



## Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

# CONSUMERS' FACT SHEET

Utility questions, concerns or complaints?

**CALL TOLL FREE:  
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# AM. SUB. SENATE BILL 162 & AM. HOUSE BILL 276: LOCAL TELEPHONE SERVICE DEREGULATION



The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, continues to encourage the General Assembly to strengthen legislation recently passed by both the Ohio Senate (Amended Substitute Senate Bill 162 (SB 162)) and Ohio House of Representatives (Substitute House Bill 276 (HB 276)). Despite some improvements, both bills eliminate necessary protections for the majority of Ohio's residential telephone consumers and allow companies to raise their rates for basic telephone service.

### Impact of legislation

**1. Annual price increases:** The proposed legislation would allow telephone companies to increase monthly rates for basic local telephone service by \$1.25 annually (a total of \$15 per year) without showing that there are effective competitive telephone services. The annual price increases also would affect low-income Lifeline customers who are currently protected from such rate hikes. Under HB 276, Lifeline customers are exempted from rate increases until Jan. 1, 2012. Under SB 162, no exemption for Lifeline customers exists.

**2. Weakened consumer protections:** This legislation creates two separate classes of telephone customers: Consumers with basic local telephone service who receive some minimum safeguards and customers with a combination of telephone services (bundles) who receive little to no consumer protections. The state's current Minimum Telephone Service Standards – a set of rules and consumer protections that have been in effect since 1977 – have been eliminated by both versions of the legislation.

Under both bills, basic local telephone service customers would receive some protections;

however, the majority of Ohio's residential telephone consumers who have bundles of services would have no protections in areas such as billing, deposits, credits or reconnection.

Under SB 162, customers with bundles of services would have it even worse. Telephone companies could act in an unfair or deceptive way if it is "not practicable" for them to do otherwise. The Public Utilities Commission of Ohio would decide how to define "practicable." The loophole is not in HB 276, therefore, all telephone customers would be protected from unfair and deceptive practices.

The OCC opposes the underlying principle of separate-but-unequal customer classes. It is clear, however, that HB 276 deals more favorably with most of the provisions regarding consumer protections. Here is a more detailed overview:

**Service quality:** Under HB 276, a reasonable effort must be made to restore service to basic local telephone service customers within 24 hours of a reported outage and out-of-service lines must be repaired within 72 hours. Under SB 162, there is only the 72-hour requirement. Neither version requires telephone companies to restore out-of-service lines for customers with bundles of services. The OCC favors the provisions in HB 276, because outages of 72 hours or longer could pose a safety risk to customers. All customers deserve this minimum safeguard.

**Customer credits:** Under HB 276, if more than 72 hours pass after a telephone outage has been reported, customers with basic service who are still without service would

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The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, represents the interests of 4.5 million households in proceedings before state and federal regulators and in the courts.

The state agency also educates consumers about electric, natural gas, telephone and water issues and resolves complaints from individuals.

To receive utility information, brochures, schedule a presentation or file a utility complaint, residential consumers may call 1-877-PICKOCC (1-877-742-5622) toll free in Ohio or visit the OCC Web site at [www.pickocc.org](http://www.pickocc.org).



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receive an automatic monetary credit on their account. The legislation is unclear whether this provision applies to customers with packages. Under SB 162, basic service customers could be without service for 72 hours and not receive an automatic credit. Customers with bundles of telephone services may never receive a credit, even if they file a complaint with state regulators or the company.

**Deposits:** Both bills limit the deposit amount for customers with basic local service to up to 230 percent of their monthly charges. Neither version of the legislation, however, maintains a limit on deposits for customers with bundles of services. The ability of companies to charge an unspecified deposit amount may make establishing service unaffordable for some customers.

**Reconnection:** Under HB 276, basic local telephone service customers who are disconnected for nonpayment would be reconnected within one day of paying their full account balance or making payment arrangements. Customers with bundles of services have no assurance of prompt reconnection. Under SB 162, telephone companies can take up to 72 hours to reconnect basic service customers who pay in full while no specific timeline for reconnection is offered for customers who arrange a payment plan or for customers with bundles of services.

**Billing:** For customers with bundles of services, adequate time would no longer be required between the billing of customers and their payment due date. Telephone customers with basic local service will be ensured at least 14 days between when their bill is sent and their payment is due.

**Access to 9-1-1 emergency service:** In HB 276, all residential telephone customers will have 14 days of 9-1-1 service after a disconnection for non-payment. This protection was eliminated for telephone customers with bundles of services in SB 162, which would potentially put customers' health and safety at risk.

**3. Lifeline:** Both bills create a statewide board to market the Lifeline program, however, neither bill ensures this board will receive sufficient funding for its marketing efforts. The OCC is concerned that many eligible customers may not become aware of the availability of Lifeline, due to the lack of marketing funding. Fortunately, HB 276 does require automatic enrollment options and annual reporting by the telephone companies about the number of Lifeline customers.

Unfortunately, both bills allow telephone companies to charge other non-Lifeline customers extra to pay for the program.

**4. Free voice mail:** HB 276 includes a statewide expansion of a service that provides free voice mail to Ohioans in distress. Currently, this service is provided in Cuyahoga and Summit Counties and through a pilot program in Northwest Ohio. SB 162 has no provision for expanding the program. The OCC has long advocated for free voice mail service that would provide individuals in transition with a way to connect with employers, landlords or family members.

### OCC position

The OCC encourages the governor and state legislature to strengthen both bills by extending the consumer protections to all telephone customers. Also, the OCC urges the legislature to protect Ohioans from increasing telephone rates, particularly the most vulnerable low-income Ohioans by freezing Lifeline rates for at least five years.

### What consumers can do

The OCC urges consumers to contact Speaker of the House Armond Budish, Senate President Bill Harris and Gov. Ted Strickland immediately and let them know the importance of strengthening consumer protections in these proposed bills. A personalized telephone call, e-mail or letter will effectively communicate your concerns.

## Consumers can mail a letter to:

The Honorable Speaker of the House  
Armond Budish  
Ohio House of Representatives  
77 South High Street  
Columbus, OH 43215

The Honorable Senate President  
Bill Harris  
Ohio Senate  
Statehouse  
Columbus, OH 43215-4210

The Honorable Governor  
Ted Strickland  
Governor's Office  
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