



# Frequently Asked Questions About Ohio's Telephone Legislation

## Senate Bill 162 and House Bill 276



### **Q. Will residential telephone rates be allowed to increase if the legislation is passed by the Ohio General Assembly?**

A. Yes, Senate Bill 162 and House Bill 276 allow annual price increases for all Ohio local telephone companies.

The proposed legislation allows telephone companies to increase their monthly rates for basic service by \$1.25 annually without a showing to the Public Utilities Commission of Ohio (PUCO) that there is either competition for their services or that they need this extra revenue from consumers. Higher rates with no alternatives for basic service may result.

Additionally, this legislation allows telephone companies to add another surcharge to monthly bills to pay for a portion of the Lifeline low-income program.

### **Q. Will low-income customers receiving a Lifeline discount be affected if rates are increased?**

A. Yes, the annual price increases will impact customers with stand-alone basic local service, including low-income customers participating in the Lifeline program who are currently protected from such rate increases.

### **Q. What consumer protections will be weakened if the legislation goes into effect?**

A. Currently, local telephone companies must follow the PUCO's Minimum Telephone Service Standards, which is a set of rules and consumer

protections. Senate Bill 162 and House Bill 276 will eliminate the Minimum Telephone Service Standards and replace them with weaker laws which the local telephone companies would follow. Examples include:

- The period of time telephone companies have to restore an out-of-service telephone line increases from 24 hours to 72 hours (three days). This could lead to deterioration in service quality and job losses.
- Adequate time no longer will be required between the billing of customers and their payment due date. The legislation allows a telephone company to disconnect service within 14 business days of sending a bill.
- The maximum amount customers would pay for a deposit will increase from 230 percent to 300 percent of the monthly charges. This unfair upfront deposit is already higher than the deposit electric and natural gas utilities can charge, which is 130 percent of the average monthly bill.
- The legislation allows telephone companies to take five days to reconnect disconnected customers who pay in full. Where payment arrangements have been made, there will be no requirement as to when reconnection would have to occur. Currently, residential customers disconnected for nonpayment are reconnected within one day of making payment in full or making payment arrangements.
- Basic protections will not be provided to customers with bundled packages. Customers who receive a bundle or package of telecommunication services (for example, multiple calling features and unlimited calling at a combined price) do not receive the minimal safeguards described above. For example, there is no time requirement for telephone companies to install bundles, restore outages or reconnect a customer who has been disconnected for non-payment. There also is

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no limit on the deposit the telephone company could charge to initiate telephone services. The only protection for bundled customers is the forbidding of “unfair or deceptive” practices.

**Q. Will residential customers still receive an automatic credit if they are left without telephone service for three days or longer?**

- A. No. The Public Utilities Commission of Ohio’s authority to order automatic credits for consumers when telephone companies do not comply with certain standards will be eliminated. To attempt to receive a credit for outages or missed repair appointments, consumers would have to go through the formal Public Utilities Commission of Ohio complaint process, including going to Columbus for a formal hearing.

**Q. How will the new law treat customers who receive a bundle or package of telecommunication services?**

- A. Consumer safeguards for customers with bundles will virtually disappear. Not even the weaker protections provided under the legislation will apply. For example, there will be no time requirement for telephone companies to install bundles, restore outages or reconnect a customer who has been disconnected for non-payment. There also will be no limit on the deposit the companies could charge for these bundles.

In addition, telephone companies are currently required to provide access to 9-1-1 emergency services for 14 days following any customer's disconnection for nonpayment. Under the legislation, this requirement would be eliminated for customers with packages or bundles, which could put customers’ health and safety at risk.

Bundled customers would have only limited protections from “unfair or deceptive” practices.

**Q. Will low-income customers still be educated about their potential eligibility for the Lifeline discount program?**

- A. The Lifeline marketing programs for the large local telephone companies in Ohio could be scaled back if the legislation is adopted. That likely means many eligible consumers will not be informed about the availability of a significant discount off the price of their basic local telephone service.

**For additional information from the Office of the Ohio Consumers’ Counsel:**

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