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Bill Analysis

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Primary Sponsors: Reps. Carfagna and O'Brien

Kathleen A. Luikart, Research Analyst

Rocky Hernandez, Attorney

Chenwei Zhang, Attorney

SUMMARY

Ohio Residential Broadband Expansion Grant Program

- Creates the Ohio Residential Broadband Expansion Grant Program (grant program) within the Department of Commerce (Department).
- Requires the Department to receive and review applications for program grants and send completed applications to the Broadband Expansion Program Authority for review and award of "program grant" money for eligible projects under the grant program.
- Specifies that an eligible project may not proceed unless the Authority awards the project a program grant.
- Requires a broadband provider to construct last mile broadband infrastructure after receiving a program grant award.

Broadband Expansion Program Authority

- Creates the Broadband Expansion Program Authority (Authority) within the Department and exempts the Authority from being an agency for purposes of Ohio's Agency Sunset Review Law.
- Names as Authority members the Director of Commerce and the Chief Investment Officer of JobsOhio or their designees, the designation of whom must be in writing, and three appointed members, to serve four-year terms with reappointment permitted, with the Speaker of the House, the Senate President, and the Governor each making one appointment.
- Specifies that appointed Authority members must have broadband infrastructure and technology expertise, but may not be affiliated with or employed by the broadband industry or be in a position to benefit from a program grant.

- Provides the appointed members compensation in the form of reimbursement of necessary and actual expenses.
- Provides a monthly stipend for each appointed member, except that an appointed member that also serves as a state administrative department head will not receive the stipend.
- Requires the monthly stipend to be calculated such that it qualifies each appointed member for one year of service credit with the Ohio Public Employees Retirement System (OPERS) for each year of the appointed member's four-year term, but specifies that the service credit may not be considered for determining health care coverage if offered by OPERS.
- Provides for appointment of the chairperson and vice-chairperson, filling vacancies, conducting meetings, including conducting meetings electronically, and voting requirements.
- Requires the Authority to conduct hearings and to do several tasks, including for example, to monitor the grant program by tracking details for annual applications and annual program grants and to continually examine, and propose updates to, any broadband plan provided by law enacted by the General Assembly or by Executive Order issued by the Governor.
- Requires the Authority to make an annual report by December 1 to the Governor and General Assembly regarding its hearings, monitoring, examination, review, and various other duties regarding broadband service in Ohio and to make the report available on the Department's website.
- Prohibits the Authority from disclosing any proprietary or trade secrets in the report.

Application process for program grants

- Permits a broadband provider to apply for a program grant for an eligible project.
- Requires the application form to include a statement informing the applicant that failure to comply with the grant program or to meet required tier two service proposed in the application may require the refund of all or a portion of the program grant awarded for the project.
- Permits applications to be submitted in person or by certified mail or email, or uploaded to a designated Department website for applications.
- Requires applications to include several items including, for example, the location and a description of the project, a letter of intent that a broadband provider will provide access to the service, the amount of the broadband funding gap and the state funds amounts requested, and the broadband speeds planned for the project.
- Provides that an application is ineligible for a program grant if:
 - It proposes to provide tier two service where already available; or

- In the proposed area, construction of tier two service is in progress and (1) is being constructed without program funding by the broadband provider that submitted the application or (2) is scheduled to be completed by another provider not later than two years after the date of a challenge to the application.
- Requires the Department to accept applications for program grants each fiscal year and to fund program grants until funds for the fiscal year are no longer available.
- Requires applications to be accepted during not more than two 60- to 90-day submission periods each fiscal year as specified by the Authority.
- After receiving notice from the Department that a broadband provider's application is incomplete, permits the provider to complete and refile the application before the end of the submission period or not more than 14 days after the period ends, if the Department grants an extension for good cause shown.

Proprietary and trade secret information

- Requires the Department to review information and documents submitted (in an application or project challenge) by a broadband provider to determine whether it is proprietary or a trade secret and to keep the information and documents confidential unless the Department finds that it is not proprietary or a trade secret and therefore is not confidential.

Financial assurance condition for receiving grants

- Permits the Authority to require a broadband provider that is awarded a program grant to provide a performance bond, letter of credit, or other financial assurance acceptable to the Authority before construction begins.

Department application website

- Requires certain grant program and application information, except for denied applications, to be published on the Department website, including the list of residential addresses included with completed program applications, all other information included with applications that is not confidential, and status updates of applications regarding Authority decisions regarding project challenges.

County-requested solicitations for broadband providers

- Permits a board of county commissioners, by resolution, to request the Department to solicit applications from broadband providers for program grants for eligible projects in the municipal corporations and townships of the county.
- Requires a solicitation request to identify, to the extent possible, the residential addresses in unserved or tier one areas of the county, provide a point of contact for the county, municipal corporations, and townships where the addresses are located, and include any helpful relevant information, documents, or materials for the application.
- Requires the Department to solicit applications for program grants if a county makes a request and not later than seven days after receiving a request, to make it and the

accompanying information available for review on the Department website for up to two years.

- Specifies that an application for a program grant made in response to a county request must fully comply with all grant program requirements and that nothing in the county request provides relief from compliance with any grant program requirement.
- Specifies that the Department is not responsible for a broadband provider's failure to respond to a county-requested solicitation made by the Department or to submit an application.

Project challenge process

- Permits a broadband provider that provides tier two service within or directly adjacent to an eligible project to challenge, in writing, all or part of a completed application for a program grant not later than 65 days (or longer if an extension is granted) after the close of the submission period (or extension period).
- Requires the challenging broadband provider (challenging provider) to provide, by certified mail, a written copy of the challenge to the broadband provider that submitted the application (applicant provider) and the Authority.
- Specifies that for a challenge to succeed, a challenging provider must provide sufficient evidence to the Department demonstrating that all or part of a project under the application is ineligible for a grant by:
 - Disputing that the eligible project contains unserved or tier one areas; and
 - Attesting to the challenging provider's existing or planned offering of tier two service to all or part of the eligible project.
- Permit a challenging provider to demonstrate that all or part of a project under an application is ineligible for a program grant, by presenting shapefile data, residential addresses, maps, or similar geographic details, but not census block or census tract level data.
- Permits the Authority to suspend all or part of a challenged application or reject the challenge and approve the application, and requires the Authority to notify the applicant provider and the challenging provider of its decisions by providing a copy of the decision by certified mail or email.
- Requires the Authority to allow an applicant provider 14 days (unless an extension of another 14 days is granted for good cause shown) to revise and resubmit its application if the Authority upholds all or part of a challenge and to provide a copy of the revised application to the Authority and the challenging provider by certified mail or email or by uploading it to the Department website.
- Prohibits the applicant provider from revising the application to expand the original application's scope or impact or to add any new residential addresses.

- Specifies that an application is considered to be withdrawn if an applicant provider fails to respond to an Authority notification or to revise an application to the Authority's satisfaction.

Scoring system for application review

- Requires the Department, in consultation with the Authority, to establish a weighted scoring system to evaluate and select applications for program grants and make it available on the Department website.
- Specifies that the scoring system must prioritize applications according to certain factors listed in order from highest to lowest and, as an example, lists the highest two factors as eligible projects in unserved areas, rather than tier one areas and eligible projects located in distressed areas.
- Allows the Authority to consider, after the weighted factors, any other factors it determines reasonable, appropriate, and consistent with facilitating the economic deployment of tier two service to unserved or tier one areas.
- Prohibits the Authority, when awarding program grants, from considering:
 - Proposed project conditions that require open access networks or that establish a specific rate, service, or other obligation not specified in the grant program; or
 - Factors that would constrain the broadband provider from offering or providing tier two service as is offered by other broadband providers in Ohio without grant program funding.

Program grant awards

- Requires the Authority to award program grants after reviewing applications sent to it, considering all regulatory obligations under the law, and basing the awards on the scoring system and to notify the broadband providers that submitted applications upon making the awards.

Funding for program grants

- Creates the Ohio Residential Broadband Expansion Grant Program Fund in the state treasury to be used by the Department exclusively for program grants.
- Requires the transfer of \$20 million from the Facilities Establishment Fund in the Development Services Agency to the Ohio Residential Broadband Expansion Grant Program Fund in the Department of Commerce on July 1, 2020, or as soon as possible thereafter, and appropriates the transferred amount for fiscal year 2021.

Funding from video service providers (VSPs)

- Permits a broadband provider to enter into an arrangement to designate video service provider (VSP) fees remitted by the provider for contribution towards an eligible project's broadband funding gap if:

- The provider is a VSP that collects and remits VSP fees to one or more legislative authorities in which an eligible project is located; and
- The arrangement is entered into by mutual consent with the legislative authorities.
- Specifies that, under the alternate payment term arrangements made with a VSP, unless otherwise negotiated, the participating legislative authorities in which the eligible project is located must assume all financial responsibility for all of the eligible project costs incurred by the broadband provider prior to completion of the project or award of a program grant.

Funding from special assessments

- Permits a municipal corporation, county, or township to fund a portion of the broadband funding gap for an eligible project through a property tax assessment made by the municipal corporation, county, or township.

Distribution of grant funds

- Requires up to 30% of the program grant to be disbursed before project construction begins, up to 60% of the program grant to be disbursed periodically over the course of the project construction according to Department rules, and the remaining portion to be disbursed not later than 60 days after notification that construction is complete.
- Permits the Department to withhold payments for failure to meet at least the minimum broadband service speeds required under the bill until the speeds are achieved.

Speed verification

- Permits the Department, through an independent third party, to conduct speed verification tests of an eligible project that receives a program grant.
- Requires speed verification tests to occur after project construction is complete but prior to the final grant disbursement and at any time during the reporting period (see “**Grant award reports**,” below), after receiving a complaint about a residence that is part of the eligible project.
- Requires the speed verification tests to be conducted on at least two days at two different times each day.

Program noncompliance

- Requires the Department to (1) notify a broadband provider if the provider, after receiving a program grant, has not complied with program requirements and (2) provide the provider the opportunity to explain or cure the noncompliance.
- Permits the Department to require the broadband provider to refund (1) an amount of the program grant award as the Department determines and (2) to the appropriate municipal corporation, county, or township, the entire amount of general revenue funds or other discretionary funds they contributed toward the broadband funding gap.

- Requires the broadband provider to pay the refund for noncompliance, or failure to explain or cure the noncompliance, not more than 30 days after the Department determines that a refund must be paid.

Grant award reports

- Requires each broadband provider that receives a program grant to submit:
 - An annual progress report on the status of the deployment of the broadband network for which the grant was awarded; and
 - An operational report with the Department not later than 60 days after the project's completion and annually for another four years.
- Requires broadband provider reports to include an account of how program grant funds have been used, the progress toward fulfilling the objectives for which the grant was awarded and, to include, at a minimum, the following:
 - The number of residences accessing tier two service as a result of the eligible project;
 - The number of commercial and residential entities not funded directly by the grant program but accessing tier two service as a result of the eligible project;
 - The upstream and downstream speed of the broadband service provided;
 - The average price of broadband service;
 - The number of broadband service subscriptions attributable to the program grant.
- Requires broadband provider reports to be in a Department prescribed format and publicly available on the Department website.
- Permits the Department to set report due dates and for good cause shown, to grant due date extensions.

Authority grant program report

- Requires the Authority to complete an annual report that evaluates the grant program's success, includes certain program information and the findings and recommendations agreed to by a majority of Authority members and to include the evaluation, findings, and recommendations in its annual report required by law of all state departments.
- Requires the Authority to publish the report on the Department website and to provide the report to the Governor and the General Assembly by December 1 each year.

Broadband infrastructure ownership rights

- Specifies that nothing in the bill:
 - Entitles the state, Department, Authority, or any other governmental entity to any ownership or other rights to broadband infrastructure constructed by a broadband provider pursuant to a program grant for an eligible project; or

- Prevents the assignment, sale, change in ownership, or similar transaction for that infrastructure and specifies that no such transaction relieves the successor of obligations under the bill.

Rules

- Requires the Department to adopt rules for the grant program including rules for an application form and application procedures and procedures for periodic program grant disbursements.
- Permits the Department to adopt rules that include additional application requirements; procedures for, and circumstances under which, partial funding of application is permitted; procedures for Authority meetings, extension periods, and application challenges, hearings, and public comment; and procedures for county-requested solicitations for broadband providers.
- Specifies that Department rules are not subject to certain provisions of Ohio law governing review of agency rules regarding regulatory restrictions.

Broadband facilitators of broadband infrastructure

- Specifies that it is the public policy of Ohio to facilitate the provision of broadband infrastructure under just and reasonable rates, terms, and conditions; facilitate broadband service in priority unserved areas in Ohio; provide access in such areas by facilitating the construction of broadband infrastructure; and not unduly favor or advantage any broadband provider.
- Permits a broadband facilitator to construct broadband infrastructure only in priority unserved areas located in the *facilitator's certified territory* on application to and approval by the PUCO.
- Permits a broadband facilitator to construct broadband infrastructure in priority unserved areas in *the territory of an electric cooperative or a municipal electric utility* under an agreement that is based on mutually acceptable terms and provides for full and timely recovery of the facilitator's net infrastructure construction costs.
- Requires the electric cooperative or municipal electric utility to provide compensation to the broadband facilitator as specified in the agreement's terms and requires the EDU (in its capacity as a facilitator) to file a copy of the agreement with PUCO for review and approval as part of an application for broadband construction for an eligible project.
- States that nothing in the bill authorizes a broadband facilitator to construct, own, or operate broadband infrastructure to provide broadband services to retail customers or to provide services as an internet service provider or telecommunications service provider.
- Prohibits a broadband facilitator from constructing broadband infrastructure in a geographic area in which a broadband provider has received a program grant under the Ohio Residential Broadband Expansion Grant Program, unless the provider does not construct the project that received the program grant.

Facilitator policy for constructing broadband infrastructure

- Requires a broadband facilitator to establish a written policy for constructing broadband infrastructure that must be available to the public and must include:
 - Procedures for executing agreements with an electric cooperative or municipal electric utility;
 - The method for the full and timely recovery of the facilitator's net costs associated with the infrastructure construction;
 - Procedures for a nondiscriminatory competitive selection process to select a qualified broadband provider as part of the application process with PUCO regarding broadband infrastructure in the facilitator's certified territory;
 - A nondiscriminatory procedure for other broadband providers to request interconnection access to the infrastructure;
 - A list of any just and reasonable charges associated with granting or leasing interconnection access and the standards on which the charges are calculated.

Competitive selection process

- Requires a broadband facilitator that constructs broadband infrastructure under the bill to establish a nondiscriminatory competitive selection process that meets the following minimum requirements:
 - The facilitator must submit a request for proposals (RFP) to select at least one broadband provider capable of completing the last mile to an eligible project;
 - If no broadband providers respond to the RFP, requires the facilitator to submit a second RFP that includes proposed funding for up to 50% of the last mile investment associated with completing the last mile for an eligible project;
 - A participating broadband provider demonstrates:
 - ❖ Extensive experience, technical ability, and financial capability to successfully deploy broadband service in the priority unserved area;
 - ❖ The length of time the provider has been providing broadband service in Ohio; and
 - ❖ The ability of the provider to leverage nearby or adjacent broadband infrastructure to facilitate completion of the project's last mile.
- Requires PUCO to review the competitive selection process, as part of an application for broadband infrastructure in the broadband facilitator's certified territory, to confirm that the process was conducted prudently and achieved a competitive result.

Application for broadband infrastructure in certified territory

- Requires a broadband facilitator to file an application with PUCO for approval of broadband infrastructure construction before constructing the infrastructure in a priority unserved area of the facilitator's certified territory.
- Prohibits a broadband facilitator from filing an application unless the facilitator has selected at least one broadband provider to complete the last mile for the infrastructure described in the application.
- Requires the application to be on a form prescribed by PUCO and to include:
 - The location and a detailed description of the priority unserved area where broadband infrastructure will be constructed;
 - The number of new customers that are expected to have access to broadband service after the infrastructure is constructed;
 - The incremental benefits, including any economic development benefits, attributable to the infrastructure construction;
 - The estimated cost of the infrastructure;
 - The estimated time to construct the infrastructure;
 - Whether the application includes proposed funding for last mile investment under a competitive selection process involving a second RFP;
 - Any information the broadband facilitator received from the competitively selected broadband provider and any updates to that information;
 - A copy of the agreement entered into by the broadband facilitator following the competitive selection process and in which the broadband provider commits to completing the last mile related to the eligible project and offering retail broadband service in the priority unserved area within 18 months after the infrastructure is constructed;
 - A copy of the broadband facilitator's broadband infrastructure construction policy established under the bill;
 - A copy of any agreement the broadband facilitator entered into with an electric cooperative or municipal electric utility for construction of broadband infrastructure.

PUCO application review

- Permits PUCO to approve a broadband facilitator's application regarding broadband infrastructure in a priority unserved area of the facilitator's certified territory, within 180 days after its submission if, after review, PUCO determines that the application is complete and does the following:
 - Finds that the area in which broadband construction is proposed qualifies as a priority unserved area;

- Determines that the application does not violate the prohibition against constructing broadband infrastructure in an area which a broadband provider has been awarded a program grant under the Residential Broadband Expansion Grant Program;
- Finds, after reviewing the facilitator's estimated infrastructure construction costs, that the costs are just and reasonable;
- Finds, after reviewing the facilitator's estimated benefits or conducting its own review, that there are incremental benefits, including economic development benefits, attributable to the infrastructure construction;
- Finds that the infrastructure does not duplicate or overlap with infrastructure previously approved or with federal funding under Connect America funds or the Rural Digital Opportunity Fund;
- Determines whether the facilitator's competitive selection process was conducted prudently and achieved a reasonable, competitive result.
- Specifies that approved applications must be in the form of a PUCO order and that the order supersedes any conflicting or otherwise applicable tariff or schedule for broadband infrastructure or last mile investments in a previous order.
- Requires PUCO to deny the application if the application is incomplete or PUCO is unable to make the findings and determinations described above.
- Requires PUCO to deny the application if PUCO determines that the capital investment associated with the eligible project exceeds \$2.5 million, provided that the capital investment does not include the broadband facilitator's operation and maintenance expenses associated with the capital investment, the facilitator's total future revenue requirement collections approved under the bill, or last mile funding for a broadband provider.

Cost recovery

- Requires PUCO to approve a rate mechanism that allows an EDU to recover the following costs from its retail electric service customers:
 - The net costs incurred by a broadband facilitator to construct, own, and maintain infrastructure, which must reflect a credit for any revenues recovered under an agreement with an electric cooperative or a municipal electric utility to build broadband infrastructure;
 - Up to 50% of any last mile investment costs as approved in the application.
- Prohibits PUCO from approving the rate mechanism if it determines that the mechanism would result in the EDU receiving double recovery of any costs.
- If a rate mechanism is disapproved, allows PUCO to subsequently approve a revised rate mechanism if the double recovery is cured.

- Requires a PUCO-approved rate mechanism to fully and timely recover (1) net costs related to broadband infrastructure, if the costs are prudently incurred, which must reflect a credit for any revenue recovered under an agreement with an electric cooperative or municipal electric utility and (2) last mile investment costs as specified by PUCO.
- Requires PUCO to authorize a monthly charge, including deferrals, that does not exceed \$1.00 per month for residential customers and that does not exceed \$5.50 per customer per month for nonresidential customers.
- Allows an existing rate mechanism, including a previously approved surcharge, to be used (if determined suitable by PUCO) to recover costs under the bill if the existing rate mechanism will continue to exist for the full term of the cost recovery for broadband infrastructure and any last mile investment costs.
- Requires PUCO to establish a new rate mechanism to ensure uninterrupted full and timely recovery of approved infrastructure costs and last mile investment costs, if an existing rate mechanism used to recover costs under the bill subsequently expires.

Annual rate review

- Requires PUCO to review and update the rates charged under the rate mechanism annually until an EDU's approved net costs and any approved last mile investment costs are fully recovered and to include the costs for the year under review.
- Specifies that recovery of approved broadband infrastructure costs and any approved last mile investment costs are not subject to the earnings test in the competitive retail electric service law or public utility ratemaking law in Revised Code Chapter 4909.
- Requires an EDU acting as a broadband facilitator with an approved application for an eligible project under the bill to request or receive, from a telecommunications service provider or video service provider, a reduced per pole rental rate for attachments to any pole in a county where an eligible project is approved for a priority unserved area.
- Requires PUCO to determine the reduced rate.
- Specifies that the EDU acting as a broadband facilitator must apply to the PUCO for any amendment to its pole attachment tariff necessary to implement the pole rental rate provision under the bill.

Infrastructure sale or transfer

- Prohibits a broadband facilitator that constructs broadband infrastructure under an approved application from selling or transferring the infrastructure, after the infrastructure is constructed, to an affiliate of an EDU.

Reduced pole attachment rate

- Specifies that an EDU acting as a facilitator with an approved broadband infrastructure application for an eligible project must "request or receive" from a telecommunications provider or video service provider a reduced per pole rental rate.

Interconnection access

- Permits a broadband provider to request interconnection access to broadband infrastructure constructed under an approved application.
- Requires a broadband facilitator to grant access to the provider not later than 30 days after receipt of the request except that the 30-day period does not apply if the facilitator, including the facilitator's representative or agent, has more than 100 requests at the time the request is made.
- Specifies that interconnection access may only be granted if the broadband provider commits in writing to offering broadband service.
- Allows a broadband facilitator to condition interconnection access in the agreement based on (1) infrastructure space availability and (2) the broadband provider's compliance with applicable engineering and construction standards and administrative procedures.
- Prohibits a broadband facilitator that constructs broadband infrastructure from charging a provider for interconnecting with the infrastructure for the purpose for deploying last mile facilities to offer broadband service to unserved retail customers or transmitting the broadband service in the priority unserved area of an eligible project.
- Allows a broadband facilitator to suspend broadband interconnection access to a broadband provider that defaults on payment of the facilitator's charges.
- Specifies that a broadband provider is not responsible for costs of any kind, including pole replacement, transfer, or relocation or make-ready costs, if the broadband facilitator requests or requires payment for such costs in order to make room or otherwise permit broadband infrastructure construction for an approved application under the bill.
- Specifies that any pole replaced in order to construct broadband infrastructure under an approved application must remain the property of the owner of the pole that was replaced.

Report

- Requires each EDU that has a broadband infrastructure application approved under bill to file a report with PUCO not later than three and one-half years after the bill's effective date.
- Requires the report to include:
 - The number of applications the EDU filed with PUCO during the three-year period of the bill's provisions governing broadband facilitators of broadband infrastructure;
 - A description identifying the priority unserved areas in the EDU's certified territory;

- A summary of each PUCO-approved application that includes a description of each priority unserved area, the construction status of the project, and the broadband facilitator's costs for the project;
 - The number of broadband providers with which the facilitator contracted to complete the last mile;
 - The total net costs for the EDU as approved by PUCO;
 - The total last mile investment costs for the EDU as approved by PUCO;
 - The percentage of total net costs and last mile investment costs recovered through the PUCO-approved rate mechanism;
 - The number of new retail customers with access to broadband service at the time of the report as a result of the approved construction applications.
- Requires PUCO to submit the reports to the Speaker of the House, the Senate President, and the standing committees of the House and the Senate that primarily deal with broadband issues.
 - Requires PUCO to submit the reports to the Broadband Ohio Office and the Broadband Expansion Program Authority.
 - Specifies that PUCO may combine into one report the reports filed by different EDUs provided that the EDU reports are included in their entirety.

Rules

- Requires PUCO to adopt rules not later than 120 days after the effective date of the bill to implement the provisions governing broadband facilitator construction of broadband infrastructure.

Sunset provision

- Specifies that the provisions governing broadband facilitator construction of broadband infrastructure under the bill, except for the state policy provision and the prohibition against the sale or transfer of broadband infrastructure, are repealed three years after the bill's effective date.
- Allows the continued recovery of any net costs or last mile investment costs that PUCO approves for recovery but has not yet been recovered by the EDU as of the repeal of the broadband facilitators of broadband infrastructure provisions.

Electric cooperative easements

- Allows an easement granted to an electric cooperative for transmitting, delivering, or otherwise providing electric power ("easement") to be used, apportioned, or subleased to provide broadband service without such use, apportionment, or sublease being considered an additional burden on the servient estate (which is the land burdened by the easement).

- Includes video service, voice over internet protocol service, and internet protocol-enabled services.
- Allows for servient estate owners to bring an action for damages regarding the use, apportionment, or sublease of the easement.
- Provides that an action for damages must be brought within one year of any alleged damages or else the claim is forfeited.
- Limits damages to the difference between the fair market value (as determined by a qualified real estate appraiser) of the owner's interest in the property of the servient estate immediately before and after the provision of broadband service and provides that any damages awarded cannot continue, accumulate, or accrue.
- Prohibits past, current, or future revenues or profits derived or to be derived from the use, apportionment, or sublease of an easement for broadband service from being admissible for any purpose in the action for damages.
- Provides that the court may not grant injunctive relief or any other equitable relief for the action for damages.
- Provides that any court determination regarding an easement subject to the action for damages, must be considered a finding that the provision of broadband service is an allowable use or purpose under the easement as if specifically stated in the terms of the easement.
- Requires a court determination in the action for damages to be filed by the defendant with the county recorder of the county in which the servient estate is located and requires the recorder to make a notation in the official record linking the determination to the servient estate and easement.
- Provides that the electric cooperative easement provisions of the bill do not expand the powers of the State, its agencies, or any political subdivision beyond the authority existing under federal or state law.
- Provides that Ohio law governing the appropriation of property do not apply to the electric cooperative easement provisions of the bill.

Electric cooperative pole attachments

- Requires that, on request from a broadband provider, telecommunications service provider, video service provider, or wireless service provider, an electric cooperative must grant the provider nondiscriminatory access to the cooperative's poles under just and reasonable rates, terms, and conditions in accordance with the bill.
- Establishes a process for a provider to request and for an electric cooperative to consider, and to grant or deny, the provider's attachments to the cooperative's poles, including decision-making standards and time frames for granting or denying access.

- Requires a provider and electric cooperative to comply with make-ready work processes under federal law and to provide good-faith estimates for any make-ready work regarding provider attachments to cooperative poles.
- Requires an electric cooperative to establish fees for provider attachments in accordance with the federal law formula for cable pole attachment rates and Federal Communications Commission orders and regulations implementing the formula.
- Requires a provider's attachments to an electric cooperative's poles to meet: (1) the most recent, applicable, nondiscriminatory safety and reliability standards adopted by the cooperative and (2) the National Electric Safety Code in effect on the date of the attachment.
- Establishes provisions for pole modification and requirements for sharing costs for a modification.
- Establishes procedures, requirements, and remedies for an electric cooperative or provider to settle pole attachment disputes in the court of common pleas in the county in which the cooperative's Ohio headquarters are located.

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DETAILED ANALYSIS

Overview

The bill establishes four approaches to address broadband expansion and infrastructure in Ohio. First, the bill creates the Ohio Residential Broadband Expansion Grant Program (grant program) and the Ohio Broadband Expansion Program Authority (Authority) to award program grants to fund the construction of broadband projects in unserved areas of the state.

Second, the bill establishes a process for broadband facilitators (electric distribution utilities approved by the Public Utilities Commission of Ohio to construct, and recover net costs for, broadband infrastructure) to construct the infrastructure in its own certified territory or, under an agreement, in the geographic areas served by an electric cooperative or a municipal electric utility.

Third, under the bill, the use of electric cooperative easements is expanded for the provision of broadband service and a process is created for addressing damages to servient estates (land burdened by an easement).

Fourth, the bill establishes a process for granting broadband providers, telecommunication service providers, video service providers, and wireless service providers access to electric cooperatives pole facilities through pole attachments.

Ohio Residential Broadband Expansion Grant Program

The bill creates the grant program within the Department of Commerce and requires the Department to administer and provide staff assistance for the grant program.¹

Definitions

Definitions for the grant program include the following:

Term	Definition
“Broadband funding gap”	The difference between the total amount of money a broadband provider calculates is necessary to construct the last mile of a specific broadband network and the total amount of money that the provider has determined is the maximum amount of money that is cost effective for the provider to invest in last mile construction for that network (<i>R.C. 188.01(B)</i>).
“Broadband provider”	A (1) video service provider or (2) provider that is capable of providing tier one or tier two service and is a telecommunications provider, satellite broadcasting service provider, or a wireless service provider. A “broadband provider” does not include a governmental or quasi-

¹ R.C. 188.03.

Term	Definition
	governmental entity. (<i>R.C. 188.01(C); R.C. 1332.21, 4927.01, 5739.01, not in the bill.</i>)
“Tier one broadband service” and “tier two broadband service”	Retail wireline or wireless broadband service capable of delivering internet access at speeds of at least: <ul style="list-style-type: none"> ▪ 10 but less than 25 megabits per second downstream and at least 1 but less than 3 megabits per second upstream for “tier one broadband service” (tier one service, as used in this analysis); ▪ 25 megabits per second downstream and at least 3 megabits per second upstream for “tier two broadband service” (tier two service, as used in this analysis). <i>(R.C. 188.01(J) and (K).)</i>
“Eligible project”	A project to provide tier two service access to residences in an unserved area or tier one area of a municipal corporation or township that is eligible for funding under the bill (<i>R.C. 188.01(D)</i>).
“Last mile”	The last portion of a physical broadband network that connects an eligible project to the broader network used to provide tier two service to which both of the following apply: <ul style="list-style-type: none"> ▪ It includes other network infrastructure in the last portion of the network that is needed to provide tier two service to residences as part of an eligible project, but does not include network infrastructure in any portion of the network that is outside of the last portion; ▪ It is not required to be, or limited to, a specific distance measurement of one mile or any other specific distance. <i>(R.C. 188.01(E).)</i>
“Program grant”	<ul style="list-style-type: none"> ▪ Money awarded under the grant program to assist in covering the broadband funding gap for an eligible project (<i>R.C. 188.01(G)</i>).
“Tier one area”	<ul style="list-style-type: none"> ▪ An area that has access to tier one service but not tier two service, including an area where construction of a network to provide <i>tier one service</i> is in progress and scheduled to be completed within a two-year period. “Tier one area” excludes an area where construction of a network to provide <i>tier two service</i> is in progress and scheduled to be completed within a two-year period. (<i>R.C. 188.01(L)</i>.)

Term	Definition
“Unserved area”	<ul style="list-style-type: none"> ▪ An area without access to tier one service or tier two service, excluding an area where construction of a network to provide <i>tier one service or tier two service</i> is in progress and scheduled to be completed within a two-year period (<i>R.C. 188.01(M)</i>).

Broadband Expansion Program Authority

The bill creates the Authority within the Department of Commerce. The Department must receive and review applications for program grants and send them to the Authority for the final review and awarding of program grants. The Authority must consider each application that the Department has reviewed and sent to it, score each application based on the scoring system established under the bill, and award program grants based on that system. See “**Authority’s application review**” (below).²

The bill excluded the Authority from those state agencies subject to review under the sunset review law.³

Authority membership

As established under the bill, the Authority has five members: the Director of Commerce or the Director’s designee, the Chief Investment Officer (CIO) of JobsOhio or the CIO’s designee, one member appointed by the Speaker of the House of Representatives, one member appointed by the President of the Senate, and one member appointed by the Governor. (See **Comment**.) Vacancies must be filled in the same manner as original appointments, and any member appointed to fill a vacancy serves the remainder of the term being filled. If the Director or the CIO assign designees to the Authority, the designation must be in writing.⁴

Appointed members

Appointed members serve four-year terms and are eligible for reappointment. They must have expertise in broadband infrastructure and technology, but must not be affiliated with, or employed by, the broadband industry or in a position to benefit from a program grant.

Under the bill, they receive a monthly stipend as calculated under the Ohio Public Employees Retirement System (OPERS) law in an amount that will qualify each member for one year of OPERS retirement service credit for each year of the member’s term. However, notwithstanding any OPERS requirement that eligibility for health care coverage be based on years and types of service credit according to OPERS Board rules, if the Board provides health

² R.C. 188.03, 188.05, and 188.07.

³ R.C. 188.05(G); R.C. 101.82 to 101.87, not in the bill.

⁴ R.C. 188.05(A)(1) and (3) and (C).

care coverage, no service credit earned for service as a member of the authority may be considered for purposes of determining eligibility for such health care coverage.⁵

Members receive reimbursement for their necessary and actual expenses incurred in performing Authority business. An appointed member who is currently serving as the head of a state administrative department is not eligible to receive the monthly stipend for appointed Authority members.⁶

The Department is responsible for paying all stipends and reimbursements. And reimbursements constitute administrative costs of the grant program.⁷

Authority meetings

Under the bill, the Director or the Director's designee serves as the chairperson of the Authority. Authority members annually elect one of the members as the vice-chairperson. The bill sets attendance of three members as the quorum necessary to do business and requires an affirmative vote of three members to approve any business, including the election of the vice-chairperson. If the Director assigns a designee to serve on the Authority, the designee must be a professional employee of the Department, who will serve as the Director's designee at Authority meetings. The bill requires the vice-chairperson to chair Authority meetings in the absence of both the Director and the Director's designee.⁸

Members of the Authority may attend meetings electronically by electronic communication if: (1) at least three members attend the meeting in person at the place where the meeting is conducted, (2) the electronic communication for the meeting permits simultaneous communication among all Authority members, including those attending electronically, and all members of the public attending in person, and (3) all votes are taken by roll call vote.

If a member chooses to attend a meeting electronically, the member must notify the chairperson not less than 48 hours before the scheduled meeting time, except in the case of an emergency. The bill does not specify what constitutes an emergency or if remote attendance due to an emergency affects the three-person requirement for a meeting to take place.⁹

Authority duties

The Authority is responsible for performing specific duties regarding the grant program and other duties regarding the review of broadband-related topics. Under the bill, the Authority

⁵ R.C. 188.05(A)(2), (B), and (D)(1)(a) and (b); R.C. 145.016 and 145.58, not in the bill.

⁶ R.C. 188.05(D)(1)(c) and (2).

⁷ R.C. 188.05(D)(1)(c) and (3).

⁸ R.C. 188.05 (E) and (F).

⁹ R.C. 188.06.

may conduct hearings to gather information necessary to accomplish the duties described below.¹⁰

Grant specific duties

The Authority must do the following, specific to the grant program:

- Monitor the grant program by:
 - Tracking the details for (1) annual applications and (2) program grants awarded granted annually, including:
 - ❖ The number of applications and program grants;
 - ❖ The geographic locations of eligible projects;
 - ❖ The broadband providers submitting applications and, for awards being tracked, the entities or companies that submitted the application;
 - ❖ A description of the tier two service infrastructure and technology proposed or deployed;
 - ❖ A description of any public right-of-way or public facilities to be utilized or actually utilized for the projects;
 - ❖ The speeds of the tier two service under the applied-for or enabled projects;
 - ❖ The amount of program grant funds requested or awarded for each project and the proportion of project funding to be provided, or share of funding provided, by the broadband provider and other entities;
 - ❖ The number of residential and nonresidential locations that will have access to tier two service under each project.
 - Listing the amount of any unencumbered program grant funds that remain available for award under the grant program;
 - Adding any additional factors deemed necessary by the authority to monitor the program.
- Review all project progress reports and operational reports submitted by broadband providers that receive a program grant;
- Review all pending county requests made for program grants.¹¹

Other duties

The bill also requires the Authority to:

¹⁰ R.C. 188.08 and 188.09.

¹¹ R.C. 188.08(B), (C), and (D).

- Continually examine, and propose updates to, any broadband plan provided by law enacted by the General Assembly or Executive Order issued by the Governor;
- Identify any best practices for, and impediments to, the continued expansion of tier two service infrastructure and technology in the state;
- Coordinate and promote the availability of publicly accessible digital literacy programs to increase fluency in the use and security of interactive digital tools and searchable networks, including the ability to use digital tools safely and effectively for learning, collaborating, and producing;
- Identify, examine, and report on any federal or state government grant or loan program that would promote the deployment of tier two service infrastructure and technology in Ohio;
- Track the availability, location, rates and speeds, and adoption of programs that offer tier one service and tier two service in an affordable manner to low income consumers in Ohio.¹²

Report

The bill requires the Authority to submit a written public report of its findings and recommendations to the Governor and the General Assembly by December 1 each calendar year and make the report available on the Department's website. The report must receive approval from a majority of the Authority's members, and it may not disclose any proprietary information or trade secrets.¹³

It appears this annual report is separate from the annual report that focuses entirely on the grant program, with the result that the Authority must make two annual reports.¹⁴ See "**Authority grant program report**" (below).

Application process for program grants

A broadband provider may apply for a program grant under the grant program, and program grants may be awarded only for eligible projects.¹⁵

Ineligible projects

The bill specifies that an application is ineligible for a program grant if either of the following apply:

- It proposes to provide tier two service to areas where such service is presently available;

¹² R.C. 188.08(A), (E), (F), (G) and (H).

¹³ R.C. 188.10.

¹⁴ R.C. 188.10 and 188.76.

¹⁵ R.C. 188.13 and 188.15.

- In the proposed area of service, construction of a network to provide tier two service currently is in progress and either (1) it is being constructed, without grant program funding, by the broadband provider that submitted the application or (2) it is scheduled to be completed by another broadband provider not later than two years after the date of a challenge to the application is submitted.¹⁶ See “**Project challenge process**”(below).

Application process

Under the bill, the Department must accept applications from broadband providers for program grants each fiscal year. Applications may be submitted in person, by certified mail or email, or uploaded to a designated Department website for applications.

To apply, a broadband provider must submit an application to the Department on a form the Department prescribes. The form must include a statement informing the applicant that failure to comply with the grant program or to meet the required tier two service proposed in the application may require the refund of all or a portion of the program grant awarded for the project.¹⁷

Application requirements

Grant program applications must include, at a minimum, the following information for an eligible project:

- The location and description of the project, including:
 - The residential addresses in the unserved or tier one areas where tier two service will be available upon project completion; and
 - A notarized letter of intent by the broadband provider that (1) the provider will provide access to tier two service to all of the residential addresses listed in the project and (2) none of the funds provided by the program grant will be used to extend or deploy facilities to any residences other than those in unserved or tier one areas that are part of the project.
- The amount of the broadband funding gap and the amount of state funds requested;
- The amount of any financial or in-kind contributions to be used towards the broadband funding gap and identification of the contribution sources, which may include, but are not limited to:
 - Funds that the broadband provider is willing to contribute to the broadband funding gap;

¹⁶ R.C. 188.16.

¹⁷ R.C. 188.19(A).

- Funds received or approved under any other federal or state government grant or loan program;
- General revenue funds of a municipal corporation, township, or county comprising the area of the eligible project;
- Other discretionary funds of the municipal corporation, township, or county comprising the area of the eligible project;
- Any alternate payment terms that the broadband provider and any legislative authority in which the project is located have negotiated and agreed to;
- Contributions or grants from individuals, organizations, or companies;
- Property tax assessments made by a municipal corporation, township, or county as described under “**Funding from special assessments**” (below).
- The source and amount of any financial or in-kind contributions received or approved for any part of the overall eligible project cost, but not applied to the broadband funding gap;
- A description of, or documentation demonstrating, the broadband provider’s managerial and technical expertise and experience with broadband service projects;
- Whether the provider plans to use wired, wireless, or satellite technology to complete the project;
- A description of the scalability of the project;
- The megabit-per-second broadband download and upload speeds planned for the project;
- A description of the broadband provider’s customer service capabilities, including any locally based call centers or customer service offices;
- A copy of the broadband provider’s general customer service policies, including any policy to credit customers for service outages or the provider’s failure to keep scheduled appointments for service;
- The length of time that the broadband provider has been operating in Ohio;
- Proof that the broadband provider has the financial stability to complete the project, which, to meet this requirement, may be publicly available financial statements submitted with the application;
- A projected construction timetable, including the anticipated date of the provision of tier two service access within the project;
- A description of anticipated or preliminary government authorizations, permits, and other approvals required in connection with the project, and an estimated timetable for the acquisition of such approvals;

- A notification from the broadband provider informing the Department of any information contained in the application, or within related documents submitted with it, that the provider considers proprietary or a trade secret;
- A notarized statement that the broadband provider accepts the condition that noncompliance with the grant program requirements may require the provider to refund all or part of any program grant the provider receives;
- A brief description of any arrangements, including any subleases of infrastructure or joint ownership arrangements that the broadband provider that submitted the application has entered into, or plans to enter into, with another broadband provider, an electric cooperative, or an electric distribution utility (EDU), to enable the offering of tier two service under the project;
- Other relevant information that the Department determines is necessary and prescribes by rule;
- Any other information the broadband provider considers necessary.¹⁸

Application submission period

Under the bill, applications must be accepted during a submission period specified by the Authority, each of which must be at least 60, but not more than 90 days. During each fiscal year, there may not be more than two submission periods.¹⁹

Incomplete applications

The bill requires the Department to notify a broadband provider if its application is incomplete and to list in the notification what information is incomplete. The notification must also describe the procedure for refiling a completed application.²⁰

If an application is determined to be incomplete, the bill requires the Department to review the application if it is completed and refiled before the end of the submission period. The bill allows the application to be refiled not later than 14 days after the end of the submission period, if the Department, for good cause shown, has granted the broadband provider an extension period of up to 14 days in which to file the completed application.

The Department must deny an incomplete application if the provider fails to complete and refile it within the applicable submission period or extension period.²¹

¹⁸ R.C. 188.20.

¹⁹ R.C. 188.19(B).

²⁰ R.C. 188.19(D).

²¹ R.C. 188.19(D), (E), and (F).

Proprietary and trade secret information

Under the bill, the Department, according to rules it adopts, must evaluate the documents submitted with a broadband provider's application or with a challenge to the application submitted by another broadband provider. The purpose of the evaluation is to determine whether the information or documents are proprietary or constitute a trade secret. When the Department receives the information and documents, the Department must keep them confidential and may not publish them on the Department's website. If the Department finds that any information or document is not proprietary or a trade secret, it is not considered confidential and must be published on the Department's website according to the bill's requirements.²²

Financial assurance condition for receiving grants

As a condition for receiving a program grant, the Authority may require a broadband provider awarded a program grant to provide a performance bond, letter of credit, or other financial assurance acceptable to the Authority before construction begins. The purpose of the performance bond, letter of credit, or other financial assurance is to assure completion of the project and is not required after the project is complete.

The bond, letter of credit, or assurance must be in the sum, and with the sureties, that the state prescribes and must be payable to the state, as applicable. The bond, letter of credit, or assurance may include the condition that the provider will faithfully execute and complete the project.²³

Department application website

Although the Department may not publish an application on the website if it has been denied,²⁴ certain application information must be published on the Department website. Under the bill, the Department must publish:

- The scoring system for reviewing applications at least 30 days before the application submission period²⁵ described in "**Scoring system for application review**"(below);
- Requests to the Department from boards of county commissioners to solicit program grant applications, as described under "**County-requested solicitation for program grants**" (below);²⁶
- For each completed application:

²² R.C. 188.23.

²³ R.C. 188.21.

²⁴ R.C. 188.19(F).

²⁵ R.C. 188.40.

²⁶ R.C. 188.51.

- The list of residential addresses included with the application, not later than five days after the close of the submission period in which the application is made; and
- All information the Department determines is not confidential not later than 35 days after the close of the submission period in which the application is made.²⁷
- Any updates to the status of an application following a challenge made as described in “**Project challenge process**” (below);²⁸
- The program grants awarded under the grant program;²⁹
- The Authority’s grant program annual report.³⁰

Notification process

The bill requires the Department to establish an automatic notification process through which interested parties may receive email notifications when the Department publishes grant program application and other information on its website.³¹

County-requested solicitation for broadband providers

The bill permits a board of county commissioners, upon adoption of a resolution, to request the Department to solicit applications from broadband providers for program grants. The solicitations are to be for eligible projects in the municipal corporations and townships of the county. A county request must identify, to the extent possible, the residential addresses in unserved or tier one areas of the county and provide a point of contact at the county, municipal corporations, and townships in which the addresses are located. The request may include any relevant information, documents, or materials that may be helpful for an application.³²

If the Department receives a request from a board of county commissioners, the Department must solicit, on behalf of the county, applications for program grants not later than seven days after it receives the county’s request. It must make the request and accompanying information submitted with it, available on the Department’s website for a period not to exceed two years.³³ Under the bill, the Department is not responsible for any failure by a broadband provider to respond to the request or to submit a program grant application.³⁴

²⁷ R.C. 188.19(C).

²⁸ R.C. 188.33 (C).

²⁹ R.C. 188.43(C).

³⁰ R.C. 188.76(B).

³¹ R.C. 188.24.

³² R.C. 188.50.

³³ R.C. 188.51.

³⁴ R.C. 188.55.

If a provider applies for a program grant in response to a Department solicitation, the application submitted by the provider must fully comply with all grant program requirements. And, as specified under the bill, nothing in the program grant solicitation process may be construed as providing relief from compliance with any program requirements.³⁵

Project challenge process

Under the bill, a broadband provider that provides tier two service within or directly adjacent to an eligible project may challenge a program grant application. A challenge to all or part of a completed application for a project's program grant must be in writing and must be made not later than 65 days after the close of the application submission period or the extension period, if one is granted by the Department.

The challenge deadline may be extended by the Department by not more than 14 days, for good cause shown. However, no challenge may be accepted before the completed application is published in its entirety on the Department's website.³⁶

The bill requires a challenging broadband provider (challenging provider) to provide a written copy of the challenge by certified mail to the Department and the broadband provider that submitted the application (applicant provider). The copy sent to the Department may include any information that the challenging provider considers to be proprietary or a trade secret. Proprietary information or trade secrets may be redacted from the copy sent to the applicant provider.³⁷

Challenge evidence

The bill specifies the requirements for successfully challenging an application. To do so, a challenging provider must provide sufficient evidence to the Department demonstrating that all or part of a project under the application is ineligible for a grant. The challenge must, at minimum, include the following information:

- Sufficient evidence disputing the notarized letter of intent submitted with the application that the eligible project contains unserved or tier one areas;
- Sufficient evidence attesting to the challenging provider's existing or planned offering of tier two service to all or part of the eligible project, which evidence must include the following:
 - With regard to existing tier two service, a signed, notarized statement submitted by the challenging provider that sufficiently identifies the part of the eligible project to which the challenging provider offers broadband service;

³⁵ R.C. 188.53.

³⁶ R.C. 188.30(A)(1) and (B).

³⁷ R.C. 188.30(A)(2).

- With regard to the planned provision of tier two service by a challenging provider being constructed or scheduled to be completed within two years of the challenge date (1) a signed, notarized statement submitted by the challenging provider that sufficiently identifies the part of the eligible project to which the challenging provider will offer broadband service and (2) a summary of the construction efforts that includes the dates when tier two service construction is expected to be completed and when tier two service will first be offered to the part of the eligible project being challenged.³⁸

To demonstrate that all or part of a project under an application is ineligible for a program grant under the bill, a challenging provider may present shapefile data, residential addresses, maps, or similar geographic details. But, the bill specifies that census block or census tract level data is not acceptable as evidence of the ineligibility of all or part of the project.³⁹

Challenge response

The bill specifies that the Authority has a 30-day period after receipt of an application challenge in which to take action. The Authority may do either of the following:

- Suspend all or part of the application being challenged;
- Reject the challenge, approve the application, and proceed with the application process.

The Authority must notify the applicant provider and the challenging provider of any decision regarding the challenge by providing a copy of the decision by certified mail or email. The Authority also must update the status of the application on the Department website.⁴⁰

Application revisions permitted

The bill requires the Authority to allow the applicant provider to revise its application, if the Authority upholds a challenge to, or suspends, all or part of the application. The applicant provider may revise and resubmit the application not later than 14 days after receiving the Authority's suspension notification. For good cause shown, the Authority, upon request of the applicant provider, may grant an extension period of not more than 14 days in which the applicant provider may resubmit the application. The bill specifies that the applicant provider cannot expand the scope or impact of the original application or add any new residential addresses to the eligible project in the application.⁴¹

An applicant provider must provide a copy of the revised application to the Authority and challenging provider by certified mail or email, or by uploading it to the Department's designated website for applications. The bill requires the Department to publish the revised

³⁸ R.C. 188.31(A).

³⁹ R.C. 188.31(B).

⁴⁰ R.C. 188.33(A) and (C).

⁴¹ R.C. 188.33(B), 188.34(A) and (B).

application on the Department's public website provided that any information determined to be proprietary or a trade secret is redacted.⁴²

The bill specifies that any failure to respond to the notification or to properly revise the application to the Authority's satisfaction is considered to be a withdrawal of the application.⁴³

Within 14 days of receipt of a revised application, the Authority must review it and decide whether to accept it or uphold the challenge. The Authority must provide a copy of its decision to both the applicant provider and the challenging provider by certified mail or email and must update the status of the application on the Department's website. Under the bill, the Authority's decision is considered final, and further challenges to the revised application are prohibited.⁴⁴

Failure of challenging provider after challenge is upheld

Under the bill, a challenging provider may be subject to payments and penalties in addition to other remedies available under the law if the challenging provider fails to provide tier two service as described in a challenge that has been upheld by the Authority. After a reasonable opportunity to be heard, the challenging provider may be required to (1) pay to the Department the amount of the original broadband funding gap for the application that was challenged, (2) comply with the requirements of any other penalties prescribed by Department rule and imposed after consultation with the Authority, or (3) both.⁴⁵

Scoring system for application review

The bill requires the Department in consultation with the Authority, to establish a weighted scoring system to evaluate and select applications for program grants. The scoring system must be available on the Department website at least 30 days before the beginning of the application submission period.⁴⁶ Under the scoring system, applications must be prioritized, from highest to lowest weight, in the following order, for those eligible projects that are:

- For unserved areas, rather than tier one areas;
- Located within distressed areas as defined under the Urban and Rural Initiative Grant Program;
- Receiving or that have been approved to receive any financial or in-kind contributions towards the broadband funding gap identified in the application, including the amounts and proportions of the contributions;

⁴² R.C. 188.34(C).

⁴³ R.C. 188.34(D).

⁴⁴ R.C. 188.35.

⁴⁵ R.C. 188.36.

⁴⁶ R.C. 188.40.

- Proposing construction that will utilize state rights-of-way or otherwise require attachment to, or use of, public facilities or conduit to provide tier two service to an eligible project;
- Based on proposed upstream and downstream speeds and the scalability of the tier two service infrastructure proposed to be deployed to speeds higher than 25 megabits per second downstream and 3 megabits per second upstream;
- Based on each of the following, in equal measure, without favoring one broadband provider over another:
 - Demonstrated support, supported by evidence, for community and economic development efforts in, or adjacent to, the projects, including the provision of tier two service to commercial and nonresidential entities as a result of, but not funded directly by, the grant program;
 - The broadband provider's experience, technical ability, and financial capability in successfully deploying and providing tier two service;
 - The length of time the broadband provider has been providing tier two service in Ohio;
 - The extent to which funding is necessary to deploy tier two service infrastructure in an economically feasible manner to the eligible project;
 - The ability of the broadband provider to leverage nearby or adjacent tier one or tier two service infrastructure to facilitate the proposed deployment and provision of tier two service to the eligible project;
 - If existing tier one or tier two service infrastructure exists in the area of the eligible project, the extent to which the project utilizes or upgrades the existing tier one or tier two infrastructure, rather than duplicates it;
 - The eligible projects' location within Ohio opportunity zones.⁴⁷

The bill allows the Department to include any other factors in the scoring system that it determines to be reasonable, appropriate, and consistent with the purpose of facilitating the economic deployment of tier two service to unserved or tier one areas. But, the additional factors must be considered after the weighted factors described above.⁴⁸

Program grant awards

The Authority must award program grants after reviewing applications sent by the Department. Awards must be granted after the Authority scores them according to the scoring system described above. The bill requires the Authority to consider all regulatory obligations

⁴⁷ R.C. 188.41(A); R.C. 122.19 and 122.84, not in the bill.

⁴⁸ R.C. 188.41(B).

under applicable law before awarding grants, but it does not state to what regulatory obligations the requirement refers.⁴⁹ The bill requires the Authority to notify the applicant providers of its award decisions and publish the grant awards on the Department website.⁵⁰

When making grant awards, the Authority may not consider the following:

- Proposed project conditions that require open access networks or that establish a specific rate, service, or other obligation not specified for the grant program;
- Factors that would constrain a broadband provider that receives a program grant from offering or providing tier two service in the same manner as the service is offered in other areas of the state by providers that do not receive funding from the grant program.

It is not clear whether the bill's prohibition against *considering* these project conditions or factors means that the Authority could not award grants to such applications or that the Authority could not give them any weight under the scoring system.⁵¹

The bill requires a broadband provider's eligible project under the grant program to be awarded a program grant by the Authority before the project may proceed. After receiving a grant award, the provider must construct and install last mile broadband infrastructure to the eligible project.⁵²

Funding for program grants

Ohio Residential Broadband Expansion Grant Program Fund

Program grants awarded by the Authority must be awarded using funds from the Ohio Residential Broadband Expansion Grant Program Fund created by the bill as a fund in the state treasury. Deposits to the Fund include appropriations from the General Assembly and collections for noncompliance payments or penalties under the bill. The money in the fund, including interest earned on it, is to be used exclusively by the Department for grants under the grant program.⁵³ The bill requires the Department to administer and provide staff assistance for the grant program⁵⁴ but does not expressly provide funding for the administration of the grant program.

Appropriation

The bill appropriates \$20 million to the Department in fiscal year 2021 and requires the Director of Budget and Management to transfer \$20 million from the Facilities Establishment

⁴⁹ R.C. 188.43 (A) and (B).

⁵⁰ R.C. 188.43(C).

⁵¹ R.C. 188.43(B).

⁵² R.C. 188.60.

⁵³ R.C. 188.17 and 188.37.

⁵⁴ R.C. 188.03.

Fund to the Ohio Residential Broadband Expansion Fund on July 1, 2020, or as soon as possible thereafter.⁵⁵

Funding process

Under the bill, the Department must fund program grants each fiscal year until funds for that fiscal year are no longer available. If any applications are left pending at the end of the fiscal year, the bill specifies that they be deemed denied. But, the bill permits applications to be refiled in a subsequent fiscal year provided that all application information is still current or has been updated.⁵⁶

Funding from video service providers (VSPs)

The bill specifies that a broadband provider may designate VSP fees remitted by the provider towards an eligible project's broadband funding gap. To do this, a provider must enter into an arrangement to designate the contribution under the following circumstances:

- The broadband provider is a VSP that collects and remits VSP fees to one or more legislative authorities in which an eligible project is located;
- The arrangement is entered into by mutual consent with one or more of the legislative authorities in which the eligible project is located.⁵⁷

The Video Service Authorization law permits the quarterly collection of fees from VSPs for payment to each municipal corporation or township in which the VSP offers video service. VSPs may collect the fee from subscribers that have a service address within the municipal corporation or township.⁵⁸

Under alternative payment term arrangements made under a VSP agreement, unless otherwise negotiated, the participating legislative authorities in which the eligible project is located must assume all financial responsibility for all the eligible project costs incurred by the VSP prior to completion of the project or the award of a program grant.⁵⁹

Funding from special assessments

The bill permits municipal corporations, townships, and counties to levy special assessments if a program grant is awarded for an eligible project under the grant program. Under the bill, a special assessment may be levied upon residential property within the municipal corporation, township, or county for the purpose of providing a contribution by the

⁵⁵ Sections 3 and 4.

⁵⁶ R.C. 188.18.

⁵⁷ R.C. 188.20(A)(3)(e) and 188.25.

⁵⁸ R.C. 1332.32, not in the bill.

⁵⁹ R.C. 188.61.

county towards the funding gap for the eligible project. Assessments may only be levied on the property that is subject to the eligible project.⁶⁰

Before adopting the resolution for such an assessment, the township or county must send written notice of the assessment to the affected property owner stating the estimated assessment. The bill provides a procedure for a property owner to file a written objection with the board of township trustees or the board of county commissioners as appropriate within two weeks after the assessment notice was mailed. The board must review the written objection and may revise the estimated assessment before adopting the resolution authorizing it. The property owner may go to court to appeal the final assessment for the property levied in the resolution.⁶¹

County and township assessments must be at a rate that will produce a total assessment that is not more than the county's or township's contribution toward the funding gap for the eligible project. The board must certify the amounts to be levied upon each affected property to the county auditor, who must enter the amounts on the tax duplicate for collection by the county treasurer in the same manner as the collection of taxes on real property. The assessments, when collected from property owners, must be paid into a special fund in the county treasury or township treasury created for funding an eligible project that has received a program grant and is located in the county or township. The money from the fund may only be used for the purposes for which the assessments were levied.⁶²

Assessments to property in a municipal corporation that are permitted under the bill are likely subject to current law provisions such as those that provide for notices of estimated assessments to be sent to affected property owners, procedures for a property owner to object to an assessment, and for hearings regarding the objection.⁶³

The bill permits the taxing authority of the municipal corporation, township, or county to issue securities in anticipation of its levy or collection of special assessments to pay the costs of the broadband funding gap portion for an eligible project under the bill.⁶⁴

Distribution of program grant funds

As established by the bill, program grants awarded by the Authority must be disbursed by the Department as follows:

- Up to 30% of the grant must be disbursed before project construction begins;

⁶⁰ R.C. 188.20(A)(3)(g), 303.251, 505.881, and 727.01.

⁶¹ R.C. 303.251(A) and 505.881(A).

⁶² R.C. 303.251(B) and (C) and 505.881(B) and (C).

⁶³ R.C. 727.13, 727.15, 727.16, 727.17, 727.30, and 727.301, not in the bill.

⁶⁴ R.C. 133.13.

- Up to 60% of the grant must be disbursed through periodic payments over the course of the eligible project's construction as determined by Department rules;
- The remainder of the grant must be disbursed not later than 60 days after the broadband provider notifies the Authority that it has completed construction of the project.⁶⁵

Speed verification

The bill permits the Department, through an independent third party, to conduct speed verification tests of an eligible project that receives a program grant. The tests must occur (1) after the construction is complete, but prior to the final disbursement of the program grant to verify that tier two service is being offered and (2) after receiving a complaint concerning a residence that is part of the eligible project, at any time during the reporting period for operational reports described in "**Grant award reports**" (below).

To evaluate compliance with tier two service standards, speed verification tests conducted under the bill must be conducted on at least two different days and at two different times on each of those days. The Department may withhold payments for a provider's failure to meet at least the minimum speeds stated in the project's application and may hold the payments until the speeds are achieved.⁶⁶

Program noncompliance

If the Department determines that a broadband provider awarded a program grant under the grant program has not complied with the requirements, the bill requires the Department to notify the provider of the noncompliance and to give the provider an opportunity to explain or cure the noncompliance, in accordance with Department rules. The Department, after reviewing the broadband provider's explanation or effort to cure the noncompliance, may require the provider to (1) refund an amount equal to all, or a portion of, the provider's program grant award as determined by the Department or (2) refund to the appropriate municipal corporation, township, or county the entire amount of general revenue funds or other discretionary funds that it contributed toward the broadband funding gap.

Under the bill, a provider must pay the refund not more than 30 days after the Department's decision requiring the refund or a provider's failure to explain or cure the noncompliance. Payments must be made directly to the municipal corporation, township, or county that contributed funds toward the broadband funding gap.⁶⁷ The bill does not specify to whom refunds of program grant awards would be made, but presumably they would be paid to the Department.

⁶⁵ R.C. 188.44.

⁶⁶ R.C. 188.45.

⁶⁷ R.C. 188.46.

Grant award reports

Under the bill, each broadband provider that receives a program grant must submit an annual progress report to the Department. The report must provide the status of the deployment of the broadband network described in the eligible project that was awarded the program grant. The broadband provider also must submit an operational report with the Department not later than 60 days after the project's completion and annually thereafter for a period of four years. The Department may set report due dates and, for good cause shown, may grant extensions of the report due dates.⁶⁸

The reports and all information and documents in them must be in a format that the Department specifies and publicly available on the Department's website. However, the Department must maintain the reports, and information and documents in them, on a confidential basis and may not publish them on the its website until the Department determines what information or documents are not confidential.⁶⁹

Report contents

In the reports required by the bill, a broadband provider must include an account of how program grant funds have been used and the project's progress toward fulfilling the project's objectives for which the grant was awarded. Reports must include, at a minimum, the following:

- The number of residences that have access to tier two services as a result of the eligible project;
- The number of commercial and nonresidential entities, though not funded directly by the grant program, have access to tier two service as a result of the eligible project;
- The upstream and downstream speed of the broadband service provided;
- The average price of broadband service;
- The number of broadband service subscriptions attributable to the program grant.⁷⁰

Authority grant program report

The bill requires the Authority to complete an annual report for the grant program and requires the report to evaluate the success of the program grants in making tier two service available to unserved and tier one areas. It must include the following information:

- The number of applications received and the number of them that received program grants;

⁶⁸ R.C. 188.70 and 188.73.

⁶⁹ R.C. 188.71(A) and 188.75.

⁷⁰ R.C. 188.71(B).

- The amount of broadband infrastructure constructed for eligible projects;
- The number of residences receiving, for that year, tier two service for the first time under the program;
- Findings and recommendations that have been agreed to by a majority of Authority members.

The report must be published on the Department's website and included as part of the Authority's annual report of transactions and proceedings required of all state departments under current law. The Authority must present the report annually to the Governor and the General Assembly not later than December 1 of each calendar year.⁷¹

Broadband infrastructure ownership rights

The bill specifies that nothing in the grant program entitles the state, the Department, the Authority, or any governmental entity to any ownership or other rights to broadband infrastructure that a broadband provider constructs with a program grant. The bill also specifies that nothing in the grant program prevents assignment, sale, change in ownership, or other similar transaction associated with broadband infrastructure constructed by a provider under the program. The bill also specifies that if such a transaction occurs, the transaction does not relieve the successor of any obligation established under the grant program.⁷²

Rules

The bill requires the Department to adopt rules for the grant program that establish an application form and application procedures, and procedures for periodic program grant disbursements.⁷³ The rules may include:

- Program application requirements in addition to those specified in the bill;
- Procedures for partial funding of applications and circumstances under which partial funding is permitted;
- Procedures for Authority meetings, extension periods for applications and application challenges, hearings, and opportunities for public comment.⁷⁴
- Procedures to implement the bill's provisions regarding county-requested solicitations for program grants.

The bill specifies that rules adopted under the bill are not subject to the requirements in current law governing agency review of rules to identify regulatory restrictions. In addition, the Department and Authority are exempted from the requirements of that law governing the

⁷¹ R.C. 188.76.

⁷² R.C. 188.63.

⁷³ R.C. 188.77(A).

⁷⁴ R.C. 188.77(B) and (C).

“remove two regulatory restrictions to adopt one regulatory restriction,” with respect to the rules adopted under the bill.⁷⁵

Broadband facilitators of broadband infrastructure

State policy for broadband infrastructure construction

The bill specifies that it is the public policy of Ohio to (1) facilitate the provision of broadband infrastructure under just and reasonable rates, terms, and conditions, (2) facilitate the provision of broadband service in priority unserved areas of Ohio, (3) provide access to broadband service to priority unserved areas of Ohio by facilitating the construction of broadband infrastructure, and (4) not unduly favor or advantage any broadband provider.⁷⁶ The bill also provides that the construction of broadband infrastructure by a broadband facilitator qualifies as noncompetitive retail electric service.

Definitions

Definitions that apply to the provisions of the bill governing broadband facilitators of broadband infrastructure include the following terms described in the table below.

Term	Definition
“Broadband facilitator”	An electric distribution utility (EDU) that applies to construct, and constructs, broadband infrastructure to serve priority unserved areas of Ohio, but does not provide broadband service to retail customers. <i>(R.C. 4926.01(A)).</i>
“Broadband infrastructure”	Any equipment, facilities, electronics, property, and technology deployments used for the purpose of providing access to and transmitting broadband service <i>(R.C. 4926.01(B)).</i>
“Broadband provider”	An entity capable of providing broadband service that is a video service provider, a telecommunications service provider, a satellite broadcasting service provider, or a wireless service provider, but not a governmental entity, quasi-governmental entity, an EDU, or a broadband facilitator, and any affiliate of an EDU or broadband facilitator <i>(R.C. 4926.01(C); R.C. 1332.21, 4927.01, and 5739.01, not in the bill).</i>
“Broadband service”	High-speed internet access service capable of providing a minimum download speed of 25 megabits per second and a minimum upload speed of 3 megabits per second <i>(R.C. 4926.01(D)).</i>

⁷⁵ R.C. 188.77(D) and (E).

⁷⁶ R.C. 4926.02.

Term	Definition
“Certified territory”	The geographical area the boundaries of which have been established in current electric service law and within which an electric supplier is authorized and required to provide electric service (<i>R.C. 4926.01(E); R.C. 4933.81(G), not in the bill</i>).
“Electric cooperative”	A not-for-profit electric light company, as defined under the competitive retail electric service law, that both is or has been financed under the federal Rural Electrification Act of 1936 and owns or operates facilities in Ohio to generate, transmit, or distribute electricity (<i>R.C. 4926.01(F); R.C. 4928.01(A)(5), not in the bill</i>).
“Electric distribution utility”	An electric utility that supplies at least retail electric distribution service (<i>R.C. 4926.01(F); R.C. 4928.01(A)(6), not in the bill</i>).
“Eligible project”	A project to offer or provide broadband service to retail customers in a priority unserved area (<i>R.C. 4926.01(G)</i>).
“Last mile”	The portion of a physical broadband network, other than the broadband facilitator’s broadband infrastructure, that connects an eligible project to the broader network used to provide broadband service and includes other network infrastructure such as pole attachments and make-ready work needed to provide broadband service to retail customers as part of an eligible project (<i>R.C. 4926.01(H)</i>).
“Last mile investment costs”	Investment costs approved under the bill’s broadband infrastructure facilitator rate mechanism for pole attachments and make-ready work (<i>R.C. 4926.01(I)</i>).
“Make-ready work”	“Make-ready,” “complex make-ready,” or “simple make-ready” as determined by the nature of the work required and defined in federal pole attachment regulations (<i>R.C. 4926.01(J); 47 C.F.R. 1.1402, not in the bill</i>).
“Net cost”	Costs for broadband infrastructure, including a carrying charge on capital investments that reflects a broadband facilitator’s weighted average cost of capital, depreciation, amortization, accretion, tax and expenses, plus operation and maintenance expenses, less any income generated by leasing broadband infrastructure constructed under the bill’s broadband facilitators of broadband infrastructure provisions (<i>R.C. 4926.01(K)</i>).

Term	Definition
“Priority unserved area”	An unserved area in one of the 32 counties within the Appalachian region of Ohio that ranks in the top four counties when considering the number of unserved customers in the county, the cost per customer of serving unserved areas in the county, and other factors specified in PUCO rules (<i>R.C. 4926.01(L)</i>).
“Unserved area”	Any area of Ohio in which internet access service capable of providing a minimum download speed of 10 megabits per second and a minimum upload speed of 1 megabit per second is not available to potential retail customers located in the area (<i>R.C. 4926.01(O)</i>).

Facilitator’s broadband infrastructure construction

Nothing in the bill’s provisions authorizes a broadband facilitator to construct, own, or operate broadband infrastructure to provide broadband service to retail customers or to provide service as an internet service provider or telecommunications provider.⁷⁷

In facilitator’s certified territory

Under the bill, a broadband facilitator may construct broadband infrastructure in priority unserved areas that are located in the facilitator’s certified territory.⁷⁸

Adjacent to certified territory under an agreement

The bill also permits an EDU, as part of its capacity as a broadband facilitator, to enter into an agreement with a cooperative or municipal electric utility to construct broadband infrastructure in a priority unserved area, if the geographic area is served by the cooperative or municipal electric utility and the geographic area is adjacent to the EDU’s certified territory.

An agreement must be based on mutually accepted commercial terms and must provide for the full and timely recovery of the broadband facilitator’s net costs that are associated with the infrastructure construction. As specified in the agreement with the broadband facilitator, a cooperative or municipal electric utility must provide compensation to the facilitator. And, the EDU, in its capacity as a broadband facilitator, must file a copy of the agreement with the Public Utilities Commission (PUCO) for review and approval as part of an application under the bill.⁷⁹

Facilitator policy for constructing broadband infrastructure

A broadband facilitator must establish a written policy for constructing broadband infrastructure under the bill. The policy must be available to the public and must include the following:

⁷⁷ R.C. 4926.03(B).

⁷⁸ R.C. 4926.03(A).

⁷⁹ R.C. 4926.03(A) and 4926.04.

- Procedures for executing agreements with electric cooperatives or municipal electric utilities;
- The method for the full and timely recovery of the broadband facilitator's net costs associated with the infrastructure construction;
- Procedures for a nondiscriminatory competitive selection process to select a qualified broadband provider as part of the application process under the bill;
- A nondiscriminatory procedure for other providers to request interconnection access to the infrastructure;
- A list of any just and reasonable charges associated with granting or leasing interconnection access and the standards upon which the charges are calculated.⁸⁰

Competitive selection process

Under the bill, a broadband facilitator must establish a nondiscriminatory competitive selection process. The process must meet the following minimum requirements:

- The broadband facilitator must submit a request for proposals (RFP) to select at least one broadband provider capable of completing the last mile to an eligible project;
- If no providers respond to the RFP, the broadband facilitator is permitted to submit a second RFP that includes proposed funding for up to 50% of the last mile investment associated with completing the last mile for an eligible project;
- A provider participating in the competitive selection process must demonstrate all of the following:
 - Extensive experience, technical ability, and financial capability to successfully deploy broadband service in the priority unserved area;
 - The length of time the provider has been providing broadband service in Ohio;
 - The ability of the provider to leverage nearby or adjacent broadband infrastructure to facilitate the completion of the last mile of the eligible project.⁸¹

The bill requires PUCO to review the competitive selection process as part of the facilitator application process under the bill. And, PUCO must confirm that the process was conducted prudently and achieved a reasonable and competitive result.⁸²

⁸⁰ R.C. 4926.05.

⁸¹ R.C. 4926.06(A).

⁸² R.C. 4926.06(B).

Application for broadband infrastructure in certified territory

If a broadband facilitator would like to construct broadband infrastructure in a priority unserved area of its certified territory, the bill requires the facilitator to file an application with PUCO for prior approval of the broadband infrastructure construction.

A broadband facilitator cannot file an application unless it has selected at least one broadband provider to complete the last mile for the infrastructure described in the application.⁸³ No broadband facilitator may construct broadband infrastructure in a geographic area in which a provider has been awarded a program grant under the Ohio Residential Broadband Expansion Grant Program under the bill (discussed above) unless the provider receiving the grant does not construct the project for which the grant was awarded.⁸⁴

A broadband infrastructure application must be filed on a form prescribed by PUCO and must include all of the following:

- The location and a detailed description of the priority unserved area in which the broadband infrastructure will be constructed;
- The number of new customers that are expected to have access to broadband service after the infrastructure is constructed;
- The incremental benefits, including any economic development benefits, that are attributable to the construction of the infrastructure;
- The estimated cost of the infrastructure and the estimated time to construct it;
- Whether the application includes proposed funding for last mile investment offered under a competitive selection process for a broadband provider;
- Any information the broadband facilitator received from the provider selected under the competitive selection process and any updates to that information;
- A copy of the agreement entered into by the broadband facilitator and at least one provider following a competitive selection process and in which the provider commits to completing the last mile related to the eligible project and offering retail broadband service in the priority unserved area within 18 months after the infrastructure is constructed;
- A copy of the broadband facilitator's policy for constructing broadband infrastructure;
- A copy of any agreement for constructing broadband infrastructure entered into with an electric cooperative or municipal electric utility.⁸⁵

⁸³ R.C. 4926.07.

⁸⁴ R.C. 4926.15.

⁸⁵ R.C. 4926.09 and 4926.10.

PUCO application review

Under the bill, PUCO must approve or deny an application within 180 days after a broadband facilitator submits an application.⁸⁶ PUCO may approve an application if, upon reviewing it and determining the application is complete, PUCO finds or determines all of the following:

- That the area in which the broadband facilitator proposes to construct broadband infrastructure qualifies as a priority unserved area;
- That the application is not in violation of the prohibition against participating in the facilitation process if the selected provider has received an Ohio Broadband Expansion Grant Program grant under the bill;
- After reviewing the broadband facilitator's estimated costs to construct the infrastructure, that the costs are just and reasonable;
- After reviewing the broadband facilitator's estimated benefits or conducting its own review, that there are incremental benefits, including economic development benefits, attributable to the infrastructure construction;
- That the infrastructure does not duplicate or overlap with (1) infrastructure previously approved or (2) federal funding under Connect America funds or the Rural Digital Opportunity Fund;
- Whether the facilitator's competitive selection process was conducted prudently and achieved a reasonable, competitive result.⁸⁷

PUCO order

Applications approved by PUCO under the bill must be in the form of a PUCO order, and the order supersedes any conflicting or otherwise applicable tariff or schedule for broadband infrastructure or last mile investments in a previous order.⁸⁸

Application denials

The bill specifies that PUCO must deny the application if the application is incomplete or PUCO is unable to make the required findings and determinations. PUCO must also deny an application if PUCO determines that the capital investment associated with the eligible project described in the application exceeds \$2.5 million, provided that the capital investment does not include the broadband facilitator's operation and maintenance expenses associated with the capital investment in the infrastructure, total future revenue requirement collections of the

⁸⁶ R.C. 4926.16.

⁸⁷ R.C. 4926.13(A).

⁸⁸ R.C. 4926.13(B).

facilitator under a rate mechanism established under the bill, or last mile funding for a broadband provider.⁸⁹

Cost recovery

The bill requires PUCO to approve a rate mechanism that allows an EDU to “fully and timely” recover certain costs from its retail electric customers. Under the bill, the rate mechanism must allow recovery for:

- The net costs incurred by a broadband facilitator to construct, own, and maintain broadband infrastructure, which must reflect a credit for any revenues recovered pursuant to a broadband infrastructure construction agreement with an electric cooperative or municipal electric utility (which may allow an EDU acting as a broadband facilitator under such an agreement to recover costs from the EDU’s retail electric customers to pay for broadband infrastructure that serves non-EDU customers if the net costs are greater than the revenue recovered under the agreement);
- Up to 50% of any last mile investment costs approved in the facilitator’s application.⁹⁰

However, the bill prohibits PUCO from approving the rate mechanism if it determines that the mechanism will result in a double recovery of any costs by the EDU. If the double recovery is cured, PUCO may subsequently approve a revised rate mechanism.⁹¹

Recovery of approved costs are not subject to the earnings test in the competitive retail electric service law or public utility ratemaking law in Revised Code Chapter 4909.⁹² The bill also provides that broadband infrastructure constructed by a broadband facilitator qualifies as noncompetitive retail electric service under the law governing competitive retail electric service.⁹³

Rate mechanism

Under the bill, a rate mechanism approved by PUCO must “fully and timely” recover the following:

- Net costs related to broadband infrastructure, if the costs are prudently incurred, which must reflect a credit for any revenues recovered under a broadband infrastructure construction agreement with an electric cooperative or municipal electric utility (which, as stated above, may permit recovery of costs from the EDU’s retail electric customers to pay for broadband infrastructure that serves non-EDU customers if the revenue does not cover net costs);

⁸⁹ R.C. 4926.13(C).

⁹⁰ R.C. 4926.20(A).

⁹¹ R.C. 4926.20(B).

⁹² R.C. 4926.31.

⁹³ R.C. 4928.17(F).

- Last mile investment costs as specified by PUCO.⁹⁴

Cost recovery from facilitator customers

To fully and timely recover the costs described above, the rate mechanism must authorize a monthly charge to be collected from customers. The monthly charge, including deferrals, may not exceed \$1.00 per customer per month for residential customers and may not exceed \$5.50 per month for nonresidential customers.⁹⁵

Use of existing rate mechanism

The bill permits an existing rate mechanism previously authorized to be used for a rate mechanism for broadband infrastructure construction under the bill if the existing mechanism will continue to exist for the full term of the cost recovery for the infrastructure construction and any last mile investment costs. PUCO must determine whether the existing mechanism is suitable for the cost recovery permitted by the bill. And, the bill allows a previously approved surcharge for an EDU's electric security plan under the competitive retail electric service law to be considered to be a suitable mechanism.⁹⁶

If an existing rate mechanism is authorized by PUCO but subsequently expires or is terminated before costs, if any, are fully recovered, the bill requires PUCO to establish a new rate mechanism in a timely manner to ensure uninterrupted full and timely recovery of the approved infrastructure costs and last mile investment costs.⁹⁷

Annual rate review

PUCO must review and update the rates charged under the rate mechanism annually until an EDU's approved broadband infrastructure net costs and any approved last mile investment costs are fully recovered and include, in the rate review, the approved costs for the year under review.⁹⁸

Infrastructure sale or transfer

The bill prohibits a broadband facilitator that constructs broadband infrastructure under the bill from selling or transferring the infrastructure to an affiliate of an EDU after the infrastructure is constructed.⁹⁹

⁹⁴ R.C. 4926.21(A) and (B).

⁹⁵ R.C. 4926.21(C).

⁹⁶ R.C. 4926.26; R.C. 4928.143(B)(2)(h), not in the bill.

⁹⁷ R.C. 4926.27.

⁹⁸ R.C. 4926.29.

⁹⁹ R.C. 4926.311.

Reduced pole attachment rate

The bill specifies that an EDU acting as a broadband facilitator with an approved broadband infrastructure application for an eligible project must “request or receive” from a telecommunications service provider or video service provider a reduced per pole rental rate. (It is not clear what is meant by the phrase “request or receive” a reduced per pole rental rate.) The reduced rate is for attachments in a county where an eligible project is approved for a priority unserved area, and the rate must be determined by PUCO. The EDU/broadband facilitator must fully and timely recover the revenue difference between the reduced PUCO-approved pole rental tariff rate and the rate that would otherwise apply to such attachments. The cost recovery must be through an approved rate mechanism either in a pending or future rate proceeding as determined by PUCO. The bill specifies that an EDU/broadband facilitator must apply to PUCO for any amendment to its pole attachment tariff to implement the reduced pole attachment rate under the bill.¹⁰⁰

Interconnection access

A broadband provider may request interconnection access to broadband infrastructure constructed by a broadband facilitator under the bill, and the facilitator must grant access to the provider not later than 30 days after receiving the request for access. The 30-day period does not apply if the broadband facilitator, including the facilitator’s representative or agent, has more than 100 interconnection requests pending at the time the request is made.

The bill permits access to be granted only if the provider commits in writing to offering broadband service. The broadband facilitator, in the agreement, may condition the provider’s access based on either (1) infrastructure space availability or (2) the provider’s compliance with applicable engineering and construction standards and administrative procedures.¹⁰¹

Interconnection fee prohibition

The bill prohibits a broadband facilitator that constructs broadband infrastructure from charging any broadband provider for interconnecting with the infrastructure for the purpose of either deploying last mile facilities to offer broadband service to unserved retail customers or transmitting broadband service in the priority unserved area of an eligible project.¹⁰²

Access suspension for nonpayment

A broadband facilitator may suspend a broadband provider’s broadband interconnection access if the provider defaults on payment of the facilitator’s charges.¹⁰³ The charges referred to are any charges for granting or leasing interconnection access that are

¹⁰⁰ R.C. 4926.33.

¹⁰¹ R.C. 4926.35, 4926.36(A), and 4926.37.

¹⁰² R.C. 4926.36(B).

¹⁰³ R.C. 4926.38.

included in the facilitator's written policy for constructing broadband infrastructure. See "**Facilitator policy for constructing broadband infrastructure**" (above).

Cost responsibility and pole ownership

Under the bill, a broadband provider is not responsible for costs of any kind, including pole replacement, transfer, or relocation or make-ready costs, if the broadband facilitator requests or requires payment for such costs in order to make room for or otherwise permit broadband infrastructure under the bill's infrastructure construction process.

Any pole replaced in order to construct the infrastructure remains the property of the owner of the pole that was replaced.¹⁰⁴

Report

The bill requires each EDU with an approved broadband infrastructure construction application under the bill to file a report with PUCO that includes all of the following:

- The number of applications the EDU files with PUCO during the three-year period after the bill's effective date;
- A description identifying the priority unserved areas in the EDU's certified territory;
- A summary of each PUCO-approved application that includes a description of each priority unserved area, the construction status of the project, and the broadband facilitator's cost for the project;
- The number of broadband providers with which the broadband facilitator contracted to complete the last mile;
- The total net costs and last mile investment costs for the EDU as approved by PUCO;
- The percentage of total net costs and last mile investment costs recovered through the rate mechanisms approved by PUCO;
- The number of new retail customers with access to broadband service at the time of the report as a result of the approved construction applications.¹⁰⁵

The bill requires PUCO to submit the reports filed by the EDUs to the Speaker of the House of Representatives, the President of the Senate, and the standing committees of the House and Senate that primarily deal with broadband issues. PUCO also must submit the report to the Broadband Expansion Program Authority to assist the Authority in its duties and to the Broadband Ohio Office. The bill permits PUCO to combine into one report the different reports filed by EDUs provided that the reports are included in their entirety.¹⁰⁶

¹⁰⁴ R.C. 4926.39.

¹⁰⁵ Section 7(A).

¹⁰⁶ Section 7(B).

Rules

The bill requires PUCO to adopt rules to implement the bill's provisions governing broadband facilitators of broadband infrastructure not later than 120 days after the bill's effective date.¹⁰⁷

Sunset provision

The bill repeals the provisions of the bill governing broadband facilitators of broadband infrastructure three years after the effective date of the bill.¹⁰⁸

Continued cost recovery after sunset

The bill specifies that any net costs or last mile investment costs for broadband infrastructure that PUCO approves for recovery by an EDU under the bill's rate mechanism but that (as of the effective date of the repeal of the broadband facilitators of broadband infrastructure provisions) have not yet been recovered by the EDU may continue to be recovered according to the provisions as they existed before their repeal.¹⁰⁹

Use of electric cooperative easements for broadband

The bill provides that an easement granted to an electric cooperative for the purpose of transmitting, delivering, or otherwise providing electric power ("the easement") may be used, apportioned, or subleased to provide broadband service. The bill also provides such use, apportionment, or sublease is not to be considered an additional burden on the servient estate.

Definitions

Definitions regarding the use of electric cooperative easement for broadband under the bill include those listed in the table below:

Term	Definition
"Broadband service"	Any wholesale or retail service that consists of, or includes the provision of, connectivity to a high-speed, high-capacity transmission medium that can carry signals from or to multiple sources and that either provides access to the internet or provides computer processing, information storage, information content or protocol conversion, including any service applications or information service provided over such high-speed access service. "Broadband service" includes video service, voice-over-internet-protocol service, and internet protocol-enabled services. (<i>R.C. 188.80(A).</i>)

¹⁰⁷ R.C. 4926.40.

¹⁰⁸ Section 5.

¹⁰⁹ Section 6.

Term	Definition
“Electric cooperative”	A not-for-profit electric light company, as defined under the competitive retail electric service law, that both is or has been funded under the federal Rural Electrification Act of 1936 and owns or operates facilities in Ohio to generate, transmit, or distribute electricity (<i>R.C. 188.80(B); R.C. 4928.01(A)(5), not in the bill</i>).
“Internet protocol-enabled services”	As defined in ongoing telecommunications law, any services, capabilities, functionalities, or applications that are provided using internet protocol or a successor protocol to enable an end user to send or receive communications in internet protocol format or a successor format, regardless of how any particular such service is classified by the Federal Communications Commission, and includes voice over internet protocol service (<i>R.C. 188.80(C); R.C. 4927.01(A)(6), not in the bill</i>).
“Servient estate”	The land burdened by an easement (this, simply, is the land over or through which the easement runs) (<i>R.C. 188.80(D)</i>).
“Video programming”	Any programming generally considered comparable to programming provided by a television broadcast station (<i>R.C. 188.80(E)</i>).
“Video service”	Video programming services without regard to delivery technology, including internet protocol technology and video programming provided as a part of a service that enables users to access content, information, email, or other services offered over the public internet (<i>R.C. 188.80(F)</i>).
“Voice over internet protocol service”	A service, as defined in ongoing telecommunications law, that enables real-time, two-way, voice communications that originate or terminate from the user’s location using internet protocol or a successor protocol, including any such service that permits an end user to receive calls from and terminate calls to the public switched network (<i>R.C. 188.80(C); R.C. 4927.01(A)(17), not in the bill</i>).

Easement action

The bill provides that if a servient estate owner brings an action regarding the use, apportionment, or sublease of the easement for broadband service (“easement action”), a court may award damages to the owner equal to not more than the difference between the following:

- The fair market value of the owner’s interest in the property of the estate immediately before the provision of broadband service;

- The fair market value of the owner's interest in the property of the estate immediately after the provision of broadband service.¹¹⁰

Establishment of fair market value

The fair market values used in the calculation of damages must be established by the testimony of a qualified real estate appraiser. The bill does not indicate how the appraiser is to be chosen.¹¹¹

Fixed amount of damages

The bill provides that any damages awarded under the easement action must be a fixed amount that cannot continue, accumulate, or accrue.¹¹²

Evidence of revenue or profits not allowed

The bill provides that past, current, or future revenues or profits derived or to be derived from the use, apportionment, or sublease of the easement for broadband service are not admissible for any purpose in the easement action.¹¹³

Injunctive relief not allowed

The bill prohibits a court from granting injunctive relief or any other equitable relief in the easement action.¹¹⁴

Statute of limitations

The bill requires that an easement action must be brought within one year of any alleged damages. Any action not brought within that time will result in forfeiture of the claim.¹¹⁵

Other bars to bringing an action for damages

The bill prohibits a servient estate owner from bringing an easement action in the following circumstances:

- When the owner directly, or through the owner's membership in the electric cooperative or otherwise, authorized the electric cooperative's electric delivery system for the provision of broadband services;

¹¹⁰ R.C. 188.83(A).

¹¹¹ R.C. 188.83(C).

¹¹² R.C. 188.83(B).

¹¹³ R.C. 188.87.

¹¹⁴ R.C. 188.84.

¹¹⁵ R.C. 188.85.

- The owner, or any of the previous owners of the property that makes up the servient estate, has agreed to, or granted permission for, the use of the easement to provide broadband services;
- The facilities providing broadband service are used or are capable of being used to assist in the transmission, delivery, or use of electric service.¹¹⁶

Effect of court determination

The bill provides that any court determination regarding an easement subject to an easement action is considered a finding that the broadband service is an allowable use or purpose under the easement. The easement is treated as if the use or purpose was specifically stated in the terms of the easement.¹¹⁷

Filing court determination with county recorder

The bill requires the defendant in an easement action to file the court determination with the county recorder of the county in which the servient estate is located. The recorder must make a notation in the official record that links the determination to the servient estate and the easement subject to the determination.¹¹⁸

State power not expanded

The bill provides that it does not expand the powers of the State, its agencies, or any political subdivision beyond the authority existing under federal or state law.¹¹⁹

Appropriation of property laws not applicable

The bill states that Ohio law regarding the appropriation of property laws do not apply regarding the application of the bill's provisions.¹²⁰

Electric cooperative pole attachments

The bill requires that, upon request from a provider, an electric cooperative must grant the provider nondiscriminatory access to the cooperative's poles under just and reasonable rates, terms, and conditions so that their attachments may be used in accordance with the bill's provisions.¹²¹ Generally, the bill establishes procedures for requesting and determining access to poles, pole attachment and modification provisions, and procedures for resolving pole attachment disputes.

¹¹⁶ R.C. 188.91.

¹¹⁷ R.C. 188.88.

¹¹⁸ R.C. 188.89.

¹¹⁹ R.C. 188.93.

¹²⁰ R.C. 188.95; R.C. 163.01 to 163.22, not in the bill.

¹²¹ R.C. 4926.51.

Definitions

Definitions that apply to electric cooperative pole attachments under the bill include the following:¹²²

Term	Definition
"Attachment"	Any wire, wireless facility, cable, antennae facility, or apparatus for the transmission of text, signs, signals, pictures, sounds, or other forms of information installed by or on behalf of a provider upon any pole owned or controlled, in whole or in part, by one or more electric cooperatives.
"Broadband provider" ("Broadband provider" has the same meaning as this term is used for the Ohio Residential Broadband Expansion Grant Program established by the bill. ¹²³)	A video service provider or a provider that is capable of providing tier one or tier two broadband service and is a telecommunications provider, satellite broadcasting service provider, or a wireless service provider. A "broadband provider" does not include a governmental or quasi-governmental entity.
"Electric cooperative"	A not-for-profit electric light company, as defined under the competitive retail electric service law, that both is or has been financed under the federal Rural Electrification Act of 1936 and owns or operates facilities in Ohio to generate, transmit, or distribute electricity. ¹²⁴
"Incremental cost"	Pole attachment costs incurred by an electric cooperative for providing long-run service.
"Make-ready work" ("Make-ready work" has the same meaning as this term is used for the Ohio Residential Broadband Expansion Grant Program established by the bill. ¹²⁵)	"Make-ready," "complex make-ready," or "simple make-ready" as determined by the nature of the work required and defined in federal pole attachment regulations.

¹²² R.C. 4926.50.

¹²³ R.C. 188.01(C).

¹²⁴ R.C. 4926.50; RC. 4928.01(A)(5), not in the bill.

¹²⁵ R.C. 4926.01(J); 47 C.F.R. 1.1402, not in the bill.

Term	Definition
"Provider"	(1) A broadband provider, (2) telecommunications service provider (a provider of telecommunications service, which is the offering of telecommunications for a fee to the public, or effectively directly to the public, regardless of the facilities used), (3) video service provider (VSP) (a person granted a video service authorization under existing VSP law, or (4) wireless service provider (is a facilities-based provider of wireless service to one or more end users in Ohio). ¹²⁶

Requesting access and review

Under the bill, a provider requesting access to an electric cooperative's poles must submit the request in writing. Upon receipt, the cooperative must review the request under a uniformly applied, efficient, and transparent process.¹²⁷ The electric cooperative must grant or deny the access within the time frame established by the Federal Communications Commission (FCC).¹²⁸

Reasons for an electric cooperative to deny access may include: (1) insufficient capacity or (2) safety, reliability, or generally applicable engineering standards. These reasons must be applied on a nondiscriminatory basis.¹²⁹

The bill requires a cooperative to confirm a denial in writing. The denial must be specific and include all relevant evidence and information supporting the denial as well as an explanation of how that evidence and information relates to one or both of the factors described above on which the denial is based.¹³⁰

For an accepted request, the bill allows an electric cooperative to require a provider to execute an agreement for a pole attachment under nondiscriminatory, just, and reasonable rates, terms and conditions under the bill's provisions if the cooperative requires all other attaching parties to also execute an agreement.¹³¹

¹²⁶ R.C. 4926.50; R.C. 1332.21(M) and 4927.01(A)(13) and (20), not in the bill. The definitions of "provider" and "broadband provider" overlap such that the requirement that the telecommunications service provider and wireless service provider be capable of providing tier one or tier two broadband service likely becomes irrelevant for the electric cooperative pole attachment provisions under the bill.

¹²⁷ R.C. 4926.52.

¹²⁸ R.C. 4926.56.

¹²⁹ R.C. 4926.58.

¹³⁰ R.C. 4926.60.

¹³¹ R.C. 4926.54.

Make-ready work

The bill requires a provider and electric cooperative to comply with the process for make-ready work under the federal law on pole attachment requirements and FCC orders and regulations implementing that law.¹³² Generally, under the Code of Federal Regulations, “make-ready” means the modification or replacement of a utility pole, or of the lines or equipment on the utility pole, to accommodate additional facilities on the pole.¹³³

The electric cooperative must provide a good-faith estimate for any make-ready work, which must include pole replacement, if necessary. All make-ready costs must be based on the cooperative’s actual costs not recovered through the annual recurring attachment rate. The cooperative must provide detailed information of the actual costs.¹³⁴

An electric cooperative that charges an annual recurring attachment fee must establish the fee in accordance with the cable pole attachment rate formula in federal law and FCC orders and regulations implementing that formula.¹³⁵

Attachment requirements

The bill requires a provider’s attachments on an electric cooperative’s poles to comply with both of the following:¹³⁶

- The most recent, applicable, nondiscriminatory safety and reliability standards adopted by the cooperative;
- The National Electric Safety Code adopted by the Institute of Electrical and Electronics Engineers in effect on the date of the attachment.

The bill also specifies that nothing in the bill affects a provider or other attaching party’s obligation to obtain any necessary authorization before occupying public ways or private rights-of-way with its attachment.¹³⁷

Pole modification

The bill provides that if an electric cooperative’s pole facility is modified, a party with a preexisting attachment to the modified facility is considered to directly benefit from a modification if, after receiving notification of the modification, the party adds to or modifies its attachment.¹³⁸

¹³² R.C. 4926.63(A).

¹³³ 47 C.F.R. 1.1402, not in the bill.

¹³⁴ R.C. 4926.63(B).

¹³⁵ R.C. 4926.63(C).

¹³⁶ R.C. 4926.64.

¹³⁷ R.C. 4926.65.

¹³⁸ R.C. 4926.70.

The bill requires all parties that obtain access to the facility as a result of a modification and all parties that directly benefit from the modification to share proportionately in the modification cost.¹³⁹ Also, if a party makes an attachment to the facility after the completion of the modification, the party must share proportionately in the costs of the modification if that modification rendered the added attachment possible.¹⁴⁰

In contrast, a party with a preexisting attachment to a pole is not required to pay any costs for rearranging or replacing its attachment if the rearrangement or replacement is necessary because of another party's request for an additional attachment or modification of an existing attachment. This does not apply if a modification by an electric cooperative is necessary for an electric service that uses smart grid or other technology.¹⁴¹

Pole attachment disputes in court

The complaint

The bill allows an electric cooperative or provider to file a complaint regarding pole attachment disputes with the court of common pleas of the county in which the cooperative's Ohio headquarters is located.¹⁴² The bill also gives those courts jurisdiction to hear complaints and grant remedies under the bill regarding attachment disputes for which a complaint is filed.¹⁴³

Before a common pleas court may grant any remedy under the bill regarding a pole attachment complaint, the complainant must establish, and the court must determine, by a preponderance of evidence, both of the following:¹⁴⁴

- Whether any rate, term, or condition is not just and reasonable or a denial of access was unlawful;
- Whether one of the following occurs on or after the bill's effective date:
 - Any rate, term, or condition described in the complaint is contained in a new pole attachment agreement or in a previously existing pole attachment agreement that is amended, renewed, or replaced by executing a new agreement;
 - There has been an unreasonable denial of access or unreasonable refusal to enter into a new, amended, renewed, or replacement pole attachment agreement.

¹³⁹ R.C. 4926.71(A).

¹⁴⁰ R.C. 4926.71(B).

¹⁴¹ R.C. 4926.72.

¹⁴² R.C. 4926.85.

¹⁴³ R.C. 4926.86.

¹⁴⁴ R.C. 4926.88.

The complainant has the burden to establish a prima facie case that the rate, term, or condition complained of is not just and reasonable, or that the denial of access was unlawful.¹⁴⁵ In a denial of access case, the electric cooperative has the burden of establishing, by a preponderance of the evidence, that the denial was lawful after the complainant establishes a prima facie case.¹⁴⁶

In a pole attachment complaint, if an electric cooperative claims that the proposed rate is lower than its incremental costs, the cooperative has the burden of establishing, by a preponderance of evidence, its incremental costs.¹⁴⁷ There is a rebuttable presumption, in a pole attachment complaint, that the charged rate is just and reasonable, if the electric cooperative can show that its charged rate does not exceed an annual recurring attachment rate calculated under the cable pole attachment rate formula in federal law and the FCC orders and regulations implementing that formula.¹⁴⁸

Remedies

Under the bill, if a court determines that any rate, term, or condition described in the pole attachment complaint is not just and reasonable, it may do any of the following, although it is not limited to them:¹⁴⁹

- Terminate the rate, term, or condition and prescribe a just and reasonable rate, term, or condition;
- Require entry into a pole attachment agreement on just and reasonable rates, terms, and conditions;
- Require access to poles as provided under the bill;
- Substitute in the pole attachment agreement the just and reasonable rate, term, or condition established by the court;
- Order a refund or payment, as appropriate.

A court-ordered refund or payment may not exceed the difference between the actual amount paid under the unjust and unreasonable rate, term, or condition and the amount that would have been paid under the rate, term, or condition established by the court for the period described in the complaint. However, the period during which refunds or payments are made cannot exceed two years.¹⁵⁰

¹⁴⁵ R.C. 4925.90(A).

¹⁴⁶ R.C. 4926.90(B).

¹⁴⁷ R.C. 4926.91.

¹⁴⁸ R.C. 4926.92.

¹⁴⁹ R.C. 4926.93(A).

¹⁵⁰ R.C. 4926.93(B).

Finally, the bill provides that a court of common pleas determination resolving a complaint must be issued in the form of a final appealable order.¹⁵¹

COMMENT

The bill requires the Speaker of the House and the President of the Senate to appoint one member each to the Broadband Expansion Program Authority.¹⁵² Section 27, Article II of the Ohio Constitution states that “no appointing power shall be exercised by the General Assembly.” The Ohio Supreme Court has interpreted Section 27 as prohibiting the General Assembly from appointing “public officers.” A public officer is an officer created by law that exercises some portion of the sovereign power.¹⁵³ “Sovereign power” includes if an appointee is “empowered to act in those multitudinous cases involving business or political dealings between individuals and the public, wherein the latter must act necessarily through an official agency.”¹⁵⁴ The Authority might be considered to be exercising sovereign power through the decisions it must make regarding program grants.

HISTORY

Action	Date
Introduced	05-16-19
Reported, H. Finance	06-11-20
Passed House (82-8)	06-11-20

H0013-PH-133/ts

¹⁵¹ R.C. 4926.95.

¹⁵² R.C. 188.05(A)(1).

¹⁵³ *State ex rel. Herbert v. Ferguson*, 142 Ohio St. 496 (1944).

¹⁵⁴ *State ex rel. Landis v. Bd. of Commissioners of Butler County*, 95 Ohio St. 157 (1917).