Presentation to the Select Committee on Telecommunications Regulatory Reform

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Director of Public Affairs
Office of the Ohio Consumers’ Counsel
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
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.

ARRA = American Recovery and Reinvestment Act
### AT&T Investment In Ohio

<table>
<thead>
<tr>
<th>State</th>
<th>2007-2009</th>
<th>2010-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio</td>
<td>$1.6 B</td>
<td>$1.5 B</td>
</tr>
</tbody>
</table>

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

Ohio Employment Increased 3.5% between Jan. 2010 and Dec. 2012

Available at: http://ohiolmi.com/asp/CES/CES.htm
Employment in the Ohio Telecom Industry
(2010 - 2012)

The “2018 Ohio Job Outlook Employment Projections” issued by the Ohio Dept. of Job and Family Services forecasted that Ohio telecom jobs would decrease 10.3% (down to 28,000 employees) **in the ten year period 2008 to 2018**. In reality, this 10.3% decrease occurred within about three years. Currently, Ohio telecom jobs are down 15% from 2008 levels.
Share of **Total** Telecom Job Cuts by State in the Great Lakes Region
(3Q10 – 2Q12)

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

Source: US Census Bureau LEHD data
Residential Rate Increases for Basic Local Exchange Service (“BLES”)

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

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

Source: Ohio Incumbent Local Exchange Carrier tariff filings.
## Residential Rate Increases for Basic Local Exchange Service (“BLES”)  

<table>
<thead>
<tr>
<th>Incumbent LEC</th>
<th>Pre-SB 162 Rate</th>
<th>Current Rate</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conneaut Telephone(^1)</td>
<td>$7.55</td>
<td>$11.80</td>
<td>56%</td>
</tr>
<tr>
<td>AT&amp;T Ohio</td>
<td>$14.25</td>
<td>$18.00</td>
<td>26%</td>
</tr>
<tr>
<td>Pattersonville Telephone</td>
<td>$4.75</td>
<td>$6.00</td>
<td>26%</td>
</tr>
<tr>
<td>New Knoxville Telephone</td>
<td>$6.60</td>
<td>$7.85</td>
<td>19%</td>
</tr>
<tr>
<td>Telephone Service Company</td>
<td>$7.50</td>
<td>$8.75</td>
<td>17%</td>
</tr>
<tr>
<td>Cincinnati Bell(^2)</td>
<td>$22.95</td>
<td>$26.70</td>
<td>16%</td>
</tr>
<tr>
<td>CenturyTel of Ohio dba CenturyLink</td>
<td>$12.55</td>
<td>$13.80</td>
<td>10%</td>
</tr>
</tbody>
</table>

- **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.

Source: Ohio Incumbent Local Exchange Carrier tariff filings.
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)

Lifeline Disbursements To Ohio Wireless Companies Increased 162% Since SB 162; Makes Up 86% of Total Lifeline Disbursements.

Lifeline Disbursements To Ohio Incumbent Phone Companies Decreased 43% Since SB 162.

Source: Universal Service Administrative Company website:
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.

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

## Common Applications Supported At Various FCC Speed Tiers

<table>
<thead>
<tr>
<th>Tier</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>Web Browsing, E-Mail &amp; VoIP</td>
</tr>
<tr>
<td>Tier 2</td>
<td>YouTube Videos plus Tier 1 Apps</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Netflix, plus Tier 2 Apps</td>
</tr>
<tr>
<td>Tier 4</td>
<td>Online Gaming, Netflix HD Video plus Tier 3 Apps</td>
</tr>
<tr>
<td>Tier 5</td>
<td>2-Way Video Conferencing plus Tier 4 Apps</td>
</tr>
</tbody>
</table>

### Speed Ranges

- **Tier 1**: 0.2 to 0.768 Mbps (768 Kbps)
- **Tier 2**: 0.768 to 1.5 Mbps
- **Tier 3**: 1.5 to 3.0 Mbps
- **Tier 4**: 3.0 to 6.0 Mbps
- **Tier 5**: 6.0 to 10.0 Mbps

**Notes:**
- 0.768 Mbps = 768 Kbps
- Mbps = Megabits per second
- Kbps = Kilobits per second

Sources: FCC report Measuring Broadband Speed (July 2012), National Broadband Plan, LinkWisconsin.com, FCC Form 477 instructions.
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.

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)

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

2012 © Connect Ohio.
### Main Barriers to Broadband Adoption

Among residents who do not subscribe to home broadband service

<table>
<thead>
<tr>
<th>Barrier</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>35%</td>
</tr>
<tr>
<td>Cost</td>
<td>26%</td>
</tr>
<tr>
<td>Digital Literacy</td>
<td>14%</td>
</tr>
<tr>
<td>Availability</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>Don't know/refused</td>
<td>12%</td>
</tr>
</tbody>
</table>

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

2012 © Connect Ohio.
Main Barriers to Broadband Adoption in Rural Appalachian Ohio

Among residents who do not subscribe to home broadband service

- Relevance: 38%
- Cost: 17%
- Availability: 13%
- Digital Literacy: 12%
- Other: 10%
- Don't know/refused: 10%

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.