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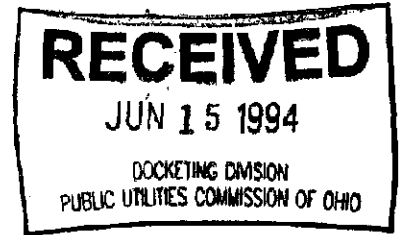
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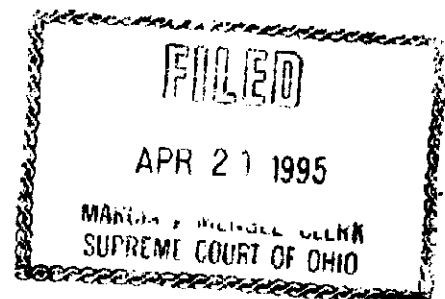
Today's Date:

July 31, 2009

Deposition of Kent A. Currie



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CONFIDENTIAL PORTION

DEPOSITION OF KENT A. CURRIE

WEDNESDAY, APRIL 13, 1994

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1 BY MS. GRADY:

2 Q. Dr. Currie, are you familiar with the Ohio Bell
3 Telephone Cost Study Documentation - Directory
4 Assistance that was provided to OPCA yesterday?

5 A. May I see it?

6 Q. Sure.

7 A. Thank you.

8 Yes.

9 Q. I'm going to have a series of questions that will
10 address this specifically.

11 Now, you are indicated as the witness responsible
12 for this document; is that right?

13 A. I was.

14 Q. Who prepared this study?

15 A. I don't recall. This is over ten years ago.

16 Q. It was prepared in conjunction with Case
17 84-1435-TP-AIR?

18 A. Yes.

19 Q. Would it be your assumption that it was prepared
20 by someone in house?

21 A. It was prepared under my direction and control,
22 but I don't know whether it was something that I
23 generated everything on my own or whether I had other
24 support on any parts; I don't recall.

25 Q. Do you recall whether or not that support would

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1 have been an outside consultant or an outside firm as
2 opposed to in-house employees?

3 A. I don't think we had any outside consultants for
4 any of the studies that we did in that case, as I
5 recall.

6 Q. Let's refer now to section Roman numeral I, Study
7 Overview.

8 First of all, do you have a copy of that?

9 A. No, I do not.

10 MR. HUNT: I've got one.

11 THE WITNESS: I now have a copy.

12 BY MS. GRADY:

13 Q. Going now to Roman numeral Section I, Study
14 Overview. I'm going to refer you to the second
15 paragraph there.

16 Are the activities that you describe in the
17 second paragraph the same for a customer utilizing
18 directory assistance from an OBT-provided public phone
19 and a COCOT public phone?

20 A. My understanding is yes.

21 Q. Going on to the next page, Page 2, still under
22 Section I, the second paragraph.

23 A. Starting with the sentence, "Call volumes
24 are..."?

25 Q. Yes.

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1 A. Okay.

2 Q. You discuss capital resources there.

3 A. Yes, I see that paragraph.

4 Q. And you indicate there that capital resources,
5 that is plant and equipment, are excluded from the
6 study; do you see that?

7 A. Yes.

8 Q. Are these costs not part of the cost floor for
9 the rates for the service?

10 A. The cost study that was done in 1994 did not
11 include those costs; at the time the study was done it
12 was said they're not avoidable.

13 Q. So they're not part of the cost floor for the
14 rates of the service?

15 A. The cost study that we did in 1984, that doesn't
16 say that analysis we would do today would necessarily
17 not include those. This did not include it.

18 Q. In the subsequent directory assistance cost
19 study, were those costs included in the study?

20 A. Analysis that we've done, I think that we've
21 included looking at the equipment costs in that
22 analysis. No -- I'm not aware that we have a DA study
23 other than this one subsequently.

24 We have looked at some of the costs just to see
25 whether or not there's any need to change prices

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1 because of costing, and in those cases we have included
2 the capital costs.

3 Q. Go now to Section III of that document, Roman
4 numeral III. And I'm --

5 A. Section called Cost Development?

6 Q. That's right.

7 I'd like you to go through the two pages that the
8 section consists of and describe the process line by
9 line of arriving at the figures that you do.

10 A. What these two pages are is that -- are dealing
11 primarily with labor activities. And in this analysis
12 the presumption is that the -- the labor activity is
13 avoidable associated with these services. And so it's
14 trying to identify what part of the expenditures that
15 we undertake for directory assistance is associated
16 with directory assistance from some more general
17 information that includes a bigger category, can I make
18 a -- a reasonable estimate of how many of the -- the
19 labor dollars are involved.

20 And so that on the second page you essentially
21 get categories that represent expense activities from
22 general traffic supervision, service evaluation,
23 operator wages, number of service reporting work,
24 initial operator training, supplementary operator
25 training, instructor training, CO stationery and

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1 printing, CO house services, transportation, travel,
2 guard service, data processing and other expenses that
3 I -- this study estimates what portion of those would
4 be avoidable if I didn't have directory services.

5 The factors on the previous page, the page called
6 Cost Assignment Factors, F1 through F6, are factors
7 that are going to be used to identify how much of the
8 general expenses of those categories I mentioned are
9 associated with directory assistance.

10 And there's all sorts of arithmetic that was done
11 in this process ten years ago to pursue this. I have
12 just generally reviewed it to -- to recollect what I --
13 I have just described; but I haven't gone through each
14 and every step to see if I recalled the details of each
15 one.

16 Q. Going now to Roman numeral IV, Data Sources, Page
17 1.

18 I'd like you to go through each line item and
19 explain what that line item is and what the source
20 organization is.

21 A. Information that was used on the sheet called
22 unit cost for directory assistance calls, the S1
23 through S17 references that are in those equations came
24 from these sources.

25 In reviewing these last night as I did, it

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1 appears as if the page that has the numbers associated
2 with S1 through 17 are not included in this. And my
3 presumption is that we would find those and make those
4 available to you.

5 And then this describes associated with those
6 what organization, so that you would actually discover
7 on this BS1635 report that's mentioned in the report
8 column, there would be -- on that other sheet I -- I
9 expect to be a column that says source, operator
10 services. And this document is describing what the
11 source document and what the -- sort of information was
12 obtained from that source document.

13 MS. GRADY: We would request that
14 that information be made available to us.

15 MR. HUNT: Dr. Currie explained
16 that to me this morning. Our present belief is that
17 those two pages are included in some files that are
18 presently in archives, and we will retrieve them for
19 you. What he had in his possession yesterday is what
20 you got.

21 MS. GRADY: Okay.

22 MR. HUNT: We discovered just
23 last night that those two pages were missing.

24 THE WITNESS: Yeah. I discovered
25 that as I went through hunting for how the calculations

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1 were done and did not find where the S1 through S17
2 numbers were.

3 But this page then is then describing the
4 general information. So if I -- if I looked at the MA8
5 there, as I was going through the analysis, as I
6 recall, was using information over a four- or
7 five-month period. And so the number of DA calls that
8 are indicated on Line 16 on that previous page, which
9 happens to have no calculations, it's got a source
10 number, that information directly came from what this
11 MI -- excuse me, FMI report that gave me the number of
12 DA calls.

13 And so on that -- as I recall, you'll see
14 a column, it will say operator services, but it doesn't
15 say what the document was from, operator services,
16 where we got that information.

17 This document essentially is now giving
18 the linkage of trying to describe what those documents
19 were in some words that go by those things.

20 The MA8 is, since these are expense
21 items, those are the year to date, as I recall, the
22 year-to-date numbers for these accounting categories as
23 they existed at that time. And -- And I think I have
24 sort of in words in this brief description given sort
25 of a general description of what's included in each one

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1 of those categories. I presume, although I haven't
2 checked it, that they're, in fact, in the same order as
3 they appear on the unit cost page.

4 BY MS. GRADY:

5 Q. Now, as the witness responsible for this cost
6 study in Case 84-1435, did you personally ensure that
7 the data inputs were reasonable and reliable so that
8 the study results were reasonable and reliable for
9 their intended purposes?

10 A. I submitted testimony in -- in this case, and in
11 that testimony I -- I am certain that I made claims at
12 that time.

13 I don't recall as much as I -- as I'm certain I
14 did at the time I filed that testimony, but I'm
15 pretty -- I did not review my testimony, but I'm
16 certain I made a statement to that effect.

17 Q. Do you recall how you ensured that the inputs
18 were reliable and reasonable?

19 A. Not specifically here, although there are aspects
20 of -- of these that I recall looking at some of these
21 reports so -- in the process of constructing this. So
22 I'm certain I went through the steps at that time of
23 looking at the source documents.

24 I don't know that I've looked -- looked at all
25 because I don't recall. But that would have been my

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1 general intent for these studies, and gone through to
2 see whether it appeared as if the steps were what was
3 intended and implemented the methods that I described
4 in that testimony.

5 Q. Okay. So the statement in the current testimony
6 that you've submitted in this case doesn't refer to
7 this particular study; is that right?

8 A. No. This study was submitted ten years ago in
9 the '84 case. It's not a cost study I've done in this
10 case.

11 Q. We're now moving on to the Ohio Bell Telephone
12 Public/Semipublic Cost Study Revised 12-90. Do you
13 have that document in front of you?

14 A. May I just make sure that what my counsel handed
15 me is what --

16 Q. Just don't look at the yellow stickies.

17 A. Yes.

18 Q. Let's refer to the Executive Summary, Paragraph
19 1.

20 You have a -- You pose a question there, you say
21 the question raised is, "From what service or services
22 does Ohio Bell recoup its directory assistance
23 expenses"; do you see that?

24 A. In the first paragraph?

25 Q. Yes.

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1 A. Yes. That's the last sentence of that first
2 paragraph.

3 Q. What is the answer to that question?

4 A. Within the context of -- of this study, is that
5 the conclusion is that the public service has more than
6 enough revenue to cover the cost for DA service.

7 Q. What do you mean by "public service"?

8 A. Public telephone.

9 MS. GRADY: Can I have that
10 answer reread, the first answer?

11 (Answer read back as requested.)

12 BY MS. GRADY:

13 Q. So you're saying that the public service recoups
14 enough revenue to cover its expenses, including
15 directory assistance?

16 A. The purpose of this is, in fact, a whole series
17 of internal studies, of which this was just an adjunct
18 of some of those, which -- the other material that you
19 have.

20 And so the question was, in the public operation
21 was it the case that we're making enough money to also
22 cover the opportunities foregone for many things,
23 including the opportunities associated with providing
24 the DA service. And the conclusion of the study is
25 that there is sufficient contribution to cover those

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1 costs.

2 Q. On that same page, in the following sentence, you
3 say, "a forward-looking economic analysis from the
4 perspective of a COCOT provider"; do you see that?

5 A. Uh-huh.

6 Q. What do you mean by, "from the perspective of a
7 COCOT provider"?

8 A. All this analysis is, is asking questions of the
9 Bell public operations. But -- But when we did this
10 analysis, we're to say if Bell public were to operate
11 as if they were a COCOT, what would be the consequences
12 and the payments that they would make representing that
13 what-if analysis. So it -- So all the COCOT
14 representation here is actually talking about the Bell
15 public organization, not your clients.

16 Q. When was the study last updated, if you know?

17 A. My recollection is the last of these was in April
18 of '91 as indicate -- there are time stamps on these,
19 and there is a May '91 date on the top of that page. I
20 think that is the -- the latest date of any of this
21 analysis, as I recall.

22 Q. When is the next planned update to the study, if
23 you know?

24 A. I don't know.

25 Q. What person or organization within OBT was

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1 responsible for performing this study?

2 A. It was people under my supervision and control at
3 the time these studies were done. So at that time it
4 would have been the service cost organization --

5 Q. Service cost.

6 A. -- in Ohio Bell.

7 Q. Okay.

8 A. There is no such service cost organization Ohio
9 Bell today, but there was at the time these studies
10 were done.

11 Q. If the studies were done today, an update was
12 done today, what organization within Ohio Bell would be
13 responsible for it?

14 A. Ohio Bell would request that the appropriate
15 Ameritech support organization that does service cost
16 work would provide the work and that they would provide
17 the functions for this. So that there does exist
18 resources so that Ohio Bell would respond to those
19 kinds of issues.

20 Q. Moving right along.

21 A. Are we getting to the short list?

22 Q. Let's move now to the Central Office Line
23 Termination Study.

24 Do you have a copy of that with you?

25 A. No.

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1 MR. RAWLINGS: No.

2 BY MS. GRADY:

3 Q. We'll be kind enough to provide you with that.

4 Refer to the cost summary, that is CS-1.

5 A. Yes, I see that.

6 Q. Why are there separate POTS and coin columns?

7 A. In the analysis that we did, and this is part of
8 the study that is reflected in the -- in the
9 information that would be provided in Attachment 28.5
10 to my testimony in -- in the alt. reg. case, that when
11 it came to the various services that we were
12 disaggregating, that as I recall -- and let me go back
13 to the cost reference to verify this -- that there is a
14 different line card that we needed for semipublic
15 service. And while this column says coin, the study is
16 really dealing with semipublic, not public.

17 And let me verify that by going to the page
18 that's referenced on the sheet that you showed me.

19 (Pause.)

20 I don't see them. I don't see it immediately.
21 But my recollection is the cost difference is because
22 of a different line card that I referred to earlier.

23 Q. Is that something that you could check on?

24 A. Yes. It's in here, I just don't see it at the
25 moment.

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1 Q. Because to the extent that there are other
2 differences, that would be something we would want to
3 inquire into and inquire into the reason why there are
4 differences.

5 THE WITNESS: May I have a moment
6 here?

7 (Discussion held between Mr. Rawlings and
8 the witness.)

9 MR. RAWLINGS: Let's go off the
10 record for a minute.

11 MS. GRADY: Sure.

12 (Discussion held off the record.)

13 MS. GRADY: Go back on the
14 record.

15 I think what has been agreed to is that
16 Ohio Bell will provide us with verification that there
17 are -- verification that the differences are
18 attributable to the line card; and if that is not the
19 case, will provide an explanation of what the
20 differences are.

21 MR. RAWLINGS: You may want to
22 confirm that also. Janine had several discovery
23 requests as we went along in the Dan McKenzie
24 deposition, I asked her to put it in a letter, she did,
25 I gave it back to her.

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1 And what I want to do is make sure the
2 record reflects an orderly who asked what and what the
3 response was and so forth. And so I don't know if
4 you've got any more of these that we'll run into, but
5 if so, I would ask you to follow Janine's precedent in
6 that with regard with the McKenzie deposition.

7 MS. GRADY: That's not a problem.

8 BY MS. GRADY:

9 Q. Moving on to the 1993 Loop Cost Study, can you
10 tell me if loop costs vary due to characteristics other
11 than density and length?

12 A. Well, there are other factors that may have an
13 impact. But those in general would be expected to be
14 the primary things that would matter.

15 Q. What are the other factors?

16 A. Well, other -- other things would be the specific
17 kind of plant mix, how much aerial, buried and
18 underground will have an impact. That's reflected in
19 the cost study itself.

20 But in terms of what -- the things that matter
21 the most, the loop lengths and the density of
22 facilities on a particular route are the primary cost
23 drivers.

24 Obviously all the pieces matter to a degree.

25 Q. And that's what I'm trying to ascertain, what the

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1 other pieces would be that would cause the loop cost to
2 vary.

3 A. Well, and I -- I mentioned those. But -- But
4 the -- And then there are things that are directly
5 related to those that are derived from those as the
6 impact-specific pieces of equipment.

7 You know, I have done independent analysis over
8 time. And the -- the length and the size of cables
9 really tends to overwhelm the impacts of everything
10 else. So the other things are there for completeness,
11 but they really don't add as much as those first two
12 components.

13 Q. Is it true that you're not proposing to
14 disaggregate rates based on anything other than
15 density?

16 A. The geographic areas that we have proposed are --
17 are based on density. And so at this time -- And they
18 are ranked by a density measure, and that's the only
19 basis in which we are proposing that those areas be
20 grouped at this time. So it's the only criteria for
21 changing anything in -- in the Advantage Ohio plan.

22 MR. WESTON: Could I have a point
23 of clarification? Was the reference there to
24 disaggregation or deaveraging?

25 MS. GRADY: Deaveraging. I might

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1 have said disaggregation, I meant deaveraging.

2 THE WITNESS: My answer --

3 BY MS. GRADY:

4 Q. Would be the same?

5 A. -- is the same. That the geographic areas are
6 driven by the density categorization.

7 Q. Let's refer to the executive summary in the 1993
8 Loop Cost Study. Do you have that, Dr. Currie?

9 A. No, I do not.

10 Q. Refer to Paragraph 1.

11 A. Yes, I -- I see the first paragraph.

12 Q. Are fixed investments which are joint to all
13 loops included in the study?

14 A. It is not included in the LRSIC analysis, but we
15 do study them so that in the study results you do see
16 costs other than LRSIC, and those items are amongst
17 them. And they are reported in my testimony.

18 MS. GRADY: That's all we have,
19 Dr. Currie. Thank you very much.

20 THE WITNESS: Thank you.

21 (End of confidential portion) *****

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23

24

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