



The Status of Local Telephone Competition in South Carolina 2021 Annual Report

South Carolina
Office of Regulatory Staff



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OVERVIEW

- Status of competition in the local telephone exchange market
- Consumer complaints received and resolved by ORS
- Impact of changes in 2021

Introduction

South Carolina Code Ann. § 58-9-280 (G)(3) requires the South Carolina Office of Regulatory Staff (ORS) to compile information to monitor the status of local telephone competition in South Carolina. This information must be compiled and made available prior to May 15th of each year. To compile this information, the ORS requires all local exchange carriers (as defined in South Carolina Code Ann. § 58-9-10(12)) to report annually to the ORS the total number of access lines providing local exchange telecommunications services to an end user in South Carolina. Additionally, the ORS must maintain a copy of all written complaints received regarding the impact broadband services may be having on the Competitive Local Exchange Carrier (CLEC) market. The ORS has not received a specific written complaint related to how broadband service has impacted the CLEC market.

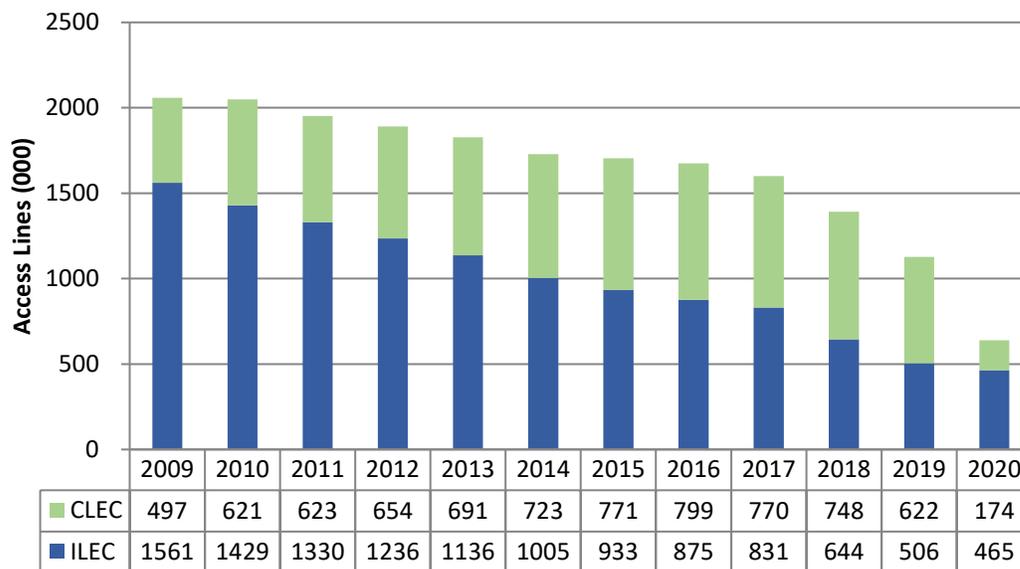
Today, most wired telephone service is delivered over a broadband connection to each consumer or business.

The ORS sourced information for South Carolina from reports compiled and published by the Federal Communications Commission (FCC) via Form 477, information reported to the ORS by the communication carriers in the 2021 Annual Report, and the 2021 South Carolina Universal Service Fund (SC USF) Worksheet.

Local Exchange Carriers

In 2021, Incumbent Local Exchange Carriers (ILEC) provided 465,000 access lines to businesses and residences in the state. CLECs provided approximately 174,000 access lines in the state. [Chart 1](#) illustrates the gradual decline in total wired access lines occurring since 2009 as more consumers migrate to services provided by Voice Over Internet Protocol (VoIP) Providers and Wireless Carriers.

Chart 1: Local Telephone Connections in South Carolina



Source: Local Telephone Competition Status as of Dec. 31, 2020, Issued by Industry Analysis and Technology Division of the FCC Wireline Competition Bureau, 2019 Annual Reports and 2020 USF

VoIP Providers

As of December 2021, the ORS recorded 189 registered VoIP providers serving subscribers in South Carolina. Some of these VoIP providers are certificated CLECs, and some are uncertificated providers of VoIP telephone service.

Wireless Carriers

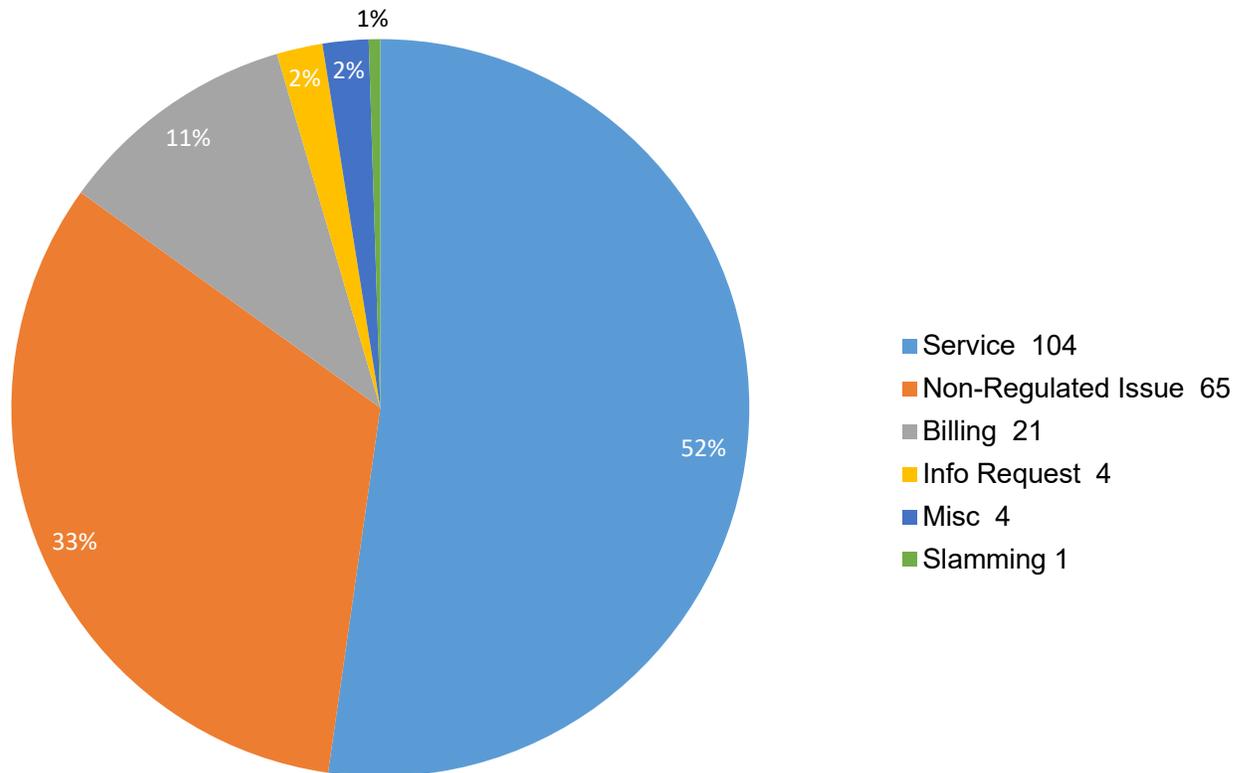
During 2021, three facilities-based, mobile wireless providers and another 62 registered wireless resellers were operating in South Carolina¹. The wireless companies provided service to nearly 5 million wireless subscribers as reported to the ORS.

ORS Consumer Services

The ORS tracks a wide range of consumer complaints related to regulated and non-regulated telecommunications services. Chart 2 depicts a breakdown of complaint calls received by the ORS during 2021. By far, the largest area of complaints in telecommunications relates to non-regulated aspects of the business (52%). Complaint areas within the ORS' regulatory purview are service quality (33%), billing (11%), information requested (2%), miscellaneous (2%), and slamming (0.005%).

¹ Communications Marketplace Report et al., GN Docket No 20-60 et al., Report, FCC-20-188 (rel. Dec. 31, 2020).

Chart 2: Consumer Services Department: Telecommunications Complaints by Type, Number & Percentage - 2021



Rural Digital Opportunity Fund

The Rural Digital Opportunity Fund (RDOF) is a grant program administered by the FCC to advance broadband infrastructure in the United States. On August 1, 2019, the FCC adopted a Notice of Proposed Rulemaking proposing to establish the \$20.4 billion Rural Digital Opportunity Fund to bring high-speed fixed broadband service to rural homes and small businesses that lack it.

On January 30, 2020, the FCC adopted the RDOF Report and Order, which establishes the framework for this program. The Phase I auction, which began

on October 29, 2020, and ended on November 25, 2020, awarded support to bring broadband to over five million homes and businesses in census blocks that were entirely unserved by voice and broadband with download speeds of at least 25 Mbps. Phase II, which has not been launched, will cover locations in partially served census blocks as well as locations not funded in Phase I.

RDOF recipients are required to receive Eligible Telecommunications Carrier (ETC) designation. As part of the RDOF, the following companies were designated as ETCs in South Carolina.

- Aiken Electric Cooperative, Inc.
- Carolina Connect Cooperative, Inc.
- Charter Fiberlink SC-CCO, LLC and Time Warner Cable Information Services (South Carolina), LLC
- Horry Telephone Cooperative, Inc.
- Palmetto Telephone Communications, LLC
- Sandhill Connexions, LLC.
- Starlink Services, LLC
- TriCoLink, Inc.
- WC Fiber, LLC

Notable Telecommunications Events of 2021

After the ORS completed a six-month effort in the latter half of 2020 to administer the federal Coronavirus, Aid, Relief, and Economic Security Act (CARES Act) funding, three initiatives – the Online Learning Initiative, Broadband Infrastructure Program, and Mapping and Planning efforts – resulted in more South Carolinians gaining access to reliable, high-speed broadband internet to enhance distance learning, telehealth, and other needs.

In the first half of 2021, prior to the official creation of the Broadband Office, broadband progress continued with an infrastructure grant program focusing on some of South Carolina's neediest counties and funded by a \$30 million allocation from the South Carolina Department of Commerce. The ORS issued Notices to Proceed to 18 internet service providers in 19 counties for almost \$30 million in projects to expand broadband availability in rural areas of need. The projects are scheduled to be completed by October 31, 2022. Additionally, the General Assembly allocated \$10 million to complete those projects that could not be finished by December 31, 2020.

The South Carolina General Assembly established the Broadband Office on July 1, 2021. It was the culmination of a year of intense and innovative work by many at the ORS, along with partnering agencies, broadband providers, and communities across the state. The Broadband Office serves as the central broadband planning body for South Carolina and coordinates with federal, state, regional, local, and private entities, to the extent practicable, to encourage the continued development of access to broadband. The Broadband Office also serves as a central resource to collect and publish information about state and federal programs to fund broadband expansion and helps maximize resources by coordinating with other state and federal programs.

The latter half of 2021 saw the Broadband Office in full operation and focusing much effort on remapping the state, building eligibility maps, formulating the state's broadband plan, and preparing for funding for broadband expansion related to American Recovery Plan Act (ARPA).

Conclusion

The pandemic brought to the forefront the realization that broadband and wireless services are no longer a luxury but a necessity and precipitated further abandonment of traditional local access lines. This trend is expected to continue; as a result, monitoring competition in the traditional local access line market is outdated.

The ORS anticipates that customers throughout the state will continue to transition from the use of traditional landline telecommunications services to VoIP and wireless voice services, and we expect the demand for broadband and broadband at higher speeds to increase. The ORS will continue to 1) monitor changes in the telecommunications industry and 2) prepare this report unless otherwise directed by the General Assembly.

As 2022 progresses, the ORS and the SC Broadband Office will be actively involved in the expansion of broadband infrastructure.