

Telephone industry pushes to end landline service in Kentucky

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Telephone companies in Kentucky are pressing the state to allow for the discontinuation of basic landline service in “less profitable” areas of the state. The change will impact hundreds of thousands of elderly and poor residents in mountainous and rural communities.

The industry is seeking to end basic phone plans where it says Internet or cell phones are available. Senate Bill 135, called “the AT&T bill” because it originated with lobbyists for the company, would end the requirement that companies serve as “carriers of last resort” for families in their service regions. Phone companies have long sought to abandon mountainous regions where line maintenance is more expensive and customers are fewer.

The bill would strip the Kentucky Public Service Commission (PSC) of authority over basic phone service provided by the state’s three major companies: AT&T, Cincinnati Bell and Windstream. The state would not be allowed to investigate complaints without permission of the companies.

“For a lot of people in Eastern Kentucky, their land line is their life line,” Cathy Allgood Murphy, associate director of the state’s AARP, told the *Lexington Herald-Leader* February 16. “They may not be able to afford an Internet connection, and they don’t have cell phones because their communities, in the mountains, don’t get cell reception.”

The proposal builds on a 2006 law that deregulated landline service in Kentucky by ending the state’s authority to enforce caps on rates. Since last summer, the PSC has had no authority over phone carriers that have been deregulated. In the time since, AT&T and Cincinnati Bell have announced price increases of 20 and 17 percent, respectively.

Kentucky Resources Council Director Tom

FitzGerald told the *Herald-Leader* that the industry would be likely to drop “those on fixed and low incomes, those in hard-to-serve locations and those for whom the cost of service does not justify continued service absent the legal obligation to do so.”

The *Herald-Leader* notes the considerable influence exercised by the telecommunications industry at the capitol. AT&T employs 31 legislative lobbyists in Frankfurt, including a former PSC vice-chairwoman and past chairs of both the Democratic and Republican parties. AT&T’s political action committee has given at least \$91,000 to state election campaigns since 2007. The state, in turn, has issued grants of tens of millions of dollars to Connected Nation, an organization run by AT&T, Verizon and other firms that have stonewalled efforts to map connectivity, physical infrastructure and pricing information.

The industry has presented deregulation as necessary for the expansion of broadband Internet and cell phone communications. Since 2010, telecom and media provider companies have been handed hundreds of millions of dollars from the Obama administration and its state-level counterparts in the name of developing broadband. Rather than expanding access to communications, however, companies have focused on terminating less profitable services.

In eastern Kentucky, only 37 percent of residents subscribe to broadband Internet service, a 2010 survey by the organization “Coal to Broadband” found. The most common reason given for lack of connectivity was lack of availability, followed by cost. The economically distressed region continues to lag in other measures of social connectivity and infrastructure.

Last week, telephone industry executives testified against another piece of legislation relating to phone service that is currently in the House Committee on

Tourism Development and Energy. House Bill 209 would require carriers to “make every effort” to fix outages within 24 hours. Until the 2006 bill was passed, providers were required to act within 24 hours of a reported outage. Now, households sometimes go for two to three weeks without service after an outage has been reported to companies.

The House committee’s chairwoman, Pikeville Democrat Leslie Combs, allowed discussion on the bill but did not schedule a vote, saying she wanted more information about the frequency of outages. Because the PSC is no longer authorized to track outages and company response times, however, the state has no way of independently gauging outages.

“I don’t think it’s up to us to determine if a company is providing the proper service,” Providence Democrat Jim Gooch declared. “I think the customer can decide that.” Both Combs and Gooch have received campaign donations from AT&T.



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