

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board —in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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REGULATORY MODERNIZATION ACT

ALEC's principles for telecommunications deregulation recognize that, since the Telecommunications Act of 1996 was enacted, the telecommunications industry has continually experienced "fits and starts" in advancing deregulation, technology, and furthering competition. Consequently, the process of bringing advanced technology to consumers has become a regulatory morass. It remains ALEC policy that free market principles must prevail. Business should expect a competitive environment unburdened by indiscriminate regulations and market uncertainty with minimal political involvement.

In furtherance of these policies, the proposed model legislation would:

- Preserve intact Commission jurisdiction over areas where continued public interest oversight remains appropriate – such as 911, universal service, deaf relay services, dialing parity and codes and subjects delegated by federal law;
- Permit regulated carriers to choose to opt into a regulatory approach wherein they:
 - Retain price caps with tightly restricted escalators for basic line only service customers for a defined period, in order to provide those customers a reasonable transition adjustment period before the basic line service prices become subject to market conditions
 - Are permitted to offer all other services (including other wireline telecommunications, wireless, VoIP, broadband, Internet, advanced, or other services) without state Commission oversight;
 - Remain subject to the same business restrictions (as, for example on fraudulent, deceptive dealing, or other unfair business practices) that the state has deemed appropriate for the Attorney General or other state or local law enforcement instrumentalities to enforce with respect to any other business.
 - Remain subject to such Commission oversight over wholesale services as is delegated or permitted by state or federal law.

AN ACT to amend the ___ Code concerning regulation of telecommunications.

Be it enacted by the State of ___:

Sec. 1 Election into Market Regulation. After the effective date of this Act a provider of basic or non-basic telecommunications service may provide the commission written notice of its election for market regulation. Immediately upon filing of the election, the Electing Provider shall be subject to the limited jurisdiction of the Commission only to the extent expressly provided in this Act.

Sec. 2 Definitions.

(a) "Basic telecommunications service" means:

(1) stand alone telephone exchange service (as defined in 47 U.S.C. 153(47)) that:

(A) is provided to a residential customer through the customer's primary line; and

(B) is:

(i) the sole service purchased by the customer;

(ii) not part of a package of features, services or products, or a promotion or a contract; or

(iii) not otherwise offered at a discounted price.

(2) The term includes, at a minimum, the following:

(A) Voice grade access to the public switched telephone network with minimum bandwidth of three hundred (300) to three thousand (3,000) hertz.

(B) Dual tone multi-frequency signaling and single party service.

(C) Access to:

(i) emergency services, including access to 911 and enhanced 911 if provided by the local government having jurisdiction in the service area;

(ii) operator services;

(iii) local directory assistance;

(iv) telephone relay services; and

(v) interexchange service regardless of the interexchange carrier selected.

(D) Toll limitation services for qualifying low income customers.

(3) The term does not include a service provided by a person or an entity that:

(A) transmits communications through Internet Protocol enabled retail services, including:

(i) voice;

(ii) data;

(iii) video; or

(iv) any combination of voice, data, and video communications; or

(B) provides the necessary software, hardware, transmission service, or transmission path for communications described in this subdivision.

(b) "Non-basic telecommunications service" means:

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(1) retail telecommunications service other than:

(A) basic telecommunications service, except that basic telecommunications service is included when that service is purchased by the customer:

(i) in conjunction with another service;

(ii) as part of a package of features, services or products, or as a promotion or a contract; or

(iii) at an otherwise discounted price;

(B) commercial mobile service (as defined in 47 USC 332);

(C) services outside the jurisdiction of the commission; and

(D) switched and special access services.

(2) The term includes services included in:

(A) customer specific contracts;

(B) volume, term, and discount pricing options; and

(C) packages, bundles, and promotions, including offers designed to obtain new customers, retain existing customers, or bring back former customers.

(c) "Electing Provider" means a person or an entity that offers basic or non-basic telecommunications service and that submits to the commission a written election pursuant to Section 1.

(d) "Rates and charges", with respect to basic or non-basic telecommunications service, means the charge to a customer for basic or non-basic telecommunications service, including but not limited to:

(1) recurring charges for flat rate and message rate service; and

(2) any nonrecurring charge for installation or a line or service connection.

(e) "Rate transition period" refers to the period beginning on the date an Electing Provider submits written notice electing into market regulation and ending one year thereafter, during which an Electing Provider may act under this Act to increase the provider's rates and charges for basic telecommunications service offered in one (1) or more local exchange areas in the state.

(f) "Telecommunications" has the meaning set forth in 47 U.S.C. 153(43).

(g) "Telecommunications service" has the meaning set forth in 47 U.S.C. 153(46).

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Sec. 3. Services Other Than Telecommunications Service. Except as otherwise expressly stated in this Act, the commission shall not act with respect to or exercise jurisdiction over:

- (a) advanced services (as defined in 47 CFR 51.5);
- (b) broadband service, however defined or classified by the Federal Communications Commission;
- (c) information services (as defined in 47 U.S.C. 153(20));
- (d) Internet Protocol enabled services regardless of how the service is classified by the Federal Communications Commission;
- (e) commercial mobile service (as defined in 47 U.S.C. 332);
- (f) any service not commercially available on the effective date of this Act.

Sec. 4. Non-Basic Telecommunications Service. Except as otherwise expressly stated in this Act, upon receipt of an election pursuant to Sec. 1, the commission shall thereafter have no jurisdiction over any aspect of non-basic telecommunications service of an Electing Provider, including but not limited to rates and charges, terms and conditions of service, filing of schedules or tariffs, market entry or exit, depreciation requirements, quality of service, long term financing arrangements or other obligations, asset sales, mergers or acquisitions or any other aspect heretofore subject to the jurisdiction of the Commission.

Sec. 5. Rate Transition Period for Basic Telecommunications Service.

During the rate transition period, an Electing Provider may not act without the prior approval of the commission to increase the provider's rates and charges for basic telecommunications service in any local exchange area in which the Electing Provider offers basic telecommunications service on the effective date of the election, except as authorized in this section. An Electing Provider may increase the rates and charges for basic telecommunications service in a local exchange area in which the provider offers such service on the date of Election as follows:

- (a) The Electing Provider may increase the rates and charges for basic telecommunications service not more frequently than once during the rate transition period beginning on the date of election. The amount of any increase in the rates and charges imposed during the rate transition period may not exceed one dollar (\$1);
- (b) The Electing Provider shall provide the commission one (1) day advance notice and all affected customers thirty (30) days advance notice of any rate increase under this subsection; and
- (c) Throughout the rate transition period, the Electing Provider shall continue to make available a flat monthly rate with unlimited local calling for basic telecommunications service in all local exchange areas in which it offers basic telecommunications service on the effective date of this Act, regardless of whether the Electing Provider increases the rates and charges for basic telecommunications service in any of those local exchange areas. Throughout the transition period, an extended area of service in which the Electing Provider offers basic telecommunications service on the date of Election may not be reduced in area or scope without the approval of the commission after notice and hearing.
- (d) If, at any time during the rate transition period, the Commission determines that an emergency exists, the commission may temporarily alter, amend, or suspend the limits on the increases set forth above if necessary to maintain a provider's financial integrity and ability to provide adequate basic telecommunications service. The commission shall re-implement the limits on increases set forth above when the commission is satisfied the emergency no longer exists.

Sec. 6. Basic Telecommunications Service - Long Term. Beginning one year after the date the written election is submitted to the Commission pursuant to Sec. 1, the rate transition period ends and the Commission shall not thereafter exercise jurisdiction over basic telecommunications service of the Electing Provider, except as expressly stated in this Act, including but not limited to rates and charges, terms and conditions of service, filing of schedules or tariffs, market entry or exit, depreciation requirements, quality of service, long term financing arrangements or other obligations, asset sales, mergers or acquisitions or any other aspect

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heretofore subject to the jurisdiction of the Commission.

Sec. 7. Wholesale Services.

(a) In acting to impose any requirements on the Electing Provider concerning interconnection with the facilities and equipment of providers, resale of telecommunications service or unbundled access to network elements of another provider for purposes of 47 U.S.C. 251(c) the commission shall not exceed the authority delegated to the commission under federal laws and regulations with respect to those actions.

(b) Subject to any regulations adopted by the Federal Communications Commission, this Act does not affect the commission's authority to mediate or arbitrate a dispute involving an Electing Provider or to approve an interconnection agreement or an Electing Provider's statement of terms and conditions under 47 U.S.C. 252.

(c) The rates and charges for switched access service or special access service remain subject to the authority separately granted the commission by state or federal law.

Sec. 8. Retained Authority. Notwithstanding other provisions of this Act, except as otherwise stated in this Act the commission is authorized to act to exercise authority expressly granted by state or federal law, or authority expressly delegated by the Federal Communications Commission, with respect to the Electing Provider concerning the:

(a) provision of dual party relay services to hearing and/or speech impaired persons in the state.

(b) administration of dialing codes and numbering issues under state or federal law;

(c) lifeline, link-up, access to telecommunications service and equipment or other low income assistance programs;

(d) designation of eligible telecommunications carriers under 47 U.S.C. 214 and administration of state or federal universal service or high cost funds; and

(e) provision of emergency calling or 911 services.

Section 9. Consumer Protection

(a) Consumer protection and service quality obligations of Electing Providers for telecommunications services and, to the extent authorized under federal law, the services described in Section 3 of this Act are to be governed solely by the laws and obligations otherwise generally applicable to businesses operating within this state.

(b) Such laws and obligations are to be enforced by the state attorney general or otherwise authorized and applicable federal, state or local authorities. Neither this section nor this Act delegate investigative, fining or enforcement authority to the commission nor do they create separate private remedies or causes of action for other persons or entities.

Did you know that global telecommunications company AT&T was the corporate co-chair in 2011?

Approved by the Telecommunications and Information Technology Task Force on July 16, 2009.

Approved by the ALEC Board of Directors on August 27, 2009.