

The Tuscaloosa News

More research needed before deregulation

Published: Monday, April 13, 2009 at 3:30 a.m.

It is hardly surprising when big money wins out over common sense in the Alabama Senate, but a vote last week to completely deregulate telephone service was particularly galling.

On one side was telecommunications giant AT&T, with deep pockets but weak arguments. On the other side was an unlikely combination of consumer advocates who did have facts and strong reasons why some protections should remain for the public.

The consumer advocates included the state Public Service Commission, state Attorney General Troy King, the Alabama Farmers Federation and Alabama Arise. We can't recall another time when Alfa and Arise found common ground, but this was one time they did stand together.

While action in the Senate is often strange, this one had another twist. Sen. Bobby Singleton, D-Greensboro, had been filibustering the bill for more than three weeks. He left the chamber to meet with some constituents, and his colleagues used the opportunity to pass the legislation on a vote of 19 to 8.

Singleton was hardly being heroic in his efforts to stall AT&T's bill. Rather, he has been upset that his pet project, a dubious 'reform' of bingo in Greene County, has been blocked.

The deregulation bill is bad because it removes the last protections for families — particularly low-income families — who want simple, traditional telephone service. This accounts for about 20 percent of all telephone customers in the state.

In 2005, BellSouth tried to convince the Legislature to fully deregulate all of its services. Fortunately, a compromise was reached that allowed the PSC to continue to keep prices down for basic landline services, while allowing telephone companies to compete on the open market for customers who wanted some of the other bells and whistles — such as DSL, Call-Waiting and Caller ID — and bundled services that are profitable enough to draw competitors into the market.

We are all for the open market when it comes to products and services that allow for robust competition and enough oversight to protect the public. Deregulation does not work when a virtual monopoly exists or, as we have seen in the financial markets, when irresponsible behavior threatens widespread damage.

Running telephone lines to rural Alabama families is not a growth market. That is why the PSC is there: to see that the telephone company can make a reasonable profit on its investment but not gouge customers who don't have other options — particularly in areas out of range of cellular telephone towers.

How much will deregulation cost landline customers? No one knows. There hasn't been enough study to offer a good estimate.

It isn't too late to pull back from this. The state House should not pass the bill, and Gov. Bob Riley should not sign it, until we can get a clearer picture of what deregulating even the most basic telephone service will mean for Alabama families and small businesses.