

WHAT IS VoIP?

VOICE AND OTHER telecommunications services traditionally carried over the public telephone network are now being offered using Internet technology. VoIP is a technology protocol that enables voice communications to be transported over the Internet and in some cases transported over the public telephone network in accessing the Internet. VoIP works by sending voice information in digital form using Internet protocol rather than the traditional protocols of the public switched telephone network. You may also hear VoIP referred to as IP telephony or Voice over the Internet.

Currently in Ohio, VoIP providers are not required to follow the rules and regulations that traditional telephone companies must follow. For example, today, VoIP providers do not have to comply with the Commission's billing requirements, disconnection and complaint procedures, or service and repair standards. However, a VoIP provider may agree to follow some or all of these rules.

The PUCO and Federal Communications Commission (FCC) are currently investigating whether or not VoIP providers should be subject to regulation and, if so, the relevant regulations that should reasonably apply.

Depending upon the provider, VoIP may or may not offer the same quality of telephone service as traditional telephone service.

Unlike traditional telephone companies, VoIP providers are not required to port numbers when customers switch to or from another provider, so a new telephone number maybe necessary.

Not all VoIP providers offer 9-1-1. In some cases, a 9-1-1 call made using VoIP will be completed like a 9-1-1 call made using the traditional telephone network. In order to provision 9-1-1 service, a VoIP provider assigns a telephone number to the customer's modem, and the modem is associated with a physical

street address. This information, when conveyed to the appropriate 9-1-1 numbering authorities, has the capability to accurately convey the physical location of a 9-1-1 call. However, if the customer moves their modem to another address, their original address (not the new location) will be conveyed to 9-1-1 authorities if an emergency call is placed.

Some VoIP providers do not provide directory assistance, operator service, or other calling features offered by traditional telephone companies. Unlike traditional telephone service, VoIP service will not work when your electric service is off.

The PUCO is currently investigating how VoIP services are provided in Ohio in order to determine if VoIP service should be subject to regulation and if so, how? As part of its investigation, the PUCO has invited telephone companies and other interested parties to submit comments addressing VoIP issues. In addition, all VoIP providers operating in Ohio were requested to register with the PUCO and complete a questionnaire to obtain accurate information regarding market developments. PUCO staff is currently compiling the comments and questionnaire answers so they may be reviewed by the commissioners.

VoIP is also the subject of debate at the federal level. In December 2003, the FCC held an open forum to discuss VoIP and gather information concerning advancements, innovations and regulatory issues related to VoIP services.

This and other information regarding VoIP can be found on the PUCO Web site at www.puc.state.oh.us.

THE NEW OHIO CONSUMERS' COUNCIL

Profile of Janine L. Migden-Ostrander



Janine L. Migden-Ostrander was sworn in as Ohio's third Consumers' Counsel in April 2004 to oversee the state agency that represents the interests of Ohio's 4.5 million residential consumers with their investor-owned electric, natural

gas, telephone and water companies.

Prior to being appointed Consumers' Counsel Migden-Ostrander was a partner in the law firm of Hahn Loeser & Parks and served as Co-Chair of the firm's Utility and Regulatory Practice Group. With more than 20 years of experience, Migden-Ostrander is well known within the utility and environmental industries as a strong consumer advocate. She began her career in public utilities at the Office of the Ohio Consumers' Counsel, where she served as an administrative assistant before earning a law degree from Capital University. She then was promoted to an Assistant Consumers' Counsel for the agency and litigated a variety of cases that involved electric, natural gas, telephone and water companies.

Migden-Ostrander's previous experience also includes serving as Senior Director of Government Affairs for Enron Corporation and as Special Prosecutor for Montgomery County. She has been involved in proceedings before numerous state utility commissions, and has monitored activities and worked on policy issues involving the Midwest Regional Transmission Organizations. In addition, she has worked on legislation in numerous states involving a variety of issues including natural gas choice programs and electric restructuring.

THE OHIO TELECOM ASSOCIATION recently sat down with Ohio's new Consumers' Counsel Janine Migden-Ostrander and had an opportunity to ask her a few questions.

1. What are your plans for the OCC (agenda) for the coming years?

The Office of the Ohio Consumers' Counsel (OCC) must constantly be forward thinking and proactive in how it represents the interests of Ohio's 4.5 million residential consumers. My plan of action includes building a better future by ensuring reliable, quality utility services and presenting opportunities for consumers to save money and manage their usage.

The OCC must continue its dedication to federal and state advocacy on behalf of telecommunications consumers. For example, at the national level the issues range from the uncertainty involving the Unbundled Network Element – Platform (UNE-P) to Universal Service to the potential rewriting of the Telecom Act of 1996. I plan to help bring the consumer point-of-view into the halls of Congress and the meeting rooms of the FCC.

2. What structural changes will you make within the agency?

The staff in our office works very hard to protect residential consumers. While I do not see any major changes to the agency's structure, I want to strengthen our efforts in some key areas.

For example, I will have an attorney dedicate a significant portion of his or her efforts toward working with representatives in the Consumer Response Center, the OCC's toll-free hotline, to assess complaints for potential violations of rules and laws. I also am in the process of hiring additional legal and analytical staff.

I have established several internal working groups to address specific consumer issues, including a Universal Service Task Force and committees looking at energy efficiency and Demand Side Management issues. I will also establish a team to concentrate on issues at the Federal Communications Commission (FCC) and the Federal Energy Regulatory Commission (FERC).

3. How do you view your relationship with the legislature and the commission?

The relationships with the legislature and the Public Utilities Commission of Ohio (PUCO) are vital. It is important that the residential consumer viewpoint be heard and understood, and that appropriate channels are used to communicate those views.

4. Based on your previous experience, what are your thoughts on the future of the telecommunications industry?

The telecommunications industry is burgeoning with new technology and programs for customers. I see the availability of new options for customers as a positive development that should be encouraged, while at the same time ensuring consumer protections.

I believe the future of local telephone competition will be dependent in large portion on the outcomes of some of the key regulatory proceedings pending at the FCC and the PUCO. The OCC will continue to oppose raising the wholesale price of local telephone service, which forces competitors to raise retail prices, reduce services or eliminate customer choices altogether.

In the area of consumer protection, it is vital that safeguards apply to cellular customers as well as those who obtain telephone services through a cable or DSL connection.

A MESSAGE FROM THE OTA CHAIRMAN

In addition, I will work to promote the availability of emerging technologies and broadband access to residential consumers in rural areas.

5. OCC has a challenge to be relevant in a deregulated environment. Down the road, in an industry that gets deregulated, what is the role of the Consumers' Counsel?

The OCC is as important today as it has ever been. As we have seen in just the past several months, regulatory cases have been numerous and complex in each industry, regardless of the status of competition. In addition, each industry has its own challenges in order to build, maintain and grow the competitive environment to allow consumers to have robust choices and savings opportunities. Part of the challenge rests in assuring that we get the competitive framework right, so that many providers can participate in the Ohio market.

In a deregulated environment, it is imperative that consumer protections and safeguards remain. Consumers deserve adequate service quality from their provider of choice and rely on the OCC to help protect their interests and resolve their complaints.

6. Is there anything else you would like to add about the telecom industry?

I am excited about the important tasks that lie ahead for the OCC and stand ready to share ideas and positions with OTA members. While on some issues we will agree to disagree, I hope to develop meaningful partnerships for the benefit of telecommunications customers throughout Ohio. For example, I hope that we can work together to help foster the availability of emerging technologies for all customers.

NOW MORE THAN EVER, the telecommunications industry is constantly changing, and we, as an industry must continue to change if we want to compete in today's marketplace. More than 50 years ago, a concept called "universal service" was introduced to ensure rural communities had the infrastructure they needed at a reasonable cost. Policies were implemented that brought highways, electricity, and telephone service to farms and small towns.

To pay for these services, urban residents shared the cost of this rural infrastructure because they benefited from this universal connectivity and from the goods and services produced in rural areas. Today's universal service policies continue that tradition by requiring local telephone and electric companies to provide affordable service to all customers in small towns and the surrounding rural areas, and they mandate a high level of service quality and responsibility.

While telephone companies like CenturyTel still must live under the universal service rules and associated obligations, the companies that now provide competing services to our customers don't. The old regulatory structure created decades ago has been outpaced by changes in technology.

Here's why: telecommunications services like dial tone, long distance and broadband Internet services are now being provided by CLECs or competitive local exchange companies, cable companies, satellite service companies, and wireless service providers. In some cases these providers can provide services cheaper than the traditional telephone company because their pricing doesn't reflect the costs associated with providing universal service to all consumers in an area like the local telephone company is required to do.

Competing providers don't have to provide "universal" service, and typically

offer services to the most profitable customers (typically big businesses), and are avoiding paying local telephone companies for using the networks they invested in and built over the decades. Universal service requires all providers compensate each other for use of each other's networks, referred to as intercarrier compensation, thus keeping local telephone service affordable.

Additionally, those telecommunications providers with interstate revenues contribute to the Universal Service Fund (USF). If new technologies emerge that circumvent this process, as is happening today, new policies must be developed to embrace the new technologies

One of these new technologies, Voice over Internet Protocol or VoIP, converts regular voice calls into digital packets and sends them to the end user over a broadband Internet connection, where it converts them back into a regular voice call. However, these calls require a broadband connection and must still travel on telephone networks built and maintained by companies like CenturyTel.

Presently, VoIP providers are required to pay fees to local telephone companies to complete their calls, but they are attempting to avoid paying these fees for use of local networks by calling their services "information services" rather than "telephone voice services." They use facilities deployed and maintained by current local providers and paid for by the customers of those local providers.

Regulators and other public policy makers need to look at issues such as universal service and VoIP, just to name a few, and understand them as we move into a more competitive environment.



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ASSOCIATE MEMBERS PLAY A VITAL ROLE AT OTA

The OTA has more than 130 associate members that range from telephone equipment manufacturers to CPAs. They play a large role to the telecom industry in several ways, such as teaming up with member companies to develop new and innovative technologies. They are also responsible for driving change in the industry.

Once a year, OTA associate members are given the opportunity to showcase their new products at our Technology Show and Golf Outing in May. At the 2004 Technology Show, nearly 50 associate members displayed table tops and discussed their new inventions with OTA member companies.

You can learn more about OTA's associate members by logging on to our Web site at www.ohiotelecom.com.



DID YOU KNOW...

Less than 20 years after the invention of the telephone, the first telecommunications association in the United States was formed – The Ohio Independent Telephone Association – in 1895.

The first state regulatory commissions were established in 1907.

By the end of the 1920s, there were 8,500 independents with nearly five million telephones.

When President Roosevelt stepped in with his New Deal, the legislation that had the greatest impact on the telephone industry was the Communications Act of 1934.

That same year the newly created FCC created rules that remained unchanged until the Telecommunications Act of 1996.