HOW TO RAISE THE PHONE BILL OF THE AVERAGE NEW JERSEY FAMILY

What S 2664 Will Do To NJ Consumers

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A Dēmos and New Jersey Policy Perspective Report

ABOUT DĒMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world.

ABOUT NEW JERSEY POLICY PERSPECTIVE

New Jersey Policy Perspective is a nonprofit, nonpartisan organization established in 1997 to conduct research and analysis on state issues. NJPP is amember of the Economic Analysis Research Network and the State Fiscal Analysis Initiative.

ABOUT THE AUTHORS

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» **S 2664 is Far More Radical than Most Other State Phone Deregulation Efforts.** In one survey, of 26 states that had implemented some form of deregulation, 17 of the states limited price deregulation of basic services only upon a company-specific basis, and only two jurisdictions had no limits on annual increases for basic phone services**.** Eight other states have required economic development commitments in exchange for future deregulation. Other states have maintained requirements that rate increases be "just and reasonable" amounts, expanded Lifeline phone access, limited rate increases per year, and/or required reviews of the effects of deregulation.

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- **Rushed Telephone Deregulation Will Have the Same Bad Consequences of Failed Deregulation in Other Industries.** Given the massive, job-destroying recession we are all experiencing due partially to a rush to deregulate banking institutions, legislators should be extremely reluctant to push any form of market competition policy without maintaining a strong backstop of regulatory oversight.

- **Regulation is Needed for Effective Competition and Consumer Protection.** S 2664 will just undermine effective consumer protections while actually disabling the ability of state regulators to promote long-term economic development and investments.

- **Landline Markets are Not Competitive.** Most state residents dependent on Verizon's landline phone services do not have an economically-affordable alternative. Even where two viable competitors exist, many analysts don't find that competition delivers effective price competition to protect consumers. Such "duopoly" markets lead to what analysts identify as "price leadership," where alternative providers simply follow the price actions of the dominant telephone companies.

- **Wireless and VOIP Services are Not a Competitive Substitute for Wireline Telephone Services.** One of the most ideological aspects of S 2664 is that it declares that local phone markets are "competitive" where there are wireless phone services available, yet the National Center for Health Statistics found that New Jersey had one of the lowest rates of "wireless-only" households in the nation as a whole, indicating that for many state residents, wireless is not an adequate substitute and traditional landline service provides value to consumers, whether because of price or service quality.

I. INTRODUCTION: S 2664 WILL RAISE THE TELEPHONE BILL OF THE AVERAGE NEW JERSEY FAMILY

S 2664 will substantially increase the phone bills for average New Jersey families still dependent on landline local phone service. The evidence for this outcome comes from states around the country that have passed similar phone deregulation measures. 17 of 20 such states have seen increased phone rates afterwards, with some states seeing as much as a doubling of basic phone rates. California, which like New Jersey started from a relatively low basic phone rate for customers, saw a 50 percent increase in rates over just two years due to deregulation in that state.

The consequence of S 2664 would likely be a similar rate increase for New Jersey families to that experienced in California and other states in the wake of deregulation. Basic residential phone rates are currently limited to no more than $16.45 per month or $197 per year by the state's Bureau of Public Utilities, so a 50 percent hike similar to that experienced in California would mean a nearly a $100 additional cost per year for each New Jersey basic phone service customer.

S 2664 could also cost those customers and New Jersey taxpayers hundreds of millions, even billions of dollars, if Verizon sells *off* its landline business in the state without rigorous regulatory oversight. S2664 removes any regulatory oversight or control of such a sale and any ability of ratepayers who built the system when it was a monopoly to share in the proceeds. In a series of sales through 2009, every state Verizon spinoff experienced bankruptcies and disrupted phone service in the wake of such asset sales and only tough conditions imposed by a state regulator can assure that consumers are protected and that any new purchaser of Verizon's assets will commit capital to upgrading telecom infrastructure in the state.

The reality is that landline phone markets are not really competitive and the alternatives such as wireless and VoIP are too expensive to provide real price competition. For this reason, effective regulation of landline local phone services is critical to protect consumer interests and build any form of effective competition in that sector of the telecom market.

The proposed S 2664 will not promote competition. Like many forms of rushed deregulation, S 2664 will end up just raising phone rates for consumers, undermining effective consumer protections, and disabling the ability of state regulators to promote the long-term economic development and investments most likely to give New Jersey consumers competitive options over the longer-term.

II. S2664 DESTROYS CONSUMER PROTECTIONS THAT HAVE WORKED FOR NEW JERSEY FAMILIES FOR DECADES

Verizon and its allies are promoting a bill, S 2664, which would eliminate both rate and quality regulations for most phone and cable consumers in the state of New Jersey. This system has delivered lower phone rates for New Jersey residents than those in most other states, while also delivering cutting-edge broadband services that are ranked nationally as better than any other state in the nation.

While there is always room to improve telecom services in any state, New Jersey would be exchanging a regulatory system that is largely working for New Jersey families for a deregulatory scheme that has failed consumers in state after state.

PHONE REGULATION IS WORKING FOR NEW JERSEY CONSUMERS

National data by the federal government shows that New Jersey has done more than most other states to both keep lifeline and basic phone rates low for those individuals and families still dependent on landline phone service, while at the same time promoting investments in cutting-edge high-speed broadband technologies.

Through its commitment to keeping local phone service affordable for low-income families, New Jersey has kept lifeline service rates lower than every other state and basic phone service rates lower than almost every other state. Charts in the Appendix are from a 2008 Federal Communications Commission report highlighting how New Jersey has protected such low-income families compared to other states.[1] This dataset was discontinued, so more recent cross-state data is not available, but even with recent basic phone service rate hikes based on the Board of Public Utilities' (BPU) 2008 regulatory settlement with Verizon,[2] New Jersey continues to have lower basic phone service rates than most other states.

Low Phone Rates Have Not Undermined Expansion of Higher-End Services: And New Jersey has accomplished this goal of protecting low-income families, even as the state now ranks as the top state in promoting high-speed broadband Internet access for its families. Long-term investments required of Verizon, cable and other providers by both state regulators and local franchise agreements, as well as requirements from the 2006 Cable Act[3], have led New Jersey to score more highly than all other states in rankings published as part of the recently published National Broadband Map[4], which is based on data collected by the National Telecommunications and Information Administration (NTIA) in association with the Federal Communications Commission (FCC). As charts in the Appendix indicate, New Jersey is the only state, along with Delaware, where 100 percent of the population surveyed by the government has access to broadband download speeds greater than 3 Mbps.[5] It also leads the nation among states in the percentage of the population (74.4 percent) having three or more options for high-speed Internet access.[6]

Effective Regulation Has Been Critical to New Jersey's Success: This success is due to the regulatory framework developed over the years to assure that the benefits of telecom innovation go to the maximum percentage of the population, not just to company profits. As the BPU wrote in a report on the deployment of FIOS by Verizon:

> New Jersey's hospitable regulatory environment and the traditional role of the Board as arbiter, consumer protector, and local franchising authority have enabled the systemwide franchise approach to succeed."[7]

What S 2664 would do is undermine the role of state regulators and local franchising authorities as "arbiters" and "consumer protectors" for both phone and cable services in favor of an untested deregulatory scheme.

Dismantling local and state regulations of telephone and cable companies is a solution in search of a problem. At best, it will enrich a few companies at the expense of the most vulnerable residents of the state who will see higher phone rates and poorer service. At worst, as this report will detail, it may undermine telecom options for all residents and cost the state hundreds of millions of dollars in economic development dollars.

S 2664 WILL RAISE PHONE RATES AND HURT QUALITY FOR CONSUMERS

What S 2664 will do is remove the role of New Jersey's Board of Public Utilities (BPU) in protecting consumers in New Jersey from unjustified rate hikes and from violations of their legal rights. As will be detailed later in this report, there is insufficient competition in the landline phone service market to protect consumers, so consumers will largely lose protections when it comes to the terms and conditions of phone and cable service.

S 2664 Deregulates the Whole Landline Phone System: S 2664 eliminates regulatory protections where there are "at least two providers offering voice services to retail residential customers," (R.S. 48:2-13.h as amended), including wherever there is a "commercial mobile service." Since mobile phone service is available essentially in all of New Jersey, this means that S 2664 eliminates BPU consumer protections de facto for every community in the state.

S 2664 Eliminates Crucial Consumer Protections: As Stephanie Brand, Director of New Jersey's Division of Rate Counsel, outlined in her January 31, 2011 testimony to the Senate Economic Growth Committee, consumers face not only likely higher phone and cable rates but also the loss of key consumer protections, including rights to[8]:

» be provided with safe, adequate and proper service (N.J.S.A. 48:2-23)
» be free from unreasonable discrimination in rates or undue preferences in service (N.J.S.A. 48:3-1, 3-4)
» not be refused service without reason (N.J.S.A. 48:3-3)
» not simply be dropped if their phone company ceases to operate in New Jersey (N.J.A.C. 14:10-12)
» not be protected from slamming (N.J.A.C. 14:10-11)
» receive a credit for outages (N.J.A.C. 14:10-2.3)
» have billing errors corrected (N.J.A.C. 14:10-2.2)
» receive adequate service quality (N.J.A.C. 14:10-1A.9-1A.14)
» have equipment that meets electric code and is in good repair (N.J.A.C. 14:10-1A.13, -1A.15)

Many other protections will also be eliminated by this bill, including allowing cable and telephone companies to add service or equipment charges that were not previously imposed.

Cable Provisions of S 2664 Will Also Harm New Jersey: The New Jersey State League of Municipalities have also identified severe problems with the version of the law passed by the State Assembly (A-3766)[9], which eliminates many public interest requirements for cable systems, including:

» eliminating the requirement that cable companies provide municipalities with access to public, educational and government (PEG) channels;
» eliminating the requirement that cable companies provide basic service and internet to municipal buildings and schools at no charge;
» eliminating the requirement that cable companies provide equipment and training for access users; and
» reducing the franchise fee payable by certain cable companies that have converted from a traditional franchise to a system-wide franchise.

They also emphasized that the process set forth in Section 4 for renewal of a system-wide franchise does not require that the renewal be under the same terms and conditions as the original franchise and that the BPU need to retain authority to establish rules governing the renewal.

The National American Community Television, a non-profit advocate for Public, Educational and Government (PEG) access television, described S 2664 as one of the most radical deregulation efforts in the nation:

> [T]he past six years have seen an unprecedented effort by the cable industry and telecommunications companies to eliminate PEG access. But a recent attempt in New Jersey to wipe out PEG by Comcast, Verizon, Cablevision and Time Warner marks a new low by the industry.[10]

While Senate amendments to S 2664 may fix a few of these problems, the law still represents a radical loss of consumer protection for the residents of New Jersey.

S 2664 IS FAR MORE RADICAL THAN MOST OTHER STATE PHONE DEREGULATION EFFORTS

While Verizon and other proponents of S 2664 try to frame the bill as similar to deregulation efforts in other states, it is actually far more radical and anti-consumer than the bills enacted in most other states that have deregulated rates for basic phone service. As described above, S 2664 deregulates rates across the state with no further review by the BPU and largely eliminates BPU oversight of consumer protection.

S 2664's Radical and Sudden Complete Deregulation of Phone Services is Quite Different from the Usually Partial and Carefully Phased-in Approach of Most Other States. In a December 2009 survey by the

National Association of State Utility Consumer Advocates (NASUCA) of states that had implemented some form of deregulation, 17 of the states limit price deregulation of basic services only upon a company-specific, sometime exchange-specific showing of competition.[11] In fact, states that have implemented price deregulation have done so in many cases only at the initiative of state commissions, not by fiat of the state legislature as proposed in S 2664.

As far as regulation of basic phone service, of the states surveyed by NASUCA with some degree of deregulation, only two jurisdictions had no limits on annual increases for basic phone services.[12]

While many of these states have reduced or limited consumer protection, few have gone as far as S 2664 in so limiting consumer protections and depriving their state commission of the ability to establish additional standards.[13] Many other state deregulation efforts have maintained robust state commission oversight of consumer protections.

S 2664 Requires No Commitments to Economic Development in Exchange for Deregulation: Proponents of S 2664 argue that it will promote economic development and competition, but the law demands no commitments to investments in the state from companies benefitting from deregulation of rates in exchange for its passage. Eight other states have required economic development commitments in exchange for future deregulation.[14]

A number of proponents of deregulation have cited Indiana as a model, but even that state back in 2006 required companies seeking a price increase on telephone rates to deliver broadband services to at least 50 percent of the households located in that exchange area, including mandated refunds and civil penalties against providers failing to meet those broadband deployment requirements.[15] This provision, along with other requirements in the Indiana law, was critical for expanding broadband in rural parts of Indiana. Five years later, New Jersey's S 2664 does nothing to promote similar expansions of broadband services or any other gains for its rural counties.

Other States' Deregulation Efforts Have Generally Been More Balanced: Some examples of limits on deregulation in other states include:

» While California in 2006 passed a PUC-sponsored law "to remove the barriers to open and competitive markets" and rates were deregulated, legislators retained the longstanding statutory requirement that all charges by public utilities must be "just and reasonable."[16]
» When Florida enacted a deregulation law in 2010, it protected basic phone rates, expanded eligibility for the subsidized Lifeline phone program to an additional half million poor Floridians, and limited annual phone rate hikes for non-basic customers to 10 percent.[17]
» In Ohio's deregulation law, rate increases were limited to no more than an additional $1.25 per month in any year and the law created a clear mechanism for reviewing the effects of its law over time on ratepayers.[18]
» In Maryland, state regulators proposed last year that Verizon's ability to raise rates on some basic telephone services be directly tied to the company's efforts to improve customer service - a requirement that would be a regulatory first in Maryland. The proposed order from the Maryland Public Service Commission is in response to complaints from nearly 80,000 customers who experienced lengthy delays in customer service in 2007 and 2008.[19]

In comparison, S 2664 is a far more radical shift in New Jersey policy, containing no limits on yearly rate increases, a complete gutting of BPU consumer protections, no commitments by Verizon or other landline providers to expand economic development, and no review of the laws effectiveness over time.

III. FAILURE OF PHONE DEREGULATION NATIONALLY

The reality is that local phone deregulation, where implemented around the country, has not delivered promised benefits and instead has led almost universally to higher phone rates and less rights for consumers.

PHONE RATES HAVE INCREASED SIGNIFICANTLY IN MOST STATES AFTER DEREGULATION

The December 2009 survey of states by the National Association of State Utility Consumer Advocates found that out of 20 states surveyed with deregulation in place, 17 of those states had seen rate increases. And the reported increases ranged from 8 percent per year to 100 percent increases in rates. In fact, the only decreases in phone rates for basic services were in three states where basic phone services are still fully regulated.[20]

Examples of this pattern in other states include Ohio, whose law restricted rate increases to $1.25 per month per year, which has seen that maximum increase in each of the years since the law was passed,[21] while Illinois, following a deregulation law passed last year, saw AT&T increasing line charges by up to 63 percent. [22]

THE CALIFORNIA RESULTS OF DEREGULATION

Like New Jersey, California had low phone rates before enacting deregulation, so its experience is instructive on the likely consequences of deregulation for New Jersey. California deregulated phone rates starting in 2006 and two reports, one by the California State Senate Rules Committee and another by the independent organization The Utility Reform Network (TURN), provide the most comprehensive review of the effects of deregulation in any state.

The California State Senate report found**:**

"At the oversight office's request, the PUC gathered information on landline rate changes levied since deregulation by AT&T, Verizon, Frontier and SureWest. The data show that no rates dropped and *some increased by several hundred percent*. Moreover, these increases were implemented on limited notice and with no immediate opportunity for protest or comment by the public." [23]

Overall, the California Senate found that AT&T's basic residential rate climbed 50 percent between 2008 and 2010. [24]

Individual services saw even more dramatic increases. For example, the Senate found AT&T raised the rate for having an unlisted number by 614 percent in the first year of deregulation – from 14 cents a month to $1 a month. SureWest raised its unlisted rate 563 percent, from 30 cents monthly to $1.99.[25] The Utility Reform Network (TURN) highlighted increased California rates across a wide range of services in their 2010 report, *Why "Competition" is Failing to Protect Consumers: The Limits of Choice in California's Residential Telecommunications Market.* [26] (See the accompanying table below)

HIGHER PHONE RATE INCREASES WOULD FOLLOW THE PATTERN OF CABLE DEREGULATION

Higher rates for phone services following deregulation mirror earlier increases following cable deregulation. For example, a December 2009 state audit in Wisconsin found lower prices had not resulted from cable deregulation. Over a two-year period ending in July 2009, costs increased, on average, 21 percent for basic cable service and 11.5 percent for expanded basic service, according to the Legislative Audit Bureau.[27]

This actually fits the pattern New Jersey saw in the wake of its statewide franchising law for Verizon FIOS deployment. In a 2010 report, the New Jersey BPU found that unregulated cable programming rates had increased 9 percent annually, while basic cable rates, in the communities where they are still regulated by the Board, "have on the other hand decreased from $12.71 at the end of 2006 to $12.47 in the first quarter of 2010."[28]

LOSS OF CONSUMER PROTECTIONS

One critical loss from phone deregulation in other states has been not just higher rates but the loss of an effective regulator who can enforce consumer rights. As the California Senate Rules Committee outlined in their report on California deregulation: "Once telephone companies are detariffed, the Consumer Affairs Branch has problems getting them to resolve differences."[29]

Regulatory agencies provide an essential protection for consumers, since legal rights that can only be enforced through court proceedings are largely empty for low-income consumers suffering violations that cannot be prevented in a cost-effective way through the courts. Because regulatory agencies can act to sanction companies for violations of consumer rights on a more comprehensive level than litigation, they end up being a far more effective tool for consumer protection.

CALIFORNIA RATE INCREASES POST-DEREGULATION FROM 2010 TURN REPORT (AT&T RESIDENTIAL RATE INCREASES SINCE URF)

	PERCENT INCREASE SINCE URF	INCREASED RATE	RATE WHEN URF WAS IMPLEMENTED	DATE OF MOST RECENT INCREASE
Basic Flat	26%	$13.50	$10.69	1/1/2009
Basic Measured	28%	$7.28	$5.70	1/1/2009
Basic Lifeline	14%	$6.11	$5.34	1/1/2009
PRICE OF 3-MINUTE CALL				
		NEW	OLD	
Local Toll				
13-20 Miles, Day	111%	$0.36	$0.17	4/1/2008
13-20 Miles, Evening	97%	$0.27	$0.14	4/1/2008
13-20 Miles, Night	163%	$0.27	$0.10	4/1/2008
>21 Miles, Day	71%	$0.42	$0.25	4/1/2008
>21 Miles, Evening	68%	$0.33	$0.20	4/1/2008
>21 Miles, Night	124%	$0.33	$0.15	4/1/2008
CALLING FEATURES				
Caller ID	62%	$9.99	$5.17	1/15/2008
Anonymous Call Rejection	242%	$6.50	$1.90	1/1/2009
Call Forwarding	86%	$6.00	$3.23	1/15/2008
Call Waiting	86%	$6.00	$3.23	1/15/2008
Three-Way Calling	86%	$6.00	$3.23	1/15/2008
Call Screen	86%	$6.00	$3.23	1/15/2008
Repeat or Speed Dailing	86%	$6.00	$3.23	1/15/2008
Call Trace	29%	$6.00	$4.65	1/1/2009
DIRECTORY SERVICES				
Non-Published Listing	346%	$125	$0.28	6/1/2007
DA Service	226%	$150	$0.46	9/15/2007
MISCELLANEOUS SERVICES				
WirePro	101%	$6.00	$2.00	1/15/2008
Returned Check	276%	$25.00	$5.65	3/13/2007
Non Published Listing-White page & DA	346%	$125	$0.28	6/1/2007
Non Published-White page only	614%	$1.00	$0.14	6/1/2007
U-select Package	36%	$15.31	$11.26	1/15/2008
Advantage Plan/ The Works	14%	$25.37	$22.32	1/15/2008

IV. THE DANGER OF ASSET SALES SHOWS THE NEED FOR REGULATORY VIGILANCE

Nothing highlights the need to maintain regulatory oversight of landline phone service more than the recent history of Verizon merging and selling off parts of its network. Its recent record in other states of network sales, particularly in Hawaii and northern New England, has led to disasters for business and residential consumers. The financial malfeasance involved in those sales also emphasizes the need for regulatory vigilance to protect consumer and taxpayer interests.

S 2664, however, will leave state regulators largely helpless in preventing Verizon or other companies from undermining local telephone services through shoddy asset sales.

VERIZON HAS LEFT A TRAIL OF BANKRUPTCIES AND DEFRAUDED SHAREHOLDERS IN THE WAKE OF ITS ASSET SALES

New Jersey policymakers need to plan for the almost inevitable sale by Verizon of its local landline phone service, since Verizon has been systematically selling off those assets in states across the country. Beginning in 2005, it sold its Hawaii network to the Carlyle Group, followed by the sale of its Vermont, New Hampshire and Maine networks to Fairpoint Communications in spring 2008. This was followed in 2010 by the sale of landline assets in 14 states (Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington State, West Virginia, Wisconsin, and border areas of California) to Frontier Communications. Verizon also spun off its yellow pages division to the company Idearc in 2006.

The Initial Results of this Sell-off Spree Have Been a Disaster. Loaded up with $1.6 billion in debt, Hawaii Telecom went bankrupt in December, 2008. Fairpoint Communications, financing its deal with $2 billion in debt, filed for Chapter 11 bankruptcy protection in March 2010. Idearc, burdened with $9.5 billion in debt by Verizon, filed for bankruptcy in 2009.

Shareholders, creditors and ratepayers have condemned Verizon for the financial manipulations behind these deals. One shareholder group sued Verizon, claiming Verizon's been consistently engaged in "Enron-style" skullduggery involving spinoffs of "three such transactions accomplished by Verizon Communications [that were] followed by quick bankruptcy - Hawaiian Telecommunications Inc., Idearc Inc., and Fairpoint Communications Inc."[30] Another group of creditors said Verizon was just looking to get out of a "dying business," and removed billions of dollars in assets from these spunoff companies which were left "adrift, burdened with an anchor of debt around its neck, insolvent and without adequate resources to survive."[31]

CUSTOMERS SUFFERED MASSIVE QUALITY OF SERVICE PROBLEMS

As for the effects on customers, analyst Karl Bode of *DSLReports* described it this way:

> Those companies then of course couldn't even properly run their networks, much less upgrade them to next-generation technology. Customers under-served and unwanted by Verizon then wound up with carriers that were crushed under the weight of Verizon debt.[32]

For example, when Fairpoint switched from Verizon's computer systems to its own network, it was plagued with customer-service, order-fulfillment and billing problems.[33] The Associated Press noted in 2010 that Fairpoint "has experienced operational problems since buying Verizon Communications' landline and Internet operations in Maine, New Hampshire and Vermont in 2008."[34] These included everything from 9-1-1 services suffering outages in 2008[35] to residents suffering through DSL service outages that lasted nearly a week in 2009.[36]

Analyzing customer service in the states where Fairpoint had taken over Verizon properties, a study by the National Regulatory Research Institute (NRRI), the research arm of state regulatory agencies, declared that, "As of early November 2009, 19 months after the transfer and 9 months after transitioning off of Verizon's operations support systems, service quality has yet to be restored to pre-merger levels."[37]

HOW STRONG REGULATORY SUPERVISION OF LANDLINE ASSET SALES HAVE BENEFITTED CONSUMERS IN OTHER STATES

While the problems in Fairpoint's northern New England territory have been bad for consumers, they would have been worse without strong regulatory oversight, both at the time of the sale and through enforcement of public interest standards when the company failed to live up to required regulatory standards.

While Fairpoint fought giving consumers rebates for outages they suffered, the existence of those regulatory standards meant that Fairpoint was required by the bankruptcy court to pay Maine consumers $1.72 per line a month for 12 months[38] as a condition for emerging from bankruptcy, with the Maine Public Utilities Commission overseeing the settlement. [39]

Regulatory Oversight Allowed States to Leverage Economic Development Commitments from Asset Sales: In fact, good oversight in a number of states has allowed state regulators to leverage asset sales by Verizon in ways that have advanced goals for not only protecting those using landlines but also promoting broader deployment of advanced technologies and benefitting consumers of all telecommunication products in the state.

When Fairpoint first acquired Verizon assets, it agreed as a condition of the sale to meet clear broadband deployment conditions. In the case of Maine, this was a promise to extend broadband to 87 percent of its customers within five years. Despite the bankruptcy, Fairpoint was able to meet its interim commitment of delivering broadband to 83 percent of its Maine customers by the end of 2010, a steep increase from the 68.9 percent of Maine customers who had broadband access when Fairpoint bought Verizon's operations in 2008.[40]

Other States Have Used Regulatory Authority to Protect Consumers and Deliver Economic Development: Learning the lessons from the Fairpoint regulatory experience, regulators in a number of states overseeing the sale of Verizon landline assets to Frontier in 2010 demanded even tougher conditions.

- **In West Virginia**, regulators required Frontier to meet a number of conditions, including Making direct capital investments of $30 million during the second half of 2010, $75 million in 2011 (including $12 million targeted at service quality), $63 million in 2012 and $63 million in 2013.
- Additional capital investments of at least $48 million to increase broadband deployment in the Verizon service territory.
- Making broadband service available to no less than 85 percent of the households within Verizon service areas by the fourth year following the close of the sale
- Capping all regulated rates subject to jurisdiction of the Commission for one year after close of the transaction.
- Requiring Verizon will fund the pension account for employees moving to Frontier, and require Verizon to remain responsible for employees who have retired prior to the sale.

In Washington State, state regulators approved the Frontier deal with a wide-ranging set of conditions, including[41]:

- Local residential and business telephone rates cannot increase for three years after the sale.
- Customers will be given credits if service quality fails to meet specific standards, including paying customers an additional $35 for missed service repairs or installation appointments.
- A $40 million fund will expand high-speed Internet service in unserved and underserved areas.
- An incentive plan to prevent any decline in service quality and penalties if service quality deteriorates.
- Frontier will offer stand-alone Digital Subscriber Line (DSL) services at current rates, terms, and conditions for two years.
- Frontier is not permitted to place a cap on download speed or capacity.

Each of these regulatory approaches to approving asset sales highlight the gains to states from having effective regulatory authority governing local phone systems.

S 2664 WILL HARM NEW JERSEY CONSUMERS IN THE EVENT OF A VERIZON ASSET SALE

In their report evaluating the pluses and minuses of the regulatory experience of the Verizon asset sales to Fairpoint, the National Regulatory Research Institute (NRRI) emphasized the importance of regulators having the tools to effectively protect the public interest. To protect consumers and effectively impose conditions on companies involved in such asset sales, the NRRI argued:

Each condition must be within the Commission's statutory authority. It must also be enforceable in practice… The enforceability of a condition often requires that there be either a compelling inducement for compliance or an effective sanction for noncompliance.[42]

S 2664 Will Leave New Jersey Regulators Without the Statutory Authority to Impose Effective Conditions on Verizon or Any Company that Purchases its Assets. Additionally, state regulators will lack either the regulatory inducements or effective sanctions to prevent non-compliance. The net effect will be that, while other states will be able to leverage such asset sales to protect consumers and secure investments in their state economies, New Jersey consumers will likely just see higher rates and lower quality.

S 2664 Will Help Turn Verizon's Landline Assets in New Jersey Into a Cash Cow that Can Be Sold to Benefit Verizon's Shareholders and be used by any company acquiring those assets to fund acquisitions and the investments required by regulators in other states. De facto New Jersey ratepayers could end up funding economic development required by other states through higher phone rates on New Jersey residents.

Given Verizon's pattern of phone line asset sales and the disastrous experience of other states that have gone through those sales, enacting S 2664 radically endangers consumers in the state and may cost the state hundreds of millions of dollars in foregone economic development if regulators lack the authority to impose effective conditions if asset sales occur.

V. S 2664'S RUSH TO DEREGULATE IS BASED ON TOO LITTLE EVIDENCE AND IGNORES THE POOR TRACK RECORD OF DEREGULATION IN OTHER STATES AND INDUSTRIES

Given the massive, job-destroying recession we are all experiencing due partially to a rush to deregulate banking institutions, legislators should be extremely reluctant to push any form of market competition policy without maintaining a strong backstop of regulatory oversight. As the recent Congressional Financial Crisis Inquiry Commission found:

> More than 30 years of deregulation and reliance on self-regulation by financial institutions…actively pushed by the powerful financial industry at every turn, had stripped away key safeguards, which could have helped avoid catastrophe.[43]

Similarly, a New Jersey Citizen Action report in 2008 noted similar problems with rushed electricity deregulation in New Jersey. "Premature deregulation of New Jersey's energy markets failed to create competition in NJ's retail residential electricity and gas markets and has led to skyrocketing rate increases year-after-year for residential consumers."[44]

REGULATION IS NEEDED FOR EFFECTIVE COMPETITION AND CONSUMER PROTECTION

As Demos outlined in a recent report, *Good Rules: Ten Stories Of Successful Regulation,* good regulation does more than prevent disasters; it creates a framework for long-term economic growth and investments:

> [G]ood rules also help create stable markets in which the energy and imagination of the business world are directed toward products and services of lasting value… Thus, the financial reforms of the New Deal era did not just end the avalanche of bank failures that had greeted President Franklin Roosevelt on his arrival in office. They brought an end to the era when many Americans thought it was safer to keep their money under the mattress. From the 1930s until the aggressive deregulation of the 1980s and '90s, the banking and securities industries grew and prospered, unspectacularly but sustainably.[45]

Similarly, regulation of local telephone service is needed not just to protect those still dependent on those services, but to keep telecom companies focused on long-term investments for the future as we make the transition to a broadband-based economy.

LANDLINE MARKETS ARE NOT COMPETITIVE

Ultimately, the impulse behind S 2664 is based on the false premise that there is sufficient competition in local phone service to create a competitive model that can substitute for existing regulatory protection of consumer rights. The reality is that there is little real competition for landline phone service and neither wireless phones nor VoIP services are a real competitive alternative for most families that currently depend on landline phone services.

The rush to deregulate without clear evidence that there is effective competition for landline phone services follows too closely the unfortunate pattern of deregulation in banking, electricity and other fields where competition policies were rushed into existence and backstop regulatory policies were not maintained to protect consumers.

A 2008 report by New Jersey Citizen Action emphasized that most state residents dependent on Verizon's landline phone services do not have an economically-affordable alternative. While there were 161 local telephone service providers in New Jersey identified by the BPU, the report found that:

> [O]nly one (1), CloseCall America, offered a price that is competitive with Verizon-NJ's basic service plan. The presence of one competitor does not equal a competitive marketplace, but is rather evidence that there are significant barriers preventing other companies from offering competitive basic service plans.… only 7.5 percent of the companies on the BPU list offer stand-alone basic local phone service in New Jersey, but as the survey revealed, at a substantially higher rate than Verizon-NJ and Embarq."(p. 4)[46]

And CloseCall America is only a small operation with an estimated $8.9 million in sales nationwide, hardly a viable competitor to Verizon.

When California Policymakers Examined the Results of Four Years of Landline Deregulation in that State, They Found that There Still Was Little Real Competition. The report by the California Senate Rules Committee found that California's two largest phone companies -- AT&T and Verizon -- together control 85 percent of the state's residential landline phones. "All the evidence points to the existence of market dominance by AT&T and Verizon, which allows them to raise prices without losing market shares."[47]

Even where two viable competitors exist, many analysts don't find that competition delivers effective price competition to protect consumers. Such "duopoly" markets lead to what analysts at The Utility Reform Network identified as "price leadership", where:

> [A]lternative providers simply follow the price actions of the dominant telephone companies. Observed pricing reflects the actions of firms that recognize that consumers have little choice, and the result has been dramatic rate increases for many consumers." [48]

With just a few choices in most markets, such limited competition in these markets end up prone to price matching and collusion rather than real price competition.

WIRELESS AND VOIP SERVICES ARE NOT A COMPETITIVE SUBSTITUTE FOR WIRELINE TELEPHONE SERVICES

One of the most ideological aspects of S 2664 is that it declares that local phone markets are "competitive" where there are wireless phone services available—de facto requiring deregulation of lan line phone services throughout the state.

Yet, Almost All Evidence Indicates that Wireless Phone Services are Not an Adequate Substitute for Existing Landline Services, either in providing an affordable alternative or in providing the services many landline users need.

In California, where a similar assumption was made in regulatory policy, The Utility Reform Network in its 2010 report found that neither wireless, nor competitive local exchange carriers, nor VoIP technologies "offer the overwhelming majority of consumers a reasonable means to substitute for the local telephone services… There are numerous reasons to believe that because of these limitations on choice, market forces are not sufficient to protect consumers from market power."[49]

In fact, the Federal Communications Commission (FCC) has itself found that wireless providers, "rather than providing a complete substitute for traditional wireline service…largely provide mobile wireless telephony service to a customer's existing wireline service."[50]

Notably, in a 2009 report, the National Center for Health Statistics found that New Jersey had one of the lowest rates of "wireless-only" households (8 percent of households) compared to an average of 14.7 percent of households in the nation as a whole, indicating that for many state residents, wireless is not an adequate substitute and traditional landline service provides value to consumers, whether because of price or service quality.[51]

Since families where members are over age 65 are strongly correlated with being dependent on landline services, S 2664 will have a disproportionate effect on the elderly in New Jersey.[52]

Wireless is Not an Adequate Substitute for Multiple Reasons. Wireless plans are much more expensive than wireline services, so they do not provide a pricing constraint on landline services. Wireless coverage varies based on terrain, foliage and building structure and cannot guarantee calls made indoors. Signal strength varies for different locations.[53] Note that Verizon itself in its Verizon Wireless Customer Agreement makes clear that quality of wireless is not as dependable as landline service:

> "Wireless devices use radio transmissions, so unfortunately you can't get Service if your device isn't in range of a transmission signal. And please be aware that even within your Coverage Area, many things can affect the availability and quality of your Service, including network capacity, your device, terrain, buildings, foliage and weather."

Similarly, VoIP services provided over broadband services are not a cost-effective alternative for consumers dependent on landline services. Additionally, since VoIP services require electricity, they do not guarantee service during power outages that the legacy phone services do. While some cable VoIP services do often provide battery backup, they often have limitations.[54] Many services such as TIVO and other services requiring dial-up services do not work with VoIP, including alarm monitoring services and home health care monitoring systems.

CONCLUSION

New Jersey should be proud that its regulators have delivered the lowest phone rates for low-income residents and the best access to cutting-edge broadband Internet of any state – yet the New Jersey legislature is threatening to undermine the system of regulation that delivered these key goals of telecom policy. S 2664 is likely to raise phone rates, weaken quality of service and leave state consumers vulnerable if Verizon sells off its landline phone service to another company.

Landline local phone deregulation has failed across the country — delivering higher costs to consumers and worse service. States that have implemented local landline deregulation have seen large increases in phone rates, often in the double-digits and for some services, prices have more than doubled following deregulation. And without regulatory enforcement, consumers have found that they have little recourse in enforcing their rights.

In particular, the multiple bankruptcies of landline subsidiaries sold-off by Verizon across the country highlight the need for vigilant regulators protecting the public interest. Taxpayers and consumers in multiple states have been left with degraded service because of Verizon selling off local telephone assets to undercapitalized companies. New Jersey regulators need to remain in the position to protect consumers during the sell-off of landline assets, as state regulators in West Virginia and Washington were able to do because regulators were empowered to do so.

There are still too few local phone service competitors for competition by itself to prevent price manipulation and gouging by oligopolistic companies that dominate local phone markets. The debacles in banking and electricity deregulation across the country should make legislators cautious in rushing into any kind of deregulation. Good regulation in fact is needed to encourage useful competition and protect consumers from predatory behavior by companies.

Ultimately, S 2664 is a bad deal for New Jersey that will just replicate failed phone deregulation experiments around the country.

APPENDIX

LOW-INCOME LIFELINE TELEPHONE RATES IN SAMPLE CITIES (AS OF OCTOBER 15, 2007)			
STATE	**CITY**	**PROVIDER**	**LIFELINE RATE**
NEW JERSEY	**PHILLIPSBURG**	**VERIZON**	**2.15**
Texas	Corpus Christi	AT&T	3.61
Texas	Brownsville	AT&T	4.03
District of Columbia	Washington	Verizon	4.48
Texas	San Antonio	AT&T	4.99
Texas	Houston	AT&T	5.26
Utah	Logan	Qwest	5.36
Texas	Fort Worth	AT&T	5.59
California	Anaheim	AT&T	5.63
California	Bakersfield	AT&T	5.63
California	Fresno	AT&T	5.63
California	San Diego	AT&T	5.63
California	San Francisco	AT&T	5.63
Missouri	Mexico	AT&T	5.75
California	Long Beach	Verizon	5.77
Alaska	Anchorage	ACS	5.85
California	San Jose	AT&T	5.90
California	San Bernadino	Verizon	5.92
New Mexico	Alamogordo	Qwest	5.97
California	Oakland	AT&T	6.04
California	Los Angeles	AT&T	6.18
Colorado	Denver	Qwest	6.18
Colorado	Boulder	Qwest	6.34
Colorado	Colorado Springs	Qwest	6.46
Texas	Dallas	AT&T	7.18
Florida	Tampa	Verizon	7.37
Montana	Butte	Qwest	7.43
Oregon	Corvallis	Qwest	7.45
Tennessee	Memphis	AT&T	7.74
Tennessee	Nashville	AT&T	7.74
South Carolina	Beaufort	Embarq	7.77
Florida	Miami	AT&T	7.86
Oregon	Portland	Qwest	7.86
Florida	West Palm Beach	AT&T	7.94
Ohio	Canton	AT&T	8.03
Ohio	Columbus	AT&T	8.05
Ohio	Toledo	AT&T	8.09
Ohio	Cleveland	AT&T	8.16
Missouri	St. Louis	AT&T	8.17
Missouri	Kansas City	AT&T	8.29
Massachusetts	Boston	Verizon	9.01
Massachusetts	Hyannis	Verizon	9.01
Massachusetts	Springfield	Verizon	9.01
Pennsylvania	New Castle	Verizon	9.15
Maryland	Baltimore	Verizon	9.20
Virginia	Richmond	Verizon	9.44
Washington	Seattle	Qwest	9.59
Arizona	Tucson	Qwest	9.72
Maine	Portland	Verizon	9.87
Pennsylvania	Scranton	Verizon	9.94
Washington	Everett	Verizon	10.24
Georgia	Albany	AT&T	10.30
Ohio	Cincinnati	Cincinnati Bell	10.37

Pennsylvania	Allentown	Verizon	10.52
Pennsylvania	Ellwood City	Verizon	10.95
Alabama	Huntsville	AT&T	11.11
New York	Ogdensburg	Verizon	11.12
Iowa	Fort Dodge	Citizen	11.39
Pennsylvania	Johnstown	Verizon	11.39
Illinois	Chicago	AT&T	11.52
Pennsylvania	Philadelphia	Verizon	11.79
Pennsylvania	Pittsburgh	Verizon	11.79
Indiana	Indianapolis	AT&T	11.84
Virginia	Smithfield	Verizon	11.94
Minnesota	Detroit Lakes	Qwest	12.09
North Carolina	Rockingham	AT&T	12.67
Rhode Island	Providence	Verizon	12.85
Georgia	Atlanta	AT&T	13.04
Minnesota	Minneapolis	Qwest	13.06
New York	Massena	Verizon	13.23
North Carolina	Raleigh	AT&T	13.25
Kentucky	Louisville	AT&T	13.38
Louisiana	New Orleans	AT&T	13.39
Connecticut	Norwalk	AT&T	13.53
New York	New York City	Verizon	13.58
Louisiana	Baton Rouge	AT&T	13.76
Mississippi	Pascagoula	AT&T	14.29
Arkansas	West Memphis	AT&T	14.55
Connecticut	Ansonia	AT&T	14.63
New York	Binghamton	Verizon	14.97
Arkansas	Pine Bluff	AT&T	15.30
New York	Rochester	Citizen	15.30
New York	Buffalo	Verizon	15.45
Indiana	Terre Haute	Verizon	16.04
Nebraska	Grand Island	Qwest	16.35
Hawaii	Honolulu	Verizon	17.48
Michigan	Grand Rapids	AT&T	17.87
Illinois	Rock Island	AT&T	18.01
Illinois	Decatur	AT&T	18.61
Michigan	Detroit	AT&T	20.00
Michigan	Saginaw	AT&T	20.11
West Virginia	Huntington	Verizon	21.40
Wisconsin	Racine	AT&T	28.75
Wisconsin	Milwaukee	AT&T	28.77

Source: FCC Industry Analysis and Technology Devision

RESIDENTIAL TELEPHONE RATES IN SAMPLE CITIES (AS OF OCTOBER 15, 2007)				
			MONTHLY RATE INCLUDING SURCHARGES AND TAXES	
STATE	SAMPLE CITY	PROVIDER	FLAT RATE	MEASURED SERVICE
California	Anaheim	AT&T	16.70	11.24
California	Bakersfield	AT&T	16.70	11.24
California	Fresno	AT&T	16.70	11.24
California	San-Diego	AT&T	16.70	11.24
California	San-Francisco	AT&T	16.70	11.24
California	San-Jose	AT&T	17.24	11.52
California	Salinas	AT&T	17.38	11.6
California	Oakland	AT&T	17.92	12.06
New-Jersey	Phillipsburg	Verizon	18.43	14.3
California	Los-Angeles	AT&T	18.46	12.43
Illinois	Chicago	AT&T	18.88	11.28
Indiana	Indianapolis	AT&T	19.85	
Texas	Brownsville	AT&T	20.04	14.68
Texas	San Antonio	AT&T	20.66	14.93
Missouri	Mexico	AT&T	20.94	15.62
DC	Washington	Verizon	21.11	14.61
Washington	Seattle	Qwest	21.23	17.34
Utah	Logan	Qwest	21.29	19.28
Iowa	Fort-Dodge	Citizen	21.46	
Texas	Fort Worth	AT&T	21.62	15.42
Texas	Corpus Christi	AT&T	21.76	16.42
Minnesota	Detroit-Lakes	Qwest	22.00	16.28
Ohio	Canton	AT&T	22.18	16.36
Ohio	Columbus	AT&T	22.23	16.4
Pennsylvania	New Castle	Verizon	22.30	19.58
Ohio	Toledo	AT&T	22.33	16.47
Ohio	Cleveland	AT&T	22.54	16.62
Arizona	Tuscon	Qwest	22.62	17.22
Oregon	Portland	Qwest	22.83	15.54
Louisiana	New-Orleans	AT&T	22.86	
Texas	Houston	AT&T	22.88	16.46
Oregon	Corvallis	Qwest	22.88	15.59
Minnesota	Minneapolis	Qwest	22.99	17.43
Texas	Dallas	AT&T	23.01	16.54
Pennsylvania	Scranton	Verizon	23.09	18.46
Louisiana	Baton-Rouge	AT&T	23.28	
Missouri	St.-Louis	AT&T	23.41	15.68
Tennessee	Memphis	AT&T	23.59	16.42
Tennessee	Nashville	AT&T	23.59	16.42
Pennsylvania	Allentown	Verizon	23.66	19.03
Missouri	Kansas-City	AT&T	23.69	15.83
Florida	Miami	AT&T	23.71	49.72
Florida	West-Palm-Beach	AT&T	23.71	
South-Carolina	Beaufort	Embarq	24.05	15.8
Pennsylvania	Ellwood City	Verizon	24.10	19.58
Connecticut	Norwalk	AT&T	24.30	15.52
New-Mexico	Alamogordo	Qwest	24.46	15.49
Pennsylvania	Johnstown	Verizon	24.71	16.92
Ohio	Cincinnati	Cincinnati Bell	24.87	15.19
Pennsylvania	Philadelphia	Verizon	25.05	18.19
Pennsylvania	Pittsburgh	Verizon	25.05	18.19

Colorado	Denver	Qwest	25.06	19.07
Alaska	Anchorage	ACS	25.34	
Illinois	Rock-Island	AT&T	25.38	17.12
Connecticut	Ansonia	AT&T	25.39	15.48
Georgia	Albany	AT&T	25.43	
Indiana	Terre-Haute	Verizon	25.82	
Illinois	Decatur	AT&T	25.98	17.72
Colorado	Colorado-Springs	Qwest	26.16	19.85
Colorado	Boulder	Qwest	26.22	19.84
California	Long-Beach	Verizon	26.31	18.5
New-York	Rochester	Citizen	26.37	16.46
Hawaii	Honolulu	Verizon	26.50	
Alabama	Huntsville	AT&T	26.60	
California	San-Bernardino	AT&T	27.00	18.99
Maine	Portland	Verizon	27.79	
Florida	Tampa	Verizon	27.87	19.9
Michigan	Grand-Rapids	AT&T	28.15	21.97
North-Carolina	Rockingham	AT&T	28.21	0
Georgia	Atlanta	AT&T	28.26	
Kentucky	Louisville	AT&T	28.44	
Virginia	Smithfield	Verizon	28.72	19.41
Nebraska	Grand-Island	Qwest	28.74	22.92
North-Carolina	Raleigh	AT&T	28.80	0
Maryland	Baltimore	Verizon	28.94	20.85
Washington	Everett	Verizon	28.96	22.28
Arkansas	Pine-Bluff	AT&T	29.26	20.47
Mississippi	Pascagoula	AT&T	29.93	49.22
Massachusetts	Boston	Verizon	29.95	22.45
Massachusetts	Hyannis	Verizon	29.95	22.45
Massachusetts	Springfield	Verizon	29.95	22.45
Michigan	Detroit	AT&T	30.38	23.4
Michigan	Saginaw	AT&T	30.39	25.13
Rhode-Island	Providence	Verizon	30.75	19.1
Virginia	Richmond	Verizon	31.05	17.67
West-Virginia	Huntington	Verizon	31.31	14.51
Montana	Butte	Qwest	32.45	24.79
New-York	Massena	Verizon	32.99	22.05
New-York	Ogdensburg	Verizon	33.86	22.63
New-York	Binghamton	Verizon	34.84	22.17
New-York	Buffalo	Verizon	35.78	22.68
New-York	New-York-City	Verizon	36.37	23.42
Arkansas	West-Memphis	AT&T	37.47	20.58
Wisconsin	Racine	AT&T	38.57	19.76
Wisconsin	Milwaukee	AT&T	38.59	19.78

From 2008 edition of the *Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service* published by the Federal Communications Commission's Industry Analysis & Technology Division Wireline Competition Bureau. Series discontinued after this 2008 edition.

BROADBAND SPEED DOWNLOADS GREATER THAN 3 MBPS		
RANK	STATE	PERCENTAGE OF POPULATION
1	Delaware	100%
1	New Jersey	100%
3	Connecticut	99.90%
4	Rhode Island	99.80%
4	Massachusetts	99.80%
6	Florida	99.70%
7	New York	99.60%
8	Pennsylvania	99.40%
8	Nevada	99.40%
10	Illinois	99.30%
10	Maryland	99.30%
10	Ohio	99.30%
10	Colorado	99.30%
10	Kansas	99.30%
15	Washington	99.20%
16	Michigan	99.10%
16	Georgia	99.10%
18	Texas	99.00%
19	South Carolina	98.90%
20	Tennessee	98.70%
20	North Dakota	98.70%
22	New Hampshire	98.60%
22	Maine	98.60%
24	South Dakota	98.50%
24	Minnesota	98.50%
24	North Carolina	98.50%
27	Oregon	98.40%
28	Nebraska	97.90%
29	Utah	97.80%
30	Hawaii	97.50%
31	Arizona	96.80%
32	Iowa	96.70%
32	Vermont	96.70%
34	Louisiana	96.40%
35	Missouri	95.60%
36	New Mexico	94.50%
37	Montana	94.10%
38	Mississippi	93.80%
39	Virginia	93.60%
40	California	91.70%
41	Oklahoma	90.00%
42	Wisconsin	88.20%
43	Kentucky	87.80%
44	Alabama	86.20%
45	Arkansas	85.50%
46	Idaho	85.30%
47	West Virginia	78.40%
48	Alaska	77.80%
49	Indiana	71.60%
50	Wyoming	53.50%

Source: http://www.broadbandmap.gov/rank/all/state/percent-population/within-nation/speed-download-greater-than-3mbps-upload-greater-than-0.768mbps/ascending/

POPULATION SERVED BY 3 OR MORE SERVICE PROVIDERS		
RANK	STATE	PERCENTAGE OF POPULATION
1	**New Jersey**	**74.4**
2	Maryland	73.2
3	Vermont	70.2
4	Rhode Island	70.1
5	Oregon	70.1
6	Utah	70
7	Georgia	69.9
8	Maine	69.1
9	Colorado	67.5
10	Arizona	66.7
11	New York	64.4
12	Indiana	62.2
13	Michigan	57.6
14	Washington	56.8
15	Louisiana	53.1
16	Connecticut	48
17	South Dakota	45.3
18	New Mexico	42.8
19	Virginia	41.5
20	Pennsylvania	41
21	Missouri	39.4
22	Iowa	38.3
23	New Hampshire	37.6
24	Delaware	33.6
25	Mississippi	32
26	Massachusetts	30.6
27	North Carolina	30.3
28	Montana	25.1
29	Ohio	23.8
30	North Dakota	20.5
31	Alabama	16.9
32	Minnesota	13.2
33	West Virginia	12.7
34	Florida	10.8
35	California	10.4
36	Tennessee	9.8
37	Nebraska	8.7
38	Illinois	6.6
39	Texas	6.5
40	South Carolina	5.2
41	Wyoming	4.2
42	Hawaii	3
43	Wisconsin	2.8
44	Kentucky	2.5
45	Idaho	2.5
46	Kansas	1.3
47	Oklahoma	1.1
48	Arkansas	1
49	Nevada	0.9
50	Alaska	0

Source: http://www.broadbandmap.gov/rank/all/state/percent-population/within-nation/number-of-wireline-service-providers-greater-than-3/ascending/

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