



# CIRF

## **Converging Industries Research Foundation**

*Practical Solutions for Communications Policy*

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### **TIAP Questionnaire, 1997**

**November 9, 1997**

*Presentation at the November 1997*

*NARUC Meeting, Boston, MA*

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# **TIAP Questionnaire, 1997**

**November 9, 1997**

*Presentation to the NARUC Communications Committee  
Boston, MA*

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## Copyright and Project Address

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### Telecommunications Industries Analysis Project:

#### *TIAP Questionnaire, 1997*

Carol Weinhaus, Pat McLarney, Sally Simmons, *et al.*  
November 9, 1997

Presentation to the NARUC Communications Committee, Boston, MA

The Telecommunications Industries Analysis Project is associated with the Public Utility Research Center at the University of Florida College of Business Administration.

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## I. Questionnaire Results, cont.

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### Introduction

Over the past seven years, the Telecommunications Industries Analysis Project has assisted policy makers by providing them with tools to make informed decisions. The objective of this research consortium, which includes NARUC, is to produce useful research — the importance of which cannot be overstated in this period of unprecedented change. This research explores new options and approaches to key issues and provides educational materials, all within a neutral setting.

At the request of the NARUC Committee on Communications, a questionnaire was developed for committee members to use in discussing key issues. In addition, the questionnaire results will help TIAP to continue to provide NARUC and others with timely and relevant research.

The questionnaire covered four main topics: (A) Revising and/or eliminating regulatory accounting rules; (B) Network evolution; (C) Competition and regulation; and (D) Consumer protection mechanisms. The Commissioners were asked to rank the four topics by order of preference, and, in addition, to indicate preferences on issues associated with each of these topics.

### Questionnaire Results

Out of the thirty-one Commissioners polled, all responded (100%). **Figure 1** shows the results of ranking the four main topics by the number of responses. Although individual Commissioner responses varied, there was a clear focus and order of preference. The topic of primary interest was "Competition and regulation." The topic of "Consumer protection mechanisms" ranked second, followed by the topics of "Network evolution" and "Revising and/or eliminating regulatory accounting rules."

**Figures 2 through 4** indicate the level of interest in the issues (sub-topics) associated with each of the main topics. **Figure 2** shows the number of responses in each level of interest category (very interested, moderately interested, and no interest) by topic. For each of the four topics, at least 84% of the respondents expressed a level of interest. Overall, the fourth topic received the most favorable response (53.5% very interested, 36.8% moderately interested). The Commissioners expressed strong levels of interest in many of the sub-topics associated with each of the four main topics.

To simplify the patterns, **Figure 3** replaces the three levels of interest for each issue with one weighted number. The weighting assigned the following numbers to each level of interest: 3 for very interested, 2 for moderately interested, and 1 for no interest. In order to see which sub-topics are of the most interest to the Communications Committee, **Figure 4** ranks the sub-topics by the weighted responses in **Figure 3**.

Across the topics, the greatest interest is in new regulatory approaches, consumer protection mechanisms, and universal service within the context of these two other topics.

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## I. Questionnaire Results, cont.

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In addition, some Commissioners described topics and issues not addressed elsewhere in the questionnaire and of key interest to state regulatory commissions (Topic E) . These responses are as follows:

Responses to Topic E: Other topics/issues not addressed elsewhere:

1. Ways of identifying and making universal service subsidies explicit; also, rate rebalancing and various ways to accomplish it.
2. Any creative research on universal service that will undo financial burden at the state level.
3. Pricing rules.
4. Federal-state coordination.
5. How do you *really* educate state legislators about the enormous change going on in telecommunications, and convince them to fund and staff their state commission properly to do what's necessary to protect consumers?
6. Role of regulators in distribution of accurate market information.
7. Role of regulators in making information available regarding qualitative and quantitative performance.
8. Relations with the FCC and opportunities for collaboration.
9. Comments specific to Topic B: Network Evolution:

This really means what incentives there are that are technology neutral, doesn't it? Very interested.

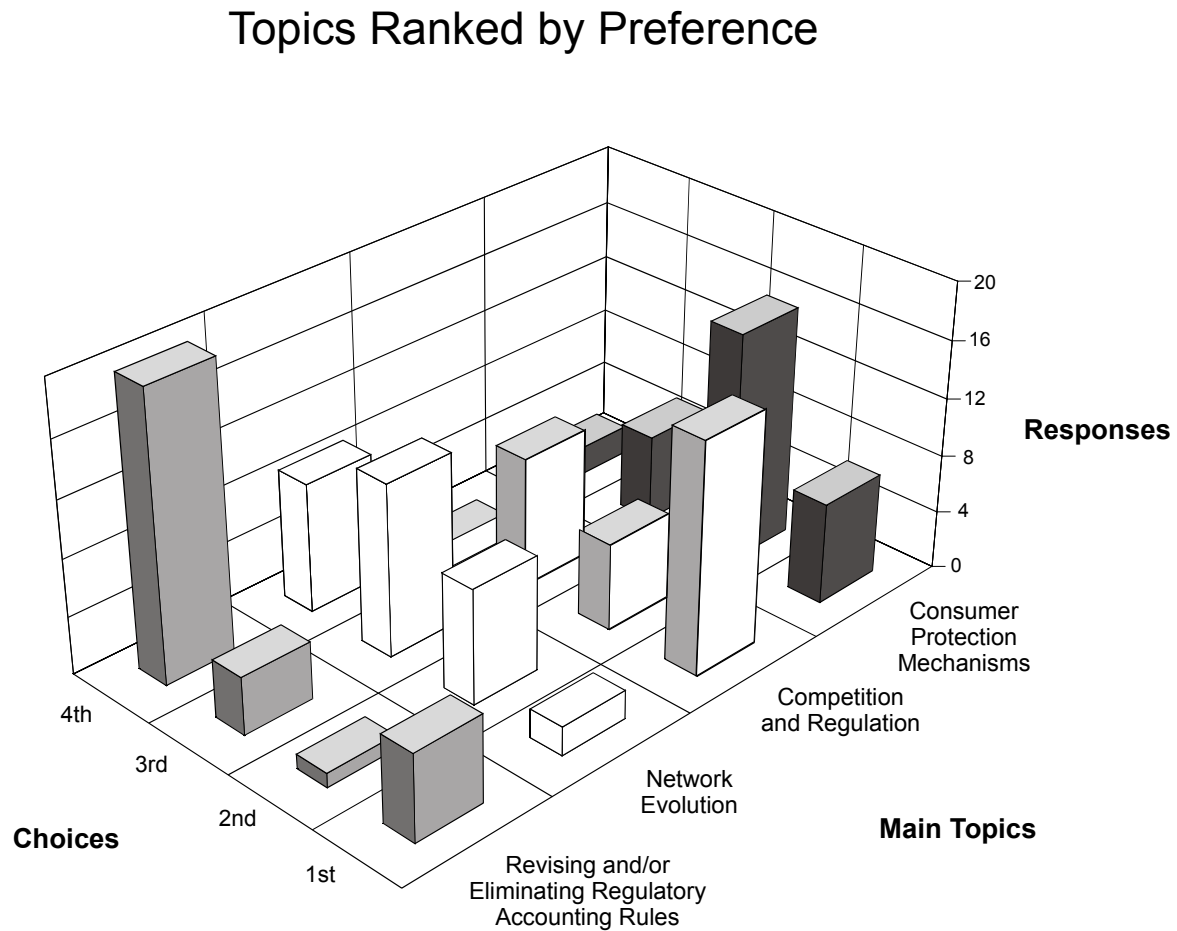
I like the question [on the importance of network evolution], but not the options. I would like to know whether regulatory/economic incentives are working.

Too many things that will come before this "luxury" comes into play.
10. Comments specific to Topic C: Competition and regulation

A lot has gone before (electric and telecommunications).

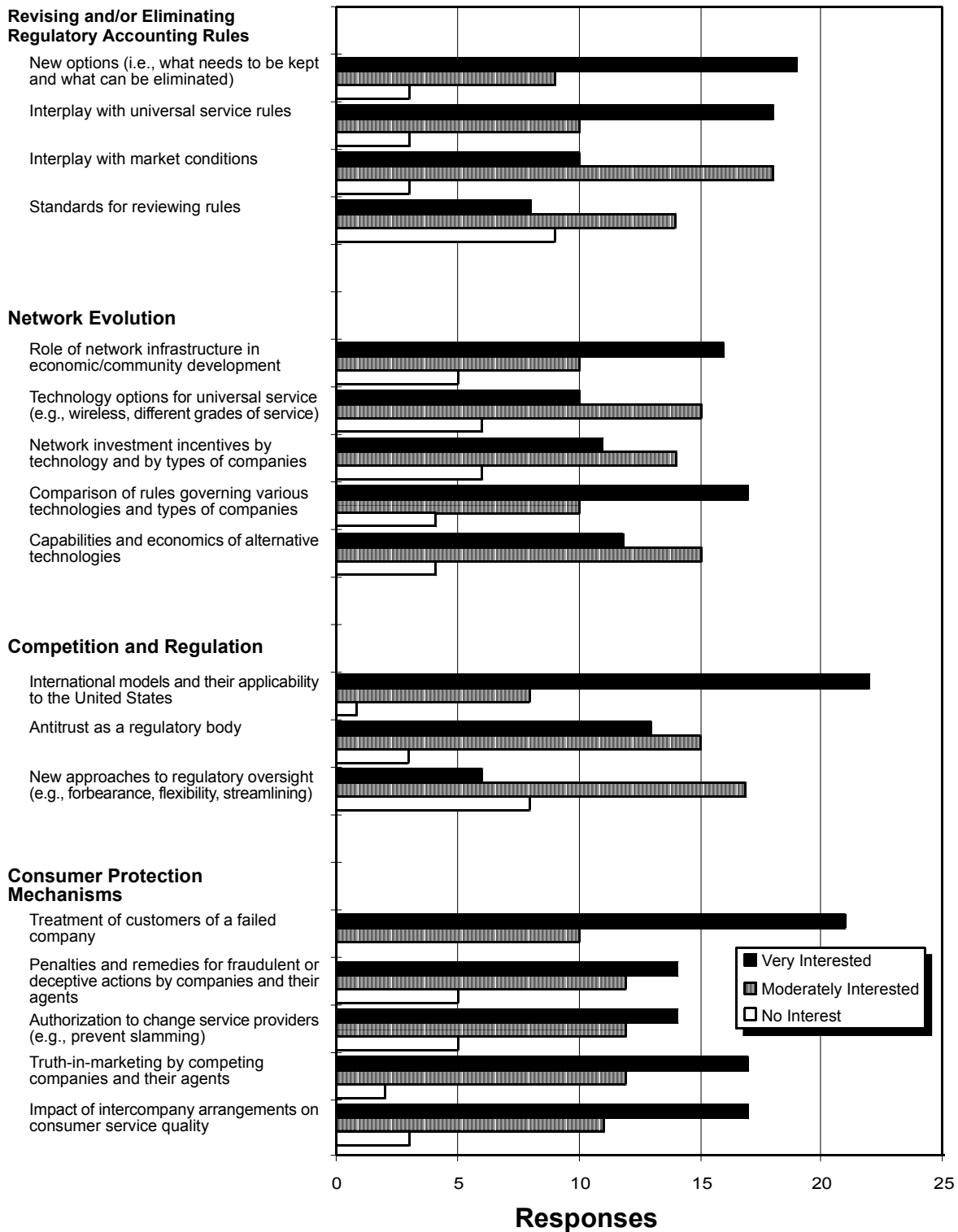
## I. Questionnaire Results, cont.

Figure 1: Topics Ranked by Preference



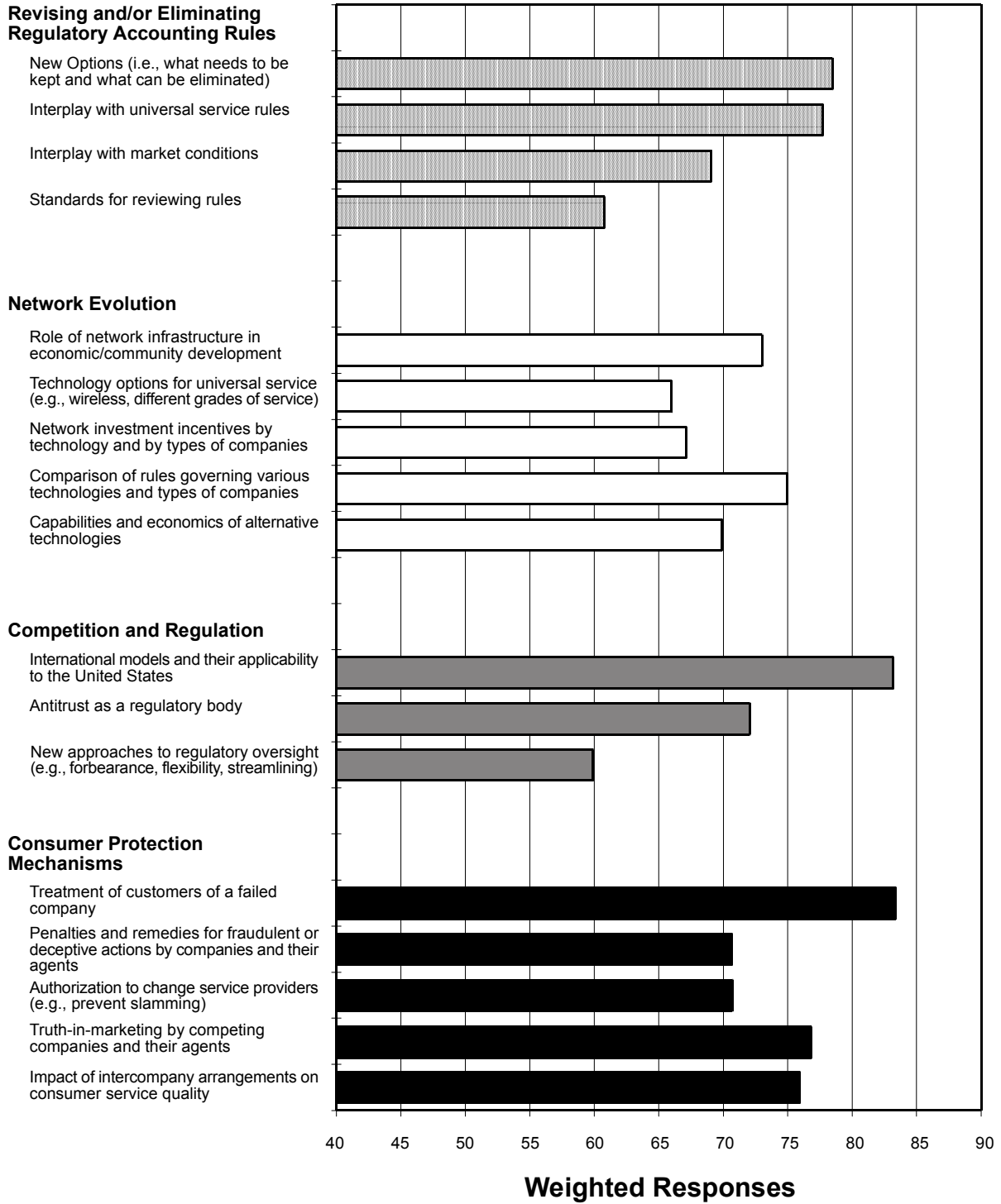
# I. Questionnaire Results, cont.

Figure 2: Levels of Interest by Issue



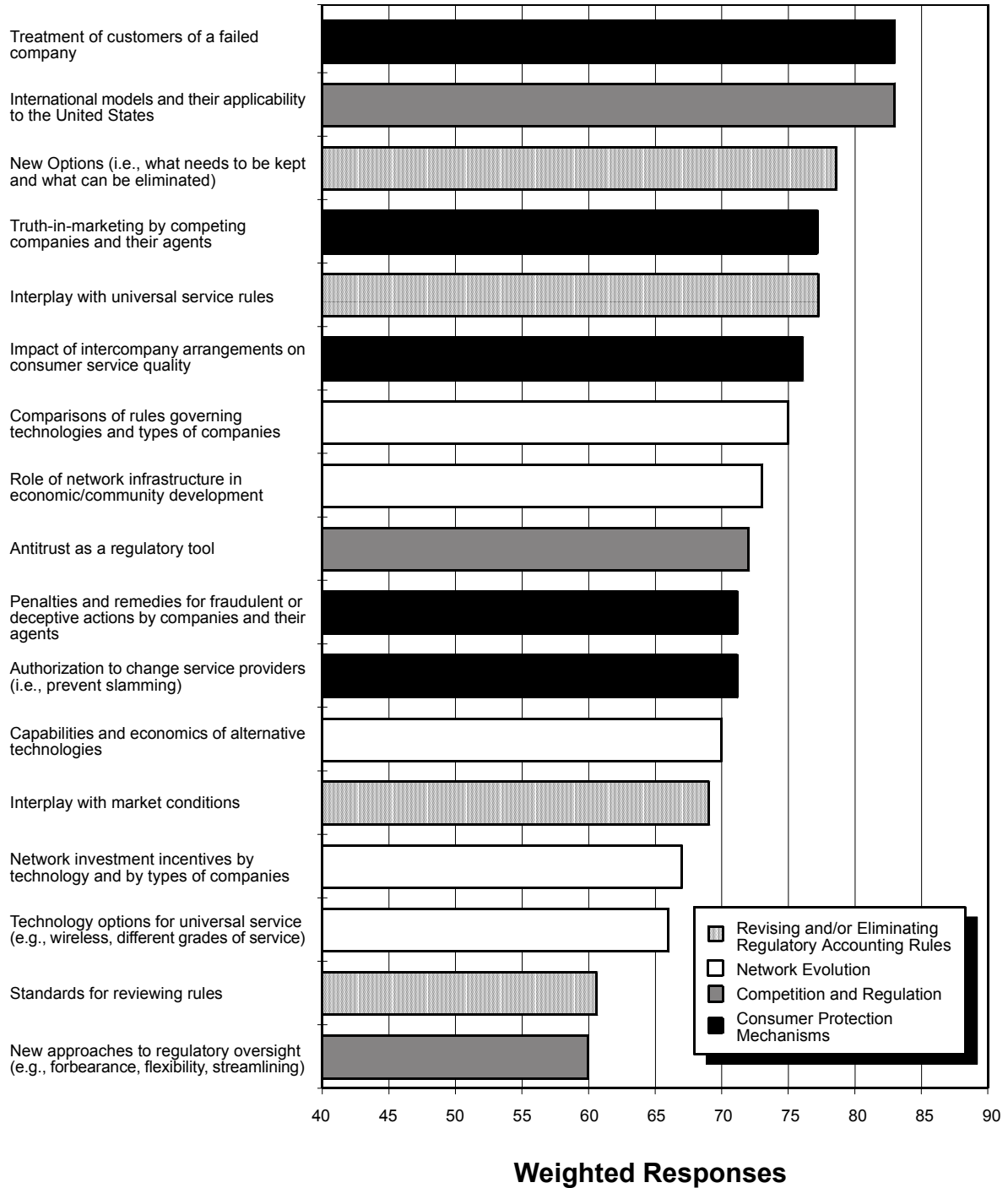
# I. Questionnaire Results, cont.

Figure 3: Levels of Interest by Issue (Weighted Responses)



## I. Questionnaire Results, cont.

**Figure 4: Levels of Interest by Issue (Ranked Weighted Responses)**



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## II. Questionnaire

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**Questionnaire for the NARUC Communications Committee Commissioners  
Telecommunications Industries Analysis Project  
September 23, 1997**

**1. Please place a check mark to indicate your level of interest in the issues associated with each of the main topics described below:**

- A. Regulatory accounting rules were developed to solve specific problems arising within a monopoly, rate base/rate-of-return framework. As this framework fades away, some of the problems associated with jurisdictional allocations may also diminish, new problems may arise, and new solutions will be needed. What current problems are these rules solving? Could these problems be solved differently? What might a world without these rules look like? What would it take to revise, reduce, and/or eliminate these rules?

<i>Very Interested:</i>	<i>Moderately Interested:</i>	<i>No Interest:</i>	<i>Sub-topics:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	New options ( <i>i.e.</i> , what needs to be kept and what can be eliminated).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Interplay with universal service rules.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Interplay with market conditions.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Standards for reviewing rules.

- B. The importance of network evolution, including new technology deployment, is assumed by the *Telecommunications Act of 1996*. What are the incentives for network investment? What are the disincentives? Are the policies implemented today going to result in the facilities needed for the future?

<i>Very Interested:</i>	<i>Moderately Interested:</i>	<i>No Interest:</i>	<i>Sub-topics:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Capabilities and economics of alternative technologies.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comparison of rules governing various technologies and types of companies.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Network investment incentives by technologies and by types of companies.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Technology options for universal service ( <i>e.g.</i> , wireless, different grades of service).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Role of network infrastructure in economic/community development.

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## II. Questionnaire, cont.

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- C. The move toward competitive, technology-driven markets requires changes in regulation. What's the balance between regulatory oversight and market-based incentives?

<i>Very Interested:</i>	<i>Moderately Interested:</i>	<i>No Interest:</i>	<i>Sub-topics:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	New approaches to regulatory oversight (e.g., forbearance, flexibility, streamlining).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Antitrust as a regulatory tool.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	International models and their applicability to the United States.

- D. The move toward competitive, technology-driven markets requires changes in the mechanisms for consumer protection. What are potential problem areas, and what are the potential costs to the consumers?

<i>Very Interested:</i>	<i>Moderately Interested:</i>	<i>No Interest:</i>	<i>Sub-topics:</i>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Impact of intercompany arrangements on consumer service quality (i.e., ordering, repair, interconnection, and wholesale products).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Truth-in-marketing by competing companies and their agents.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Authorization to change service providers (e.g., prevent slamming).
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Penalties and remedies for fraudulent or deceptive actions by companies and their agents.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Treatment of customers of a failed company.

- E. Please describe any topic/issue not addressed elsewhere in this questionnaire which you believe is of key interest to the state regulatory commissions.

### 2. Please rank the four main topics in the order of preference.

- \_\_\_ A. Revise, reduce, and/or eliminate regulatory accounting rules.  
\_\_\_ B. Network evolution.  
\_\_\_ C. Competition and regulation.  
\_\_\_ D. Consumer protection mechanisms.

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### III. Project Information

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#### List of Participants in the Telecommunications Industries Analysis Project

October 1997

State Regulators

NARUC Representatives from:  
California Public Utilities Commission  
Florida Public Service Commission  
Illinois Commerce Commission  
Iowa Utilities Board  
Massachusetts Department of Public  
Utilities

Companies and Governments

AT&T  
Bell Atlantic  
BellSouth  
Corning  
France  
France Telecom  
GTE  
Kalona Cooperative Telephone  
MCI  
Nortel  
NTT America  
SBC Communications  
Sprint Local Telecom Division  
Sprint  
360° Communications  
U S WEST

Sponsors:

Corporation for Public Broadcasting

Assisting with *public* data:

Bellcore  
Federal Communications Commission  
National Exchange Carrier Association  
National Telecommunications and Information Administration

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### III. Project Information, cont.

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#### Background on the Telecommunications Industries Analysis Project

The Telecommunications Industries Analysis Project (TIAP), a seven-year-old research consortium, conducts and reports impartial research in the areas where network planning, business financials, and public policy (regulation and legislation) intersect. The participants actively work together to develop new options for telecommunications policies to meet the needs of consumers, governments, and companies in a changing, competitive environment. Participants include regulators, domestic and foreign telecommunications companies, materials and equipment manufacturers, and other communications-based organizations.

The purpose of the Project is to produce research and analysis that will assist policy makers in making informed decisions.

TIAP incorporates the following features:

- **Neutral setting**  
The Project provides a neutral setting, free of partiality, thereby ensuring objective and independent research.
- **Multiple viewpoints**  
Participants play an active role in the research and analysis, represent their own interests, and understand and assist in developing others' perspectives.
- **Analysis and results of alternatives**  
The Project provides research data, tools, and models for critical decision making.
- **Public distribution of research**  
Data used by this Project are publicly available. Research products become public domain information.

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## IV. Order Form for TIAP Papers

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Most of our recent publications are available for on-line viewing at <http://www.tiap.org/>.

To receive a paper copy, fill out this form and fax, mail, or e-mail your request to:

Carol Weinhaus  
Telecommunications Industries Analysis Project  
Meeting House Offices  
121 Mount Vernon Street  
Boston, MA 02108  
Phone: (617) 367-6909  
Fax: (617) 367-7127  
E-mail: [weinhaus@worldnet.att.net](mailto:weinhaus@worldnet.att.net)

Name \_\_\_\_\_ Title \_\_\_\_\_  
Company \_\_\_\_\_ Phone \_\_\_\_\_  
Address \_\_\_\_\_ Fax \_\_\_\_\_  
\_\_\_\_\_

### RESEARCH PAPERS

1997:

- Pick a Card: Cost Allocations and the Impact on Service Competition*
- Options for the Universal Service Fund*
- Revving up the Communications Economic Engine: Household Services, Monthly Bills, and Barriers to Competition*
- PCS Supplement to Cellular to PCS: A Wireless Primer*

1996:

- 1995 Calculated Interstate and Intrastate Revenues for the Proposed Universal Service Fund and Formats for Comparisons of Different Benchmarks*
- TIAP Questionnaire (1996)*
- Regulatory Wildcards: Unforeseen Impacts on Investment Decisions in Regulated Companies*
- A Snapshot in Time: LEC Switch Investment and Price Structures for Connections to the Switch Just before the Telecommunications Act of 1996*

1995:

- Cellular to PCS: A Wireless Primer*
- Overview of Universal Service*
- The Information Studio*
- Schools in Cyberspace: The Cost of Providing Broadband Services to Public Schools*
- Loop Dreams: The Price of Connection for Local Service Competition*
- Overview of New Technology Deployment Model: Broadband with Associated Depreciation and Overheads*

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## IV. Order Form for TIAP Papers, cont.

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1994:

- \_\_\_ *Abort, Retry, Fail? The Need for New Communications Policies*
- \_\_\_ *Redefining Universal Service: The Cost of Mandating the Deployment of New Technology in Rural Areas*
- \_\_\_ *Universal Service Tool Kit, Part 1: Getting From Here to There: Transitions for Restructuring Subsidies*
- \_\_\_ *Universal Service Tool Kit, Part 2: Beyond Cost Allocations: Benchmark Subsidy Method*
- \_\_\_ *Apples and Oranges: Differences between Various Subsidy Studies*
- \_\_\_ *Long-Term Restructuring Idea 1: Layering or Integrating Networks and Services*

1991-1993:

- \_\_\_ *Beyond Future Shock: The Need for a New Response to Technological Change*
- \_\_\_ *Breaking the Mold: Changing Policies to Meet Customer Needs*
- \_\_\_ *What is the Price of Universal Service? Impact of Deaveraging Nationwide Urban/Rural Rates*
- \_\_\_ *Square Pegs and Round Holes: Mismatches between Government Policies and Converging Communications Markets*
- \_\_\_ *Who Pays Whom? Cash Flow for Some Support Mechanisms and Potential Modeling of Alternative Telecommunications Policies*
- \_\_\_ *Technical Documentation of the Paradox Database: 1989 Nationwide Data Set, User Guide*
- \_\_\_ *Data Analysis Tool and Data Entry Forms: 1989 Nationwide Data Set, User Guide*
- \_\_\_ *New Technology Deployment Model: Broadband and Depreciation Models: 1989 Nationwide Data Set, User Guide*
- \_\_\_ *New Wine and Old Wineskins: Modeling Effects of Competition and Expanded Interconnection in the Local Exchange*
- \_\_\_ *Support Mechanisms: Issues and an Example of Potential Problems in the Future*
- \_\_\_ *Broadband Capable Network: Voice, Data, Video, and Graphics – Architecture and Modeling Assumptions*
- \_\_\_ *Current Status, Alternative Costing Methods Project: Examples of Modeling – Transport and Other Issues*
- \_\_\_ *Current Status, Alternative Costing Methods Project: Update on Modeling and Key Components of Technology Deployment Model*
- \_\_\_ *Interim Report of the Alternative Costing Methods Project: An Example of Modeling an Issue – Transport: Equal Charge for Equal Unit of Traffic*