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March 20, 2008

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Ms. Reneé 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 Amendment of the Minimum Telephone Service Standards As Set Forth in Chapter 4901:1-5 of the Ohio Administrative Code,* Public Utilities Commission of Ohio, Case No. 00-1265-TP-ORD

In the Matter of the Review of the Commission's Minimum Telephone Service Standards Found in Chapter 4901:1-5, Ohio Administrative Code, Public Utilities Commission of Ohio, Case No. 05-1102-TP-ORD

Dear Ms. Jenkins:

Enclosed is an original and six (6) copies of the Application of the Ohio Telecom Association for an Order Granting Waiver of Ohio Administrative Code Section 4901:1-5-10, to be filed in connection with the above-referenced matters.

Thank you for your assistance. If you have any question, please feel free to call.

Respectfully yours,

Carolyn S. Flahive

Carolyn S. Flahive

cc: Daniel Fullin, Attorney Examiner
Thomas E. Lodge, Esq.
All Parties of Record

Enclosures

Carolyn.Flahive@ThompsonHine.com Phone: 614.469.3294 FAX: 614.469.3361 TEL/CSF.th 521466.1

THOMPSON HINE LLP
ATTORNEYS AT LAW

10 West Broad Street
Suite 700
Columbus, Ohio 43215-3435

www.ThompsonHine.com
Phone 614.469.3200
Fax 614.469.3361

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio Telecom Association for an Order Granting Waiver of the Ohio Administrative Code Section 4901:1-5-10 (B)	))))	00-1265-TP-ORD 05-1102-TP-ORD

APPLICATION OF THE OHIO TELECOM ASSOCIATION FOR AN ORDER GRANTING WAIVER OF OHIO ADMINISTRATIVE CODE SECTION 4901:1-5-10

THE OHIO TELECOM ASSOCIATION, for and on behalf of its members ("OTA"), seeks a permanent waiver for all of its affected member local exchange companies (the "Companies") from the obligations of Ohio Administrative Code §4901:1-5-10(B), Service Termination (the "Service Termination Rule"). For the reasons described hereafter, OTA submits that the implementation of the Service Termination Rule has been determined to be extremely onerous, if not impossible, requiring extensive architectural changes to the Companies' billing systems. Specifically, the Service Termination Rule would require member companies to adjust their current customers' billing and collection processes, currently done on an account basis, in order to allow for differing billing and collection treatment of multiple lines and services on an account. Further, due to the extensive billing and collection system changes, the resultant costs are prohibitive considering the small percentage of customers which could potentially be affected by this rule.

Additionally, and as a consequence of the foregoing, the OTA seeks an Order authorizing continuation of the "status quo" Rule currently codified as Ohio Adm. Code 4901:1-5-17(A)(the "Existing Rule"), until the Commission undertakes its next five-year rule review. The Existing Rule states: "Local service may only be disconnected for subscriber nonpayment of charges for local services regulated by the commission. For purposes of this rule, local service is defined as every regulated service provided by the local service provider other than toll service and 900 and 976-like services." Authorizing continuation of the Existing Rule is appropriate while the Companies proceed with implementing all of the other required changes found in Ohio Admin. Code 4901:1-5-10, effective June 1, 2008.

<u>Service Termination Rule Implementation Issues</u>

The Existing Rule (Rule 17(A)) provides for the disconnection all local regulated services on an account. No matter how many lines an account contains, the failure to pay the local service charges on the account could result in the disconnection of all local services on the account. Conversely, the most recently adopted Service Termination Rule, Rule 10(B), requires the isolation of the primary basic local exchange service (BLES) line in multi-line accounts, for disconnection purposes, and proposes different disconnection treatment for any non-primary lines billed to an account. In addition, any regulated services on a primary BLES line cannot be treated for disconnection purposes in the same manner as the primary BLES line. This unique disconnection process that would treat disconnection of a primary line differently from any non-primary line, and would treat disconnection of any other regulated local services differently between the primary and non-primary lines, cannot be accomplished with the billing systems currently employed by the Companies.

The Companies have investigated the number of accounts in which this multi-line situation occurs and found the numbers to be quite small. Considering the small percentage of actual service terminations, and applying this percentage to the small number of accounts that have primary and non-primary lines on the same account, results in a relatively small portion of customers impacted. Accordingly, this result strongly supports maintaining the current disconnection process, thus avoiding the extensive programming changes and costs that would otherwise be required.

Similarly, the IT costs to separate optional features and services from the primary line for disconnection purposes are significant. Most Companies would have to change a number of systems in order to accomplish this. From a collections system standpoint, for instance, a company would have to set up a complete new process to separate local exchange service associated with the primary line only from all other regulated services. However, these changes to the collections/payment systems would impact other major systems such as accounting and billing. Thus, without further and extensive research, the companies would have a difficult time estimating the amount of work or costs involved. Moreover, the separation is also difficult for bundled service customers where one product code represents both the line and the features at a single price. In these cases, new coding must be added to separate the amount due for the line versus the amount due for the features. Again, this expense is very high relative to the number of customers impacted by the change.

Most customers whose service is disconnected make no payment. The treatment of these customers will be no different under the new rule or the current rule. The only customers who may be impacted by the continuation of the current rule are those who make a partial payment without first establishing payment arrangements with the company. This is a very small subset of customers whose service is disconnected for nonpayment, which the OTA estimates to be less than 1% of all customers. In the long run, the costs to change the IT systems will not be borne by customers whose service is disconnected. Imposing millions of dollars of expense on 99+%

of the customers – who receive no benefit from the expense – is not in the public interest. [1]

Without question, the cost of implementing the Service Termination Rule is prohibitive and unnecessary given the relatively few customers that would be impacted by the rule's disconnection changes. The programming costs, first to determine how/if the BLES line could be isolated and then to make the necessary program changes, reach an amount that is clearly inconsistent with prudent business practice. Clearly, the continuation of the current disconnection policy as stated in the Existing Rule, Rule 4901:1-5-17 (A), is appropriate.

Conclusion

For all the foregoing reasons, the OTA respectfully requests that the Commission grant a permanent waiver to all affected OTA local exchange companies from the obligations of Ohio Admin.Code §4901:1-5-10(B), and issue an order authorizing their continued compliance with existing Rule 4901:1-5-17(A).

Respectfully Submitted,

OHIO TELECOM ASSOCIATION

By: Thomas E. Lodge

Thomas E. Lodge (0015741)
Carolyn S. Flahive (0072404)
Thompson Hine LLP
10 West Broad Street, Suite 700
Columbus, Ohio 43215-3435
Telephone (614) 469-3200
Fax (614) 469-3361
Its Attorneys

[1] While most OTA member companies use different billing systems, changing the logic for service disconnection is a significant project regardless of the billing system. Because of the extensive systems work, some member companies have been unable to determine if their systems can be successfully modified, and if so, the expense for those modifications. Others have developed more extensive project plans which include cost estimates from the software vendor. For example, one member organization received a quote of approximately $600,000 from its vendor; another received an initial estimate of more than $300,000; another is estimated at more than $1,000,000. Similar costs for just a few other companies quickly results in a multi-million dollar project.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing has been served upon all parties on the attached service list, by ordinary U.S. Mail, postage prepaid, this 20th day of March, 2008.

Carolyn S. Flahive

Carolyn S. Flahive

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SERVICE LISTS FOR
CASE NO. 00-1265-TP-ORD
CASE NO. 05-1102-TP-ORD

Duane W. Luckey
Assistant Attorney General
Chief, Public Utilities Section
180 East Broad Street, 9th Floor
Columbus, OH 43215

Douglas E. Hart
Frost Brown Todd, LLC
2200 PNC Center
201 East Fifth Street
Cincinnati, OH 45202

Joseph R. Stewart
United Telephone Company of Ohio
dba Embarq
50 West Broad Street, Suite 3600
Columbus, OH 43215-5918

Jouett K. Brenzel
Cincinnati Bell Telephone Company, LLC
221 East Fourth Street -103-1280
Cincinnati, OH 45202

Jon F. Kelly
Mary Ryan Fenlon
AT&T Ohio
150 East Gay Street, Room 4-A
Columbus, OH 43215

Thomas J. O'Brien
Sally W. Bloomfield
Bricker & Eckler LLP
100 South Third Street
Columbus, OH 43215-4291

William S. Newcomb, Jr.
Stephen M. Howard
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008

David C. Bergmann
Terry L. Etter
Ohio Consumers' Counsel
10 West Broad Street, Suite 1800
Columbus, OH 43215

Robert J. Triozzi
Harold A. Madorsky
City Hall, Room 106
601 Lakeside Avenue
Cleveland, OH 44114

Michael R. Smalz
Ohio State Legal Services Association
555 Buttles Avenue
Columbus, OH 43215

Ron Ridges
AARP Ohio
17 South High Street, Suite 800
Columbus, OH 43215

James E. Moan, Law Director
Counsel for Sylvania
4930 Holland-Sylvania Road
Sylvania, OH 43560

Brian J. Ballenger, Law Director
Counsel for Northwood
Ballenger & Moore
3401 Woodville Road, Suite C
Toledo, OH 43619

Joseph P. Meissner
Legal Aid Society of Cleveland
1223 West Sixth Street
Cleveland, OH 44113

Sheilah H. McAdams
Marsh & McAdams
204 West Wayne Street
Maumee, OH 43537

Paul S. Goldberg, Law Director
Phillip D. Wurster, Asst. Law Director
Counsel for Oregon
5330 Seaman Road
Oregon, OH 43616

Paul Skaff
Leatherman, Witzler, Dombey & Hart
353 Elm Street
Perrysburg, OH 43551

Peter D. Gwyn, Law Director
Counsel for Perrysburg
110 West Second Street
Perrysburg, OH 43551

John W. Bentine,
Todd M. Rodgers
Chester, Willcox & Saxbe, LLP
65 East State Street, Suite 1000
Columbus, OH 43215

Donald I. Marshall
Cincinnati Bell Telephone Company
201 East Fourth Street
Cincinnati, OH 45201-2301

Boyd Ferris
Ferris & Ferris
2733 W. Dublin-Granville Road
Columbus, OH 43235

Michael T. Mulcahy
Calfee, Halter and Griswold
1800 McDonald Investment Center
800 Superior Avenue
Cleveland, OH 44114-2688

Lance M. Keiffer
711 Adams Street, 2nd Floor
Toledo, OH 43624-1680

Richard Pfeiffer, Jr.
John C. Klein
109 N. Front Street
Columbus, OH 43215
Toledo, OH 43623-4353

Kerry Bruce, Senior Attorney
Leslie Kovacik, Senior Attorney
Counsel for Toledo
One Government Center, Suite 2250
Toledo, OH 43604

Ellis Jacobs
Edgemont Neighborhood
Advocates for Basic Legal Equality, Inc.
333 West First Street, Suite 500B
Dayton, OH 45402

Mark Ashby
Executive Director – LP
5565 Glenridge Connector
Atlanta, GA 30342

Mary W. Christensen
Christensen Christensen & Devillers
401 N. Front Street, Suite 350
Columbus, OH 43215-2249

Ellyn Crutcher
McLeodUSA Telecommunications Services
121 South 17th Street
Mattoon, IL 61938

Benita A. Kahn
Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
P.O. Box 1008
Columbus, OH 43215-1008

Pamela Sherwood
Regulatory Vice President Midwest Region
Time Warner Telecom
4625 W. 86th Street, Suite 500
Indianapolis, IN 46268

Kimberly J. Wiley
Gretchen J. Hummel
Fifth Third Center
21 East State Street, 17th Floor
Columbus, OH 43215-4228

Derrick P. Williamson, Esq.
Susan E. Bruce, Esq.
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166