

6

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

RECEIVED-DOCKETING DIV

98 MAY 20 PM 12: 34

PUCO

In the Matter of)
)
 The Petition of Gloria L. Back,)
 Spokesperson, and Numerous Other)
 Subscribers of the Sardinia Exchange of)
 GTE North Incorporated,)
)
 Complainants,)
)
 v.)
)
 GTE North Incorporated,)
 Cincinnati Bell Telephone Company,)
 Ameritech Ohio,)
 And)
 Little Miami Communications Corp.,)
)
 Respondents,)
)
 Relative to a Request for Two-way,)
 Nonoptional Flat-Rate Extended Area)
 Service Between the Sardinia Exchange of)
 GTE North Incorporated and the Bethel,)
 Cincinnati, Clermont, Newtonsville and)
 Williamsburg Exchanges of Cincinnati Bell)
 Telephone Company, the Decatur,)
 Hamersville, Higginsport, and Russellville)
 Exchanges of GTE North Incorporated, the)
 Ripley Exchange of Ameritech Ohio and)
 the Fayetteville Exchange of Little Miami)
 Communications Corporation.

Case No. 97-442-TP-PEX

TESTIMONY OF EVELYN W. KING
REGARDING COST DATA

This is to certify that the images appearing are an
 accurate and complete reproduction of a case file
 document delivered in the regular course of business
 Technician Roman M. [Signature] Date Processed May 21, 1998

Q. Please state your name, title and business address.

A. My name is Evelyn W. King. I am employed by Cincinnati Bell Telephone Company (CBT) as a Regulatory Specialist in the Regulatory Affairs Department. My business address is 201 East Fourth Street, Cincinnati, Ohio 45202.

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to review and explain CBT's estimated revenue impact and marginal costs of instituting two-way flat-rate and/or two-way measured-rate EAS between CBT's Cincinnati and Clermont exchanges and GTE North's Sardinia exchange.

Q. Please review the results of CBT's revenue analysis.

A. Under both flat rate and measured-rate EAS, CBT would lose the interLATA access revenue it receives from the interexchange carriers for toll calls between CBT's Cincinnati and Clermont exchanges and GTE North's Sardinia exchange. This revenue loss of approximately \$64,000 per year is the same regardless of whether flat-rate or measured-rate EAS is implemented. A banded rate increase would not apply if flat-rate EAS is implemented between Cincinnati and Clermont and Sardinia, so CBT would gain no additional local service revenue in this case. With measured-rate EAS from Cincinnati or Clermont to Sardinia, CBT would realize a local service revenue gain of approximately \$33,000 or \$38,000, respectively.

These revenue calculations are shown in detail in pages 1 and 2 of Attachment 1 of CBT's Information Response.

Q. Please explain the methodology and assumptions CBT used to calculate these estimated revenue changes.

A. CBT based its interLATA access revenue calculations on the call volumes filed by CBT and GTE North in this proceeding. First, CBT estimated the number of minutes based on the average billed minutes per message for CBT's intraLATA toll. Next, CBT estimated the access revenue by rating the minutes at CBT's current access rates with transport charges for each exchange based on the mileage to CBT's access tandem. To determine measured-rate usage revenue, the revenues were estimated by multiplying CBT's Community Connection Service rates by the minutes and message data by the estimated time of day calls were made.

Q. Please review the results of CBT's cost analysis.

A. CBT's estimated marginal investment cost and annual gross marginal cost for implementing either flat-rate or measured-rate EAS between the Cincinnati and Clermont exchanges and the Sardinia exchange is zero. Since the currently available facilities exceed the number of additional facilities that would be required to provide this service, no additional investment is required. However, the marginal investment and cost may

increase depending on the Commission's ruling in the Georgetown EAS case (Case No. 96-1402-TP-PEX) and the Higginsport EAS case (Case No. 97-1066-TP-PEX). In the Georgetown EAS case, the complainants are seeking EAS between GTE North's Georgetown exchange and CBT's Bethany, Bethel, Cincinnati, Clermont, Hamilton, Little Miami, Newtonsville and Williamsburg exchanges. In the Higginsport EAS case, the complainants are requesting EAS between GTE North's Higginsport exchange and CBT's Bethany, Bethel, Cincinnati, Clermont, Hamilton, Harrison, Little Miami, Newtonsville, Reily, Shandon and Williamsburg exchanges. The facilities that would be needed to provide EAS in the Georgetown and Higginsport EAS cases will most likely be the same facilities needed to provide EAS to Sardinia. Therefore, additional facilities would be necessary if EAS is ordered in all three cases and the marginal investment cost and annual gross marginal costs would not be zero. CBT has not conducted a detailed cost study to determine what the marginal costs would be.

- Q. Please summarize the net effect on CBT of implementing EAS between the Cincinnati and Clermont exchanges and the Sardinia exchange.
- A. CBT would experience a net revenue loss if flat-rate EAS would be implemented between the Cincinnati and Clermont exchanges and the Sardinia exchange. As shown in Page 1 of Attachment 1 of CBT's Information Response, the change in revenue as a result of flat-rate EAS between the Cincinnati and Clermont exchanges and Sardinia exchange produces a net revenue loss of approximately \$32,000 per year in the Cincinnati exchange

and \$32,000 per year in the Clermont exchange - a total of approximately \$64,000 per year for both exchanges.

Page 2 of Attachment 1 of CBT's Information Response shows that the effects of measured-rate EAS between Cincinnati and Clermont and Sardinia are a net revenue gain of approximately \$700 per year for the Cincinnati exchange, \$6,000 per year for the Clermont exchange, and \$7,000 per year for both exchanges.

Q. When would CBT be able to implement two-way EAS between the Cincinnati and Clermont Exchanges and the Sardinia Exchange.

A. CBT would be able to implement two-way EAS between the Cincinnati and Clermont exchanges and the Sardinia exchange approximately 12 months after issuance of a Commission Order in this proceeding.

Q. Does this conclude your testimony?

A. Yes.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of this Testimony was sent by U.S. mail, postage prepaid, to the parties listed below this 20th day of May, 1998.

Jack B. Harrison
Jack B. Harrison (0061993) *A. Hansen*

Juanita Watson
144 Oakdale Avenue
Sardinia, OH 45171

Pat Cook
OHODARD
GTE North Incorporated
100 Executive Drive
Marion, Ohio 43302

Mitch Procter
Little Miami Communications Corp.
204 N. Indiana St.
Roachdale, Indiana 46172

Scott Rawlings, Esq.
Attorney for Ameritech Ohio
2639 Wooster Road
Rocky River, Ohio 44116

Evelyn King
Cincinnati Bell Telephone Company
201 East Fourth Street
P. O. Box 2301
Cincinnati, Ohio 45202

Thomas E. Lodge, Esq.
Attorney for Little Miami
Communications Corp.
One Columbus
10 West Broad Street
Suite 700
Columbus, OH 43215-3435

Jackie Young
Ameritech Ohio
45 Erieview Plaza, Room 1520
Cleveland, Ohio 44114

532266.01