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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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

ENTRY

The Commission finds:

- (1) On April 24, 1995, the Ohio Telecommunications Advisory Board (OTAB) filed in the Commission's access charge proceeding, Case No. 83-464-TP-COI (83-464), its recommendation concerning, among other findings, the transfer of administrative responsibility for the small local exchange company (LEC) Hardship Fund from the OTAB to the Public Utilities Commission of Ohio (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 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 Association (OTA), on behalf of its small LECs, filed with the Commission, for its review and approval, a proposed constitution and bylaws for the yet-to-be-established Ohio Small Local Exchange Carrier Association (OSLECA). The OTA 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 bylaws filed with the Commission by the OTA on October 11, 1996, for OSLECA, were consistent with those developed by the Staff and the OTA. The OSLECA bylaws 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 bylaws and instructed the OTAB to transfer to OSLECA the Hardship Fund monies after OSLECA was formally established.

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- (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 OTA 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.
- (5) On October 7, 2008, OSLECA filed in this proceeding an application for authority to withdraw from the Hardship Fund an amount not to exceed \$132,200 for its calendar year 2009 operating budget. The application reflects that the proposed budget was approved by the OSLECA Board of Trustees. The application also reflects that the proposed budget amount is the same as the Commission-approved operating budget for calendar year 2008.
- (6) The Commission has thoroughly reviewed OSLECA's application to withdraw from the Hardship Fund up to \$132,200 and has determined that the application is consistent with OSLECA's bylaws and the Commission's decisions in 83-464 on the appropriate use of the Hardship Fund monies. Consequently, the Commission approves OSLECA's proposed 2009 operating budget not to exceed \$132,200. The Commission, therefore, authorizes OSLECA to withdraw from the Hardship Fund an amount up to \$132,200 throughout calendar year 2009 to recover its annual operating expenses.
- (7) On December 21, 2005, the Commission issued an entry in this case noting that the Commission had reviewed the use of Hardship Fund monies and OSLECA filing procedures. Pursuant to that review, the Commission found that it was appropriate to establish a list of specific "preapproved" projects that meet the funding criteria of the OSLECA bylaws and that prepare and assist the OSLECA member companies in dealing with the transition to an increasingly competitive telecommunications marketplace and the requirements of the Telecommunications Act of 1996. The preapproved project mechanism has benefited the OSLECA members and, at the same time, provided the Commission with an acceptable level of oversight to ensure that the preapproved projects meet the funding criteria of the OSLECA bylaws. On November 28, 2007, the Commission expanded the preapproved project list to include additional projects that were also consistent with the criteria that

the Commission utilized when adopting the preapproved project list in the December 21, 2005 entry.

- (8) In order to further prepare and assist the OSLECA member companies with a transition to an increasingly competitive telecommunications marketplace, the Commission finds that it is appropriate to expand the list of preapproved projects by expanding an existing project that was approved by the Commission in its December 21, 2005 entry and further expanded in its November 28, 2007 entry. In those entries, the Commission stated that it would consider projects to implement state and federal initiatives to be preapproved. Specifically, the state and federal mandates set forth in the December 21, 2005 entry included the following preapproved projects: Local Number Portability (LNP), Communication Assistance for Law Enforcement Act (CALEA), and E-9-1-1 wireless and Voice over Internet Protocol (VoIP) updates. The federal and state initiatives included in the November 28, 2007 entry were as follows: broadband, expenses associated with the enhanced lifeline commitment under elective alternative regulation, and Customer Proprietary Network Information (CPNI). The Commission finds it appropriate, at this time, to also include compliance with the federal government's recent requirements for consumers' identity theft protection. These rules were recently mandated by the Federal Trade Commission (FTC) and are also commonly known as "red-flag" rules. The OSLECA trustees are authorized to utilize Hardship Fund monies on this project, for any expenses incurred after the effective date of the FTC's identity theft protection rules, without prior Commission approval subject to the following conditions: (a) small local exchange carriers shall make a request for funding to the OSLECA trustees, demonstrating that the project is on the list of preapproved projects; (b) the OSLECA trustees must verify that the project is consistent with the projects authorized by the Commission in this Entry; (c) if a project is consistent with this Entry, OSLECA shall docket in Case No. 97-414-TP-UNC at least 10 days in advance of withdrawal of funds for that specific project, a letter notifying the Commission of a project and demonstrating that the project comports with one of the preapproved categories and the amount of monies to be removed from the fund; (d) there will be a separate accounting, in addition to monthly status reports and itemized billings, for each project docketed with the Commission in this case; and e) the OSLECA member companies shall be required to refund any monies to the Hardship Fund for any projects subject

to these guidelines found by the Commission to be ineligible for funding.

It is, therefore,

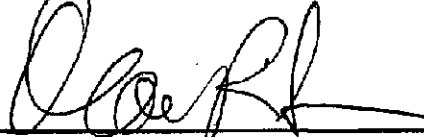
ORDERED, That, pursuant to finding 6, OSLECA is authorized to withdraw up to \$132,200 from the Hardship Fund to recover its 2009 operating expenses. It is, further,

ORDERED, That, pursuant to the procedures in finding 8, OSLECA is authorized, upon its trustees' authority, to withdraw monies from the Hardship Fund specifically for the purpose of the projects set forth in finding 8. 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.

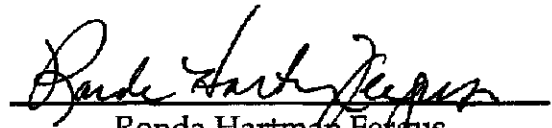
THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella



Ronda Hartman Fetgus



Valerie A. Lemmie

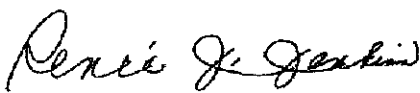


Cheryl L. Roberto

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OCT 29 2008



Renee J. Jenkins
Secretary