

# CableViews

Ohio Cable Telecommunications Association

Issue Two 2013

## Ohio Biennial Budget Update

*The 2014-2015 Biennial Budget as introduced contained a proposed expansion of the Ohio sales tax to a variety of services, including cable. While this expansion was removed by the Ohio House, the two-year budget remains a work in progress in the Ohio Senate – one that is being closely monitored by the OCTA.*

On April 18th, the Ohio House passed its version of the state's two-year budget proposal. As passed, Amended Substitute House Bill 59 includes significant changes to the biennial budget as introduced earlier this year.

Along with removal of a plan to expand Medicaid coverage in Ohio, House Leadership also eliminated a proposed severance tax on oil and natural gas drilling operations. Additionally, the House version of the bill narrows the personal income tax (PIT) rate reduction from the proposed 20% over three years to a permanent 7% reduction across all brackets, and eliminates the small business tax break. The House achieves the reduction in the PIT rate through increased revenues in the State's coffers from the current tax system.

**Significantly for our industry**, the substitute version of the budget bill removes from the budget the expansion of the state sales tax on services, including cable service, installation, maintenance and repair. In the House version, the sales tax rate remains at 5.5% instead of being reduced to 5%.

The House's removal of language expanding the state sales tax on services reflects the efforts of Ohio business and industry to educate members on the negative effect those taxes could have in Ohio. House leadership was responsive to those concerns and is to be commended for their actions in amending Sub. H.B. 59. However, much work remains to be done. The House has indicated that it will continue to work with the administration and Ohio Senate on tax reform with a goal of having some reform package included in the budget bill before it is sent to the Governor at the end of June.

Accordingly, the OCTA plans to continue its educational efforts with members of the Ohio Senate as the bill moves through that chamber, educating them on Ohio's tax structure as it relates to video service and on the negative competitive impact any change to this structure could have on our industry.

## Why a Sales Tax on Cable is Unfair in Any Form

In our efforts to educate members on why a state sales tax should NOT be added on cable services, one message is critical: namely, that whether the sales tax is expanded or not, imposing a further tax on cable would be unfair. This requires correcting misinformation that has been disseminated by satellite video service providers who are still unhappy that the Ohio legislature acted ten years ago to impose a fair and equitable tax on their industry. Satellite companies would like nothing more than to see cable customers paying a double tax on their video service, along with additional local taxes from which satellite services are exempted under Federal law.

Currently, cable TV service is taxed at the local level through franchise fees paid by cable customers. The franchise fee, which operates like a gross receipts tax, can be as high as 5.5%. Satellite TV service is not subject to this tax, or any local taxes, as that is prohibited by federal law.

Imposing a state sales tax on cable services will effectively result in double taxation of cable customers. Adding a state sales tax, currently at 5.5%, plus any applicable county "piggy-back" tax (which could be up to an additional 3% depending on the county), on top of the current local franchise fee, could result in a possible 13.5% tax rate.

The Ohio General Assembly realized ten years ago that taxing cable service at both the local and state level, when satellite service is only taxed at the state level, would be unfair. When the legislature adopted the state sales tax on satellite service, that action in fact served to level the playing field between the video service providers.

The United States Supreme Court has upheld this tax structure, declining to hear an appeal by the satellite industry of the Ohio Supreme Court's ruling that upheld Ohio's existing tax structure on cable and satellite.

Imposing a sales tax on cable television service would create inequality by taxing this service twice. The OCTA will continue our efforts to inform legislators that such a form of double taxation is bad public policy that they should not endorse.



### **Precision Broadband Installations Honored at OCTA Annual Meeting**

*Chris Steininger accepts the Associate Member of the Year Award, conferred in recognition of his company's contributions to and support of the OCTA, from OCTA Board President Ed Kozelek.*

**For more on the 2013 Annual Meeting, see pp. 3-5**

# Face **to** Face

## with Commissioner M. Beth Trombold

Commissioner M. Beth Trombold was appointed to the Public Utilities Commission of Ohio (PUCO) by Governor John Kasich in April, 2013. Previously she served as assistant director of the Ohio Development Services Agency (ODSA) where she focused on Ohio's economic and community development system. Prior to ODSA, Trombold spent 15-plus years with the PUCO, most recently as director of Economic Development and Public Affairs. At the PUCO, Commissioner Trombold focused on high-level policy issues and agency communications. She advised commissioners in developing the biennial budget, defining objectives and policy positions, and strategizing economic initiatives. Trombold also led legislative efforts on utility laws including electric restructuring, the establishment of natural gas choice, and telecommunications regulatory reform. Commissioner Trombold is a member of the National Association of Regulatory Utilities Com-

missioners (NARUC), where she serves on the Electricity Committee.

Commissioner Trombold received her bachelor's degree in business administration from Ohio University, and her master's degree in public policy and management from The Ohio State University John Glenn School of Public Affairs.

### FAST FACTS:

**Scrabble or Monopoly?** Neither – the latest kid's game.

**Hike or Bike?** Hike

**Currently Reading:** For fun, *The Paris Wife*. For work, *Preside or Lead*.

**Mentor:** My older sister, who has given me lots of good advice over the years.



**Jonathon McGee:** Tell us about your previous work with the PUCO – when was it and what did you do?

**Beth Trombold:** I started at the commission in the mid '90s in a legislative liaison role. I did a lot of work on important utility legislation, including Senate Bill 3 which involved electric restructuring. After a few years, my position evolved. I noticed the internal communication structure could be strengthened so that the PUCO could better provide a consistent message to legislators, the media, and consumers. I made this suggestion to the chairman and chief of staff at the time and was later asked to head up the office. When the office of Public Affairs was created (and this will really date me), it was before the web had really taken off and our website was in its infancy, so that kind of dovetailed with the whole messaging effort. So I was asked to unify and oversee the legislative office, the media office, consumer outreach and our website. Later, economic development was added to the office because it was an important area that also needed more coordinated communication efforts.

**JM:** You left the PUCO and worked with the Ohio Development Services Agency. What was your focus there?

**BT:** My focus was in a number of areas. As Assistant Director I supported the director and was in charge of cultivating the community side of development, as well as, the economic side. When most people think of economic

development, they typically think of the important role JobsOhio plays in terms of incentivizing businesses to locate or expand in Ohio. Economic development is also about developing the local communities so that companies want to be in Ohio; that their employees want to work in Ohio; that they can expand in Ohio and have the infrastructure, tools and workforce to thrive here. With the goal to incentivize business development, while at ODSA I also focused on low-income programs designed to benefit and revitalize struggling communities and other programs such as housing, energy efficiency, loan programs, historic preservation, brownfields and CleanOhio.

**JM:** So there was a transition from your duties here at the PUCO to those at DSA?

**BT:** Understanding where utilities fit in economic development was really helpful in fulfilling my role at Development. Traditionally, utility rates and infrastructure are top items that companies, especially large ones, look at when they consider locating in our state and obviously, the cost of utility service can be critical to their bottom line. So, I brought that insight to Development and then learned about the other programs Development offers and how it can fit together.

**JM:** Did you have a return to the PUCO as commissioner in mind?

*Continued on pg. 7...*

**Cable Views**



# Capital Update

See page one of *CableViews* for a special update on the state's biennial budget bill.

**Telecom Study Committee** - S.B. 162 (128th General Assembly, eff. Sept. 2010), which made changes to Ohio's telecommunications law, also created a committee to study the impacts of that legislation on Ohio's telecommunications industry. This committee is to issue a report by September 2014. Since the last *CableViews*, the committee has held two hearings. Testimony has been presented by the PUCO, the Ohio Consumers' Counsel, and by a panel of representatives of the telephone industry. The next meeting of this committee has yet to be scheduled, but the OCTA is expected to be invited to present testimony. All testimony presented so far is available for review in the "Members Only" section of the OCTA's website.

**Pole Attachment Docket:** The Public Utilities Commission of Ohio (PUCO) opened a docket (Case No. 13-579-AU-ORD) to review its rules for access to poles, ducts, conduits and rights-of-way. On April 17, Commission staff conducted a workshop to solicit input on this issue from interested parties. The OCTA and Ed Kozelek, Time Warner Cable, attended this workshop along with legal

counsel who presented our industry's interests to the staff. The staff has now made its recommendation and proposed new rules are now available for comment. Any changes to the rules will proceed through the PUCO's established rule making process; the OCTA is currently reviewing the proposed rules and will work with members to file formal, written comments.

**PUCO Recommendations Made:** On May 16, the PUCO Nominating Council submitted the names of finalists to be considered by Governor Kasich to fill the unexpired term of Commissioner Andre Porter, who was tapped by the governor to lead the Ohio Department of Commerce. After considering many highly qualified applicants, the Nominating Council recommended four individuals for the term commencing on the governor's appointment and ending in April, 2016. They are Asim Z. Haque, Springfield; Daniel F. Shields, Westerville; Stacey E. Polk, Cleveland, and W. Dwayne Maynard, Dublin. Governor Kasich has 30 days to select a nominee or request a new list of names from the Nominating Council. The governor's appointment is subject to confirmation by the Ohio Senate.

## Annual Meeting Recap

The OCTA's 2013 Annual Meeting was held March 20th in Columbus. Ohio Attorney General Mike DeWine spoke at the opening Government Affairs Breakfast, and Time Warner Cable's Senior Director of Corporate Strategy Greta Kim offered keynote comments at the annual business meeting of the association. The election of associate director Russell Cooper was announced, along with that of Jodi McCulloch of Disney & ESPN Media Networks as alternate associate director.

Pat Deville of Buckeye Cablevision moderated the morning's general session, which explored the industry's focus on promising new revenue streams. Panelists included Greta Kim, Ross Nelson of Cox Business, and Richard Walker of Buckeye CableSystem. Stewart Schley moderated a two-part afternoon session, which kicked off with Bob Gessner of MCTV, Howard Horowitz of Horowitz and Associates, and Matt Kenny of Disney & ESPN Media Networks discussing distribution solutions in a multi-platform era. Part two featured a panel discussion with young consumers sharing their thoughts on how they view programs using new media technology and applications.

The Greater Ohio Chapter of Women in Cable Telecommunications presented a breakout session on using technology to build and manage remote teams. Shannon Mullen of Time Warner Cable moderated, with Joanne

Bandlow and Cherish Gilliam of Time Warner Cable and Tracy O'Brien of Sprint participating. Lisa Schoenthaler



*The Annual Meeting's Legislative Luncheon Featured an address by BBC World News America Anchor Katty Kay*

of NCTA and Doug Preisse of Van Meter, Ashbrook & Associates led a breakout session updating members on government affairs issues at the state and federal level.

Thanks to all the members who attended this year's Annual Meeting. And a very special thank you to our Annual Meeting Sponsors listed on page 5. Your contributions make this and other OCTA events possible and we are deeply grateful for your support.



***"Distribution Solutions" session panel:  
Howard Horowitz, Matt Kenny, Bob Gessner, Stewart Schley***



***Cherish Gilliam and Shannon Mullen,  
WICT Greater Ohio Chapter Presentation***



***Matt Polka, American Cable Association,  
with Jonathon McGee of the OCTA***



***Ohio Attorney General  
Mike DeWine, featured  
speaker at the OCTA  
2013 Annual Meeting's  
Government Affairs  
Breakfast on March 20th  
in Columbus***





***Katty Kay, BBC World News America, and Lisa Schoenthaler, NCTA***



***Viewer Response Panelists***



***Howard Horowitz with Pam Koontz of Buckeye Cable System***

# **OCTA 2013 ANNUAL MEETING SPONSORS:**

Advanced Industry Supplies; Time Warner Cable; Disney & ESPN Media Networks; A&E Networks; Comcast; Buckeye CableSystem; TV One; NBC Universal; Crown Media Networks; Fox Networks; Vorys, Sater, Seymour & Pease; BBC America/BBC World News; Baker Installations; Turner Network Sales; Cox Communications; MCTV and Universal Remote Control.



***Steve Christopher of Universal Remote with new member Jack Harraghy, Alliance One***



***Greta Kim, Time Warner Cable***

# Cable-PAC/PAT Participation

(January 1 – April 30, 2013)

Company	Amount Raised	Goal	Company	Amount Raised	Goal
Armstrong Cable	\$0	\$2,496	G.L.W. Broadband	\$0	\$400
Buckeye CableSystem	\$2,216	\$10,972	MCTV	\$14,600	\$3,270
Comcast	\$125	\$1,430	Suddenlink	\$0	\$1,400
Cox Communications	\$1,430	\$3,068	<b>TOTAL</b>	<b>\$18,371</b>	<b>\$28,288</b>

## Cable PAC/PAT Individual Contributions

### Buckeye CableSystem

Bonita Ash  
Tami Becher  
Mike Bilik  
Laurie Cichy  
Tom Dawson  
Patrick DeVille  
John Ducat  
Bonita Ehrhardt  
Pamela Koontz  
Ron LaBeau  
Brad Mefferd  
Dan Penny  
Veronica Pinciotti

Jessica Pitzen  
Sarah Riedeman  
Charles Riley  
Christina Thomas  
Richard Walker  
Kerri Wiley  
James Wolsiffer

### Comcast

Liz Murray  
Frank Polito

### Cox Communications

David Butas

Gloria DeMarco  
Steve Heuser  
Rob Howley  
Dan Jakubowski  
Alex Petrofski  
Mark Pigman  
Mark Preston  
Stacie Schafer  
Allan Shockey  
Craig Smith  
John Wolfe

### MCTV

Nancy Gessner

Richard Gessner  
Robert Gessner  
Susan Gessner  
Kelly Rehm

### OCTA

Maryann Kafer  
Jonathon McGee

### Universal Remote Control

Steve Christopher

## OCTA Names Officers, Directors; Adds New Members

### New Associate Members

#### Entertainment Studios Networks

400 Inverness Parkway, Suite 200  
Englewood, CO 80112  
www.es.tv

(720) 279-5448

Representative:

Eric Claytor, Senior Vice President, Affiliate Sales and Marketing

Products/Services Offered:

Entertainment Studios, Inc. owns eight 24-hour HD television networks: PETS.TV, COMEDY.TV, RECIPE.TV, CARS.TV, ES.TV, MYDESTINATION.TV, LEGACY.TV AND JUSTICE CENTRAL TV. The company also produces, distributes, and sells advertising for 32 television programs making it the largest independent producer/distributor of first-run syndicated television programming for broadcast television stations.

#### Teleperformance ARM, dba Alliance One

7 Rozella Street  
Boston, MA 02122  
www.allianceoneinc.com  
(617) 436-0868

Representative:

Jack Harraghy, Vice President, Business Development

Products/Services Offered:

Teleperformance provides outsourced call center services for the cable industry spanning the full customer lifecycle, from acquisition through customer and technical support tasks to retention, collections and equipment recovery.

### 2013-2014 Board of Directors

#### Officers

Ed Kozelek, Time Warner Cable, President  
Bob Gessner, MCTV, Vice President  
Chris Thomas, Time Warner Cable, Secretary  
Karen Troxell, Armstrong, Treasurer

#### Directors

Tom Dawson, Buckeye CableSystem  
Jim D'Innocenzo, Comcast  
Kevin Flanigan, G.L.W. Broadband  
Rob Howley, Cox Communications  
Michael Kelemen, Suddenlink  
Rick Mlcek, Buckeye Cablevision  
Kelly Rehm, MCTV  
Russell Cooper, The Outdoor Channel  
Associate Director  
Jodi McCulloch, Disney and ESPN Media Networks  
Alternate Associate Director



**BT:** It was always a long-term goal to come back to the PUCO as a commissioner. I didn't know if that would ever happen, or if it would happen in the near term. I enjoyed working at DSA but I grew up in the utility industry and am excited to be back.

**JM:** How does your previous experience at the PUCO help you in your current role?

**BT:** I feel fortunate to have 15-plus years of utility experience already and a historic perspective of an industry that's very complicated. The learning curve can be pretty steep for most people joining the Commission. Understanding the basic foundation of how utilities work, the infrastructure, where it's been over the years and how the laws in the utility industry have changed is helpful. I have also been lucky to work closely with four chairmen and a variety of commissioners. I have a good sense of the strengths they brought to the office that I would like to emulate. That enables me to focus on new things that are hitting the utility industry, as opposed to learning where the industry has been or how the PUCO operates.

**JM:** What are some of the key issues being addressed by the Commission at this time?

**BT:** There are so many but a few come to mind. One of the main issues we continue to focus on is the move to a more competitive utility environment. Retail choices, whether in the gas or electric industry, is something the telecom industry has been perfecting for a long time. But, there is different infrastructure involved in gas and electric, so there is a different feel to the move to competition. Cyber security is a big issue with regard to utilities. Protecting the infrastructure we have is critical. Reliability is paramount. Reliability is job one, if you will, as a utility commissioner. Another key issue that is being closely watched by the Commission is the shale play and potential impacts on the utility industry going forward. So, all of these things and so many others we will be focusing on for the next several years.

**JM:** How does the PUCO balance the state's goal of robust competition and business development in Ohio with the needs of the Ohio utility consumer?

**BT:** It's a very delicate balance and it's something that we strive for every day in all of our orders. I think it's something that some parties think we do well in certain areas and we need to work on in others. At the end of the day, the mission of the commission is to always balance the interest of residential and business rate payers with the utilities and align private behavior with the public interest. That's pretty much the mainstay of what we do here and that's what we strive to do.

**JM:** Do you see the role of the Commission evolving over time?

**BT:** I think it has to evolve naturally according to the issues that come before it, but we are a creature of statute. So, obviously, laws that govern us will continue until the legislature changes them. As much as we can evolve given the statutory requirements that we have to uphold, I think that's the case. Technology and innovation prompts changes in the industry. That's why over the years, laws have changed or maybe evolved to keep up with what is going on in the industry.

**JM:** What is your view of the telecommunications industry in Ohio?

**BT:** I think we have a really robust telecommunications industry and I've always thought Ohio was on the forefront of states as far as cultivating competition. I think it's fascinating to watch as more and more people move away from traditional landline service to wireless and opting for "triple play"---bundling telephone, Internet and cable. There are a lot of choices and technologies out there for people to take advantage of, and I think they are.

**JM:** Why a career in public service?

**BT:** Truth be told, I didn't exactly choose this career. I was a business major and I had every intention of getting a job in the private sector. I just happened to graduate when the economy wasn't in good shape, so I was looking at other options. After completing my undergrad, I applied and was selected for a 13 month internship at the Statehouse through the Legislative Service Commission. I started in a budget year and being a business major, I was the only intern who volunteered to work on the budget. Everyone thought I was crazy, but I really wanted to learn more about that and -- long story short -- I fell in love with public service. I am so glad that it worked out the way it did. So, 20 years later, I've never looked back and I never pursued those private sector interests from my undergrad days. I like to promote internships for the state and I really try to reach out to the business schools because I know business majors often don't understand the value they can also provide to the public sector. There are skill sets that they have -- financial, economics, just business background that I think the public sector could utilize. That's been sort of my personal mission, to get more business majors to consider public service when they graduate.

**JM:** I understand you like to travel. What about travel appeals to you?

**BT:** I was an international business major and I minored in German, so I studied abroad for a while and traveled throughout Europe. You better appreciate your own life and that of others when you travel and talk to people. It's the best learning experience. It's something that I've tried to instill in my children. In fact, last night, my two older kids were putting together a puzzle of the United States and I asked them to pull out the states they had visited. They pulled out pretty much the eastern part of the United States. My seven-year-old then proceeded to tell me how she wanted the family to go on a drive across the rest of the United States and take pictures of her doing cartwheels in each state so that she could say she "cartwheeled across the U.S." My other daughter studied Ohio history this year and did a report on Trumbull County (choosing that county may have had something to do with the fact it sounded like "Trombold"). Regardless, she's planning a weekend this summer for us to visit there. So, they are quite the "creative" travelers. It's something my husband and I like to nurture in them.

**JM:** Any advice for our readers or the cable industry in general?

**BT:** Keep doing what you are doing. The innovation is fabulous. People love all the new technology your industry comes up with. Continue looking long term and where your industry is going, I'm sure that's in the forefront of your minds. As we at the Commission work towards cultivating more competition throughout the utility industry, we are always interested in the technology you develop and deploy.

# Cable Calendar

## **The Cable Show 2013**

[www.thecableshow.com](http://www.thecableshow.com)

**When:** June 10-12, 2013

**Where:** Walter E. Washington  
Convention Center  
Washington, DC

## **WICT Signature Luncheon**

[www.wict.org](http://www.wict.org)

**When:** June 10, 2013

**Where:** Walter E. Washington  
Convention Center  
Washington, DC

## **SCTE Leadership Conference**

[www.scte.org](http://www.scte.org)

**When:** June 26, 2013

**Where:** Embassy Suites Downtown  
Denver, CO

## **CSG 68th Annual Midwest Meeting**

[www.csghmidwest.org](http://www.csghmidwest.org)

**When:** July 14-17, 2013

**Where:** Crown Plaza St. Paul  
Riverfront  
Saint Paul, Minnesota

## **ALEC's 2013 Annual Meeting**

[www.alec.org](http://www.alec.org)

**When:** August 7-9, 2013

**Where:** Palmer House Hilton  
Chicago, IL

## **NCSL Legislative Summit**

[www.ncsl.org](http://www.ncsl.org)

**When:** August 12-15, 2013

**Where:** Georgia World Congress  
Center  
Atlanta, GA

## **WICT Leadership Conference**

[www.wict.org](http://www.wict.org)

**When:** October 7-8, 2013

**Where:** Marriott Marquis  
New York City

## **SCTE Cable-Tec Expo '13**

[www.scte.org](http://www.scte.org)

**When:** October 21-24, 2013

**Where:** Georgia World Congress  
Center  
Atlanta, GA

## **Join us for the OCTA 2013 Golf Outing at Pinnacle Golf Club Grove City, Ohio, June 3, 2013**

Continental Breakfast/Registration Open at 9:30 a.m.

Shotgun Start 11 a.m.

Cocktail Reception/Awards Following Golf

Visit [www.octa.org](http://www.octa.org) to register

Sponsorships Available! Call 614-461-4014

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