



## Office of the Ohio Consumers' Counsel

Your Residential Utility Consumer Advocate

# CONSUMERS' FACT SHEET

Utility questions, concerns or complaints?

**CALL TOLL FREE:  
1-877-PICKOCC**

(1-877-742-5622)  
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**Office of the Ohio Consumers' Counsel**

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# WHAT CONSUMERS NEED TO KNOW ABOUT CHANGES IN OHIO TELECOMMUNICATIONS REGULATION



Residential consumers who use landline telephone service will be affected by a new law that deregulates major aspects of Ohio's telephone industry. The new law, Substitute Senate Bill 162 (S.B. 162), was signed by Gov. Ted Strickland in June 2010 and went into effect Sept. 13, 2010. This fact sheet describes the changes resulting from the law. The Office of the Ohio Consumers' Counsel (OCC) encourages consumers to contact its office to describe their experiences with their landline telephone company under the new law.

Throughout the S.B. 162 legislative process, the OCC and numerous advocacy organizations worked vigorously on behalf of Ohio's residential telephone consumers. The consumer groups advocated that further deregulation of the industry, sought by major telephone companies and other special interests, should not leave consumers with diminished telephone services at higher prices.

The OCC remains concerned about the possible effects of the new law on consumers with basic telephone service, those with bundles and packages that include basic telephone services and low-income Lifeline customers. Although the new law retains some safeguards for customers, the consumer protections are much weaker than Ohioans had in the past.

With the passage of the new telecommunications law, residential landline telephone consumers' service quality will no longer be protected under the Minimum Telephone Service Standards, first adopted in 1977 by the Public Utilities Commission of Ohio (PUCO). Under the new law, the PUCO will no longer enforce these rules as of Sept. 13, 2010.

Consumers with basic telephone service will receive minimal service quality protections which are less than the protections all landline telephone

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consumers received in the past. Customers with bundles and packages of services, however, will **NOT** be protected by these reduced telephone service standards in the new law (*see definitions*). Instead, customers with bundles and packages will only have protections from unfair and deceptive sales practices similar to those that have been in place regarding other consumer transactions, such as buying a car. The new law requires information provided to consumers to be “truthful, clear, conspicuous and accurate.”

In addition to changing service quality requirements, the new law affects landline basic service rates, changes the Lifeline program, creates a pilot voice mail program for income-eligible consumers without access to a telephone and establishes a review panel that will analyze the overall effects of the law.

#### Potential rate increases

The new law allows telephone companies more flexibility in raising rates for basic telephone services. Telephone companies may raise monthly basic telephone service rates by \$1.25 each year (or \$15 annually) in a telephone exchange, if they can show that **two** similar competing services are available in some part of the exchange. For example, if a cable company and a wireless carrier offer service in any part of a telephone exchange, the landline telephone company will be allowed to raise its basic telephone service rates every year, indefinitely, even if the other providers' services are not available throughout the entire exchange.

The OCC is concerned that these new provisions will allow Ohio telephone companies to raise basic telephone service rates for customers who do not have real alternatives. Under the new law, all telephone companies also will be permitted to raise rates for services other than basic telephone service without PUCO approval.

#### Low-Income Lifeline program for landline customers

Ohio's Lifeline program offers discounts to residential telephone consumers with household incomes up to 150 percent of the federal poverty guidelines. It also is available to consumers participating in other state or federal assistance programs, such as the Home Energy Assistance Program. Lifeline customers will see major changes as a result of the new law:

- ▶ Beginning Jan. 1, 2012, Lifeline customers will no longer be exempt from price increases for basic local telephone service. They will continue to receive a discount but would be subject to the same \$1.25 monthly increase as non-Lifeline customers. Also, landline telephone companies will have the ability to collect the costs of providing the Lifeline program (other than marketing costs) from non-Lifeline customers;

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***“Beginning Jan. 1, 2012, Lifeline customers will no longer be exempt from price increases for basic local telephone service.”***

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- ▶ Landline telephone companies will now have the ability to market bundles and packages of telecommunications services to Lifeline customers. It is important that consumers be aware that once they purchase such services, they will no longer have the same service quality protections established for basic telephone service customers under the new law. Consumers also should be careful not to purchase more services than their budget permits; and

- ▶ The new law creates a statewide board to advertise Lifeline, however, the law does not ensure this board will receive sufficient funding for its marketing efforts. The law also encourages automatic enrollment of eligible customers into the program and requires telephone companies to submit an annual report showing the number of Lifeline customers they serve.

### Legislation review process

The new law establishes a committee of eight members, including a representative from the OCC, to study the impact of the law. The committee will issue its report by Sept. 13, 2014. The OCC urges consumers to forward information concerning the effects of the new law on them to its office to be considered as part of its review.

Consumers may call the OCC hotline toll-free at 1-877-742-5622 (1-877-PICKOCC), email to [occ@occ.state.oh.us](mailto:occ@occ.state.oh.us) or write to:

**Office of the Ohio  
Consumers' Counsel**  
10 W. Broad Street, Ste. 1800  
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## Definitions

### **Basic telephone service:**

Landline service that includes unlimited local calling only. Telephone companies must allow customers to have access to the long distance carrier of their choice. Telephone companies also allow customers to purchase other services on an individual basis (such as caller ID, voice mail, etc.) in addition to their basic service.

### **Bundles and/or packages:**

Telecommunications services sold together for a single price. Bundled or packaged services may include combinations of local telephone service features such as caller ID and voice mail, long distance, wireless, cable television, internet and other services sold together for one price.

**Exchange:** The geographic area where a traditional telephone company provides local service.

**Lifeline:** A program which allows income-eligible telephone customers to receive a discount on their monthly service rate and a waiver of deposit requirements and service connection charges.

### **Wireless service:**

Telecommunications service via mobile phones.



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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 website at [www.pickocc.org](http://www.pickocc.org).



The Office of the Ohio Consumers' Counsel is an equal opportunity employer and provider of services.

It is important for residential telephone customers to understand how the new law will affect them. The Office of the Ohio Consumers' Counsel has prepared the following chart comparing how the telephone industry was previously regulated to how the new law may impact the price, as well as the quality, of landline telephone service in Ohio.

	Under Old Law and Old Rules	Under New Law and Proposed New Rules
<b>Rate increases to basic telephone service</b>	Telephone companies could increase the monthly price of basic local telephone service by \$1.25 annually by showing that <b>five</b> alternative services are available in some part of a telephone exchange.	Telephone companies may increase the monthly price of basic local telephone service by \$1.25 annually (totaling a \$15/year increase) by showing that only <b>two</b> alternative services are available in some part of a telephone exchange.
<b>Service quality</b>	Telephone companies had to repair reported outages within 24 hours for all customers, with exceptions for weekends and holidays.	Telephone companies must make a reasonable effort to repair reported outages within 24 hours <b>for customers with basic telephone service only</b> . There is no time limit to restore outages for customers with bundles or packages.
<b>Customer credits for outages</b>	If an outage was not repaired within 72 hours, the telephone company had to automatically credit the customer for one month of service.	Telephone companies are required to credit all affected customers the price of one month's basic service if there is a basic telephone service outage that lasts more than 72 hours.
<b>Service Installation</b>	Service had to be installed within five business days, with automatic credits for failure to install within the required time and for missed appointments.	Service must be installed within five business days <b>for customers with basic telephone service only</b> . The law does <b>not</b> require credits for missed installations or missed appointments for any customers.
<b>Access to 9-1-1 service</b>	All customers of traditional local telephone companies (with or without bundles) received warm line (i.e., ability to call 911) for 14 days following disconnection for nonpayment.	This provision was retained for all customers by the new law and was expanded to include customers of competitive local telephone companies, as well.
<b>Billing</b>	Telephone companies had to give <b>all</b> customers at least 14 days from the postmark of the bill to pay monthly bills.	Telephone companies must give customers <b>with basic telephone service only</b> at least 14 days from the postmark of the bill to pay monthly bills. This requirement does not apply to customers with bundles or packages. Therefore, telephone companies can require these customers to pay their bill in less than 14 days and charge late fees at any time.
<b>Reconnection</b>	Telephone companies were required to reconnect <b>all</b> customers who were disconnected for nonpayment within one day of the customer making full payment or making a payment arrangement.	Telephone companies are required to reconnect customers with <b>basic telephone service</b> who have been disconnected for nonpayment within one day of the customer making full payment or making a payment arrangement. This requirement does <b>not</b> apply to customers with bundles or packages.
<b>Deposits</b>	Telephone companies could require a deposit of up to 230 percent of the monthly charges to restore or initiate service.	Telephone companies are required to limit any deposit amount to restore or initiate service to 230 percent of the monthly charges <b>for customers with basic service only</b> . There is no limit on the amount a telephone company can require for a deposit from customers with bundles or packages.
<b>Customer transactions</b>	The Minimum Telephone Service Standards prohibited telecommunications service providers from committing unfair or deceptive practices in consumer transactions, and required that disclosures be clear and accurate.	The law prohibits unfair or deceptive practices, and requires disclosures to be truthful, clear, conspicuous and accurate. Telephone companies may pursue waivers of the rules in instances where they consider the required disclosures not practicable. The PUCO will adopt rules defining "practicable." Until such rules are finalized, all disclosures will be considered "practicable."