



Assemblywoman Lorena Gonzalez, 80th Assembly District

Assembly Bill 1366– VoIP and IP Enabled Services

IN BRIEF

Assembly Bill 1366 would remove the sunset provision in the Public Utilities Code to continue the Legislature's oversight of Internet services such as VoIP- and IP-enabled services.

BACKGROUND

In 2012, SB 1161 (Padilla) codified a state policy allowing the Legislature to the lone state director of regulation of Voice-over-Internet-Protocol (VoIP) and Internet Protocol-enabled services except as required or expressly delegated by federal law, or as expressly directed by the Legislature. This measure was similar to laws enacted in 24 other states, as well as the District of Columbia.

Since SB 1161 was enacted, Californians have continued benefiting from these services. Of households with a wireline phone service, more currently choose a VoIP subscription than traditional phone service, according to data from FCC filings¹. This has been fueled by a competitive marketplace of VoIP and IP-enabled service providers compared to the historical monopolies of telephone companies.

For business travelers, students abroad, and Californians with family or friends in another country such as our immigrant community, IP enabled services are an important part of staying connected without having to pay costly long distance or international telephone bills. While previously many may have relied on navigating complicated phone plans for international calling or purchased expensive international calling cards, now communities with international ties can use free and convenient services like Whatsapp or Skype to stay connected.

Consumers and organizations who rely on these services have seen the average price per megabit per second has decreased 90% over the last decade².

PROBLEM

SB 1161 will sunset on January 1, 2020 unless legislation extends the provisions. If allowed to sunset without further legislative direction, this will create an environment of regulatory uncertainty and potential for costly litigation on all sides.

Furthermore, for issues that have been identified as in need of regulation with VoIP and IP enabled services, the Legislature is best poised to act. For instance, AB 1409 Bradford (2013) would have established clear rules for lifeline service providers, but was vetoed by the Governor who stated those rules should be established through the PUC regulatory process. While the bill would have established these rules in a timely manner, PUC proceedings took 4 years to reach a decision. In another example, rulings for including smartphone technology in the Deaf and Disabled Telecommunications Program have taken over 9 years and are still not final. These delays can mean consumers lose out on the benefits of technological innovation and expanded services.

Furthermore, without the clarity of this policy, agencies may try to move forward with harmful regulations, such as the recent attempt to tax text messages despite the FCC classifying texts as an information service rather than a telephone service, and thus not subject to traditional telephone regulation.

SOLUTION

AB 1366 would delete the sunset of provisions preserving all policy-setting authority on VoIP and IP enabled services for the Legislature, as opposed to the California Public Utilities Commission or other agency regulatory processes.

This would allow for continued legislative action on issues that may arise, particularly regarding consumer protection and public safety, while still allowing these services regulatory clarity.

This bill also would contain a number of protections for consumers including:

- a 72 hour standard for residential interconnected VoIP service to be restored after an outage, with steps to initiate service restoration started within 24 hours
- an option for a bill credit if residential interconnected VoIP is not restored within 24 hours
- a mandate that the CPUC include any customer complaints regarding these services in their annual report to the Legislature, and forward them to the Attorney General's office for possible enforcement action
- a required disclosure of the backup power requirements for VoIP required by law and

¹ <https://www.fcc.gov/voice-telephone-services-report>

² <https://www.ncta.com/whats-new/the-price-per-megabit-per-second-has-gone-down-90-percent>

possible alternatives, including the right to basic telephone service.

FOR MORE INFORMATION

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