

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the The Ohio Bell Tele-)
phone Company for Approval of an Alterna-) Case No. 93-487-TP-ALT
tive Form of Regulation.)

ENTRY

The Commission finds:

- (1) The Commission issued its opinion and order in this case on November 23, 1994, adopting a stipulation filed by a number of the parties, which provides, among other things, for the replacement of rate-of-return regulation with a price cap regulation plan, to be in effect for at least six years. Specifically, the stipulation provides that the price cap is to be adjusted on an annual basis to reflect the percentage change in the Gross Domestic Product-Price Index (GDP-PI), a productivity factor/consumer dividend offset, a service quality adjustment, and exogenous impacts reflecting significant tax and accounting changes. Further, by May 1, 1995, and by May 1 in subsequent years, the company shall file with the Commission the updated Price Cap Index (PCI) with documentation supporting its development. The documentation shall include the data supporting the development of the GDP-PI Factor, the development of the Service Quality Adjustment Factor, if any, and the development of the Group Price Index (GPI). Interested parties shall have fourteen days from filing to respond to the company's proposed PCI and GPI documentation.
- (2) On February 27, 1996, Ameritech Ohio (Ameritech) filed a letter which explained why a price cap filing was not made on May 1, 1995 in accordance with the stipulation. Ameritech explained that it and the Commission's staff had recognized that the first available information to update the indices would be calendar year 1995 data which should be filed in the 1996 update.
- (3) On March 5, 1996, the Ohio Supreme Court issued its decision in *Time Warner AxS v. Pub. Util. Comm.*, 75 Ohio St. 3d 229, reversing the Commission's opinion and order and remanded this case. On June 18, 1996, Senate Bill 306 was signed into law. The Bill provides that Ameritech's alternative regulation plan as approved and modified by the Commission in its opinion and order dated November 23, 1994, and its entry

This is to certify that the foregoing is a true and accurate and correct copy of the original document contained in the regular course of business.
Technician *James Schuyler* Date Processed *8-23-96*

on rehearing dated January 19, 1995, will be effective on a prospective basis.

- (4) On June 26, 1996¹, Ameritech filed its compilation of its PCI customer service rate elements. The compilation included tariff rate, annual quantity, and current revenue information. The information was filed under seal with a motion for protective order and memorandum in support.
- (5) By attorney examiner entry dated July 3, 1996, Ameritech was directed to submit additional documentation supporting its annual price cap filing. In addition, parties to the case were given an opportunity to file comments on Ameritech's filing within 14 days of the filing. As requested, Ameritech filed this information on July 10, 1996. No parties filed comments.
- (6) On August 5, 1996, Ameritech filed a letter requesting that the Commission approve the new PCI, as shown on Exhibit 12 of the June 26, 1996 filing, to be effective July 1, 1996. The new PCI results in an approximate \$6.0 million reduction in total revenues under the price cap. In addition, Ameritech explains that the GPI calculation, as shown on Exhibit 2 of the July 10, 1996 filing, demonstrates that price reductions already taken since the inception of the alternative regulation plan amounted, in aggregate, to approximately \$4.8 million. Together with this GPI adjustment, the company proposed an additional \$1.3 million in aggregate rate reductions to be effective July 1, 1996, in order to bring the GPI below the PCI.

The August 5, 1996 letter further provides that, in order to provide the Commission's staff additional time for review, the company has agreed to voluntarily propose a total rate reduction of \$6,173,312, which is an additional \$4.9 million reduction over the June 26, 1996 proposed reduction of \$1.3 million. Ameritech points out, however, that it is not agreeing that the GPI adjustments proposed by it have not been calculated properly, and it is not waiving any rights to challenge any Commission decision to the contrary. Finally, Ameritech in its letter states its understanding that the Commission would complete its review of the proposed GPI by no later than December 31, 1996. Attached to the letter is an amended Exhibit 2A which provides the specific rate element and price

¹ This filing was delayed and not filed by the May 1 deadline due to the court's decision in *Time Warner*, *supra*.

change reductions by price cap plan basket which amount to \$6,173,312.

- (7) On August 16, 1996, Ameritech filed a letter for the purpose of providing additional information and clarification regarding the August 5, 1996 letter. In its letter, Ameritech indicates that it is permanently foregoing the \$4.8 million in GPI adjustments accumulated up to the time that Senate Bill 306 was signed into law. Ameritech states that it will do this as a one-time adjustment to the GPI calculation. Attached to the letter is a second revision to Exhibit 2, which reflects such adjustment.

Further, Ameritech clarifies that the type of price reductions (i.e., EAS conversions and customer contracts) for which it has agreed to forego any GPI adjustment for the period of time preceding the enactment of Senate Bill 306 have been and will continue to be implemented for the period of time thereafter. However, Ameritech clarifies that it will not propose any price increases as an offset to any GPI adjustments based on EAS conversions and/or customer contracts until the Commission completes such review.

- (8) The proposed PCI, as reflected in Exhibit 2 of the June 26, 1996 filing should be approved, effective July 1, 1996. Accordingly, Ameritech should implement the rate element and price change reductions as set forth in amended Exhibit 2A attached to its August 5, 1996 letter, effective July 1, 1996. Regarding the GPI adjustments which have been implemented since June 18, 1996, the Commission intends to examine the adjustments as expeditiously as possible, but is not committing to completing such an evaluation by December 31, 1996, as requested by Ameritech.
- (9) In its motion for protective order, Ameritech argues that the specific quantities and revenues for the individual services which it is required to file as part of its price cap filing constitutes trade secret information under Section 1333.61, Revised Code. Specifically, Ameritech asserts that the individual service information is trade secret information which, if disclosed, will harm Ameritech and provide economic value to competitors. Ameritech explains that, for some of the services, competitors are already present, and that other services have become the subject of competitor planning as a result of the Commission's certification of new local exchange

providers. Ameritech further argues that the individual service quantities provide those existing and potential competitors with information concerning customer response to individual services. This information could be used to assist competitors in deciding what types of features and capabilities to purchase in switching and transport equipment. Ameritech explains that the revenue information has been redacted since the rates contained on the attachment when combined with the revenues for the service would reveal the confidential quantities. Finally, Ameritech asserts that the information is business information which is not publicly disclosed, is routinely handled in a manner which protects its confidentiality, and in the ordinary course of business is treated as proprietary and confidential by Ameritech employees. Ameritech notes that similar information was publicly filed as part of Ameritech's alternative regulation case. Ameritech distinguishes the filing in that case with the instant price cap filing, arguing that the competitive environment has changed considerably.

Ameritech has failed to substantiate its claim that the disclosure of the information subject to its motion would harm Ameritech. Therefore, Ameritech's motion should be denied. In denying this motion, the Commission is not taking the position that the information should never be granted confidential treatment. We disagree with Ameritech that the competitive environment has changed considerably since the filing of its alternative regulation plan. We will continue to review this issue in the future based on a suitable motion by Ameritech which includes supporting documentation.

It is, therefore,

ORDERED, That Ameritech implement the rate element and price change reductions as set forth in amended Exhibit 2A attached to its August 5, 1996 letter, effective July 1, 1996, for recurring and usage charges, and effective upon billing change, or no later than September 15, 1996, for nonrecurring charges. It is, further,

ORDERED, That Ameritech's motion for protective order is denied. It is, further,

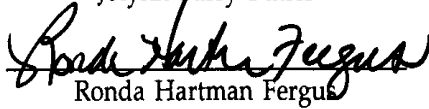
ORDERED, That a copy of this Entry be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



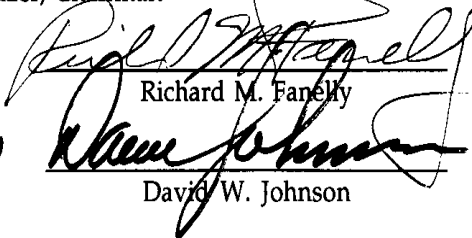
Craig A. Glazer, Chairman

Jolynn Barry Butler



Ronda Hartman Fergus

Richard M. Fanelly



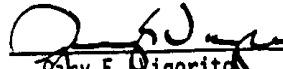
David W. Johnson

MKF/vrh

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AUG 22 1996

A True Copy


Gary E. Vigorito
Secretary