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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation.	)	Case No. 93-487-TP-ALT

OBJECTIONS TO THE STAFF REPORT
AND
SUMMARY OF MAJOR ISSUES
OF
THE OHIO CABLE TELEVISION ASSOCIATION

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Submitted April 25, 1994

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OBJECTIONS TO THE STAFF REPORT AND SUMMARY OF MAJOR ISSUES OF THE OHIO CABLE TELEVISION ASSOCIATION

In accordance with the authority of Section 4909.19, Revised Code and Rule 4901-1-28 of the Ohio Administrative Code and the September 2, 1993 and April 18, 1994 Entries herein, the Ohio Cable Television Association ("OCTVA") submits the following Objections to the March 25, 1994, Staff Report of Investigation and its "Summary of Major Issues" in the case.

As provided at O.A.C. 4901-1-28(B) and (C), these Objections relate to the "findings, conclusions or recommendations" in the report and to the "failure of the report to address one or more specific items." These Objections shall frame OCTVA's issues in this proceeding.

Page references are to the Staff Report unless indicated otherwise. References to N-ST Recommendations are to those NRRI Recommendations contained in the Addendum to the Staff report.

The OCTVA objects to the Staff's unreasonable and unlawful findings, statements, conclusions, recommendations or position or lack of such as detailed below:

DEPRECIATION RATES

1. At pages 9-10, the Staff erred in that it failed to state that depreciation rates will continue to be subject to Commission review and approval beyond the five year initial plan.

AFFILIATED EXPENSES

2. The Staff erred at pages 19-20 in that it accepted increased 1993 expenses for Ohio Bell affiliated corporations including Ameritech Services, Incorporated, Bell Communications Research, Inc., Regional Holding Company, and Ameritech Information Services.

ALLOCATIONS USING FULLY ATTRIBUTABLE COSTS

3. At page 83, the Staff found reasonable the Applicant's proposal to utilize its FCC Part 64 Cost Allocation Manual for the purpose of separating costs between regulated and non-regulated activities. Part 64 cost allocation procedures require the use of fully attributable costs. If Part 64 is appropriate to separate regulated from non-regulated costs, then it would follow that fully attributable costs should and could be used in allocating costs between Cells 1, 2, and 3 services and Cell 4 services. The Staff erred in not so recommending.

STRATEGIC PRICING

4. At pages 34-35 the Staff erred in stating that "a regulatory mechanism that provides the applicant the opportunity to engage in limited Ramsey pricing may be appropriate ...".

Such a recommendation or finding by the Staff is totally inappropriate whether the benefit flows from or to Cell 1 customers.

5. At pages 32-36, the Staff erred in failing to acknowledge that the price cap formula which allows for strategic pricing, Ramsey pricing, or the inverse elasticity rule, is violative of Section 4927.04(C), Revised Code. Allowing a telephone company with substantial monopoly power such as Ohio Bell to strategically price will confer an undue economic, competitive, or market advantage or preference on Ohio Bell.

6. At pages 34-36, 43, 71-72 and 83, the Staff erred in failing recognize that Ramsey pricing or strategic pricing and cross-subsidization, and price discrimination are inexorably tied to Ohio Bell's LRSIC and TIC methodology. By not recommending changes to Ohio Bell's LRSIC and TIC methods, the Staff sanctions cross-subsidization and price discrimination by Ohio Bell.

PRICE CAP REGULATION

7. At pages 34-36, the Staff erred in failing to conclude that price caps are an addition to, but not a full replacement for, traditional regulation.

8. At pages 34-36, the Staff erred in failing to acknowledge that Ohio Bell's proposed price cap systems provides it with the ability to curtail competition without curtailing profits through manipulation of the price system.

9. At pages 34-36, the Staff erred in failing to recommend a structure or mechanism to the price cap proposal to prevent Ohio Bell from strategically pricing.

PRICE CAP FORMULA

10. At page 37, the Staff erred in adopting the Gross Domestic Price Index as an appropriate measure of inflation in the price cap plan. Instead, the Staff should have selected the Telephone and Telegraph Price Index (TTPI) and/or the Price Index for Private Purchase of Durable Equipment-Communications (PIDEPI). The latter two indices are more specific to the telecommunications industry.

11. While the Staff's recommended productivity offset of 3.3% to 4.55% is an improvement over Ohio Bell's proposal, the Staff erred at pages 37-39 in not requiring a productivity offset for its price cap plan of or between 4.55% to 7.325% based upon Ameritech's historical result from 1991 and 1992. The productivity factor should be adjusted upward given the achieved rate of return of Ohio Bell.

12. The Staff erred at page 39 in failing to adopt N-ST Recommendation 3.7 requiring use of a consumer dividend and in failing to adopt N-ST Recommendation 7.2 requiring a profit sharing mechanism be incorporated in the price cap formula.

13. At page 39, the Staff erred in failing to mention that the Federal Communications Commission ("FCC") added a consumer dividend to the estimated productivity change to arrive at a final offset to the price index in the FCC price cap formula.

14. At page 39, while the Staff correctly concluded that a profit sharing mechanism would not satisfactorily address predatory pricing and cross-subsidization, it erred in failing to recommend the appropriate solution to this problem. It should have recommended that traditional rate base regulation be used to establish rates for Cell 1 services and non-competitive Cell 2 and Cell 3 services and to permit the migration of services to Cells 2 and 4 only upon proof of the requisite degree of competition.

15. At pages 39-41, the Staff erred in failing to explicitly recognize that one way of shifting costs or increasing profits on the part of a local exchange telephone company is to reduce maintenance and customer service expenses in areas where a local exchange company, such as Ohio Bell, has substantial market power to the detriment of consumers.

16. At pages 39-41, the Staff erred in failing to recommend that the negative quality of service adjustment can selectively be applied to non-competitive services.

17. At pages 39-41, the Staff erred in failing to include customer perceptions as a service quality measurement. Such would require properly prepared customer surveys.

18. While the OCTVA would agree with the rejection of the exogenous impact variable which is suggested in N-ST Recommendations 5.8 and 5.19, the Staff erred at page 42 in not specifically recommending that, to the extent an exogenous impact variable is permitted, Ohio Bell would bear the burden of proof in seeking any adjustment to its price cap framework for exogenous

events, or, in the alternative, denying any right of adjustment proposed by an intervenor or the Staff.

19. At page 42, the Staff erred in recommending too low a "materially significant" standard for purpose of the exogenous impact adjustment. Rather than recommend that "any one individual exogenous influence must affect the Applicant's annual intrastate regulated revenues by .25%", the Staff should have recommended that an individual exogenous influence which affects the rate of return by 200 basis points would be "materially significant."

DEMAND INFORMATION

20. At page 52, the Staff erred in not endorsing N-ST Recommendation 2.6 requiring Ameritech to provide forecasted demand changes for individual services as well as updates of historical quantities and prices on an annual basis.

21. At pages 45-47, the Staff erred in failing to acknowledge that demand information including elasticity of demand, is a useful and necessary input to effective pricing.

22. The Staff erred in failing to recommend that real demonstrated market demand for services should be the factor that drives technology into the network.

ANTI-COMPETITIVE PRACTICES AND CROSS-SUBSIDIZATION

23. The Staff erred at page 43 in not requiring Ameritech to establish a separate subsidiary to provide competitive (Cell 4) services in order to eliminate the potential for predatory pricing, discriminatory pricing, anti-competitive practices, and cross-subsidization. The Staff further erred in not clearly stating that

it was requiring Ohio Bell to provide for separate baskets in its price cap plan for monopoly services and for competitive services as opposed to the Ohio Bell proposed system of residence, non-residence and carrier "baskets".

24. The Staff erred at page 44 and throughout its Staff Report of Investigation, in not requiring Ameritech to utilize fully allocated cost studies instead of long run service incremental cost ("LRSIC") studies thus providing an opportunity to engage in anti-competitive practices, predatory pricing, discriminatory pricing, and cross-subsidization. It is one thing to apply the LRSIC for price floor purposes, but quite another to use it as a test for determining the existence of cross-subsidization.

25. The Staff erred in failing to adopt the following test for purposes of determining whether cross-subsidies, price discrimination, and predatory pricing exist: marginal cost should be the price floor if marginal cost and average total cost are both increasing so that marginal cost is above average total cost; average total cost should be price floor if marginal cost is decreasing and below average total cost.

26. The Staff erred in failing to adopt the following alternative test called the "revenue test" in determining whether cross-subsidies, price discrimination, and predatory pricing exist: If price is discounted below the fully distributed cost ceiling price for a service or a group of services, those services or group of services should be considered by themselves as a single unit.

A cross-subsidy exists if rates for services outside that service or group of services need to be increased so that the utility as a whole can earn its revenue requirement.

CELL SPECIFIC PRICING PARAMETERS

27. The Staff erred at pages 43-47 in not requiring Ohio Bell to submit cost studies for current Cells 2, 3, or 4 services at the present time instead of allowing Ameritech to file such studies at the time a rate change is proposed or at the time a change in its maximum - minimum pricing level us proposed. As a result of Staff's failure to require Ameritech to file such cost studies currently, neither the Staff nor any parties to this proceeding have an ability to analyze the full financial impact of any individual cost study on the overall operation revenue and expenses of the company.

28. At page 45, the Staff erred in not adopting N-ST Recommendation 6.4 in limiting Cell 1 decreases to 5% in a one year price period and instead erroneously recommended a 10% limit for annual reductions to Cell 1 services.

29. At page 46, the Staff erred in recommending that the Commission's complaint handling procedures should be utilized in determining whether Applicant's practices during an 18 month new services trial period have anti-competitive implications. In the event of allegations of anti-competitive behavior, Ameritech should bear the burden of justifying its actions.

30. At page 47, the Staff erred in recommending that Cell 4 services should be detariffed and further erred in recommending

that the floor price for any Cell 4 service should be established at or above its long run service incremental costs instead of at or above fully allocated cost.

31. At page 47, the Staff erred in not clearly stating that cost studies (and specifically fully allocated cost studies) are required to be filed <u>now</u> for any Cell 4 services.

COMMISSION REVIEW OF PLAN IN ITS FIFTH YEAR

32. At page 53, the Staff erred in recommending in year 4 of the plan that Ameritech only be required to provide a fully allocated cost study for then current Cell 1 services. The Staff should have recommended a fully allocated cost study for <u>all</u> cells because of the limited competition Ameritech faces for all of its services, especially Cells 2 and 3.

33. At page 53, the Staff erred in not requiring Ameritech in the 4th year of the plan to submit a report showing all of its jurisdictional revenues and expenses as well as its overall profitability. This requirement would allow the Commission to properly assess the financial status of Ameritech and the impact of that financial status on Ameritech, its customers and its competitors.

34. At page 53, the Staff erred in not requiring Ameritech in the 4th year of the plan to provide an assessment of the level of competition for <u>all</u> services instead of just the level of competition in the provision of local exchange services.

35. At page 53, the Staff erred in not proposing that Ameritech provide fully allocated cost studies as opposed to LRSIC studies at the end of year 4 of the plan.

36. At page 53, the Staff implicitly accepts a five year review period of the Plan. The Commission's rules provide generally for three year terms for alternative regulation plans so that there are at least three reviews during the eight year sunset provision regarding Commission authority under Chapter 4927 of the Revised Code. The Staff's failure to recommend a three year term for Ohio Bell allows it to escape one of the reviews during its eight year period.

SERVICE CELL CLASSIFICATION

37. At page 54, the Staff erred in not adopting the criteria found on pages 169-177 of the Addendum to the Staff Report for determining competition for purposes of cell classification of current services. Further, the Staff erred in not placing the burden on the Applicant to demonstrate that such criteria have been met for existing services.

38. At page 58, the Staff erred in not requiring Ameritech to file a fully allocated cost study for all Cell 1 services at the present time as opposed to reserving the right to request an LRSIC study if Ameritech seeks to change a price for a Cell 1 service.

39. At page 59, the Staff erred in not explicitly requiring the Applicant to support any filing for a new Cell 1 service with a fully allocated cost study.

40. At page 59, the Staff erred in not requiring Ameritech to submit a fully allocated cost study to reestablish its minimum price for its existing Cell 2 services instead of an LRSIC study to establish a price floor.

41. At page 59, the Staff erred in not explicitly requiring Applicant to support any filing for a new Cell 3 service with a fully allocated cost study.

42. At page 59, the Staff erred in not requiring Ameritech to file its cost studies now for its existing services it proposes for Cells 2, 3, and 4 in this proceeding so that the Staff and intervenors could review them.

43. On page 60, the Staff erred in failing to specifically recommend competitive standards which must be met prior to cell assignment. It is not clear that the recommendations made by NRRI in its study under N-ST Recommendation 8.1 have been adopted by Staff. The Staff further erred in failing to utilize said cell classification criteria in assigning existing services based upon demonstrated competitive alternatives as per the criteria.

DEFINING COMPETITIVE AND NON-COMPETITIVE MARKETS

44. The Staff erred in failing to expressly adopt the findings of the NRRI Addendum to the Staff Report at page iii that "viable competition for many local services may be just around the corner, but it is not here yet" and that "although competition undoubtedly will increase over time it would be unwise to act as if competition is an accomplished fact when it is not".

45. At pages 54-48 and 74-79, the Staff erred in failing to sufficiently address the issues of competition, market power and dominance in relation to

a. the migration of services from Cell 1 to Cells 2, 3, and 4; and

b. The necessary level and type of regulation needed to be exercised by the Commission.

46. At pages 54-58 and 74-79, the Staff erred in failing to specifically adopt a standard that a firm having a market share of 40% is necessary for price discrimination to be an effective strategy.

OBT'S COMPETITIVE ANALYSIS

47. Because Ohio Bell did not provide sufficient information to the Staff to classify and reclassify certain services, the Staff, at pages 54-58, erred in not providing the Commission with a framework or decision variable by which the Commission can make reasonable judgments as to the degree of competitiveness of a service.

48. At pages 54-58, the Staff erred in failing to consider the information necessary for migration of services from Cell 1 to Cells 2 and 4 as follows:

a. the number and size of alternative providers of services;

b. the extent to which services are available from alternative providers in the relevant markets;

c. the ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and

d. other indicators of market power, which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

49. The Staff erred in failing to acknowledge that if the Commission does not follow conventional economic analysis and Chapter 4927 of the Revised Code, its decisions will protect Ohio Bell, hurt Ohio Bell's most vulnerable monopoly customers, and harm competition and competitors.

50. At pages 54-58, the Staff erred in relying on "entry information" which pertained to Ameritech as a whole and was not unique to Ohio Bell's service territory.

51. At pages 54-58, the Staff erred in failing to require the performance of market share studies or the calculation of the Herfindahl-Hirschman Index for any service.

52. At pages 54-58, the Staff failed to consider the effect on competition of the migration of services out of Cell 1.

53. At pages 54-58, the Staff erred in failing to recommend that a proper market study be performed by Ohio Bell to include the information required by PUCO rules.

LONG-RUN SERVICE INCREMENTAL COSTS

54. At pages 71-72, the Staff erred in accepting Ohio Bell's LRSIC methodology because it excludes joint and common costs that

make up 50-60% of the cost to produce and sell most telephone services for a local exchange telephone company.

55. At page 71-72, the Staff erred in accepting Ohio Bell's LRSIC methodology because it excludes investments on Ohio Bell's books and records and instead relies on future hypothetical investments.

56. At page 71-72, the Staff erred in accepting the LRSIC methodology because LRSIC costs are hypothetical, include many judgments, are arbitrary in nature, and as a consequence, can be manipulated to obtain almost any result desired.

57. At pages 71-72, the Staff erred in adopting the Applicant's proposed LRSIC and TIC methodology because it repackages old, previously rejected residual pricing arguments (such as the Embedded Direct Analysis) that the service or customer that caused the original provision of a service should pay for the entire investment regardless of whether any other services require the use of those facilities.

58. At pages 71-72, the Staff erred in failing to conclude that the LRSIC is a weak test for the cross-subsidization, price discrimination and predatory pricing where economies of scale and scope are present.

59. At pages 71-72, the Staff erred in failing to acknowledge that setting a price equal to LRSIC where joint and common costs are excluded is not sustainable because rational investors will not continue to put their money where they earn less than a normal return.

60. At pages 71-72, the Staff erred in failing to conclude that the total incremental cost (TIC) test is not a proper test for determining cross-subsidies, price discrimination and predatory pricing because Ramsey pricing (the use of the inverse elasticity rule) and strategic pricing can be applied to a family of services which are categorized in multiple cells.

61. At page 71, the Staff erred in failing to consider the fact that LRSIC studies use hypothetical inputs and that Ohio Bell will not be held accountable for errors in its LRSIC estimates no matter how large those errors might be.

62. At page 71, the Staff erred in failing to point out that errors in LRSIC estimates can have significant anti-competitive consequences for which no remedy may be available.

63. At page 71, the Staff erred in failing to recognize that "relative use" will not produce a reasonable allocation of joint costs for certain services such as broadband video services.

64. To the extent it utilized or accepted LRSIC studies in determining Centrex rates on page 69, the Staff erred in accepting or using such studies because such studies exclude common and just costs, exclude historical investments and relies on future hypothetical investments, use hypothetical costs, include many judgments, can be easily manipulated, offer no accountability for errors and can have significant anti-competitive consequences.

65. At page 69, the Staff erred in allowing Ameritech to utilize LRSIC studies in determining telephone number rate structure because such studies exclude common and just costs,

exclude historical investments and relies on future hypothetical investments, use hypothetical costs, include many judgments, can be easily manipulated, offer no accountability for errors and can be significant anti-competitive consequences.

66. At page 71, the Staff erred in allowing Ameritech to utilize LRSIC studies instead of fully allocated cost studies to support its alternative regulation plan. The allowance for LRSIC studies permits Ameritech to understate the cost of providing its services. Even if some joint costs are reflected through its "family of services" concept, not all joint costs are recovered and common overhead costs are completely ignored.

67. At pages 71-72, the Staff erred in agreeing with Ameritech that the provision of a joint/family cost test provides sufficient safeguards against cross-subsidization.

68. At pages 71-72, the Staff erred in failing to find that the use of LRSIC and total incremental cost ("TIC") studies are insufficient to determine true costs for the provision of basic exchange access services. The use of LRSIC and TIC studies omit common costs and are supported by projected, not actual, costs in the provision of services.

69. At pages 63-67 and 71-72, the Staff erred in accepting LRSIC studies for purposes of disaggregating basic exchange rates into a network access line component and a central office line termination component for residence and non-residence customers and in relying on such LRSIC studies in determining the level of such components.

70. At page 73, the Staff erred in recommending the use of LRSIC and TIC studies to support charges for its non-recurring service and establishment services because such studies exclude common and joint costs, exclude historical investments and relies on future hypothetical investments, use hypothetical costs, include many judgments, can be easily manipulated, offer no accountability for errors and can have significant anti-competitive consequences.

71. At page 74, the Staff erred in recommending an imputation adjustment that is insufficient to cover the cost of providing competitive services because said rates will be based upon an LRSIC study plus an imputation adjustment. Any such charges should be based on fully allocated costs.

CONTRACTS

72. At page 79, the Staff erred in recommending that Ameritech be allowed to enter into contracts where the contractual rate is supported only by LRSIC studies instead of fully allocated cost studies.

73. At page 80, the Staff erred when it recommended that Ohio Bell be allowed to enter into contracts for Cell 3 services provided it demonstrate the existence of a competitive challenge; the Staff also erred by allowing Ameritech to justify its costs for a contract (which would be lower than its tariffed rate or price list rate) with an LRSIC study as opposed to a fully allocated cost study.

74. At page 80, the Staff erred in that it failed to recommend a specific standard for a purported competitive challenge if Ameritech wishes to enter into a contract with a customer for the provision of Cell 3 services.

COMMITMENTS

75. The Staff erred in failing to adopt a standard that commitments should encompass activities that Ohio Bell would not do in the absence of an alternative regulation plan.

76. At page 98, the Staff erred in recommending the inclusion of public input as a <u>commitment</u>. The OCTVA believes that public input should be included as part of an alternative regulation plan, but not as a "commitment" because Ohio Bell should already be seeking public input as part of its business activity.

77. At pages 105-106, the Staff erred in considering as a commitment the continuation of flat rate service as a local service option for residential customers since flat rate service will likely continue with or without an alternative regulation plan.

78. At page 104, the Staff erred in failing to identify how much of the $382.2 million to $476.2 million infrastructure investment commitment is an <u>additional</u> investment as a result of Ohio Bell's alternative regulation plan as opposed to a planned investment which would have been made anyway in the absence of an alternative regulation plan. Only the portion identified as an <u>additional</u> investment should be treated as a commitment.

79. The Staff erred in treating the Ohio Bell infrastructure investments, such as the deployment of a network for distance learning, as a commitment, without consideration of the fact that allowing Ohio Bell to offer services over that network below fully allocated costs will preclude entry into the market by potential alternative providers of services.

80. The Staff erred in accepting the premise that Ohio Bell's alternative regulation plan will further the goal of bringing the "information superhighway" to Ohio. Ameritech has already stated that it will introduce the next generation technology on a large scale as part of its video dialtone application before the Federal Communications Commission (FCC) without reference to Advantage Ohio. Thus, the benefits of bringing a "information superhighway" to Ohio will be forthcoming as a result of Ameritech's FCC application for video dialtone, not as a result of its Advantage Ohio plan.

81. The Staff erred in focusing primarily on the future potential of what telecommunications networks can do instead of balancing future possibilities with what the existing infrastructure can accomplish. For example, not all schools may seek, need or want two-way interactive video; some may desire broadcast video with two-way audio capability. The Staff should have recommended that instead of waiting five years for a school to get a fiber optic network, the application of distance learning alternatives should be developed rapidly using existing

alternatives of telephone copper wires, cable television coaxial cables, satellite delivery, and local wireless facilities.

82. At page 81, the Staff erred in not requiring Ameritech to prove that demand exists before offering two-way interactive video and not requiring Ameritech to meet certain requirements in filing any new interactive video service tariff.

83. At pages 113-118, the Staff erred in not recommending annual earnings reviews as part of Ameritech's plan and its accompanying commitments.

84. At page 104, the Staff erred in implying that just because an infrastructure commitment is "above what is required under" the Minimum Telephone Service Standards (MTSS), it satisfies the definition of a commitment under the Commission's rules.

85. At page 104, the Staff erred in not requiring Ameritech to explain its lack of progress in infrastructure modernization as compared to its other operating states as per N-ST Recommendation 9.4 and further erred in not rejecting Ameritech's alternative regulation plan unless Ameritech provides a further justification of its purported $1.6 billion "infrastructure improvement" commitment.

86. At page 106, the Staff erred in not adopting N-ST Recommendation 7.6 freezing residential rates (after such rates are adjusted in this case) for a five year period to eliminate the possibility of cross-subsidization of competitive services.

87. At pages 108-109, the Staff erred in failing to require Ameritech to demonstrate a need for fiber prior to installing fiber

to schools as per its three stage plan. To permit such an expenditure without a demonstrated demand or need is not in the public interest.

88. At page 111, the Staff erred in not requiring Ameritech to demonstrate demand before employing fiber to public institutions.

89. At page 115, the Staff erred in not requiring Ameritech to develop public input for this plan prior to its filing and in not requiring Ameritech to support this plan with the same public input which it will require for future alternative regulation plans.

90. At page 119, the Staff erred in not providing for penalties to Ameritech for failure to meet its commitment and objective as required by its alternative regulation plan. For example, Ohio Bell starts out with a $1.6 billion infrastructure improvement commitment, but the Staff states that only $382.2 million to $476.2 million be identified as an infrastructure investment commitment. (The OCTVA believes only a portion of the Staff's range may be an additional investment associated with the alternative regulation plan.) Yet the Staff has recommended no penalty nor limitation on the proposed flexibility as a "quid pro quo" for such a reduced commitment.

SUMMARY OF MAJOR ISSUES

1. Is it in the public interest to allow Ohio Bell to exclude certain common and joint costs in setting the price of certain "purportedly competitive" services while requiring other monopoly service customers (who do not have a reasonable alternative available to them) to pay a price which reflects those excluded costs?

2. Has Ohio Bell demonstrated that full competition exists in Ohio for the services it claims are competitive?

3. Would Ohio Bell build an improved network with greater capacity anyway even without the approval of its "Advantage Ohio" plan?

4. Is it in the public interest to allow Ohio Bell to build an improved network with increased capacity without showing that the public needs it or will use it?

5. Is it in the public interest for Ohio Bell to spend money to build a fiber optic network to schools and public institutions without first taking into account how existing facilities (including those of other telecommunications service providers) could be utilized to serve those schools and public institutions?

6. Is the price cap formula proposed by Ohio Bell in the public interest?

7. Is it in the public interest to allow a price cap formula which mixes monopoly and competitive services and elastic and inelastic services within the same baskets?

8. Is it in the public interest to require Ohio Bell to establish a separate corporate subsidiary using separate employees, facilities, and books of account for the purpose of providing competitive services?

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing has been served parties listed below, by regular U.S. mail, postage prepaid, this 25th day of April, 1993.

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