



Office of the Ohio Consumers' Counsel

**Presentation on Consumer Protections
by the Office of the Ohio Consumers' Counsel
Before the Telephone Network Transition Collaborative
of the Public Utilities Commission of Ohio**

January 19, 2016

The Ohio Consumers' Counsel appreciates this opportunity to make a presentation before the Collaborative. The topic today is protecting Ohioans who may lose their basic telephone service if their telephone company abandons traditional landline service. Thank you, Marianne, for the invitation. And we appreciate that the legislature included OCC in this public process.

During the last Collaborative meeting, it was stated that *educating* consumers is an integral part of the transition from traditional telephone service to service based on Internet technology. The same is true for *protecting* consumers. Protecting Ohioans is a fundamental objective for each of the subject areas that this Collaborative is directed to address under Section 749.10(B) of House Bill 64.

The first area mentioned in Section 749.10(B) is universal connectivity. Consumers' new service must offer the same access to the world as the service they now receive from their telephone company. This means that alternative services must allow consumers to connect with all providers and all other residential and business consumers.

Next is public safety. In addition to 911 access, consumers must be able to call doctors, hospitals, pharmacists, relatives, etc., and be able to make non-emergency calls to police and fire departments. Further, health and safety equipment such as medical monitors and home alarm systems must work at least as well with an alternative service as they do with consumers' traditional services. And there's a reliability issue – alternative service must work during outages and the signal strength of wireless service at the consumer's home must be consistently good.

The next subject is expanded availability of advanced services. Some alternative services will be Internet-based, so consumers will, by necessity, need to have reliable access to broadband at adequate speeds to run the alternative services. Without it, consumers could have an alternative service that is an inadequate substitute for their basic service. The Collaborative will, therefore, need to be aware of those areas of Ohio that don't have access to the necessary advanced services. This makes maintaining Connect Ohio's database essential to the work of the Collaborative. We encourage the PUCO to help find ways in this process to keep the Connect Ohio database up to date.

Section 749.10(B) also mentions competition. Competition can protect consumers if it actually helps to keep prices low and service quality high. But most of the "competition" that developed over the past twenty years tended to offer other services without holding down prices. And some of the alternatives required that consumers pay for another service, such as broadband, to enable digital phone service that consumers also paid for. A better result is needed to protect Ohio consumers.

A concern for the Collaborative is that service quality has deteriorated, which has caused customers to be less satisfied with telephone service. The American Customer Satisfaction Index is compiled by researchers at the University of Michigan. The Index's most recent data show that customers are less satisfied with both wireless service and "fixed-line service" – which includes local phone companies and cable companies. For "fixed-line" services, the main issues have been the frequency of service interruptions and landline call clarity. For wireless carriers, some of the problem areas are network coverage, and call quality regarding both clarity and frequency of dropped

calls. For both fixed-line and wireless, customers have been increasingly dissatisfied concerning the ease of understanding bills.

The Index report noted that the gap is closing between fixed-line and wireless regarding customer satisfaction. But the gap is closing not because customers are more satisfied with the services. The gap is closing because satisfaction with fixed-line service is deteriorating more rapidly than with wireless.

What this means for this Collaborative's work is that competition in and of itself will not necessarily protect consumers. The PUCO's role will be important for protecting Ohioans.

The Collaborative's most vital role for consumer protection will be in the processes for identifying Ohioans who might be without alternative phone service if their phone company abandons their basic phone service. And there must be effective education for consumers about the transition from traditional landline service to Internet-based technology. OCC is emphasizing that education must be effective for Ohioans. We are proponents of education that can be confirmed as actually effective in reaching and enabling consumers to take action for their own transition from traditional landline service to Internet-based technology.

As noted, an important task of the Collaborative is to protect consumers from losing affordable, reliable telephone service. Residential customers who this Collaborative identifies as being without reasonable and comparatively priced alternative service will not have to file a petition at the PUCO, should their telephone company decide to abandon service. In order to help identify those customers who might be without alternative service, the Collaborative will need to gather very detailed, very specific and very accurate information regarding the availability of alternative

providers at the residences of basic service customers. As discussed in the first Collaborative meeting, the Collaborative will need to know the exact locations of basic service customers. And the Collaborative will need to have exact information regarding the services that are available at the homes of basic service customers. Depending on the reliability of the information available, that might require on-site activities at a customer's home (e.g., locating cable facilities, measuring wireless signal strength, etc.). These activities would be similar to the types of field work that Connect Ohio has done for its broadband mapping. In the PUCO's rulemaking case, 14-1554-TP-ORD, the Consumer Groups commented that coverage maps from websites often are not accurate because of terrain and other obstructions that can affect signal strength at the customer's home.

Revised Code section 4927.10(B) provides that alternative services for Ohioans identified by this Collaborative must be both *reasonable* and *comparatively priced*. This standard for alternative services that would serve as a proper substitute for the incumbent's basic service is a consumer protection included in House Bill 64. The components of "reasonable" should include service quality, affordability accessibility by the customer (especially by customers with disabilities), and compatibility with medical devices, home alarms and other home health and safety equipment.

If a customer has to give up consumer protections with an alternative service, that makes the service less reasonable or even unreasonable. The Collaborative will need to determine whether the statutory protections for basic service are included in the alternative provider's terms and conditions of service.

The other aspect is that the service must be comparatively priced. As discussed in the Consumer Groups' comments on the PUCO's proposed rules, the Collaborative must compare the

cost of the phone service that the customer has to the cost of the alternative services available at the customer's home. There should be no value placed on any features in the alternative providers' services that the customer currently does not want. If a customer has to buy additional features (especially ones that the customer does not want or need) the additional features should not be a factor in determining whether a service is "comparatively priced." For example, if the cost of the customer's current basic service is \$30 and the cost of an alternative provider's package (with advanced services, etc.) is \$50, then the comparison should be \$30 to \$50 – not \$30 plus some subjective value for the features to \$50. And the Collaborative will need to determine whether the rates to compare already include the various surcharges that show up on customers' bills, or if any surcharges are extra.

Here is an example. It is not comparable, for purposes of the consumer protection in House Bill 64, to require the consumer who is losing basic phone service to not only pay for new digital phone service but also to start paying a considerable additional charge for the Internet service needed to enable the digital phone service. In determining whether such services are comparably priced, the comparison should be between the price of the customer's basic service and the combined price of the digital phone service and the Internet access.

Regarding consumer education, House Bill 64 specified that "The collaborative process shall ensure that public education concerning the transition is thorough." Among other things, this means that the consumer education program developed by the Collaborative should be multi-faceted. Consumer education should be accomplished through multiple means, including mailings, websites, broadcast spots, emails and other media. The Collaborative should consider reaching out to other

organizations for assistance. For example, the Ohio Association of Broadcasters has what it calls the Non-Commercial Sustaining Announcement program, which is also known as the Public Education Partnership program. This program provides an opportunity for non-profits and government agencies to distribute their public service messages. The Ohio Newspaper Association has a similar program called Buckeye Media Partner. There is some cost involved with these programs, but there might be other programs available that don't cost anything.

The content of consumer education pieces should be straight-forward and informative. Consumer education pieces should provide consumers with necessary information in a fair, unbiased way. Change is often met with considerable angst and skepticism, so consumers will need to have information they can trust and can use. As stated, the Ohio Consumers' Counsel is a proponent of education that can be confirmed as actually effective in reaching and enabling consumers to take action for their own transition from traditional landline service to Internet-based technology.

Again, thanks for the opportunity to appear before the Collaborative today. I and my colleagues here will be glad to answer any questions you might have.