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September 27, 1995

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D. C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of:

Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network	))))	CC Docket No. 95-115

Dear Mr. Caton:

Enclosed please find an original and nine copies of Cincinnati Bell Telephone Company's Comments in the above referenced proceeding.

Please date stamp this as acknowledgment of its receipt and return it. Questions regarding this document may be directed to Ms. Amy Collins at the above address or by calling (513) 397-1333.

Sincerely,

Peggy A. Peckham
Director - Legislative &
Regulatory Planning

cc: International Transcription Services, Inc.
Ernestine Creech

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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COMMENTS OF CINCINNATI BELL TELEPHONE COMPANY

SUMMARY

In this Notice of Proposed Rulemaking ("NPRM"), the Commission seeks comments on levels of subscribership for local telephone service and presents several mechanisms aimed at increasing connection and reconnection to the switched telecommunications network. The comments offered by Cincinnati Bell Telephone ("CBT") in response to this NPRM focus on activities which it has attempted in an effort to increase subscribership. In addition to this, CBT comments upon the role which should be played by government and nonprofit agencies in increasing subscribership levels. One concern offered by CBT is that the NPRM fails to address subscribership issues in the context of an emerging competitive environment.

TABLE OF CONTENTS

	Page
I. INTRODUCTION	3
II. INCREASING SUBSCRIBERSHIP	4
A. **Lifeline and Link-Up**	5
1. *Telephone Service Assistance (TSA)*	5
2. *Service Connection Assistance (SCA)*	6
3. *Lifeline Consumer Board (LCB)*	6
4. *Kentucky Link-Up Program*	8
B. **Voluntary Long Distance Blocking**	8
C. **Other Long Distance Restrictions**	9
D. **Services for Highly Mobile Populations**	10
III. CONSUMER AWARENESS	10
IV. CONCLUSION	12

I. INTRODUCTION

Cincinnati Bell Telephone Company ("CBT"), an independent, midsize local exchange carrier ("LEC"), submits these comments in response to the Commission's July 20, 1995 Notice of Proposed Rulemaking ("NPRM") in the above-captioned proceeding.[1] In its NPRM, the Commission seeks comment on why telephone subscribership among certain groups and in certain geographic areas is lower than the national subscribership level of 94%. The Commission in the NPRM presents several initiatives aimed at increasing connection and reconnection to the switched telecommunications network beyond 94 percent and also outlines several proposals to reduce disconnection from the network. The Commission seeks comment on the viability and cost effectiveness of these or other proposals designed to increase subscribership. The NPRM also seeks comment on perceived barriers to increasing subscribership, and the role of consumer education in increasing subscribership.

The Commission's goal of increasing telephone subscribership levels is admirable. However, CBT submits that no single method of increasing subscribership is appropriate for all telephone service providers, who must have the flexibility to design programs that best suit the demographic and geographic characteristics of their territories. As the NPRM notes, many states have undertaken programs to increase subscribership. Since levels of subscribership vary according to the geographic and demographic population being served, development of specific responses should devolve from the Commission to those closest to the population being served; namely, states and local service providers. CBT's comments

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[1] Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network, CC Docket No. 95-115, Notice of Proposed Rulemaking, (FCC 95-281), released July 20, 1995.

will focus primarily on activities it has undertaken to increase subscribership in its territory and the role government and nonprofit agencies should play in increasing subscribership levels through education.

CBT is concerned that the NPRM ignores subscriber issues in the competitive environment emerging through federal legislation and through initiatives of many state regulatory commissions. In today's competitive environment, local service providers seek to meet the demands of increased competition by responding to customer needs in order to retain market-share, and maintain reasonable rates and universal service funding. As the marketplace becomes more competitive, the incumbent provider of local service may, by default, be the only provider of service to low-income and high-cost customers, at rates higher than contemporary levels. Today these rates are being subsidized by other services and business rates, in order to fulfill the traditional universal service fund obligation. In a competitive environment, these subsidies may be difficult to maintain, thus jeopardizing universal service funding.[2]

II. INCREASING SUBSCRIBERSHIP

CBT operates primarily in four counties in southwestern Ohio, six counties in northern Kentucky, and two counties in southeastern Indiana. As of April 1995, CBT's subscribership level among the 620,000 households in its territory is 96.1%. The

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[2] The Commission has acknowledged concern and requested comments concerning the level of the Universal Service Fund in a separate docket. See Amendment of Part 36 of The Commission's Rules and Establishment of a Joint Board, CC Docket No. 80-286, Notice of Proposed Rulemaking, (FCC 95-282), released July 13, 1995. CBT intends to file comments addressing the Universal Service Fund in this docket

demographic and geographic characteristics of the CBT territory potentially contribute to this high subscribership level. However, CBT believes that its efforts to reach low income households, particularly in inner-city areas, has also been an important factor in achieving this level of subscribership.

A. Lifeline and Link-Up

The NPRM seeks comment on several proposals the Commission believes may increase subscribership. The NPRM states that many of the proposals could be implemented by modifying existing Lifeline and/or Link-Up programs. Through Lifeline and Link-Up programs in Ohio and Kentucky, CBT has connected over 21,000 customers to the network since 1991.

CBT's Ohio Lifeline program is divided into three separate programs: Telephone Service Assistance ("TSA"), Service Connection Assistance ("SCA"), and Lifeline Consumer Board ("LCB"). The TSA and SCA programs have been in existence since 1991. These programs are required by state statutes and the Public Utilities Commission of Ohio.[3] The LCB is a trial program which CBT initiated and implemented in May of 1995 to supplement and expand the TSA and SCA programs in Ohio.

1. Telephone Service Assistance (TSA)

Telephone Service Assistance is designed to help certain low income elderly or disabled customers establish and maintain telephone service. To be eligible for TSA, customers must show that they have been approved for the Ohio Energy Credit Program, Supplemental Security Income, or Medicaid and Medicare. Under TSA, customers may only

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[3] O.R.C. §§ 4905.76 - .78, 4909.50, 5727.43.

subscribe to measured rate service. They cannot subscribe to any optional features. All deposit and installation charges are waived and the monthly bill is reduced by approximately one-third.

State and federal sources cover the cost of the discounts and waivers granted under this program. The cumulative total of these discounts since the inception of the program in 1991 is over $120,000. TSA has been effective in filling a need for those subscribers who want and need basic telephone service.

2. *Service Connection Assistance (SCA)*

Service Connection Assistance is available to certain low income customers to help them establish telephone service. Under SCA, customers who receive assistance under the Ohio Energy Credit Program, Medicaid, Supplemental Security Income, Home Energy Assistance or Emergency Home Energy Assistance may have deposit and installation charges waived. In addition, the FCC subscriber line charge is waived for 21 months. Unlike TSA, customers enrolled in SCA are not restricted in the type of optional services they may choose. The subscriber line charge discount and half of the installation charge waiver is paid through the federal Link-Up Program.[4] CBT provides the remainder of the waivers granted under this program.

3. *Lifeline Consumer Board (LCB)*

In 1994, CBT and the Office of the Ohio Consumer's Counsel established the Consumer Board whose main objective was to develop an expanded Lifeline program. The Board is made up of representatives of CBT, the Ohio Consumer's Counsel, staff of the

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[4] See CC Docket No. 78-72 and 80-286.

Public Utilities Commission of Ohio, social service agencies, consumer advocacy groups and disability advocacy groups. This program is designed to help certain low income customers establish and maintain telephone service.

A trial program that began May 1, 1995 has enrolled 211 customers to date. To enroll in the Lifeline Consumer Board program customers must be receiving assistance under the Ohio Energy Credit Program, Medicaid, Supplemental Security Income, Home Energy Assistance, Emergency Home Energy Assistance, or Aid for Families with Dependent Children.

One of the primary objectives of the LCB program is to provide education to customers about how they may obtain and maintain telephone service. Given this, customers are enrolled in LCB only after meeting with a CBT representative who provides the customer with specific information about the process of obtaining telephone service.

Generally, one of the participating social service agencies arranges for meeting facilities and pre-screens applicants prior to the meeting. At the meeting, a CBT representative provides an overview of the program for all attending and then meets with each applicant individually to discuss the applicant's particular situation and arrange for service connection. The LCB program is promoted mainly through the participating social service agencies and advocacy groups. CBT has printed a How-To Booklet for use at the LCB meetings to assist in the education of the LCB customer regarding telephone service basics.

It is too early in the trial of LCB to obtain any type of meaningful statistics regarding monthly local and toll usage or payment history However, given the response received from

the social service agencies and participants, it appears that the program is reaching individuals who would not otherwise have telephone service at their home. By working through community agencies to identify participants, resources can be more efficiently targeted to increase subscribership.

4. Kentucky Link-Up Program

The Link-Up program was designed to assist customers in meeting the one-time connection charges and deposit requirements that might otherwise prevent them from getting telephone service. Link-Up is available to customers in CBT's Kentucky territory. Under Link-Up Kentucky, one half of the installation charge is waived. No restrictions are placed on customers subscribing to service under Link-Up.

B. Voluntary Long Distance Blocking

The Commission seeks comments on the demand for long distance blocking, whether long distance blocking has the potential to increase retention, and if so, whether the Commission should mandate that companies offer interstate toll blocking.

CBT has offered voluntary toll blocking since 1990. With toll block, 1+, 0+, and 0- calls are blocked. Toll block does not block 800 calls or collect calls. Currently, 1.5 percent of residential and business customers subscribe to toll blocking. In addition to this, CBT offers 900 number blocking. Currently, 28 percent of residential customers and 42 percent of business customers use 900 blocking.

CBT utilizes toll restriction in certain cases prior to denying service. This policy has resulted only in a decrease of approximately 15% in the number of customers who are denied service for non-payment.

Toll blocking does not differentiate between interstate and intrastate toll calls. To make such a distinction would require very costly system changes with no obvious benefit to either CBT or its customers. Furthermore, a customer calling in-state can accumulate as much in toll charges as someone calling out-of-state. To offer toll restriction for interstate calls and not intrastate calls could be perceived by customers as rather arbitrary and would not be cost effective for the company, nor would it significantly impact customers who have predominately intrastate toll charges.

CBT does not believe that the Commission should mandate that telephone service providers offer toll blocking. As the Commission notes, an increasing number of options are becoming available to control long distance charges. In an increasingly competitive environment, local service providers should be allowed to offer whichever mechanisms best address the needs of their customers.

C. Other Long Distance Restrictions

The Commission seeks comments on the feasibility of using debit cards, pre-set monthly long distance dollar limits, per minute limits or time of day restrictions in order to keep people connected to the network. CBT currently does not offer any of these services, but notes that debit cards are widely available and easily obtained by customers who desire such a service (e.g. local department stores, grocery stores, etc.). With the options available under CBT's Lifeline programs and its voluntary toll restriction, no need exists at this time to offer additional long distance restriction options. To mandate that LECs offer these alternatives without regard to the specific situation faced by the LEC in providing service in its particular service area would be a hindrance to the LECs, by denying them flexibility as

they enter an increasingly competitive marketplace. Such services should not be mandated by the Commission. Rather, a competitive market should determine the need for such services.

D. Services for Highly Mobile Populations

The Commission seeks comment on how to bring telephone service to highly-mobile low-income users, many of whom may be homeless or without a permanent address for extended periods of time. Earlier this year, CBT began a trial voice mail message service with a local social service agency by providing the agency 15 voice mailboxes free of charge. The boxes have been assigned to homeless individuals to assist them during their job search and to provide them with a means of keeping in touch with family, doctors, etc. CBT is awaiting feedback from the agency regarding the usefulness of this program. If the assessment is favorable, CBT will work with the agency to explore potential funding sources in the community to develop the program on a larger scale.

III. CONSUMER AWARENESS

The NPRM cites studies indicating that lack of knowledge or misconceptions contributes to non-subscription. The Commission believes that educational efforts directed to non-subscribers could increase subscribership and asks for comments on whether this education should be the responsibility of local telephone companies, government, or both.

CBT asserts that the more information consumers have the better able they are to make informed choices about what services are right for them. Often, low income consumers do not know how to obtain information about services available to them or are afraid to ask about special programs. CBT uses several means for disseminating basic

information about how to obtain telephone service and special programs like Lifeline and Link-Up. Besides having forms, applications and brochures available at our public offices, CBT places information at social service agencies, social security offices, HMO offices, and community action agencies in our service area. CBT employees also make presentations and attend meetings at social service agencies, community action agencies, senior centers and retirement centers. CBT also places notices in newspapers and distributes brochures at community events and phone center stores. In addition. Lifeline information is provided to all Ohio customers once a year via a bill insert.

To the extent that providing telephone service to all who desire it has been defined as a public policy goal which benefits society as a whole, government resources may be instrumental in reaching this goal. Human service and employment service agencies, aging offices, as well as state attorneys general, could be instrumental in disseminating information to consumers about special help that may be available to them in obtaining telephone service. As noted above, CBT already works in conjunction with several social service agencies and some government offices. CBT plans to continue these efforts and explore ways to open new avenues with other social service agencies and governmental agencies.

IV. CONCLUSION

In this NPRM the Commission has requested comments on several proposals it believes may increase subscribership. CBT's comments review its experiences with various programs aimed at increasing subscribership. Others will undoubtedly submit details about programs that they are using. By serving as a forum for collecting information on various

programs being used, the Commission will enable new and innovative ideas to be brought to the forefront. However, rather than mandating a specific approach, CBT believes it is imperative that the Commission allow states and companies the flexibility to design programs that suit the needs of customers in their area.

As competition for local exchange customers grows under the deregulation mechanisms being explored by the Congress, by this Commission and by states, the type of assistance programs which are discussed in the Commission's NPRM and in CBT's comments may be increasingly difficult to maintain. The Commission's goals for subscribership should only be assessed in light of the rapidly emerging competitive environment in the provision of local telephone service, including adequately addressing universal service and Carrier of Last Resort obligations. Therefore, it will be crucial for the LEC to be provided the regulatory flexibility necessary to respond to the subscribership issues addressed in this NPRM.

Respectfully submitted,

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