

DIGITAL



BRIDGES

# VoIP!

REGULATOR'S DILEMMA:

OLD REGULATIONS vs. RAPID INNOVATION / ADOPTION

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# What is VoIP?

Voice over Internet Protocol → Internet phone service

- Cheap:
  - \$20-\$65 per month unlimited calls worldwide!
  - No interconnect charges
- Quality:
  - Improving—but no independent power
- Adoption:
  - There are ~1M VoIP users today
  - Projected to reach 17.5M by 2008!

# Where Does VoIP Fit?

## Basic Service ? → Information Service

- Regulatory Jungle

- Telecom Reform Act of 1996 defined two grand schemes:

- Basic Service → pure transport – common carrier status

- Access charges

- Universal service fund payments

- 911 required

- Information Services / Enhanced Services

- Unregulated – nearly

- Huge problem with definition of key elements of the regulations

# Recent Developments

- Minnesota Public Utility Commission (PUC) vs. Vonage Digital
- FCC preempts a 2003 order by Minnesota PUC
  - Claims VoIP is INTERSTATE
  - Not subject to State regulations
- Appellate Court rules that VoIP is an information service
  - Unregulated service offering
  - Applies to service providers and cable companies

# Battle Lines

- AT&T vs. Incumbent Local Exchange Carrier (ILEC's)

\$\$ access fees \$\$

- Level 3 vs. Local Exchange Carriers (LEC's)

\$\$ access fees \$\$

- Vonage vs. Minnesota PUC

Done

# The future...Two camps: regulate vs. light touch

- Regulate
  - Not a level playing field
  - Prior social obligation
  - “Digital Divide” issues
- Light Touch
  - Safeguarding public interest is being met
  - Let the applications flourish
  - Major consumer benefits