Office of the
Ohio Consumers' Counsel
Residential Utility Consumer Advocate

SENATE PUBLIC UTILITIES COMMITTEE

SB 162

Submitted by:
Janine L. Migden-Ostrander
Consumers' Counsel

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TESTIMONY OF
JANINE L. MIGDEN-OSTRANDER,
OHIO CONSUMERS' COUNSEL

I. INTRODUCTION

Good morning, Mr. Chairman and members of the committee. I am Janine Migden-Ostrander, the Ohio Consumers' Counsel. The Office of the Ohio Consumers' Counsel (OCC) is the statutory representative of Ohio's 4.5 million residential utility consumers, your constituents. I am here today to testify in opposition to Amended Substitute Senate Bill 162. My opposition is based on a simple principle: that the passage of legislation must be accompanied by a public benefit, a benefit to your constituents and the residential customers whose interests the General Assembly has directed the Office of the Ohio Consumers' Counsel to protect. If there is no benefit to Ohio consumers, there should be no legislation. Despite some changes from the bill as introduced, the amended bill still fails this test.[1] A vote for this amended bill is a vote to potentially increase your constituent's telephone bill three ways: $1.25 per year for basic local exchange service, paying for the costs of lifeline, and paying to make whole on a revenue neutral basis the ILECs that reduce their access charges.

Legislation should proceed from a demonstrated need. It is clear that virtually all of what is contained in Am. Sub. SB 162 could already be performed by the Public Utilities Commission of Ohio (PUCO) under its current regulatory regime. Thus as members of the legislature have recognized, this legislation is not necessary. And contrary to the statements of some of the telephone company witnesses, Ohio's telephone

[1] OCC received the amended substitute bill on Friday, December 4. This testimony attempts to note the key changes in the amendments.

regulation is not in the "dark ages"; beginning with HB 563 in 1989, the PUCO and the legislature have updated and revised Ohio's telephone laws and regulations numerous times in the past two decades, including most recently in 2001, 2005, and 2007. Under these revised and limited regulations, there is little to prevent the telephone companies or their affiliates from adapting to the convergence of services. In fact, the video franchising legislation of 2007 took a major step in that direction, by allowing statewide video franchises.

Under the PUCO's rules, the Incumbent Local Exchange Carriers (ILECs) already have total pricing freedom for bundled and packaged services, which constitutes the vast majority of competitive offerings for wireless and cable companies. Thus, the ILECs already have the pricing flexibility to compete against companies that offer similar telecommunication services. The amended bill, however, would allow ILECs to raise their monthly rates for stand-alone basic service (or "BLES," basic dial tone with no bells or whistles) by $1.25, every year, without a showing that consumers of stand-alone basic service have competitively priced alternatives available to them for that basic service.[2] Therefore, Ohioans in many rural areas, where cell service is poor, and broadband access is limited, may not have another option besides landline telephone service – and their telephone rates will now be able to increase every year, without providing them any option. A study, cited by Am. Sub. SB 162's proponents, looked at the results of telephone deregulation in Texas. This study shows that consumers who have little or no choice for service could be pushed onto higher-priced packages that include services they

[2] The amended substitute bill has removed the specific dollar amount from the statutory language, instead referring to a PUCO rule that the bill requires to be rescinded. Nonetheless, the increase amount is $1.25 per month each year.

neither want nor need.[3] The Texas study also indicates that three years after their deregulation effort, there is still no competition for stand-alone basic service.

Am. Sub. SB 162 provides no public benefit: it allows increased rates, reduces consumer protections, permits reductions in service quality and weakens Lifeline programs (although not quite as much as the introduced bill), which would harm consumers. It allows the creation of a deregulated monopoly for basic telephone service in some areas.

This amended telephone deregulation bill represents a wish list for the incumbent telephone companies. And, despite the ILECs' promises that the amended bill will bring jobs and broadband investment to Ohio, it contains no such guarantees. Am. Sub. SB 162 does not require a commitment for further broadband deployment nor does it guarantee any other investment or job creation in Ohio. The so-called "modernization" is a nothing more than a euphemism for largely unfettered deregulation. Updating the Revised Code to take out the word "telegraph" has been cited frequently as such a "modernization." If that was all this legislation did, I would not be standing before you opposing the amended bill. Further, the rationales provided for passing this legislation do not match up with the content of the legislation. In fact, this amended bill still does not specifically address the concerns the telephone industry has raised with respect to the need for this legislation. A quick examination of the ILECs' six major arguments follows:

1. **Myth # 1 – This legislation is needed because ILECs are losing landlines every year to competition.** While it is true that ILECs are losing landlines, it is false that this legislation will stop that from happening. Nowhere in their

[3] See http://www.puc.state.tx.us/telecomm/reports/scope/index.cfm.

testimony do the ILECs explain how this legislation will help deter this loss. In fact, if anything, this legislation will *accelerate* the ILECs' loss of landline customers because it will allow the ILECs to increase basic service rates, making them **less**, not more attractive to consumers. In addition, where consumers have no comparably priced alternatives for the ILECs' basic service, the ILECs will be able to exercise unregulated monopoly power by raising rates with impunity. Also worth noting is that much of the competition the ILECs complain about comes from their own affiliates who operate wireless and broadband services. This merely transfers dollars from one pocket to another. The fact remains that people's lifestyles are changing, and by virtue of this, ILECs will probably continue to lose landline customers, with or without this legislation.

2. **Myth #2 - This legislation is needed in order to compete.** In a robust marketplace, where competition thrives, businesses will lower – not raise – their prices in order to compete. In fact, AT&T Ohio's former president, Connie Browning, stated in her testimony in support of SB 117, the video franchise bill, "It's common sense that competition will hold or reduce prices." If companies can raise their rates without fear of losing customers, this is a sign of market failure.

   Further, any notion that ILECs' basic service rates need to be raised in order to make their service territories more susceptible to competitive entry is misplaced. Competition should benefit consumers. But making consumers pay more on the speculation that competition **might** develop at **some** point in the future if rates are increased does not benefit consumers – especially in tough economic times.

3. **Myth #3 – Freeing the ILECs from regulation will allow the ILECs to invest more in new technology and create jobs in Ohio.** This is the same promise we heard when the ILECs were granted elective alternative regulation by the PUCO after 2001, and again when they were granted legislative authority to apply for deregulation of basic local exchange service in 2005. However, they have failed to deliver on their promises in the past. Based on reports submitted by the ILECs to the PUCO, the number of employees has not increased but in fact has declined by at least 25% across the largest companies. Now the ILECs are once again before you requesting deregulation of the final sliver of regulated service and are making pie-in-the-sky promises with no guarantee or commitment. None of the ILECs has come forth with a concrete plan or commitment to bring ILEC jobs to Ohio. Further, if the ILECs were committed to investing in this state, why have none but a few small ILECs applied for federal stimulus dollars that could help offset the costs of broadband expansion that will eventually be borne by consumers, *if* they decide to expand broadband in Ohio? Finally, absent federal funding – which they did not seek – any investment in broadband by them will most likely not be made unless there is a good business case to support it. And if there is a good business case to support it, they will do it with or without this legislation.

4. **Myth # 4 – ILECs need less regulation in order to level the playing field.** Whether and how to levelize the playing field is a point of conjecture. Each side – the ILECs and their competitors – claims the other has an unfair advantage. But if the playing field must be levelized, why must this be accomplished on the backs

of consumers? Why is it assumed that we must lower protections to the lowest common denominator instead of reaching for a higher level and raising the bar for all? If a level playing field was all the ILECs were after, why do they seek legislation that would give them a competitive advantage? As will be discussed, this legislation removes or weakens many well-conceived, necessary protections for consumers and replaces them with a few weak statutes with major loopholes. That is it. Under this legislation, the Consumers Sales Practices Act would continue to **exempt** the ILECs telephone service while it would apply to their competitors in the wireless and VoIP industry.

5. **Myth # 5 -The cost of regulation is too burdensome.** Ohio's regulations have been pared down more and more each year as more and more services are deregulated. And, the minimal cost associated with Ohio's essential consumer protections is a drop in the bucket compared to Ohio's telephone companies' profits. In an economy where the average household has seen its hard-earned savings dwindle down due to negative returns and at best very modest single digit returns, the major ILECs boast healthy five year average returns on equity with the lowest being 11.49%. (See Appendix A, which gives this and other ILEC-specific information.) And these returns include the current costs of minimal regulation. Further, none of the ILECs have actually quantified the costs of regulation they consider to be so burdensome, other than a few anecdotal examples.

   To put this in a different perspective, under SB 221, the electric re-regulation bill, the Commission was charged with determining what level of earnings would

represent "significantly excess earnings." In the Duke case – the only case for which such a determination has been made so far – the threshold was set at 15%. Under this test, only one of the seven largest ILECs would be deemed to *not* have significantly excess earnings. Yet, the ILECs now ask you to repeal years of consumer protections so that they can retain even more profits.

6. **Myth # 6 – It's okay to minimize and/or eliminate consumer protections because, in order to compete, the ILECs will be attentive to their customers' needs anyway**. If companies will be responsive to customers' needs, then why are the ILECs insistent on eliminating the PUCO's Minimum Telephone Service Standards (MTSS)? The MTSS provides a bottom line for basic consumer protections. The ILECs proposed in the original version of the bill to increase customer deposits, prolong the time required to restore or reconnect basic telephone service and do away with automatic customer credits. Thankfully, the amendment returns some of these protections, however, it still does not require these protections for customers of bundles and packages. In 2007, when the PUCO adopted a less stringent MTSS, the PUCO characterized the standards as "from a consumer protection standpoint, only those standards necessary to ensure minimum adequate service."[4] If the ILECs' intent is to maintain the same level of service as they currently provide, rather than to let service levels deteriorate, then they should not object to leaving the MTSS as is.

To understand the negative consequences of the amended bill, it is important to note that nearly all telephone services are already price-deregulated, under current law and PUCO rules. (See Appendix B for a list of deregulated services.) The amended bill

[4] PUCO Case No. 05-1102, Opinion and Order (February 7, 2007), p. 5.

addresses the last bastion of existing price regulation – basic service – which is dial tone service with no bells or whistles. It is the kind of service relied on by many elderly people, who don't want any extra features or bundled service. And it is the kind of service that moderate income customers who are not eligible for lifeline rely on because it provides a needed service at an affordable price. For example, AT&T's current basic service costs $14.25 when purchased by itself. AT&T's next least costly option – which is a bundled package, with a price that AT&T can raise anytime it so chooses, is the "Complete Choice Basic" package consisting of unlimited local calling, caller ID with name, and call waiting, that costs $23 per month, 61% per month more than basic service. Competitors tend to provide services in packages and bundles for residential customers, so AT&T's stand-alone basic service is in this sense is one-of-a-kind offer, and an essential service for many Ohioans. Allowing annual increases of $1.25 per month for basic service will make it more difficult for many customers to budget for this necessity. Telephone service is a necessity and can be a vital link to the outside world. Affordable options must therefore be retained.

II. RATE INCREASES AND TELEPHONE COMPETITION IN OHIO

There are two ways to protect consumers from unjust price increases. One is competition where businesses fight to obtain and retain customers; the other is regulation. Of course, even where there is competition, consumers still need basic protections. Take for example the airline industry, or gas and electric, or even the banking industry. All of these deregulated industries still have basic laws or regulations that govern the minimum standards they must meet in order to serve their customers. The PUCO has recognized need for the telephone industry in their MTSS proceeding; the consumer protection

provisions of the MTSS apply to competitive local exchange carriers as well as ILECs. Notably, this bill, even as amended, removes most of those protections from increasingly popular bundles and packages of services. This will be discussed in more detail further in my testimony.

Incumbent telephone companies remain dominant in their service territories. The telephone industry claims that incumbent carriers account for only about 30% of Ohio's access lines. But this tells only part of the story. The largest "competitors" to incumbent carriers – cell phone providers – do not compete with the incumbent's basic service. Instead, for most people, cell phone providers provide additional phone service – a mobile service that complements, but generally does not replace, the incumbent's basic service. Although as many as 20% of residential customers now use wireless exclusively, that means that at least 80% of residential customers still rely on landline service. Most of that landline voice service still comes from telephone companies; and, virtually all of the stand-alone basic service in Ohio is provided by the incumbent telephone companies. This means that although the Commission has held that these services are competitive, in reality, basic service remains a virtual monopoly and customers need regulatory protection. Whether it is elderly Ohioans who may not want a cell phone, or a low-income Ohioan who may not be able to afford the bells or whistles of bundled packages, or a rural Ohioan who may not have another option besides a landline, basic standard telephone service is a unique and essential service, even in our modern world. The customers of this basic service deserve basic consumer protections, and affordable telephone rates.

This is shown in the PUCO's proceedings regarding basic service alternative regulation. Just four years ago, the telephone industry gained the ability to raise basic service rates upon a showing that their basic service is subject to competition or there are reasonably available alternatives for the service, and there are no barriers to entry for competitors. In order to make this showing under the PUCO's rules, companies have only had to show, for example, that they have lost at least 15% of their access lines and have at least five competitors (including wireless carriers and cable companies that provide telephone service) in any part of an exchange, with no showing of how many customers the competitors have. Only AT&T Ohio has tried to make a broad showing that it meets these requirements (relying as competition on companies that provide bundled services – not basic service). Even then, in a great number of exchanges, AT&T Ohio has barely met the PUCO's requirements. Cincinnati Bell has received this authority for 6 of its 12 exchanges; Verizon has received this authority for 21 of its 244 exchanges; and Embarq has received the authority for 38 of its 164 exchanges (see Appendix C.) Thus out of the 674 exchanges of the large ILECs, the ILECs have asked for and received this authority in 241 exchanges, or just over one-third; they haven't even asked in the rest of the exchanges.[5] Thus, in the majority of Ohio exchanges, the incumbent has not even attempted to show it is not still the dominant carrier.

Another aspect of the competitive picture is that the two largest wireless carriers in Ohio – AT&T and Verizon – are affiliated with the largest incumbent telephone companies in Ohio. Thus, in many cases the largest incumbent carriers have "lost"

[5] In fact, in its most recent case involving sixteen rural exchanges, AT&T Ohio originally admitted that it did not meet the PUCO's criteria for basic service alternative regulation, and therefore has proposed its own test to show that competition exists, which is allowed under the PUCO's rules. In a supplement filed by AT&T in this case, AT&T now claims that four of the sixteen exchanges now meet one of the PUCO's criteria.

customers to their own affiliate. This is not real competition, just a shifting of revenues within these large companies.

Despite the loss of access lines experienced by the incumbent telephone companies, and the so-called "burdensome cost of regulation," they remain in very good financial shape. According to its annual reports submitted to the PUCO, AT&T Ohio, the lowest-performing large incumbent, earned a healthy 12.45% return on equity for its shareholder in 2008, with a 5-year average of 11.49%. I am sure we would all like to earn that sort of return on our investments. The other carriers have even higher returns. (See Appendix A for the returns earned by the large telephone companies.) Incidentally, Cincinnati Bell has raised its basic service rates three times in the last three years, despite arguing in the PUCO rulemaking that competition would prevent such increases. (See Appendix D.) Where is the competition that Cincinnati Bell argued would be restraining its basic service prices?

On a related matter, under Am. Sub. SB 162, the telephone companies would no longer have to submit the information that shows these high earnings and other information shown in Appendix A. This will reduce transparency and accountability and devolve into little if any regulatory oversight for a service most Ohioans today consider as a necessity. Ohio's regulated gas and electric companies, which are also in competitive industries, are still required to submit such information to the PUCO.

It is illogical that in order to compete, the telephone companies need the freedom to increase the price for basic service. One of the benefits of increased competition is supposed to be **decreases** in prices.[6] The fact that companies want to increase prices for

[6] Interestingly, while the public interest benefit in deregulation might be to assume that the purpose is to provide lower rates and more choices, in response to a question by Senator Ray Miller asking about lower

the most basic service, as Cincinnati Bell has already done, shows a lack of adequate competition for this service, because if there was real competition, they would not have been able to raise rates *three* times in *three* years.

Under current PUCO rules, adopted in 2001, telephone companies are able to establish "market-based" rates for almost all services other than basic service. All of the large Ohio telephone companies – and a number of the smaller companies -- are now under this "elective alternative regulation" regime. This pricing flexibility – which was justified under the banner of "competition" – has led to many, many rate increases, and few decreases. For example, AT&T, our largest telephone company, has raised rates for various services 198 times since 2003, with 47 services being raised more than once, and 48 services receiving rate increases of 30% or more. Appendix A shows details of the rate increases for each of Ohio's large telephone companies, showing a total of 663 rate increases compared to 20 decreases. Thus, there is a questionably competitive market for these non-basic services, given the number and magnitude of the increases. Nor is there any reason to believe that these increases will not continue to occur, especially in exchanges where the incumbents enjoy a monopoly privilege.

By permitting all incumbent telephone companies in Ohio to charge consumers more for basic service without a showing of effective competition, the proposed legislation would allow unfair increases in basic service rates. Consumers will wind up paying more for basic service without a guarantee that there are alternative services available at comparable rates. The proponents of the amended bill have not addressed the inequity of allowing rate increases and decreased consumer protections where customers

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rates for customers, proponent witness Tom Giovanetti indicated that the impetus for deregulation was increasing profits, not lowering rates.

do not have adequate alternatives. There are areas in Ohio that do not have wireless coverage and have no broadband coverage. What are the alternatives for these customers? Especially given these difficult economic times, consumers should not be faced with higher telephone rates, with few or no comparably priced services to turn to.

Under the amended bill, not only would the ILECs have the unlimited ability they enjoy today to increase prices for all services other than stand-alone basic service, including bundles of services that include basic service, the amended bill would allow increases to basic service without a showing of competition, or cost justification, or need. (Appendix A shows the impact on all of the large companies' rates of such increases.)

The amended bill would also result in other increases in rates. It would allow the incremental costs of the so-called "enhanced" Lifeline program – that uses the maximum amount of federal Lifeline assistance – to be passed directly on to the company's non-Lifeline customers in the form of a surcharge, if the PUCO approves. Under the current enhanced Lifeline program, these costs are recovered as part of the price for basic or bundled services. While rates will go up to recover Lifeline costs , the amended bill does not include a reduction in the basic or bundled rates to offset the addition of a new Lifeline charge. The amended bill allows the PUCO to approve the method of recovery, but does not provide for review of the amounts to be recovered.

Am. Sub. SB 162 also requires the PUCO to offset any decreases it orders in the access charges that long-distance companies pay the local companies for access to the local companies' lines with a dollar-for-dollar or "revenue-neutral" replacement. This is precisely the sort of revenue replacement that a truly competitive company could not be expected to receive. In fact, although the proponents speak of the level playing field and

parity this amended bill would achieve, the replacement of access charge reductions equates to special treatment only for the ILECs, thus "unleveling" the playing field. The amended bill would reduce regulations on the ILECs in order to achieve parity with other providers, while at the same time adding something that only benefit those ILECs and not the other providers. That is not achieving parity or a level playing field. Other communications providers have no such guarantees of revenue recovery.

III. RATE INCREASES WITHOUT A BROADBAND COMMITMENT

Telephone companies would gain regulatory freedom under the amended bill without making a single commitment regarding improving infrastructure, providing advanced services, or creating or even maintaining jobs in Ohio. Other states that have deregulated their telephone industry have done this. Requiring further broadband deployment would provide a public benefit in exchange for telephone companies making increased profits from raising their rates. Deploying broadband in rural areas is a national and state effort. OCC has been a participant on the Ohio Broadband Council created by Governor Strickland, and fully supports expanding broadband opportunities to all Ohioans. But despite the claim of the Ohio Telecom Association that broadband reaches 95% of homes in Ohio, for some carriers that number is much, much lower.[7] On a geographic basis, only 63% of the state of Ohio has access to broadband. That means that in 37% of geographic area of Ohio, consumers do not have access to broadband.[8] In addition, according to data compiled by Connect Ohio and several state agencies, there

[7] Individual companies' broadband availability numbers are asserted to be proprietary.
[8] Obtained from letter from Governor Ted Strickland to the U.S. Department of Commerce dated October 14, 2009 regarding Ohio's recommendations concerning applications for federal broadband stimulus dollars.

are several counties in Ohio where broadband availability is less than 60% (see Appendix E).

Ohio has an opportunity to be in the lead and gain the benefits of further broadband deployment including economic development, job creation, and providing customers with the opportunities that accompany broadband availability. Nevertheless, the amended bill includes no commitment for telephone companies to invest in broadband facilities in exchange for further deregulation.

And despite the claims of the proponents to the contrary, there has been no showing from Ohio or other states that deregulation of telephone service actually leads to jobs or investment. The investments cited in proponent testimony were in video service, which resulted from statewide video franchising, which we already have in Ohio. Other examples of investments and job creation were in the wireless industry.

In fact, since December 2001, when Ohio's large telephone companies were granted alternative regulation for most of their services, most have not substantially increased their investment in Ohio. Employee levels have declined for all of the large companies during this time, as shown on Appendix A. (These may be contributing factors for the high returns I referred to earlier.) However, what deregulation of those services has clearly done is to harm consumers by allowing ILECs the virtually unlimited ability to increase non-basic service rates. As Appendix A shows, the increases have been continual and significant.

IV. SIGNIFICANT REDUCTIONS IN CONSUMER PROTECTION

The amended bill also provides telephone consumers less protection than is now available through the PUCO's Minimum Telephone Service Standards or customers in

other industries including wireless, cable and internet services in the Consumer Sales Practices Act. Appendix F shows a detailed comparison between the Ohio's current consumer protections and the minimal standards codified in the amended bill.

One of the most significant, and extremely concerning, changes in the amended bill is that none of the remaining MTSS-type protections will apply to consumers who that receive packages of telephone services, or bundles of telecommunications services. The standards for service outages, connection, disconnection and reconnection of service, and warm line which currently apply generally to all telephone service customers, now will apply only to Ohioans who use stand-alone basic service. Bundles of service that include basic service and caller ID, call waiting, and so on, that are subscribed to by many, many customers, have absolutely no MTSS-like consumer protections under the amended bill.[9]

Below, I have detailed the most important consumer protections, and how the amended bill either minimizes, or completely eliminates them. (See Appendix F for an easy to follow comparison chart of these basic consumer protections.)

Service Problems And Automatic Credits

Among other things, the PUCO currently requires that all telephone service outages be repaired within 24 hours, and that customers automatically receive a credit of one month's service if the outage lasts 72 hours or more. This gives the companies a strong incentive to restore service quickly. The amended bill would allow telephone companies to take 72 hours to repair a customer's basic service. The amended bill would

[9] It was not clear under the bill, as introduced, whether if a customer subscribed to basic service and another service such as caller ID, priced separately, the customer protections would apply. Am. Sub. SB 162 adds a definition of "bundles and packages" that ensures that where the services are purchased separately, basic service remains protected.

allow a credit for service not repaired within 72 hours, but the customer would have to know to request the credit.

By contrast, the PUCO's current rules provide for automatic credits in varying amounts for failure to repair service, missing a repair appointment, not timely installing service, and missing installation appointments. Under the amended bill, except for service interruptions of more than 72 hours, the PUCO is still forbidden from ordering a credit without the filing of a formal complaint by a consumer. Additionally, if the customer subscribes to a bundle of services, there is no standard in the law for when an outage must be repaired and no credit. Likewise, bundles and packages of services are not subject to the other protections currently in PUCO rules.

For other than out-of-service conditions, assuming that a customer even knows about seeking a credit, the customer would have to try to negotiate with the ILEC or CLEC, but with no PUCO rules to use as leverage in such a negotiation. If the negotiation failed, the customer's only recourse would be to file a complaint at the PUCO and go through a formal hearing process here in Columbus in order to possibly receive a $15 to $40 credit. This process is described in the proposed Section 4927.18 and is required to occur before the PUCO may order a credit to be given to the customer. The sheer inconvenience of having to travel to Columbus for a hearing, lose a day at work, and pay for gas and parking, virtually guarantees that except in limited cases, customers won't endure this process and the telephone companies will not be required to give credits for missed service, at the expense of Ohio's consumers.

Transparency And Disclosure

Further, under the amended bill, telephone companies need only be "truthful, clear, conspicuous, and accurate" in disclosing material terms of service **where it is "practicable."** This is far less consumer protective than the disclosures required by the PUCO's minimum telephone standards, which go beyond a "don't lie, cheat or steal" admonition (as the amended bill's standards have been described). It replaces requirements for disclosure with a subjective determination by the ILECs as to what is practicable for them. Moreover, the amended bill's limitation on what constitutes a fraudulent or deceptive act provides consumers less protection than the current PUCO rules or the Consumer Sales Practices Act. The proposed legislation leaves consumers with a sort of CSPA-lite, where they will still have to come to Columbus to seek relief, rather than being able to sue the telephone companies in local courts, including small claims court. These weakened standards apply to bundles of service as well as stand-alone basic service.

Deposits To Initiate Service

We appreciate the amended bill's change that returns the maximum security deposit requirement to 230% of an average monthly bill. However, the amended bill would still give telephone companies unfettered discretion in requiring a deposit. Thus, it would be more difficult for new low to moderate income customers to establish service. (It should be noted that the statutory requirement for deposits for gas and electric customers is 130%). But again, the limits in the amended bill still apply only to stand-alone basic service; a company would be allowed to set deposits at will as a condition of initiating a bundled service.

Disconnection And Reconnection

The amended bill also still provides consumers less protection regarding disconnection and reconnection of service. The PUCO's Minimum Telephone Service Standards currently require a written disconnection notice. But the proposed legislation does not specify that disconnection notices must be in writing, thereby potentially resulting in "he said – she said" situations regarding whether notice was given at all or whether it was received.[10] The amended bill does add a provision that the due date on the bill cannot be less than 14 days after the bill is sent. This is an important improvement over the bill as introduced. In addition, the current PUCO rules require that, once a customer who has been disconnected for nonpayment makes payment in full with the company, the customer's service must be reconnected by the next business day. The amended bill would still give telephone companies three days to reconnect service even after payment in full of the amounts owed. And where payment arrangements have been made, there is still no requirement for when reconnection has to occur, meaning that customers could be without service for substantial periods of time, even after arranging payment. Again, even these minimal reconnection standards in the amended bill would not apply to bundled service.

Notably, PUCO rules for electric and gas service contain provisions similar to the MTSS, despite the deregulatory efforts that have occurred for those industries. These protections apply both to the continued monopoly providers of gas and electric distribution services, as well as to the competitive suppliers of gas and electricity.

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[10] One can imagine all sorts of scenarios, such as a notice left on an answering machine that the kids erase before the parent hears it, etc. A written notice provides a higher probability that the recipient will in fact receive it and also provides a record of compliance with the rules.

It is true that customers of wireless service and Voice over Internet Protocol service currently have less protection than under the PUCO's Minimum Telephone Service Standards. Wireless service, like cable TV service, is continually on the lists of services about which customers have the most complaints (see Appendix H); this is hardly a goal that we should aspire to for telephone companies. We submit that the answer to this problem is NOT to eliminate or reduce the protections for customers of the incumbent telephone companies. The approach in the amended bill would allow telephone service to sink to the lowest common denominator, creating a "race to the bottom." This would harm consumers.

Other Consumer Protection Issues

Although we continue to object to the diminished levels of consumer protections included in the bill, even as amended, we are gratified that the amended bill specifies that OCC contact information will be on all residential telephone company bills and disconnection notices (and PUCO contact information will be on all bills and disconnection notices.) This will allow us to continue our work, as specified by the General Assembly, to protect and advocate for telephone company customers.

As I have noted, most of the changes in the Am. Sub. Bill in 4927.08 are improvements over what was in the bill as introduced, but there are still major issues of concern. First, Am. Sub. SB 162 adds a provision that allows the PUCO to grant the telephone companies waivers of even these minimal standards that will be incorporated into statute. These standards are so minimal that there should be no waivers allowed. Conversely, the amended bill prohibits the adoption of any new service rules for basic service. This prohibits the PUCO from adapting to unforeseen future changes and

customer needs with regard to basic service; the ability to adapt to such future changes should not be foreclosed. (Notably, even the CSPA-lite provisions of the amended bill allow the PUCO to adopt rules to address unanticipated telephone company marketing abuses.)

The amended bill requires telephone companies that withdraw service to give the PUCO and its customers 30 days notice. In order to provide the best customer service possible to customers when they call our hotline, OCC should also get notice of any service withdrawals. Likewise, the amended bill requires 30 days notice to the PUCO and telephone companies' customers of increases to basic service rates and OCC should also receive such notice.

Mergers

One of our major concerns with SB 162, as introduced, was the weakening of the law's provisions for review of telephone company mergers. Am. Sub. SB 162 restores the protections of the current statute. We appreciate that.

V. HARM TO THE LIFELINE PROGRAM

In addition to all the harm noted above, low-income consumers would also suffer in additional ways if the proposed legislation is passed. We appreciate Senator Buehrer's efforts to restore the broader lifeline eligibility requirements in the amended bill, but we still have concerns about the lifeline program.

Under the current enhanced Lifeline program, Lifeline customers are protected against increases in their rates for basic service. The amended bill would strip away that protection.

Am. Sub. SB 162's Lifeline proposal would also change advertising of Lifeline programs as presently required under the PUCO's rules, allowing companies the discretion to decide how much or how little marketing they would like to do. This would potentially do away with the Lifeline advisory boards that are included in the current PUCO programs.

Prior testimony described the changes to the Lifeline program as an expansion. This "expansion" is for companies that serve less than 30,000 out of Ohio's four million access lines. In fact, those companies currently have only approximately 500 Lifeline customers. Therefore, very few customers would benefit from expanding lifeline under the amended bill to all Ohio ILECs.

And, as I noted previously, the amended bill would allow the costs of the Lifeline program that are now embedded in other rates to be passed along to other consumers without requiring a reduction in other rates. Additionally, the amended bill, although requiring PUCO approval of the method of recovery, apparently does not allow PUCO oversight of the actual costs imposed.

VI. SERVICE QUALITY AND JOBS

This proposed legislation has been presented as a "jobs and investment" bill. As I have discussed, however, the track record on jobs under the current deregulation is not good – all the large companies have cut employees. There is no reason to believe that under the amended bill, things would be any different. In fact, under the lowered service quality allowed even under the amended bill, there is every reason to believe that the companies might take the opportunity to further cut the employees who are needed to maintain service levels under the current regulations. This was an unintended

consequence of electric deregulation where distribution companies decreased their maintenance crews in order to maximize shareholder profits. As a result, extended outages, that were rare prior to deregulation, have become more frequent.

VI. CONCLUSION

In this testimony, I have touched only on the major concerns we have with the amended bill. There are many other problems with this very broad bill, including the carrier-of-last-resort provisions and the limitations on the annual reports submitted by telephone companies, among others. Appendix I contains an updated list of these concerns and OCC's recommendations for dealing with these issues.

In conclusion, Am. Sub. SB 162, as proposed, offers nothing for consumers. Consumers would pay more and be offered less protection, with nothing in return. For these reasons, and others, OCC urges the Ohio Senate to reject Am. Sub. SB 162.

APPENDIX A

LARGE INCUMBENT TELEPHONE COMPANIES
COMPANY-SPECIFIC DATA

Ohio Telephone Companies - Increasing Rates

Compiled by: Office of the Ohio Consumers' Counsel

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Ohio Consumers' Counsel
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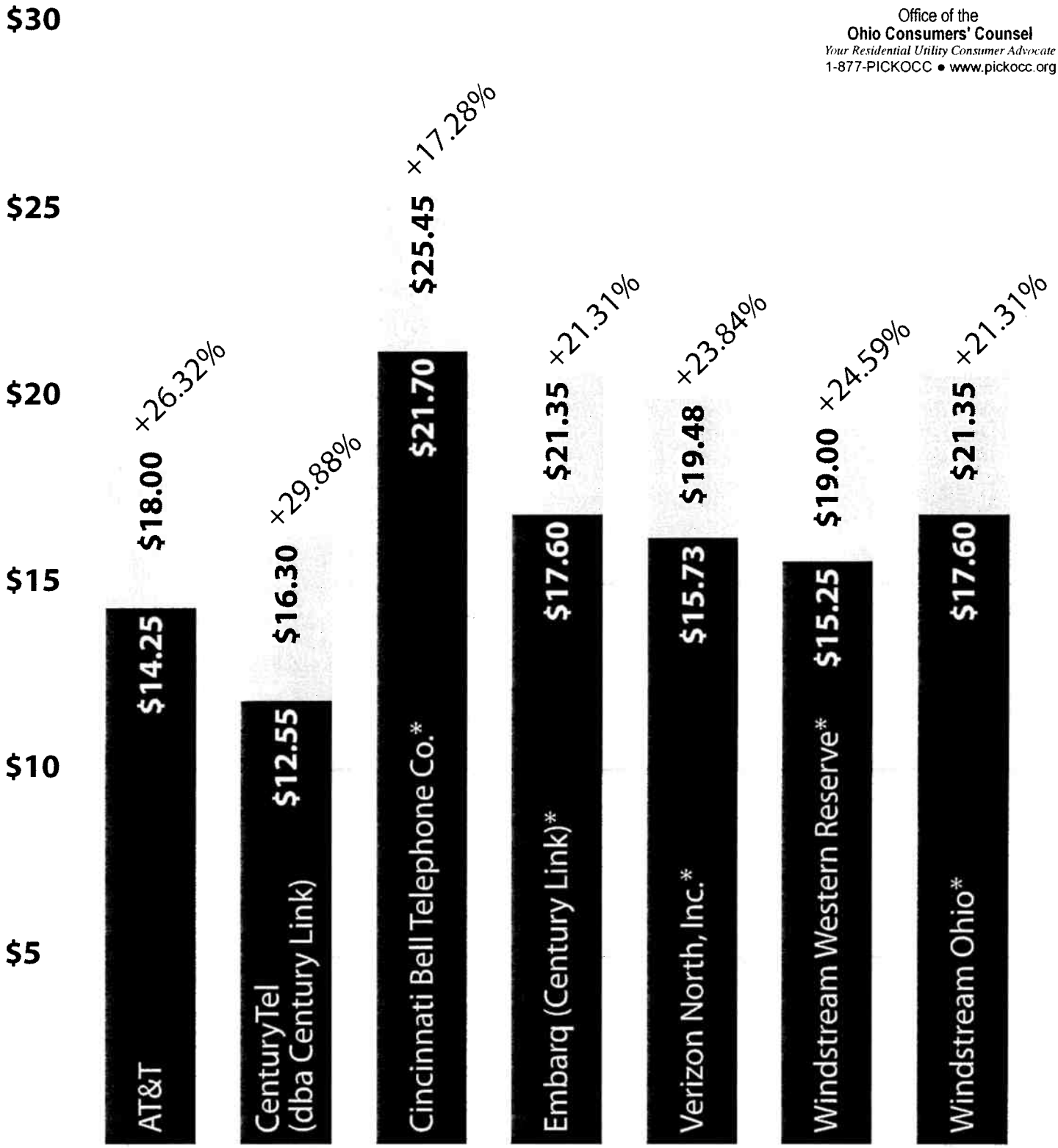


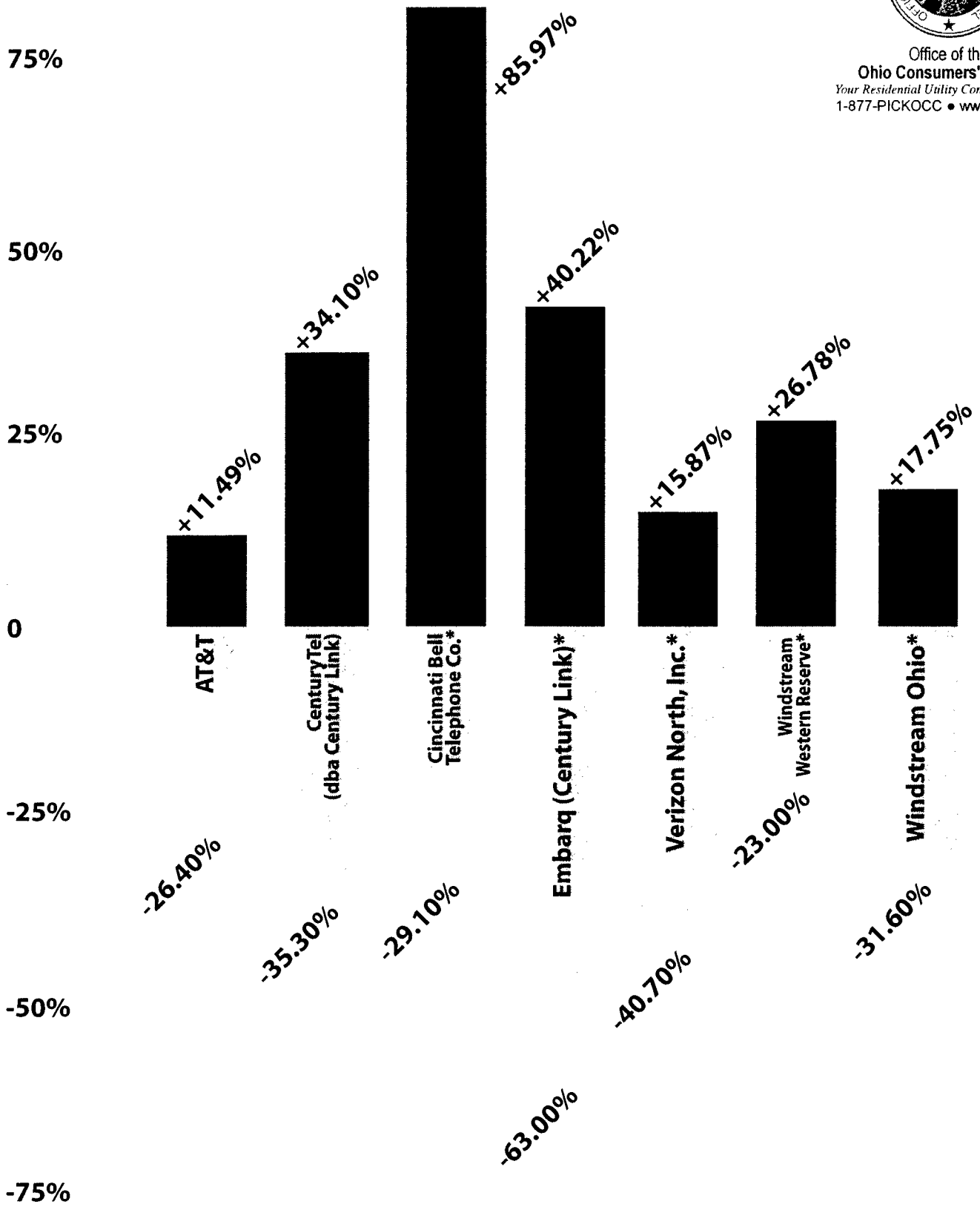
Current Rates **If a +$1.25 increase for 3 Years**

SOURCE: Data available from The Public Utilities Commission of Ohio (PUCO)

** Some customers served by this company may have slightly lower rates, based upon their service territory.*

Ohio Telephone Companies
Return on Equity (5 yr. avg.) vs Change in Employee Count (2002-2008)

Compiled by: Office of the Ohio Consumers' Counsel



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Return on Equity (5 Year Avg.) | Change in Employee Count (2002-2008)

SOURCE: Data available from The Public Utilities Commission of Ohio (PUCO)

** Some customers served by this company may have slightly lower rates, based upon their service territory.*

AT&T Ohio

Basic Local Exchange Service (BLES) (current rate)	$14.25
If increased $1.25 for three years	$18.00
Percent Increase	26.32%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	11.49%	12.45%	11.07%	12.15%	12.38%	9.38%

Percent change in Employee count from 2002 to 2008	-26.40%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 01/06/03) For example: Call Waiting, Local Directory Assistance-Direct Dialed, Caller ID w/Name	198
Number of services in which the rate was increased multiple times since approval of the EARP Plan a) Includes 11 services that have been Grandfathered (i.e., no longer available for new installation)	47
Services in which the rate increased 30% or greater since approval of the EARP Plan (includes various services that had a 30% or greater increase one or more times)	48
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 01/06/03)	7

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

CenturyTel (dba CenturyLink)

Basic Local Exchange Service (BLES) (current rate)	$12.55
If increased $1.25 for three years	$16.30
Percent Increase	29.88%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	34.10%	37.53%	47.34%	28.27%	31.75%	25.59%

Percent change in Employee count from 2003 to 2008	-36.80%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 03/02/04) For example: Local Directory Assistance, Caller ID Name & Number, Three-way Calling	37
Number of services in which the rate was increased multiple times since approval of the EARP Plan	0
Services in which the rate increased 30% or greater since approval of the EARP Plan	2
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 03/02/04)	3

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

Cincinnati Bell Telephone Company

Basic Local Exchange Service (BLES) (current rate)	$16.95 - $21.70
If increased $1.25 for three years	$20.70 - $25.45
Percent Increase	17.28% - 22.12%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	85.97%	147.25%	89.62%	74.58%	62.01%	56.37%

Percent change in Employee count from 2001 to 2008	-29.10%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 07/01/04) For example: Local Directory Assistance-Direct Dialed, Caller ID, Three-way Calling	72
Number of services in which the rate was increased multiple times since approval of the EARP Plan	4
Services in which the rate increased 30% or greater since approval of the EARP Plan	13
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 07/01/04)	1

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

Embarq (dba CenturyLink)

Basic Local Exchange Service (BLES) (current rate)	$13.30 - $17.60
If increased $1.25 for three years	$17.05 - $21.35
Percent Increase	21.31% - 28.20%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	40.22%	54.72%	42.58%	41.55%	31.68%	30.58%

Percent change in Employee count from 2001 to 2008	-63.00%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (approved 10/04/02) For example: Three-way Calling, Caller ID w/Name, Directory Assistance	115
Number of services in which the rate was increased multiple times since approval of the EARP Plan a) Includes 19 services that have been Grandfathered (i.e., no longer available for new installation)	33
Services in which the rate increased 30% or greater since approval of the EARP Plan (includes various services that had a 30% or greater increase one or more times)	50
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (approved 10/04/02)	3

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

Verizon North, Inc.

Basic Local Exchange Service (BLES) (current rate)	$13.03 - $15.73
If increased $1.25 for three years	$16.78 - $19.48
Percent Increase	23.84% - 28.78%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	15.87%	5.93%	27.68%	16.40%	17.19%	12.13%

Percent change in Employee count from 2001 to 2008	-40.70%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 06/27/06) For example: Message Toll Service, Caller ID w/Name, Directory Assistance	77
Number of services in which the rate was increased multiple times since approval of the EARP Plan	24
Services in which the rate increased 30% or greater since approval of the EARP Plan (includes various services that had a 30% or greater increase one or more times)	20
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 06/27/06)	2

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

Windstream Ohio

Basic Local Exchange Service (BLES) (current rate)	$7.45 - $17.60
If increased $1.25 for three years	$11.20 - $21.35
Percent Increase	21.31% - 50.34%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	17.75%	8.77%	40.62%	14.25%	12.27%	12.85%

Percent change in Employee count from 2003 to 2008	-31.60%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 10/13/04) For example: Local Directory Assistance, Convenience Fee for Payment via Telephone, Three-way Calling	82
Number of services in which the rate was increased multiple times since approval of the EARP Plan	25
Services in which the rate increased 30% or greater since approval of the EARP Plan (includes various services that had a 30% or greater increase one or more times)	51
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 10/13/04)	2

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

Windstream Western Reserve

Basic Local Exchange Service (BLES) (current rate)	$12.10 - $15.25
If increased $1.25 for three years	$15.85 - $19.00
Percent Increase	24.59% - 30.99%

	5-Year Average	2008	2007	2006	2005	2004
Return on Equity (ROE)	26.78%	18.94%	56.10%	21.62%	19.18%	18.04%

Percent change in Employee count from 2002 to 2008	-23.00%
Number of rate increases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 10/13/04) For example: Three-way Calling, Local Directory Assistance, Anonymous Call Reject	77
Number of services in which the rate was increased multiple times since approval of the EARP Plan	23
Services in which the rate increased 30% or greater since approval of the EARP Plan (includes various services that had a 30% or greater increase one or more times)	45
Number of rate decreases to various services since approval of the Elective Alternative Regulation Plan (EARP) (approved 10/13/04)	2

Source: BLES rate-Tariff on file with the Ohio PUC, ROE calculated using data from Annual Reports submitted to the Ohio PUC, Employee count - Annual Reports submitted to the Ohio PUC, Other data per tariff filings docketed with the Ohio PUC.
ROE calculation: Net Income (less Preferred Dividends) divided by Average Common Stockholder's Equity (less Preferred Stock).

APPENDIX B

PRICING DEREGULATION BY TYPE OF SERVICE

APPENDIX B

PRICING DEREGULATION BY TYPE OF SERVICE

Regulatory Scheme	Service	Pricing	Case number
Elective Alternative Regulation (EARP)	• Basic Local Exchange Service (BLES) • Basic Caller ID	Capped at Current Rates	00-1532-TP-COI
EARP	• Second and third local exchange access service lines • Call Waiting (Tier 1 non-core services)	Price can be increased up to 10% per year, up to a cap of double the going-in rate.	00-1532-TP-COI
EARP	• Call Trace • Centrex access lines • Private branch exchange (PBX) trunks • Per line number identification blocking • Non-published number service • N11 access and usage (unless exempted)	Can increase up to double the going in price (no restriction on the "per-year" increase amount	00-1532-TP-COI
EARP	All other services, including "bundles"	Market-priced; no price caps	00-1532-TP-COI
Basic Local Exchanges Service (BLES) Alternative Regulation	• Basic Local Exchange service (BLES) • Basic Caller ID	• Increases limited to $1.25 per month, per year • Increases limited to $0.50 per month, per year	05-1305-TP-ORD
De-Tariffing	Residential toll service	Market priced; no price caps	06-1345-TP-ORD
Non-regulated Services	• Voicemail • VoIP • Retail wireless service	Market-priced; no price caps	n/a

APPENDIX C

BLES ALTERNATIVE REGULATION EXCHANGES APPROVED AND DENIED IN OHIO

APPENDIX C

BLES Alternative Regulation Exchanges Approved and Denied in Ohio (1)

Company	Total Number of Exchanges in Ohio	Number of Exchanges **Requested** under PUCO BLES Alt. Reg. Rules (2)	Number of Exchanges **Approved** under PUCO BLES Alt. Reg. Rules	Number of Exchanges **Denied** under PUCO BLES Alt. Reg. Rules
AT&T	192	196 (3)	176	20
Cincinnati Bell	12	6	6	0
Embarq	164	57	38	19
Verizon	244	24	21	3
Total	612	283	241	42

(1) While only four of the large ILECs in Ohio have requested BLES alt. reg. in Ohio, there are a total of seven large ILECs with a total of 674 exchanges throughout Ohio.

(2) Does not reflect the additional 16 exchanges requested by AT&T or the additional two exchanges requested by Cincinnati Bell in cases currently pending at the PUCO.

(3) AT&T has repeated its request for BLES alt. reg. for several exchanges, therefore, the number of times it has requested BLES alt. reg. exceeds its number of exchanges.

APPENDIX D

CINCINNATI BELL COMMENTS IN PUCO BASIC SERVICE ALT. REG. RULEMAKING

APPENDIX D

CINCINNATI BELL COMMENTS IN PUCO BASIC SERVICE ALT. REG. RULEMAKING

4901:1-4-11(A) *Price Caps on Basic Local Exchange Service and Caller ID*

This proposed rule would limit rate increases on basic local exchange service and caller ID to 20 percent per year for a carrier that demonstrates it meets one of the competitive tests. CBT submits that this limit is unnecessary because if a carrier meets the test (including CBT's proposed test), the market will be sufficiently competitive to constrain prices. Therefore, having a price cap or limit on price increases is unnecessary. The Commission should trust the market to work and eliminate this limit from the final rules.

CBT Comments in 05-1305 (12/6/05) at 18.

E. Price Controls.

The OCC objects to the Staff's proposal to limit rate increases to 20% per year. However, it would substitute a completely arbitrary 3% annual limit and a 20% overall limit for five years. Clearly, the OCC does not want competitive pricing, but prefers rigid price control, the antithesis of a free market. It inappropriately assumes that ILECs will automatically increase BLES rates by 20% each year. This is completely unrealistic. In a competitive market, such annual price increases are not sustainable. Rate increases will be checked by competitive alternatives. CBT's opposition to the Staff proposal's 20% annual limit on rate increases is not because it expects to increase prices by that magnitude, but because artificial price controls should not exist in a competitive market. CBT cannot predict at this time what pricing would be appropriate in the future without knowing the competitive conditions that will exist. As the OCC's own consultant attests, competitive markets are self-correcting and ILEC pricing will be constrained by competitors. Therefore, artificial pricing controls are unnecessary.

CBT Reply Comments in 05-1305 (12/23/05) at 11.

APPENDIX E

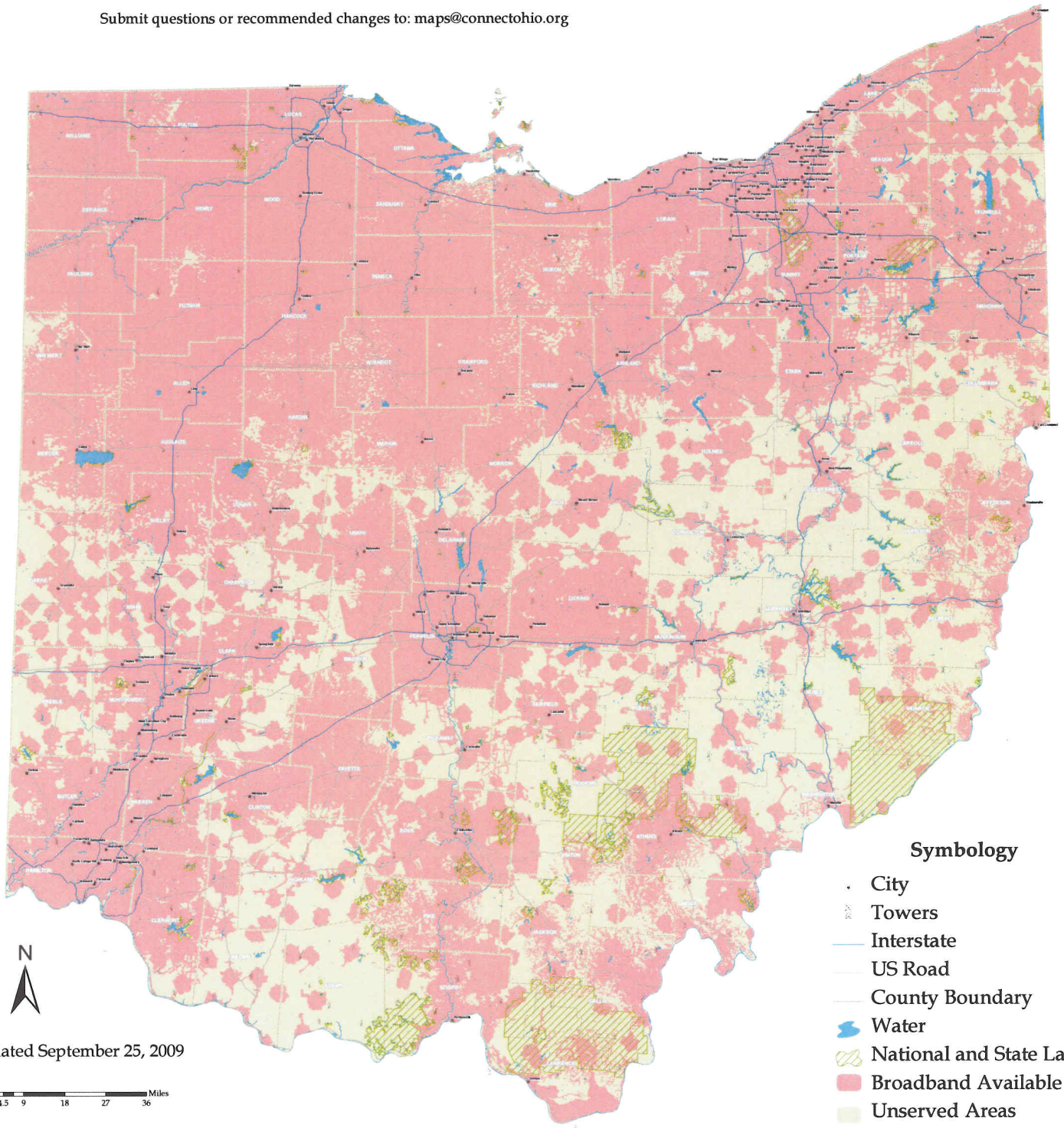
BROADBAND AVAILABILITY MAP

AND

CHART OF COUNTIES
WITH LESS THAN 60% BROADBAND AVAILABILITY

Broadband Service Inventory for the State of Ohio

Submit questions or recommended changes to: maps@connectohio.org



Updated September 25, 2009

The representations contained herein are for informational purposes only. Best efforts are undertaken to insure the correctness and accuracy of this information. However, all warranties regarding the accuracy of this map and any representations or inferences derived therefrom are hereby expressly disclaimed. Connect Ohio and its partners neither assume nor accept any liability for the accuracy of these data. Those relying upon this information assume the risk of loss exclusively for any potential inaccuracy. All errors and omissions brought to the attention of Connect Ohio will be promptly corrected.

*This map does not depict satellite broadband service.

Connect Ohio has worked with broadband providers throughout the State to identify the gaps in broadband service - the first step in a statewide effort to "fill the gaps" for 100% broadband availability.

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APPENDIX E

Listing of Ohio counties with less than 75% broadband availability

County	% Broadband Availability
Adams	47.91%
Brown	69.83%
Carroll	60.48%
Coshocton	70.71%
Gallia	74.55%
Harrison	65.35%
Highland	69.58%
Hocking	53.86%
Holmes	60.92%
Jackson	72.09%
Meigs	70.92%
Monroe	51.59%
Morgan	56.76%
Noble	46.70%
Perry	64.33%
Vinton	54.65%

Source: Documents provided by Governor Ted Strickland to U.S. Department of Commerce; October 14, 2009.

APPENDIX F

COMPARISON OF CURRENT MTSS AND AMENDED SUBSTITUTE SENATE BILL 162

AND

TELEPHONE DEREGULATION: CONSUMER IMPACTS OF AMENDED SUBSTITUTE SENATE BILL 162

APPENDIX F

COMPARISON OF CURRENT MTSS AND Sub SB 162

MTSS PROVISIONS	Sub SB162 PROVISIONS
Rule 2 General Provisions	
2(B)(5) The PUCO, upon its own motion, a customer complaint, or upon application of any telecommunications provider, may take appropriate steps to require the furnishing of any service(s), equipment, or facilities affecting service.	Sec. 4927.06(A)(4) prohibits companies from engaging in practices that PUCO determines, by rulemaking or the complaint process, to be unfair or deceptive. Sec. 4927.06(B) relieves companies from liability for any practice deemed unfair or deceptive under (A)(4) absent PUCO notice and adequate time for implementation.
Rule 3 Consumer access and information	
3(A) All telecom providers must have representatives available to answer and address consumer inquiries or complaints.	No specific requirement other than comply with industry standards.
3(B) All LECs must annually supply their customers with either a printed directory or free directory assistance	Sec. 4927.01(vi) Provision of a telephone directory in any reasonable format for no additional charge and a listing in that directory, with reasonable accommodations made for private listings;
3(B)(1) Printed directories must be free of charge with option to request an electronic directory, where available, at no charge.	See 4927.01 (vi) above.
3(C) Front of the directory must have such consumer information as: how to call emergency services, the Ohio relay service, operator services, long distance and LECs using the directory; the PUCO's telephone customer rights and responsibilities; program-based or income-eligible telephone assistance programs; reporting obscene or harassing calls; and diagnosing and repairing inside wiring problems	No specific requirement.
4 Customer transactions and disclosures	
4(A) All telecom providers shall not commit any unfair or deceptive act or practice in connection with customer transactions or disclosures	Sec. 4927.06(A) No local telephone company may commit any unfair or deceptive act or practice (as specified in (A)(1) through (A)(3)) in connection with the offering or provision of any telecommunications service in Ohio.
4(B) Telecom providers' communications must clearly, conspicuously and accurately disclose material terms and conditions, contract length, prices, fees, features, termination fees, discretionary charges, government mandated charges, and taxes;	Sec. 4927.06(A)(1) Any communication by the company, including, but not limited to, a solicitation, offer, or contract term or condition, shall be truthful, clear, conspicuous, and accurate in disclosing any material terms and conditions of service and any material exclusions or limitations.

MTSS PROVISIONS	Sub SB162 PROVISIONS
must clearly identify material exclusions, reservations, limitations or modifications, and be truthful and not misleading.	This requirement does not apply where it is not practicable to include that information.

MTSS PROVISIONS	Sub SB162 PROVISIONS
4(C) All telecom providers must disclose their name and contact information on all solicitations, marketing materials, offers, contracts, agreements, and any response to service-related inquiries/complaints they receive from customers	Sec. 4927.06(A)(2) Limits this requirement to where it is practicable to include that information.
4(D) Appendix. Sets forth detailed requirements related to information to be provided to customers regarding problems with customer-owned equipment and inside wiring.	Sec. 4927.06.(A)(3) Requires information to customers "as applicable and in any reasonable manner…consistent with any rules adopted by the commission"
4(E) When a customer calls to ask billing or service questions, telecom providers shall address a customer's inquiry before engaging in sales practices	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
5 Establishing service and use of customer information	
5(A) Telecom providers' standards for customers to establish creditworthiness must be reasonable and nondiscriminatory. Pertinent information from credit reporting bureaus may be used. Deposit requirements must be uniformly applied to all residential customers assessed a deposit.	Sec. 4927.08 (B)(6) A telephone company may require a deposit, not to exceed 230% of a reasonable estimate of one months' service charges, for the installation of basic local exchange service for any person that it determines, <u>in its discretion</u>, is not creditworthy.
5(B)(1) Cash deposits cannot exceed 230% of the average monthly bill.	See above
5(B)(2) Telecom providers that require toll caps in lieu of, or in addition to, a deposit to maintain or establish creditworthiness must set forth the terms and conditions.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
5(B)(3) A telecom provider may enforce the credit and deposit policies of another telecom provider pursuant to a contract obligating it to do so.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
5(D) Telecom providers that furnish credit information to consumer reporting agencies based on their experiences with customers must comply with the same requirements as consumer reporting agencies when issuing credit reports, per the federal Fair Credit Reporting Act	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)

MTSS PROVISIONS	Sub SB162 PROVISIONS
6 Customer enrollment and contracts	
6(A) Telecom providers must use only positive enrollment (i.e., customer must opt in for service)	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(B)(1)-(2) For regulated service not provided by contract, providers must clearly disclose: (1) an estimate of the initial bill; (2) that more detail of the services will be mailed within ten business days; and (3) that the customer has 30 days to make any changes to avoid additional service charges.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(B)(3) ILECs and CLECs must disclose availability of low-income assistance programs, and allow customers to spread connection fees over three months.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(C) Provides detailed customer protections for internet enrollment.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(D) Customers enrolling in or changing a regulated service may change the service ordered free of charge at least once within the first 30 days.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(E) Telecom providers must, within ten business days of enrolling a customer in regulated service(s), send a welcome letter that explains service(s) ordered, informs the customer to contact the company within 30 days if the explanation does not accurately reflect the services ordered, and has PUCO and OCC contact information.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(F) Contracts for regulated service must clearly and conspicuously disclose: (1) start and end dates; (2) cancellation options; (3) that early termination liability language in a tariff or contract does not mean PUCO approval; and (4) any services provided under the contract that are not subject to PUCO jurisdiction	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
6(G) Telecom providers' contracts that have early termination liability are not automatically renewable unless customer is notified in writing on how to avoid renewal 45-90 days before contract expires.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)

MTSS PROVISIONS	Sub SB162 PROVISIONS
7 Customer bills	
7(A) Bills must be accurate and readable, describe all services rendered and all billed charges, and be rendered at regular monthly intervals unless the customer and the company agree otherwise.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A) and the disclosure requirements of sec. 4927.06
7(B) Telecom providers' bills must clearly and accurately identify other important billing, usage, tax, surcharge, and key contact information.	No specific requirement. Apparently would be left to FCC requirements, or "applicable industry standards" per sec. 4927.08(A)
7(C) Payments due no earlier than 14 days from the postmark on the bill; considered received on the same business day as received by the provider or its authorized agent. Limits payment agent fees; customer option to receive electronic bills.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
7(D) Residential late fees must be PUCO-approved and may apply only to regulated charges not paid at least 19 days after the postmark on the bill. No late fees for a charge in bona fide dispute, previous late fees included in the amount due, or lifeline service establishment charges	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
8 Service requirements and billing adjustments	
8(B)(1)-(2) ILECs and CLECs must offer up to a four-hour window for installation or repair appointments if customer must be on-premise and specify a "not later than" time for repair commitments.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
8(B)(3) ILECs and CLECs must install new local service within five business days after customer's order, unless customer requests or agrees to a later date.	Sec. 4927.08(B)(1) Basic local exchange service must be installed within five business days of the company's receipt of a completed application for that service.
8(B)(4) ILECs and CLECs must accept trouble reports 24 hours a day, seven days a week.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
8(B)(5)-(6) ILECs and CLECs must repair outages within 24 hours and service-affecting conditions within 48 hours, excluding Sundays and holidays	Sec. 4927.08(B)(2) A basic local exchange service outage or service-affecting problem shall be repaired within 72 hours after it is reported to the telephone company. If a basic local exchange service outage is not caused by the customer and lasts more than seventy-two hours, the telephone company shall, upon the customer's request, credit the customer in the amount of one month's

MTSS PROVISIONS	Sub SB162 PROVISIONS
	charges for basic local exchange service.
8(B)(7) ILECs and CLECs must install a network interface device during a repair call if one is lacking, at no charge.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
8(C)(1)-(5) ILECs and CLECs must automatically credit at least: (1) One month's local service charges for outages of more than 72 hours; (2) One-half of one month's local service charges for missing a repair commitment or appointment; (3) One-half the installation charges if service not installed within five business days; (4) All installation charges if service not installed within ten business days; (5) One-half of the installation charges for missing installation appointment.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A). Only for BLES, See Sec. 4927.08(B)(2) above
8(C)(7)-(8) No customer credits for missed out-of-service, repair, or installation appointments if the customer is at fault (listed in a series of specified exclusions).	Does not provide for credits, so there's no need for these exclusions. Apparently would be left to "applicable industry standards" per sec. 4927.08(A
8(C)(6) Credit of least three months local service charges for company's failure to list or listing incorrectly a customer's telephone number in the white pages directory so long as customer not at fault.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
8(D) A 48-hour "grace period" available for calculating customer credits if failure to repair or install due to an extreme, unique, or unforeseeable weather-related incident.	Does not provide for credits, so there's no need for a grace period. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
8(E)(1) Consumer protection requirements regarding re-billing of undercharged customers.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
8(E)(2)-(3) Specific requirements regarding reimbursements for overcharging customers.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
9 Slamming and preferred carrier freezes	
9(A) Telecom providers must follow FCC rules for obtaining and verifying subscriber authorization when submitting or executing a change of provider for a subscriber.	No specific requirement. Apparently would be left to FCC requirements, or "applicable industry standards" per sec. 4927.08(A).
9(B) The submitting telecom provider must follow FCC rules for maintaining records of verification of a subscriber's authorized switch of providers.	No specific requirement. Apparently would be left to FCC requirements, or "applicable industry standards" per sec. 4927.08(A).

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9(C) Telecom providers must follow FCC's informal complaint procedures and remedies for resolving informal complaints of unauthorized change of provider.	No specific requirement. Apparently would be left to FCC requirements, or "applicable industry standards" per sec. 4927.08(A).
9(D) PUCO may order remedies as delineated under FCC rules and procedures in effect at the time of the violation, and enforce the duties and remedies provided for under R.C. 4905.72 and 4905.73	The statutes remain in effect, although slamming would no longer be a fourth degree misdemeanor under SB 162.
9(E)-9(F) Telecom providers must follow FCC rules for offering a preferred carrier freeze, and must not try to retain a customer's account during the carrier change process or provide the information to its marketing staff or any affiliate.	No specific requirement. Apparently would be left to FCC requirements, or "applicable industry standards" per sec. 4927.08(A).
10 Service termination	
10(B) Where two or more regulated services and/or regulated and unregulated services are offered under a package price, all the services in the package may be disconnected for late payment.	Sec. 4927.08(B)(4) A telephone company may disconnect basic local exchange service for nonpayment of **any** amount past due on a billed account....
10(C) A customer disconnected for nonpayment of a package that includes basic service shall, upon request, be reconnected to stand-alone basic service by paying an amount equal to the ILEC's tariffed rate for stand-alone basic service, plus taxes, surcharges, and any deposit and reconnection fees, and upon entering into a payment arrangement for all unpaid regulated charges.	Sec. 4927.08(B)(5) Reconnection of service previously disconnected for nonpayment shall be completed not later than five business days after the receipt of payment in full by the telephone company of the amount owed.
10(D)(1)-(2) Telecom providers cannot disconnect a customer's service for nonpayment of a past due bill earlier than 14 days after the customer's account is past due and without mailing a written disconnection notice at least seven days before the disconnection date.	Sec. 4927.08(B)(4) Basic local exchange service may not be disconnected for nonpayment of any amount past due earlier than fourteen days after the due date of the customer's bill, if the customer is given notice of the disconnection seven days before the disconnection.
10(D)(3) Telecom providers cannot disconnect a customer's service for nonpayment of a past due bill after 12:30 p.m., if the service cannot be reconnected on the day after the disconnection.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
10(D)(4) A customer's service cannot be disconnected for nonpayment of a past due	No specific requirement. Apparently would be left to "applicable industry standards" per sec.

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bill if the customer pays the total amount due or an amount agreed upon between the company and the customer by the close of business on the disconnection date.	4927.08(A).
10(E) ILECs and CLECs may restrict long distance service to a customer who owes past due long distance charges to the LEC or to a provider on whose behalf the LEC is billing.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A) Sec. 4927.11. (A)2 Lifeline service customers with past due bills for toll service charges shall have toll restricted service until the past due toll service charges have been paid or until the customer establishes service with another toll service provider.
10(F) Notice of disconnection for nonpayment must include specific information about the disconnection and process for reconnection.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
10(G) A provider must notify or attempt to notify a customer before service is refused or disconnected for failure to comply with the provider's contract or tariff.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
10(H) No disconnection notice needed for tampering with the provider's property, for use adversely affecting other customers' service, or if there is a safety hazard.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A)
10(I) A consumer may not be refused or disconnected from regulated services for nonpayment for a set of specified reasons, including failure to pay an amount in bona fide dispute.	Sec. 4927.08(B)(3) allows for disconnection of basic local exchange service for nonpayment of **any** amount past due on a billed account, without exception for amounts in dispute
10(J) Unless beyond the telecom provider's control or customer requests otherwise, disconnected service must be reconnected by 5 p.m. on the next business day if a set of terms are met.	Sec. 4927.08(B)(5) Service disconnected for nonpayment shall be reconnected not later than five business days after the telephone company receives full payment of the amount owed.
10(K) A provider may not require payment of any amount not included on a disconnection notice before reconnecting.	No specific requirement. Apparently would be left to "applicable industry standards" per sec. 4927.08(A).
10(L)-(M) Facilities-based ILECs and CLECs must maintain access to 9-1-1 services for at least 14 days on a residential customer's line that has been disconnected for nonpayment. Service reconnected within the 14-day period must be treated as a reconnection and not as new service.	Sec. 4927.08(B)(7) If residential basic local exchange service is disconnected for nonpayment, a telephone company shall maintain the customer's access to 9-1-1 service for a period of at least fourteen days following the disconnection.
10(N) ILECs and CLECs must consider if	No specific requirement. Apparently would be

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disconnection would be especially dangerous to the health of a customer or a member of the customer's household and must offer payment arrangements regardless of customer's credit class.	left to "applicable industry standards" per sec. 4927.08(A).

Telephone Deregulation: Consumer impacts of Sub Senate Bill 162

Ohioans deserve fair, competitive and reasonably priced local telephone service. The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, is concerned about legislation being considered by the Ohio Senate (Senate Bill 162) and Ohio House of Representatives (House Bill 276) because it eliminates necessary consumer protections, allows telephone companies to raise rates for basic service and does not include any significant benefits for residential consumers.

Issue	Current laws or rules	What the bills would do	Impact on consumers
Rate increases to basic local telephone service	By applying for alternative regulation, telephone companies must show that effective competition exists in an exchange to gain the ability to annually increase the monthly price of basic local service by $1.25. Lifeline customers' basic local telephone rates would not increase.	Allows all telephone companies to increase the monthly price of basic local telephone service without applying for alternative regulation or making a showing of effective competition. No exception is made for Lifeline customers.	Higher rates each year may result, without competition for basic local telephone service. Customers already struggling to make ends meet would see higher rates despite the Lifeline discount.
Billing	Telephone companies must give customers at least 14 days to pay monthly bills.	This consumer protection is eliminated for customers with bundles or packages of telephone services.	Adequate time would no longer be required between the billing of customers with bundles or packages of telephone services and their payment due date.
Deposit from customers without previously established credit or who do not pay their bill on time	A deposit of up to 230 percent of the monthly charges may be collected. Example: if telephone service is estimated to cost a customer $40 per month, a deposit of up to $92 may be collected. The deposit requirement for electric and natural gas customers is 130 percent of the average monthly bill.	Removes the limit telephone companies could charge as a deposit for customers who receive a bundle or package of telephone services.	Increased deposit amounts could make establishing bundled service unaffordable to some customers.
Service quality	All out-of-service telephone lines must be repaired within 24 hours.	For customers that receive basic local telephone service, out-of-service lines must be repaired within 72 hours. There is no time commitment for telephone companies to restore out-of-service lines for customers who receive a bundle or package of telephone services.	If service does not need to be fixed in less than 72 hours, a deterioration of service quality could result.

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Issue	Current laws or rules	What the bills would do	Impact on consumers
Customer credits	Automatic credits are provided to customers when telephone companies do not comply with certain standards. Example: customers left without service for 72 hours receive an automatic credit for one month of service	No automatic credits would be provided. Only customers who receive basic local telephone service and are without service for 72 hours would be authorized to receive a credit if they request one; no other credits for basic service customers are allowed unless they file a complaint with the PUCO.	Customers could be out of service for several days and not receive an automatic credit. Customers with bundles or packages of telephone services may never receive a credit, even if they file a complaint with the company or state regulators.
Reconnection	Residential customers disconnected for nonpayment are reconnected within one day of making payment in full or making payment arrangements.	Telephone companies could take three days to reconnect customers who receive basic local telephone service and pay in full. Where payment arrangements have been made, or if the customer receives a bundle or package of telephone services, there would be no requirement as to when reconnection would have to occur.	Customers would not be assured of a prompt reconnection of service even once they paid their past due balance in full to the company.
Access to 9-1-1 service	Customers who are disconnected for non-payment must receive a "warm-line" 9-1-1 connection for at least 14 days.	Customers who receive a bundle or package of telephone services would not necessarily receive a 9-1-1 "warm-line" if they are disconnected due to non-payment.	Customers could be left without access to 9-1-1 emergency services, which could put customers' health and safety at risk.
Customers with a bundle or package of telecommunication services	Residential customers with a bundle or package receive the same protections as those customers with stand-alone basic local service in areas such as billing, deposits, credits and reconnection.	No protections would apply in areas such as billing, deposits, credits, reconnection and 9-1-1 access after disconnection. Bundled customers would have only limited protections from "unfair or deceptive" practices. However, there is a huge loophole that allows telephone companies to act in an unfair or deceptive way if it was not "practicable" for them to do otherwise.	Customers who receive a bundle or package would not even receive the minimal safeguards that would apply to customers with only basic local service. For example, there would be no time requirement for telephone companies to install bundles, restore outages or reconnect a customer who has been disconnected for non-payment.
Lifeline education	Educational marketing for large telephone companies' Lifeline programs includes a required budget, is coordinated by a board and performed all year.	Educational marketing efforts are required, but there is no amount specified. This means education efforts could be limited to as little as once per year, with no required budget or board.	Many eligible consumers may not be informed about the availability of the Lifeline discount.
Costs of enhanced Lifeline discount	Paid as part of large telephone companies' rates.	Allows telephone companies to increase their rates to recover the cost of the Lifeline program.	Shifts costs of enhanced portion of Lifeline program from telephone companies to customers, without a decrease in other rates.

APPENDIX G

CELLULAR, CABLE AND TELEPHONE COMPANY COMPLAINTS AS REPORTED BY THE BETTER BUSINESS BUREAU 2002-2008

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CELLULAR, CABLE AND TELEPHONE COMPANY COMPLAINTS AS REPORTED BY THE BETTER BUSINESS BUREAU 2002-2008

Better Business Bureau – Cellular Complaint Data (US- National)

Year	Number of Cellular Complaints	Ranking
2002	21,534	1
2003	18,323	2
2004	28,318	1
2005	31,671	1
2006	28,791	1
2007	33,047	1
2008	35,631	1

- The BBB industry classification/ description for cellular is "Cellular Phones Service & Equipment"
- From 2002 to 2008, cellular complaints have increased 40%
- Cellular complaints have been the number one ranked industry for BBB (US-nationwide) for 6 of the last 7 years. In 2003 cellular complaints ranked second, behind the category "Automobile Dealers-Franchised (New & Used Sales)".
- Ranking numbers are out of 1,104 different industry classifications

Better Business Bureau – Cable Complaint Data (US- National)

Year	Number of Cable Complaints	Ranking
2002	9,354	10
2003	8,132	17
2004	7,802	19
2005	8,054	16
2006	13,420	8
2007	18,184	5
2008	18,020	5

- The BBB industry classification/description for Cable is "Television - Cable, CATV & Satellite"
- From 2002 to 2008, BBB Cable complaints (US-nationwide) have increased 48%
- Ranking numbers are out of 1,104 different industry classifications

Better Business Bureau – Telephone Companies Complaint Data (US- National)

Year	Number of Telephone Companies Complaints	Ranking
2002	11,770	6
2003	11,197	9
2004	11,287	8
2005	10,638	8
2006	11,945	9
2007	11,702	9
2008	11,805	9

- The BBB industry classification/description for Landline Telephone Service is "Telephone Companies"
- Every year from 2002 to 2008, BBB Telecom Company Complaints (US-Nationwide) have ranked in the top 10
- Ranking numbers are out of 1,104 different industry classifications

Source: http://www.bbb.org/us/Consumer-Complaints/Statistics/

APPENDIX H

ADDITIONAL ISSUES OF CONCERN IN AMENDED SUBSTITUTE SB 162, INCLUDING SUGGESTIONS FOR AMENDMENTS (in bill order)

APPENDIX H

ADDITIONAL ISSUES OF CONCERN IN Am. Sub. SB 162, INCLUDING SUGGESTIONS FOR AMENDMENTS (in bill order)
(Note: Many of OCC's concerns with SB 162 as introduced were addressed by the Substitute Bill.)

A. ADDITIONAL ISSUES OF MAJOR CONCERN

- **4905.02(E) (lines 1105-1106) and 4927.01(A)(6) (lines 2383-2390)** Overbreadth of definition of Internet protocol-enabled services. **Amendment: Do not exclude PUCO jurisdiction over Internet protocol-enabled services.**

- **4905.14(A)(2) (lines 1275-1279)** Limits telephone company annual reports to only assessment information. **Amendment: Delete changes; leave statute as is.**

- **4905.231 (repealed in line 23); Ohio Admin. Code Chapter 4901:1-5 (required to be rescinded in line 33506)** The statute gives the PUCO the authority to adopt minimum telephone service standards currently in Ohio Admin. Code Chapter 4901:1-5. **Amendment: Delete repeal, delete recission.**

- **4927.01(A)(2)(a) (lines 2336-2338)** Basic service local service area is limited to area as of effective date of this legislation. This would mean that if an incumbent expanded its service area, the expansion would not be included in basic service. **Amendment: Delete "as of effective date" limitation, but prevent telephone companies from reducing local calling areas.**

- **4927.01(A)(2)(b)(ii) (lines 2341-2342) Basic local exchange service includes flat-rate service** Question: What does this do for message and measured service offered by some companies? And for measured and optional extended area service ("EAS") arrangements"? (See also 4927.01(A)(7) (lines 2324-2328).) This needs to be addressed. **Amendment: Include message and measured service and EAS in definition of basic service.**

- **4927.05(A)(2) (lines 2623-2629)** Process for PUCO review of telephone company certification limits PUCO's consideration of a certification application to information provided by the applicant per 4927.05(A)(1)(f); does not require that the certification be found to be in the public interest; precludes or severely limits public participation in the certification process by restricting the information that the PUCO may rely on in certification cases; 30-day timeframe is too short. **Amendment: Restore requirement for public interest finding; eliminate restriction on what the PUCO may consider in certification cases; extend 30 days to 60 days.**

- **4927.09(C) (lines 2803-2816)** Allows waiver of carrier-of-last-resort obligation. Such waivers should not be allowed. **Amendment: Delete this provision.**

- **4927.13(B) (lines 2949-2957)** Allows PUCO to order access charge reductions only

if there is "revenue-neutral" replacement. **Amendment: Remove revenue-neutrality.**

- **4927.18(A) (lines 3001-3066)** Provides for complaints as to telephone service Grounds for complaint are much more limited than in current R.C. 4905.26. **Amendment: Delete 4927.18, complaint authority under R.C. 4905.26 remains.**

B. OTHER ISSUES OF CONCERN

- **4901.02(A) (line 922)** Does not include R.C. Chapters 4928 and 4929 in list of chapters within PUCO powers, **Amendment: Add those two chapters.**

- **4927.01(A)(2)(b)(iv) (lines 2344-2345)** Basic service includes 9-1-1 service "where such services are available." Does this mean that bundles do not have to include 9-1-1 service? It appears that 9-1-1 service is available everywhere. **Amendment: Add separate requirement that all basic services and all packages and bundles shall include 9-1-1 service.**

- **4927.01(A)(2)(b)(vi) (lines 2347-2349)** Basic service includes directories in any reasonable format for no additional charge. Does this mean that a telephone company could do away entirely with printed directories? (And that customers of bundled service are not entitled to directories?) **Amendment: Printed directories shall be provided to all customers except that the telephone companies may provide an option to not receive a directory for those who do choose not to receive them.**

- **4927.01(A)(6) (lines 2383-2390)** Defines "IP-enabled services" as regardless of federal definitions. What is the purpose of the "regardless" language? **Amendment: Delete this phrase.**

- **4927.01(A)(17) (lines 2455-2457)** Includes only facilities-based wireless service providers Where do wireless resellers fall? Apparently they do not even have to register with the PUCO per 4927.05. **Amendment: Delete "facilities-based."**

- **4927.02(A)(8) (lines 2484-2488)** The policy of the state changed from "[c]onsider the regulatory treatment of competing and functionally equivalent services **in determining the scope of** regulation of services **that are subject to the jurisdiction of the public utilities commission**" to "Consider the regulatory treatment of competing and functionally equivalent services and, to the extent practicable, provide for equivalent regulation of all telephone companies and services." This shifts the focus from services alone to companies, which the telephone companies have argued against. Also, what would "equivalent" regulation mean? And "to the extent practicable" leaves too much discretion with the PUCO. **Amendment: Preserve existing statutory language and do not make a change.**

- **4927.03(D) (lines 2546-2555)** Concerns over removal of requirements from R.C. 4905.22 (necessary and adequate service); .26 (complaints); .33-.34 (rebates, free service); .38 (repairs and improvements); .55 (liability of agent) **Amendment: Delete these sections from list of requirements deleted by the bill.**

- **4927.15 (lines 2971-2975)** Requires telephone companies to provide "at least fifteen days' advance notice to its affected customers of any material change in the rates, terms, and conditions of a service and any change in the company's operations that are not transparent to customers and may impact service." Should be at least 30 days' written notice. Does not define what is "transparent to customers" and what "may impact service." Does not allow customers to opt out of change without penalty. **Amendment: Require 30 days notice of any material change; require companies to allow opt-out without penalty.**