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BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

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PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission Investigation Relative to Establishment of Intrastate Access Charges. ) Case No. 83-464-TP-COI (Subfile A)

CENTRAL TELEPHONE COMPANY OF OHIO
COMMENTS REGARDING THE DISTRIBUTION
OF EXCESS FUNDS IN THE OTAB'S POOL

On October 15, 1985, the Public Utilities Commission of Ohio ("the Commission") issued an Entry requesting comments from all participants regarding the distribution of the excess funds now residing in the OTAB's pool.

Central Telephone Company of Ohio (Centel) believes that the pool excess must be viewed in two parts, i.e., intrastate inter-LATA and intrastate intra-LATA.

First, each local exchange company (LEC) should determine what its true intrastate revenue requirement was for the period the pool has been in effect. This revenue requirement should be allocated between intrastate inter-LATA and intrastate intra-LATA. The intrastate inter-LATA jurisdiction should then be further allocated between traffic sensitive (TS) and non-traffic sensitive (NTS) rate elements.

Once each LECs revenue requirements has been allocated between the jurisdictions, the intrastate inter-LATA TS and NTS revenue requirements should be compared to TS and NTS access charges billed to the interexchange carriers (ICs) for the comparable time frame. The intrastate intra-LATA revenue requirements should then be compared to intrastate intra-LATA end user toll revenues. This net difference between the combined revenue requirements and the combined revenues would then be compared to the net dollars reported to OTAB since June, 1984. The additional revenues that the LEC would have retained had they used this true revenue requirement would then be distributed back to the LECs from the excess residing in the pool.

If, for any reason, any LECs determine that they do not have the capability to develop their true revenue requirements, they would continue to use their 1983 earned revenues. However, they would need to allocate that revenue requirement between the intrastate inter-LATA and intrastate intra-LATA jurisdictions. Centel would propose that the means of allocation would be a comparison of intrastate inter-LATA and intrastate intra-LATA revenues since June, 1984.

Once any distributions, as described above, are made to the LECs from the excess in the pool, if any excess still exists, the following would apply. Any excess that is applicable to the intrastate inter-LATA jurisdiction NTS should be returned to the ICs on a prospective basis. This could be accomplished by breaking parity with the interstate carrier common line charge (CCLC) and establishing a reduced CCLC which reflects the excess over the combined LECs' true intrastate inter-LATA NTS revenue requirement. Similarly, any excess applicable to the intrastate intra-LATA jurisdiction would be returned to the LECs who could then reduce the MTS rates charged to the end users. Finally, any excess applicable to the intrastate inter-LATA TS should be returned to the LECs. This is appropriate because the excess is due to the "mirror imaging" of rates as ordered by this commission and thus should belong to the LECs on a bill and keep basis. In those instances where excesses are returned to LECs, such excesses should be distributed based on the particular LEC's applicable revenue requirement expressed as a ratio of the entire pool's revenue requirement. That is, any excess applicable to the intrastate inter-LATA TS portion of the pool revenue requirement would be distributed to Centel, for instance, based on Centel's intrastate, inter-LATA TS revenue requirement expressed as a percentage of the total pool intrastate inter-LATA TS revenue requirement. The percentage of the applicable revenue requirement that the specific Company represented would equal the percentage of the excess distributed to the Company in each case (intrastate inter-LATA TS and intrastate intra-LATA).

Centel's recommendation accomplishes three things. First, it brings the LECs to their true revenue requirement, if they are capable of doing so. Second, it fulfills the Commission's Order that excesses in the pool should be returned to the ICs and/or end user through reduced MTS rates. Finally, it begins the transition towards eliminating NTS costs from access charges.

Respectfully submitted,

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