

**FILE**

July 12, 2007

4  
RECEIVED-DOCKETING DI  
2007 JUL 12 PM 2:40  
PUCOVia Hand Delivery

Ms. Renee J. Jenkins  
Director of Administration  
Secretary of the Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

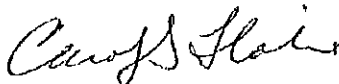
RE: In the Matter of the Commission's Oversight Concerning the Ohio Small Local Exchange Carrier Association ("OSLECA"), PUCO Case No. 97-414-TP-UNC

Dear Ms. Jenkins:

Enclosed are fifteen (15) copies of correspondence to Ms. Sternisha requesting a disbursement from the Hardship Fund, to be filed on behalf of Conneaut Telephone Company in the above-referenced matter.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Very truly yours,



Carolyn S. Flahive

Enclosure

cc: Allen Francis, Chief, PUCO  
Jeff Jones, Chief, PUCO  
Lori Sternisha, Specialist, PUCO

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.  
Technician Ann Date Processed 7/12/07



Ohio Small Local  
Exchange Carriers Association

1570 Fishinger Road  
Columbus, Ohio 43221  
(614) 451-3864 • Fax (614) 457-9441

July 12, 2007

Ms. Lori Sternisha  
Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215-3793

Re: *In the Matter of the Commission's Oversight Concerning the Ohio Small Local  
Exchange Carrier Association ("OSLECA")*, PUCO Case No. 97-414-TP-UNC

Dear Lori:

On behalf of The Conneaut Telephone Company ("Conneaut"), the OSLECA Trustees respectfully request that the Commission approve this application to withdraw from the Hardship Fund an amount sufficient to address the hardship placed on Conneaut by the additional expenses associated with the lifeline assistance program that will result from Conneaut's application for alternative regulation pursuant to Ohio Adm. Code 4901:1-4 (the "Alt. Reg. Rules").

The Trustees believe that this request meets the criteria for use of the Hardship Fund as set forth in OSLECA's bylaws.

Conneaut filed its application for approval of an alternative form of regulation on May 1, 2007 in Case No. 07-507-TP-ALT. Among other obligations, the Alt. Reg. Rules require the ILEC to provide a credit of a monthly amount that will ensure the maximum federal matching contribution. The incremental amount that Conneaut will now be required to contribute to ensure the maximum federal matching contribution is \$3.50 per lifeline customer per month. When combined with the additional connection fees that must be waived, this additional expense amounts to \$12,112.87 per year after factoring in the estimated growth in the number of customers that will result from expanded eligibility criteria also set forth in the Alt. Reg. Rules. The attached spreadsheet provides further detail. Conneaut seeks a disbursement from the Hardship Fund of \$60,565.20, which will cover five years of these additional expenses.

This request for utilization of Hardship Funds fully meets the purpose of OSLECA set forth in its Constitution and By-Laws, as amended and approved May 2001. Among the purposes of the Association are a) to financially aid the OSLECA Members, b) to foster the development and growth of the public utility telecommunications business in all its phases in the interest of consumers for the benefit of the state, its people, its communities, and the OSLECA members, c) to encourage efficiency and economy in the management,

construction, and operation of OSLECA members, and d) to aid in further developing the Ohio economy and thus promote the general welfare of the nation.

The Commission previously stated that the hardship fund was to be used for the purpose of helping small ILECs transition to the new, competitive telecommunications marketplace and, further, that the fund should be used for the mutual benefit of the company and its customers (Finding and Order, Case No. 83-464-TP-COI, February 12, 1997). The additional lifeline expenditures required by alternative regulation represent a hardship on Conneaut, given its size. Use of the hardship fund in this case will benefit both Conneaut and its customers.

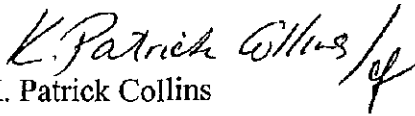
As the Commission acknowledged in its Entry of June 14, 2006, and its Entry of July 26, 2006, approving similar requests on behalf of The Champaign Telephone Company and Telephone Service Company respectively, landline service providers are experiencing decreased revenues and increased customer line losses from wireless service providers and cable modem service providers. The impacts of the increasingly competitive marketplace present even more of a hardship on small companies like Conneaut.

The requested disbursement will assist Conneaut financially as it makes the transition to the new, competitive environment. More important, however, is that the funds will allow Conneaut to operate under alternative regulation and provide its lifeline customers the greater monthly discount and connection assistance. Therefore, the disbursement provides direct customer benefit and enhances the general welfare of Conneaut's community.

Conneaut views alternative regulation as a significant tool that will allow it to meet the pressures of the competitive marketplace. Competition is now a fact of life for all ILECs and the impact on Conneaut is real and immediate. Operating under alternative regulation will provide Conneaut with the flexibility it needs to respond to competitive offerings and stem customer attrition.

The OSLECA Trustees respectfully request that the Commission approve this application to withdraw \$60,565.20 from the Hardship Fund to support Conneaut's alternative regulation lifeline contributions. As discussed, Conneaut is seeking sufficient funding for five years of the incremental lifeline expenses but wishes to preserve its right to seek additional funds for future contributions at the end of those five years.

Respectfully submitted on behalf of the OSLECA Trustees,

  
K. Patrick Collins  
Secretary-Treasurer  
cc: Trustees

**THE CONNEAUT TELEPHONE COMPANY**  
**LIFELINE CUSTOMERS-Alt Reg**  
**June 28, 2007**

**PER FCC FORM 497**

	Sep-06	142		
	Oct-06	160		
	Nov-06	167		
	Dec-06	172		
	Jan-07	176		
	Feb-07	175		
	Mar-07	185		
	Apr-07	194		
		<u>1371</u>		
Annualized Customers*		2057	Annual Growth	
Lifeline Add'l Contribution		\$3.50	194/142	1.3662
		\$7,199.50		
Annual Growth		1.3662	Increase in Income limitation:	
		\$9,835.96	150%/135%	1.11111
Increase in Income Limit		1.11111		
		<u>\$10,928.83</u>		(1)
Estimate per year		\$10,929.00		
5 year impact		5		
		<u>\$54,645.00</u>		(3)

\* Customers were annualized due to fact that only eight months were used. The eight months used represents an accurate count of present lifeline customers to present lifeline rules.

**CONNECTION FEES WAIVED**

Yearly installs	52	
Annualized Customers*	78	
Connection fee (50% of \$20.00)	\$10.00	
Total waived charges	\$780.00	
Annual Growth	1.3662	
	\$1,065.64	
Increase in Income Limit	1.11111	
	<u>\$1,184.04</u>	(2)
Estimate per year	\$1,184.04	
5 year impact	5	
	<u>\$5,920.20</u>	(4)

**TOTAL ANNUAL IMPACT** \$12,112.87 (1) + (2)

**TOTAL 5 YEAR IMPACT** \$60,565.20 (3) + (4)