

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission's Review)	
Of Chapters 4901:1-7 and 4901:1-18 and)	
Rules 4901:1-5-07, 4901:1-10-22, 4901:1-)	Case No. 08-723-AU-ORD
13-11, 4901:1-15-17, 4901:1-21-14, and)	
4901:1-29-12 of the Ohio Administrative)	
Code)	

INITIAL COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY LLC

On June 25, 2008, the PUCO issued an Entry inviting interested persons to comment on a proposal developed by Commission Staff to modify certain customer credit rules applicable to Ohio utilities. The proposed rule changes would affect certain aspects of how Ohio utilities establish credit for customers. The proposed rules also contain a new prohibition on the use of check cashing services as payment agents. As many of the rule changes address issues unique to gas and electric utilities, CBT's comments will be limited to certain of the provisions that directly affect telephone companies.

4901:1-17-03 Establishment of Credit

The proposed rules would add a new requirement in the first paragraph of part (A) that "each utility shall advise the applicant, at the time of the application, of each of the criteria available to establish credit." Five different acceptable methods of establishing credit are subsequently defined in part (A). These methods are generally the same as the current rules.

CBT believes that mandating options to establish credit is inappropriate in a competitive market. Wireless, cable telephony, and VoIP providers are not subject to any such requirements, even though they all compete directly with wireline telephone companies. Three of the available options: (1) property ownership; (3) payment for similar utility service; and (5) guarantor, are

cumbersome for the customer and rarely used. These three options could be eliminated with virtually no customer impact, while essentially providing parity with alternative providers. The public interest would continue to be served because telephone companies have an incentive to work reasonably with customers or else the customer may go to another provider. Furthermore, credit regulations are not necessary for the lowest income customers eligible for Lifeline service because those rules contain unique payment arrangements and deposit requirements for them. If the credit establishment rule is retained, telephone companies should be exempt from it, like they are exempt from the PIPP rules that only apply to other types of utilities.

If telephone companies are not exempted, utilities should not be required to explain all of the available credit options to customers at the outset. Currently, CBT begins the account establishment process with a credit check. If the results of the credit check are satisfactory, the credit establishment process is complete and there is no need to address other options. If the results of the credit check are unsatisfactory, CBT would then address deposits or alternative methods to establish credit. The Commission should allow utilities to continue with this practice rather than mandating that they inform all customers of all of the credit options first.

The rules should not be expanded absent a commonly identified problem. The current process works. Statistically, approximately 93% of residential customer applicants pass the initial credit check, so it is unnecessary to consider any other credit option. Having to describe all five methods of establishing credit in every case would provide the vast majority of customers with unnecessary information and needlessly increase the time needed to complete the order.

Explaining other options would be reasonable if the customer fails the credit check.¹

¹ Another situation where other credit establishment options may be necessary is when the customer has satisfactory credit, but was previously terminated for non-payment and has an outstanding unpaid bill. CBT reserves the right to require such a customer to establish credit in another manner, usually through a deposit.

Adding a requirement to describe every available credit option in every case would contradict the philosophy supported by the Commission in the recent MTSS proceeding.² There, the Commission stated: “[W]e have deliberately set out to make the adopted rule less prescriptive than the current MTSS are regarding the specifics of when and how required disclosures must be made, yet balancing this with a customer’s need for timely, full information.”³ CBT’s current credit establishment process provides the customer with timely, full information, *as needed*. The proposed rule change would require the presentation of unnecessary information 93% of the time.

Streamlining the rules is one of the goals of Executive Order 2008-045, “Implementing Common Sense Business Regulation.” Streamlining also reflects changes in the competitive market for telecommunications services since this rule was last reviewed. Customers today can easily purchase cable telephony, VoIP, or wireless service instead of traditional landline service. Common sense says that companies that do not listen to customers and address their needs will lose customers. If establishing service is difficult, customers will go elsewhere. It is not necessary to add new rules or require additional disclosures in a competitive market.

In addition, CBT recommends deletion of the second paragraph of Rule 4901:1-17-03(A)(3). This imposes a burden on telephone companies like CBT that is not imposed on its cable and wireless competitors. Retrieval of payment history and billing data beyond twelve months is burdensome and imposes costs on regulated telephone companies that unregulated competitors do not have. Customers should be responsible for retaining evidence that they have paid their bills. In the alternative, utilities should be allowed to charge a fee to retrieve old billing and payment histories.

² *In the Matter of the Review of the Commission’s Minimum Telephone Service Standards Found in Chapter 4901:1-5 of the Ohio Administrative Code*, Case No. 05-1102-TP-ORD.

³ *Id.*, July 11, 2007 Entry on Rehearing, at p. 25.

4901:1-5-07 Customer Bills

Proposed Rule 5-07(G) states: “Telecommunications providers shall not contract with a check cashing business or licensee to be an authorized payment agent.” It is unclear exactly what relationships this rule would prohibit. CBT requests the Commission to clarify the rule or to modify it.

CBT has an existing relationship with a bill paying service that allows customers to pay their bills face to face at a number of retail locations, which include check cashing stores. While CBT does not contract directly with any check cashing locations, CBT’s current arrangement could be interpreted as violating the rule in its broadest sense. It is CBT’s understanding that its contractor does not itself operate any check cashing locations, but it does make its service available at such physical locations in CBT’s service area. CBT has no direct relationship with the check cashing services; CBT’s only relationship is with the payment processing company, which determines the payment locations. CBT’s relationship is indirect at best and should not be prohibited by the Commission’s rules.

CBT would go further and say that a prohibition on using check cashing businesses as authorized payment agents (even directly) would not be in the public interest because it would greatly reduce customer payment options. Customers can pay their bills in a variety of ways including by mail, by phone, via the internet, and in-person. Customers may pay with cash, checks, credit cards or money orders. Customers who pay in person at check cashing locations must do so because they find this option is the most convenient for them. It is not necessary for a customer to cash a check or to make a loan at a check cashing location in order to make their utility payment there as they might also bring cash to the location for use as payment. Many customers do not maintain checking accounts or credit cards, so eliminating check cashing

locations as a payment option would create a hardship on customers who pay with cash.

Avoiding disconnection may also be more difficult if customers want to make last minute payments and no other payment location is readily accessible.

Appendix A - Question 3.

The Commission has inquired with the proposed elimination of payday lenders as authorized payment agents, what other outlets would be available as authorized payment agents.

In CBT's experience, many businesses that have chosen to accept utility payments in person are check-cashing businesses. Some gas stations, groceries, pharmacies and convenience stores also accept payments. Prohibiting the use of check-cashing businesses as payment locations does not mean other types of businesses would fill the void. Accepting payments as a third party agent is a business decision. Businesses that choose not to act as agents to accept utility payments must have reasons for doing so that probably would not change under the proposed regulation. The result would be to create a service gap for customers wanting to pay in person.

CBT cannot comment in detail on the economics of acting as a payment agent, as it relies upon a third-party contractor to arrange for retail payment locations. Payment agents rely largely upon service fees as their source of revenue. Thus, the economics of acting as a payment agent are restricted by the Commission's rule setting a maximum allowable service charge on bill payment services. Unless a business can justify being a payment agent because it attracts customers to their retail location to conduct other business, they would have to be able to charge service fees that cover their costs of providing the service. Service fees would most likely have to increase to improve the economics and attract more agents. The likelihood is that future costs to establish payment agents will be higher than current costs. However, there is no way for CBT to know how much costs would increase because there are numerous issues that businesses must address, *e.g.*, staffing and training, floor space and security/liability for the payments, and these

may vary significantly from business to business. Equally as important, regardless of the economics, many businesses still will not be interested in providing this service.

Appendix A - Question 7.

This question seeks comment on how much time must pass for a customer who was disconnected for non-payment before they are considered a new applicant for service. CBT's practice is to provide customers with soft dial tone access to 911 for at least 14 days after termination of service for non-payment. A customer may restore service during this period with soft dial tone by paying all past due charges and a reconnection charge that is lower than the charge for installation of new service. After the soft dial tone is removed, any request to restore service is treated as a new application. This practice is consistent with Commission Rule 4901:1-5-10(L). Therefore, CBT recommends that the Commission adopt rule 4901:1-5-10(L) as the standard so that a disconnected customer would be treated as a new applicant once soft dial tone is removed.

Conclusion

CBT urges the Commission to consider the foregoing comments and to adopt consistent rules.

Respectfully submitted,

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Summary: Comments electronically filed by Mr. Douglas E. Hart on behalf of CINCINNATI
BELL TELEPHONE COMPANY