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DOCKETING DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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

Testimony of
William P. Groves

Telecommunications
Staff Exhibit _____

1 1. Q. Would you please state your name, address, and position?
2

3 A. William P. Groves, 180 East Broad Street, Columbus, Ohio, 43215. I am
4 currently employed by the Public Utilities Commission as a
5 Telecommunications Rate Analyst.
6

7 2. Q. Please summarize your responsibilities for the Public Utilities
8 Commission.
9

10 A. I am responsible for tariff and rate matters concerning tariff filings and
11 Alternative Regulation rate cases filed by telecommunications companies.
12 I also participated in the workshops conducted prior to the establishment
13 of the Commission's Rules for Alternative Regulation of Large Local
14 Exchange Companies.
15

16 3. Q. Please state your background and qualifications.
17

18 A. I attended Ohio University and graduated from Franklin University with
19 a Bachelor of Science cum laude in Business Administration. I completed
20 training in Field Radio Mechanics School at Fort Benning, Georgia and an
21 Engineering Drawing Standards Course at Western Electric Company in
22 Columbus. In addition, I have attended the Rate Case Training Program
23 given by the PUCO, and functioned as instructor, attended a seminar
24 Workshop in Washington, DC, on Utility Rate Making, sponsored by
25 Public Service Consultants, Seattle, Washington, a NERA Marginal Cost
26 Short Course in St. Louis, Missouri, and a workshop on Electric Cost of
27 Service sponsored by the National Regulatory Research Institute,

1 Columbus, Ohio. I have attended numerous forums and seminars on
2 telecommunications-related subjects such as impact of Judge Green's
3 Modified Final Judgment concerning the settlement of AT&T's
4 divestiture, ISDN, CLASS services, Billing and Collection, and PCN.
5

6 From October through December 1967 and December 1969 through August
7 1970, I was employed at the Western Electric Company and during the
8 interim period of December 1967 to December 1969, I served in the U.S.
9 Army.
10

11 I began my employment at the Public Utilities Commission in June 1973,
12 as an Engineering Technician and later as a Utility Examiner for the
13 Accounts and Valuation Division. In July of 1978, I began the duties of
14 rate analyst for the Rates and Tariffs Division. From December, 1979 to
15 December, 1983, I was Chief of the Electric Section. From December, 1983
16 to September, 1984, I was Chief of the Energy Applications Section. From
17 September 1984 to October, 1986 I was Chief of the Gas Section.
18

19 From October 1986 to September, 1988, I was employed by Access Energy
20 (Yankee Resources) as Manager of Contracts and Transportation. I acted as
21 a computer consultant and office manager for the Ohio Solid Organ
22 Transplantation Consortium in November and December 1988.
23

24 In January, 1989, I was employed in my present position by the Public
25 Utilities Commission in the Telecommunications Division.

1 4. Q. Have you previously testified before the Commission?
2

3 A. Yes, I have presented testimony in numerous cases before the
4 Commission. A compilation is attached to my testimony as Appendix
5 WPG-1.
6

7 5. Q. What is the purpose of your testimony?
8

9 A. My testimony supports the Staff's recommendations on the plan renewal
10 and reporting requirements as outlined on pages 50 to 54 and 58 to 60 of
11 the Staff Report and covers the following objections: AARP 29 & 35;
12 Ameritech E18, E19, E20, K1, K2, and K3; Edgemont 40; IXC Coalition 10;
13 and OCTVA 33, 34, and 36.
14

15 6. Q. Why is it necessary to have a 90-day Commission review period for the
16 annual price cap (PCI) adjustments as recommended by Staff? (Ameritech
17 E18)
18

19 A. As stated in the Staff Report, administratively there needs to be sufficient
20 time for Staff to review the Company's PCI adjustment, determine that
21 the data filed appropriately reflect federal government indicators and that
22 other interested persons have an opportunity to review and object to the
23 Company's adjustments. For this process to be fully effective, the Staff
24 needs time to review the objections filed by interested persons, and submit
25 its own recommendations.

1 The federal government adjusts its GDP-PI indices from time to time to
2 reflect more accurate information, therefore, as indicated in the Staff
3 Report, these adjustments should take into consideration and reflect the
4 available information prior to July 1.
5

6 7. Q. Why does the Staff support the concept that interested persons be afforded
7 a 30-day period in which to file objections to the proposed PCI
8 adjustments? (AARP 29, Ameritech E18, E19, E20)
9

10 A. The 30-day period provides intervenors an opportunity to file their
11 comments concerning the proposal for PCI adjustments but does not
12 specifically require hearings or delays in the contemplated 90-day review
13 process which annually ends on July 1. The PCI updates or adjustments
14 will be the result of straight forward arithmetic calculations of publicly
15 available data. In most situations, it is generally expected that input from
16 parties other than Staff will not be required.
17

18 8. Q. What is the Staff's position on the Company filing jurisdictional revenue
19 and expense information in the fourth year of the plan? (OCTVA 33)
20

21 A. Although not specifically addressed in the Staff Report, the Staff reserves
22 the option to request appropriate accounting information similar to
23 information as that which is required in determining a fair rate of return
24 in a traditional rate case. The Company should maintain its accounting
25 and other records necessary to provide such information, if requested.
26

1 9. Q. Please explain how the Staff's recommendation of a five year review
2 period of the Company's plan provides an adequate review process
3 relative to the eight year sunset provision of Chapter 4927, Revised Code.
4 (AARP 35, Ameritech K1, K3)
5

6 A. The Staff recommends that the Company's plan expire at the end of five
7 years, at which time the price cap process will be evaluated. It will be up to
8 the Company to propose a new plan at the conclusion of the five year
9 period. Therefore, the eight year sunset provision will not become
10 effective.
11

12 10. Q. Please explain why the Staff proposes a sunset of the Company's plan at
13 the end of five years. (AARP 35, Ameritech K1, K3)
14

15 A. In balancing the interests of the Company with the interests of the general
16 public, Staff believes that it is appropriate to allow the Company's plan to
17 end after five years. Year four of the plan would begin the process of a
18 complete review and evaluation of the plan's success. At the end of year
19 five, a determination could be made as to what form of regulation is
20 appropriate for Ameritech in the immediate future.
21

22 The Company's plan, in part, is viewed as a transition from monopoly
23 market conditions to a market with greater competition. Five years of
24 experience with the price cap plan should provide valuable information to
25 determine whether the Company should be regulated under traditional
26 rate of return regulation. If the price caps should continue, with or

1 without modification, or if some degree of deregulation is appropriate, or
2 perhaps, some totally different form of regulation is appropriate.
3

4 11. Q. Please provide the Staff's rationale for the recommendation that by the
5 end of the third year the Company should notify the Commission of its
6 intent to renew or extend the plan. (Ameritech K2)
7

8 A. Although, by the end of the third year, the information for determining
9 the success of the price cap plan will not be complete, it is sufficient time
10 for the Company to make a preliminary determination to continue the
11 price cap plan. This notice is not binding on the Company, but simply
12 informs the Staff of the Company's intentions. However, this does not
13 change the recommendation that at the conclusion of the fourth year,
14 Ameritech must prove the plan continues to be in the public interest.
15

16 12. Q. Should the Company be required to provide an assessment of the level of
17 competition for all services in the 4th year of the plan? (OCTVA 34)
18

19 A. No. Based on the Company's filed Exhibit 3.0/4.0, there are over 3000
20 separate service items. Most of these services or service segments are not
21 significant in terms of competition. The best use of Staff's and other's
22 resources is to focus on specific areas which either are impacted by
23 competition or are likely to be impacted by competition as proposed in the
24 Staff Report.
25

1 13. Q. Should the Staff recommend a process by which interested parties may be
2 notified promptly of any price changes proposed by Ameritech? (IXC
3 Coalition 10)

4
5 A. No. It would be a difficult administrative process for either the
6 Commission's Staff or Ameritech to keep track of interested parties for
7 purposes of price change notification. There are over thirty intervenors in
8 this current case alone, and Ameritech has filed twenty-eight tariff filings
9 during the pendency of this alternative regulation case thus far. The
10 PUCO has a Docketing Division which issues a daily docket sheet listing
11 case activities. This would appear to be the most efficient manner for
12 interested parties to keep track of Ameritech's price changes.

13
14 14. Q. Why did the Staff not recommend standards to govern service withdrawal
15 and an evaluation of the impact on customers of a service withdrawal?
16 (Edgemont 15)

17
18 A. Service withdrawal was not explicitly addressed in the Staff Report because
19 the Commission's Alternative Regulation Rules and Opinion and Order
20 in Case 92-1149-TP-COI adequately cover service withdrawal and
21 appropriately apply to Ameritech in this matter.

22
23 15. Q. Does this conclude your testimony?

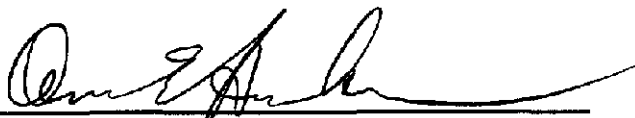
24
25 A. Yes.

Testimony presented by William P. Groves in the following cases:

78-676-EL-AIR	Ohio Power Company
78-1567-EL-AIR	Ohio Edison Company
79-510-RL-AIR	Dayton Power & Light Company
79-537-EL-AIR	Cleveland Electric Illuminating Co.
80-1139-EL-AIR	Ohio Edison Company
80-260-EL-AIR	Cincinnati Gas & Electric Company
80-376-EL-AIR	Cleveland Electric Illuminating Co.
81-41-HT-AIR	Cleveland Electric Illuminating Co.
81-146-EL-AIR	Cleveland Electric Illuminating Co.
81-231-HT-AIR	Dayton Power & Light Company
81-1058-EL-AIR	Columbus & Southern Ohio Electric Co.
81-1349-HT-AIR	Cleveland Electric Illuminating Co.
81-1378-EL-AIR	Cleveland Electric Illuminating Co.
82-485-EL-AIR	Cincinnati Gas & Electric Company
82-1025-EL-AIR	Ohio Edison Company
83-32-EL-EFC	Columbus & Southern Ohio Electric Co.
83-33-EL-EFC	Cincinnati Gas & Electric Company
83-38-EL-EFC	Cleveland Electric Illuminating Co.
83-303-GE-COI	Disconnection For Winter Emergency
83-741-EL-UNC	Cincinnati Gas & Electric Co-Generation
84-67-GA-AIR	Columbia Gas of Ohio
85-800-GA-COI	Ohio Gas Transportation Rules

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prepared Testimony of William P. Groves, submitted on behalf of the Public Utilities Commission of Ohio, was served by regular U.S. mail, postage prepaid, or hand delivered to the parties of record on this 3rd day of August, 1994.



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