Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: S.B. 271 of the 129th G.A.

Date: January 17, 2012

Status: As Introduced

Sponsor: Sen. LaRose

Local Impact Statement Procedure Required: No

Contents: To specify conditions by which an incumbent local exchange carrier may withdraw from providing basic landline telephone service

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

S.B. 271 permits an incumbent local exchange carrier (ILEC) to withdraw from providing basic landline telephone service, referred to in Ohio law as basic local exchange service (BLES), if the ILEC is a "fully competitive incumbent local exchange carrier" and if at least 90 days' prior notice is given to the Public Utilities Commission (PUCO) and to affected customers. The definition of a fully competitive ILEC is included in the bill. ILECs that have qualified for alternative regulation under Ohio law in their territories may withdraw BLES beginning January 1, 2013; other eligible ILECs may withdraw BLES beginning January 1, 2014.

The bill permits PUCO to establish a "competitively neutral and technologically neutral" process by which, and funding mechanism for which, service comparable to service withdrawn or retired from an exchange area may be provided by a single entity in the exchange area in the event that no service comparable to BLES is available. The bill does not appropriate state funds for any potential funding mechanism; the bill is silent on the source of funds as well as how funds would be administered.

S.B. 271 specifies that the rate increase limitations for BLES be applied separately to business and residential classes of service. It further clarifies that an ILEC may increase the annual BLES rate multiple times in the same exchange area during a single 12-month period, as long as the total increase does not exceed the existing limit authorized by law.

Fiscal effect

Local governments are consumers of telephone services, but they are unlikely to be BLES customers. As such, they would not be impacted by potential changes to BLES rates. Additionally, LSC assumes PUCO will absorb the additional duties of S.B. 271 within its existing budget; the bill does not appropriate additional funds for PUCO to administer these newly proposed responsibilities.

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