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**Testimony of AARP  
Before the House Standing Committee on Energy & Technology**

**Regarding SB 636**

**December 10, 2013**

Chairman and members of the committee thank you for allowing us the opportunity to testify today on SB 636. AARP, which represents nearly 1.4 million members in Michigan, opposes SB 636 which would substantially amend Section 313 of the Michigan Telecommunications Act. With me today I have Eric Schneidewind who is a National Board Member of AARP, former AARP Michigan State President and former Chairman of the Michigan Public Service Commission.

AARP is concerned with preserving universal service, a longstanding public policy that promotes the availability of basic service for all customers, at reasonable rates. Although “cord-cutting” is on the rise, approximately 90% of households over 65 continue to subscribe to landline service.

**Don’t hang up on seniors.**

It is first important to note that Section 313 was revised barely two years ago, in June 2011. In its current form, beginning January 1, 2017, Section 313 permits a provider of basic local exchange service (or long distance service) to discontinue service to customers in any exchange after providing notice, so long as there are two other providers of a “comparable” basic voice service. The definition of a “comparable” voice service is extremely permissive – it encompasses any service that permits two-way voice calling, using any technology. Notably, in its current form, Section 313 does not require or ensure that either of the two surviving providers:

- Be subject even to minimal oversight by the Public Service Commission with regard to their quality of service or rates; or
- Offer a “basic” voice service that is unbundled from other services (that increase consumers’ costs and that consumers may not consider essential).

As amended, beginning January 1, 2017, SB 636 sets out a new (more permissive) process to permit a carrier to discontinue service. The current requirement for the existence of at least two other providers of service will be reduced to the mere existence of one alternate provider.

This is because, instead of having Michigan policy direct the state's telecom market transition, SB 636 would rely on findings based on Federal Communication Commission rules. SB 636 would rely on the filing of a petition with the FCC pursuant to Section 214 of the '96 Telecom Act, which would "permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier."

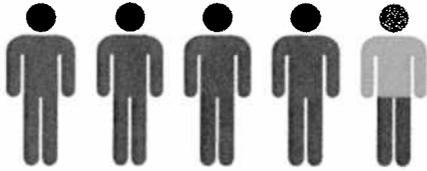
While AARP believes that SB 636's (1) creation of a publicly available database of providers, (2) requirement for the availability of access to reliable 9-1-1 and emergency service, and (3) the PSC's authority to issue an order requiring the current carrier to provide service following an investigation are steps in the right direction, we still have the following ongoing concerns:

- To be most useful, the publicly available database should not simply list the names of providers licensed to provide or providing service in an exchange. Instead, the database should include meaningful information, such as the types of services provided, the types of customer classes served, whether the provider offers stand-alone voice service, service pricing, percentage of customers served, and any other key information to determine and monitor market changes.
- The PSC would play no role in determining the competitiveness of the market or evaluating the potential impact of discontinuing service on the front end. Instead, the Public Service Commission would be relegated to potentially reviewing the FCC's findings.
- The burden of requesting an investigation either after discontinuation of service has already occurred or notice has been filed would unfairly fall on the customer. The Public Service Commission would have no authority to launch an investigation on its own.

In summary, AARP supports consumer adoption of new technologies. However, if there is any need to revamp the current Section 313, it is instead to modify the existing legislation to ensure that consumers have actual competitive choices for reliable and affordable telephone service before allowing incumbent local exchange carriers to abandon communities and consumers. For the reasons outlined in my testimony, AARP urges the Legislature to reject SB 636. Don't cut the cord!

Thank you for the opportunity to contribute to this important discussion about Michigan's telecommunications laws.

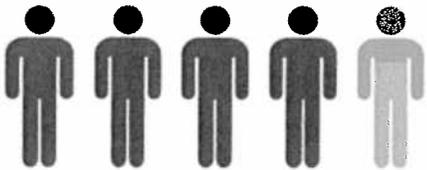
# AARP® Don't Hang Up on Michigan Seniors and Families



Do you currently have landline phone service in your home?

85% Yes 13% No 2% No Response

*A 61-year-old woman from Dorr says: "Although we have cell phones we rely on our landline when we are at home. I really don't want to lose my landline service."*



Are you satisfied with your landline phone service?

80% Yes 5% No 10% N/A 5% No Response

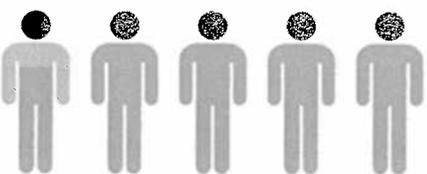
*A 72-year-old woman from Wakefield says: "Please don't take away our landlines! I have LifeAlert and I need my landline!"*



Do you have cellular or wireless phone service?

84% Yes 14% No 2% No Response

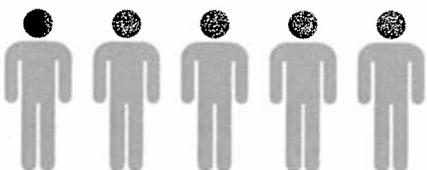
*A 71-year-old man from Chesterfield Twp says: "Need reliability, cell phone doesn't work in all parts of the house and cell service is too expensive for some people."*



Looking ahead over the next 12 months, are you likely to disconnect your landline service and only use a cellular or wireless phone for all your telephone needs?

4% Yes 83% No 10% N/A 2% No Response

*A 70-year-old woman from Interlochen says: "I have a landline for security at home. Although I do have a cellular phone service, I do not get good service in my home. I feel very secure with having a landline phone."*



Do you support or oppose Senate Bill 636 that would allow telephone service providers to eliminate traditional landline service?

2% Support 97% Oppose 1% No Response

*A 71-year-old woman from Bloomfield says: "This (bill) would eliminate all communication for my mentally impaired son."*