

ORIGINAL

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Complaints of )  
Citizens Federal Bank, )  
Northwestern Local School District, )  
Citizens Federal Bank, )  
Citizens Federal Bank, )  
Springfield City Schools, and )  
West Carrollton School District, )

Case No. 96-37-TP-CSS  
Case No. 96-38-TP-CSS  
Case No. 96-39-TP-CSS  
Case No. 96-40-TP-CSS  
Case No. 96-427-TP-CSS  
Case No. 96-460-TP-CSS

Complainants )

v. )

Ameritech Ohio )

Respondent )

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TESTIMONY

OF

DANIEL R. MCKENZIE

AMERITECH OHIO EXHIBIT 1

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Filed on Behalf of Respondent,  
AMERITECH OHIO

By: Charles S. Rawlings  
Its Attorney  
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TESTIMONY OF DANIEL R. MCKENZIE

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

A: My name is Daniel R. McKenzie. My business address is 45 Erieview Plaza, Cleveland, Ohio 44114.

2. Q: BY WHOM ARE YOU EMPLOYED?

A: I am employed by Ameritech Ohio.

3. Q: HOW LONG HAVE YOU BEEN EMPLOYED BY AMERITECH OHIO?

A: Twenty-three (23) years.

4. Q: IN WHAT CAPACITY ARE YOU CURRENTLY EMPLOYED BY AMERITECH OHIO?

A: I am the Director - Regulatory Affairs.

5. Q: WHAT ARE YOUR RESPONSIBILITIES IN YOUR PRESENT POSITION?

A: I represent Ameritech Ohio at the Public Utilities Commission and work with the Commission staff on numerous regulatory issues involving business customers with 12 lines or more. I am responsible for reviewing and filing tariffs pertaining to a large variety of services for Ameritech Ohio customers. In addition, among other responsibilities, I provide tariff interpretations stemming from Ameritech Ohio's Alternative Regulation Plan and I work on issues regarding compliance with

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commitments made in that Plan.

6. Q: WOULD YOU PLEASE BRIEFLY DESCRIBE YOUR WORK EXPERIENCE AT AMERITECH OHIO?

A: I have held numerous regulatory and financial positions, with the majority of time spent on regulatory assignments. Regulatory assignments included Manager-Regulatory Matters (1979-1983) and District Manager-Financial Analysis (1983-1986). I also held the positions of Director-Federal Regulatory (1986-1988) and Director-Separations Methods (1988-1990) in the regulatory organization at Ameritech Services in Chicago. Both of those positions entailed providing regulatory and rate development support to Ameritech Ohio and the other four Ameritech operating companies. Financial positions held include District Manager-Corporate Accounting (1990) and Director-Corporate Budgets (1991-1993).

In 1993 I was appointed Director-Rates and Tariffs. In that position, I directed the development of rates, rate structures and tariffs for basic exchange, toll, WATS, private line, Centrex and vertical services. Also included in my area of responsibility were boundary administration matters, extended area service and special service arrangements. I also was responsible for the

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administration of tariffs for access services.

7. Q: WHAT IS YOUR EDUCATIONAL BACKGROUND?

A: I hold a Bachelor of Arts degree in Economics from Miami University and a Master of Business Administration degree from Cleveland State University.

8. Q: HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION?

A: Yes. I was the Rate and Tariff witness in Ameritech Ohio's Alternative Regulation case (Case No. 93-487-TP-ALT.)

9. Q: HAVE YOU STUDIED THE COMPLAINTS THAT HAVE BEEN FILED AGAINST AMERITECH OHIO AS CASE NOS. 96-37-TP-CSS, 96-38-TP-CSS, 96-39-TP-CSS, 96-40-TP-CSS, 96-427-TP-CSS, AND 96-460-TP-CSS?

A: Yes. I have read the complaints in those cases, and have also reviewed the materials filed by Complainants in support of the complaints.

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10. Q: ARE COMPLAINANTS IN THESE CASES SEEKING THE PAYMENT OF INTEREST BY AMERITECH OHIO ON AMOUNTS CLAIMED BY COMPLAINANTS TO HAVE BEEN ERRONEOUSLY BILLED?

A: My understanding is that Complainants claim that Ameritech Ohio's tariffs require the payment of interest on refunded amounts. In fact, in one case (96-427-TP-CSS) involving the Springfield City schools, interest is the only issue.

11. Q: HAVE YOU REVIEWED AMERITECH OHIO'S TARIFFS FILED WITH AND APPROVED BY THIS COMMISSION IN AN EFFORT TO LOCATE ANY PROVISION OF THOSE TARIFFS AUTHORIZING THE PAYMENT BY AMERITECH OHIO OF INTEREST TO CUSTOMERS WHO HAVE CLAIMS SUCH AS THOSE MADE BY CITIZENS FEDERAL AND THE SCHOOL DISTRICTS?

A: I have.

12. Q: DID YOU FIND ANY SUCH TARIFF PROVISION?

A: I did not. The only interest provision contained in the tariffs is applicable to carrier access services.

13. Q: HAVE YOU EXAMINED SECTION 2.4.1 OF F.C.C. TARIFF NO. 2, CITED BY COMPLAINANTS, THE MEMORANDUM OPINION AND ORDER ISSUED BY THE F.C.C. IN FILE NOS. E-90-042 AND E-90-060

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AND THE OTHER DOCUMENTS FILED BY COMPLAINANTS IN THESE  
CASES?

A: Yes, I have.

14. Q: DO YOU HAVE AN OPINION CONCERNING THE APPLICABILITY OF  
THE FEDERAL TARIFFS TO THE SIX CASES BEFORE THIS  
COMMISSION?

A: Yes. In my opinion they are not applicable to these six  
cases.

15. Q: PLEASE EXPLAIN THE BASIS FOR YOUR OPINION.

A: The federal tariffs relied upon by Complainants govern  
the furnishing of Carrier access services and are  
generally "mirrored" in Ohio for intrastate access  
services. With the exception of the federal end user  
common line charge, the services that are the subject of  
these cases are not Carrier access services purchased out  
of that tariff. Therefore, F.C.C. No. 2 is, by its  
terms, completely inapplicable to those other services.  
Of course, if Complainants purchase services from the  
Access Tariff, they would be entitled to the benefit of  
the interest provision of that tariff.

The dockets relied upon by Complainants, F.C.C. Nos. E-

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90-042 and E-90-060 dealt with the F.C.C.'s authority to award interest as part of a damages case for violation of the F.C.C.'s rate of return prescription for carrier access services. The cases before this Commission do not raise issues similar to those before the F.C.C. in those dockets.

16. Q: WHAT TARIFF ISSUES ARE RAISED IN THE CASES BROUGHT ON BEHALF OF CITIZENS FEDERAL BANK?

A: In each of the three complaints brought on behalf of Citizens Federal Bank ("Citizens") (96-37-TP-CSS; 96-39-TP-CSS and 96-40-TP-CSS) the claim is made that Citizens Bank was billed by Ameritech Ohio in violation of tariff. Case No. 96-37-TP-CSS ("96-37") alleges that Citizens was billed incorrectly for two P3N's (interexchange private line service terminals) because, Citizens says, the P3N's were not necessary. Case No. 96-39-TP-CSS ("96-39") raises a similar issue. Case No. 96-40-TP-CSS ("96-40") alleges that Ameritech Ohio incorrectly billed Citizens by charging for analog local channel terminations and digital mileage terminations on the same circuit.

17. Q: HOW IS A P3N TREATED UNDER AMERITECH OHIO'S TARIFFS?

A: A P3N is a USOC (Uniform System Ordering Code)

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designation for an interexchange ("IXC") channel service terminal. Local channels and interexchange channels have been defined in Ameritech Ohio's tariffs, as is channel mileage (Part 15, P.U.C.O. No. 20). Ameritech Ohio applies the service terminal rate element when a private line circuit originates in one Ameritech Ohio exchange and terminates in an Ameritech Ohio exchange that is not in the local calling area of the originating exchange or terminates in a different telephone company's exchange. The P3N rate element is applicable in each exchange where the private line circuit is terminated.

18. Q: WHAT IS THE CLAIM BEING MADE ON BEHALF OF CITIZENS FEDERAL IN CASE NO. 96-37-TP-CSS?

A: The claim in Case No. 96-37-TP-CSS is that Citizens has been billed incorrectly by Ameritech Ohio for P3N's. The argument made by Citizens is that the P3N's are associated with a private line circuit which has terminations which are all in the local service area of one another and therefore, the circuit is not an interexchange circuit.



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19. Q: WHAT IS YOUR RESPONSE TO THIS CLAIM?

Citizens is being charged correctly under the provisions of Ameritech Ohio's tariffs applicable to this customer's private line service. Although each of the terminations on this particular private line circuit are within the local calling area of one another, one of the terminations is in an exchange of another telephone company (GTE North). Under the applicable tariffs that I have described, this private line circuit is not considered a local service area private line service because of that fact and, therefore, the P3N rate element is applicable.

20. Q: WHAT IS THE CLAIM BEING MADE ON BEHALF OF CITIZENS FEDERAL IN CASE NO. 96-39-TP-CSS?

A: The claim being made in Case No. 96-39-TP-CSS is that Citizens should not be charged for P3N's because the terminations of this particular circuit are all in Ameritech Ohio exchanges that are in the local service area of one another.

21. Q: ARE P3N's BEING ASSESSED CORRECTLY ON THIS CITIZENS FEDERAL ACCOUNT?

A: Yes.

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22. Q: WHAT IS THE BASIS FOR YOUR OPINION?

A: This particular private line circuit has terminations in Dayton and Middletown, which are both Ameritech Ohio exchanges. However, these exchanges are in the local service area of one another only because measured, Extended Area Service ("EAS") was ordered between the exchanges by the Public Utilities Commission.

23. Q: IS PRIVATE LINE SERVICES DATA DEVELOPED FOR EAS CASES?

A: No. Ameritech Ohio EAS cases do not include data related to these services.

24. Q: WHAT ARE THE DIFFERENCES BETWEEN EAS AND PRIVATE LINE SERVICES?

A: EAS replaces message toll telephone service, which is a switched service, when a need for general exchange-wide local calling has been shown under the Commission's EAS rules. Private line services, by contrast, are dedicated services which connect two or more premises. Unlike local exchange service, private line services do not access the public switched network. Section 4901:1-7-01 (G), Ohio Admin. Code defines EAS as a "... telecommunications service, permitting subscribers of a given exchange to place calls to and receive calls from

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one or more other exchanges without being assessed message toll service charges for each call." Calls over dedicated private line services are never assessed message toll service charges, and therefore do not fit this definition.

25. Q: DO YOU HAVE ANY CONCERNS ABOUT CITIZENS' ARGUMENT IN THIS CASE?

A: Yes. It would be unwise to go back and attempt to re-order the rate elements applicable to private line services. Some customers would find, if that were done, that their payments for these private line services would increase because the mileage rate for local service area private lines is almost twice the mileage rate for interexchange private lines. Depending upon the distance between the exchanges, the decrease in charges due to the elimination of the P3N rate element could be offset by the increase in the mileage rate. These customers would view this as a rate increase for their services. They certainly would not find that to be in their interest.

26. Q: WHAT IS THE CLAIM BEING MADE ON BEHALF OF CITIZENS IN CASE NO. 96-40-TP-CSS?

A: Citizens claims that Ameritech Ohio charged it for analog

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type service (1LVJJ) local channels and Base Rate digital service (CM6) channel mileage terminations on the same circuit. As I understand it, Citizens wants the charges for the 1LVJJ channels eliminated and questions the applicability of the LDC rate element.

27. Q: ARE THE TARIFF PROVISIONS WHICH PERTAIN TO ANALOG AND BASE RATE DIGITAL SERVICES DIFFERENT?

A: Yes. I agree that the tariff rate elements for analog type private line services are separate and different from the rate elements for Base Rate digital services.

28. Q: WHAT TARIFF RATE ELEMENTS ARE APPLICABLE TO CONNECT OFF-PREMISES STATIONS OF A PBX?

A: If the circuit is digital (i.e. base rate) the rates to connect off-premises stations of a PBX are two Local Distribution Channels (LDC), Channel Mileage (CM) and Channel Mileage Terminations (CMT). If the circuit is analog, the rate elements are two local channels (1LVJJ), interoffice mileage and two service area functions (SAFs).

29. Q: THE COMPLAINANT CITES AMERITECH OHIO TARIFF, PART 15, SECTION 3 AS A BASIS FOR ITS COMPLAINT. DOES THAT TARIFF

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REGULATION CITED BY THE COMPLAINANT ELIMINATE THE NEED  
FOR LOCAL DISTRIBUTION CHANNELS (LDCs)?

A: No. It is my understanding that Citizens has a PBX system with off-premises stations. A circuit is required to connect the customer's main location, where the PBX is located, to the serving central office in order to provide an off-premises station. The language in the regulation cited by the Complainant means that an LDC is not required when there is a circuit already provided between the main location and the serving central office, such as in the case of a Centrex system. However, there is no circuit already in existence in the case of a PBX system. Therefore, the regulation cited by Complainant Citizens is not applicable.

30. Q: WHAT IS THE CLAIM BEING MADE ON BEHALF OF THE NORTHWESTERN LOCAL SCHOOLS IN CASE NO. 96-38-TP-CSS?

A: The claim in Case No. 96-38-TP-CSS ("96-38") is that the Northwestern Local School District ("Northwestern") has been billed unfairly and unjustly for fully restricted Centrex station lines. The argument made by Northwestern is that these lines are not capable of making outside calls and do not require an end user common line charge, an exchange access monthly rate or an intercommunication

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minimum monthly rate. Therefore, Northwestern contends, they should not have been assessed message rate charges or end user common line charges.

31. Q: WHAT IS YOUR RESPONSE TO THIS CLAIM FROM THE TARIFF STANDPOINT?

A: Northwestern was charged in accord with the language of the applicable tariffs, state and federal. The end user common line charge, ("EUCL") identified by Northwestern as a 9ZR code, is a mandatory interstate charge established by the F.C.C. Ameritech Ohio has no choice but to assess it. Neither the EUCL, nor Ameritech Ohio's Centrex tariffs, distinguish between restricted stations and non-restricted stations. The tariff page attached to the Complaint as Section 9, 7<sup>th</sup> Revised Sheet No. 12.1 of P.U.C.O. No. 1, does not eliminate the EUCL charge.

Message charges are applicable to Northwestern's lines whether restricted or not. It should be clear that under Section 2.1 of Ameritech Ohio's Exchange and Network Services Tariff, P.U.C.O. No. 1, message rate charges are capped for schools, such as Northwestern, that are chartered pursuant to Section 3301.16 of the Ohio Rev. Code. The cap is applicable to all Centrex stations in

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the Centrex system, regardless of individual line usage. Because of their unique characteristics schools have, for a number of years, been given a pricing advantage that other public institutions have not been given. Schools, therefore, have not been treated unfairly; they have been treated preferentially, because of their unique status, with the full support of this Commission.

32. Q: WHAT IS THE NATURE OF THE CLAIM FILED BY THE WEST CARROLLTON CITY SCHOOLS IN CASE NO. 96-460-TP-CSS?

A: The West Carrollton City school district (West Carrollton) is apparently seeking a refund, extending back a number of years, of the charges it paid to Ameritech Ohio for a private line circuit. This circuit was, if I understand the Complaint correctly, used for security alarm services.

33. Q: DO YOU HAVE AN OPINION CONCERNING WHETHER OR NOT WEST CARROLLTON WAS CHARGED CORRECTLY UNDER TARIFF FOR THIS CIRCUIT?

A: Yes. West Carrollton was billed the appropriate monthly amounts under tariff for its circuit. If Ameritech Ohio was not notified by West Carrollton or West Carrollton's alarm company that it was no longer using the circuit,

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Ameritech Ohio would have no way of knowing that West Carrollton had disconnected its security service. Ameritech Ohio made the circuit available to West Carrollton, and was entitled to bill the appropriate tariffed amounts unless the customer ordered the circuit out. It is the customer's responsibility to notify us if it wants a service removed.

34. Q: WHAT IS YOUR UNDERSTANDING OF THE NATURE OF THE CLAIM BROUGHT ON BEHALF OF THE SPRINGFIELD CITY SCHOOL DISTRICT IN CASE NO. 96-427-TP-CSS?

A: The Springfield City School District ("Springfield") case is the one I referred to earlier where only interest on refunds already made is being claimed. My testimony previously addressed why, from a tariff standpoint, interest on refunds is not authorized.

35. Q: DOES THIS COMPLETE YOUR TESTIMONY?

A: Yes, it does.



CERTIFICATE OF SERVICE

A copy of the foregoing testimony of Daniel R. McKenzie has been served upon Robert C. Johnston, Esq., Shipman, Dixon & Livingston, 215 West Water Street, P.O. Box 310, Troy, Ohio 45373 by regular U.S. mail, postage prepaid, this 29<sup>th</sup> day of August, 1997.

Charles S. Rawlings/mlc  
CHARLES S. RAWLINGS