

**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

|   |   |                         |
|---|---|-------------------------|
| In the Matter of the Amendment of the   | ) |                         |
| Minimum Telephone Service Standards     | ) | Case No. 00-1265-TP-ORD |
| As Set Forth in Chapter 4901:1-5 of the | ) | Case No. 05-1102-TP-ORD |
| Ohio Administrative Code                | ) |                         |

**COMMENTS OF VERIZON NORTH INC.**  
**IN RESPONSE TO THE COMMISSION'S JULY 31, 2008 ENTRY**

In compliance with the Public Utilities Commission of Ohio's ("Commission's") July 31, 2008 Entry ("July Entry") in this matter, Verizon North Inc. ("Verizon") hereby submits its comments on the Commission Staff's proposed changes to Ohio Admin. Code § 4901:1-5-10 ("Rule 10").

**Competition in Ohio**

The Commission is correct to reopen Rule 10 to seek comments on the Staff's proposed revision to Rule 10. The existing rule must be changed. As the Commission noted in its July Entry, competitors to ILECs are not subject to the same disconnection restrictions of Rule 10 and can disconnect an entire bundle of services, including BLES, if payment for the entire bundle of services is not made. July Entry at 5. Imposing disconnection limitations on only one set of competitors runs counter to the established policy of Ohio to not unduly disadvantage providers of competing services. July Entry at 5. Thus, the Commission should adopt the Staff's proposal to treat ILECs the same as CLECs for purposes of disconnection. Like other competitors, ILECs should be allowed to disconnect an entire bundle of services, including BLES, if payment for the entire bundle is not made. This is the correct policy choice.

Ohio has experienced a remarkable increase in competition in the communications market over the past several years. Verizon has lost over 27% of its access lines in just five years despite serving a primarily rural geographic territory in the state. A June 2008 publication by the Ohio Telecom Association discloses that Ohio ILECs lost over 2.1 million access lines between 2001

and 2007.<sup>1</sup> This represents a staggering 30% of their customer base, generally mirroring the specific results previously noted for Verizon. Further, while CLEC market share growth stabilized between 2003 and 2005, CLEC access lines grew 9% between December 2005 and June 2007, so that today, CLECs have 18% market share in Ohio.<sup>2</sup> Wireless providers have also realized significant growth in Ohio over the past several years. Wireless subscribership has doubled between 2000 and 2007. During the period when ILECs lost 2.1 million lines, wireless providers added 4 million subscribers.<sup>3</sup> None of these providers are required to comply with Rule 10 and, as such, have an undue advantage over the ILECs. Requiring ILECs to spend significant time and money to undertake substantial modifications to their billing systems for a minute fraction of the total customer base, for no intuitively obvious public benefit, in a competitive market is unreasonable.

Competition is a positive force. As the Commission noted in its July Entry, the policies of the state require it to rely on market forces to support a healthy and sustainable, competitive telecommunications market. The Commission Staff's proposal to treat all carriers the same and eliminate to disconnection rules that apply only to ILECs is consistent with this state policy and will not unduly disadvantage ILECs.

#### The Need for Common Sense Business Regulation

As it relates to disconnection for bundled services, different companies may take different approaches to the treatment of delinquent accounts. In a competitive market without restrictions or a mandate on how to address disconnections, companies may innovate. Some companies may not want to lose customers, no matter how poor their payment history, and will develop payment plans for them. Other companies may find it best to withhold products and services from delinquent customers. However, a company must be free to decide. Obtrusive regulation restricts

---

<sup>1</sup> Telecom Competition in Ohio. Biennial Report of the Ohio Telecom Association. June 2008.

<sup>2</sup> *Id.* Page 7.

<sup>3</sup> *Id.* Page 8.

that freedom and innovation. Companies should not be **required** to apply service disconnection requirements over and above what their competitors are required to do. Staff's revised Rule 10 will provide **all** companies the ability to better meet their own business needs and those of the customers attracted to them by their business practices in the marketplace.

In implementing the state policy of a level playing field for communications providers, the Commission should not lose sight of Executive Order 2008-04, urging the State of Ohio to develop common sense business regulation and to create a regulatory environment that is both flexible and responsive to Ohio's citizens and the people who do business in Ohio. Rule 10 as it currently stands does neither. Any rule that will cause any company unnecessary expense to implement a process for a minuscule portion of its customers with no obvious public benefit in a competitive market is unreasonable.

#### Conclusion

Staff's proposed changes to Rule 10 require no further modifications and should be adopted as proposed as good public policy.

Respectfully submitted,

VERIZON NORTH INC.

By: /s/ Thomas E. Lodge

Thomas E. Lodge (0015741)

Thompson Hine LLP

41 South High Street, Suite 1700

Columbus, OH 43215-6101

Voice: (614) 469-3200

Fax: (614) 469-3361

Of Counsel:

A. Randall Vogelzang

600 Hidden Ridge, HQE02J27

Irving, TX 75038

Voice: (972) 718-2170

Fax: (972) 718-0936

Its Attorneys

**This foregoing document was electronically filed with the Public Utilities**

**Commission of Ohio Docketing Information System on**

**8/22/2008 3:45:23 PM**

**in**

**Case No(s). 00-1265-TP-ORD, 05-1102-TP-ORD**

Summary: Comments - Comments of Verizon North Inc. in Response to the Commission's July 31, 2008 Entry electronically filed by Mr. Thomas E Lodge on behalf of Verizon North Inc.