

TELECOM REFORM BILL

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changed and it was time to update Ohio's policy to keep pace with the many changes that have taken place over the last 15 years.

H.B. 218 amended Ohio's telecommunications policy statement to recognize the effect of market forces, to encourage both innovation and investment in the telecommunications industry, and it would treat competing services in the same manner so that we do not discriminate in regulating among competitors, and to reduce or eliminate the regulation of telecommunications services where appropriate. When Ohio laws are stricter or more cumbersome than Federal law our state is viewed as a costly and hostile environment to investors.

In addition, telephone assistance programs which provide needed benefits to low income individuals and 9-1-1 service standards continue to receive the oversight of the PUCO. Two amendments reinforcing this objective were accepted in the House Public Utilities and Energy Committee.

H.B. 218 passed the Ohio House and Senate with bipartisan support and was signed into law by the Governor on August 5, 2005. Now the PUCO is promulgating rules which will guide the implementation of this legislation. It is my hope that as the PUCO works through this process they will define competition in the broadest possible sense, taking into account wireless technology, VoIP,

satellite services and looking in the future broadband and telephony over the nation's power grid.

It is important to reiterate the intent of the General Assembly in adopting this act that public utility regulation was put into place as a surrogate for competition, and that as competition increases, regulation should decrease.

Rep. Daniels is serving his second term in the Ohio House and represents the 86th House District which includes Clinton, Highland and Pike counties.



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TELECOM

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Today

BROADBAND DEVELOPMENT

An article by Kevin Martin

Chairman, Federal Communications Commission



Broadband access is essential to an expanding Internet-based information economy. Creating a policy environment that speeds the deployment of broadband throughout the U.S. is my highest priority as the chairman of the FCC.

We recently received two pieces of encouraging news on the spread of broadband. First, the Supreme Court affirmed the FCC's decision to refrain from regulating cable companies' provision of broadband services. This was an important victory for broadband providers and consumers. Cable companies will continue to have incentives to invest in broadband networks without fear of having to provide their rivals access at unfair discounts. The decision also paves the way for the FCC to place telephone companies on equal footing with cable providers. We can now move forward and remove the legacy regulation that reduces telephone companies' incentives to provide broadband.

Second, the dramatic growth in broadband services depicted in this report proves that we are well on our way to accomplishing the President's goal of universal, affordable access to broadband by 2007.

The report contains two key findings. First, the U.S. leads the world in the total number of broadband connections with 38 million subscribers. And we are signing up new subscribers at an incredible rate. In 2004, broadband subscribership increased by 34%, with a 45% increase in DSL subscribership, and a 30% increase in subscribership to cable modem. Second, broadband platforms are engaged in fierce competition. In addition to telephone and cable providers, broadband access is increasingly being delivered to consumers via satellite, wireless, and fiber or powerline providers. In 2004, satellite and wireless connections to the Internet increased by 50% and fiber or powerline connections by 16%. This competition is leading to broadband providers offering customers faster and faster connections at lower and lower prices.

Most Americans today can choose between several competing broadband service providers and service packages. Telephone companies, wireless carriers,

cable TV service providers and satellite providers are aggressively getting into the broadband business. New technology platforms are also growing. Increasingly, users of "Wi-Fi" technology can get high-speed Internet connections at "hot spots" located at coffee shops,

hotels, airports, city parks, streets, and squares. These proliferating service providers are increasingly competing with each other, and that holds down prices, increases consumer choice, and creates a vast new array of services.

Although last year's report by the OECD ranks the U.S. 12th with respect to broadband subscribership per 100 inhabitants, there is more to the story: broadband growth in the U.S. is exceptional and leads the world. Unfortunately, our OECD ranking does not match the reality. For example, in terms of size, the U.S. has more than twice the population of the other countries ahead of it on the OECD list. And, no other country has as many urban areas or as many remote and widely-dispersed rural areas spanning huge distances.

If you compare the broadband penetration rates of some "leading" countries with comparable U.S. states with similar population density, you see similar penetration rates. For example, Japan, which ranks 8th in the OECD report has a population density of 350 inhabitants per square kilometer and has 15 broadband subscribers per 100 inhabitants. These numbers are very similar to Massachusetts which has a population density of 317 inhabitants per square kilometer and 18 broadband subscribers per 100 inhabitants.

Although we have seen billions of dollars of new investment in broadband networks, there is still more that the government must do to spur broadband deployment. We need to place all broadband providers on equal footing so that they can fairly compete in the marketplace. This means that we must treat all such providers in the same manner — free of undue regulation that can stifle infrastructure investment. This does not mean,

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TDS TELECOM: DELIVERING COMMUNICATIONS TECHNOLOGY TO RURAL OHIO

TDS Telecom has remained a key communications player in serving rural Ohio, and has delivered positive change by expanding services to meet consumer needs. "We've been committed to providing the latest in communications technology to rural communities in Ohio for decades," says Dana Reed, General Manager, Sales and Service. "We listen to our customers to find out what they really want and do our best to give it to them."

TDS Telecom serves such Ohio communities as Arcadia, Vanlue, Continental, Oakwood, Fayetteville, and Butlerville. These markets are local phone companies that were established up to 100 years ago, and joined TDS Telecom in the 1970s and 1990s. TDS maintains more than 8,000 access lines in Ohio.

Committed to Communities

TDS Telecom remains committed to the communities it serves, not only by investing in new technology, but also through employees "rolling up their sleeves" to take an active role in the future. Several employees are volunteer firefighters, while others coach youth softball, baseball, and soccer. "Our staff gives time and energy to many groups and causes, because we all understand how important it is to invest in our rural Ohio communities," says Reed. TDS Telecom also funds local events and sports teams, and sponsors an essay contest that awards scholarships to high school juniors and seniors.

Changing the Technology Landscape

Telecommunications continues to evolve at a

rapid pace, and TDS Telecom strives to remain at the forefront of change by providing new communications technology to customers. Ohio consumers have shown no hesitation in taking advantage of these offerings. For example, High-Speed Internet DSL service has become a must-have for many Ohio consumers. "This is one of those cases where we listened to our customers who wanted a faster Internet connection – and we delivered," says Reed. "All of our Ohio customers can get Internet access, and most have access to our High-Speed Internet DSL service." He explains that customers use higher speeds for a variety of purposes, from shopping online to doing research for homework assignments. Local businesses, many of them related to agriculture, also make the most of their high-speed connections to enhance operations.

Customers ventured beyond voice and data services and expressed an interest in entertainment options. TDS answered the call, making DISH Network an option. It has grown in popularity to become a necessity for some homeowners. "People like to have choices with their entertainment dollars," says Reed. "With DISH Network, they can watch more than 100 all-digital channels, including local channels."

Convenience Reigns

Another choice TDS Telecom customers have embraced is the ability to pay bills online. TDS Telecom invested in the technology to

offer TDS ePay, a free online billing service. "We wanted to provide a more convenient way for customers to view and pay bills," says Reed. "TDS ePay is secure, easy to use, and it eliminates mailing costs for our customers." Those who prefer to mail their payments or stop in at a local business office still have those options as well.

The need for added convenience is also evident in the home. "Today, balancing home and work can be hectic, so TDS Telecom has strived to offer products and services to help customers manage their schedules," explains Reed. "Whether for home or business, we have a range of optional calling services to keep people connected. They can be away from the phone, yet have the peace of mind of knowing they won't miss important calls." Some of the advanced calling features Ohio customers have opted for are Call Return, Caller ID, and Priority Ringing.

Helping Keep Customers Protected

In addition to providing a full range of communications offerings, TDS Telecom remains an important player in helping keep families safe through technology. "With all of the advances in the telecommunications industry, many people forget how much a landline can mean to a family's safety," says Reed. "A landline phone provides a reliable connection to the world. The landline is directly connected to the local 911 center. Emergency service personnel will immediately know where a caller is located when 911 is called from a landline phone."

court. I welcome the opportunity to address the remaining obstacles in the path to universal, affordable broadband access to ensure that all Americans are empowered for success in tomorrow's economy.

contrary, we must be vigilant in ensuring that public safety, law enforcement, and consumer protection needs continue to be met.

Now that the Supreme Court has provided much-needed clarity, the ball is in the FCC's

BROADBAND

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however, that the government should have no role in the broadband market. To the

CHAIRMAN'S MESSAGE

*Todd Colquitt
President, Verizon Ohio*



This is an exciting and challenging time for the telecommunications industry. Tremendous advancements have been made in technology and change has been occurring rapidly in the telecommunications industry, resulting in new voice and data services.

Today in Ohio there are more wireless subscribers than there are traditional land-line subscribers. The number of people who forgo a traditional landline in lieu of a cell phone continues to grow. In 2002 there were 5,212,204 wireless subscribers in Ohio. That number jumped to 5,817,211 in 2003 and continued to rise to 6,627,910 in 2004. More and more people are also abandoning traditional long distance service, which can easily be replaced with email or wireless.

With the emergence Internet-based services such as voice over Internet protocol (VoIP), cable companies are able to offer phone service to two-thirds of American homes this

year, and companies using IP-based phone and data services continue to grow. There is also technology being developed that will carry phone and data service over electrical lines. However, these new services and technologies are all being provided without any of the regulatory requirements of basic local exchange service (BLES).

In response to these changes, the OTA, while continuing to represent the diverse interests of the industry, worked with the Ohio General Assembly to enact legislation aimed at reforming Ohio's telecommunications laws. This piece of legislation, House Bill 218, simply enables the PUCO to provide alternative regulation for BLES if the Commission determines that competition exists. The bill allows the state to rely on market forces to maintain just and reasonable rates, rentals, tolls and charges for public telecommunications service.

The OTA and its member companies and associate members continue to strive for the best in customer service. We are constantly working to provide the best in new and advanced services while maintaining the high level of customer care and service consumers come to expect.

If Ohio continues to establish policies that encourage investments in new technologies and provide a level playing field for all players, this will stimulate Ohio's economy and create jobs. These new jobs are not limited to the telecommunications industry. As local businesses gain access to new technologies, they will be more productive thus, creating new opportunities for workers here in Ohio.



OHIO LEGISLATURE PASSES TELECOM REFORM BILL

Representative David Daniels (R-Greenfield)

At the beginning of the 126th General Assembly, I began work on legislation aimed at reforming Ohio's telecommunication laws. I felt it was time to address the effect that new and emerging technologies, such as VoIP, wireless technology, and broadband over the electrical line will have on the industry. The legislation, Substitute House Bill 218, involved issues vital to the overall competitiveness of our state in today's global economy.

H. B. 218 permits alternative regulation of basic local exchange service (BLES) by allowing the Public Utilities Commission of Ohio to treat BLES as the competitive service that it is and provide a level playing field for the various types of telecommunications technologies. H.B. 218 also provides needed stimulation in the deployment of broadband

services by creating parity for providers of such services.

The bill also eliminated the outdated references to the "exclusive right" to provide basic local exchange service in the Ohio revised code. While there was much debate in the early 1990s about the nature and scope of an "exclusive right" in Ohio, Congress cleared the air in 1996 when it enacted Federal law that preemptively prohibits "barriers to entry" such as state exclusive monopoly franchise laws.

I believe Ohio's policies have for the most part been fair and effective in protecting Ohio's consumers without overburdening regulations, but H.B. 218 made a definitive statement in our law and sent clear message to investors that additional or conflicting state

regulations would not impair their investments here in Ohio.

Legislation enacted in 1989 included a statement of Ohio's telecommunications policy, which at the time recognized the emergence of competition, encouraged innovation, and ensured the availability of BLES. But it did not mention the Internet or contemplate deployment of broadband services. This legislation provided Ohio with a policy that promoted telephone competition, provided consumer protection through price stability, and facilitated the rapid deployment of the high-speed telecommunications infrastructure throughout our state.

While this policy was effective for the technology of the day, much has *Continued on back page*

OHIO MOBILE WIRELESS TELEPHONE SUBSCRIBERS

