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DOCKETING DIVISION
PUBLIC UTILITIES COMMISSION OF OHIO

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matters of the Application of)
The Ohio Bell Telephone Company)
for Approval of an Alternative)
Form of Regulation.)

Case No. 93-487-TP-ALT

Prepared Testimony

of

Dr. Daniel L. Farslow

Staff Exhibit 17

1 1. Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

2
3 A. My name is Dr. Daniel L. Farslow. I am a Utility Rate Analyst in the Fore-
4 casting Division of the Utilities Department at the Public Utilities Com-
5 mission of Ohio. My work address is 180 East Broad Street, Columbus,
6 Ohio.

7
8 2. Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
9 WORK EXPERIENCE AT THE PUBLIC UTILITIES COMMISSION OF
10 OHIO.

11
12 A. I hold a Ph.D. in Anthropology from the Graduate School of the Ohio
13 State University, a Masters Degree from the Ohio State University and a
14 Bachelor's Degree with Honors from the University of Windsor. I have
15 been at the Commission for three and one half years, during which time I
16 have participated in the development of the alternative regulation pro-
17 cess for large local exchange telephone companies and contributed to the
18 development of the Telecommunications Performance Measurement
19 Database. As an adjunct to research into Personal and Community
20 Development measures for the Telecommunications Performance Mea-
21 surement Database project, I was the primary author of a report entitled,
22 A Telecommunications Survey of Public Serving Institutions: Percep-
23 tions of Service and the Local Exchange Company, produced by the Fore-
24 casting Division of the Public Utilities Commission of Ohio in January
25 1993. I was a member of the commitments analysis team, with primary
26 responsibility for public input and customer education commitments, in
27 Case Nos. 93-230-TP-ALT and 93-432-TP-ALT, the recently concluded

1 Western Reserve Telephone and Cincinnati Bell Telephone Alternative
2 Regulation Cases. I am currently engaged in the evaluation of commit-
3 ments offered by Ameritech Ohio as part of their Plan for Alternative
4 Regulation in Case No. 93-487-TP-ALT.
5

6 3. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
7

8 A. My testimony will specifically address intervenor and Applicant objec-
9 tions concerning the Staff-proposed public input and customer education
10 commitment, as well as Ameritech Ohio's proposed commitments to
11 maintain flat rate service and to conduct trials of new and emerging
12 communications applications.
13

14 4. Q. WHAT WAS THE MOTIVATION FOR STAFF'S RECOMMENDATIONS
15 REGARDING THE PUBLIC INPUT AND CUSTOMER EDUCATION
16 COMMITMENT FOR AMERITECH OHIO? (Ameritech Ohio L11, L12;
17 OCTVA 76, 89; AARP 50)
18

19 A. Commission rules require that Alternative Regulation proposals contain
20 commitments and that an Applicant's plan should include a description
21 of sources of public input concerning the proposed commitments. Fur-
22 thermore, "the Commission shall consider.....the quality of the evidence
23 of public support for the appropriateness of the commitments" offered by
24 an Applicant as part of its Plan (Alt Reg Rules X.B.2.h). The Ameritech
25 Ohio alternative regulation proposal before the Commission, in accor-
26 dance with those rules, presents sources of public input used in the
27 development of its proposal. The Staff, after reviewing Ameritech Ohio's

1 sources of public input, concluded that it would be in the public interest
2 to recommended a public input and customer education commitment
3 that would generate information from as wide a range of Ameritech
4 Ohio's customer base as possible, irrespective of Ameritech Ohio's busi-
5 ness interests. It was the Staff's obligation to describe and recommend a
6 process that included those requirements and methodologies necessary to
7 satisfy the Commission that quality public input would be attained by
8 Ameritech Ohio in the development of commitments for future Alterna-
9 tive Regulation proposals. The Staff Report outlines a customer survey
10 process which Staff believes would assure Ameritech Ohio's compliance
11 with Commission rules regarding the public input necessary to substanti-
12 ate commitments contained in an Alternative Regulation Plan.

13
14 5. Q. WHO SHOULD PAY THE EXPENSES RELATED TO GATHERING
15 PUBLIC INPUT AS PART OF THE COMMITMENT DEVELOPMENT
16 AND EVALUATION PROCESS IN ALTERNATIVE REGULATION
17 PLANNING? (DoD/FEA p.19)

18
19 A. The Commission has adopted rules for the submission of Alternative
20 Regulation Plans that require Companies to include, among other things,
21 sources of public input concerning proposed commitments and how such
22 input was incorporated into the Plan. Company efforts to gather public
23 input, including direct surveying, not only act to fulfill Commission
24 requirements but also provide the Company with valuable information
25 concerning levels of satisfaction as well as wants and needs of various
26 customer groups. It is reasonable that expenses related to compliance
27 with Commission rules regarding the gathering of public input as part of

1 commitment development should be allowable as part of Ameritech
2 Ohio's operating expenses. However, by offering a proposal that has a
3 Price Cap Formula as its revenue management methodology, Ameritech
4 Ohio has effectively rendered questions relating to allowable expenses
5 under rate of return regulation moot.

6
7 6. Q. SHOULD A PUBLIC INPUT PROCESS USED IN THE DEVELOPMENT OF
8 COMMITMENTS FOR ALTERNATIVE REGULATION PLANNING
9 SPECIFICALLY TARGET THE NEEDS OF LOW INCOME AND ELDERLY
10 INDIVIDUALS? (Edgemont 64, GCWRO 23, City of Cleveland 7)

11
12 A. A public input process for the development of commitments in an alter-
13 native regulation plan should include the elicitation of requisite informa-
14 tion from as wide a range of the customer base as is operationally feasible.
15 The Staff recommendation for a public input and customer education
16 commitment allows the opportunity for Ameritech Ohio to survey low
17 income and elderly individuals in their service territory as part of a com-
18 prehensive customer survey program.

19
20 7. Q. WHO SHOULD PERFORM FUTURE CUSTOMER SURVEYS FOR
21 AMERITECH OHIO? (TWAxS VI(C.1.))

22
23 A. It is the responsibility of Ameritech Ohio to demonstrate adequate and
24 quality public input in the development of Alternative Regulation pro-
25 posals. In that regard, it is also the responsibility of Ameritech Ohio to
26 make decisions either to conduct survey programs using its own person-
27 nel or to select individuals or organizations to conduct survey programs

1 for Ameritech Ohio. The use of appropriate and recognized scientific
2 methodologies, as well as the transparency and replicability of research,
3 are the major factors controlling and limiting the biases inherent in any
4 scientific research.

5
6 8. Q. SHOULD AMERITECH OHIO PROVIDE EDUCATIONAL MATERIALS
7 TO PUBLIC SERVING INSTITUTIONS REGARDING SERVICES
8 AND/OR TECHNOLOGIES OTHER THAN THOSE DEPENDENT ON
9 THE PROVISION OF FIBER OPTIC CABLING? (OCC 88)

10
11 A. Yes, they should. Ameritech Ohio has a responsibility to educate public
12 serving institution customers as to opportunities for services and tech-
13 nologies offered by Ameritech Ohio irrespective of the delivery system.
14 All customers of Ameritech Ohio should be made aware of the total range
15 of services and technologies that Ameritech Ohio can provide to them for
16 the management of their communications requirements.

17
18 9. Q. IS IT YOUR OPINION THAT AMERITECH OHIO ACTED APPROPRI-
19 ATELY IN OFFERING THE MAINTENANCE OF FLAT RATE SERVICE
20 AS A LOCAL SERVICE OPTION FOR RESIDENCE CUSTOMERS AS A
21 COMMITMENT IN THEIR ALTERNATIVE REGULATION PROPOSAL?
22 (OCTVA 77, OCC 78)

23
24 A. Yes, it is. A commitment to continue flat rate service as a local service
25 option for residence customers provides a service to those customers.
26 The Commission has heard considerable testimony and commentary that
27 residential customers wish to maintain the flat rate service option. In the

1 face of public input and even legislative interest in flat rate residential
2 service, an Ameritech Ohio commitment to maintain the flat rate service
3 option throughout the term of its plan is in the public interest.
4

5 10. Q. WHAT CRITERIA SHOULD AMERITECH OHIO USE WHEN CONSID-
6 ERING THE LOCATION OF SPECIAL TRIALS FOR NEW COMMUNI-
7 CATIONS TECHNOLOGIES? (Edgemont 65)
8

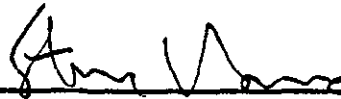
9 A. The location of special trials of new communications technologies is
10 essentially dependent upon the type of technology being deployed, the
11 location of relevant institutions, buildings and facilities needed to best
12 demonstrate the technology, and the location of Ameritech Ohio switches
13 and other facilities necessary for service deployment. It is fully within the
14 purview of Ameritech Ohio to make decisions regarding the siting of
15 special trials for new communications technologies. However, given the
16 technical and logistical restraints of trials siting, Ameritech Ohio should
17 take into consideration the needs of various customer groups and the
18 community benefits of locating trials in areas of special need.
19

20 11. Q. DOES THAT CONCLUDE YOUR TESTIMONY?
21

22 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prepared Testimony 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 12th day of July, 1994.



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