



BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of  
the Ohio Bell Telephone Company for  
Approval of an Alternative Form of  
Regulation.

Case No. 93-487-TP-ALT

In the Matter of the Complaint of the  
Office of the Consumers' Counsel,

Complainant,

Case No. 93-576-TP-CSS

vs.

The Ohio Bell Telephone Company,

Respondent.

Supplemental  
Prepared Testimony  
of  
Roger G. Montgomery  
Telecommunications Division

Staff Exhibit 30A

1 1. Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS  
2 ADDRESS?

3 A. Yes, my name is Roger G. Montgomery. My business address is 180 East  
4 Broad Street, Columbus, Ohio, 43266-0573.

5

6 2. Q. BY WHOM ARE YOU EMPLOYED?

7 A. I am employed by the Public Utilities Commission of Ohio.

8

9 3. Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEED-  
10 ING?

11 A. Yes. I filed my direct testimony in this proceeding on August 22, 1994.

12

13 4. Q. MR. MONTGOMERY, DO YOU HAVE ANY CORRECTIONS TO  
14 YOUR TESTIMONY?

15 A. Yes. My testimony filed August 22, 1994, I did not address Ameritech  
16 Ohio Objection B2 associated with the Staff's calculation of Intrastate  
17 Network Access Revenues shown on Schedule C-3.2 of the Staff  
18 Report. On RGM Attachment 1, I did not reflect the revisions made by  
19 Ameritech Witness McKenzie (Attachment 24S.1, page 1) to the Com-  
20 pany's Disaggregation of Exchange Access revenue adjustment. The  
21 Staff's Touch-Tone *pro forma* adjustment described by Staff witness  
22 Allen Francis and myself should be \$(13,134,886) rather than the  
23 \$(5,407,239) figure for non-residence. On RGM Attachment 2 the DA  
24 Local revenues for the residence price cap basket, I incorrectly displayed  
25 the non-residence dollars and the residence DA Local and DA Toll rev-  
26 enues, I should have reduced the Cell 3 revenues rather than the dollar  
27 amounts from Cell 2. On RGM Attachment 3 the DA Local revenues

1 for the non-residence price cap basket, I incorrectly displayed the resi-  
2 dence dollars.

3  
4 5. Q. PLEASE COMMENT ON AMERITECH OHIO'S OBJECTION B2.

5 A. Staff agrees with the Company's revised Intrastate Network Access  
6 Revenue adjustment. The revised calculation is based on the base  
7 years three months actual and nine months of budgeted intrastate  
8 minutes-of-use annualizing the rates effective July 1, 1993. Local  
9 Transport consists of rates for Local Transport Facility per access  
10 minute per mile and a rate for Local Transport Termination per access  
11 minute. A single Local Transport rate per access minute had to be  
12 derived for the adjustment since per access minute per mile base year  
13 quantities were not available. The single rate was derived using the  
14 combined Local Transport actual revenues for July 1993 through  
15 September 1993 revenues divided by the minutes-of-use for the same  
16 period. The revised adjustment increases the Carrier Common Line  
17 revenues by approximately \$2,082,000, decreases the Local Switched  
18 revenues by approximately \$(1,456,000), and decreases the Local Trans-  
19 port revenues by \$(6,433,000) for a total revenue reduction of  
20 \$(5,807,000).

21  
22 6. Q. PLEASE DESCRIBE THE CHANGES MADE TO REVISED RGM  
23 ATTACHMENT 1.

24 A. Staff agrees with the Company's revised calculations to its Disaggrega-  
25 tion of Exchange Access adjustment shown on McKenzie Attachment  
26 24S.1, page 1. Therefore, I have included the Company's nonrecurring  
27 charges per occasion for simple and complex adjustment resulting in

1 decreases of \$(2,133,126) and \$(165,474). I am also sponsoring a revised  
2 calculation of the Non-Residence Touch-Tone/NAL \$1.25 change rec-  
3 ommended by the Staff witness Allen Francis. The revised calculation  
4 of \$(13,134,886), shown on RGM Attachment 5, corrects for a double  
5 counting of non-residence access lines previously made by the Staff.  
6

7 7. Q. PLEASE DESCRIBE THE CHANGES MADE TO REVISED RGM  
8 ATTACHMENT 2 ASSOCIATED WITH THE RESIDENCE PRICE CAP  
9 BASKET.

10 A. On my revised attachment I use the Residence DA Local revenue of  
11 \$11,725,000. In doing so, I replaced the \$5,846,000 non-residence figure I  
12 had previously used in error. Also with the DA Local and Toll rev-  
13 enues, the revised attachment correctly shows the revenues moved  
14 from Cell 3 rather than Cell 2 and into Cell 1.  
15

16 8. Q. PLEASE DESCRIBE THE CHANGES MADE TO REVISED RGM  
17 ATTACHMENT 3 ASSOCIATED WITH THE NON-RESIDENCE PRICE  
18 CAP BASKET.

19 A. On my revised attachment I use the Non-Residence DA Local revenue  
20 of \$5,846,000. In doing so, I replaced the \$11,725,000 residence figure I  
21 had previously used in error.  
22

23 9. Q. PLEASE DESCRIBE YOUR NEW RGM ATTACHMENT 5.

24 A. This attachment provides the revised calculation of the Staff's *pro*  
25 *forma* Touch-Tone/NAL revenue adjustment correcting for the double  
26 counting of certain non-residence access lines previously made in error  
27 by the Staff.

1 10. Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

2 A. Yes, it does.

**The Ohio Bell Telephone Company**  
**Case No. 93-487-TP-ALT**  
**Staff's Proforma Adjustments**

	<u>Residence</u> (A)	<u>Non-Residence</u> (B)	<u>Carrier</u> (C)	<u>Total</u> (D=A+B+C)
Schedule B Toll Restructure	\$ (6,472,894)	\$ (4,027,106)	\$	\$ (10,500,000)
Disaggregation of Exchange Access		(13,627,925)		(13,627,925)
Access NR S/Occasion		(2,133,126)		(2,133,126)
Access NR C/Occasion		(165,474)		(165,474)
Touch-Tone/NAL (Incl. Non-Rec.)	(899,713)	(13,134,886)		(6,306,952)
Intrastate:				
CCLC Prem. Orig			(13,873,486)	(13,873,486)
CCLC Prem. Term			(15,095,601)	(15,095,601)
CCLC Non-Prem. Orig.			(5,744)	(5,744)
CCLC Non-Prem. Term.			(6,596)	(6,596)
DID Usage Charges		(2,972,280)		(2,972,280)
DID Change Charges		(1,029,152)		(1,029,152)
Simplified Flexible Call Plan	(1,023,443)	(315,210)		(1,338,653)
Call Forwarding	(1,220,023)	(1,026,671)		(2,246,694)
Three-Way Calling	(2,247,736)	(199,492)		(2,447,228)
Call Waiting	(29,236,838)	(3,154,517)		(32,391,355)
Total Proforma Adjustments	<u>\$ (41,100,647)</u>	<u>\$ (41,785,839)</u>	<u>\$ (28,981,427)</u>	<u>\$ (111,867,913)</u>
Revenue Distribution	<u>36.7%</u>	<u>37.4%</u>	<u>25.9%</u>	<u>100.0%</u>

Ohio Bell Telephone Company  
Case No. 93-487-TP-ALT  
Residence Price Cap Basket  
(000's Omitted)

	Current Price Cap Revenues (A)	% (B)	Staff Proforma Adjustments (C)	% (D)	Staff Proforma Revenues (E=A+C)	% (F)
<u>Residence:</u>						
3 Yr. Rate Cap	\$ 301,654	45.8%	\$ (1,923)	4.7%	\$ 299,731	48.5%
Flat Rate	<u>171,246</u>	<u>26.0</u>	<u>          </u>	<u>      </u>	<u>171,246</u>	<u>27.7</u>
Staff Rate Cap	472,900	71.8	(1,923)	4.7	470,977	76.2
Other Cell 1	17,752	2.7			17,752	2.9
DA Local	11,725	1.8			11,725	1.9
DA Toll	<u>1,622</u>	<u>0.2</u>	<u>          </u>	<u>      </u>	<u>1,622</u>	<u>0.3</u>
Staff Other Cell 1	31,099	4.7	0	0.0	31,099	5.1
Cell 1	<u>503,999</u>	<u>76.4</u>	<u>(1,923)</u>	<u>4.7</u>	<u>502,075</u>	<u>81.3</u>
Cell 2	98,522	15.0	(6,473)	15.7	92,049	14.9
Cell 3	56,395	8.5	(32,705)	79.6	23,690	3.8
Cell 4	<u>          </u>	<u>      </u>	<u>          </u>	<u>      </u>	<u>          </u>	<u>      </u>
Res Price Cap Base	<u>\$ 658,916</u>	<u>100.0%</u>	<u>\$ (41,101)</u>	<u>100.0%</u>	<u>\$ 617,815</u>	<u>100.0%</u>

Ohio Bell Telephone Company  
Case No. 93-487-TP-ALT  
Non-Residence Price Cap Basket  
(000's Omitted)

	Current Price Cap Revenues (A)	% (B)	Staff Proforma Adjustments (C)	% (D)	Staff Proforma Revenues (E=A+C)	% (F)
<u>Non-Residence:</u>						
3 Yr. Rate Cap	\$ 411,571	67.1%	\$ (33,378)	79.9%	\$ 378,193	66.2%
Public Coin Messages	40,510	6.6			40,510	7.1
Semi-Public Coin	<u>4,497</u>	<u>0.7</u>	<u>          </u>	<u>      </u>	<u>4,497</u>	<u>0.8</u>
Staff Rate Cap	456,578	74.5	(33,378)	79.9	423,200	74.1
Other Cell 1	63,227	10.3			63,227	11.1
DA Local	5,846	1.0			5,846	1.0
DA Toll	809	0.1			809	0.2
Selective Call Screen	<u>187</u>	<u>0.0</u>	<u>          </u>	<u>      </u>	<u>187</u>	<u>0.0</u>
Staff Other Cell 1	70,069	11.4	0	0.0	70,069	12.3
Cell 1	<u>526,647</u>	<u>85.9</u>	<u>(33,378)</u>	<u>79.9</u>	<u>493,269</u>	<u>86.4</u>
Cell 2	70,540	11.5	(4,027)	9.6	66,513	11.6
Cell 3	15,892	2.6	(4,381)	10.5	11,511	2.0
Cell 4	<u>          </u>	<u>      </u>	<u>          </u>	<u>      </u>	<u>          </u>	<u>      </u>
Non-Res Price Cap Base	<u>\$ 613,079</u>	<u>100.0%</u>	<u>\$ (41,786)</u>	<u>100.0%</u>	<u>\$ 571,293</u>	<u>100.0%</u>



**Ohio Bell Telephone Company**  
**Case No. 93-487-TP-ALT**  
**Staff's Pro Forma Touch-Tone/NAL Adjustment**

<u>Non Residence</u>	<u>Access Lines</u>	<u>Current Rate</u>	<u>Current Revenue</u>
(1) Rotary & Non Rotary With Touch-Tone	448,514	\$3.25	\$ 17,492,046
(2) PBX Trunk With Touch-Tone	71,126	\$5.80	<u>4,950,370</u>
(3) Total Current Touch-Tone Revenue (1) + (2)			<u><u>\$ 22,442,416</u></u>
<u>Non Residence</u>	<u>Access Lines</u>	<u>Staff Recom. NAL Inc.</u>	<u>Pro Forma Adjustment</u>
(4) Rotary With & Without Touch-Tone	268,820		
(5) Non Rotary With & Without Touch-Tone	<u>247,940</u>		
(6) Total Rotary & Non Rotary (4) + (5)	516,760	\$1.25	\$ 7,751,400
(7) PBX Trunk With & Without Touch-Tone	103,742	\$1.25	<u>\$ 1,556,130</u>
(8) Staff Proposed NAL Increase (6) + (7)			\$ 9,307,530
(9) N-R Current Touch-Tone Revenue			<u>22,442,416</u>
(10) Staff's Pro Forma Touch-Tone/ NAL Adjustment (8) - (9)			<u><u>\$(13,134,886)</u></u>

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Supplemental Prepared Testimony of Roger G. Montgomery, 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 30th day of August, 1994.

  
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