



Kentucky Deregulation Bill Strips Communication Rights, Poses Risks for State's Citizens  
Comments by Mimi Pickering, May 12, 2015

Thank you Congressman Huffman and your staff for providing this opportunity to speak about the issues that confront us in rural areas as our telephone service transitions to new technologies.

I came today from Kentucky where four years ago a bill surfaced in our General Assembly to completely deregulate AT&T, Windstream and Cincinnati Bell with the promise that this would allow the telecommunications giants to invest in the 21st Century digital services Kentuckians want. The bill would eliminate the obligation of these "incumbent" utilities to provide basic, stand alone landline phone service – which includes 911, 411, unlimited local calling, and operator assistance. The reliability of the phone services, including repair after outages, would no longer be regulated under the authority of the Kentucky Public Service Commission.

A group of consumer advocates, including the Kentucky AARP and the Kentucky Resource Council, as well as a statewide citizens group, unions representing communications workers, small telecommunications providers, and the state's major newspapers questioned the advisability of abandoning reliable landline service for Internet and wireless services that much of the state did not even have. We managed to fend off this legislation for three years but sadly in 2015 our legislators succumbed to heavy industry lobbying and claims that Kentucky would not see telecommunications modernized nor increased high-speed internet build out unless these corporations were released from Kentucky Public Service Commission oversight and universal service obligations. The AT&T bill, as it is known, passed and will go into effect July 1 immediately affecting towns with over 15,000 people. Those seeking new service in rural areas can be denied basic, stand alone landline service. The people of Kentucky will have nowhere to turn to for help in ensuring adequate and reliable communications services to their homes and businesses.

In Kentucky landlines have been our lifeline. The state ranks 46<sup>th</sup> in access to broadband. Only 23% of rural Kentuckians have access to high speed Internet. That number is much lower, near zero, under the new broadband definition of 25 Mbps. When Internet is available in rural communities there is often only one provider, at most two. Cell phone service in rural Kentucky, especially in the mountainous eastern part of the state, is unreliable and often non-existent.

Kentucky is a poor state. When people have access to broadband and don't adopt it, the reason most frequently given is the price. And prices for Internet services are higher in rural Kentucky than in the cities. For all these reasons, landlines continue to be our lifeline.

During our efforts to stop, or at least amend, the phone deregulation bills, we heard from many concerned Kentuckians residing in rural areas. One woman in eastern Kentucky's Appalachian mountains told us how she moved to a house about three miles from the county seat, which is a town of 3,000 people with a community college. Once there she found there was no DSL service and that the cable line ended a half mile from her new house. Her cell phone did not work there. To get broadband service, the cable company said she could pay

\$10,000 to have the cable run to her home. Her other option was to subscribe to satellite Internet service which was very, very slow and prohibitively expensive. Her landline phone was her only means of communicating with the outside world.

Another rural Kentuckian, Linda Kubala, wrote from Stamping Ground in central Kentucky --  
“This might not hurt customers who want premium services or have access to competitors, but it would hurt those who live in rural places where the phone company has a monopoly. On our country road, there is no home cellphone reception, cable or DSL. No competition. We, customers of BellSouth, now AT&T, have paid for this line over years and decades. Our rates increased by \$3 in January with virtually no notice, and without explanation. If this bill passes, AT&T could quit offering a low-cost basic plan or simply quit serving us altogether.”

As this deregulatory bill now goes into effect, rural Kentuckians are worried about what will happen during power outages, which are frequent and often long lasting occurrences during all seasons of the year. Internet and wireless phones don't work without electricity, or they operate on batteries which must be recharged. Landlines have been our lifeline during these critical situations.

KY AARP members are especially concerned about the reliability of 911 emergency calls and health and home monitoring services. According to the Alarm Industry Communications Committee (“AICC”), they have good reason to worry. The AICC sent a letter to Kentucky legislators on behalf of its members, in which they said the deregulation of local exchange carriers could adversely impact the thousands of Kentucky consumers and businesses that rely on alarm monitoring services to protect their lives and property, and that the legislation was premature. Unfortunately the legislators did not heed their warnings.

Most Kentuckians believe that a phone call is a phone call whether made from a regular phone line or a wireless phone or over the Internet. We want our phone service to reflect the communications principles that have long been part of U.S. law – universal access, affordability, competition, consumer protection and public safety. We hope this step backwards in Kentucky is only temporary, and encourage the FCC and Congress to ensure that these principles are upheld across the nation.

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