Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. S.B. 271 of the 129th G.A. **Date**: February 24, 2012

Status: As Passed by the Senate **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, the Public Utilities Commission (PUCO), the Office of the Consumers' Counsel (OCC), 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 July 1, 2013; other eligible ILECs may withdraw BLES beginning July 1, 2014. If PUCO determines that no other comparable telephone service is available at one or more customer locations in the exchange area where the service is withdrawn, the bill requires PUCO to establish a "competitively and technologically neutral" process by which service may be provided to the affected customer locations. In doing so, PUCO cannot adopt a funding mechanism for this process or service, and PUCO cannot order any carrier to provide service involuntarily to those customer locations.[1]

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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[1] In lieu of these options, the bill specifies that PUCO is to rely on the national broadband plan and the Connect America Fund adopted by the Federal Communications Commission.