

# **Confidential Release**

**Case Number:**  
**93-487-TP-ALT**

**Date of Confidential Document:**  
**10/9/1998**

**Today's Date:**  
**July 30, 2009**

**Ameritech Ohio's revised proposed price cap updates and revisions to rates to become effective upon Commission approval.**

CONFIDENTIAL

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Application     )  
of The Ohio Bell Telephone Company    ) Case No. 93-487-TP-ALT  
for Approval of an Alternative         )  
Form of Regulation.                     )

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AMERITECH OHIO'S REVISED PROPOSED PRICE CAP UPDATES AND  
REVISIONS TO RATES TO BECOME EFFECTIVE UPON COMMISSION  
APPROVAL

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Pursuant to the Commission's Finding and Order in the captioned proceeding dated September 10, 1998, Ameritech Ohio submits its revised proposed price cap updates with supporting documentation and proposed tariffs to become effective upon Commission approval. The Company has worked with the Staff and the OCC in the recalculation of the 1997 and 1998 PCI, GPI, and price cap basket revenues and in the verification of the permissible exogenous adjustments.

The supporting documentation, which has been shared with the Staff and the OCC, is as follows:

Exhibit 1 - an updated calculation of the Price Cap Index (PCI) consistent with the Stipulation and

Recommendation approved by the Commission' September 10, 1998 Order;

Exhibit 2 - an updated calculation of the current Group Price Index (GPI) consistent with the Stipulation and Recommendation approved by the Commission's September 10, 1998 Order; and

Exhibit 3 - proposed price changes to become effective upon Commission approval;

The current and proposed tariffs are as follows:

Exhibit A - current tariff pages; and

Exhibit B - proposed tariff pages.

The supporting documentation demonstrates that, with the price changes proposed by the Company to become effective upon Commission approval, the GPI will be no greater than the updated PCI, as required by the Advantage Ohio price cap plan and the Commission's September 10, 1998 order.

### Updated Calculation of the Price Cap Index (PCI)

Under the Advantage Ohio Plan, the PCI is utilized to calculate a ceiling for the revenues in each of the price cap baskets. Currently, the PCI is 96.195803, as demonstrated in the Company's May 1, 1998 filing. Based upon the changes required by the Commission's order adopted September 10, 1998, the PCI will increase to 96.556898 effective upon Commission approval.

### Specific Changes to the PCI

As shown in Exhibit 1 and consistent with the Commission's order, the 1998 PCI has increased. This increase is due to the EAS conversion for Dayton to Xenia. Consistent with the Commission's order, the Company is permitted to claim exogenous adjustment to the PCI for certain EAS conversions. As such, there is a PCI exogenous impact of 0.370909% due to the Dayton to Xenia EAS conversion. This impact meets the exogenous threshold requirement as specified in the Advantage Ohio Plan.

### Specific Changes to the GPI

As shown in Exhibit 2 and consistent with the Commission's order, the 1997 GPI was adjusted to remove the

impact of the Company's previously claimed credits for contracts and EAS conversions. The remaining 1997 GPI adjustments, including the Schedule A to Schedule B rate changes, are retained as credits.

Also shown in Exhibit 2 and consistent with the Commission's order, the 1998 GPI was adjusted to remove the impact of the Company's previously claimed credits for contracts and EAS conversions. The remaining 1998 GPI adjustments are retained as credits.

The Commission's order required that contract revenues be excluded from the price cap "baskets" for 1997, 1998, and all future filings during the initial term of the Advantage Ohio Plan. Exhibit 2 reflects the removal of contract revenue from the 1997 and 1998 non-residence "baskets" and is thus reflected in the updated 1997 and 1998 GPI.

Exhibit 3 lists the service rates that Ameritech Ohio proposes to decrease effective upon Commission approval. Per the Commission's order, these changes to the residence baskets must yield no less than \$ 1.671 million in rate reductions. The changes proposed herein will yield \$ 1.687

million in rate reductions. Proposed tariff pages reflecting these rate reductions are contained in Exhibit B.

The rate reductions of \$ 1.687 million, taken together with the changes to the PCI and GPI as described above and pursuant to the Commission's order, bring the proposed 1998 GPI in compliance with the proposed 1998 PCI as follows:

	Residence Cell 1 <u>Non-Core</u>	Residence Cells 2,3,4	<u>Non-Residence</u>
Proposed PCI	96.556899	96.556899	96.556899
Proposed GPI	96.514117	96.522058	95.852271

#### Conclusion

Ameritech Ohio requests that the Commission approve this filing consistent with the Advantage Ohio plan and the Commission's order adopted September 10, 1998. Upon such approval, the proposed PCI would become effective and the Company will file the final tariff changes to implement the proposed rate reductions described herein. At that time, the GPI described herein will also become effective.

Respectfully submitted,

AMERITECH OHIO

By:                     

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AMERITECH OHIO  
PRICE CAP INDEX  
1997  
UPDATED PER STIPULATION

CALCULATION

	Price Cap Index Components	Source
GDPPI	2.241347%	Attachment 1
Productivity Offset	-3.000000%	Advantage Ohio Plan
Service Quality	-0.230116%	Attachment 2
Exogenous Adjustment	-0.559952%	Attachment 3
Existing Price Cap Index	98.88562	
Proposed Price Cap Index	97.35416	
Percent Change	-1.548721%	
Revenues under Price Cap	\$478,989,313	Exhibit 2
Price Cap Index Directed Revenue Reduction	(\$7,418,210)	
Price Cap Baskets	Revenue	Contract Revenue
		Net Revenue under Price Cap
Residence Cell 1 NonCore	\$28,791,119	\$28,791,119
Residence Cells 2,3,4	\$248,580,069	\$248,580,069
NonResidence	\$294,066,264	(\$92,448,139.00)
Subtotal	\$571,437,452	(\$92,448,139.00)
		\$478,989,313



AMERITECH OHIO  
PRICE CAP INDEX  
1998  
UPDATED PER STIPULATION  
CALCULATION

	Price Cap Index Components	Source
GDPPI	2.716776%	Attachment 1
Productivity Offset	-3.000000%	Advantage Ohio Plan
Service Quality	-0.076936%	Attachment 2
Exogenous Adjustment		
Property Tax Adjustment	-0.829675%	Attachment 3
EAS Adjustment	0.370909%	Attachment 3
Existing Price Cap Index	97.35416	
Proposed Price Cap Index	96.556899	
Percent Change	-0.818928%	
Revenues under Price Cap	\$445,347,201	
Price Cap Index Directed Revenue Reduction	-\$3,647,063	
Price Cap Baskets	Revenue Est.	Contract Revenue
Residence Cell 1 NonCore	28,893,417	
Residence Cells 2,3,4	233,047,814	
NonResidence	311,441,154	(\$128,035,183)
Subtotal	573,382,384	(\$128,035,183)
		Net Revenue under Price Cap
		\$28,893,417
		\$233,047,814
		\$183,405,971
		\$445,347,201

Ameritech Ohio  
Price Cap Plan  
1997  
Group Price Index

<u>Commission Approved 1996 Group Price Index</u>				
	Res Cell 1 NonCore	RES234	NONRES	TOTAL
Group Price Index - Initial Price Cap Filing	98.877408	98.881032	98.842524	
Revenues Under the Price Cap	\$28,584,985	\$212,735,772	\$293,877,445	\$535,198,202

Commission Approved Price Changes to Date

Tariff Offerings( Cells 1, 2, 3 )	(\$64,133)	(\$1,816,982)	(\$1,058,478)	(\$2,939,593)
Changes in Tariff rates			\$116,671	\$116,671
Schedule A to Schedule B Rate Changes		(\$954,946)	(\$726,925)	(\$1,681,871)
GTE Toll Price Changes		(\$97,981)	(\$74,582)	(\$172,563)
Other Primary Toll Price Changes		(\$856,965)	(\$652,343)	(\$1,509,308)
EAS Price Changes	(\$64,133)	(\$862,036)	(\$448,224)	(\$1,374,393)
Nonlariff Offerings ( Cell 4 )			\$7,773	\$7,773
Contracted Offerings			(\$431,592)	(\$431,592)
Subtotal	(\$64,133)	(\$1,816,982)	(\$1,482,297)	(\$3,363,412)
GPI Adjustment from Approved Price Changes	-0.22436%	-0.85410%	-0.50439%	
Resultant GPI	98.655567	98.036467	98.343969	

May 1, 1997 Price Cap Filing

Proposed Price Cap Index	97.354157	97.354157	97.354157	
Price Cap Basket Revenues	\$28,791,119	\$248,580,069	\$294,066,264	\$571,437,452
Required Revenue Reduction	(\$379,797)	(\$1,730,106)	(\$2,959,718)	(\$5,069,619)
Proposed Price Cap Basket Revenue Ceiling	\$28,411,322	\$246,849,962	\$291,106,548	\$566,367,832
Proposed Revenue Reduction	(\$383,010)	(\$1,758,849)	(\$2,990,141)	(\$5,132,000)
Resultant Price Cap Basket Revenues after Proposed Revenue Reductions	\$28,408,109	\$246,821,220	\$291,076,123	\$566,305,452
Proposed GPI	97.343146	97.342822	97.343982	

Ameritech Ohio  
1998 Price Cap Plan  
Updated Per Stipulation  
Group Price Index

Exhibit 2

<u>Commission Approved 1997 Group Price Index</u>				
	Res Cell 1 NonCore	RES234	NONRES	TOTAL
Group Price Index - 1997 Price Cap Filing	97.562036	97.740667	97.176986	
Revenues Under the Price Cap-1997 Price Cap Filing	\$28,408,109	\$246,821,220	\$198,627,984	\$473,857,313
<u>Commission Approved Price Changes to Date</u>				
Tariff Offerings ( Cells 1, 2, 3 )	\$0	\$0	\$0	\$0
Changes in Tariff rates			\$0	\$0
EAS Price Changes	\$0	\$0	\$0	\$0
Nontariff Offerings ( Cell 4 )			\$0	\$0
Contracted Offerings			\$0	\$0
Subtotal	\$0	\$0	\$0	\$0
GPI Adjustment from Approved Price Changes	0.00000%	0.00000%	0.00000%	
Resultant GPI - Current	97.562036	97.740667	97.176986	
<u>October 13, 1998 Price Cap Filing</u>				
Proposed Price Cap Index	96.556899	96.556899	96.556899	
Price Cap Basket Revenues - Updated	\$28,893,417	\$233,047,814	\$183,405,971	\$445,347,201
Required Revenue Reduction	(\$297,676)	(\$2,822,515)	(\$1,170,314)	(\$4,290,505)
Proposed Price Cap Basket Revenue Ceiling	\$28,595,741	\$230,225,298	\$182,235,657	\$441,056,696
Proposed Revenue Reduction				
Revenues Reduced as July 1, 1998	(\$158,353)	(\$1,369,890)	(\$2,500,187)	(\$4,028,430)
Revenues Reduced as October 13, 1998	(\$151,993)	(\$1,535,698)	\$0	(\$1,687,691)
Subtotal Revenues Reduced	(\$310,346)	(\$2,905,589)	(\$2,500,187)	(\$5,716,122)
Resultant Price Cap Basket Revenues after Proposed Revenue Reductions	\$28,583,071	\$230,142,225	\$180,905,784	\$439,631,080
	-1.07%	-1.25%	-1.36%	
Proposed GPI	96.514117	96.52058	95.852271	

10/9/98

Ameritech Ohio  
Price Cap Plan  
October 9, 1998 Filing

## Price Changes

## Basket: Res Cell1 Noncore

Item Number	Res/ Bus	Basket	Cell	USOC	Description	Tariff Rate	Annual Quantity	Current Revenue	Proposed Price	Proposed Revenue	Proposed Rev. Chg.	Percent Change	Maximum Reduction for GPI	Maximum Increase for GPI	Proposed Price for GPI
147	R	NCOR	1	TDX04	ONE WAY OPTIONAL	\$13.75	14,893	204,778.75	\$12.75	\$189,886	(\$14,893.00)	-7.27%	-20.00%	4.18%	\$12.75
146	R	NCOR	1	TDX04	ONE WAY OPTIONAL	\$11.00	1,871	20,581.00	\$10.00	\$18,710	(\$1,871.00)	-9.09%	-20.00%	4.18%	\$10.00
151	R	NCOR	1	TDX07	ONE WAY OPTIONAL	\$14.25	53,738	765,766.50	\$12.75	\$685,160	(\$80,607.00)	-10.53%	-20.00%	4.18%	\$12.75
150	R	NCOR	1	TDX07	ONE WAY OPTIONAL	\$12.00	8,845	106,140.00	\$9.75	\$86,238	(\$19,901.25)	-18.75%	-20.00%	4.18%	\$9.75
153	R	NCOR	1	TDX08	ONE WAY OPTIONAL	\$13.00	23,147	300,811.00	\$11.50	\$266,191	(\$34,720.50)	-11.54%	-20.00%	4.18%	\$11.50

Subtotal Residence Cell 1 Noncore

(\$151,993)

## Basket: Res Cells 2,3,4

Item Number	Res/ Bus	Basket	Cell	USOC	Description	Tariff Rate	Annual Quantity	Current Revenue	Proposed Price	Proposed Revenue	Proposed Rev. Chg.	Percent Change	Maximum Reduction for GPI	Maximum Increase for GPI	Proposed Price for GPI
R	RES234	2	SCHA		Residence Schedule A	0.13573	474,899,585	\$64,457,560	0.1324853	\$62,921,961	(\$1,535,698)	-2.39%	-20.00%	20.00%	0.1324853

Total Residence Reduction

(\$1,587,591)

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AMERITECH OHIO  
1998 Price Cap Index  
Updated Per Stipulation

Price Cap Plan - Exogenous Adjustment Impact

Line No.	Property Tax Exogenous Impact	Amount	Source
1	1997 Property Tax Impact	(\$19,015,111)	Worksheet Attached
2	1997 Total Company Revenues	\$2,291,873,949	Annual Report
3	1997 Intrastate Revenues Subject to Price Cap	\$445,347,201	Exhibit 2
4	Percent Intrastate Price Cap Revenues to Total Company Revenues (Ln 3 / Ln 2)	19.43157%	
5	Property Tax Subject to Exogenous Price Cap Treatment (Ln 1 * Ln 4)	(\$3,694,935)	
6	Threshold Exogenous Impact (Ln 3 * .25%)	\$1,113,368	Advantage Ohio Plan
7	Property Tax Exogenous Impact	(\$3,694,935)	
8	Property Tax Impact as Percent of Revenues (Ln 7 / Ln 3)	-0.828675%	
Line No.	EAS Exogenous Impact	Amount	Source
9	EAS Dayton - Xenia Impact	\$1,851,835	94-28-TP-PEX
10	1997 Total Company Revenues	\$2,291,873,949	Annual Report
11	1997 Intrastate Revenues Subject to Price Cap	\$445,347,201	Exhibit 2
12	Threshold Exogenous Impact (Ln 11 * .25%)	\$1,113,368	Advantage Ohio Plan
13	EAS Exogenous Impact	\$1,851,835	
14	EAS Impact as Percent of Revenues	0.370909%	

PART 4 - Exchange Access Services  
SECTION 5 - Other Exchange Access Services

Original Sheet No. 9.1

1. OTHER EXCHANGE ACCESS SERVICES (cont'd)

/2/

A. Local Service Options (cont'd)

3. Optional Local Area Service (cont'd)

b. Rates and Charges

- (1) The monthly rates for the network access line, central office termination and usage package for Optional Local Area Service are the rates specified in Section 2 preceding, as appropriate, for the grade and class of service involved plus the following increment, for one-way calling to the exchange areas listed in a. preceding.

Residence Services	Monthly Flat Rate	Monthly Message Rate <sup>/1/</sup>	(T)
Akron	\$ 9.20	\$ 6.65	
Dayton Met. Area (Beavercreek, Bellbrook, Centerville Fairborn, Miamisburg-West Carrollton, Vandalia)	9.20	6.65	
Kirtland /TDX04/	13.75 (R)	11.00 (R)	(N)
Mentor /TDX05/	11.25 (R)	9.00 (R)	
Painesville /TDX07/	14.25	12.00	
Xenia /TDX08/	13.00 (R)	9.00 (R)	
Yellow Springs - Clifton /TDX09/	14.30	9.75	(N) /2/

/1/ The local message allowance and additional local message charges applicable to outgoing calls within both the basic and optional local service areas are covered in Section 2 preceding.

(T)

/2/ Material formerly appeared on 4th Revised Sheet No. 9 in this Section.

Issued: July 1, 1998

Effective: July 1, 1998

In accordance with Order No. 93-487-TP-ALT, dated November 23, 1994  
and Commission Entry in Case No. 93-487-TP-ALT, dated July 1, 1998.

By J. F. Woods, President, Cleveland, Ohio

EXHIBIT A

Tariff

1st Revised Sheet No. 9.1

Cancels

PART 4 - Exchange Access Services

SECTION 5 - Other Exchange Access Services

Original Sheet No. 9.1

**1. OTHER EXCHANGE ACCESS SERVICES (cont'd)**

**A. Local Service Options (cont'd)**

**3. Optional Local Area Service (cont'd)**

**b. Rates and Charges**

- (1) The monthly rates for the network access line, central office termination and usage package for Optional Local Area Service are the rates specified in Section 2 preceding, as appropriate, for the grade and class of service involved plus the following increment, for one-way calling to the exchange areas listed in a. preceding.

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Dayton Met. Area (Beavercreek, Bellbrook, Centerville Fairborn, Miamisburg-West Carrollton, Vandalia)	9.20	6.65
Kirtland /TDX04/	12.75(R)	10.00(R)
Mentor /TDX05/	11.25	9.00
Painesville /TDX07/	12.75(R)	9.75(R)
Xenia /TDX08/	11.50(R)	9.00
Yellow Springs - Clifton /TDX09/	14.30	9.75

/1/ The local message allowance and additional local message charges applicable to outgoing calls within both the basic and optional local service areas are covered in Section 2 preceding.

Pursuant to the Commission's Finding and Order in Case No. 93-487-TP-ALT dated September 10, 1998, Ameritech Ohio submits its revised proposed price cap updates with supporting documentation and proposed tariffs to become effective upon Commission approval. The Company has worked with the Staff and the OCC in the recalculation of the 1997 and 1998 PCI, GPI, and price cap basket revenues and in the verification of the permissible exogenous adjustments.

Ameritech Ohio requests that the Commission approve this filing consistent with the Advantage Ohio plan and the Commission's Order adopted September 10, 1998. Upon such approval, the proposed PCI would become effective and the Company will file the final tariff changes to implement the proposed rate reductions described herein. At that time, the GPI described herein will also become effective.

Cell Classification: N/A

EXHIBIT C-3

ATTACHMENT: Pricing List Sheets



PART 9 - Message Toll Services  
SECTION 1 - Message Telecommunications Services  
and Rate Schedules

5th Revised Sheet No. 10  
Cancels  
4th Revised Sheet No. 10

PRICING LIST

2. TWO POINT SERVICE (cont'd)

I. Schedule of Rates (cont'd)

1. Schedule A, B and C (cont'd)

Schedule A Residence

Rate Mileage	DAY RATES		EVENING RATES		NIGHT & WEEKEND RATES	
	Initial	Each Add'l	Initial	Each Add'l	Initial	Each Add'l
	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>
1-10	\$.19←	\$.16	\$.120	\$.07←	\$.120	\$.07←
11-22	.25	.21←	.160	.09	.160	.09
23-55	.25	.21	.160	.09	.160	.09
56-124	.25	.21	.160	.09	.160	.09
125-End	.25←	.21←	.160	.09	.160	.09

Schedule A Non-Residence

Rate Mileage	DAY RATES		EVENING RATES		NIGHT & WEEKEND RATES	
	Initial	Each Add'l	Initial	Each Add'l	Initial	Each Add'l
	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>
1-10	\$.25	\$.16	\$.120	\$.045	\$.120	\$.045
11-22	.28	.16	.160	.088	.160	.088
23-55	.28	.20	.160	.088	.160	.088
56-124	.28	.20	.160	.088	.160	.088
125-End	.28	.20	.160	.088	.160	.088

Tariff

PART 9 - Message Toll Services  
SECTION 1 - Message Telecommunications Services  
and Rate Schedules

4th Revised Sheet No. 21  
Cancels  
3rd Revised Sheet No. 21

PRICING LIST

4. INTRALATA 1+ SERVICE - TWO POINT SERVICE (cont'd)

B. Rates (cont'd)

2. Schedule of Rates

a. Schedule A and B

Schedule A Residence

Rate Mileage	DAY RATES		EVENING RATES		NIGHT & WEEKEND RATES	
	Initial	Each Add'l	Initial	Each Add'l	Initial	Each Add'l
	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>
1-10	\$.19←	\$.16	\$.120	\$.07←	\$.120	\$.07←
11-22	.25	.21←	.160	.09	.160	.09
23-55	.25	.21	.160	.09	.160	.09
56-124	.25	.21	.160	.09	.160	.09
125-End	.25←	.21←	.160	.09	.160	.09

Schedule A Non-Residence

Rate Mileage	DAY RATES		EVENING RATES		NIGHT & WEEKEND RATES	
	Initial	Each Add'l	Initial	Each Add'l	Initial	Each Add'l
	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>	<u>1 Minute</u>	<u>Minute</u>
1-10	\$.25	\$.16	\$.120	\$.045	\$.120	\$.045
11-22	.28	.16	.160	.088	.160	.088
23-55	.28	.20	.160	.088	.160	.088
56-124	.28	.20	.160	.088	.160	.088
125-End	.28	.20	.160	.088	.160	.088