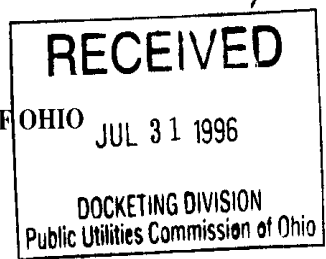


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BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

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IN THE MATTER OF THE APPLICATION )  
OF TCG CLEVELAND FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY )  
TO PROVIDE LOCAL TELEPHONE EXCHANGE )  
SERVICES IN THE STATE OF OHIO )

Case No. 96-382-TP-ACE

DIRECT TESTIMONY OF STEVEN C. ANDREASSI  
ON BEHALF OF TCG CLEVELAND

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

A. My name is Steven C. Andreassi. My business address is Teleport Communications Group, Inc. ("TCGI"), One Teleport Drive, Staten Island, New York 10311.

**Q. UPON WHOSE BEHALF ARE YOU TESTIFYING?**

A. I am testifying on behalf of TCG Cleveland ("TCG"), an affiliate of TCGI. TCG Cleveland is certificated by the Public Utilities Commission of Ohio ("Commission" or "PUCO") to provide certain dedicated nonswitched private line services in Ohio. TCG Cleveland filed its application in this case on April 18, 1996, and filed certain financial information (under seal) and supplemental information on June 18 and June 19, 1996, respectively.

**Q. WHAT IS YOUR CURRENT POSITION AT TCGI?**

A. I am a Manager in the Regulatory and External Affairs Department of TCGI. I assist in

1 This is to certify that the images appearing accurate and complete reproduction of a case document delivered in the regular course of b Technician *John Schumler* Date Processed *8/1*

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1 the tariffing of TCGI's interstate services with the Federal Communications Commission  
2 and its intrastate services with state public utility commissions. I monitor rates filed by  
3 other carriers for their impact on TCGI's service offerings. I also advise TCGI's  
4 regulatory attorneys on general state and federal policy proceedings in which TCGI is  
5 participating and I testify as to the qualifications of TCGI and its affiliates to provide  
6 local telecommunications services in the states in which we seek authority to operate.

7

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN OTHER PROCEEDINGS ON**  
9 **BEHALF OF TCGI AFFILIATES?**

10  
11 A. Yes. I testified in Indiana Utility Regulatory Commission Cause No. 40478, regarding  
12 TCG Indianapolis' application for authority to provide local telephone exchange service.  
13 I testified in Illinois Commerce Commission Docket No. 95-0296, regarding Ameritech  
14 Illinois' Customer First Tariff. I testified on behalf of TCG Detroit in Michigan Public  
15 Service Commission Case No. U-10860, the proceeding to implement local competition  
16 in Michigan. In addition, I testified in Case No. U-10731, concerning TCG Detroit's  
17 application to provide basic local exchange service in Detroit, Southfield, and  
18 Birmingham, Michigan. I testified on behalf of TCGI in Washington Utilities and  
19 Transportation Commission Docket No. UT-941465, concerning TCG's mutual  
20 compensation proposal. In 1994, I testified on behalf of TCGI in Florida Public Service  
21 Commission Docket No. 921074-TP, Switched Access Expanded Interconnection and  
22 Local Transport Restructure, and in Nebraska Public Service Commission Case No. 1064,  
23 TCG Omaha's Application to Provide IntraLATA Toll Service.

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1       **Q.    WHAT IS YOUR BACKGROUND PRIOR TO JOINING TCGI?**

2       A.    From 1991 to early 1993, I worked for Rochester Telephone. I started as a Network  
3           Planner and Marketing Analyst. I was responsible for projects related to pricing and  
4           products provided by Rochester's long distance affiliate, RCI. From 1989 to 1991, I  
5           worked as a Budget Forecaster and Financial Planner for Highland Telephone Company,  
6           a Rochester Telephone subsidiary.

7

8       **Q.    PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

9       A.    I received a Master of Arts in Economics from the Pennsylvania State University in 1989.  
10           I received my Bachelor's degree in Economics from the University of Pennsylvania in  
11           1987.

12

13       **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14       A.    I offer this testimony to:

- 15           (1)    describe the services TCG Cleveland proposes to provide and the geographic area  
16                   it proposes to serve;
- 17           (2)    demonstrate TCG Cleveland's financial, managerial and technical capabilities to  
18                   provide service; and
- 19           (3)    confirm TCG Cleveland's intent to comply with all applicable requirements.

20

21

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1       **Q.    IS TCG CLEVELAND CURRENTLY DEPLOYING NETWORK FACILITIES IN**  
2       **OHIO?**

3  
4       A.    Yes. TCG Cleveland is in the process of deploying network facilities in Cleveland, and  
5       expects to complete construction within the year.

6  
7       **Q.    DOES TCG CLEVELAND PLAN TO LOCATE A SWITCH IN OHIO?**

8       A.    TCG Cleveland plans to deploy a switch in Cleveland. TCG Cleveland will use the  
9       switch to offer basic local exchange service after it becomes certified to do so.

10  
11       **Q.    WHAT NEW AUTHORITY IS TCG SEEKING WITH THIS APPLICATION?**

12       A.    TCG Cleveland seeks authority to provide switched telecommunications services  
13       including basic local exchange service, as described in the application. Specifically, the  
14       basic local exchange services that TCG Cleveland proposes to offer are two way local  
15       lines/trunks including residential lines, and Direct Inward/Outward Dialing options. TCG  
16       Cleveland also proposes to provide associated local calling (usage) for these access lines,  
17       including message rate service for business customers and the appropriate calling options  
18       for residential customers. It will offer operator assistance services, lifeline, hearing  
19       impaired services, directory assistance and directories, free 900 prefix call blocking and  
20       switched access services. TCG Cleveland will also offer custom calling and Centrex  
21       features, such as intercom calling, on an optional basis to customers of regulated services.  
22       TCG Cleveland will use the unbundled loop facilities of Amcritech Ohio, subject to a  
23       viable interconnection agreement, to provide single line service to customers not directly

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1 served by TCG Cleveland. TCG Cleveland will also offer intraLATA toll services on a  
2 1+ and 0+ basis.  
3

4 **Q. WHERE DOES TCG SEEK AUTHORITY TO PROVIDE BASIC LOCAL**  
5 **EXCHANGE SERVICE?**  
6

7 A. TCG Cleveland proposes to offer basic local exchange service in exchanges in Cuyahoga,  
8 Greene, and Montgomery counties where Ameritech Ohio is the principal provider of  
9 local exchange service.  
10

11 **Q. WILL TCG OFFER ITS PROPOSED SERVICES TO ALL CUSTOMERS?**

12 A. Yes. TCG will provide service to all customers who want service from TCG Cleveland  
13 within its service territory.  
14

15 **Q. HAVE THERE BEEN ANY CHANGES IN TCG CLEVELAND'S OWNERSHIP**  
16 **SINCE THE APPLICATION WAS FILED?**  
17

18 A. On June 27, 1996, TCGI, the parent of the applicant, had a public offering of stock. With  
19 the public offering, the ownership of TCGI is now TCI Communications, Inc. (31.7%),  
20 Cox Communications, Inc. (25%), Comcast Corporation (16.4%), and the public  
21 shareholders (15.4%). The ownership structure of TCG Cleveland, however, remains the  
22 same.  
23  
24

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1       **Q.   PLEASE DESCRIBE TCG CLEVELAND'S FINANCIAL QUALIFICATIONS TO**  
2       **PROVIDE BASIC LOCAL EXCHANGE SERVICE.**

3  
4       A.   TCG Cleveland is financially qualified to provide basic local exchange service in its  
5       proposed service territory. The financial resources of each of TCG's direct and indirect  
6       investors alone would be sufficient qualification. Together, the financial resources of  
7       these investors ensures that TCG possesses adequate financial viability to provide local  
8       exchange service. TCG's confidential financial projections further support the  
9       conclusion that TCG has the financial capability to be granted a certificate.

10

11       **Q.   DOES THE CHANGE IN TCG CLEVELAND'S OWNERSHIP STRUCTURE**  
12       **AFFECT ITS FINANCIAL ABILITY TO PROVIDE LOCAL EXCHANGE**  
13       **SERVICES?**

14  
15       A.   Yes. The public offering provides additional financial resources to TCGI and its  
16       subsidiaries and affiliates, including TCG Cleveland, to invest in the nation's  
17       telecommunications infrastructure and increase employment. According to public  
18       reports, TCGI is raising over \$350 million in its stock offering.

19

20       **Q.   WILL TCGI AND ITS AFFILIATES AND SUBSIDIARIES CONTINUE TO**  
21       **RELY UPON THE FINANCIAL RESOURCES OF ITS CABLE OWNERS?**

22  
23       A.   Yes. The public offering increases the resources available to TCGI, as I describe above.

24

25       **Q.   DOES TCG HAVE ADEQUATE FINANCIAL RESOURCES TO SERVE ALL**  
26       **POTENTIAL CUSTOMERS OF BASIC LOCAL EXCHANGE SERVICE?**

27  
28       A.   Yes. TCG is in the process of investing in network facilities and expects to access

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1 TCGI's years of operating experience throughout the country to efficiently provide  
2 service to its customers. However, TCG Cleveland's ability to provide service which is  
3 functionally satisfactory to customers and economically viable is also dependent on the  
4 incumbent local exchange carrier ("LEC"). The costs incurred by TCG Cleveland for  
5 critical interconnection arrangements with the LEC must be reasonable. As long as TCG  
6 can obtain these interconnections at prices which are reasonably below the retail market  
7 rates for local calling, TCG Cleveland can provide service which is economically viable.

8

9 **Q. PLEASE DESCRIBE TCG CLEVELAND'S TECHNICAL EXPERTISE TO**  
10 **PROVIDE BASIC LOCAL EXCHANGE SERVICE.**

11  
12 **A.** TCG Cleveland is a subsidiary of TCGI which has been providing certain local services  
13 in competition with the LECs since 1985. The operational expertise and support  
14 developed by TCGI in operating fiber optic networks in 150 communities in 13 states is  
15 available in Ohio to TCG Cleveland. TCG Cleveland will utilize the engineering and  
16 technical expertise of TCGI to technically manage its network and services. TCGI's  
17 National Network Management Center, located in Staten Island, New York, supplements  
18 TCG Cleveland's local operational monitoring and control capabilities to ensure 24 hour  
19 per day, seven day per week support for its customers. In addition to the corporate  
20 headquarters staff in New York, TCG Cleveland will have a local staff in the Cleveland  
21 area managed by a Vice President/General Manager. These corporate and local technical  
22 personnel have demonstrated the ability to successfully manage highly reliable fiber optic  
23 networks in the country's major metropolitan centers and will bring this expertise to TCG

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1 Cleveland's provision of basic local exchange service in Ohio.

2

3 TCGI and its affiliated companies generally serve customers through self-healing optical  
4 fiber rings. Customers are not affected by a cable cut because traffic is simply routed  
5 around the ring in the opposite direction from the cut. Construction of TCG Cleveland's  
6 initial fiber optic network will be SONET capable. TCG Cleveland's network facilities  
7 will be obtained through construction, leases of facilities constructed by other companies,  
8 including affiliated or unaffiliated cable companies, as well as common carrier services  
9 obtained from local exchange carriers. TCG Cleveland will expand its operations as  
10 customer demand grows.

11

12 **Q. HOW WILL CUSTOMERS BE CONNECTED TO TCG CLEVELAND'S**  
13 **NETWORK?**

14 A. Service to most end-users will be accomplished by means of TCG-provided loops to the  
15 end-user's premises where such facilities exist or can be obtained or constructed in a  
16 timely and cost-effective manner ("on-net service"). However, TCG Cleveland may  
17 initially not be able to provide service to every customer in its territory over TCG loops  
18 ("off-net service"). Therefore, to provide off-net service, TCG Cleveland will use  
19 Ameritech Ohio's loops to reach customers not otherwise directly connected to its  
20 network, assuming TCG Cleveland can obtain Ameritech Ohio's loops on reasonable  
21 terms and conditions.  
22

23



---

1       **Q.    WILL A GRANT OF THIS APPLICATION ADVERSELY IMPACT THE**  
2       **TECHNICAL QUALITY OF BASIC LOCAL EXCHANGE SERVICE?**

3  
4       A.    No. The quality of TCG Cleveland's basic local exchange service will be equal or  
5           superior to the service provided by the LEC. TCG Cleveland will follow all industry and  
6           technical standards in provisioning its network and in interconnecting with the LEC's  
7           network. The technical, administrative and financial arrangements TCG Cleveland will  
8           seek with Ameritech Ohio will be comparable to the arrangements Ameritech has in place  
9           with independent LECs.

10  
11       **Q.    CAN YOU PROVIDE AN ILLUSTRATIVE TARIFF THAT DESCRIBES THE**  
12       **SERVICES TCG EXPECTS TO OFFER?**

13  
14       A.    Yes, I could provide the Commission with an illustrative tariff if the Commission would  
15           find that to be helpful. However, it should be understood that the tariff would be merely  
16           illustrative and may be changed in final proposed form depending upon various  
17           circumstances such as interconnection arrangements. In essence, an illustrative tariff  
18           would describe TCG Cleveland's basic service and indicate that TCG will initially  
19           provision this service on an on-net or off-net basis. TCG Cleveland will provide basic  
20           local exchange service to customers served directly by its network and will also provide  
21           service, pursuant to an interconnection agreement, using the unbundled loop facilities of  
22           Ameritech Ohio to provide service to customers not served directly by TCG Cleveland's  
23           network. It is not possible now to calculate all tariffed rates for service without knowing  
24           the rates Ameritech Ohio will charge TCG Cleveland to interconnect to Ameritech's  
25           network for the termination of calls originating on TCG Cleveland's network and for

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1 unbundled network elements. Although these rates are not yet specified, it is anticipated  
2 that the rates will cover their incremental costs. Tariff rates for all of the services listed in  
3 the tariff would be filed once successful interconnection arrangements are in place  
4 between TCG Cleveland and Ameritech Ohio. An illustrative tariff also would indicate  
5 that TCG Cleveland initially will adopt local calling areas identical to those of Ameritech  
6 Ohio where TCG has applied to provide service.

7

8 **Q. IS TCG CLEVELAND REQUESTING THAT THE COMMISSION ADDRESS**  
9 **TCG'S NEED FOR AN INTERCONNECTION ARRANGEMENT WITH**  
10 **AMERITECH OHIO IN THIS APPLICATION PROCEEDING?**

11 A. No. TCG has filed a petition for arbitration at the Commission, pursuant to the federal  
12 Telecommunications Act of 1996. (PUCO Case No. 96-694-TP-ARB) TCG will  
13 continue to negotiate with Ameritech Ohio.

14

15  
16 **Q. HAS TCG CLEVELAND DETERMINED HOW IT WILL PROVISION 9-1-1**  
17 **SERVICE TO ITS CUSTOMERS?**

18 A. Yes. TCG Cleveland will have an interconnection arrangement in place with Ameritech  
19 Ohio to ensure that its customers receive 911 service in the same manner they would  
20 receive 911 service from Ameritech Ohio. TCG Cleveland will interconnect with the 911  
21 hub operated by Ameritech Ohio, as it currently does in Chicago. A 911 call from a TCG  
22 Cleveland customer will be routed from TCG Cleveland's switch through the 911 hub.  
23 TCG Cleveland seeks an arrangement with Ameritech Ohio under which TCG Cleveland  
24 will pay for possible costs associated with dedicated trunks connecting its switch to the  
25

---

1 Ameritech Ohio for the exchange of customer data so that updates to the LEC's Customer  
2 Line Information Database will be performed in such a manner that 911 service to any  
3 customer will not be disrupted.

4

5 **Q. WILL TCG CLEVELAND ENSURE THAT ITS CUSTOMERS' NAME AND**  
6 **ADDRESS INFORMATION IS LISTED IN A DIRECTORY?**

7  
8 A. Yes. TCG Cleveland expects to negotiate arrangements with Ameritech Ohio under  
9 which the LEC will include information listings in its published directories for TCG  
10 Cleveland customers. This arrangement will detail how TCG will exchange customer  
11 data with Ameritech Ohio to properly ensure updated information listings for its  
12 customers. TCG Cleveland believes it is in the interest and convenience of the public to  
13 refer to one directory for a universal listing of customer information.

14

15 **Q. WILL TCG CLEVELAND COMPLY WITH THE REQUIREMENTS IMPOSED**  
16 **UPON IT THROUGH STATUTE, ADMINISTRATIVE RULE AND**  
17 **COMMISSION ORDER ONCE IT IS CERTIFIED?**

18  
19 A. Yes. TCG Cleveland intends to comply with all applicable requirements, including those  
20 regarding consumer protection, privacy, lifeline, and telephone relay.

21

22 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

23 A. TCG Cleveland has demonstrated in its application and related filings and I have  
24 demonstrated in this testimony that TCG Cleveland possesses the financial, managerial  
25 and technical capabilities to provide services including basic local exchange service. I

---

1 understand that TCG Cleveland's demonstration of these capabilities is the subject of this  
2 hearing, pursuant to paragraph 8 of the Commission's July 19, 1996 Entry.

3

4 **Q. SHOULD THE COMMISSION GRANT TCG CLEVELAND THE CERTIFICATE**  
5 **IT HAS REQUESTED IN THIS CASE?**

6

7 A. Yes.

8

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

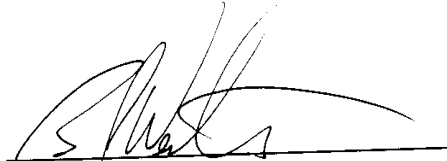
10 A. Yes, it does.

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Application of )  
TCG Cleveland for a Certificate of )  
Public Convenience and Necessity to )  
Provide Switched Telecommunications )      Case No. 96-382-TP-ACE  
Services in All or Portions of the )  
Counties of Cuyahoga, Greene and )  
Montgomery, Ohio. )**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of TCG's direct testimony is being served by first class United States mail or by hand delivery on the following parties, this 31st day of July, 1996.

  
\_\_\_\_\_  
Bruce J. Weston

**OCC**  
Yvonne T. Ranft, Esq.  
Office of the Consumers' Counsel  
77 S. High Street, 15th Floor  
Columbus, Ohio 43215

**EDGEMONT NEIGHBORHOOD COALITION**  
Ellis Jacobs, Esq.  
Legal Aid Society of Dayton  
333 West First Street, Suite 500  
Dayton, Ohio 45042

**AMERITECH**  
Michael Mulcahy  
Ameritech Ohio  
45 Erieview Plaza, Suite 1400  
Cleveland, Ohio 44114