



## **The Time is Now to Change Telecom Rates PUCO decision on Wednesday should reflect market realities**

(COLUMBUS) – Overregulation of the telecommunications industry is currently holding Ohio’s economy back according to an analyst at The Buckeye Institute for Public Policy Solutions, a think tank based in Columbus. The Public Utilities Commission of Ohio is set to consider adjusting wholesale rates on Wednesday in a move that should help position the traditional wire-line telephone companies become effective competitors in an increasingly wireless market.

PUCO’s willingness to re-examine wholesale telephone rates has raised the ire of those companies using the wire network of pre-existing telephone companies such as SBC.

By setting prices for access to SBC’s lines artificially low, however, neither SBC nor its competitors have an incentive to make needed investments says Matthew Hisrich, The Buckeye Institute’s analyst on telecommunications policy.

“Efforts to subsidize competition have proven disastrous and are no longer relevant in today’s marketplace,” says Hisrich. “The era of monopoly telecom service is over. If SBC or any other company raises its prices too high, consumers have a host of options to choose from including wireless and voice-over internet.”

According to Hisrich, “Ohio currently has one of the lowest wholesale rates in the country. We’re falling behind the rest of the nation in terms of our telecommunications infrastructure. That makes us less competitive, and our whole economy suffers as a result.”

The Federal Communications Commission recently overturned the regulatory structure allowing for state utility commissions to set prices, and instead called on companies to negotiate prices amongst themselves. A letter released earlier this year and signed by all five FCC commissioners stated, “In the past, the Commission has been divided on these issues. Today, we come together with one voice to send a clear and unequivocal signal that the best interests of consumers are served by negotiation.”

“The FCC has made their position clear,” says Hisrich. “Telecom companies should be free to negotiate their own prices just as companies in every other sector of the economy. If the PUCO is unwilling to relinquish their price-setting authority and allow the market to flourish, the least they can do is set a rate that bears some resemblance to market prices.”

*To access The Buckeye Institute’s work on telecommunications issues, visit Telecom Policy in Ohio at:*

<http://www.buckeyeinstitute.org/telecompolicyinohio.htm>.

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