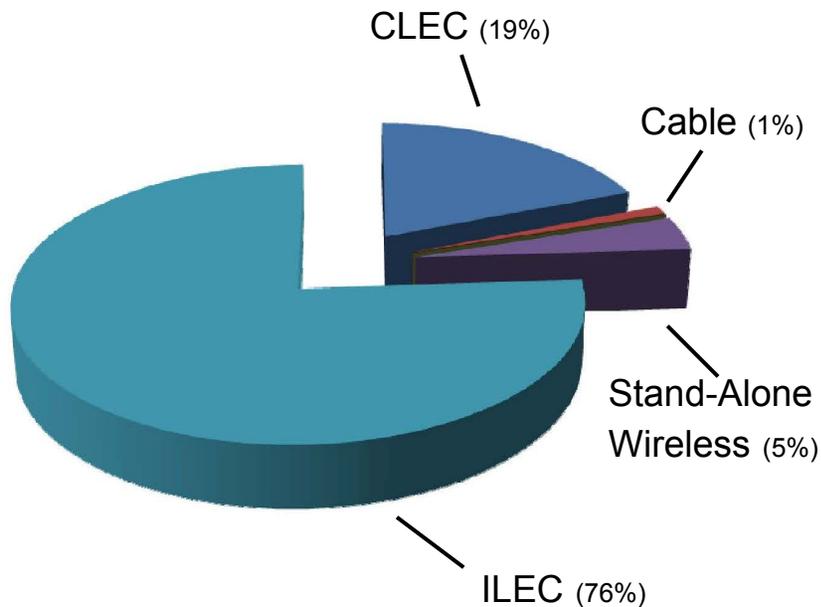
August 14, 2012

Richard Lawson (Verizon)
Chairman - Texas Telephone Association, Legislative Committee

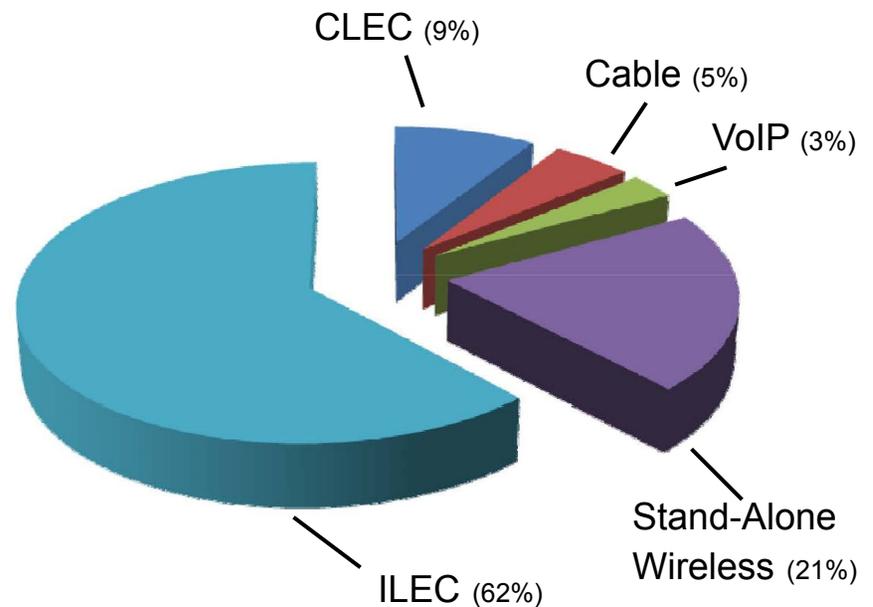


The World Continues to Change

2004 Voice Market Share



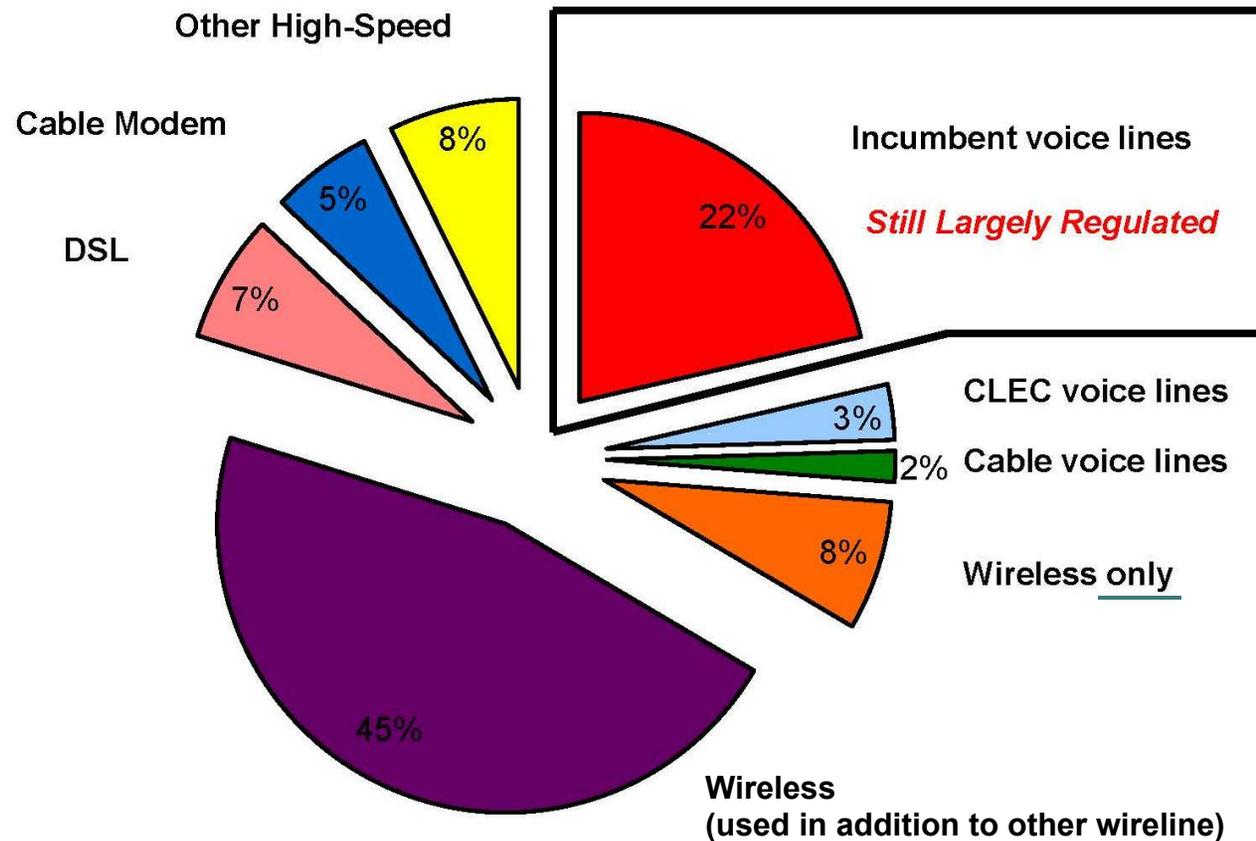
2009 Voice Market Share



Statewide, more than 1 out of every 3 “voice” customers now get their service from someone other than the regulated incumbent provider

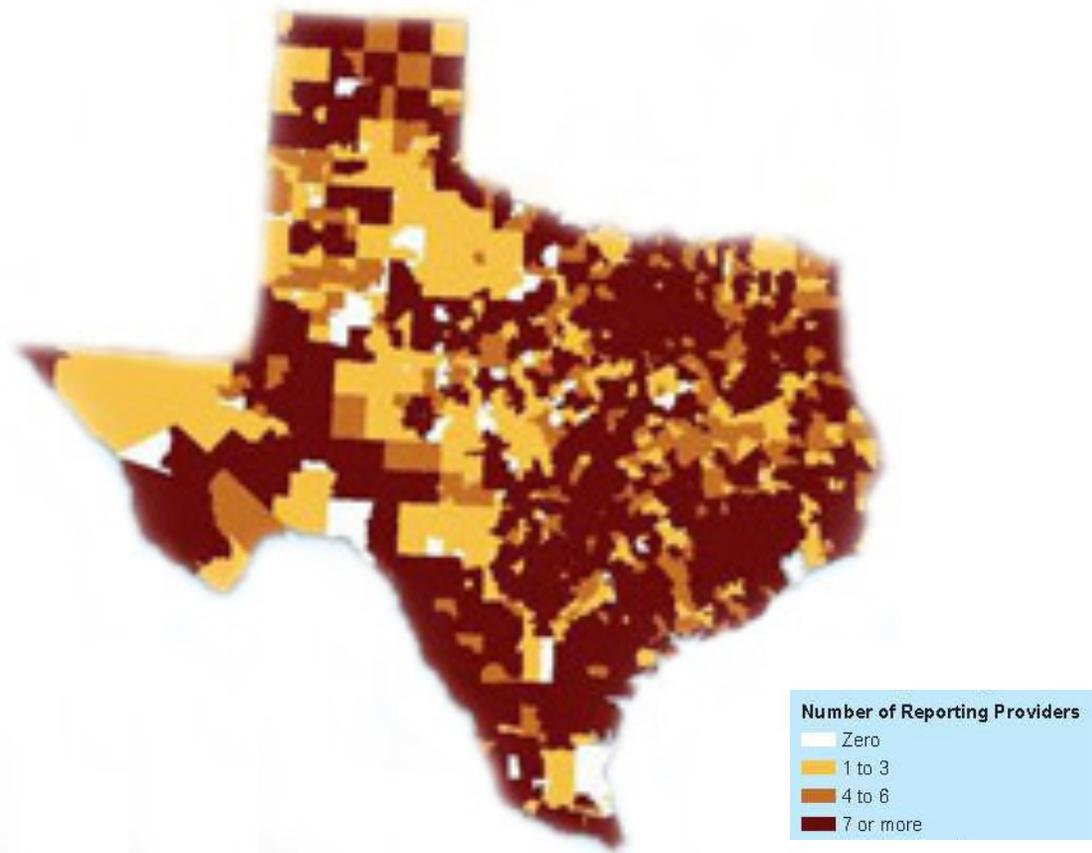
All Communications Connections in Texas

(Including High-Speed and Dual-Use Wireless)



● ● ● | **Voice Competition is Robust in Most Parts of Texas**

Competitive Wireline Providers (CLECs and VoIP) per Zip Code



Source: FCC Local Telephone Competition Report (June 2012)



2011 Telecommunications Regulatory Reform (SB 980)

Total Industry Reform:

- VoIP and IP-Enabled service regulatory safe-harbor
- Removal of Customer-Specific and Private Network Contract filing requirements
- PUC cannot require new EAS routes nor order an expansion of expanded local calling areas
- Comprehensive USF Review beginning Sep. 1, 2011



2011 Telecommunications Regulatory Reform (SB 980)

Incentive-Regulated Company Reform:

- Optional De-Tariffing
- Competitive Market Test Reform
 - ❖ Prohibits the PUC from regulating markets if there are two unaffiliated competitors, regardless of technology
 - ❖ Markets over 30K population which are deemed competitive” lose USF (there is a rebuttable presumption of USF loss for markets under 30K);
- Provider-of-Last-Resort (POLR) obligations removed in exchanges deemed competitive
- Long Run Incremental Cost (LRIC) studies not required to be filed for any service and removal of LRIC price floor test for residential services