

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's)
Oversight Concerning the Ohio Small) Case No. 97-414-TP-UNC
Local Exchange Carrier Association.)

ENTRY

The Commission finds:

- (1) On April 24, 1995, the Ohio Telecommunications Advisory Board (OTAB) filed in the Public Utilities Commission of Ohio's (Commission's) access charge proceeding, Case No. 83-464-TP-COI (83-464), its recommendation concerning, among other things, the transfer of administrative responsibility for the small local exchange company (LEC) Hardship Fund from the OTAB to the Commission, or a third party subject to the Commission's oversight. Specifically, the OTAB recommended that the Commission order the transfer of the monies held in the Hardship Fund from Ameritech Ohio (now known as AT&T Ohio) to an escrow account in which a Commission-approved escrow agent would be responsible for the fund's safety and investment.
- (2) On October 11, 1996, the Ohio Telecommunications Industry Association (OTIA), on behalf of its small LECs, filed with the Commission, for its review and approval, a proposed constitution and by-laws for the yet-to-be-established Ohio Small Local Exchange Carrier Association (OSLECA). The OTIA noted that its proposal to create OSLECA was consistent with OTAB's April 24, 1995 recommendation to the Commission, which indicated that the day-to-day administrative responsibility for the Hardship Fund should be entrusted to a third-party administrator. The by-laws filed with the Commission by the OTIA on October 11, 1996, for OSLECA, were consistent with those developed by the Staff and the OTIA. The OSLECA by-laws indicate, among other things, that the Commission must approve all disbursement of Hardship Fund monies administered by OSLECA.
- (3) On February 12, 1997, the Commission issued a Finding and Order in 83-464, approving the OSLECA by-laws and instructed the OTAB to transfer to OSLECA the Hardship Fund monies after OSLECA was formally established.

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 _____ Date Processed 5/20/07

- (4) On April 14, 1997, the Commission initiated the above-captioned proceeding to address issues relevant to the Commission's oversight of OSLECA. On April 16, 1997, the OTIA filed with the Commission the necessary Articles of Incorporation for OSLECA, which were filed with the Secretary of State. Also, on April 16, 1997, the OTAB filed a letter in this docket indicating that it had transferred to OSLECA the Hardship Fund monies. By Entry issued May 3, 2001, the Commission approved amended by-laws filed by the OSLECA Trustees (Trustees).
- (5) On July 12, 2007, as amended on August 17, 2007, the Trustees, on behalf of The Conneaut Telephone Company (Conneaut), filed a request with the Commission for a total disbursement amount of \$58,731.95 of OSLECA Hardship Funds. The purpose of the requested amount is to cover five years of expenses resulting from Conneaut's participation in the alternative regulation "enhanced" lifeline program pursuant to Rule 4901:1-4-06(B)(1), Ohio Administrative Code. According to the Trustees, this provision requires alternative regulation incumbent LECs to provide a credit of a monthly amount that will ensure the maximum federal matching contribution. The Trustees explain that the incremental amount that Conneaut will be required to contribute to achieve the maximum federal contribution is \$3.50 per lifeline customer per month. According to the calculations attached to the Trustees' request as updated on August 17, 2007, these expenses over a five-year period are expected to amount to total expenditure by Conneaut of \$58,731.95.
- (6) The Trustees believe that 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 3, 2001. The Trustees note that the Commission previously stated that the Hardship Fund was to be used for the purpose of transitioning to a new, competitive environment and, further, that the fund should be used for the mutual benefit of the company and its customers (Finding and Order, 83-464, February 12, 1997). The Trustees state that the additional lifeline expenditures required by alternative regulation represent a hardship on Conneaut, given its size. According to the Trustees, use of the Hardship Fund in this case will benefit both Conneaut and its customers by allowing Conneaut to operate under alternative regulation in an increasingly competitive environment and provide its lifeline customers with the greater monthly lifeline discount the rules require.

- (7) The Commission has thoroughly reviewed the Trustees' proposal to withdraw monies from the Hardship Fund, on behalf of Conneaut, and has determined that the application is not inconsistent with the OSLECA by-laws and the Commission's decisions in 83-464 on the appropriate use of the Hardship Fund. The Commission concludes that Conneaut's proposed use of the Hardship Fund will benefit both Conneaut and its customers. The requested disbursement will assist Conneaut financially as it makes the transition to the new competitive environment. Alternative regulation allows Conneaut more flexibility to counter increasing competition and customer attrition. Additionally, Conneaut's lifeline customers will directly benefit from a greater monthly lifeline discount than they would otherwise receive if Conneaut did not enter alternative regulation. The Commission, therefore, approves the Trustees' application and authorizes OSLECA, on behalf of Conneaut, to withdraw from the Hardship Fund, a total disbursement amount of \$58,731.95. The Commission notes that such expenditures shall be accounted for separately and recognized in the Commission-required OSLECA quarterly budget statements, which are docketed in this proceeding. Conneaut shall also be required to refund, to the Hardship Fund, any monies not used for the purposes set forth in this request.

It is, therefore,

ORDERED, That, pursuant to Finding 7, OSLECA is authorized to withdraw, on behalf of The Conneaut Telephone Company, from the Hardship Fund, a total disbursement amount of \$58,731.95. It is, further,

ORDERED, That nothing contained in this Entry shall be deemed to be binding upon the Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record to this proceeding.

THE PUBLIC UTILITIES COMMISSION OF OHIO



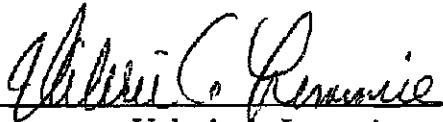
Alan R. Schriber, Chairman



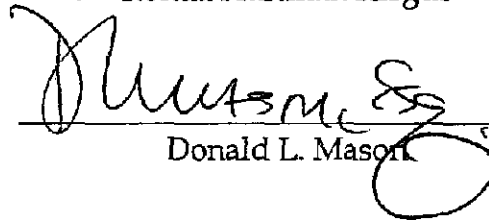
Paul A. Centolella



Ronda Hartman Rergus



Valerie A. Lemmie



Donald L. Mason

LS:sm

Entered in the Journal

SEP 12 2007



Renee J. Jenkins
Secretary