



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

MEMORANDUM

TO: Angela Hawkins, Public Utilities Commission of Ohio

FROM: Ethan Wittkorn, Regulatory Policy Advocate

DATE: September 4, 2019

RE: **CSI Review – Telephone Company Procedures and Standards (4901:1-6-01. 4901:1-6-06. 4901:1-6-07. 4901:1-6-14. 4901:1-6-19. 4901:1-6-29,4901:1-6-30)**

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Commission as provided for in ORC 107.54.

Analysis

This Public Utilities Commission of Ohio (Commission) rule package consists of 7 amended rules. The rules were submitted to the CSI Office on March 28, 2019, and the public comment period was open through April 10, 2019.

This package, as a result of the passage of Sub. H.B. 402 of the 132nd General Assembly, adopts rules permitting incumbent local exchange carriers (ILEC) to increase rates for basic local exchange service (BLES) by an amount of up to \$2.00 annually (an increase from \$1.25 annually). The rules also require reporting on line loss and lines in service, price changes for services, submission of reports to the Ohio legislature, definitions, suspensions, customer notice requirements, BLES pricing parameters, lifeline requirements, procedures for notifying the commission of operational changes, company records, and complaint procedures.

The rules satisfy Federal Communications Commission requirements through definition updates, changes in rate increases for ILEC's, implementation of lifeline services, and updates in customer

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notification procedures.

Amendments to the rules include general language updates, clarification in suspension protocols and customer notice requirements. They establish criteria for an ILEC BLES pricing flexibility exemption, investigation and inspection allotments, and clarify exceptions for mergers and changes of control.

During the period of stakeholder outreach, the Commission held a meeting in February of 2019, noticed by regular mail and email to the Ohio Telecom Association (OTA), the Ohio Consumers Council (OCC), and the telephone industry list-serve. The Commission received comments during the drafting process for the proposed rules from AT&T Ohio, the OTA, the Ohio Cable and Telecommunications Association (OCTA), and consumer groups such as the OCC and the Ohio Association of Community Action Agencies. Changes made to the draft rules during this period include updates to definitions, language changes to better align with FCC requirements, and updated references. Additionally, during this period the Commission engaged stakeholders on topics such as the inclusion of a process for a decrease in BLES rates by a for-profit ILEC, language changes to BLES service requirements to align rule with statute and to clarify requirements of BLES pricing parameters, and the clarification of language regarding merger and change-in-control applications.

These rules impact regulated telephone companies and their customers. The adverse impacts on business include requirements that telephone companies provide a notice to affected customers fifteen days in advance of any rate increase, follow the BLES pricing parameters (outlined in 4901:1-6-14), provide 'lifeline services' (outlined in 4901:1-6-19), maintain correct procedures for notifying the Commission of operation changes and updates, and follow records keeping requirements (outlined in 4901:1-6-30). The proposed changes to the rules are necessary for the Commission to implement Sub H.B. 402 and existing federal and state law. They allow the Commission to better monitor the number of providers moving into and out of the market, the number of subscribed customers, and the number of customer complaints.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Commission should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.