

Staff Ex. 22A

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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DOCKETING DIVISION
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.

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Case No. 93-487-TP-ALT

Case No. 93-487-TP-ALT

Supplemental Testimony of:

Daniel F. Shields

1 1. Q. Mr. Shields, do you currently have any amendments you would like to
2 make to your original testimony filed on August 4, 1994, in this case?

3
4 A. Yes, I do. I would like to take this opportunity to update my testimony to
5 reflect that some of the intervenors' objections to the Staff Report of
6 Investigation were addressed by my previous testimony. These
7 objections, however, were not identified in my original testimony.
8 Specifically, my previous testimony Question 7 also addressed AARP's
9 objections 9, 11, 12, and 13; Cleveland 9; Edgemont 5; and OCTVA 12.
10 Question 16 also addressed Ameritech E10. Question 20 addressed AARP
11 22, Ameritech E9, Edgemont 12, and OCC 13. Last, Question 21 also
12 addressed OCC objection 8.

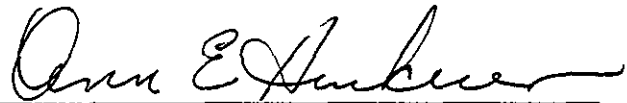
13
14 2. Q. Do you have any other matters you would like to take this opportunity
15 to address? AARP 14, Edgemont 7, OCC 8, Time Warner III 5, and
16 Welfare Rights 12.

17
18 A. Yes, I would like to address the issue of profit sharing. Staff maintains
19 that if its proposed adjustments to Ameritech's Advantage Ohio plan are
20 adopted that the Commission should not require the company to share
21 profits through the term of the plan. Specifically, Staff maintains that if
22 the Commission requires the company to implement initial rate
23 decreases, adopts the Staff's and the Company's proposed three-year cap
24 on basic service rates, and further adopts a 4.2% general adjustment
25 offset, which includes a 1% consumer dividend, profit sharing should
26 not be mandated. Moreover, Staff notes that a 1% consumer dividend
27 will ensure that the company's customers will share (before

1 stockholders), on a real-time basis, in efficiency gains realized by the
2 company under an incentive regulation plan such as price caps.
3 Additionally, Staff reserves the option at the conclusion of the plan to
4 review the company's earnings. At the conclusion of the plan, Staff will
5 make its recommendations concerning what adjustments should be
6 made through the next term of the plan (that is, if at that time it is
7 determined by the Commission that price caps should be retained as a
8 viable form of alternative regulation).

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Supplemental Testimony of Daniel F. Shields, 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 8th day of August, 1994.



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