



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 an Alternative)	
Form of Regulation.)	

Prepared Supplemental Testimony

of

Lori A. Sternisha

Staff Exhibit 21A

1 1. Q. PLEASE STATE YOUR NAME AND ADDRESS.

2
3 A. My name is Lori A. Sternisha and my business address is 180 East Broad
4 Street, Columbus, Ohio 43215.

5
6 2. Q. ARE YOU THE SAME LORI A. STERNISHA WHOSE TESTIMONY WAS
7 PREVIOUSLY FILED AS A STAFF EXHIBIT IN THIS CASE ON
8 AUGUST 10, 1994?

9
10 A. Yes, I am.

11
12 3. Q. WHAT IS THE PURPOSE OF THIS ADDITIONAL TESTIMONY?

13
14 A. The purpose of my testimony is to respond to several additional objections
15 to the Staff Report of Investigation filed in this case on March 25, 1994.

16
17 Generally, I will be responding to the objections concerning the
18 competitive criteria for cell classification and the classification of Local
19 Calling Plus. Specifically, I will be responding to the objections of the
20 following parties: American Association of Retired Persons: 36; AT&T: 7;
21 City of Cleveland: 16; City of Columbus: C1; Edgemont Coalition: 46, 48;
22 IXC Coalition: 9, 10; Ohio Library Council: 33; Ohio Newspaper
23 Association: 31; Office of Consumer's Counsel 21, 46, 49; Ohio Cable
24 Television Association 37, 43; New Par: Page 10; and Time-Warner IV.6.

1 4 Q SEVERAL PARTIES BELIEVE THE STAFF ERRED BY FAILING TO
2 REJECT OHIO BELL'S CELL 2 AND CELL 4 CLASSIFICATIONS FOR
3 RESIDENTIAL SERVICES OTHER THAN SPEED DIALING, WHILE
4 OTHERS BELIEVE THAT STAFF SHOULD HAVE REJECTED THE
5 PLACEMENT OF ALL EXISTING SERVICES INTO CELL 2 AND CELL 4
6 BECAUSE OF THE LACK OF SPECIFIC COMPETITIVE INFORMATION.
7 DOES STAFF AGREE? (Cleveland 16; Edgemont 46; OCC 46; Ohio Library
8 Council 33; OCTVA 37)

9
10 A. No. As stated previously, Staff agrees with the classification of all of Ohio
11 Bell's services with the exceptions noted in Staff Report and my previous
12 prepared testimony. Staff believes that the remaining services, including
13 those in Cell 2 and Cell 4 are appropriately classified.

14
15 In addition, Staff would like to note for the record that the majority of
16 residential services have been classified by the Applicant in either Cell 1 or
17 Cell 3. The Cell 2 residential services, not proposed to be reclassified by
18 Staff, include Operator and Message Toll Services. The Cell 4 residential
19 services include WATS and Ameritech Custom 800 services. Of course, all
20 of the above services may also be used by non-residential customers.

21
22 5. Q. CAN YOU EXPLAIN WHAT CRITERIA THE STAFF UTILIZED WHEN
23 REVIEWING THE PROPOSED CLASSIFICATIONS OF CURRENT OHIO
24 BELL SERVICES?

1 A. Yes. Staff utilized the Commission's Alternative Regulation Rules,
2 previous Commission service specific and/or generic investigation orders,
3 Staff experience with the existing services, and the service cell
4 classification issues in the Alternative Regulation proceedings for
5 Cincinnati Bell Telephone Company and Western Reserve Telephone
6 Company. Finally, Staff examined information provided in the
7 application and data requests were issued for those services for which it
8 needed further information in order to verify cell placement.
9

10 6. Q. FOR NEW CELL 2 AND CELL 4 SERVICES AND SERVICES PROPOSED
11 TO BE RECLASSIFIED INTO CELL 2 AND CELL 4 DURING THE TERM
12 OF THE PLAN, WHAT IS STAFF'S POSITION ON THE TYPE OF
13 INFORMATION THAT THE APPLICANT MUST PROVIDE?
14

15 A. The Applicant has stated that most new services will be classified in Cell 3,
16 unless a service meets the criteria of another Cell. If the Applicant does
17 propose a new Cell 2 or Cell 4 service or a reclassification of a service into
18 Cell 2 or Cell 4, Staff believes that the Applicant should provide the
19 information required by the Alternative Regulation Rules for all services
20 proposed to be classified in Cell 2 or Cell 4 during the term of the plan.
21 This information is as follows:
22

23 a. The number and size of alternative providers of services;
24

25 b. The extent to which services are available from alternative providers
26 in the relevant market;

- 1 c. The ability of alternative providers to make comparable services
2 readily available at competitive rates, terms, and conditions; and
3
4 d. Other indicators of market power, which may include market share,
5 growth in market share, ease of entry, and the affiliation of providers
6 of service.
7

8 7. Q. SEVERAL PARTIES OBJECT TO THE STAFF'S FAILURE TO ADOPT
9 CRITERIA TO EVALUATE THE INFORMATION SUBMITTED BY THE
10 APPLICANT. SPECIFICALLY, SEVERAL PARTIES BELIEVE THE
11 COMMISSION SHOULD ADOPT THE NATIONAL REGULATORY
12 RESEARCH INSTITUTE'S TABLE 8-4 AND 8-5 FOUND IN ITS
13 ADDENDUM TO THE STAFF REPORT FILED ON MARCH 25, 1994 IN
14 THIS CASE. THE OCC BELIEVES THAT THE STAFF SHOULD ADOPT
15 THE CRITERIA SET FORTH BY ITS WITNESS BUCKALEW. WHY
16 DOESN'T STAFF AGREE? (Columbus CI; AARP 36; Edgemont Coalition
17 48; Newspaper 31; OCC 21, 49; OCTVA 43; Time-Warner IV.6)
18

19 A. Staff believes it is possible to utilize the criteria found in NRRI's Table 8-4
20 and 8-5 and Buckalew's recommendations as resources to evaluate
21 whether a service has been appropriately classified. However, Staff does
22 not believe the Commission should be limited to one specific set of criteria
23 for evaluating the competitiveness of a service. Further, Staff is concerned
24 that if it limits itself to a specific market share criteria for each cell, that the
25 Staff, and ultimately the Commission, may not have the flexibility to
26 consider pertinent information which Ohio Bell or others may provide in
27 the future.

1 Staff believes the Commission must have the flexibility, as outlined in
2 Rule XII C 4 and XII E 2, to judge the competitiveness of an individual
3 service, taking into account factors it deems appropriate based on the
4 unique characteristics of services which at this time are unknown to the
5 Staff or the Applicant.
6

7 8. Q. HOW WILL STAFF HANDLE A SITUATION WHERE IT BELIEVES IT
8 DOES NOT HAVE ENOUGH INFORMATION TO RECOMMEND THE
9 INCLUSION OF A SERVICE IN CELL 2 OR CELL 4?
10

11 A. During the 30 day review process of the proposed classification or
12 reclassification of a Cell 2 or Cell 4 service, Staff will determine whether
13 the service has been appropriately classified. During the course of its 30-
14 day review, Staff can request further information to support the
15 competitive showing, if it believes that it is necessary. If the necessary
16 information cannot be obtained or Staff does not agree with the proposed
17 classification, then the suspension procedures are available as set forth in
18 Rule XIV G. If suspended, the Commission must then take formal action
19 to approve the service after further review and after possible modification
20 of the service by the Applicant. Such modification could include
21 reclassification of the service. Of course, if the Applicant agrees with Staff
22 that a service should be reclassified, during the course of the review
23 process, it can amend its application to reflect such a change.

1 In addition, the Rules (see XIV F.) allow interested parties to file objections
2 during the first 14 days of an automatic 30 day application. Staff and the
3 Commission will consider all objections filed by interested parties
4 pursuant to these Rules. Staff believes that its review process, along with
5 the consideration of objections filed by interested parties, will lead to the
6 proper classification of a service in Cell 2 or Cell 4.

7
8 9. Q. DID THE COMMISSION, IN ITS ALTERNATIVE REGULATION RULES,
9 SET FORTH PROCEDURES FOR THE COMMISSION TO ORDER THE
10 RECLASSIFICATION OF A SERVICE TO A CELL AFTER ITS
11 CLASSIFICATION?

12
13 A. Yes. The Commission in Rule XV A. set forth procedures under which
14 the Commission could order the reclassification or other modifications to
15 a new service. While the language in Rule XV A. specifically mentions
16 new Cell 3 services, it is Staff's belief that for Ohio Bell's Plan, this rule
17 should apply to both new and existing services in all Cells. Staff believes
18 that this modification of Rule XV A. is necessary in order to provide
19 additional safeguards in Ohio Bell's Plan because the proposed duration
20 exceeds three years. If Staff's opinion is adopted, it would allow the
21 Commission to order the reclassification of a service from Cell 2 to Cell 1,
22 for example, if it finds the service, as classified, is unjust, unreasonable, or
23 in violation of law.

1 10. Q. DOES THE RULE EXPLAIN HOW THE COMMISSION CAN FIND SUCH
2 A SERVICE UNJUST, UNREASONABLE, OR IN VIOLATION OF LAW?
3

4 A. Yes. The Rule states that upon complaint, or upon the Commission's
5 own motion, and after hearing, pursuant to Section 4909.18 Revised Code,
6 if the Commission determines one is necessary, the Commission can find
7 a service is unjust, unreasonable, or in violation of law.
8

9 11. Q. AT&T AND THE DXC COALITION OBJECT TO THE CLASSIFICATION OF
10 THE APPLICANT'S EXTENDED LOCAL CALLING PLAN, LOCAL
11 CALLING PLUS IN CELL 1. WHY DOES STAFF SUPPORT SUCH A
12 PLACEMENT? (AT&T 7; DXC 9)
13

14 A. Staff, at the time of its review of Local Calling Plus Service, agreed that it
15 was a basic local service because the Commission has ordered that it be
16 provided as an extended area service. Specifically, it has been ordered to be
17 provided where existing local service has been found to be inadequate.
18 Staff believes that it should be consistent with the treatment of all of the
19 Applicant's extended area services which are currently classified in Cell 1.
20

21 12. Q. IS STAFF AWARE OF THE CONCERNS OF SEVERAL PARTIES AS TO
22 THE PRICING OF LOCAL CALLING PLUS, AND THEIR ASSERTION
23 THAT THIS SERVICE ELIMINATES COMPETITION IN THE TOLL
24 MARKET?

1 A. Yes. Staff Witness Montgomery will discuss the cost issues surrounding
2 Local Calling Plus Service. However, Staff at this time, will not take a
3 position on these competitive concerns which will be addressed by the
4 Commission in a separate proceeding.
5

6 13. Q. NEW PAR OBJECTS TO THE STAFF'S FAILURE TO RECOMMEND
7 THAT THE APPLICANT PROVIDE ADVANCE NOTIFICATION OF
8 NEW SERVICES TO TELECOMMUNICATIONS SERVICE PROVIDERS.
9 WHAT IS STAFF'S POSITION ON SUCH NOTIFICATION? (NEW PAR;
10 PAGE 10 (2))
11

12 A. As stated previously, Staff agrees with the new service notification
13 guidelines as set forth by the Commission in its Alternative Regulation
14 Rules. The only notification requirement for new services in the
15 Alternative Regulation Rules is for services proposed to be classified in
16 Cell 4 (see XV F.). Staff believes the Commission has provided adequate
17 guidelines for notification and sees no reason to depart from the decision
18 in this matter.
19

20 14. Q. THE IXC COALITION OBJECTS TO THE FAILURE OF STAFF TO
21 RECOMMEND A PROCESS BY WHICH INTERESTED PARTIES MAY BE
22 NOTIFIED OF PRICE CHANGES AND OBTAIN ACCESS TO LRSIC. HAS
23 STAFF RECOMMENDED SUCH A PROCESS? (IXC 10)
24

25 A. Staff Witness Montgomery is the appropriate witness to discuss price
26 change procedures and access to LRSIC Studies.

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

2

3 A. Yes.

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 19th day of August, 1994.



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