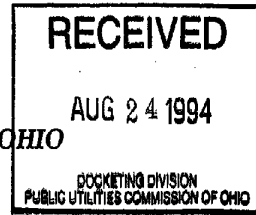


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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO



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

In the Matter of the Complaint of)
the Office of the Consumers')
Counsel,)
Complainant,)
vs.) Case No. 93-576-TP-CSS
Ohio Bell Telephone Company,)
Respondent,)
Relative to the Alleged Unjust)
and Unreasonable Rates and Charges.)

NOTICE OF INTENTION
TO FILE REBUTTAL TESTIMONY

TO ALL PARTIES OF RECORD:

Pursuant to the Attorney Examiner's directive (see Transcript Vol. XXVII at pp. 169-171), the Office of the Consumers' Counsel (OCC) hereby provides notice that it will be filing testimony to rebut the following witnesses in these consolidated cases. This testimony is filed in response to issues and assertions as to which OCC had no prior opportunity to respond. Such issues and assertions arise from events in these cases subsequent to May 5, 1994, the last date for submission of prefiled direct testimony. Entry (April 15, 1994).

A. Kathy L. Hagans

On February 7, 1994, OCC witness Kathy Hagans filed direct testimony in Case No. 93-576-TP-CSS. This testimony (OCC Ex. 7) dealt with disallowance of Ameritech Ohio's Bellcore expenses, an issue not contemplated in Ameritech Ohio's ALT application. Ms. Hagans filed direct testimony in Case No. 93-487-TP-ALT on May 5, 1994, in response to the Staff Report's failure to address the Bellcore expense issue. The May 5 testimony (OCC Ex. 8) also incorporated and supplemented her February 7 testimony for the ALT docket. Ameritech witness Richard R. Galloway filed testimony (Co. Ex. 36R.0) on June 14 and took the stand on June 29, 1994, for the sole purpose of rebutting the testimony of Ms. Hagans.

OCC now intends to recall Ms. Hagans to respond to Mr. Galloway's position on Ameritech Ohio's Bellcore expenses. The sequence of the presentation of testimony and the order of witnesses prevented OCC from preparing and presenting this testimony until after cross examination of Mr. Galloway. OCC will be prejudiced unless given the opportunity to place evidence in the record to contradict Mr. Galloway's position.

B. F. Ross Pultz

Mr. Pultz will be presenting testimony to rebut the prefiled rate of return testimony of Ameritech Ohio witness Dr. Roger Ibbotson and Staff witness Mr. Steven R. Chaney. On February 7, 1994, Mr. Pultz filed testimony in the CSS on rate of return, a subject avoided in Ameritech Ohio's application.

Dr. Ibbotson's testimony was filed May 5, and contains many issues not raised by the Staff Report, including: time period for assessment of risk premiums; the two stage DCF; the quarterly-divided-payout adjustment to the DCF; and application of issuance expense. Dr. Ibbotson also specifically criticized aspects of Mr. Pultz' previously-filed testimony in the CSS case. OCC has had no opportunity to respond to these issues raised by Dr. Ibbotson.

Mr. Chaney's testimony was not filed until August 3. He took the stand on August 9. In many respects, his testimony supplemented and clarified the Staff's rate of return position as expressed in the Staff Report. As to any supplementation, OCC has not had any reply opportunity; neither has OCC had an adequate opportunity to reply to matters Mr. Chaney has explained for the first time.

The specific issues raised by Mr. Chaney's testimony (and not by the Staff Report) which Mr. Pultz' rebuttal testimony addresses include, among others, the use of 20 year bonds and Ameritech's beta in the CAPM, new (second) specification of comparable group of companies, and updated explanation for failure to use Ameritech-specific analysis. OCC will be prejudiced unless given the opportunity to place affirmative evidence into the record to rebut the positions taken by Dr. Ibbotson and Mr. Chaney.

C. Trevor M. Roycroft, Ph.D

Dr. Roycroft, who received his doctorate in Economics from the University of California, Davis, will present rebuttal testimony on various revenue distribution, costing, pricing and price cap issues. Dr. Roycroft was formerly Chief Economist for the Indiana Office of the Utility Consumer Counselor and is now on the faculty of the J. Warner McClure School of Communications System Management at Ohio University. Dr. Roycroft presented testimony on similar issues to the Indiana Utility Regulatory Commission in the recent Ameritech Indiana alternative regulation proceeding.

Dr. Roycroft will rebut Staff witnesses whose testimony (none filed earlier than August 3) alters or supplements the discussion of particular issues in the Staff Report.

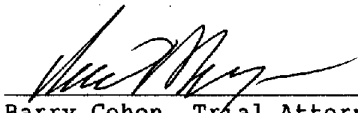
These issues include: Staff witness Allen Francis' analysis of the reasonableness of the Company's LRSIC studies and the recommendations derived from that analysis, particularly regarding pricing of the residential network access line and residential rates generally; Staff witness Nadia Soliman's assessment of the adequacy of the Company's Fully Distributed Cost Study and the usefulness of that study in testing for cross-subsidies; Staff witness Daniel Shields' amended formulation of a "General Adjustment Offset" and the "LRSIC plus 10%" price floor; and Staff witness Scott Potter's recommendation of proposed rewards (reflected in changes to the consumer dividend) for lowering barriers to competition.

OCC will be prejudiced unless given the opportunity to place affirmative evidence into the record to rebut the positions taken by Ms. Soliman and Messrs. Francis, Shields, and Potter. (OCC would also note that Ms. Soliman and Mr. Francis explicitly deferred many issues to Mr. Roger Montgomery and Dr. Kerry Stroup, whose testimony was only recently filed. OCC therefore expects that Dr. Roycroft's testimony address positions to be taken by Staff witnesses Stroup and Montgomery.)

OCC submits that the rebuttal testimony to be presented by Ms. Hagans, Mr. Pultz and Dr. Roycroft is properly designated as rebuttal testimony, which OCC had no previous opportunity to present to the Commission.

Respectfully submitted,

ROBERT S. TONGREN
CONSUMERS' COUNSEL




Barry Cohen, Trial Attorney
David C. Bergmann
Andrea M. Kelsey
Richard W. Pace, Sr.
Associate Consumers' Counsel

Office of the Consumers' Counsel
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550
(614) 466-8574

CERTIFICATE OF SERVICE

I hereby certify that copies of this Notice of Intention to File Rebuttal Testimony have been served by first class mail, postage prepaid, or hand delivered to the following parties of record this 24th day of August, 1994.


David C. Bergmann
Associate Consumers' Counsel

PARTIES OF RECORD

JAMES B. GAINER, ESQ.
Assistant Attorney General
Chief, Public Utilities Section
180 East Broad Street
Columbus, OH 43266-0573

MICHAEL MULCAHY, ESQ.
Ohio Bell Telephone Company
45 Erieview Plaza
Room 1400
Cleveland, OH 44114

JOSEPH P. MEISSNER, ESQ.
Legal Aid Society of Cleveland
1223 West Sixth Street
Cleveland, OH 44113

DOUG TRABARIS, ESQ.
MCI Telecommunications
205 North Michigan Avenue
Suite 3200
Chicago, Illinois 60601

WILLIAM ONDREY GRUBER, ESQ.
Assistant Director of Law
City of Cleveland
601 Lakeside Avenue, N.W.
Cleveland, OH 44114

JUDITH B. SANDERS, ESQ.
Bell, Royer & Sanders
33 South Grant Avenue
Columbus, OH 43215-3927

RANDY J. HART, ESQ.
Hahn, Loeser & Parks
3300 BP America Building
200 Public Square
Cleveland, OH 44114

ROBIN P. CHARLESTON, ESQ.
AT&T Communications of Ohio
227 West Monroe Street
6th Floor
Chicago, IL 60606

SALLY BLOOMFIELD, ESQ.
Bricker & Eckler
100 South Third Street
Columbus, OH 43215-4291

KERRY BRUCE, ESQ.
Department of Public Utilities
City of Toledo
Suite 1520
1 Government Center
Toledo, OH 43604

JOSEPH M. PATCHEN, ESQ.
Carlile Patchen & Murphy
366 East Broad Street
Columbus, OH 43215

WILLIAM S. NEWCOMB, ESQ.
STEPHEN M. HOWARD, ESQ.
Vorys, Sater, Seymour & Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008

SAMUEL C. RANDAZZO, ESQ.
Emens, Kegler, Brown, Hill
& Ritter
65 East State Street
Columbus, OH 43215

DENNIS K. MUNCY, ESQ.
Meyer, Capel, Hirschfeld, Muncy,
Jahn & Aldeen
Athenaeum Building
306 West Church Street
P.O. Box 6750
Champaign, IL 61826-6750

WILLIAM ADAMS, ESQ.
Arter & Hadden
One Columbus Building
10 West Broad Street
Columbus, OH 43215

ELLIS JACOBS, ESQ.
Legal Aid Society
333 West 1st Street
Suite 500
Dayton, OH 45402

SUSAN WEINSTOCK
State Legislation
American Association of
Retired Persons
601 E Street, N.W.
Washington, D.C. 20049

GENA M. DOYSCHER, ESQ.
Enhanced TeleManagement, Inc.
730 2nd Avenue, South
Suite 1200
Minneapolis, MN 55402-2467

CECIL O. SIMPSON, JR., ESQ.
General Attorney
Office of the Judge Advocate
Department of the Navy
901 North Stuart Street
Arlington, VA 22203-1837

MARY HULL, ESQ.
Sprint Communications Company,
L.P.
8140 Ward Parkway, 5E
Kansas City, MO 64114

JONATHAN E. CANIS, ESQ.
Swidler & Berlin, Chartered
3000 K St., N.W.
Suite 300
Washington, D.C. 20007

KARIN W. RILLEY, ESQ.
Assistant Attorney General
Office of the Attorney General
Education Section
30 East Broad Street, 15th Floor
Columbus, OH 43266-0410

BRUCE J. WESTON, ESQ.
Attorney and Counselor at Law
169 West Hubbard Avenue
Columbus, OH 43215-1439

SHELDON A. TAFT, ESQ.
Vorys, Sater, Seymour and Pease
52 East Gay Street
P.O. Box 1008
Columbus, OH 43216-1008

GREGORY J. DUNN, ESQ.
Crabbe, Brown, Jones,
Potts & Schmidt
500 South Front Street
Suite 1200
P.O. Box 15039
Columbus, OH 43215

MADELON KURCHERA
TCG America, Inc.
c/o TC Systems - Illinois, Inc.
233 South Wacker, Suite #2100
Chicago, IL 60606

JANINE MIGDEN
Hahn, Loeser & Parks
431 East Broad Street
Columbus, OH 43215

DANIEL A. MALKOFF, ESQ.
Assistant Attorney General
30 East Broad Street
Columbus, OH 43215-3428

CLYDE KURLANDER
Law Offices
Three First National Plaza
Suite #4000
Chicago, IL 60602

JODIE DONOVAN
TCG America, Inc.
c/o Teleport Communications
Group, Inc.
One Teleport Drive
Staten Island, NY 10311