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Ohio Senate-Public Utilities Committee

Opposition Testimony on House Bill 402

By

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Chair Beagle, Vice Chair McColley, Ranking Member Williams and members of the Committee, thank you for the opportunity to testify in opposition to this legislation that can raise the cost of Ohioans' basic telephone service and change state policy to not require that basic service be made available to all Ohioans, among other things.

My name is Ron Gay and I'm a Staff Representative with the Communications Workers of America, a labor organization representing thousands of active and retired members in communities across this state.

H. B. 402, if enacted into law, would further deregulate the telecommunications industry in Ohio including rate increases not permitted under current law. This coupled with some providers applications to withdraw from providing lifeline service would have a detrimental effect on low income Ohioans and could affect employment in the industry

This bill continues a tradition of the regulatory relief in Ohio's telecommunications industry. My organization, and others, have worked with the legislature and the incumbent local exchange providers over the years to reach compromises on common sense regulatory reform that could drive investment, protect consumers and create or retain jobs. For example, SB 117 in 2007, paved the way for statewide video franchising that brought many interested parties together and worked towards a compromise that most could live with. That particular bill did create jobs, but it also cost jobs. It was, however, a necessary step to move Ohio into the future. The sad part is,

the job creation was short lived as some ILECs chose not to expand their enhanced internet and video services into Ohio and others only expanded in the major metropolitan areas and even then, didn't connect all of the consumers in those areas to next generation services. In recent years, those jobs that were created have started to disappear as well.

The test for whether or not an exchange is competitive was passed with the understanding that the maximum increase for a consumer would be \$1.25 per year, at a maximum. This test, which states that only two other telephone companies offer service somewhere in the exchange, should not be used when there could be unlimited price increases a few years down the road. There is no requirement that every customer in an exchange have a reliable alternative at a comparable cost. The General Assembly should include a test that requires all customers in an exchange have a reliable, affordable alternative.

The \$2.00 per year, and then unlimited, price increases that are possible with this legislation are a cause of concern with my members, retirees and consumer advocates across the state. The possibility of being priced out of being able to afford basic, reliable voice service is a distinct reality.

The changes to state policy reflected on lines 370-373 of the bill also cause concern. This could allow companies to stop offering basic local service altogether.

The removal of the last remaining oversight by the PUCO will continue to erode service standards, potentially to the degree that the infrastructure to provide service to customers is no longer available or utilized and could have a negative impact of jobs for Ohioans.

The subject of telecommunications regulatory reform is a proper issue for the leaders in Ohio to be considering. It should, however include thoughtful conversations and discussions among all interested parties, as has been accomplished in the past. I ask this committee to reject this legislation at this time and work in the future to advancing a bill that all parties can support.