



Telephone Deregulation: Consumer impacts of Am. Sub. Senate Bill 162 and Am. House Bill 276

The Office of the Ohio Consumers' Counsel (OCC), the residential utility consumer advocate, is concerned about legislation recently passed by the Ohio Senate (Senate Bill 162) and Ohio House of Representatives (House Bill 276) because they eliminate necessary consumer protections and allow telephone companies to raise rates for basic service.

Issue	Current laws or rules	What SB 162 would do	What HB 276 would do	Impact on consumers
Rate increases to basic local telephone service	Telephone companies must show that competition exists in an exchange in order for the PUCO to allow them to annually increase the monthly price of basic local telephone service by \$1.25. Lifeline customers' basic local telephone rates would not increase.	Telephone companies would be allowed to increase the monthly price of basic local telephone service by \$1.25 annually by showing that only two alternative services are available in some part of a telephone exchange. No exception is made for Lifeline customers.	Telephone companies would be allowed to increase the monthly price of basic local telephone service by \$1.25 annually by showing that only two alternative services are available in some part of a telephone exchange. Lifeline customers are exempt from rate increases until Jan. 1, 2012.	Telephone companies will be able to raise their rates for basic telephone service every year, without showing that effective competition for basic local telephone service exists. Customers already struggling to make ends meet would see higher rates despite the Lifeline discount. HB 276 better protects consumers.
Service quality	All out-of-service telephone lines must be repaired within 24 hours, with exceptions for weekends and holidays.	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.	Telephone companies must make a reasonable effort to repair outages for customers with basic telephone service within 24 hours, and restoration must occur within 72 hours of a reported outage. There is no time limit to restore outages for customers with bundles or packages of telephone services.	Ohioans' health and safety could be put at risk if telephone companies take 72 hours or longer to restore telephone service after an outage. HB 276 better protects consumers.
Customer credits	Automatic credits are provided to customers when telephone companies do not comply with certain standards. For 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 report their outage; no other credits for basic service customers are allowed unless they file a complaint with the PUCO.	Basic local service customers will receive an automatic credit if service is not restored within 72 hours of a telephone outage being reported. It is unclear if customers with bundles or packages of telephone services will be eligible for a credit.	Under SB 162, basic service customers could be out of service for several days and not receive an automatic credit. Customers with bundles may never receive a credit, even if they file a complaint with the company or state regulators. HB 276 better protects consumers.
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 receive a 9-1-1 "warm-line" if they are disconnected due to non-payment.	Status quo: ALL customers who are disconnected for non-payment must receive a "warm-line" 9-1-1 connection for at least 14 days.	SB 162: Customers could be left without access to 9-1-1 services, which could put customers' health and safety at risk. HB 276 better protects consumers.
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.	Residential customers who receive basic service who have been disconnected for nonpayment are reconnected within one day of making payment in full or making payment arrangements. Customers with bundles or packages of telephone services have no assurance of prompt reconnection.	SB 162: All customers would not be assured of a prompt reconnection of service. HB 276: Customers with bundles or packages have no assurance of prompt reconnection. HB 276 better protects consumers.
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.	This consumer protection is eliminated for customers with bundles or packages of telephone services.	Customers with bundles or packages of telephone services would no longer be guaranteed adequate time between their telephone billing and payment due dates.
Deposits	A deposit of up to 230 percent of the monthly charges may be collected to restore or initiate service.	Removes the limit telephone companies could charge as a deposit for customers who receive a bundle or package of telephone services.	Removes the limit telephone companies could charge as a deposit for customers who receive a bundle or package of telephone services.	Lack of limit on deposit amounts for bundles of telephone services could make establishing telephone service unaffordable.
Customers with bundles or packages of telephone services	Residential customers with a bundle receive the same protections as customers with basic local service in areas such as billing, deposits, credits and reconnection.	Customers with bundles or packages of telephone services will receive no minimum consumer protections in areas such as billing, deposits, credits, reconnection and 9-1-1 access after disconnection. These 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 with bundles or packages of telephone services will receive no minimum consumer protections in areas such as billing, deposits, outages, or reconnection. Customers with bundles or packages would have only limited protections from "unfair or deceptive" practices; however, HB 276 removes the "not practicable" loophole.	Customers who receive a bundle would not receive minimum safeguards that would apply to customers with basic local service. HB 276 better protects consumers.
Lifeline education (low-income program)	Educational marketing for large telephone companies' low-income Lifeline programs includes a required budget, is coordinated by a board and performed all year.	Educational marketing efforts are required, but there is no budget amount specified. Educational marketing efforts are coordinated through a statewide board.	Educational marketing efforts are required, but there is no budget amount specified. Marketing efforts are coordinated through a statewide board. Automatic Lifeline enrollment options must be developed. Telephone companies must also annually report the number of Lifeline customers.	Many eligible consumers may not be informed about the availability of the low-income Lifeline discount. HB 276 better protects consumers.
Lifeline discount cost	Paid as part of large telephone companies' rates.	Allows telephone companies to increase their rates to recover the cost of the Lifeline program.	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.
Free Voicemail Service for consumers in distress	Provided in Cuyahoga and Summit Counties and through a pilot program in 24 counties in Northwest Ohio. Eligibility is determined through social service agencies.	There is no commitment to expanding this program throughout Ohio.	Provides free voicemail to individuals in distress on a statewide basis.	Will provide individuals in transition with a way to reach potential employers, landlords or maintain contact with family members and loved ones. HB 276 better protects consumers.
Carrier of last resort	Ohio regulations require incumbent phone companies to provide basic local exchange service throughout their service territory.	Would allow telephone company to request a waiver of its obligation to provide service as a carrier of last resort; allows a 30-day process.	Expands the process for a telephone company to request a waiver of its carrier of last resort obligations and extends the process to 120 days.	Could potentially leave customers in rural or economically disadvantaged areas at risk of having no telephone service at all. HB 276 better protects consumers.

The following groups are united in opposition to Am. Sub. Senate Bill 162 and Sub. House Bill 276:

- AARP Ohio
- Advocates for Basic Legal Equality
- Appalachian Peace and Justice Network
- Behavioral Connections of Wood County
- Bellamy Alarm Co.
- Citizens Coalition
- Coalition on Homelessness and Housing in Ohio
- Columbus NAACP
- Communities United For Action
- Concerned Citizens Against Homelessness
- Deardoff Senior Center
- Empowerment Center of Greater Cleveland
- Findlay Hope House for the Homeless, Inc.
- Guernsey County Senior Citizens Center, Inc.
- Guernsey Monroe Noble Tri County Community Action Agency, Inc.
- HARCATUS Tri-County Community Action Organization
- Martin Luther King Center-Kitchen For the Poor, Inc.
- NAACP Marion Ohio Unit
- NAMI Franklin County
- National Association of Telecommunication Officers and Advisors, Ohio Chapter
- Neighborhood Housing Services of Toledo, Inc.
- Ohio Association of Senior Centers, Inc.
- Office of the Ohio Consumers' Counsel
- Ohio Farmers Union
- Ohio Poverty Law Center
- ONYX (Organized Neighbors Yielding eXcellence)
- Ottawa County Transitional Housing
- Pastoral Ministries, Inc.
- Paulding County Senior Center
- Portage County Commissioners Multipurpose Senior Services Center
- Pro Seniors, Inc.
- Samaritan Works, Inc.
- Society for Equal Action, LLC
- SOURCES Community Network Services
- The Link
- Toledo Branch NAACP
- Urban Appalachian Council