

RELIABILITY AND CONSUMER PROTECTION

Telephone Network Transition Collaborative May 19, 2016



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RELIABILITY

- Reliability is an essential consumer protection
- Consumers must have reliable phone service available to them at all times.
- Reliability should be one factor in the Collaborative's determination whether a service is a reasonable and comparably priced alternative.

MEASURING RELIABILITY

- Former MTSS had standards for measuring reliability.
- Today, we can begin with “five-nines” reliability -- customers should be able to make a call 99.999% of the time.
- Reliability is important for voice calls and for non-voice uses of phone service (e.g., burglar alarms, medical equipment).

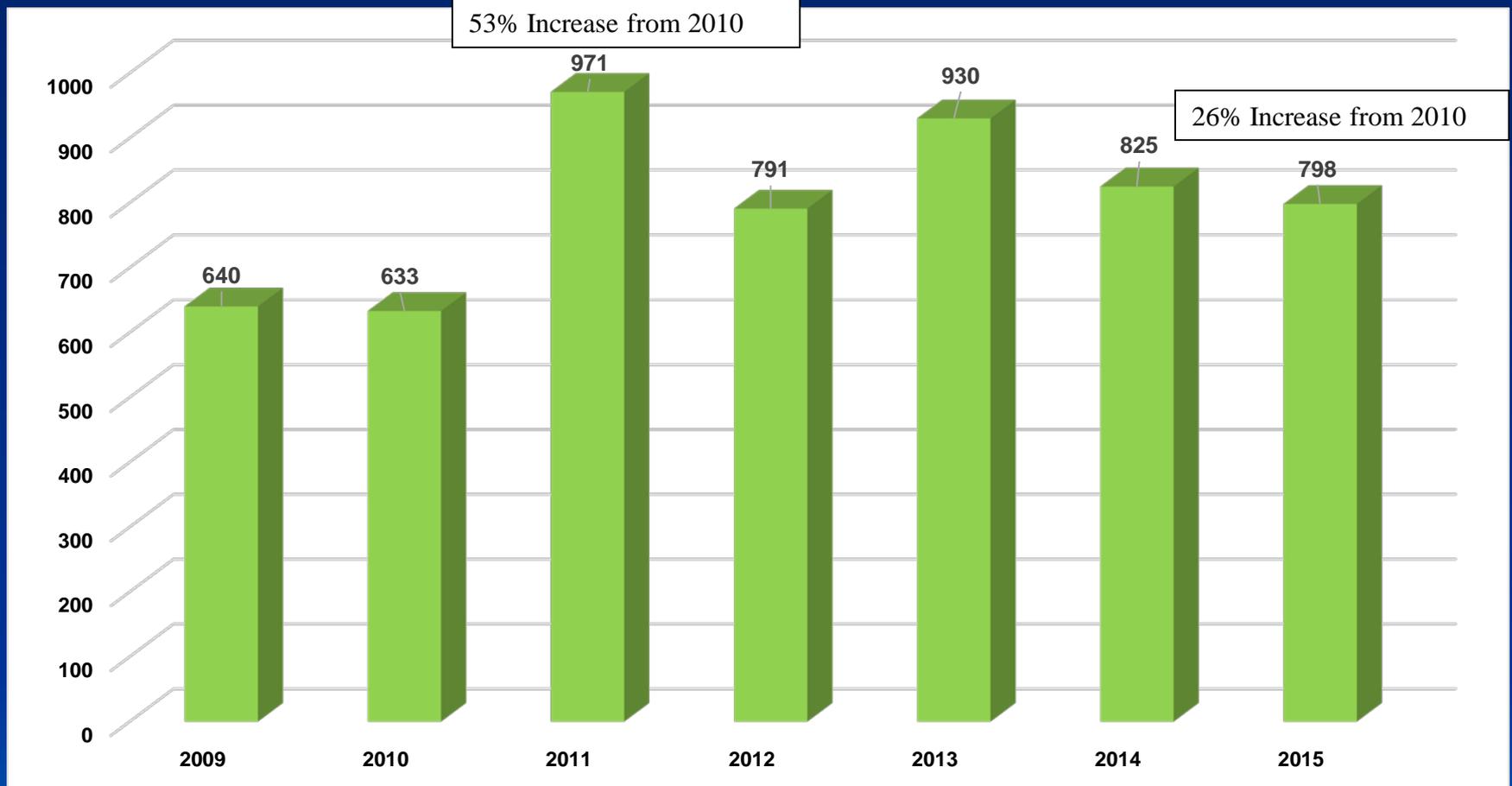
CONSUMER PROTECTIONS

- Residential customers should have the same consumer protections that they now have with their basic service.
- R.C. 4927.08(B)(3)(a) should apply if the incumbent is ordered to provide a reasonable and comparably priced voice service if no alternative or willing provider is available.

RELIABILITY HAS DECLINED

- Customers continue to be less satisfied with phone service (see OCC's January presentation)
- PUCO complaint data show customer complaints have not declined proportionately with incumbents' line losses.

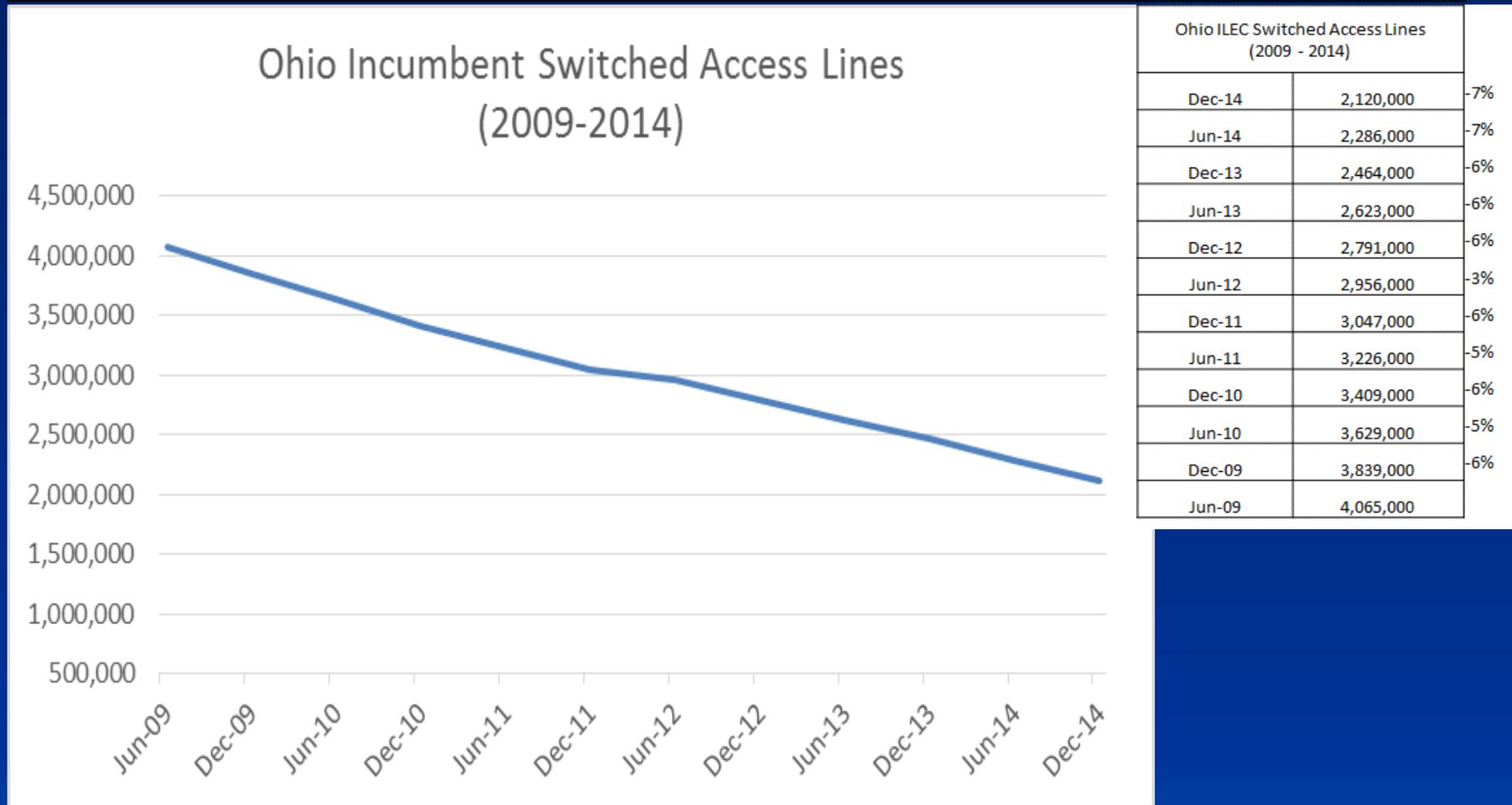
Number of Service-Related Complaints Received By PUCO About Ohio Incumbent Phone Companies (2009-2015)



Source: PUCO Complaint Data

Service-related complaints about Ohio incumbent telephone companies increased 53% from 2010 to 2011; remained 26% higher in 2015.

Ohio Incumbent Switched Access Line Counts (2009-2014)

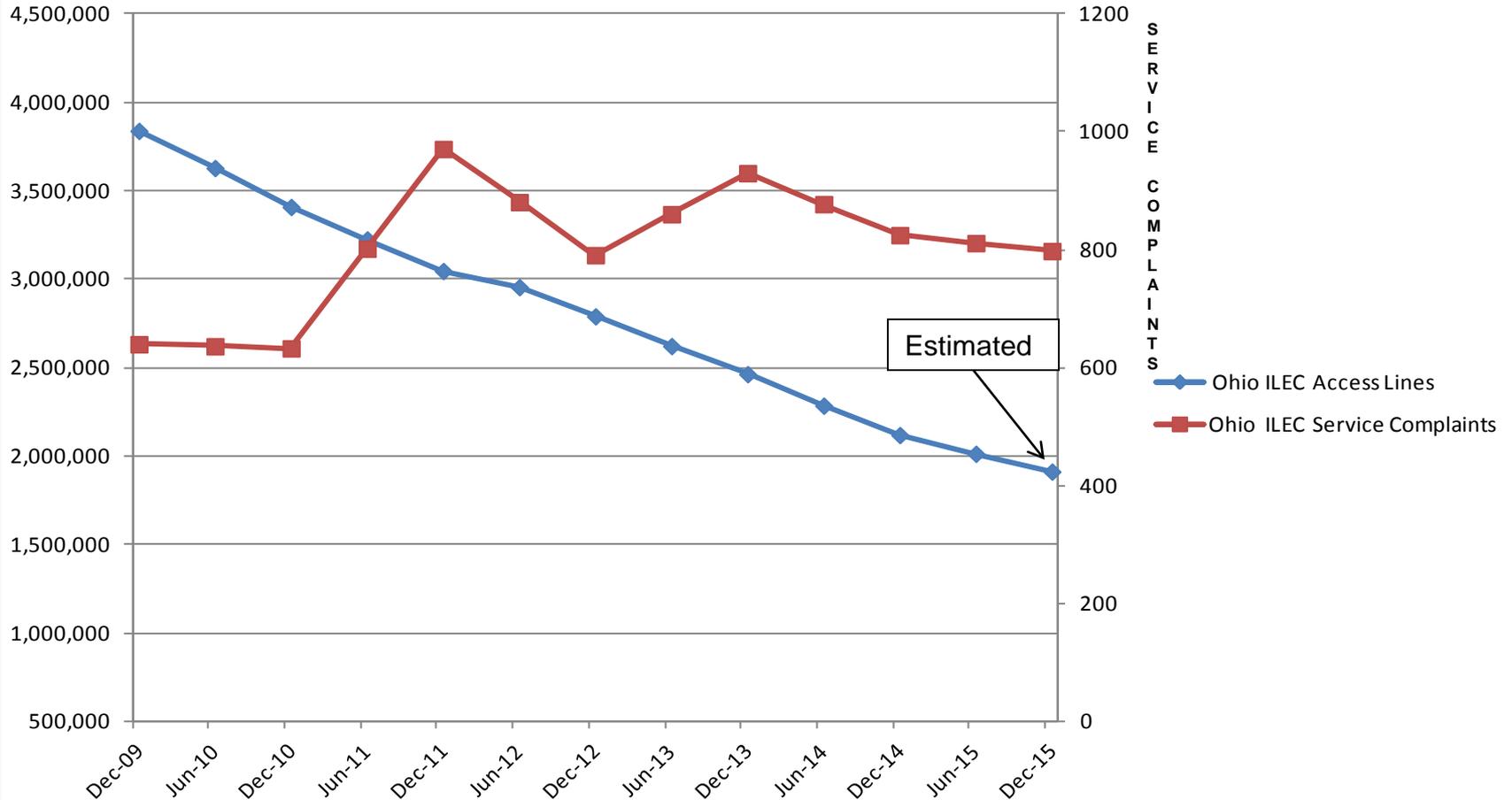


Source:
FCC Local Competition Report

Ohio incumbent switched access lines decreased by 45% between December 2009 and December 2014 (the most recent data available). This trend is important when analyzing the complaint data.

Ohio Incumbent Phone Companies Access Line & PUCO Service-Related Complaint Counts (2009-2015)

ACCESS LINES



Source: PUCO Complaint Data and
FCC Local Competition Reports

Between 2009 and 2015, Ohio incumbent phone companies' access lines decreased by about 50% while complaints about incumbent phone companies' service increased by 25%.

NOVEMBER 2014 PUBLIC KNOWLEDGE SURVEY

- 96% of respondents said telephone service is important for reaching emergency services like 9-1-1.
- 81% said telephone service is important for reaching all other numbers in the country.

NOVEMBER 2014 PUBLIC KNOWLEDGE SURVEY

- 65% of consumers in homes with both landline and wireless used the landline service for most calls.
- In households with annual income below \$25,000, 72% used mostly landline.
- 23% used a mix of cell and landline.
- 12% used mostly cellular.

NOVEMBER 2014 PUBLIC KNOWLEDGE SURVEY

- 82% kept their landline because of its reliability.
- 73% kept their landline because of its call quality.
- 45% kept their landline because it will work during electric outages.

NOVEMBER 2014 PUBLIC KNOWLEDGE SURVEY

- 26% of consumers surveyed keep their landline for use with a fax machine.
- 24% keep it for use with a medical alert device.
- 17% keep it for use in connection with a home security system.

NEW TECHNOLOGIES PRESENT RELIABILITY CHALLENGES

- Wireless technologies:
 - lack of coverage
 - signal strength
 - service quality issues
- IP technologies:
 - packet loss
 - “jitter”
 - latency issues

OTHER RELIABILITY ISSUES

- “Whole house” availability
- Service during outages
- Promise vs. Performance
- Reliability deterioration

SUMMARY OF OCC RECOMMENDATIONS

- The Collaborative needs to start planning for transition cases now.
- Consumer protection is a key element of all facets of the transition process.
- Customer information should be straightforward and non-alarmist.
- Any additional costs to consumers must be included in reasonable and comparably priced determination.

SUMMARY OF OCC RECOMMENDATIONS

- “Reasonable”: Should consider affordability, service quality, accessibility, compatibility with health and safety equipment, and whether the consumer protections are comparable.
- “Comparable”: Should consider cost of the customer’s current service and any additional charges and surcharges.

GOING FORWARD FOR CONSUMERS

- Identify the number and characteristics of basic service customers in Ohio.
- Evaluate the alternatives available to basic service customers.
- Assess the prospects for availability of alternatives where none now exist.
- Design and implement a thorough customer education campaign.
- Identify residential basic service customers who won't have service.



Office of the Ohio Consumers' Counsel

THANK YOU!