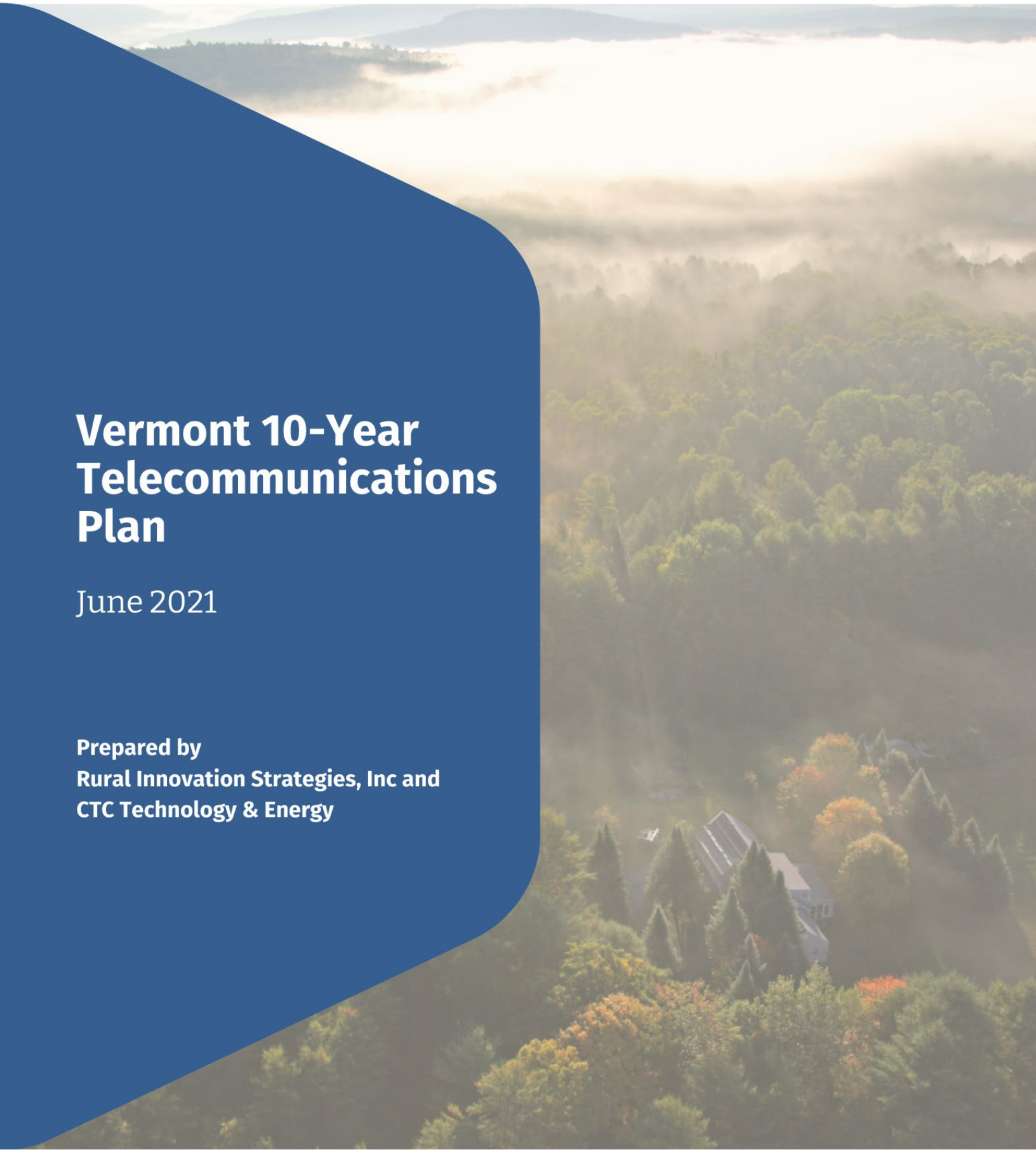

Vermont 10-Year Telecommunications Plan

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Prepared by
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Contents

Figures

Tables

Taken together, the collective bandwidth usage of our society is increasing by as much as 30 percent each year. Ensuring our telecommunications systems are built to last will mean designing them with the ever-increasing bandwidth demands of consumers in mind.

4.3 Incentive Regulation Plan for Consolidated Communications, Inc.

Vermont's Incentive Regulation Plan (IRP) for Consolidated Communications, Inc., is set to be re-evaluated in the coming year by the Public Utility Commission PUC). IRPs regulate the phone service rates of large local exchange carriers (LEC) in Vermont and are meant to protect consumers who have no choice for phone service while also allowing LECs to remain competitive as more customers have greater choice in phone service providers and technologies (e.g., mobile cellular, VoIP). The IRP is not a mechanism for negotiating or regulating other aspects of telecommunication service beyond telephone rate regulation. By statute, IRPs expire—and so must be re-evaluated—after seven years.

Currently, the regulation of basic local exchange service (BLES) through the IRP provides consumers with a low-cost option that could otherwise be unavailable. Because many residential premises in Vermont have no choice in phone service due not being covered by either mobile voice service or a competitive ISP, it is crucial to continue to protect consumers' access to an affordable phone connection in future years. As wireline broadband is deployed to more under- and unserved addresses, the Public Utility Commission may consider revisions to future IRPs that reflect progress made in providing customers with more choice. Such revisions could include ending rate regulation in areas with competitive choice from other wireline carriers.