

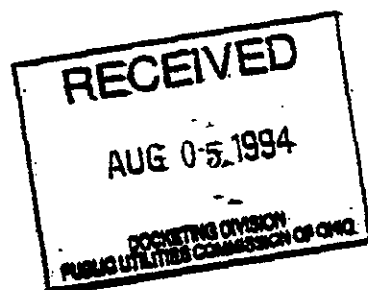
4-8186

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
)
)



Prepared Testimony

of

Lori A. Sternisha

Staff Exhibit 21

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

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

5
6 2. Q. BY WHOM ARE YOU EMPLOYED?

7
8 A. The Public Utilities Commission of Ohio (PUCO).

9
10 3. Q. HOW LONG HAVE YOU BEEN EMPLOYED BY THE PUCO?

11
12 A. Five (5) years.

13
14 4. Q. WHAT IS YOUR PRESENT EMPLOYMENT POSITION WITH THE
15 PUCO?

16
17 A. I am an Utility Rate Analyst Coordinator.

18
19 5. Q. WHAT ARE YOUR RESPONSIBILITIES IN YOUR PRESENT POSITION?

20
21 A. I am involved in the review of telecommunications tariff matters,
22 including: reviewing present and proposed tariff schedules and preparing
23 orders for approval of applications to amend tariff schedules; reviewing
24 company-issued brochures concerning new and revised rates and policies;
25 reviewing intrastate rates, services and policies and preparing
26 comprehensive reports.

1 6. Q. WHAT IS YOUR EDUCATIONAL BACKGROUND / EXPERIENCE:
2

3 A. I hold a Bachelor of Science degree in Communication from Ohio
4 University's College of Communication, which I received in June of 1989,
5 Cum Laude. My major was Communication Systems Management with
6 an emphasis on Business Administration. During the summer of 1988, I
7 was employed as a college intern at AT&T's Technical Training Center in
8 Dublin, Ohio.
9

10 I joined the Commission in July of 1989 as a Utility Rate Analyst I in the
11 Telecommunications Division. In January of 1990, I was reassigned to the
12 position of Utility Rate Analyst II. In July of 1994, I was promoted to the
13 position of Utility Rate Analyst Coordinator.
14

15 7. Q. HAVE YOU EVER TESTIFIED IN A COMMISSION PROCEEDING?
16

17 A. No.
18

19 8. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
20

21 A. My testimony describes and discusses the Staff's position on cell
22 classification and tariff filing procedures as set forth in the March 25, 1994
23 Staff Report in this case.
24

25 Specifically, I will be responding to the objections of the following parties:
26 American Association of Retired Persons: 27, 38, 39; Ohio Bell: F2, F3, F4,
27 F5, F6, F7, F8, F9, F10, F11, F12, F13, G4; City of Cleveland: 14, 15;

1 Department of Administrative Services: 2; Department of Defense: C2; City
2 of Edgemont: 26, 43, 44, 47, 49, 50; MCI: 4; Mid-East Telephone Answering
3 Service: 1; Ohio Public Communications Association: 5; Office of
4 Consumer's Council: 43, 44, 47, 48; Time-Warner: IV.A2, IV.3, IV.A4; and
5 the Greater Cleveland Welfare Rights Organization: 16.

6
7 9. Q. DOES STAFF AGREE WITH THE CELL CLASSIFICATION STRUCTURE
8 AS PROPOSED BY OHIO BELL?

9
10 A. Yes. A four cell structure as proposed by Ohio Bell is appropriate. Those
11 Cells are known as Cells 1, 2, 3 and 4.

12
13 10. Q. DOES STAFF AGREE THAT OHIO BELL HAS APPROPRIATELY
14 CLASSIFIED ALL OF ITS SERVICES INTO THE CORRECT CELLS?

15
16 A. With the exception of the services and conditions listed in the Staff Report
17 and this Testimony, Staff agrees with the classification of all of Ohio Bell's
18 services.

19
20 11. Q. PLEASE EXPLAIN HOW OHIO BELL HAS DEFINED A CELL 1 SERVICE?

21
22 A. Cell 1 services are basic local exchange services that provide access and
23 local usage and associated service installation or maintenance services not
24 available from competitive sources. Services that are deemed essential by
25 the Commission for the provision of public safety or the protection of
26 privacy are also classified as Cell 1.

1 12. Q. IS THE COMMISSION DEFINITION OF CELL 1 DIFFERENT?

2
3 A. Yes. As set forth in the Commission's Alternative Regulation Order in
4 Case No. 92-1149-TP-COI, the rules define Cell 1 as a basic local exchange
5 service that provides monopoly access including any bundled basic local
6 exchange service that includes a monopoly access component, or such
7 service as is deemed essential for the provision of public safety or the
8 protection of privacy, all service installation or maintenance services not
9 available from competitive sources and all local usage (emphasis added).

10
11 13. Q. HOW DOES OHIO BELL DEFINE A CELL 2 SERVICE?

12
13 A. Cell 2 services are services for which adequate alternatives, not necessarily
14 similar in nature and function, are available from at least one other
15 provider in the relevant market, but which are not fully competitive.

16
17 14. Q. IS THE COMMISSION DEFINITION OF CELL 2 DIFFERENT?

18
19 A. Yes. The Commission rules define a Cell 2 service as a basic local exchange
20 service, or any other public telecommunication service for which an
21 adequate alternative, not necessarily similar in nature and function, is
22 available from at least one other provider in the relevant market, but
23 which is deemed not to be fully competitive by the Commission after its
24 review of the information required to be filed by Section XII (C)(3) of the
25 Rules (emphasis added).

1 15. Q. HOW DOES OHIO BELL DEFINE A CELL 3 SERVICE?

2
3 A. Cell 3 services are discretionary services. These services are not basic local
4 exchange services, but do not properly fit within the other cells. New
5 services introduced during the term of the Plan will be categorized in
6 Cell 3, unless the new service fits the criteria for one of the other cells.
7

8 16. Q. IS THE COMMISSION DEFINITION OF CELL 3 DIFFERENT?

9
10 A. Yes. The Commission rules define a Cell 3 service as a basic local exchange
11 service, or any other public telecommunication service introduced during
12 the term of the alternative regulation plan and classified in Cell 3
13 pursuant to Section XV of these rules (emphasis added).
14

15 17. Q. HOW DOES OHIO BELL DEFINE A CELL 4 SERVICE?

16
17 A. Cell 4 services are services which are highly competitive and for which
18 functionally equivalent or substitute services are available.
19

20 18. Q. IS THE COMMISSION DEFINITION OF CELL 4 DIFFERENT?

21
22 A. Yes. The Commission rules define a Cell 4 service as a service which
23 meets the criteria of Section 4927.03 (A)(1)(a) or (b), Revised Code, is
24 available from unaffiliated alternative providers in the relevant market,
25 and is based on the information required to be filed by Section XII(E)(1) of
26 the rules. Upon meeting the criteria set forth above, a non-basic service
27 for which exemption or alternative regulatory treatment is sought under

1 Section 4927.03 Revised Code, within the context of an alternative
2 regulatory plan, will be deemed by the Commission fully competitive and
3 will be classified in Cell 4 (emphasis added).

4
5 19. Q. WHY DOES THE STAFF BELIEVE THAT OHIO BELL'S CELL
6 CLASSIFICATION DEFINITIONS SHOULD BE THE SAME AS THE
7 COMMISSION'S DEFINITIONS? (OBT No. F3)

8
9 A. Staff believes that the omissions by Ohio Bell in its cell classification
10 definitions are significant variations to the Commission's intent in its
11 Alternative Regulation Order. The definitions provide a guideline to the
12 company and the Commission for cell classification and Staff does not
13 believe that the company has adequately demonstrated the need to change
14 its cell definitions from those in the Order.

15
16 In addition, the Commission's Entry on Rehearing in Case No.
17 92-1149-TP-COI (Pages 6 and 7), is clear when it discusses its interpretation
18 of the basic/non-basic service dichotomy based on Chapters 4927.03 and
19 4927.04 of the Revised Code. Specifically, the Commission states:

20
21 Thus, we fail to see any justification for calling non-competitive
22 and discretionary services "non-basic" when they neither meet the
23 strict competitive test, nor are basic local exchange services, based
24 on the strict interpretation of the definition by OTA and United.
25 They are still services that are eligible only for alternative rate
26 making under Section 4927.04(A), Revised Code. Therefore, it is
27 not unreasonable to categorize them in appropriate cells under the

1 umbrella of "basic", as provided in the rules, while leaving "non-
2 basic" for competitive services that can be treated under Section
3 4927.03 Revised Code.

4
5 Therefore, at a minimum Staff believes that the Applicant's definitions of
6 Cell 2, 3 and 4 services should be revised to clarify the basic and non-basic
7 distinction as outlined in the Commission's Entry on Rehearing.

8
9 20. Q. YOU EXPLAINED EARLIER THAT STAFF AGREES WITH THE
10 CLASSIFICATION OF ALL OF OHIO BELL'S SERVICES WITH
11 EXCEPTIONS AS LISTED IN THE STAFF REPORT AND THIS
12 TESTIMONY. WHAT ARE THOSE EXCEPTIONS?

13
14 A. Staff believes that Flat Rate Usage, Directory Assistance (local and toll),
15 Selective Call Screening and Public and Semi Public -- Local Messages,
16 were inappropriately classified and should be classified in Cell 1. In
17 addition, Staff believes that Digital Private Line and Digital Specialized
18 Network Services in two wire centers and Digital Local Distribution
19 Channels in competitive areas, were inappropriately classified and should
20 be classified in Cell 2. In addition, as explained later in this Testimony,
21 Staff is recommending the reclassification of 900/976 Blocking and ISDN
22 Prime access from Cell 3 to Cell 1.

23
24 21. Q. OHIO BELL OBJECTS TO THE MOVEMENT OF FLAT RATE USAGE
25 INTO CELL 1 BECAUSE IT BELIEVES THE PROPOSED TREATMENT
26 STRIKES A BALANCE BETWEEN THE COSTS AND USAGE OF THE

1 SERVICE VERSUS THE CUSTOMER'S EXPECTATIONS FOR THE
2 SERVICE. WHY DOESN'T THE STAFF AGREE? (OBT No. F2)

3
4 A. Staff believes that flat rate usage fits within the definition of a Cell 1
5 service as a monopoly service which provides access to the public switched
6 network.

7
8 22. Q. OHIO BELL OBJECTS TO THE RECLASSIFICATION OF DIRECTORY
9 ASSISTANCE FROM CELL 3 TO CELL 1. WHY DOES STAFF SUPPORT
10 THIS MOVEMENT? (OBT No. F5)

11
12 A. Staff does not believe that Directory Assistance is a discretionary service. If
13 a customer does not have access to a directory, or other means of obtaining
14 a number, then Directory Assistance is essential to the completion of his
15 or her phone call. Staff does not believe that any of the other methods of
16 obtaining a telephone number as mentioned by Ohio Bell are viable
17 alternatives to a customer obtaining a number through Ohio Bell's
18 Directory Assistance.

19
20 23. Q. OHIO BELL BELIEVES SELECTIVE CALL SCREENING IS A
21 DISCRETIONARY SERVICE AND IS APPROPRIATELY CLASSIFIED IN
22 CELL 3. PLEASE EXPLAIN WHY STAFF RECOMMENDED
23 RECLASSIFICATION OF SELECTIVE CALL SCREENING FROM CELL 3
24 TO CELL 1. (OBT No. F6)

25
26 A. On August 9, 1991 the FCC released its Report and Order in CC Docket No.
27 91-35, amending Part 64 of its rules to require the unblocking of equal

1 access codes (10XXX) at all call aggregator locations. On July 10, 1992, the
2 FCC released an Order on Reconsideration in CC Docket No. 91-35. In its
3 Order on Reconsideration, the FCC determined that all local exchange
4 companies (LECs) would offer to call aggregators within six months of the
5 release of its Order on Reconsideration, originating line and billed number
6 screening (selective call screening services) where technologically feasible. *clarify*
7 These services are intended to prevent fraudulent calling at call aggregator
8 locations.

9
10 Staff believes that because the FCC has required call aggregators to unblock
11 10XXX, once the LEC provides selective call screening and it is technically
12 feasible for the aggregators, selective call screening is not a discretionary
13 service to those call aggregators. With 10XXX unblocking, an aggregator
14 requires selective call screening service so that toll calls placed from an
15 aggregator location are placed either collect, calling card, or third person
16 basis and not billed to the aggregator's location or a fraudulent telephone
17 number. Without selective call screening, an aggregator or a customer to
18 whose number calls were fraudulently billed, could be subjected to the
19 payment of large sums for toll fraud. Therefore, Staff believes that this
20 service is essential to public protection and privacy.

21
22 24. Q. OHIO BELL AND OPCA CLAIM THAT THE STAFF ERRED BY
23 RECOMMENDING THAT PUBLIC AND SEMI-PUBLIC LOCAL
24 MESSAGES BE CLASSIFIED IN CELL 2 RATHER THAN CELL 1. PLEASE
25 EXPLAIN THE STAFF'S POSITION. (OBT No. F7, G4, OPCA No. 4)

1 A. Consistent with Staff Witness Shields's proposal to freeze certain Cell 1
2 services for three years, Staff believes that the public and semi-public local
3 message rate (\$.25) should also be included in Cell 1, as recommended in
4 the Staff Report, and subject to the three year freeze. However, after the
5 three year freeze, and after Ohio Bell establishes a pay station line charge,
6 Staff would recommend the inclusion of the public and semi-public local
7 rate in Cell 2. Staff Witness Shields explains the Staff's pay station
8 proposals in greater detail.
9

10 25. Q. OHIO BELL, THE DEPARTMENT OF DEFENSE, OFFICE OF
11 CONSUMER'S COUNSEL AND THE DEPARTMENT OF
12 ADMINISTRATIVE SERVICES OBJECT TO THE STAFF'S PROPOSAL TO
13 RECLASSIFY SEVERAL PRIVATE LINE SERVICES IN TWO
14 CLEVELAND AND COLUMBUS WIRE CENTERS TO CELL 2 BECAUSE
15 THEY BELIEVE EFFECTIVE COMPETITION EXISTS TO WARRANT CELL
16 4 TREATMENT. WHY DOESN'T STAFF AGREE? (OBT No. F8; Defense
17 Page 7; OCC No. 47; DAS No. 2)
18

19 A. Staff does not believe that the Applicant has adequately demonstrated
20 effective competition for the services in these wire centers. Staff agrees
21 that the services are relatively competitive but is of the opinion that the
22 degree of competition has not been demonstrated in order to warrant Cell
23 4 treatment for those wire centers.
24

25 26. Q. THE APPLICANT OBJECTS TO THE TARIFF FILING RULES FOR NEW
26 SERVICES AS PROPOSED BY THE STAFF IN ITS REPORT. CAN YOU
27 BRIEFLY EXPLAIN THE STAFF PROPOSAL? (OBT No. F10)

1 A. Yes. The Staff proposal is exactly the same as the tariff filing rules found
2 in the Alternative Regulation Rules as prescribed by the Commission.
3 Most new services will be classified in Cell 3 unless the service meets the
4 criteria for another Cell. As required by the Commission Rules and the
5 Staff Report, a new service application for any of the four cells shall be
6 filed at the Commission, and unless suspended by the Commission, will
7 become automatically effective on the 31st day.
8

9 27. Q. WHY DOES STAFF BELIEVE THAT THE 30 DAY REVIEW PERIOD IS
10 NECESSARY?
11

12 A. Staff believes that a thirty day review period is necessary to review the
13 tariffs, costs, and cell classification information. Staff does not believe this
14 review can be effectively accomplished in less than 30 days. Staff would
15 point out, however, that the 30 day review period is half as long as the
16 current regulatory requirements for Ohio Bell which allows automatic
17 time frames only for competitive services and no automatic time frames
18 for non-competitive services. Once again, the 30 day time frame is
19 required by the Alternative Regulation Rules and the Applicant has not
20 adequately demonstrated why it would need to vary from these rules.
21

22 28. Q. THE APPLICANT OBJECTS TO TARIFF FILING RULES FOR CELL 4
23 SERVICES DUE TO THE COMPETITIVE NATURE OF THESE SERVICES
24 AND BECAUSE THESE SERVICES WILL BE DETARIFFED. DOES STAFF
25 AGREE? (OBT No. F11, F12)

1 A. No. Staff believes that at least 30 days notice, as required by the
2 Commission rules, should be provided to Staff to ensure that a service has
3 been properly classified or reclassified into Cell 4.

4
5 Further, it should be noted that even under 89-563-TP-COI, if a
6 competitive carrier desires detariffing of a service for competitive reasons,
7 essentially Cell 4 treatment, it must apply for a waiver¹. If it is the first
8 entity to request such a waiver for a certain service, then the approval
9 process of the waiver is not subject to automatic time frames. Any other
10 competitive carriers who provide that same service may obtain an
11 identical waiver upon the filing of a "me too" waiver. Any such "me too"
12 waiver requests are subject to a 30-day automatic approval, unless the
13 Commission acts otherwise. Therefore, in order for a competitive carrier
14 to have a particular service detariffed, it is also subject to a timeframe of at
15 least 30 days.

16
17 29. Q. THE APPLICANT OBJECTS TO THE STAFF PROPOSALS REGARDING
18 RECLASSIFICATION AND WITHDRAWAL OF SERVICES AMONG
19 CELLS 1, 2, AND 3 BECAUSE THEY ARE UNREASONABLE,
20 BURDENSOME, AND NOT FLEXIBLE. DOES STAFF AGREE? (OBT No.
21 FI3)

22
23 A. No. As stated previously, Staff's proposals are consistent with the
24 Alternative Regulation Rules and provide the Commission, and any
25 interested parties, an opportunity to review these filings prior to an
26 automatic effective date. Since these are applications which will go into

¹ Case No. 89-563-TP-COI, Entry on Rehearing, December 22, 1993: Appendix A, Pages 1 - 3.

1 effect automatically, unless the Commission acts otherwise, Staff does not
2 understand how these rules can be burdensome to the Applicant.
3

4 30. Q. THE CITY OF EDGE MONT CLAIMS THAT THE STAFF ERRED IN
5 FAILING TO RECOMMEND THAT NO CURRENT CELL 1 SERVICE BE
6 ALLOWED TO BE RECLASSIFIED AS A CELL 3 SERVICE GIVEN THE
7 CELL DEFINITIONS RECOMMENDED TO BE ADOPTED FOR OBT.
8 SHOULD EDGE MONT'S POSITION BE ADOPTED? (Edgemont No. 47).
9

10 A. No. As stated previously the cell definitions recommended by Staff to be
11 adopted are those found in the Commission's Alternative Regulation
12 Rules. Although Staff does not understand why Edgemont would broadly
13 object to reclassifying Cell 1 Services to Cell 3, such a proposal by the
14 Applicant is not prohibited by the Rules or the Staff Report. Of course,
15 such a reclassification would be subject to a 30 day automatic time frame
16 and Edgemont, or any other interested party, is permitted to file an
17 application for intervention as outlined by the Rules.
18

19 31. Q. THE OFFICE OF CONSUMER'S COUNSEL, CITY OF CLEVELAND, CITY
20 OF EDGE MONT, AND GREATER CLEVELAND WELFARE RIGHTS
21 ORGANIZATION OBJECT THAT STAFF DID NOT CLASSIFY CALL
22 BLOCKING (900 & 976) AS A CELL 1 SERVICE? CAN YOU PLEASE
23 EXPLAIN STAFF'S PROPOSALS FOR THIS SERVICE? (OCC No. 43;
24 Cleveland No. 17; Edgemont No. 43; GCWRO No. 16).

1 A. Based on the record thus far, the Staff would like to amend its previous
2 position on this matter to reflect that the charges associated with 900/976
3 Blocking (including the service and establishment charges) should be
4 reclassified from Cell 3 to Cell 1. Staff believes these charges should be
5 subject to the most restrictive Cell 1 pricing parameters. Staff would like
6 to reiterate that the service will continue to be subject to the guidelines set
7 forth in the Commission's Case No. 86-1044-TP-COI and FCC CC Docket
8 No. 93-22.

9
10 32. Q. OHIO BELL OBJECTS TO THE RESTRICTIONS ON PRICING FLEXIBILITY
11 SUGGESTED BY THE STAFF FOR CALL BLOCKING (900 & 976). WHY
12 DOES STAFF THINK THAT IT IS IMPORTANT TO INCLUDE SUCH
13 PRICING RESTRICTIONS? (OBT No. F4)

14
15 A. Ohio Bell did not explain why it thought that it is unreasonable to
16 continue the pricing constraints as set forth in both the Commission and
17 FCC decisions in this matter except that it deprives the Applicant of
18 needed pricing flexibility. Staff does not agree that additional pricing
19 flexibility is acceptable justification for departure from the aforementioned
20 decisions.

21
22 33. Q. SEVERAL PARTIES CLAIM THAT THE STAFF ERRED IN FAILING TO
23 RECOMMEND THAT THE ADVANCED CUSTOM CALLING FEATURE,
24 CALL SCREENING, BE CLASSIFIED AS CELL 1 BECAUSE IT ENHANCES
25 PRIVACY FOR CUSTOMERS. WHY DOESN'T STAFF AGREE?
26 (Cleveland No. 17; OCC No. 44; Edgemont No. 44)

1 A. Staff believes that this service is discretionary to customers and is not
2 aware of any Commission Orders which have deemed the current call
3 screening service essential to the protection of the customer's privacy.
4 Staff Witness Francis discusses the Commission's treatment of the privacy
5 issues surrounding the Advanced Custom Calling Features. Finally,
6 while the OCC may believe that this service enhances the privacy of
7 customers opting to subscribe to this service, Staff does not believe that the
8 Commission has deemed it essential to the privacy of the Applicant's
9 customers.

10
11 34. Q. OCC OBJECTS TO THE STAFF FAILING TO RECOMMEND THAT
12 DISTINCTIVE RINGING, REPEAT DIALING, CALL FORWARDING,
13 AND CALL WAITING BE SUBJECT TO CONSTRAINTS ON MAXIMUM
14 PRICING, BECAUSE IT INCREASES THE NUMBER OF COMPLETED
15 CALLS, THEREFORE ENHANCING THE VALUE OF THE NETWORK.
16 WHY DOESN'T STAFF AGREE WITH THIS OBJECTION? (OCC No. 45)

17
18 A. Staff is not sure what additional constraints on maximum pricing OCC
19 believes is necessary for these services. However, Staff has proposed
20 additional pricing constraints on Cell 3 services beyond what is required by
21 the Alternative Regulation Rules. Staff believes these rules should be
22 consistent for all Cell 3 services as described in the testimony of Staff
23 Witness Shields.

24
25 35. Q. THE AMERICAN ASSOCIATION OF RETIRED PERSONS (AARP)
26 BELIEVES THAT THE STAFF ERRED BY NOT RECOMMENDING A
27 PROCEDURE FOR WHICH INTERESTED PARTIES CAN BECOME

1 AWARE OF A NEW SERVICE FILING IN CELL 4. IS THIS CORRECT?
2 (ARRP NO. 27).
3

4 A. No. Staff on Page 60 of the Staff Report in this case recommended that,
5 consistent with the Alternative Regulation Rules, the Applicant provide
6 notice of a new Cell 4 filing to each party to the proceeding in which its
7 Alternative Regulation Plan was approved, and anyone not otherwise
8 represented who requests such notice on the same day that it is filed with
9 the Commission.
10

11 36. Q. THE AARP BELIEVES THAT THE STAFF SHOULD HAVE
12 RECOMMENDED A PROCEDURE BY WHICH INTERESTED PARTIES
13 COULD BE MADE AWARE OF THE REVIEW PERIOD FOR NEW
14 SERVICES IN CELLS 1, 2, OR 3 WHICH AFFECT PUBLIC SAFETY OR
15 PRIVACY INTERESTS. IN ADDITION, AARP OBJECTS TO ALLOWING
16 NEW SERVICE TARIFFS TO BECOME AUTOMATICALLY EFFECTIVE
17 WITHOUT AN ORDER. DOES STAFF AGREE? (AARP No. 28)
18

19 A. No. The Commission was very clear in its Order approving its
20 Alternative Regulation Rules (see pages 27 - 28 of the January 7, 1993
21 Finding and Order) concerning tariff review and its intentions for
22 notification and automatic approval of new service tariffs. The
23 Commission is clear that an interested person may file an objection to a
24 tariff application or a contractual arrangement up to 14 days after the filing
25 of an application. An interested person, just as he or she would do today,
26 would monitor the daily docketing activities at the Commission to
27 determine whether an application had been filed. Further, on Page 31 (see

1 4. Privacy) of the Order, the Commission explicitly states that it would
2 expect that a Large Local Exchange Company subject to Alternative
3 Regulation, would request, on their own initiative, that the 30 day time
4 frame be suspended if they know or suspect that a particular service would
5 cause a privacy concern. Of course, Staff has every opportunity to suspend
6 a tariff if it discovers privacy issues in an automatic application.
7

8 Further, the Commission on Page 27 of its Alternative Regulation Order
9 discusses the automatic approval process for tariffs and it states that 30
10 days is a reasonable time period to review tariff filings, however, the
11 Commission indicates that it would not be making a determination that
12 there is nothing wrong with the proposed tariffs; rather, the Commission
13 would be making a determination that the tariff does not appear to be
14 unjust or unreasonable based on the information submitted in the
15 application. Staff sees no reason to depart from the Commission's
16 decisions in these matters.
17

18 37. Q. AARP BELIEVES THAT THE STAFF ERRED BY FAILING TO
19 RECOMMEND ALL ISDN SERVICES BE INCLUDED IN CELL 1. DOES
20 STAFF AGREE? (AARP NO. 39)
21

22 A. Staff agrees that the access piece of ISDN should be classified in Cell 1 as
23 Ohio Bell has proposed for ISDN Direct and ISDN Centrex. However, it
24 appears, based upon the testimony of Applicant's Witness Mr. Dan
25 McKenzie's testimony, that the access pieces of ISDN Prime have been
26 classified by the Applicant in Cell 3. Staff would recommend that because
27 access to ISDN Prime, like ISDN Direct, can only be obtained from the

1 Applicant, that the access pieces of ISDN Prime (~~Network Access, CO~~
2 ~~Termination and Distance Extension~~) should also be classified as a Cell 1
3 service.

4
5 The features associated with ISDN Prime and ISDN Direct have been
6 classified by the Applicant into Cell 3. The features for ISDN Centrex have
7 been classified as Cell 4. Staff agrees with the applicant that the respective
8 ISDN features have been appropriately classified in Cell 3 and Cell 4.
9

10 38. Q. THE CITIES OF CLEVELAND AND EDGEMONT BELIEVE THAT THE
11 STAFF SHOULD HAVE RECOMMENDED TIMETABLES FOR THE
12 APPLICANT TO WITHDRAW OR RECLASSIFY A SERVICE.
13 SPECIFICALLY, THE CITY BELIEVES THAT SUCH AN APPLICATION
14 SHOULD BE FILED 60 DAYS PRIOR TO THE EFFECTIVE DATE, WITH
15 OBJECTIONS TO BE FILED 30 DAYS PRIOR TO THE EFFECTIVE DATE.
16 DOES STAFF AGREE? (Cleveland No. 14; Edgemont No. 49)
17

18 A. No. As stated above, Staff believes that the Commission Rules regarding
19 tariff filings are the appropriate guidelines regarding new services,
20 reclassification, price changes and withdrawals. The Staff sees no reason to
21 deviate from these rules as suggested by the City of Cleveland.
22

23 39. Q. AARP, THE CITIES OF CLEVELAND AND EDGEMONT OBJECT TO
24 STAFF PLACEMENT OF INSIDE WIRE MAINTENANCE PLANS IN
25 CELL 4. CLEVELAND BELIEVES IT SHOULD BE PLACED IN ONE OF
26 THE REGULATED CELLS. WHY DOESN'T STAFF AGREE? (AARP No.
27 42; Cleveland No. 15; Edgemont No. 50)

1 A. The Commission has thoroughly examined the issues associated with
2 Inside Wire Maintenance Plans in Case No. 86-927-TP-COL. The Staff sees
3 no reason to depart from the Commission's decision to deregulate these
4 plans and, therefore, agrees that the Company does not need to place this
5 service into a Cell. To clarify, the applicant has not proposed Cell 4 or any
6 other Cell placement for Inside Wire Maintenance Plans because this
7 service has been deregulated. Staff agrees with such a placement.

8
9 Further, the Staff notes that placement of a service into Cell 4 does not
10 indicate that a service has been deregulated, it is only permitted to be
11 detariffed. The Commission will continue its oversight, as indicated in
12 the Staff Report, of Cell 4 services even though these services will be
13 detariffed. Further, as is the case with Inside Wire Maintenance Plans, any
14 generic decisions and guidelines previously applicable to a service will
15 continue to apply regardless of cell classification.

16
17 40. Q. MCI AND TIME WARNER OBJECT TO THE PLACEMENT OF DIGITAL
18 PRIVATE LINES IN CELL 2 BY STAFF. THEY BELIEVE THAT
19 SUFFICIENT COMPETITION DOES NOT EXIST TO WARRANT CELL 2
20 TREATMENT AND THE LINES SHOULD BE PLACED IN CELL 1. DOES
21 STAFF AGREE? (MCI NO. 4; TWAX NO. 4)

22
23 A. As stated previously, one of the criteria Staff utilized in determining
24 whether a service had been appropriately classified by the Applicant was
25 previous Commission decisions. The Commission found that sufficient
26 competition existed for Digital Private Line Service to grant it flexible
27 pricing under the 944/1144 guidelines. Staff believes that this treatment is

1 consistent with the Commission's Cell 2 guidelines, and, therefore is
2 appropriately classified as a Cell 2 service. It is Staff's opinion, however,
3 that the Applicant has not demonstrated sufficient competitive threat to
4 warrant Cell 4 treatment.

5
6 41. Q. THE MID-EAST TELEPHONE ASSOCIATION (METAS) OBJECTS TO THE
7 CLASSIFICATION OF SEVERAL CELL 3 SERVICES WHICH IT BELIEVES
8 ARE ESSENTIAL TO THE PROVISION OF ITS SERVICES. IN
9 ADDITION, IT ALSO OBJECTS TO THE CLASSIFICATION OF AUTOTAS
10 CONCENTRATORS AS A CELL 2 SERVICE. WHY DOES STAFF BELIEVE
11 THESE SERVICES ARE APPROPRIATELY CLASSIFIED? (METAS 1, 2)

12
13 A. First, Staff believes that the Custom Calling and Central Office Optional
14 Line Features listed by METAS as essential to the provision of its services
15 are discretionary to the general population of Ohio Bell customers, and,
16 therefore, are appropriately classified by Ohio Bell as Cell 3 services and do
17 not meet the definition of a Cell 1 service. Furthermore, Staff believes
18 that it's proposed pricing parameters as explained by Staff Witness Shields,
19 for Cell 3 services provide additional pricing protections beyond what is
20 even required by the Alternative Regulation Rules. Therefore, Staff does
21 not see any additional benefits to classifying these services as Cell 1.

22
23 Staff believes AUTOTAS Concentrators should remain in Cell 2 as an
24 emerging competitive service because the Commission when it approved
25 AUTOTAS Concentrators granted it flexible treatment as a competitive
26 service. As stated above, the pricing parameters proposed by Staff provide
27 additional pricing protections to customers of these services.

1 42. Q. DOES THE STAFF AGREE WITH METAS THAT CELL 3 SERVICES AND
2 OTHER SERVICES USED IN TELEPHONE SERVICE APPLICATIONS BE
3 PERMITTED TO BE THE SUBJECT OF SPECIAL CONTRACTS BECAUSE
4 OF UNIQUE CIRCUMSTANCES REFERENCED IN SECTION XIII (E) OF
5 THE ALTERNATIVE REGULATION RULES? (METAS 3)
6

7 A. Staff, as described in the testimony of Staff Witness Nadia Soliman, does
8 believe that contracts should be permitted for Cell 3 services. Further, as
9 stated by Witness Soliman, Section XIII (E) of the Alternative Regulation
10 Rules would apply for any Cell 1, 2, 3 or 4 service. However, Staff cannot
11 agree, at this time, without a specific application pending, that the services
12 which are used in conjunction with telephone service applications should
13 be permitted to be subject to the special contracts allowed by the Rules.
14 Staff believes that the determination will be made, on a case by case basis,
15 if and when such a contract is filed.
16

17 43. Q. TIME WARNER OBJECTS TO THE STAFF REPORT'S FAILURE TO
18 RECOMMEND THAT SERVICES WHICH CONTAIN LOCAL NETWORK
19 ACCESS COMPONENTS BUNDLED WITH OTHER CAPABILITIES
20 MUST BE CLASSIFIED AS NON-COMPETITIVE AND CELL 1 SERVICES.
21 ACCORDING TO TIME WARNER, THIS WOULD INCLUDE SERVICES
22 SUCH AS: INTRALATA MTS, WATS AND 800 SERVICES. WHY
23 DOESN'T STAFF AGREE? (TWAX IV A.3)
24

25 A. The services mentioned by Time Warner have already been determined
26 by the Commission, at the time the services were approved, to be
27 competitive services, when they were approved under the 944/1144

1 guidelines. Staff does not believe that any of the competitive services fit
2 the Commission's definition of a Cell 1 service as a basic local exchange
3 service. Therefore, Staff believes that the Applicant's Cell 2 and Cell 4
4 services have been appropriately classified, with the exceptions noted in
5 the Staff Report.

6
7 44. Q. TIME WARNER BELIEVES THAT ALL BOTTLENECK FUNCTIONS
8 AND FEATURES THAT OBT OFFERS AND UPON WHICH
9 COMPETITORS AND ENHANCED SERVICE PROVIDERS RELY IN
10 ORDER TO PROVIDE A SERVICE SHOULD BE CLASSIFIED AS CELL 1
11 SERVICES. DOES STAFF AGREE WITH THIS PROPOSAL? (TWAX No.
12 IV A.2)

13
14 A. No. First, this objection is overly broad. Staff cannot respond to this
15 objection unless the specific services are listed. However, as stated in
16 Question 41, Staff does not believe that there is a benefit to reclassifying a
17 service to Cell 1, when such a service is either competitive or discretionary
18 to the general population of customers. Staff believes that the price cap
19 and additional pricing constraints proposed by Staff offer additional
20 protections to competitors beyond the protections that exist today. In
21 addition; the Staff believes its contract proposals offer competitors the
22 opportunity to negotiate a price that may be better ^{for} ~~to~~ them than those
23 available in the tariff. Finally, a competitor may utilize the complaint
24 statutes if it believes Ohio Bell may be acting in an uncompetitive manner.

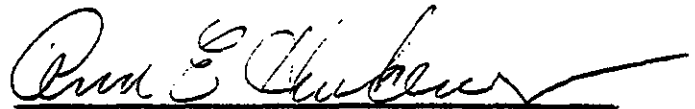
1 45. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2

3 A. Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Prepared Testimony of Lori A. Sternisha, 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 5th day of August, 1994.



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