

Confidential Release

Case Number:

93-487-TP-ALT

93-576-TP-CSS

Date of Confidential Document:

6/6/1994

Today's Date:

July 31, 2009

Deposition of Paul E. Hollinger

Office of the
Consumers' Counsel



77 South High Street, 15th Floor
Columbus, Ohio 43266-0550

June 6, 1994

Daisy Crockron
Docketing
180 East Broad Street
Columbus, Ohio 43215

RE: Ohio Bell Telephone
Case No. 93-487-TP-ALT
Case No. 93-576-TP-CSS

Dear Ms. Crockron:

Enclosed for filing is one copy of the deposition of Paul E. Hollinger. The entire transcript is confidential and should remain under seal.

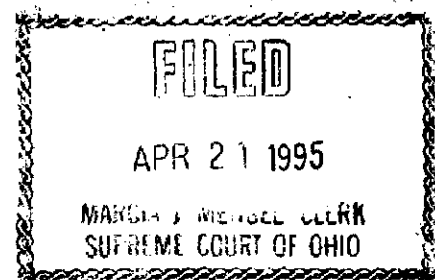
Thank you.

Very truly yours,

Andrea M. Kelsey
Andrea M. Kelsey
Associate Consumers' Counsel

AMK/tnb

Enclosure



CONFIDENTIAL



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COLUMBUS, OHIO (614) 431-1344

PUBLIC UTILITIES COMMISSION

STATE OF OHIO

- - -

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

- - -

In the Matter of the)
Complaint of the Office)
of Consumers' Counsel,)
Complainant,)
vs.) Case No. 93-576-TP-CSS
Ohio Bell Telephone)
Company,)
Respondent,)
Relative to the Alleged)
Unjust and Unreasonable)
Rates and Charges.)

- - -

DEPOSITION OF PAUL E. HOLLINGER

WEDNESDAY, APRIL 20, 1994

10:20 O'CLOCK A.M.

- - -

***** CONFIDENTIAL TRANSCRIPT *****

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1 Deposition of Paul E. Hollinger, a
2 witness herein, called by the Office of Consumers'
3 Counsel for examination under the statute, taken before
4 me, Deborah J. Holmberg, CM, Registered Professional
5 Reporter and Notary Public in and for the State of
6 Ohio, pursuant to notice and stipulations of counsel
7 hereinafter set forth, at the Riffe Center, 77 South
8 High Street, Room 1919, Columbus, Ohio, on Wednesday,
9 April 20, 1994, beginning at 10:20 o'clock a.m. and
10 concluding on the same day.

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1 APPEARANCES:

2 ON BEHALF OF OHIO BELL TELEPHONE COMPANY:

3 Charles Scott Rawlings, Esq.
4 45 Erieview Plaza - Room 1400
Cleveland, Ohio 44114

5 ON BEHALF OF TIME WARNER Axs:

6 Richard P. Rosenberry, Esq.
7 Samuel C. Randazzo, Esq.
8 Emens, Kegler, Brown, Hill & Ritter Co., LPA
9 Capitol Square
65 East State Street - Suite 1800
Columbus, Ohio 43215-4294

10 ON BEHALF OF OHIO CABLE TELEVISION ASSOCIATION:

11 Stephen M. Howard, Esq.
12 Vorys, Sater, Seymour and Pease
52 East Gay Street
Columbus, Ohio 43215

13 ON BEHALF OF THE RESIDENTIAL CONSUMERS OF THE
14 OHIO BELL TELEPHONE COMPANY:

15 Robert S. Tongren, Esq.
Consumers' Counsel

16 By: Andrea M. Kelsey, Esq.
17 Associate Consumers' Counsel
Office of The Consumers' Counsel
18 77 South High Street - 15th Floor
Columbus, Ohio 43266-0550

19 - - -

20 Also Present:

21 Paul Sorbello
22 Allen G. Buckalew

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Wednesday, April 20, 1994
Morning Session

- - -

STIPULATIONS

It is stipulated by and among counsel for the respective parties herein that the deposition of Paul E. Hollinger, a witness herein, called by the Office of Consumers' Counsel for examination under the statute, may be taken at this time and reduced to writing in stenotype by the Notary, whose notes may thereafter be transcribed out of the presence of the witness; that proof of the official character and qualification of the Notary is waived; that the witness may sign the transcript of his deposition before a Notary other than the Notary taking his deposition; said deposition to have the same force and effect as though the witness had signed the transcript of his deposition before the Notary taking it.

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I N D E X

- - -

WITNESS:

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Examination by Mr. Howard

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- - -

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P R O C E E D I N G S

- - -

Wednesday, April 20, 1994

Morning Session

- - -

MS. KELSEY: Okay. This deposition has been noticed by the Ohio Consumers' Counsel in Case No. 93-487-TP-ALT, In the Matter of the Application of the Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation, and also, I believe, in Case No. 93-576-TP-CSS, the Ohio Consumers' Counsel versus the Ohio Bell Telephone Company.

I'm appearing on behalf of the residential consumers of the Ohio Bell Telephone Company, Robert S. Tongren, Consumers' Counsel, by Andrea M. Kelsey.

MR. RAWLINGS: My name is Scott Rawlings, appearing on behalf of the Applicant, the Ohio Bell Telephone Company. My office address is 45 Erieview Plaza, Cleveland, Ohio.

MR. HOWARD: My name is Stephen M. Howard, of the law firm of Vorys, Sater, Seymour and Pease, 52 East Gay Street, P.O. Box 1008, Columbus, Ohio 43216-1008, appearing today in Case No. 93-487 on

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1 behalf of the Ohio Cable Television Association.

2 MR. ROSENBERRY: Thank you.

3 On behalf of Time Warner AxS, please note
4 the appearance of the law firm of Emens, Kegler, Brown,
5 Hill & Ritter in Case No. 93-487-TP-ALT by Richard P.
6 Rosenberry and Samuel C. Randazzo.

7 Thank you.

8 MS. KELSEY: I should also note
9 that our expert witness, Allen G. Buckalew, is with me
10 here today.

11 MR. RAWLINGS: I'll note the
12 appearance, in addition to Mr. Hollinger, the deponent,
13 Mr. Paul Sorbello, who works with Mr. Hollinger.

14 Can I go off the record just a moment?

15 MS. KELSEY: Sure.

16 (Discussion held off the record.)

17 MR. RAWLINGS:

18 (Witness was sworn.)

19 - - -

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1

PAUL E. HOLLINGER

2

of lawful age, being by me first duly sworn to testify

3

to the truth, the whole truth, and nothing but the

4

truth, as hereinafter certified, deposed and testified

5

as follows:

6

EXAMINATION

7

BY MS. KELSEY:

8

Q. Can you state your name and business address for
the record, please?

10

A. Paul E. Hollinger.

11

Trying to remember the business address of Ohio
Bell. 45 Erieview Plaza, Cleveland, Ohio --

13

MR. RAWLINGS: Never send yourself
anything.

15

THE WITNESS: -- 44114. Right.

16

BY MS. KELSEY:

17

Q. And you're employed by the Ohio Bell Telephone
Company?

19

A. Yes.

20

Q. Is your position still Director - Separations and
Cost Studies?

22

A. No.

23

Q. What is your present position?

24

A. Manager - Cost Operations.

25

Q. And when did you assume that position?

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1 A. It was either November 1st or December 1st of
2 last year, '93.

3 Q. Are your duties and responsibilities different
4 now than they were as Director of Separations and Cost
5 Studies?

6 A. Somewhat. The cost studies are the same. I have
7 less separation responsibilities than I did as Director
8 of Separations.

9 MR. ROSENBERRY: Could I have the
10 answer read back, please?

11 (Answer read back as requested.)

12 MR. ROSENBERRY: Thank you.

13 MR. RAWLINGS: Off the record.

14 (Discussion held off the record.)

15 BY MS. KELSEY:

16 Q. Do you have any additional responsibilities that
17 you didn't have as Director of Cost -- of Separations
18 and Cost Studies?

19 A. I don't believe so.

20 Q. Did Ohio Bell undergo some sort of organizational
21 restructuring around November, December last year?

22 A. It's been continuous. I wouldn't say just at
23 that point, but there was a restructuring back then,
24 yes.

25 Q. Now, can you explain the difference to us of your

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1 cost study responsibilities and Dr. Currie's cost study
2 responsibilities?

3 A. As they are defined today?

4 Q. Are they defined today differently than they were
5 back in late 1993?

6 A. Probably not very late '93. I think Dr. Currie's
7 changed somewhat during '93 also.

8 Q. Are they different from what they were at the
9 time you filed your testimony in Case No. 93-487?

10 A. I believe they are.

11 Q. Different.

12 A. Dr. Currie's, I believe, were different than they
13 were when I filed my testimony.

14 Q. Okay. Let's go into both of them then.

15 How did Dr. Currie's responsibilities differ from
16 your responsibilities in the area of cost studies at
17 the time initial testimony in this case was filed?

18 A. Well, from a reporting structure, Dr. Currie
19 reported to me at that time when the testimony was
20 filed; he no longer does.

21 MR. ROSENBERRY: Could I have the
22 question and answer read, please?

23 (Record read back as requested.)

24 BY MS. KELSEY:

25 Q. Are there any other differences?

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1 A. I'm not sure I understood the question. I'm not
2 sure I answered the question you asked. How his
3 responsibilities differed from mine at that time?

4 Q. Yes.

5 A. That is the question.

6 Well, certainly in the area of this case he was
7 responsible for the cost studies that he testified to;
8 that responsibility hasn't changed. I supervised at
9 that time basically other cost studies. Those were
10 pretty much completed by the time I took over the cost
11 role and I had nothing to do with the cost studies that
12 he testifies to, but I supervised other studies at that
13 time.

14 Q. And what were those other studies?

15 A. Just the day-to-day cost studies that Ohio Bell
16 needed to perform.

17 Q. And you still do that?

18 A. Yes.

19 Q. What is a day-to-day cost study?

20 A. Well, cost studies that are needed to support a
21 tariff filing or to make business decisions.

22 Q. How would you describe those cost studies?

23 A. I think the way I just did, studies that we would
24 perform to make a business decision or to support a
25 tariff filing.

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1 Q. Well, did they have a particular methodology?

2 A. They are generally LRSIC studies.

3 Q. So you perform LRSIC studies?

4 A. I supervise them more than perform them, but I do
5 occasionally get involved in the performance of a LRSIC
6 study.

7 Q. On Page 3 of your testimony, you say that you
8 have done post-graduate work in statistics.

9 Can you describe that post-graduate work?

10 A. I took several econometrics courses after I
11 graduated, I believe one or two sampling -- I believe,
12 actually, three or four sampling courses I took after I
13 graduated. There may have been others. Those are the
14 ones that come to mind.

15 Q. And at what school did you take those courses?

16 A. Several of them were at Cleveland State
17 University. Several of them were Bell System courses.

18 Q. And can you describe the short courses in the
19 access cost and separations areas?

20 A. Those were mostly, if not all, Bell System
21 courses offered in those areas, anywhere from one day
22 to two weeks long.

23 Q. Do any come to mind that were not Bell System
24 courses?

25 A. I don't recall any at the moment, no.

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1 Q. Okay. Now, you've been produced here today as
2 the witness who is most knowledgeable about the fully
3 distributed cost study that Ohio Bell supplied in
4 response to Staff Data Request No. 21, the fully
5 distributed cost study; is that correct?

6 A. Yes.

7 Q. Was this fully distributed cost study performed
8 solely because Staff asked for it?

9 A. Yes.

10 Q. In the Company's response to OCC Interrogatory
11 No. 668, the Company responded that the only
12 instructions received from the Staff were to perform a
13 FDC study that included at least the categories Cell
14 1 - Carrier Access, Cell 1 - Other, and Cells 2 through
15 4.

16 Did you receive no other instructions from the
17 Staff?

18 MR. RAWLINGS: Since the answer to
19 the interrogatory forms a predicate to the question,
20 could the witness be shown the interrogatory and the
21 answer that you're reading from?

22 MS. KELSEY: I'm sorry, I don't
23 have it with me. I do have this -- Let's go off the
24 record.

25 (Discussion held off the record.)

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1 MR. RAWLINGS: The understanding is
2 that if the witness can answer the question, Miss
3 Kelsey, without reference to it, since you don't have
4 it in the room with you, he can, if not, you're willing
5 to go obtain it; is that correct?

6 MS. KELSEY: That's correct.

7 THE WITNESS: The question was, did
8 I receive no other instructions?

9 BY MS. KELSEY:

10 Q. Correct.

11 A. No, I did not receive any other instructions.

12 Q. Was the rest of the methodology then entirely up
13 to you?

14 A. Yes. I would say we -- I had discussions with
15 Staff where we proposed the way we'd do this, and it
16 seemed to be okay with them. There weren't
17 instructions. He basically told us what he wanted as
18 described in my answer to the interrogatory. We told
19 them what we were planning to do to respond to that,
20 and he had no problem with that.

21 Q. Who is "he"?

22 A. Roger Montgomery was the Staff member I talked
23 to.

24 Q. Okay. Can you describe what you proposed to him?

25 A. Basically, what we actually produced. I

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1 described the separations method that we intended to
2 use and the categories we intended to try to assign
3 costs to.

4 Q. Can you please describe to me as fully as
5 possible the content of your conversation with Mr.
6 Montgomery, or conversations?

7 A. I'm not sure I can recall a whole lot more
8 detail.

9 As I say, I described the categories we thought
10 we could come up with, which are the cost categories
11 that are in the final study; and the separations
12 method, the fact that separations would get most of the
13 way there and what we'd have to do where separations
14 didn't give us all the detail that was required.

15 Q. And the separations method was in conformance
16 with Part 36?

17 A. Yes.

18 Q. Have you done fully distributed cost studies
19 before?

20 A. Certainly not of this type. If you could, I
21 guess, to the extent you could, categorize Part 36 as a
22 fully distributed cost study, I have supervised Part 36
23 in Ohio Bell for several years.

24 Q. Is there any documentation for the methodology
25 you used in this instance?

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1 A. Just what's in the package that you have there.

2 Q. Can you describe to me how you allocated costs?

3 A. I could. I guess I'd refer you to the overview
4 that is part of the study. It's a 1-1/2 page
5 description that describes that process.

6 Q. You've got a copy of the study before you, do you
7 not?

8 A. Yes.

9 Q. Referring to the overview, the first page of the
10 overview, the third paragraph down -- Well, let me back
11 up a little.

12 The second paragraph down says that you used Part
13 36 to do the allocations with one exception. The third
14 paragraph states that the one exception is nontraffic
15 sensitive message NTS or loop investment.

16 Can you walk us through how you allocated that?

17 MR. RAWLINGS: Just one
18 interruption.

19 For the record, just a note, I'm not sure
20 it's been noted before, we're now going to get into the
21 substance of the study which has been designated as
22 proprietary, and it's my understanding that all parties
23 present here agree that this is a proprietary -- has
24 been marked proprietary and will be -- the questions
25 and answers with regard to the study will be maintained

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1 as proprietary in the same manner as the study itself.

2 If there is any dissent from that, I
3 would like to know, but that's my understanding before
4 we begin.

5 MS. KELSEY: Does this mean that
6 you want all of this portion of the deposition under
7 seal?

8 MR. RAWLINGS: Well, I don't know
9 whether it's necessary to have it under seal. It would
10 be necessary, to the extent that parties want either
11 original or copies, to maintain the deposition in the
12 same manner as the protective agreement calls for.

13 MS. KELSEY: Let's go off the
14 record.

15 (Discussion held off the record.)

16 MR. RAWLINGS: Back on the record.
17 If I may, and correct me if I'm wrong,
18 perhaps I could make a brief statement.

19 MS. KELSEY: Sure. Go ahead.

20 MR. RAWLINGS: I would ask, I guess,
21 for a statement of dissent if what I'm saying is not
22 accurate from the lawyers present.

23 We're now getting into the fully
24 distributed cost study. We've been asking questions
25 about methodology and I'm sure subsequent questions

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1 will follow.

2 The FDC is a proprietary document and
3 Miss Kelsey has indicated that depending upon her
4 review, professional judgment, and review with clients,
5 she may or may not wish to file it.

6 In view of the fact that she may wish to
7 file it, it's been agreed to by the parties that the
8 questions and answers with regard to this study will be
9 maintained in proprietary status and that any filing of
10 the document would be under seal; is that correct?

11 MS. KELSEY: That's my
12 understanding.

13 MR. RAWLINGS: Okay. Thanks very
14 much.

15 BY MS. KELSEY:

16 Q. I'm sorry --

17 MR. RAWLINGS: He probably retained
18 that question in his mind.

19 (Question read back as requested.)

20 MR. ROSENBERRY: And the "that" is NTS
21 or loop investment?

22 MS. KELSEY: Yes.

23 MR. ROSENBERRY: Okay. Thanks.

24 THE WITNESS: Part 36 only says how
25 much of that loop investment goes to the state

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1 jurisdiction and below that does not address how to
2 allocate it to the five operations that this fully
3 distributed cost study starts with.

4 I allocated all of the loop investment to
5 the exchange operation within the state jurisdiction.

6 BY MS. KELSEY:

7 Q. Were there any other exceptions at all in the
8 allocations as to Part 36?

9 A. I don't believe there were in terms of getting
10 the stuff to those five operations. Some of the
11 sublevel, the detail, Part 36 did not address how to do
12 that, and we had to do make other allocations below the
13 five operations, but I think that was the only
14 exceptions to the five operations.

15 Q. When you got into the subgroups and had to make
16 your own determinations, how did you do that?

17 A. We tried to use the logic in Part 36 to the
18 extent that that was possible.

19 (Pause.)

20 Q. Can you point out to me what allocators you
21 actually used for those subparts?

22 A. For the cost groups below the five separations
23 operations, is that your question?

24 Q. Yes.

25 A. Well, there are lots and lots of them. The

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1 documentation is all in here. I could -- If you want
2 to talk about a particular category of plant, I could
3 tell you which allocator was used. There are several
4 hundred lines of investments and expenses that were
5 allocated to the different operations.

6 Q. Overall?

7 A. I believe so, yes.

8 Q. Can you start at the top and tell us which ones
9 are different?

10 A. Which allocators are different than the
11 separations allocators?

12 Q. Yes.

13 A. I think I'd just start at the beginning of the
14 binder and work through talking about the allocators, I
15 guess.

16 Q. Okay. Do you have a page number you can refer me
17 to? Oh, okay.

18 A. I believe the first case where we had to use
19 something other than pure Part 36 would be for in the
20 local switching investment, Account 210.

21 Q. And can you describe to me where that is?

22 A. Where in the study that appears?

23 Q. Can you point out the allocator to me?

24 A. Well, the study here describes how we actually
25 did the allocation. There are some investments within

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1 the local switching equipment category that we needed
2 to basically pull out of the Cell 1 group, things like
3 Centrex, which is not a Cell 1 service, we needed to
4 identify the investment that is within this local
5 switching equipment investment associated with Centrex
6 and pull it out to get it out of Cell 1.

7 Q. How did you do that?

8 A. That was based on some incremental studies for
9 Centrex service that identified the incremental
10 investment. That investment was aggregated, turned
11 into embedded investment, and that's how we identified
12 the investment, and then basically run it through this
13 process to pull it out of Cell 2 -- pull it out of Cell
14 1 and put it in the Cell 2 through 4 category.

15 Q. When you say "incremental studies", what kind of
16 incremental studies do you mean?

17 A. Well, they were studies that we used to support
18 Centrex filings, tariff filings with the Commission.
19 They would be probably LRSIC. They were 1991, 1992
20 studies. Somewhat the methodology changed slightly,
21 but it was basically LRSIC studies that we used to
22 identify that investment.

23 Q. What part of the methodology changed slightly?

24 A. I'm not sure that actually any of the philosophy
25 did. They may have been pure LRSIC studies. I don't

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1 recall any differences philosophically between the way
2 we did the studies and the way we do a LRSIC study
3 today.

4 Q. Well, you said you thought some of the
5 methodology may have changed and I was addressing the
6 methodology not the philosophy.

7 Can you describe how the methodology changed?

8 MR. RAWLINGS: Object to form.

9 You may answer.

10 THE WITNESS: It would be in terms
11 of factors, inflation factors would have been different
12 in 1991 than they are today.

13 Basically, we have a set of assumptions
14 that we follow doing these studies and they get updated
15 periodically as situations change, or we get better
16 information, so there may have been factors that
17 changed, but the philosophy was the same. The
18 methodology I would say is even the same, just some of
19 the factors may have changed.

20 BY MS. KELSEY:

21 Q. Does that mean the inputs were different?

22 A. Some of them, the inputs to those LRSIC studies,
23 would have been different than if we were doing the
24 study today.

25 Q. Is this a method that you generally use to make

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1 allocations?

2 A. We don't generally make allocations.

3 (Pause.)

4 Q. You just said that you used LRSIC studies to
5 remove the Centrex investment.

6 Did you use LRSIC studies to remove other costs?

7 A. Yes. The next line down, Custom Calling, that
8 was also based on LRSIC studies to identify the Custom
9 Calling investment.

10 Q. How about Packet Switching?

11 A. No. Packet Switching, the embedded investment
12 was available on the books of the Company, so we went
13 directly to accounting records for those numbers.

14 Q. What other services were allocated at a lower
15 level or at a subgroup level besides these three
16 services?

17 A. There are quite a few. I don't remember them
18 all. I can continue going through the book until I
19 come across the next one, if that's --

20 Q. That's fine. We can go page by page.

21 A. I believe Exchange Trunk Category 4.12, the
22 BELLBOY adjustment, was another one where we used
23 accounting records to identify the BELLBOY investment
24 that needed to be pulled out of Cell 1.

25 Q. So that was an embedded cost?

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1 A. Yes. Investment as it appears on the books of
2 the Company.

3 Private Line and Exchange Trunk. There we needed
4 to split the private line investment between the cells
5 because not all of it appears in Cell 1.

6 Q. How did you do that?

7 A. Well, that methodology is described both in the
8 write-up, and then there's an exhibit on the next page
9 that basically we used the percentage of loops that
10 were in the different cells to allocate the investment
11 to the different cells.

12 Q. Did you use an average loop cost or an
13 incremental loop cost?

14 A. Well, explicitly neither, but I guess implicitly
15 it would have been an embedded loop cost. We took the
16 loop investment as identified in separations and just
17 split it based on the percentages of the loops by cell,
18 so it was embedded.

19 There's Private Line investment in several of the
20 other categories that were all split the same way using
21 the percentage of loops to cells.

22 Q. What other categories?

23 A. Well, Category 4.13, for example. It's Private
24 Line Exchange. Line Circuit Equipment, 4.23, also has
25 the same methodology applied to distribute the private

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1 line embedded in the cost.

2 Cable and Wire has several private line
3 investments that were also done the same way, Account
4 2410.

5 Q. In the subscriber line --

6 MR. RAWLINGS: Excuse me just a
7 minute.

8 Do you want him to continue to go through
9 before the next question, or are you dropping this? I
10 think he was still --

11 MR. BUCKALEW: He skipped something,
12 that's all.

13 MR. RAWLINGS: Just so the record is
14 clear as to what we're trying --

15 THE WITNESS: Going back --

16 BY MS. KELSEY:

17 Q. Can you turn back to Subscriber Line, Category 1,
18 Account 2410? What adjustment was used for this
19 Centrex Intercom On Pay Telephone?

20 A. In that case we're pulling off the Cat 1
21 investment that's associated with nonCell 1 services,
22 which would have been the Centrex intercom loops and
23 the pay telephone loops.

24 The reason I didn't stop at those is because I
25 feel we were using separations methodology at that

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1 point. Loops is the allocator for Cat 1. Loops is
2 what we used to split it out.

3 Q. Okay.

4 (Pause.)

5 MR. RAWLINGS: The witness is
6 continuing to flip pages.

7 Are you asking him to do that through the
8 remainder of this book or --

9 MS. KELSEY: Off the record.

10 (Discussion held off the record.)

11 MS. KELSEY: Back on the record.

12 BY MS. KELSEY:

13 Q. I would like to clarify in response to a question
14 from the witness' counsel that what we are doing here
15 is going through the cost study and identifying every
16 category that was not allocated in a traditional Part
17 36 manner and we will continue to do that.

18 Thank you, Mr. Hollinger.

19 A. Thank you.

20 MR. RAWLINGS: Let the record
21 reflect I have no objection on that basis, assuming the
22 witness knows what a traditional manner is. If he
23 understands what you mean by "traditional," and lack
24 thereof, he's more than welcome to answer it.

25 MS. KELSEY: I didn't ask him what

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1 he meant by the logic of Part 36, but it's my
2 understanding that what we're doing here is looking at
3 every category that, in fact, is not covered by Part
4 36.

5 MR. RAWLINGS: Does it for me.

6 MS. KELSEY: Thank you.

7 MR. RAWLINGS: You're welcome.

8 THE WITNESS: In Cable and Wire,
9 Cat 3, again, we used the loop to split between the
10 cells.

11 BY MS. KELSEY:

12 Q. Can you pause there, please?

13 A. Yes.

14 I'm hesitating over IOT. I guess I characterize
15 that as another Part 36.

16 Q. IOT standing for Information Origination
17 Termination?

18 A. Yes. We use loops there. I think that's
19 consistent with Part 36.

20 Q. Do the expenses allocation -- Were the expenses
21 allocations done in the same way that the investment
22 allocations were done?

23 A. In the general sense that we followed Part 36
24 where Part 36 -- where we would do that, the answer is
25 yes.

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1 Q. In those categories --

2 MR. RAWLINGS: I'm sorry to
3 interrupt. I don't know whether you finished your
4 answer or not.

5 THE WITNESS: I think I had.

6 MR. RAWLINGS: Okay.

7 MS. KELSEY: Can you read back the
8 beginning of my question?

9 (Record read back as requested.)

10 BY MS. KELSEY:

11 Q. In those categories where Part 36 did not apply,
12 did you follow the same methodology that you followed
13 with the investment?

14 A. Again, yes, in the sense that we tried to follow
15 the logic of Part 36 as closely as possible.

16 Q. Are there any exceptions that we haven't already
17 discussed?

18 A. I think there's at least one.

19 Q. What is that one?

20 A. In the case of 66- -- Well, in the case of 6620,
21 there are several subcategories there where all the
22 detail was not available, and I believe it was at least
23 one case where we had to use revenues where that was
24 not the Part 36 allocators.

25 Q. What were those categories?

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1 (Pause.)

2 A. I don't recall the Part 36 allocators off the top
3 of my head. I see that Cat 2 revenue accounting was
4 allocated based on revenue. I'm not sure that was an
5 exception or where Part 36 does use revenues.

6 Q. Would you refer to Part 36? We have a copy here.

7 A. If your question is does Part 36 use revenues to
8 allocate Cat 2, Subcategory 3, I guess I would need to
9 refer to it.

10 MR. ROSENBERRY: While the witness is
11 refreshing his recollection with Part 36, can I
12 inquire, at the point where you began asking questions
13 about expense allocations as opposed to investment
14 allocations, had the witness at that point concluded
15 his discussion of the allocation investment or plant?

16 MS. KELSEY: Oh.

17 MR. ROSENBERRY: Because I don't know
18 whether, based on what I've heard thus far, we had
19 gotten through all the allocation of investment at that
20 point.

21 MS. KELSEY: Yes, we had.

22 MR. ROSENBERRY: Thank you.

23 MS. KELSEY: I'm sorry.

24 MR. ROSENBERRY: That's okay. I just
25 wanted to make sure.

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1 THE WITNESS: It looks like this
2 message processing subcategory is allocated in Part 36
3 on the basis of messages, which this was a case where
4 if we didn't have the necessary detail we used revenues
5 instead.

6 BY MS. KELSEY:

7 Q. Thank you.

8 Any other exceptions?

9 A. I don't believe there are outside of 6620. There
10 is probably another subcategory of 6620 where we have
11 the same thing, Part 36 used one allocator and we used
12 a revenue allocator. It will take me a while to find
13 it if you need the detail.

14 Q. That won't be necessary. Thank you.

15 A. Okay.

16 Q. Does Ohio Bell intend to use the fully
17 distributed cost study for any purpose?

18 MR. RAWLINGS: Object.

19 You may answer.

20 THE WITNESS: Other than to satisfy
21 the Staff's request, no.

22 MS. KELSEY: Can we go off the
23 record for a minute?

24 (Discussion held off the record.)

25 MS. KELSEY: Back on the record.

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1 BY MS. KELSEY:

2 Q. Mr. Hollinger, if you know, what are the
3 interstate CCL revenues -- most recently available
4 interstate CCL revenues for the Company?

5 A. I don't know.

6 Q. In that case, do you know where someone who
7 wanted to determine those revenues could find them?

8 A. Interstate CCL revenues, you said?

9 Q. Yes.

10 A. I believe they're available on one of the ARMIS
11 reports that's filed with the FCC.

12 Q. Do you know which one?

13 A. I don't recall the number offhand, no. It's been
14 a while since I've looked at those.

15 MS. KELSEY: Okay. Thank you, Mr.
16 Hollinger. I have nothing further.

17 - - -

18 EXAMINATION

19 BY MR. ROSENBERRY:

20 Q. I'm going to go next, Mr. Hollinger.

21 My name is Dick Rosenberry. Our firm represents
22 Timer Warner AxS in this proceeding.

23 Would you look at Page 5 of your direct
24 testimony, please, if you have it with you?

25 A. Yes.

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1 Q. I want to direct your attention to the last
2 sentence in the carry-over answer that begins on Page 4
3 and carries over to Page 5. You want to take a look at
4 the question on Page 4 and look at the last sentence on
5 Page 5 in that answer?

6 A. Yes.

7 Q. Okay. Can you indicate whether or not the
8 Company is -- it's the Company's intention to use the
9 cost of conducting studies as a means of supporting its
10 alternative regulation filing in this case?

11 MR. RAWLINGS: Object; but, you may
12 answer.

13 THE WITNESS: Could I hear the
14 question again?

15 BY MR. ROSENBERRY:

16 Q. Well, let me reask it.

17 It's your testimony here, isn't it, that if the
18 PUCO and the FCC change the form of regulation, that
19 the Company could thereby avoid the expense of
20 conducting certain studies, right?

21 A. Yes.

22 Q. Okay. And is the avoidance of the expense of
23 conducting those studies a reason to justify the
24 approval by the Commission of an alternative form of
25 regulation in this case?

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1 MR. RAWLINGS: Object.
2 You may answer, if you know.
3 (Pause.)

4 THE WITNESS: I guess I'm not
5 really sure I do know.

6 Certainly, the approval of Advantage Ohio
7 in and of itself will not allow us to stop doing
8 separations studies; they're still required for the
9 FCC.

10 BY MR. ROSENBERRY:

11 Q. Now, can you give us an indication of the cost of
12 conducting a separations study?

13 A. Not a very good one. I know that there are
14 multiple people. I don't have a current count of the
15 number of people in Ameritech devoted to doing
16 separations studies, but certainly 10, at least -- 10
17 or 20, at least, and there may be more than that doing
18 separations studies, doing the whole separations
19 process today.

20 Q. Is most of the cost of conducting a separations
21 study labor related?

22 A. I'm not sure.

23 Q. Okay. Would it be fair to say that you did not
24 have in mind when preparing your testimony any specific
25 cost associated with preparing a separations study; in

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1 other words, you haven't identified \$50,000 or \$100,000
2 as a cost that would be avoided?

3 A. No, I have not identified the avoidable cost.

4 Q. On Page 7 of your testimony, in the answer to
5 Question 15, in the last sentence you indicate that a
6 few studies are completed at less frequent intervals
7 due to their complexity.

8 Could you identify those studies?

9 A. I don't recall all of them. One that comes to
10 mind, the Host Remote study, is one that I think is
11 done only every few years. We recently completed one.
12 The Contact study is another one that's not done every
13 year, a very detailed study.

14 I'm sure there are a couple others, but I don't
15 recall them.

16 Q. When you say that the Host Remote study was
17 recently completed, can you indicate when it was
18 completed?

19 A. Sometime in '93. Mid-'93, I believe.

20 Q. Did the Host Remote study play any role in the
21 development of the Company's alternative regulation
22 filing?

23 A. The study that was just recently completed?

24 Q. Yes.

25 A. It did not change any numbers. I looked at the

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1 impact to see if it was a big enough change that it
2 would have required modification, and it wasn't. It
3 was a very small change. We did not make any change as
4 a result of that new study.

5 Q. Now, if we were ask for a copy of the Host Remote
6 study, since today is the last day to forward discovery
7 requests to the Company, would it be adequate for your
8 purposes to identify it as the 1993 Host Remote study,
9 or was there a more particular name you would need in
10 order for us to adequately identify it?

11 A. I think that's adequate.

12 Q. Okay. Would you look at Page 17 of your prefiled
13 testimony, please?

14 MR. ROSENBERRY: For the record, that
15 doesn't necessarily mean we will ask for it, Mr.
16 Rawlings.

17 MR. RAWLINGS: I understand. I knew
18 if you would, were going to ask for it, you would do
19 so, Dick.

20 BY MR. ROSENBERRY:

21 Q. All right. In the answer to Question 33, Mr.
22 Hollinger, you indicate that Ohio Bell's loss of
23 portions of its access business to competitors will
24 accelerate.

25 Do you see the sentence I'm referring to there?

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1 A. Yes, I do.

2 Q. Now, could you indicate for the record what
3 portions of access business or what percentage of
4 access business has already been lost to competitors?

5 A. No, I do not know that percentage.

6 Q. If you do not, who among the witnesses the
7 Company has identified as offering direct testimony in
8 this case would know the answer to that question?

9 MR. RAWLINGS: Object.

10 You may answer.

11 BY MR. ROSENBERRY:

12 Q. If you know.

13 A. I don't know that any of the witnesses would know
14 that answer.

15 Q. To your knowledge, has Ohio Bell lost portions of
16 its access business to competitors?

17 A. I can't quote you a specific example. I'm
18 confident that they have lost some. I can't quantify
19 it. As I say, I can't quote you a specific example.

20 Q. What was the basis then for the testimony here in
21 the first sentence that if you don't know any specifics
22 that Ohio Bell's loss of portions will accelerate?

23 MR. RAWLINGS: Object to form; but,
24 you may answer.

25 THE WITNESS: It's based on the

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1 logical, I believe, conclusion that as it's more
2 convenient, as it's easier for a competitor to compete,
3 he's going to be more successful in that competition.

4 BY MR. ROSENBERRY:

5 Q. What do you mean by "easier to compete"?

6 A. That was the intention of the FCC in this
7 expanded interconnection docket, to make it easier for
8 a competitor to use portions of our network to provide
9 his own service.

10 Q. But you can't identify today what portion of your
11 access business has been lost to competitors?

12 A. I do not have an estimate of the percentage that
13 has been lost, no.

14 Q. Can you identify any of the competitors to which
15 some portion of your access business has been lost, if
16 any?

17 A. Again, I have no specific examples of loss.

18 Q. Or no specific examples of competitors to which
19 access business has been lost?

20 (Mr. Cohen entered the room.)

21 A. No.

22 Q. Are you saying -- Are you saying yes, you have no
23 specific examples of competitors to which some portion
24 of your access business has been lost?

25 A. Yes, I know of no specific examples of business

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1 that have been lost to a competitor.

2 Q. Nor do you -- can you identify today any
3 competitors by name to which that business has been
4 lost?

5 A. I know of competitors that have been authorized
6 by the Commission to compete. I cannot tell you that
7 we have lost business to them or which business we have
8 lost to them.

9 Q. Can you identify the competitors?

10 MR. RAWLINGS: Is the question can
11 he generally identify competitors?

12 BY MR. ROSENBERRY:

13 Q. By name. Can you identify them by name?

14 A. Well, I believe Time Warner, it's my
15 understanding, has been authorized to compete, for
16 example.

17 Q. Any others?

18 MR. RAWLINGS: I will object; but,
19 you may answer, if you know.

20 THE WITNESS: I guess I can't with
21 100 percent assurance tell you which ones have been --
22 have gotten Commission approval or not.

23 BY MR. ROSENBERRY:

24 Q. Now, on Page 18, in the last paragraph in the
25 answer to Question 33, the first sentence refers to

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1 competitive losses of access service.

2 Is the access service that you refer to there the
3 special access and switched access expanded
4 interconnection service that is referred to in the very
5 first sentence of the answer to Question 33?

6 A. Yes. The access service in the last paragraph I
7 refer to is the same as the access service in the first
8 sentence, I believe is your question, yes.

9 MR. ROSENBERRY: That's all I've got.
10 Thank you.

11

12 EXAMINATION

13 BY MR. HOWARD:

14 Q. Good morning, Mr. Hollinger.

15 A. Good morning.

16 Q. My name is Steve Howard, and I represent the Ohio
17 Cable Television Association, and I will have a few
18 questions for you this morning.

19 Let's stay with Mr. Rosenberry's last line of
20 questioning on Pages 17 and 18.

21 Would you first turn to Page 17? I would direct
22 your attention to the first sentence in response to
23 Question 33.

24 Have you performed any empirical studies which
25 measure the loss of access services due to the FCC's

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1 pro-competitive actions which you refer to at the
2 bottom of Page 16?

3 A. No, I have not.

4 Q. In response to Question 33, you state, "As
5 special access and switched access expanded
6 interconnection occur, Ohio Bell's loss of portions of
7 its access business to competitors will accelerate."

8 How would Ohio Bell determine that its loss of
9 portions of its access business to competitors will
10 accelerate other than, I think you made reference to, a
11 logical approach that you indicated in response to Mr.
12 Rosenberry's question?

13 A. It would be very difficult to quantify. I'm not
14 sure how you could actually quantify the amount of
15 loss, if that's your question.

16 Q. Would you turn to Page 18? With respect to the
17 statement in response to Question 33 that to the extent
18 that competitive losses of access service occur
19 disproportionately in the interstate jurisdiction, this
20 affect will be even more pronounced.

21 How would Ohio Bell determine that competitive
22 losses of access service occur disproportionately in
23 the interstate jurisdiction?

24 A. Again, I think the logical conclusion seems
25 fairly straightforward to me, that high capacity

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1 services are the ones that are most likely to attract a
2 competitor and they are highly concentrated in the
3 interstate jurisdiction due to the FCC's rules.

4 If you're asking me how I would quantify that,
5 again, it would be a very difficult thing to actually
6 quantify.

7 Q. Have you done any studies in an effort to
8 quantify that?

9 A. No, I have not.

10 Q. Other than Ohio Bell Exhibits 2 and 30, are you
11 sponsoring or co-sponsoring any other exhibits in Case
12 No. 93-487?

13 A. No.

14 Q. Okay. Other than to support the day-to-day
15 business and the tariff filings, what types of cost
16 studies have you supervised since cost studies were
17 added to your former responsibilities in December of
18 1992?

19 A. Could I hear the question again?

20 (Question read back as requested.)

21 THE WITNESS: I think other than
22 that, only this FDC study that we've talked about
23 already.

24 BY MR. HOWARD:

25 Q. Except for those discussed in Dr. Currie's

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1 testimony, are the performance of LRSIC studies
2 performed under your supervision?

3 MR. RAWLINGS: Object to form.

4 You may answer.

5 THE WITNESS: Are you asking are
6 all LRSIC studies other than those performed under my
7 supervision?

8 BY MR. HOWARD:

9 Q. Yes.

10 A. Not necessarily.

11 Q. Which ones would be performed under your
12 supervision, putting aside Dr. Currie's studies?

13 A. Mostly Ohio -- Most of all the Ohio-specific
14 studies would be done under my supervision. Some
15 regional studies would also be done under my
16 supervision. Some other regional studies that would be
17 used in Ohio might be done under some other manager in
18 Ameritech's supervision.

19 Q. In your position of Manager of Cost Operations --
20 And did I get the title right?

21 A. Yes.

22 Q. Okay.

23 -- are you an Ohio Bell employee or an Ameritech
24 employee?

25 A. I'm an Ameritech employee.

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1 Q. Okay. Is your business domicile still Ohio?

2 A. Yes.

3 Q. After the hearing in this proceeding is over,
4 will you be responsible for all long run service
5 incremental cost studies?

6 A. I would answer that the same, my responsibilities
7 will not change after this is over in terms of LRSIC
8 studies.

9 Q. Before cost studies were added to your
10 responsibility, who had responsibility for the
11 performance of long run service incremental cost
12 studies?

13 A. They are performed by the cost analysts who
14 mostly report to me today.

15 Q. How many cost analysts are under your supervision
16 today?

17 A. Five.

18 Q. And Dr. Currie is not one of those five, correct?

19 A. Correct.

20 Q. As Manager of Rates and Access Planning from 1983
21 to 1987, what type of demand forecasts did you plan,
22 prepare and supervise?

23 A. Forecasts of switched access demands, minutes of
24 use demand, and I believe also some special access
25 forecasting.

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1 Q. Why are demand forecasts conducted?

2 A. For many reasons.

3 Q. Can you enlighten us on naming a few that come to
4 mind, anyway?

5 A. Well, most of the demand forecasts I performed in
6 that job were because it was a requirement of the FCC
7 and part of the annual filing requirements.

8 Q. Would demand forecast information be necessary to
9 Ohio Bell in order to efficiently plan deployment of
10 plant?

11 MR. RAWLINGS: Object.

12 You may answer.

13 THE WITNESS: Necessary is a strong
14 word. I would certainly think it would be useful
15 information.

16 BY MR. HOWARD:

17 Q. Would demand forecast information or forecasted
18 changes in demand be necessary or useful to Ohio Bell
19 in determining if competition exists for a particular
20 service?

21 MR. RAWLINGS: Object.

22 You may answer.

23 THE WITNESS: Could I hear the
24 question again?

25 (Question read back as requested.)

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1 THE WITNESS: It could be useful.

2 It could be useful, yes.

3 BY MR. HOWARD:

4 Q. Would demand forecast information be a necessary
5 input to determine a compensatory rate for a particular
6 service?

7 MR. RAWLINGS: Object.

8 You may answer.

9 THE WITNESS: I'm not sure that it
10 would be necessary.

11 BY MR. HOWARD:

12 Q. Would it be useful?

13 MR. RAWLINGS: Same objection. This
14 is not the pricing witness.

15 You may answer, if you know.

16 THE WITNESS: It may, depending on
17 the circumstances.

18 BY MR. HOWARD:

19 Q. Would demand forecast information be a necessary
20 input in determining forecasted market share of Ohio
21 Bell for a particular service?

22 MR. RAWLINGS: Object.

23 You may answer.

24 THE WITNESS: I need to hear that
25 one again, too.

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1 (Question read back as requested.)

2 THE WITNESS: I'm not sure that it
3 would be necessary.

4 BY MR. HOWARD:

5 Q. Would it be useful?

6 MR. RAWLINGS: Same objection. Same
7 instruction.

8 THE WITNESS: It may. I don't know
9 that it necessarily would.

10 BY MR. HOWARD:

11 Q. Okay. Have you ever performed demand studies
12 analyzing current demand for particular services?

13 A. I do not recall doing a study like that.

14 Q. Do the accounting records of Ohio Bell kept on a
15 total Company basis in accordance with the Uniform
16 System of Accounts reflect actual total historical and
17 embedded costs?

18 MR. RAWLINGS: Object.

19 You may answer.

20 THE WITNESS: It's my understanding
21 that is the intent, yes.

22 BY MR. HOWARD:

23 Q. Would such accounting records reflect common
24 overhead costs?

25 MR. RAWLINGS: Same objection. Same

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1 instruction.

2 THE WITNESS: Some cost that I
3 would classify as common overhead would appear in the
4 books of the Company, yes.

5 BY MR. HOWARD:

6 Q. Would there be other common overhead costs that
7 would not?

8 MR. RAWLINGS: Object.

9 You may answer.

10 THE WITNESS: Well, forward-looking
11 costs, what I would call overhead, would not yet appear
12 on the books of the Company.

13 BY MR. HOWARD:

14 Q. Okay. All right. Would that be the only type of
15 common overhead costs that would not be reflected in
16 the books of the Company?

17 MR. RAWLINGS: Same objection. Same
18 instruction. He's not the accounting witness, Steve,
19 in case there was any question as to at least one basis
20 for the objection. That's one. Should be clear. This
21 is not the accounting witness.

22 If you know, however, you may answer.

23 THE WITNESS: I don't think I know.
24 There's a lot of different definitions of cost.

25 BY MR. HOWARD:

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1 Q. Would such accounting records reflect joint
2 costs?

3 MR. RAWLINGS: Same objection. Same
4 instruction.

5 THE WITNESS: I would answer those
6 the same way.

7 BY MR. HOWARD:

8 Q. Would you give me an example of a cost that is
9 directly assigned to operations? Let me make reference
10 to Page 5 of your testimony, the response to Question
11 12, the last sentence of the first full paragraph.

12 A. Cost of high capacity special access services are
13 typically identifiable and directly assigned.

14 Q. High capacity, and I didn't hear the last part.

15 A. Special access services.

16 Q. Thank you.

17 Could you give me an example of a cost where
18 direct assignment is not possible?

19 A. Local switching equipment.

20 Q. Why would you employ an appropriate use factor
21 where direct assignment is not possible?

22 A. Why would I do that?

23 Q. Yes.

24 A. Part 36 tells me to.

25 Q. Okay. Why do you think Part 36 tells you to do

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1 that?

2 MR. RAWLINGS: Object. I don't know
3 whether this question asks him to gauge the intent of
4 the drafters of the FCC.

5 If you know that, you can answer.

6 THE WITNESS: I don't. I know Part
7 36 says to do it that way and Part 36 was written long
8 before my time.

9 BY MR. HOWARD:

10 Q. All right. Why wouldn't it be appropriate to
11 directly assign costs to interstate operations where
12 possible and to directly assign costs to intrastate
13 operations where possible and to arbitrarily place all
14 of the costs where direct assignment is not possible in
15 the interstate portion?

16 MR. RAWLINGS: Object to form.
17 You may answer.

18 THE WITNESS: I didn't understand
19 the question, if either it could be read back or
20 restated.

21 BY MR. HOWARD:

22 Q. I will try it again.

23 A. Okay.

24 Q. Would it be appropriate, in your view, to
25 directly assign costs to interstate operations where

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1 it's possible and to directly assign costs to
2 intrastate operations where possible and then we have a
3 category of costs that aren't susceptible of direct
4 assignment? Are you with me thus far?

5 A. I think so.

6 Q. All right. Would it be fair, in your view, to
7 take that category of costs where direct assignment is
8 not possible and to put all those costs in the
9 interstate jurisdiction?

10 MR. RAWLINGS: I will object to the
11 obvious compound nature of the question; but, if you
12 understand it and know the answer, you may answer it.

13 THE WITNESS: I think it depends on
14 the purposes. There's too many hypotheticals in there,
15 I guess.

16 BY MR. HOWARD:

17 Q. What is the purpose of separations?

18 A. To identify the costs, the historical costs of
19 the Company that are subject to federal regulation and
20 federal jurisdiction versus state jurisdiction.

21 Q. Okay. Well, if you don't properly identify those
22 costs, what happens?

23 MR. RAWLINGS: Object.

24 You may answer.

25 THE WITNESS: Again, I think I need

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1 more specifics to answer that.

2 BY MR. HOWARD:

3 Q. Would a purpose of separations be to try to
4 establish a fair assignment of interstate costs to the
5 interstate jurisdiction and intrastate costs to the
6 intrastate jurisdiction?

7 A. It could be.

8 Q. Should interstate customers pay for intrastate
9 costs?

10 MR. RAWLINGS: Object.

11 You may answer.

12 THE WITNESS: I think we're into
13 rate design here, but my personal feeling is that
14 customers should pay for the costs that they cause.

15 BY MR. HOWARD:

16 Q. All right. Let's move on to Page 8 of your
17 testimony, and in response to Question 18 you refer to
18 certain "nonjurisdictionalized amounts" which must be
19 removed from the total account balances before the
20 separation process occurs.

21 Isn't it true that before you institute Part 36
22 separation procedures which separates interstate costs
23 from intrastate costs you must first separate regulated
24 from nonregulated costs under FCC Part 64?

25 MR. RAWLINGS: Object to the form of

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1 the question.

2 You may answer it, if you understand it
3 and know.

4 THE WITNESS: Yes, it is necessary
5 to get rid of the nonregulated -- the nonsubject to
6 separations cost before you subject them to
7 separations.

8 BY MR. HOWARD:

9 Q. Who in Ohio Bell or Ameritech was responsible for
10 the separation between regulated and nonregulated
11 costs?

12 A. For purposes of this proceeding we're discussing
13 now?

14 Q. Yes.

15 A. Mr. Kukla.

16 Q. And would Mr. -- Well, Mr. Kukla, I believe,
17 makes reference to that on Page 14 of his testimony.

18 Do you know, is he the Ohio Bell witness who
19 would sponsor testimony on that aspect of the
20 separations process?

21 MR. RAWLINGS: I will object.

22 You may answer.

23 Asking him to agree with Page 14, the
24 predicate to the question, as well as the question, or
25 what, Steve?

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1 MR. HOWARD: No. If that's
2 confusing, I will withdraw the question.

3 MR. RAWLINGS: Okay.

4 BY MR. HOWARD:

5 Q. Who in Ohio Bell is going to sponsor testimony on
6 that aspect of the separations process?

7 MR. RAWLINGS: Object.

8 You may answer.

9 THE WITNESS: I don't understand
10 what part of the separations process. To me, that's a
11 Part 64 process not a Part 36 process.

12 BY MR. HOWARD:

13 Q. Okay. Is a Part 64 process not considered by you
14 to be part of the separations process?

15 A. It happens before separations.

16 Q. Okay. So if I use the term "separations", in
17 your mind that does not include the Part 64 process,
18 correct?

19 A. I guess it depends on how you use part -- the
20 separations process.

21 Q. Okay. Do you use --

22 MR. RAWLINGS: Excuse me. He may
23 well have completed his answer, but I don't know that
24 he did.

25 THE WITNESS: I did.

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1 MR. RAWLINGS: Okay. Excuse the
2 interruption.

3 BY MR. HOWARD:

4 Q. Do you use the separations process term to mean
5 only the Part 36 process?

6 A. Yes.

7 Q. Okay. And the Part 64 process would be outside
8 the term of separations?

9 A. Yes.

10 Q. Do you have anything -- any input in the Part 64
11 process?

12 A. No.

13 Q. Okay. On Page 8, in response to Question 18, you
14 define the term "subject to separations account
15 balance".

16 What percentage of the "subject to separations
17 account balance" would you estimate involves directly
18 assignable costs?

19 A. I don't have a good estimate for that number;
20 certainly, less than half.

21 Q. So the percentage of subject to separations
22 account balance, which involves costs that are not
23 directly assignable, would be greater than half?

24 A. Yes.

25 Q. Why don't you use forward-looking costs for

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1 separation purposes instead of historical costs?

2 A. The intent of Part 36 is to separate the accounts
3 as defined in Part 32 of the FCC's rules. Those are
4 not forward-looking costs.

5 Q. Okay. Would you turn to Page 16 of your
6 testimony, please?

7 In response to Question 32, you indicate that the
8 FCC is in the process of establishing expanded
9 interconnection for switched access.

10 Has the FCC established expanded interconnection
11 for switched access?

12 A. Yes, I believe it has.

13 MR. HOWARD: If I can have just
14 one moment, I think I'm close to done.

15 (Short recess taken.)

16 MR. HOWARD: Back on the record.

17 Thank you very much, Mr. Hollinger. I
18 have no more questions. Thank you.

19 THE WITNESS: You're welcome.

20 MS. KELSEY: Well, I don't have
21 any redirect.

22 MR. RAWLINGS: We're done.

23 Are you going to order it out?

24 MS. KELSEY: Yeah.

25 MR. RAWLINGS: We will read it then.

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1 MS. KELSEY: Okay.
2 (Signature not waived.)
3 - - -
4 (Thereupon, the deposition concluded at
5 12:02 p.m. on Wednesday, April 20,
6 1994.)
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State of Ohio,)
County of), SS:

Paul E. Hollinger, having been duly sworn and cautioned, deposes and says that:

I have read the transcript of my deposition taken on Wednesday, April 20, 1994, and made all necessary changes and/or corrections as noted on the attached correction sheet, if any.

Paul E. Hollinger

Sworn to before me and subscribed in my presence
this _____ day of _____, 19____.

Notary Public

My Commission Expires:

— — —

C E R T I F I C A T E

The State of Ohio,)
County of Delaware,) SS:

I, Deborah J. Holmberg, CM, Registered
Professional Reporter and Notary Public within and for
the State of Ohio, hereby certify that the foregoing is
a true and accurate transcript of the deposition
testimony, taken under oath on the date hereinbefore
set forth, of

Paul E. Hollinger

I further certify that I am neither attorney or
counsel for, nor related to or employed by any of the
parties to the action in which the deposition was
taken, and further that I am not a relative or employee
of any attorney or counsel employed in this case, nor
am I financially interested in the action.

Deborah J. Holmberg
Deborah J. Holmberg, CM,
Registered Professional
Reporter and Notary Public
in and for the State of
Ohio.

My Commission expires:
October 7, 1996.



May 12, 1994

McGinnis & Associates, Inc.
175 S. Third Street
Columbus, OH 43215-5134

Re: Deposition of Paul Hollinger
Case No. 93-487-TP-ALT

Enclosed are the signature page and errata sheet for
Paul Hollinger's deposition in The Ohio Bell Telephone Company
case referenced above.

Very truly yours,

A handwritten signature in cursive script that reads "Mary S. Case".

Mary S. Case
Paralegal

Enclosures



MC GINNIS & ASSOCIATES, INC.
COLUMBUS, OHIO (614) 431-1344

A F F I D A V I T

State of Ohio,)
County of Cuyahoga,) SS:

Paul E. Hollinger, having been duly sworn and
cautioned, deposes and says that:

I have read the transcript of my deposition taken
on Wednesday, April 20, 1994, and made all necessary
changes and/or corrections as noted on the attached
correction sheet, if any.

Paul E. Hollinger
Paul E. Hollinger

Sworn to before me and subscribed in my presence
this 12th day of May, 1994.

Mary S. Case
Notary Public

My Commission Expires: January 25, 1999.

I have read/have had read to me the entire transcript of my deposition taken on the 20th day of April 1994.

I request that the following 4 changes be entered upon the record for the reasons indicated. I have signed, before a notary, my name to the affidavit page and authorize you to attach the same to the original transcript.

#	Page	Line	Correction or change and reason therefor
1.	20	20	Change "210" to "2210"; transcription error
2.	24	24	Insert "Private" before "Line Circuit Equipment"; either transcription error or misspoke
3.	27	24	Change "would" to "could"; transcription error
4.	43	13	Change "are" to "were"; transcription error

SIGNATURE: Paul E. Holly

DATE: 5-12-94