

The American Consumer Institute Center for Citizen Research provided testimony on the need for rate reforms that would spur competition, encourage innovation and benefit consumers. The Consumer Choice and Protection Act passed the House with a final vote of 119-0 and the Senate with a final vote of 36-2. The bill was presented to Governor Charlie Crist on June 15, 2009, for his consideration and on June 24, 2009, Governor Crist signed this good bill into law.

**Testimony of Steve Pociask of the American Consumer
Institute 3/24/09**

Good morning. Chairman and committee members, thank you for the opportunity and privilege to be here to share my views on the importance of competition in the telecommunications market, and the Consumer Choice and Protection Act. I am Steve Pociask with the American Consumer Institute. As a 501c3 educational and research nonprofit, I cannot endorse or support any legislation, but I can tell you how SB2626, if enacted, would benefit consumers.

Telecommunications competition has become irreversible and the onetime dominance of the old telephone company is over.

According to FCC data:

- Incumbent wireline telephone companies had more switched access lines in service in 1991 than they do today;

- In Florida, they handle half the calls they just 5 years ago;
- Their payphone market share is 26% in this state;
- Their long distance minutes are at a 13-year low.
- On the upside, CLECs in Florida have reached 1.3 million lines; and in the last 6 years, 6.5 million broadband lines and 7 million wireless subscribers were added.

In addition to competitive telephone companies, wireless companies and broadband service providers, new Voice-over-Internet service providers offer high quality of service at a fraction of the costs of traditional telephone services. These Internet-based voice services offer a full range of capabilities, including:

- Call waiting, caller ID and voice mail – all free of charge.
- Florida consumers communicate with emails, text messages, instant messages, blogging, Facebook and other social websites, Xbox Live, and other electronic means.
- Even Google, a company with market capitalization greater than any cable or telephone company in the U.S., offers a voice-activated directory assistance service that allows consumers to use their any telephone to get free business listings, and it has just announced a service called *Google Voice* that will offer free calling to its Grand Central users.

But, when it comes to providing consumers with the benefits of full price competition and encouraging network investment, old regulations have not kept up with the market. These regulations discourage price

competition, which means that consumers are not receiving the full benefits of competition even though all of the pieces are in place for this to happen. SB2626 would:

- Spur price competition and yield lower consumer prices;
- stimulate investment in emerging services;
- boost job growth; and
- Discovery Institute study found that regulatory reform would --
 - o produce **\$7.5 billion** in economic benefits and
 - o Create over **143,000 jobs** in the state.

That's what SB2626 can do for consumers.

In addition to recognizing the reality of changes in the local telecommunications marketplace, the proposed regulatory reform bill leaves in place substantial and important consumer safeguards, a myriad of federal and state consumer protections laws, and federal wholesale rules that have fostered competition from companies who lease or resell services from traditional telephone companies.

SB2626 would promote and expand meaningful discounts to low-income consumers and consumers receiving state public assistance, and include discounts for telephone installation and monthly telephone service. In this way, these provisions assure that all consumers receive a fair share of the benefits from increased market competition.

In summary, when companies are encouraged to compete, consumers win. Lower prices, increased investment, increased jobs ... A good deal for consumers and a good deal for the state's economy.