



Presentation to the Select Committee on Telecommunications Regulatory Reform

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The Law – SB 162 (128th G.A.)

SECTION 5.

(A) There is hereby created the Select Committee on Telecommunications Regulatory Reform ...

(D) ... The Committee's study shall include:

- Economic benefits,
- impact on jobs,
- telephone company rates,
- telephone company quality of service,
- lifeline program customers,
- rural markets,
- rural broadband deployment,
- and carrier access to private property.

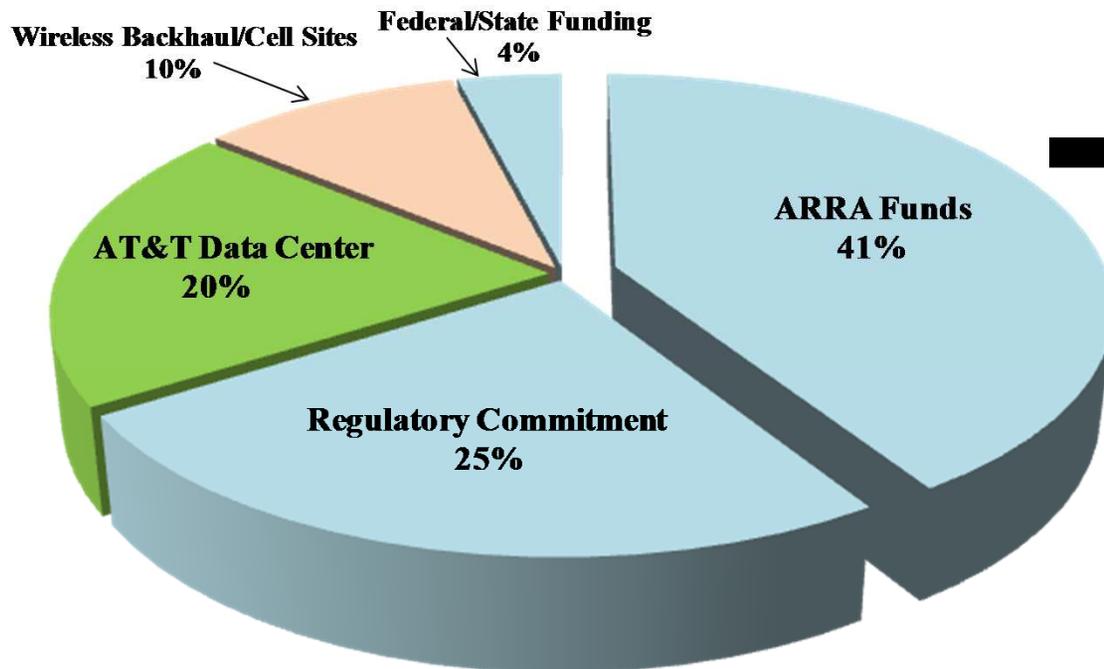


ECONOMIC DEVELOPMENT

Ohio Broadband Investments by Source (3Q2010 – 3Q2011)

As reported by Technology for Ohio's Tomorrow

Technology for Ohio's Tomorrow website lists a total of **\$604.89 Million** in broadband investment in Ohio between 3Q2010 and 3Q2011, which can be divided into the following categories.



70%
of this total
investment was
funded by
Federal/State
Stimulus and
Regulatory
Commitments

AT&T Investment In Ohio

State	2007-2009	2010-2012
Ohio	\$1.6 B	\$1.5 B

AT&T Invested **Less In the 3 Year Period 2010-2012
Than in the 3 Year Period 2007-2009**

“Currently, the Ohio General Assembly is working on a bill to revise telecom regulations in Ohio, and if this legislation is enacted it would give AT&T further incentive to invest more capital in Ohio in our wireless, U-verse, wireline and broadband services,”

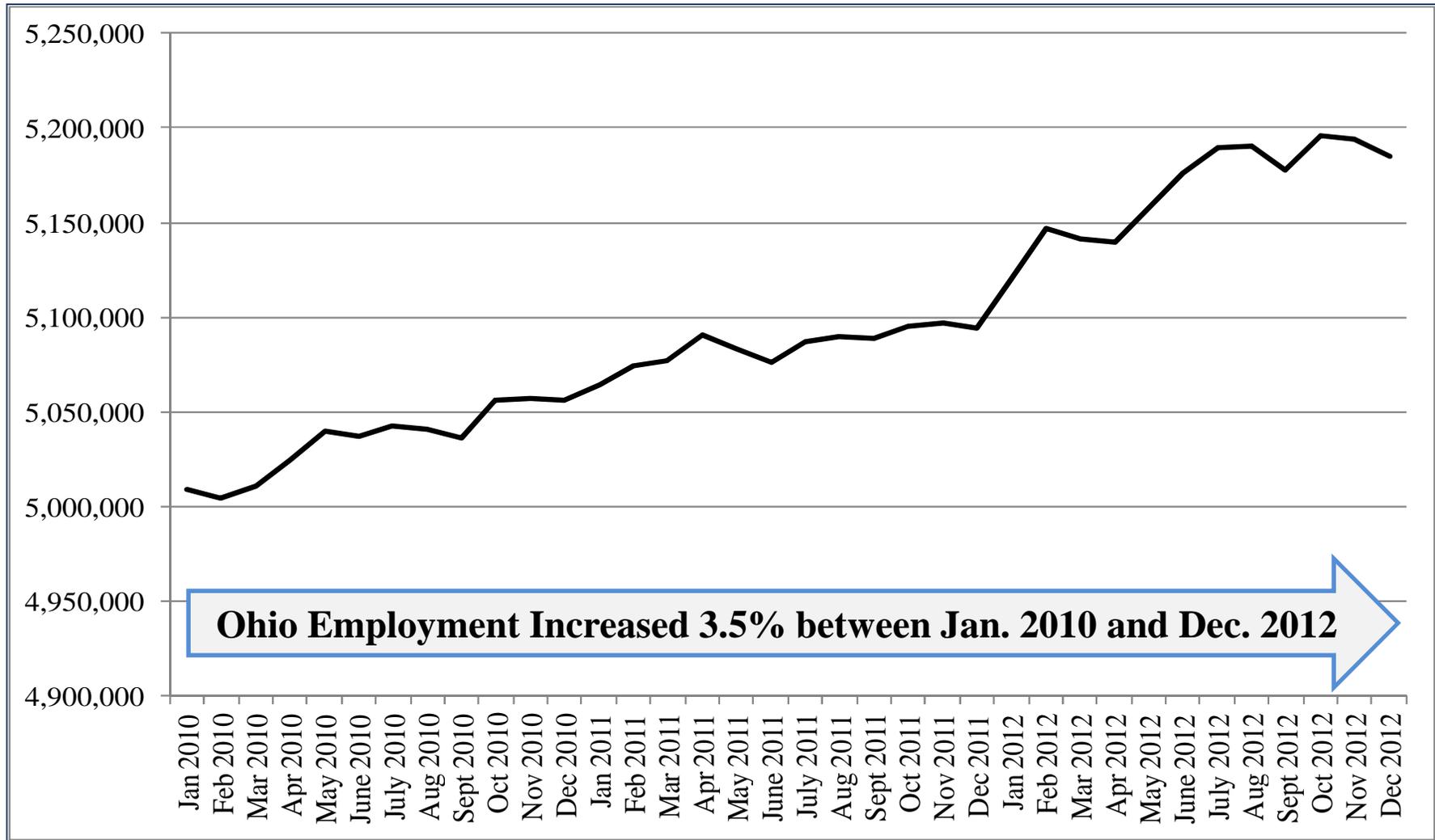
- AT&T Press Release 3/4/10



JOBS

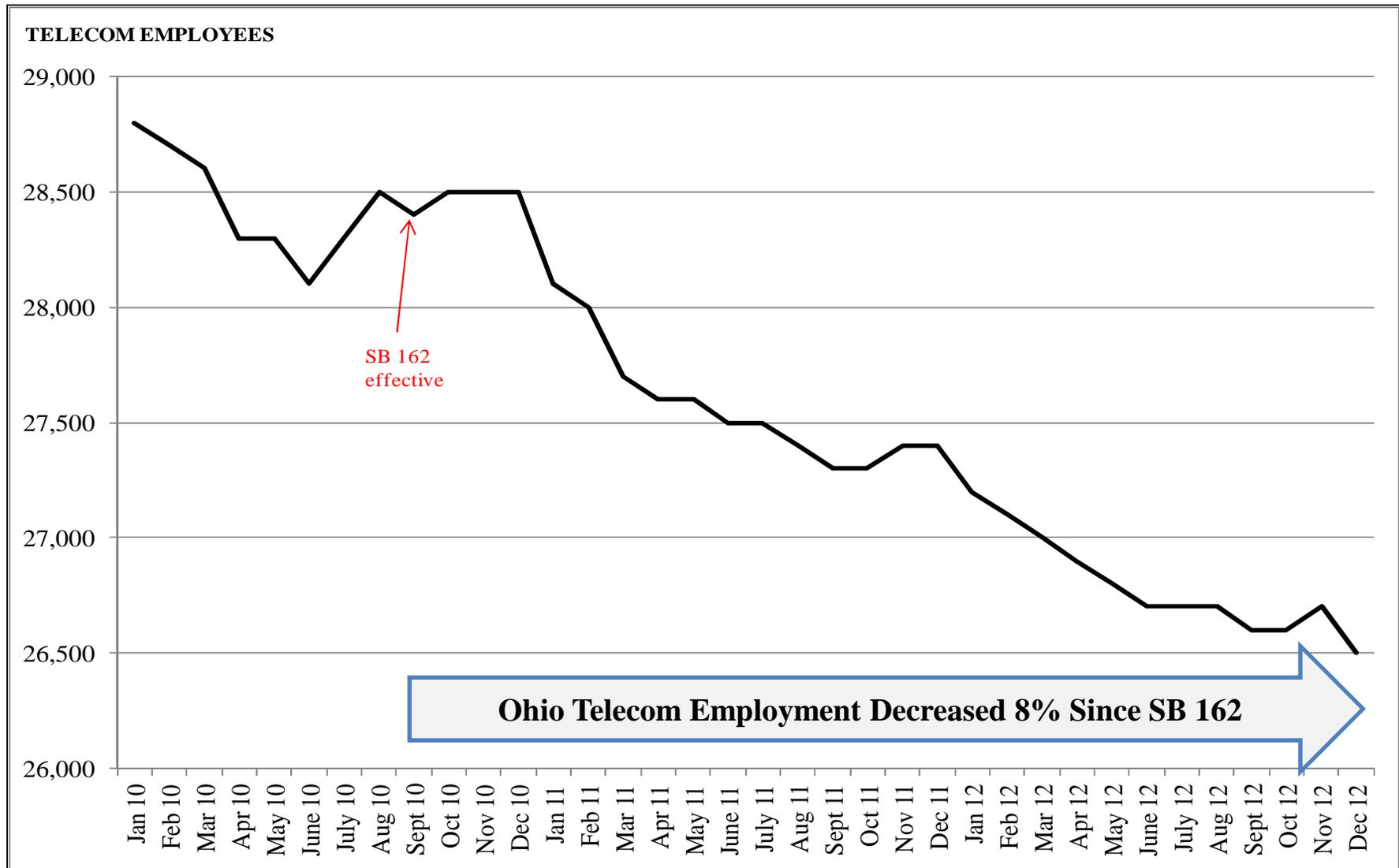
Total Nonagricultural Employment in Ohio

(2010 - 2012) Seasonally Adjusted



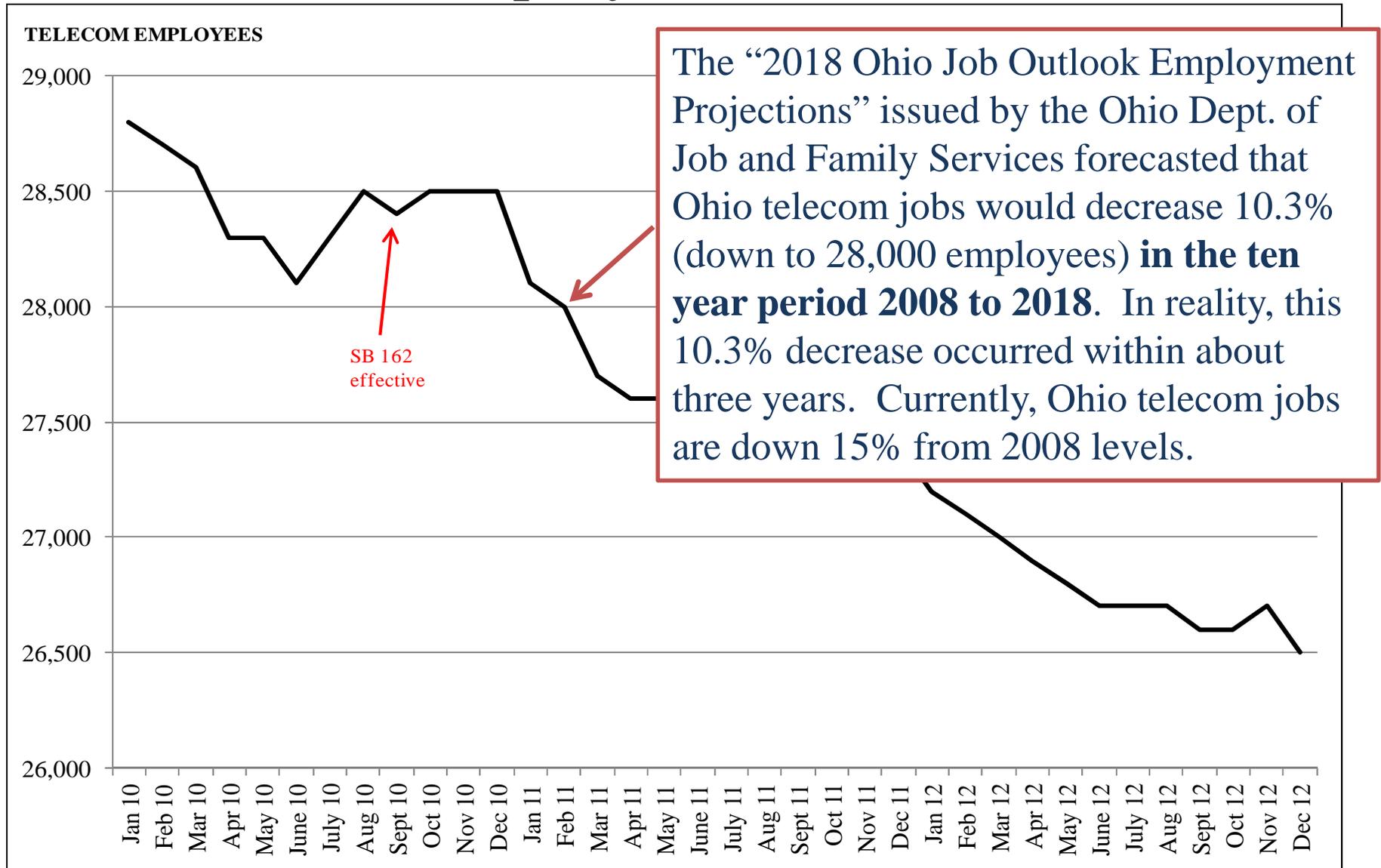
Source: ODJFS Ohio Labor Market Information, , Current Employment Statistics Query, Monthly Seasonally Adjusted for Ohio, Jan. 2010 through Dec. 2012.
 Available at: <http://ohiolmi.com/asp/CES/CES.htm>

Employment in the Ohio Telecom Industry (2010 - 2012)

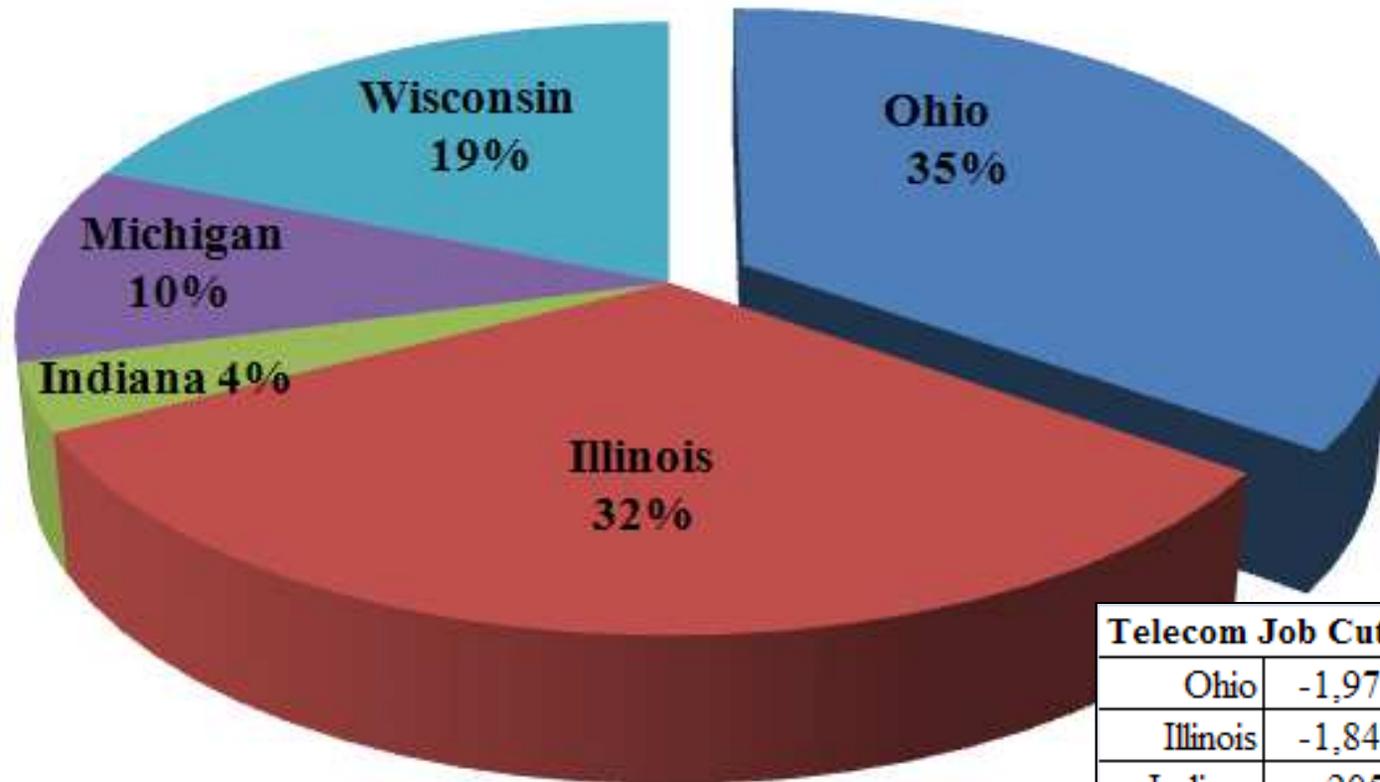


Source: ODJFS Ohio Labor Market Information Current Employment Statistics Query, Monthly Non-Seasonally Adjusted for Ohio, Jan. 2010 – Dec. 2012.
Available at: <http://ohiolmi.com/asp/CES/CES.asp>

Employment in the Ohio Telecom Industry Decreasing More Rapidly Than Forecasted



Share of Total Telecom Job Cuts by State in the Great Lakes Region (3Q10 – 2Q12)



Telecom Job Cuts by State		
Ohio	-1,977	35%
Illinois	-1,840	32%
Indiana	-205	4%
Michigan	-592	10%
Wisconsin	-1,061	19%
TOTAL	-5,675	100%

Since SB 162, more than 1/3rd of Total Telecom Job Cuts in The 5-State Great Lakes Region Occurred in Ohio.



TELEPHONE COMPANY RATES

Residential Rate Increases for Basic Local Exchange Service (“BLES”)

Incumbent LEC	Monthly Rate Increase	Effective Date	No. of Exchanges Impacted
AT&T Ohio	\$ 1.25	January 7, 2011	192
AT&T Ohio	\$ 1.25	January 4, 2012	192
AT&T Ohio	\$ 1.25	March 1, 2013	192
Cincinnati Bell	\$ 1.25	March 17, 2011	12
Cincinnati Bell	\$ 1.25	March 17, 2012	12
Cincinnati Bell	\$ 1.25	March 18, 2013	12
CenturyTel of Ohio dba CenturyLink	\$ 1.25	January 1, 2013	6
Conneaut Telephone	\$ 1.25	August 1, 2011	1
Conneaut Telephone	\$ 1.25	August 1, 2012	1
New Knoxville Telephone	\$ 1.25	July 10, 2012	1
Pattersonville Telephone	\$ 1.25	May 1, 2012	1
Telephone Service Company	\$ 1.25	March 1, 2013	2

Large and Small Incumbent Phone Companies Have Increased Residential BLES Rates in Rural and Urban Areas of the State Since SB 162.

Residential Rate Increases for Basic Local Exchange Service (“BLES”)

Incumbent LEC	Pre-SB 162 Rate	Current Rate	Percentage Increase
Conneaut Telephone ¹	\$ 7.55	\$ 11.80	56%
AT&T Ohio	\$ 14.25	\$ 18.00	26%
Pattersonville Telephone	\$ 4.75	\$ 6.00	26%
New Knoxville Telephone	\$ 6.60	\$ 7.85	19%
Telephone Service Company	\$ 7.50	\$ 8.75	17%
Cincinnati Bell ²	\$ 22.95	\$ 26.70	16%
CenturyTel of Ohio dba CenturyLink	\$ 12.55	\$ 13.80	10%

**Residential BLES Rates Have Increased Since SB 162
for Several Ohio Phone Companies with Pricing Flexibility.**

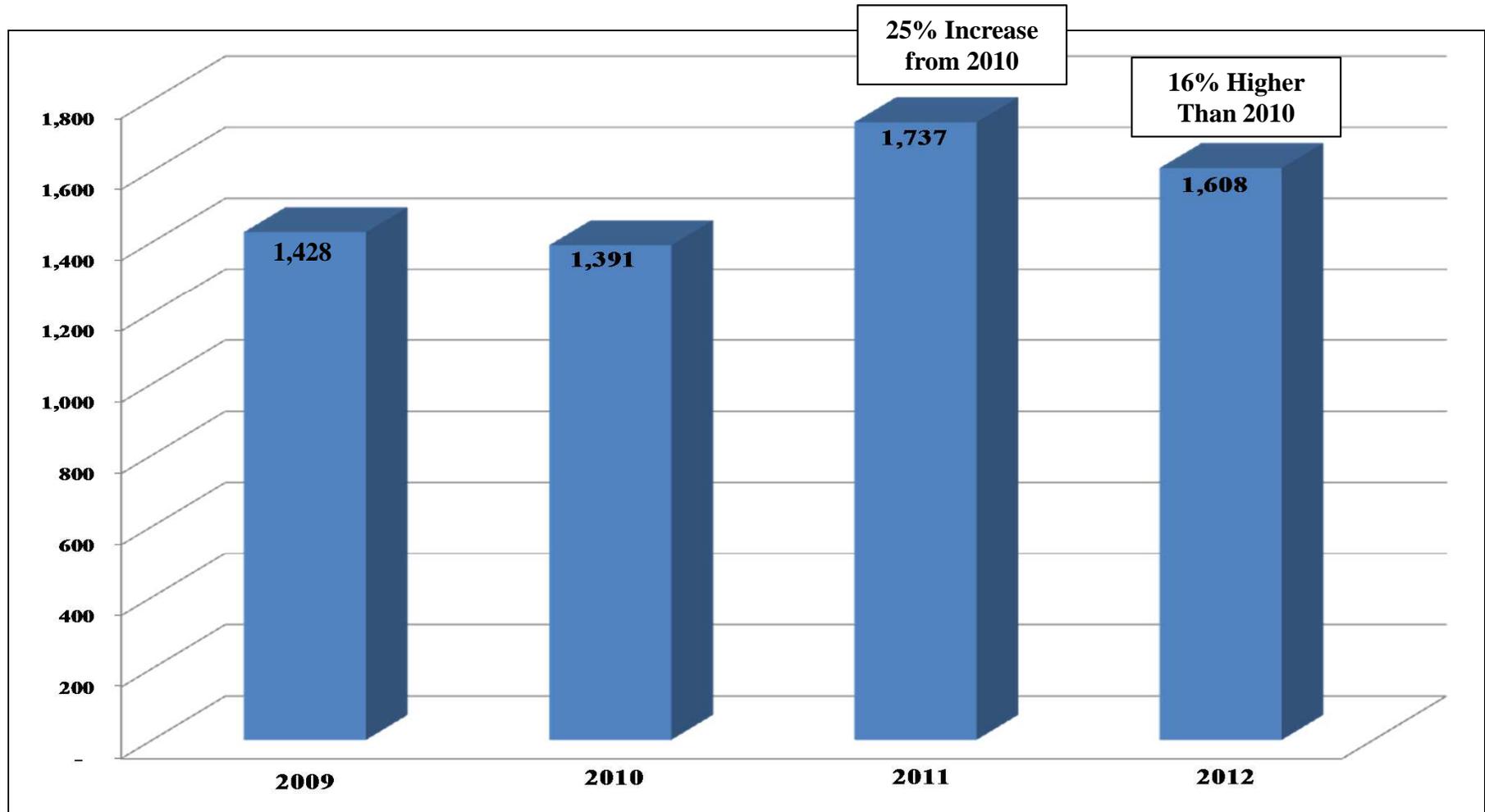
¹ Conneaut's rate includes a mandatory TouchTone increment for Base Rate Area (\$1.75).

² Cincinnati Bell rate shown is for Cincinnati and Hamilton exchanges, Rate Band 2. Similar rate increases have been experienced in the rest of the territory.



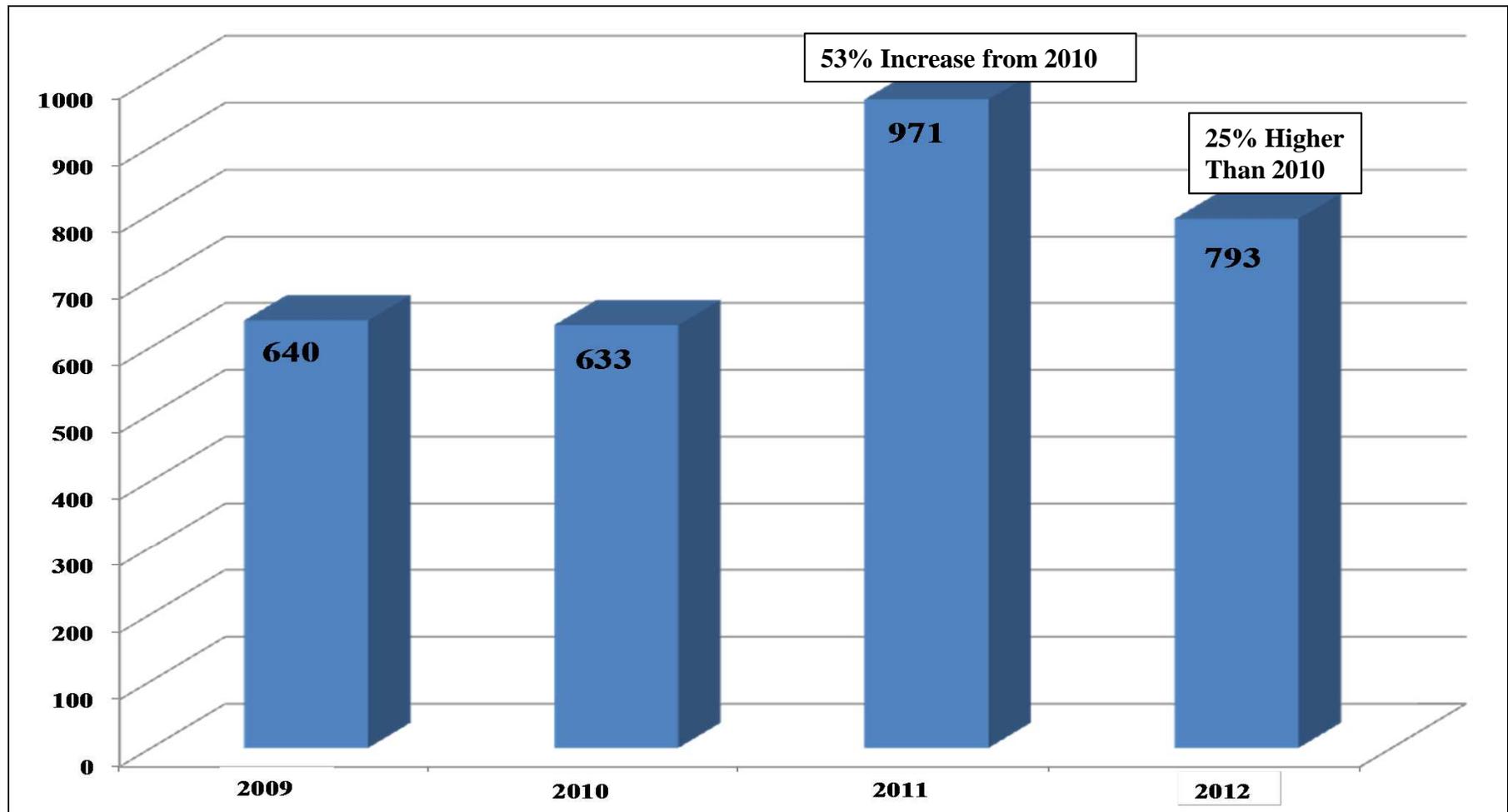
TELEPHONE COMPANY QUALITY OF SERVICE

Number of Complaints Received by the PUCO About Ohio Incumbent Phone Companies (2009-2012)



Complaints Against Ohio ILECs Increased 25% in the Year Following SB 162; Complaints 16% Higher than Pre-SB 162 Levels in 2012.

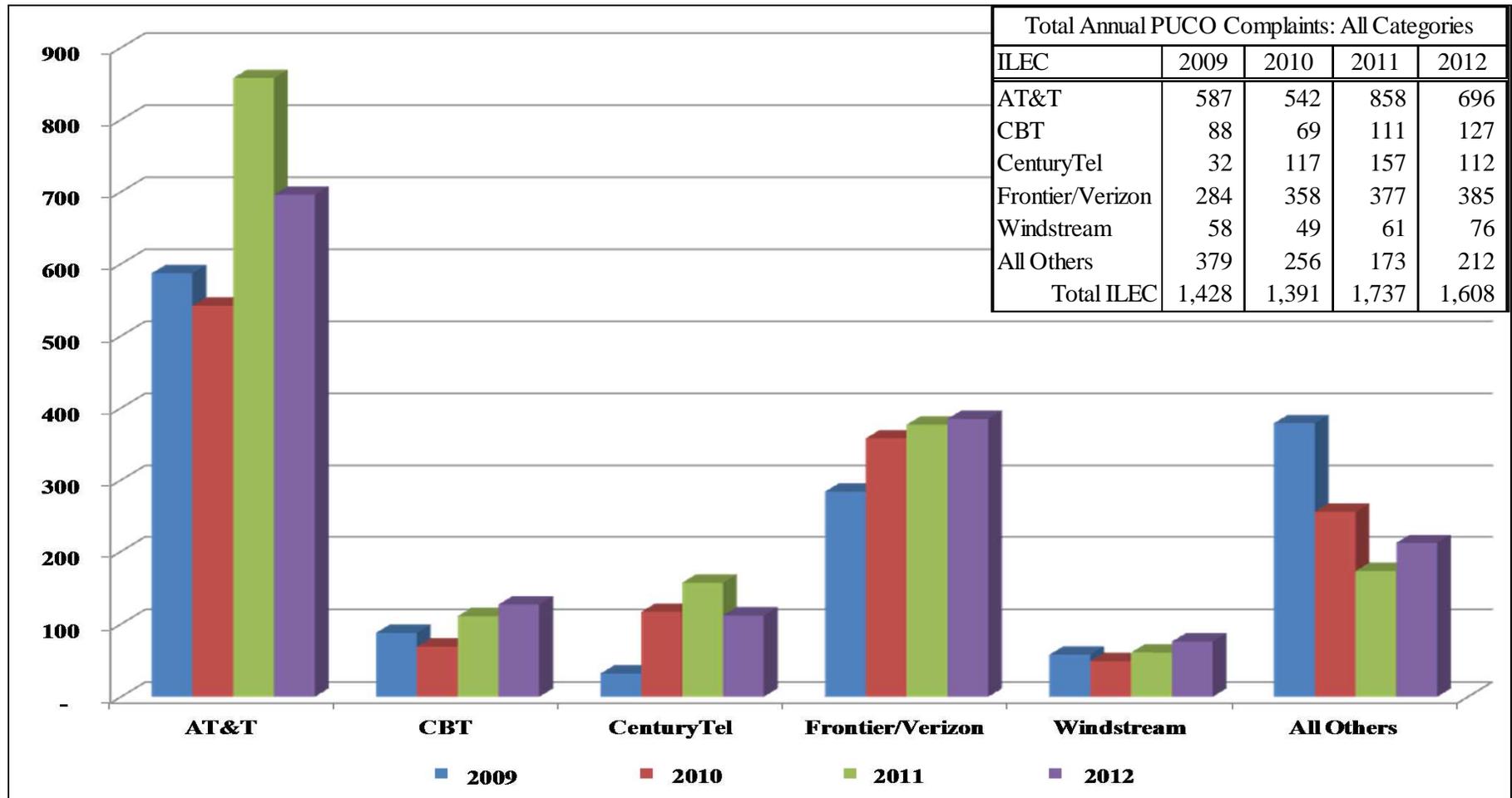
Number of Service-Related Complaints Received by the PUCO About Ohio Incumbent Phone Companies (2009-2012)



Service-Related Complaints Against Ohio ILECs Increased 53% In The Year Following SB 162; Complaints 25% Higher than Pre-SB 162 Levels in 2012.

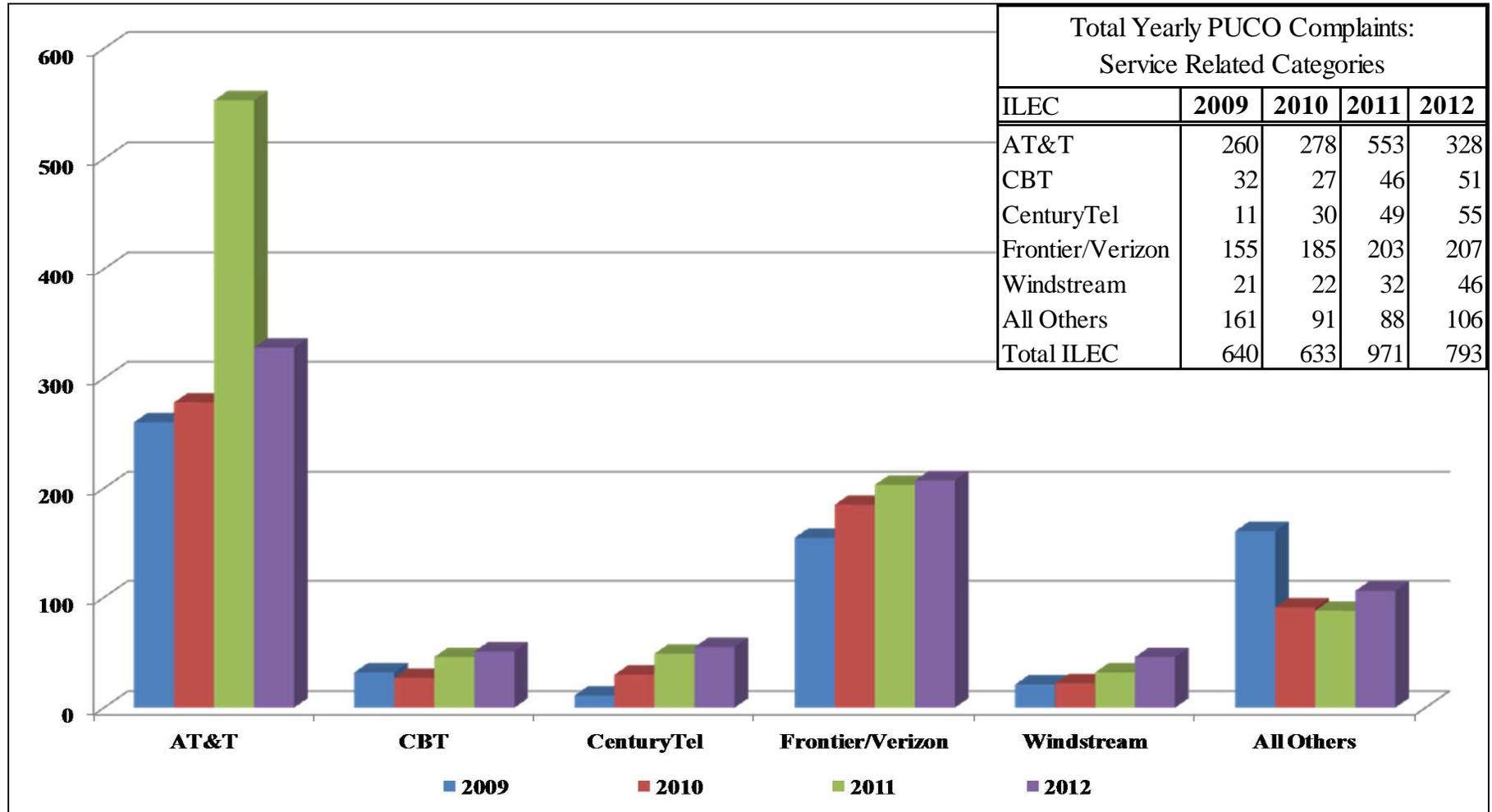
Number of Complaints Received by the PUCO

(2009-2012)



Complaints Increased For All ILECs (Except “All Others”) In The Year Following SB 162; 2012 Complaint Volumes for AT&T, Cincinnati Bell, Frontier, and Windstream Remain Higher Than Pre-SB 162 Levels.

Number of Service-Related Complaints Received by the PUCO (2009-2012)

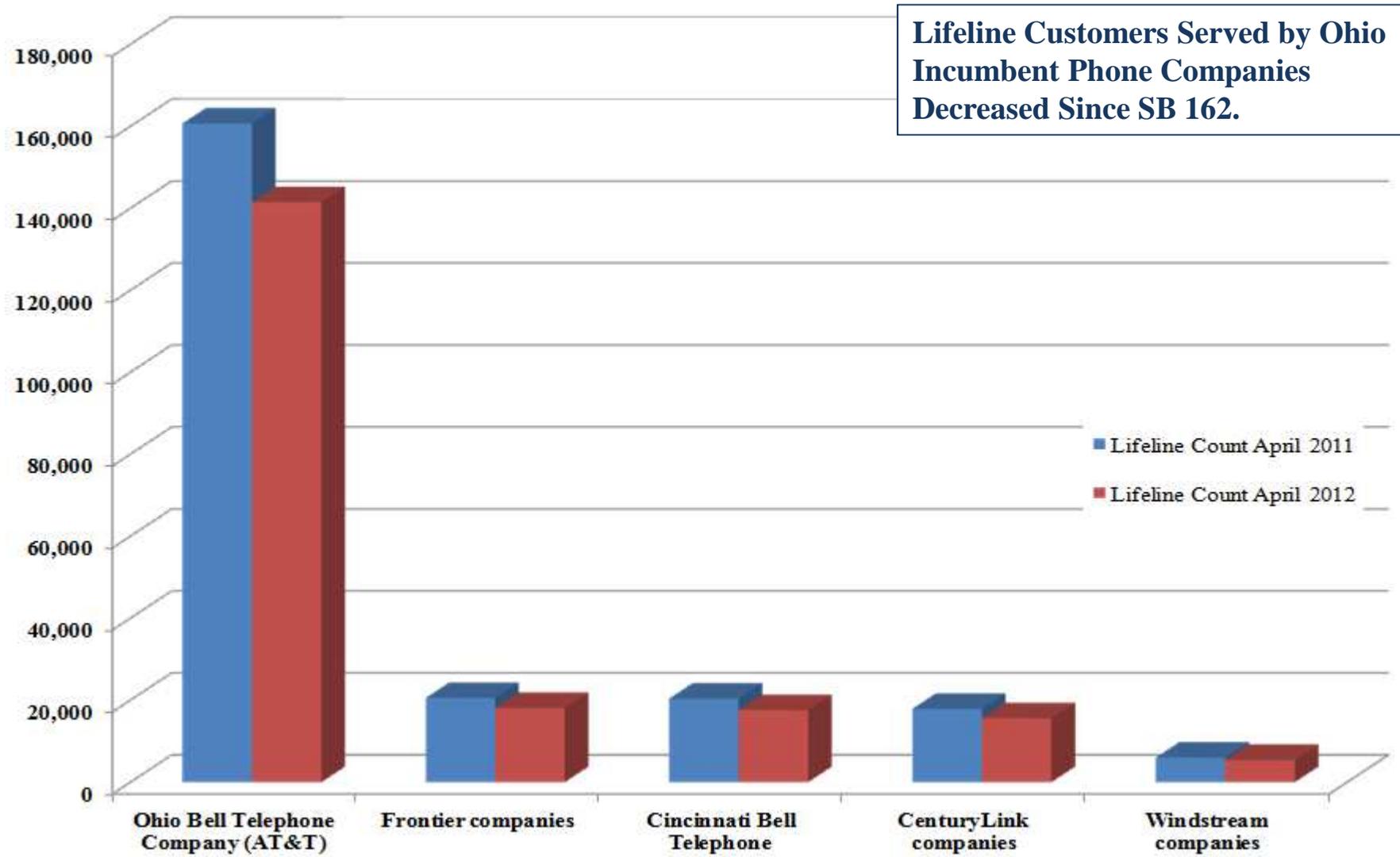


**Service-Related Complaints Increased For All ILECs (Except “All Others”) in the Year Following SB 162;
Complaint Volumes for All ILECs (including “All Other”) Remain Higher Than Pre-SB 162 Levels.**



LIFELINE

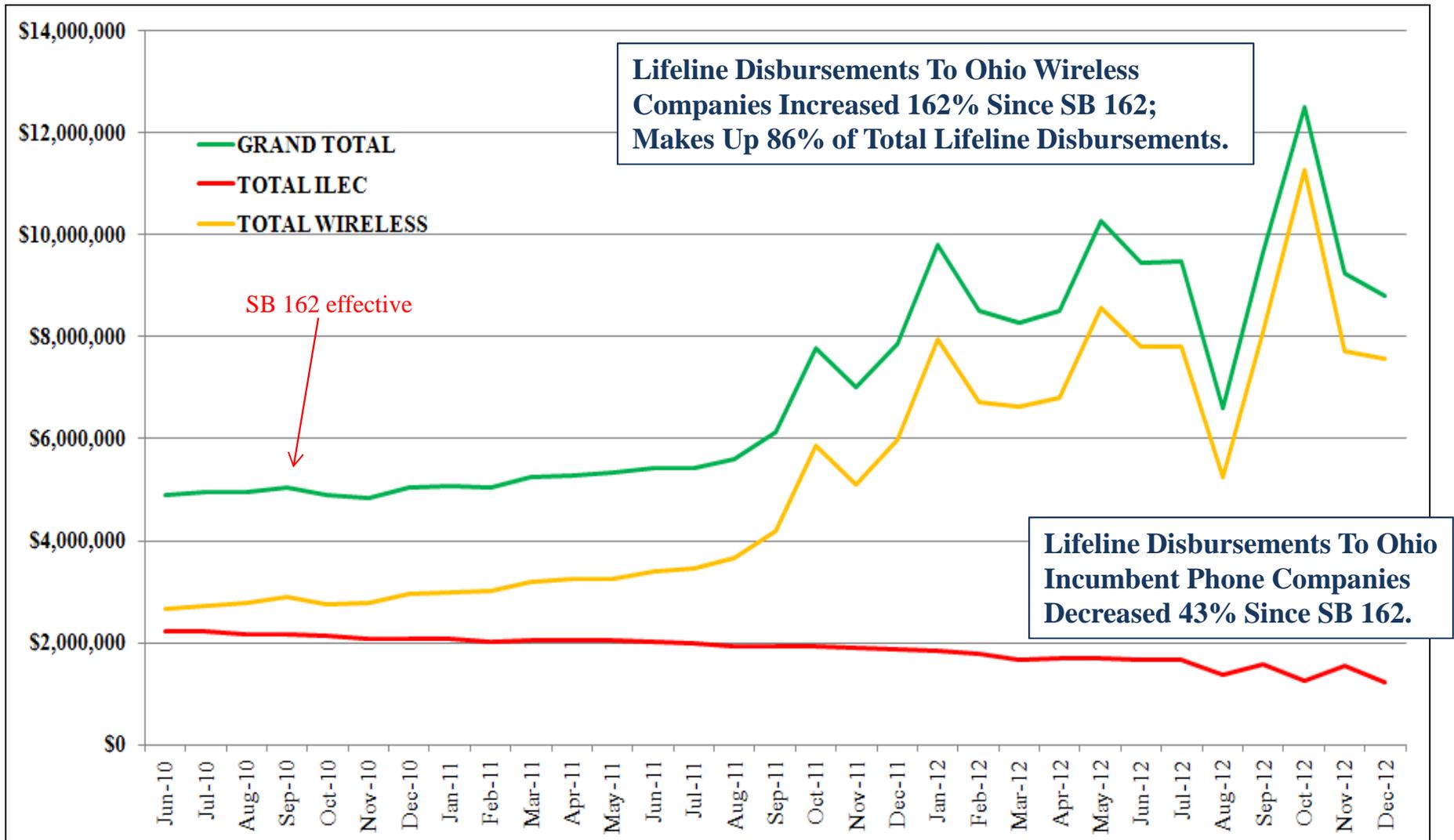
Lifeline Customers Served by Ohio ILECs (2011-2012)



Sources: April 2011 counts taken from Annual Reports filed in PUCO Case No. 11-06-TP-RPT. April 2012 counts taken from Annual Reports filed in PUCO Case No. 12-06-TP-RPT.

Ohio Lifeline Disbursements

(June 2010 – December 2012)

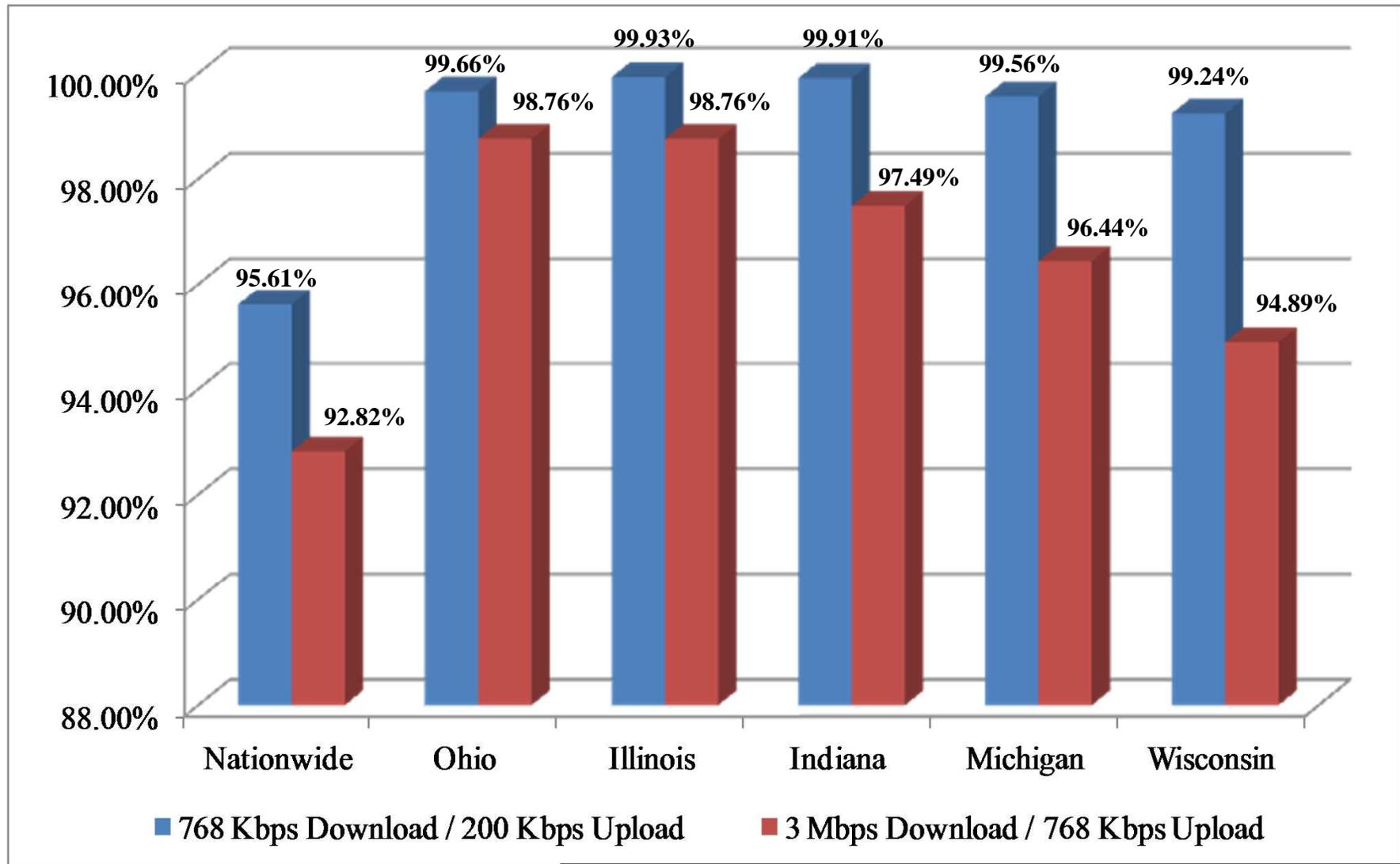


Source: Universal Service Administrative Company website:
<http://www.usac.org/li/tools/disbursements/default.aspx>



RURAL MARKETS & BROADBAND DEPLOYMENT

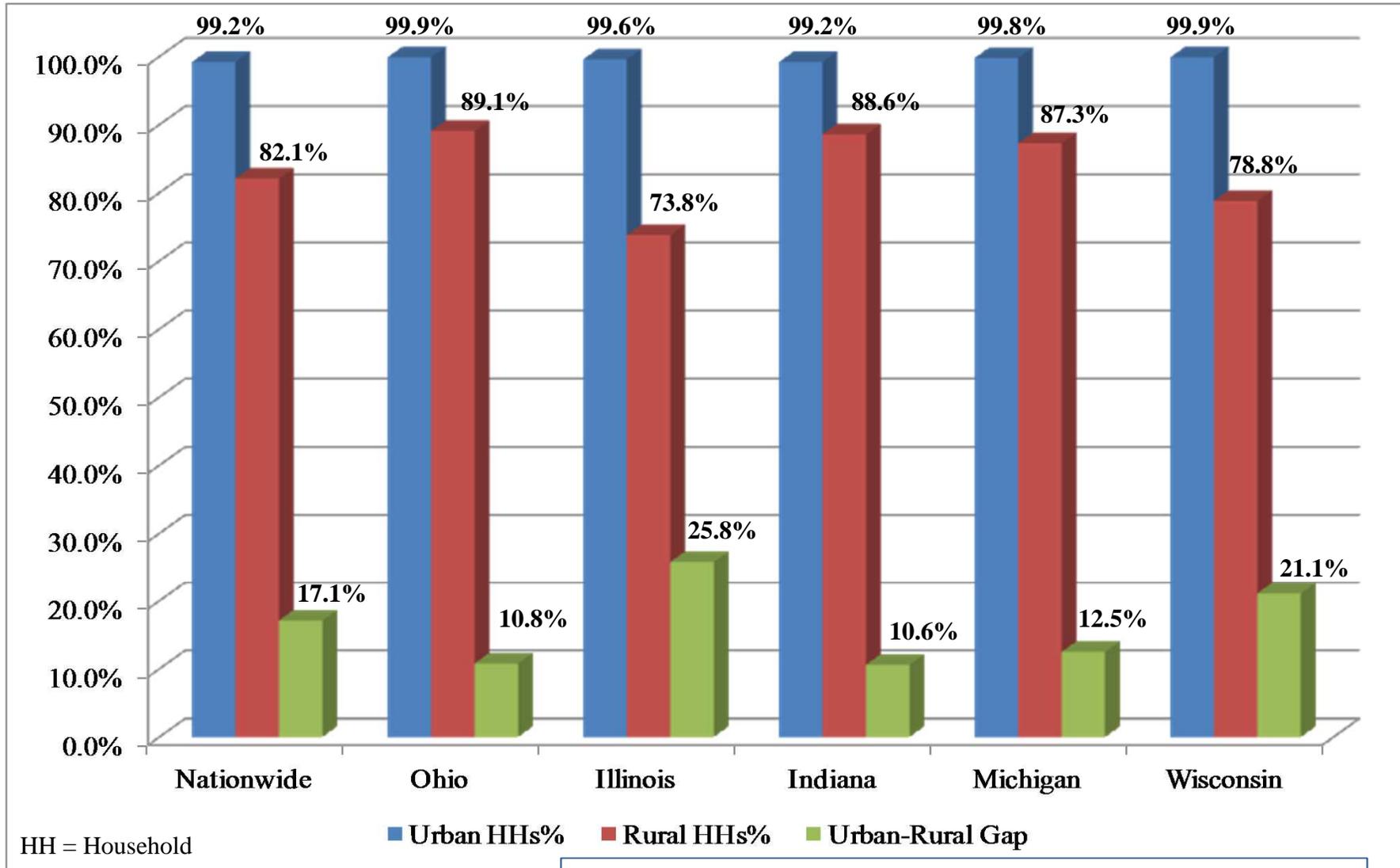
Percentage of Households with Access to Wireline Broadband Service (As of June 30, 2012)



Ohio Compares Favorably to Great Lakes Region and Outpaces the National Average In Terms of Wireline Broadband Access.

Differences In Urban Vs. Rural Wireline Broadband Access

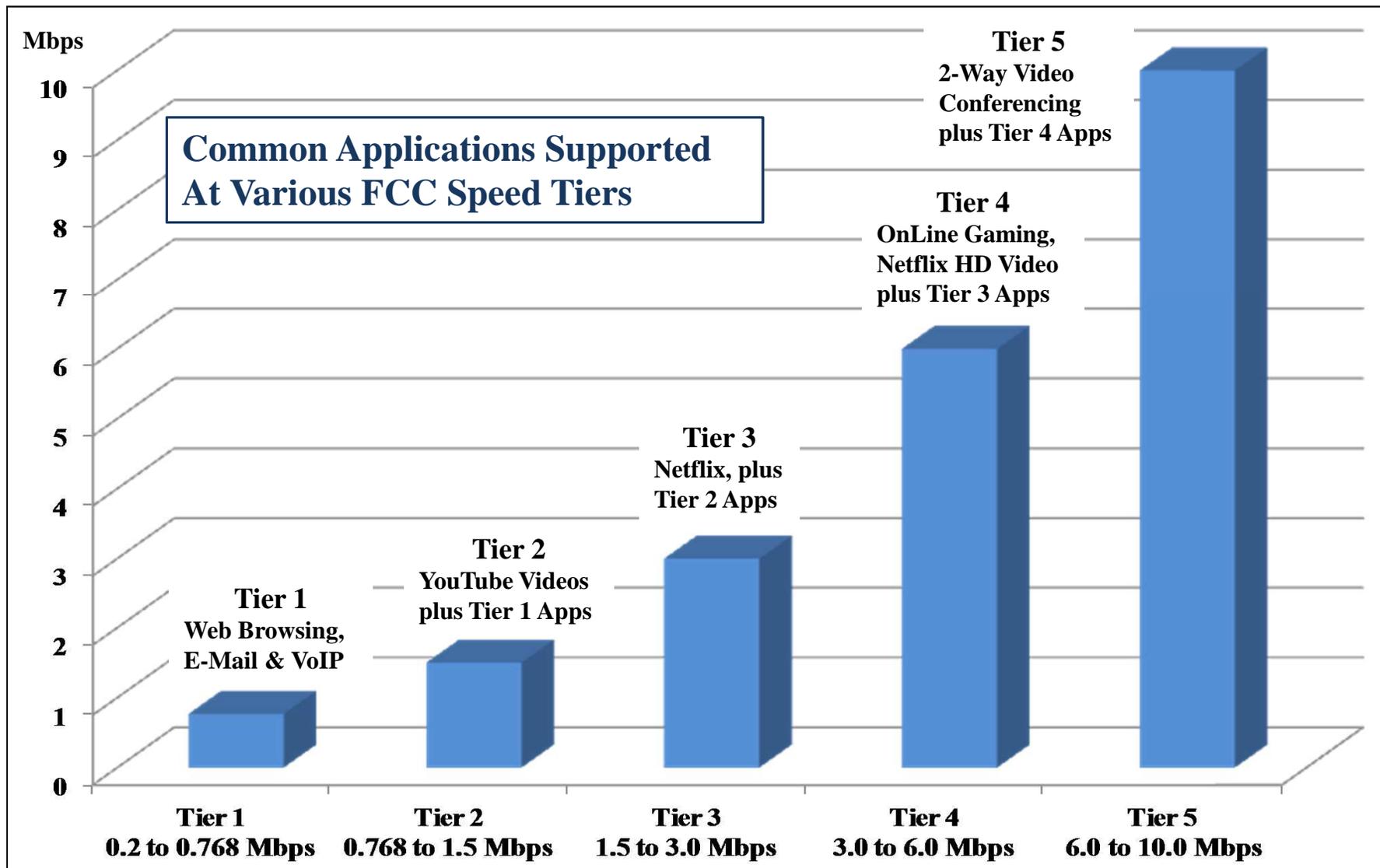
As of June 30, 2012 (For 768 Kbps Download / 200 Kbps Upload)



Ohio Has the Second-Lowest Urban vs. Rural Broadband Gap In The Great Lakes Region; Beats The National Average.

Source: National Broadband Map, data as of 6/30/12.

Higher Broadband Speeds Offer Greater Capabilities



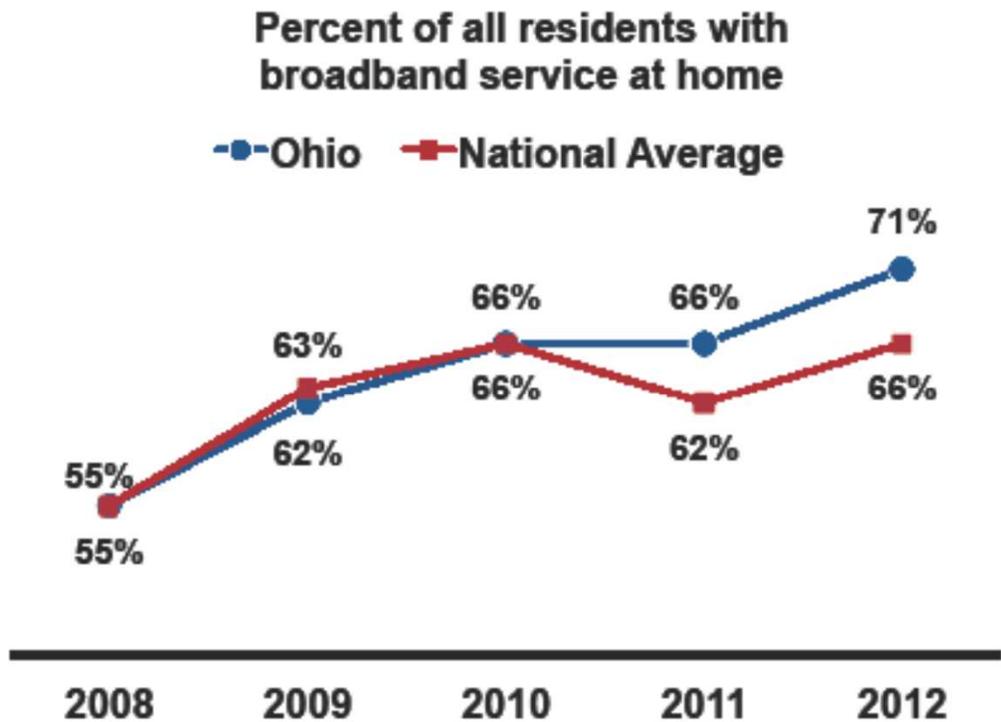
0.768 Mbps = 768 Kbps

Mbps = Megabits per second
Kbps = Kilobits per second



State and National Trends in Residential Broadband Adoption

Statewide, home broadband adoption among Ohio residents increased 16 percentage points from 2008 to 2012, compared to a national increase of 11 percentage points.



Source: 2008-2012 Connect Ohio Residential Technology Assessments

www.connectohio.org

National Source: Pew Internet & American Life Project, *Trend Data (Adults), Home Broadband Adoption*, Released April 2012.

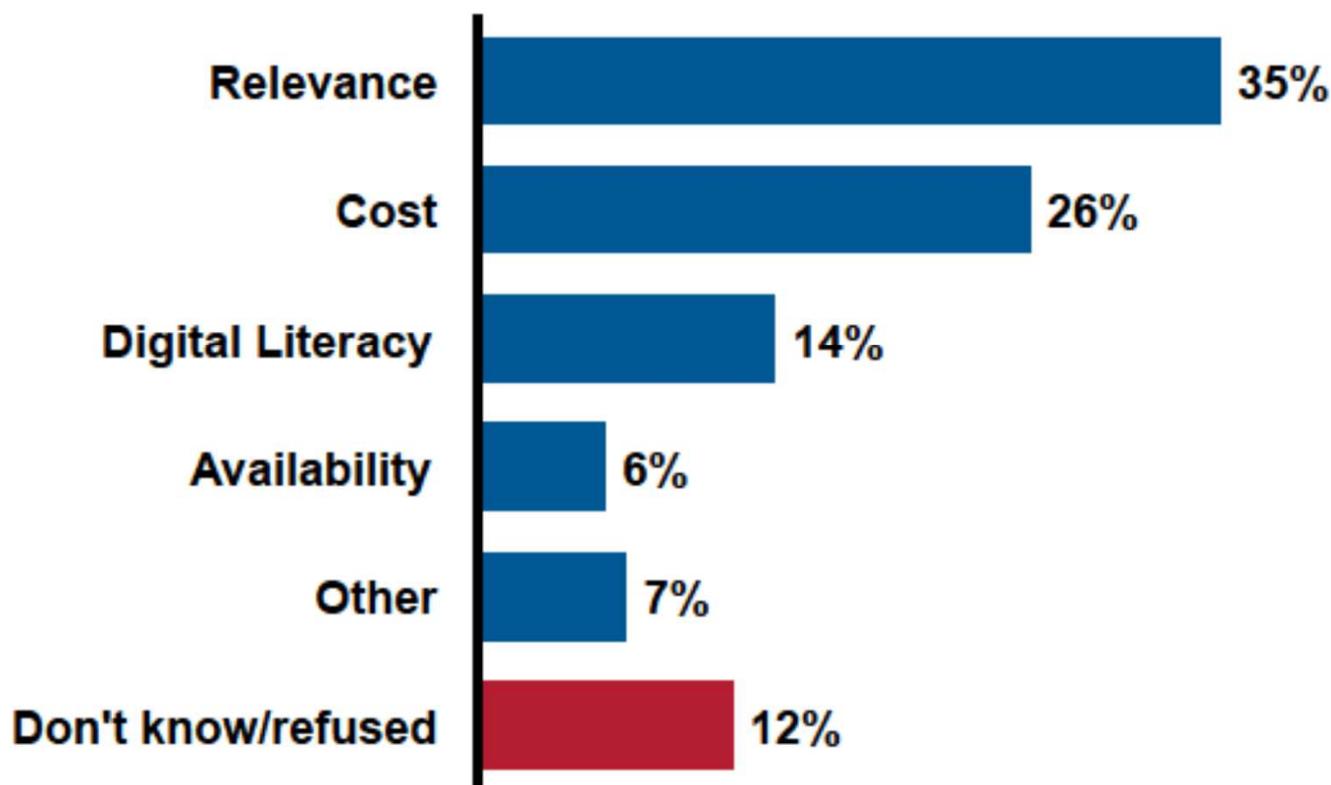
[http://pewinternet.org/Trend-Data-\(Adults\)/Home-Broadband-Adoption.aspx](http://pewinternet.org/Trend-Data-(Adults)/Home-Broadband-Adoption.aspx)

Q: Which of the following describe the type of Internet service you have at home? (n=1,200 OH residents in 2008; 1,200 OH residents in 2009; 1,200 OH residents in 2010; 1,201 OH residents in 2011; and 1,200 OH residents in 2012)



Main Barriers to Broadband Adoption

Among residents who do not subscribe to home broadband service



Q: Which one of these is the main reason why you do not subscribe to home Internet service?

Q: Would you sign up for broadband service if it were available in your area?

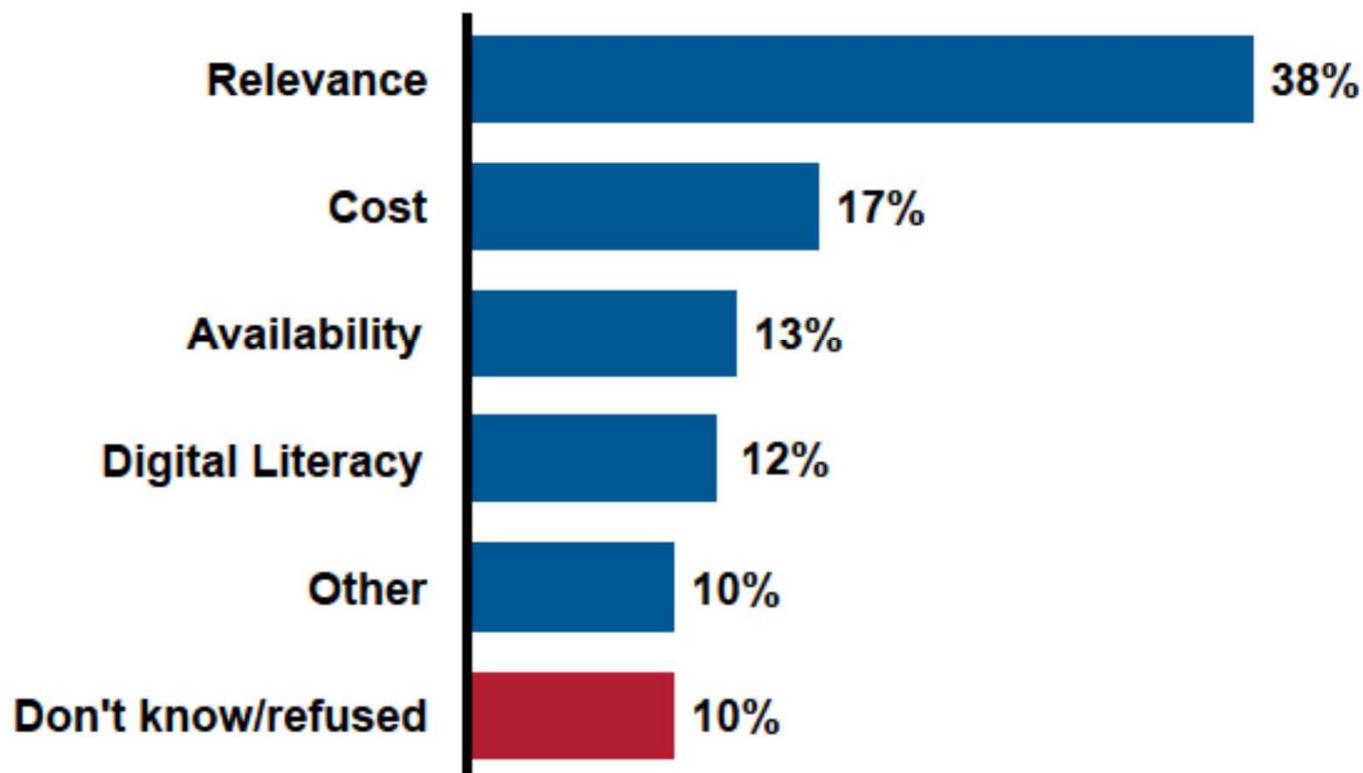
Q: Which one of these is the main reason why you do not subscribe to home broadband service?
(n=393 OH residents without broadband service at home)

Source: 2012 Connect Ohio
Residential Technology Assessment
www.connectohio.org



Main Barriers to Broadband Adoption in Rural Appalachian Ohio

Among residents who do not subscribe to home broadband service



Q: Which one of these is the main reason why you do not subscribe to home Internet service?
Q: Would you sign up for broadband service if it were available in your area?
Q: Which one of these is the main reason why you do not subscribe to home broadband service?
(n=177 Rural Appalachian OH residents without broadband service at home)

Source: 2012 Connect Ohio Residential Technology Assessment
www.connectohio.org



Thank you.