

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
The Germantown Independent Telephone )  
Company To Establish IntraLATA Equal Access ) Case No. 96-1200-TP-UNC  
And To Amend Its Tariff Accordingly )  
IntraLATA Toll Presubscription Service. )

FINDING AND ORDER

The Commission finds:

- (1) Section 251 (b)(3) of the Telecommunications Act of 1996 requires all local exchange carriers (LECs) to implement dialing parity. On June 12, 1996, the Commission, in Case No. 95-845-TP-COI, ordered local exchange companies to implement intraLATA toll dialing parity by June 12, 1997. By entry on rehearing dated February 20, 1997, in Case No. 95-845-TP-COI, the Commission extended the June 12, 1997, deadline to August 8, 1997.
- (2) On August 8, 1996, the Federal Communications Commission (FCC) in its Second Report and Order and Memorandum Opinion and Order in CC Docket No. 96-98 (FCC 96-333) set forth several deadlines for LEC implementation of intraLATA dialing parity. Specifically, the FCC ordered that any LEC offering in-region interLATA services before August 8, 1997, must implement toll dialing parity by August 8, 1997. Any LEC not offering in-region interLATA service before August 8, 1997, must implement intraLATA toll dialing parity no later than February 8, 1999. The FCC further ordered that any earlier intraLATA dialing parity implementation deadlines ordered by state commissions that preceded the FCC order of August 8, 1996, would not be pre-empted by the FCC order, but would remain in effect.
- (3) This Commission set an intraLATA implementation deadline of August 8, 1997, prior to the FCC's Second Report and Order in CC Docket 96-98 (August 8, 1996). The Commission's Entry on Rehearing of November 7, 1996, in Case No. 95-845-TP-COI, ordered LECs to file their plans for the implementation of intraLATA toll presubscription dialing parity. The Germantown Independent Telephone Company (Applicant), filed its original plans for intraLATA toll dialing parity implementation on November 12, 1996.

- (4) On December 6, 1996, Ameritech Ohio filed a motion to intervene in this case. Ameritech Ohio argued that the Applicant, by its application to institute intraLATA equal access, was seeking the Commission's approval of any necessary amendment(s) of the existing ORP-SCO agreement to which the Applicant and Ameritech Ohio are parties. Since this motion to intervene was filed, Ameritech Ohio has sought Commission approval for withdrawal from most of its ORP-SCO agreements. Additionally, several Secondary Carrier LECs, that have ORP-SCO agreements with Ameritech Ohio have filed to dissolve the agreements and change their status to that of Primary Carrier. Ameritech Ohio has not moved to intervene in any of these cases. Furthermore, the Applicant filed separately under Case No. 96-1199-TP-UNC to begin providing intraLATA (and interLATA) toll service to its customers. It is in the context of that case that the dissolution of the ORP-SCO agreement with Ameritech Ohio was addressed. For these reasons, Ameritech Ohio's motion to intervene in this case is moot and will, therefore, be denied.
- (5) On February 14, 1997, the Applicant filed a motion to suspend this application to allow the Commission and the telephone industry to proceed to develop a statewide approach to the implementation of intraLATA toll presubscription. On April 30, 1997, the Applicant filed a supplemental application which more reflected the statewide implementation plans developed by Staff and the industry. Since the Applicant, of its own accord, filed a supplemental application prior to any Commission action on the Applicant's motion to suspend, the motion is moot and will, therefore, be denied.
- (6) The Applicant's plan adheres to the Commission's relevant guidelines in Case No. 95-845-TP-COI. The plan includes appropriate customer and carrier notices. The Applicant intends to notify customers within 60 days of implementation. The Applicant will give customers no less than 90 days in which to make an initial, no-charge presubscription selection. The proposed tariffs include presubscription customer charges of \$5.00 for the first line and \$1.50 for each additional line presubscribed.
- (7) The Commission's local service guidelines (X.F.) state that the incremental costs directly associated with the implementation of intraLATA toll presubscription shall be borne by providers of telephone exchange service and telephone toll service

through a Commission-approved switched access per minute of use (MOU) charge applied to all originating intraLATA switched access minutes generated on intraLATA presubscribed lines. The FCC in its Second Report and Order in CC Docket No. 96-98 also allows for the recovery of incremental costs strictly necessary to implement dialing parity.

The proposed tariff of the Applicant includes a mechanism for the recovery of the incremental costs directly associated with the implementation of intraLATA presubscription based on a MOU charge applied to all originating intraLATA switched access minutes generated on presubscribed lines. The recovery mechanism proposed by the Applicant would become effective one year and 45 days after the implementation of intraLATA presubscription. The Applicant will track actual implementation costs and minutes of use for 12 months from the date of intraLATA presubscription implementation. No later than 12 months and 15 days after the date of implementation, the Applicant proposes to file with the Commission an actual MOU rate in the above-captioned cases. The Applicant proposes that this rate would become effective 30 days after filing, unless otherwise acted upon by the Commission, and will remain in effect for a period of three years.

- (8) A delayed recovery mechanism will allow for a more accurate accounting of the actual costs and MOUs to be used in the calculation of the recovery. The 12 months will also permit the Staff, the Applicant and interested parties to work on the details of what incremental costs should be recovered and exactly how the MOU rates should be calculated. Pursuant to the Commission's order in Case No. 96-1314-TP-ATA, the Commission Staff will convene a workshop after August 8, 1997. All parties should use this opportunity to reach agreement on the recovery of incremental implementation costs. Protracted litigation regarding this short term recovery mechanism is in no one's interest. The Commission will hold this case open pending a final approval of the Company's MOU rate for incremental implementation cost recovery.
- (9) IntraLATA presubscription is required under the Commission's local service guidelines, the FCC's Second Report & Order (FCC-96-333) and the Telecommunications Act of 1996. The introduction of intraLATA presubscription

will provide end-users with more choice in and control of the design of their telecommunications services. IntraLATA presubscription also provides for more competitive opportunities in the opened markets.

- (10) Only Ameritech Ohio has sought intervention or otherwise raised objection in this case.
- (11) The Staff of the Consumer Service Department has reviewed and approved the proposed customer notice.
- (12) After a thorough review of this application, Staff agrees with the proposal and, therefore, has recommended approval of the application by the Commission.
- (13) This application was filed pursuant to Section 4909.18, Revised Code, and the Commission finds, as the Applicant alleges, that it is not for an increase in any rate, joint rate, toll, classification, charge, or rental and do not appear to be unjust or unreasonable and should be approved. Therefore, the Commission finds it unnecessary to hold hearings in these matters.
- (14) The cooperative efforts of the Applicant should be commended. The Applicant's willingness to work with Staff on the many details necessary to develop and execute the Applicant's plan for implementing intraLATA toll presubscription by the August 8, 1997, deadline is appreciated.

It is, therefore,

ORDERED, That, in accordance with Finding (5), Ameritech Ohio's motion to intervene is moot in this case and, therefore, denied. It is, further,

ORDERED, That, in accordance with Finding (6), the Applicant's motion to suspend this case is no longer relevant and, therefore, denied. It is, further,

ORDERED, That, in accordance with the above findings, with the exception of the implementation cost recovery MOU rate, the proposed application of the Applicant to amend its tariff to include a service offering for intrastate intraLATA equal access is approved. It is, further,

ORDERED, That the Applicant's plan for intraLATA toll presubscription, including customer notification, presubscription procedures and presubscription

change charge schedules are approved and should be implemented by the Applicant as indicated in the plan. It is, further,

ORDERED, That, in accordance with the Applicant's proposed tariff and Findings (7) and (8) above, the Applicant file, in this case, its proposed MOU rate for incremental cost recovery no later than August 24, 1998. The recovery mechanism will become effective on the 31st day after the Applicant files its proposed MOU rate and this case shall be automatically closed of record, unless otherwise acted upon by the Commission. It is, further,

ORDERED, That nothing in this Finding and Order shall be binding upon this Commission in an subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule, or regulation or the request for a waiver from such. It is further,

ORDERED, That this order does not constitute state action for the purpose of the antitrust laws. It is not our intent to insulate the parties from the provisions of any state or federal law which prohibits the restraint of trade. It is, further,

ORDERED, That a copy of this Entry be served upon all parties of record and their counsel.

THE PUBLIC UTILITIES COMMISSION OF OHIO

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Craig A. Glazer, Chairman

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Jolynn Barry Butler

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Ronda Hartman Fergus

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David W. Johnson

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Judith A. Jones

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