

the CPUC regulated many aspects of the telecommunications service, mainly because the CPUC possessed the experience, expertise and regulatory framework to do so.

Earlier this century, a variety of telecommunications service providers began to offer telephone service through the use of VOIP. Through VOIP, providers could offer many more services than were available through the use of a landline-dependent telephone, such as text messages, email and web browsing. Crucially, VOIP telephone service does not require installation of a direct connection to a fixed location.

In 2012, the Legislature generally prohibited the CPUC, or any other state entity, from regulating VOIP service. (See SB 1161, (Padilla), Chapter 733, Statutes of 2012.) The bill asserted to goals of the prohibition:

- a) Preservation of the future of the internet by encouraging continued investment and technological advances and supporting continued consumer choice and access to innovative services that benefit California.
- b) Ensuring a vibrant and competitive open internet that allows California's technology businesses to continue to flourish and contribute to economic development throughout the state.

SB 1161's general prohibition expires on January 1, 2020.

At the time the Legislature passed SB 1161, there were 13 million landline telephones in California and over 4 million VOIP subscribers. Today, there are fewer than 6 million landlines in the state and over 8 million VOIP customers. (There are over 41 million wireless subscriptions in California, which are, for the most part, regulated by the federal government, not the state government.) The author views this increasing adoption of VOIP service, as well of the existence of popular and useful applications, such as WhatsApp, as evidence the state's generally hands-off regulatory approach is working. Opponents contend the increasing reliance of VOIP service make it an essential service and, therefore, in need of regulatory oversight. The author counter the Legislature, not the slow-moving, quasi-judicial CPUC, is the appropriate body to ensure VOIP consumers are protected.

Analysis Prepared by: Jay Dickenson / APPR. / (916) 319-2081