

1-11-96
COPY



GTE Telephone Operations

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December 16, 1996

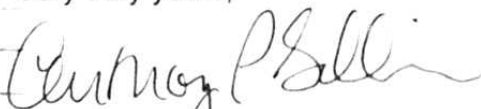
Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 961173-TP
Petition of Sprint Communications Company Limited Partnership
for Arbitration of Proposed Interconnection Agreement with
GTE Florida Incorporated Pursuant to the Telecommunications Act
of 1996

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of GTE Florida Incorporated's Request for Confidential Classification and Motion for Protective Order regarding certain information submitted in response to Staff's First Request for Production of Documents, Nos. 2 and 10, for filing in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at (813) 483-2615.

Very truly yours,


Anthony P. Gillman

APG:tas
Enclosures

RECEIVED & FILED

A part of GTE Corporation

PSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
13416 DEC 17 1996
PSC-BUREAU OF RECORDS/REPORTING

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OPC
- RCH
- SEC
- WAS
- OTH

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re. Petition of Sprint Communications)	Docket No. 961173-TP
Company Limited Partnership for Arbitration)	Filed: December 16, 1996
of Proposed Interconnection Agreement with)	
GTE Florida Incorporated Pursuant to the)	
Telecommunications Act of 1996)	
_____)	

GTE FLORIDA INCORPORATED'S REQUEST FOR CONFIDENTIAL CLASSIFICATION AND MOTION FOR PROTECTIVE ORDER

GTE Florida Incorporated (GTEFL) seeks confidential classification and a permanent protective order for certain information submitted in response to the Commission Staff's First Request for Production of Documents, Nos. 2 and 10, in this proceeding.


All of this information falls within Florida Statutes §364.183(3)(e), which defines the term "proprietary confidential business information" to include "information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of that information." The documents in question consist of confidential cost study and related materials. If competitors are able to acquire this detailed and sensitive costing information regarding GTEFL, they could more easily develop entry and marketing strategies to ensure success in competing with GTEFL. These competitors would be more adept at pricing their own services if they possess details about GTEFL's cost structure. This affords them an unfair advantage while severely jeopardizing GTEFL's competitive position. In a competitive business, any such knowledge obtained about a competitor can be used to the detriment of the entity to which it pertains. This unfair advantage skews the operation of the market, to the ultimate detriment of the consumer. Furthermore, because

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FPSO-RECORDS/REPORTING

the information would be disclosed to competitors through a regulatory proceeding--rather than through legitimate market trial and error processes--the marketplace will be skewed, to the ultimate detriment of the consumer. This effect is particularly troublesome in the context of this docket, which is intended to set rules for encouraging rational and efficient competition, rather than providing any entity a competitive advantage.

While a ruling on this request is pending, GTEFL understands that the information at issue is exempt from Florida Statutes, Section 119.01(1) and Staff will accord it the stringent protection from disclosure required by Rule 25-22.006(3)(d). One highlighted, unredacted copy of the confidential material, labeled Exhibit A, is attached to the original of this Request. Redacted copies of these items are attached to this Request as Exhibit B. A detailed justification of the confidentiality of the information at issue is attached as Exhibit C.

Respectfully submitted on December 16, 1996.

By: 

Anthony Gillman
Kimberly Caswell
Post Office Box 110, FLTC0007
Tampa, Florida 33601
Telephone: 813-483-2615

Attorneys for GTE Florida Incorporated

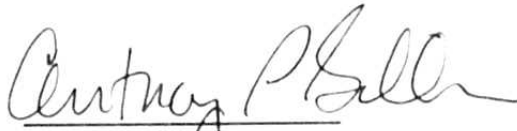
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing Request for Confidential Classification and Motion for Protective Order in Docket No. 961173-TP were sent via U S mail on December 16, 1996 to the parties listed below.

Monica Barone/Charlie Pellegrini
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Benjamin W. Fincher
Sprint
3100 Cumberland Circle
Atlanta, GA 30339

C. Everett Boyd
Ervin, Varn, Jacobs, Odom & Irvin
305 S. Gadsden Street
Tallahassee, FL 32302


Anthony Gillman

**ANALYSIS OF GTE FLORIDA TSLRIC DS-1 COSTS
PER ORDER NUMBER PSC-96-0811-FOF-TP.**

The order for Docket No. 950984-TP, page 13 states that GTE "shall explain why its TSLRIC estimate is higher than its proposed rate, current tariffed Special Access charge, for the unbundled DS-1 loop."

GTE filed a TSLRIC cost study for a DS-1 unbundled loop that would be appropriate for the provisioning of a DS-1 unbundled loop service to an ALEC on behalf of an end user. The TSLRIC costs provided are appropriate costs when an ALEC or any customer purchases DS1 unbundled services in a quantity that dictates the use of a small Fiber Optic system.

The current GTE DS-1 Special Access rates are applicable to DS-1 service provided to Interexchange companies, large demand end-users, ALECs and other end-users. In order to determine if the current tariff rates are appropriate, a TSLRIC study was performed based on the technology requirements required to support the representative customer mix.

To develop a TSLRIC study that is representative of the approved tariff service, a review of the GTE Florida CNAS data base was performed to determine appropriate fiber optic systems sizes. The predominate fiber systems used by GTE in Florida were identified and a sample was used to develop a weighted system percentage. The results of the TSLRIC study are shown on page 2.

The rates developed for Entrance Facilities in the Local Transport tariffs were based on cost studies that focused on a different mixture of appropriate fiber optics systems. As such, the results of those cost studies would not be an appropriate measurement of costs for an unbundled DS-1 loop that would use a small FO systems.

ANALYSIS OF DS-1 SPECIAL ACCESS CHANNEL

Based on a review of the GTE Florida CNAS data base, there are two predominate systems used to provide service for DS-1 Network Access Channel. To develop an estimated TSLRIC costs for the access channel, a DS1 cost was developed based on the weightings of DS-1s used for network access.

% of total distribution

[REDACTED]

percent of DS-1 provided by small system
percent of DS-1 provided by large system

TSLRIC based on small Fiber Optic System Size

Vol Sensitiv LRIC Costs Average Volume Insensitive Costs

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

Network Access Channel DS-1 Level
Network Access Channel Connection

TSLRIC based on larger Fiber Optic System Size

Vol Sensitiv LRIC Costs Average Volume Insensitive Costs

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

Network Access Channel DS-1 Level
Network Access Channel Connection

TSLRIC based on weighted FO System Sizes

Vol Sensitiv LRIC Costs Average Volume Insensitive Costs

[REDACTED] [REDACTED] [REDACTED]
[REDACTED]
[REDACTED] [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

**HIGHLY SENSITIVE
CONFIDENTIAL**

Network Access Channel DS-1 Level
Network Access Channel Connection

REDACTED

Docket No. 920188-TL
Test Year 1991

Historic [] or Projected [x]
Average [x] or Year End []
Period: 1993

FPSC MFR Schedule E-1a 2
Witness: E.W. Klassen
D.M. Triable

Ln	Tariff No	Tariff Section	Tariff Code	Service Description	Revenue Element If Known Cost	Type of Alloc	Average Billing Units	Present Rate	Proposed Rate	\$ Inc (Dec)	% Inc (Dec)	Annual Present Revenue	Annual Proposed Revenue	Annual Revenue Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A18				Long Distance Message Telecommunications Service - RECURRING RATES										
A18.5				Operator Assisted IntraLATA Toll Calls										
				Station-to-Station										
1				Customer Dialed Calling Card	[REDACTED]	Fully Alloc	18,849	0.75	0.00	(0.75)	-100%	169,641	0	(169,641)
2				Customer Dialed Calling Card	[REDACTED]	Fully Alloc	12,821	0.00	0.75	0.75		0	113,589	113,589
3				All Other	[REDACTED]	Fully Alloc	108,035	1.00	0.00	(1.00)	-100%	1,296,420	0	(1,296,420)
4				All Other	[REDACTED]	Fully Alloc	61,755	0.00	1.50	1.50		0	1,111,590	1,111,590
5				Person-to-Person	[REDACTED]	Fully Alloc	11,023	2.50	0.00	(2.50)	-100%	330,690	0	(330,690)
6				Person-to-Person	[REDACTED]	Fully Alloc	6,873	0.00	3.00	3.00		0	247,428	247,428
7				Total Operator Assisted IntraLATA Toll Calls								1,796,751	1,472,607	(324,144)
A18.8				Directory Assistance Service										
8				Each Call	[REDACTED]	Fully Alloc	706,144	0.25	0.00	(0.25)	-100%	2,118,432	0	(2,118,432)
9				Each Call	[REDACTED]	Fully Alloc	618,187	0.00	0.40	0.40		0	2,957,602	2,957,602
10	A18.8			Total Directory Assistance Service								2,118,432	2,957,602	839,170
A18.9				Verification and Emergency Interrupt Service										
11				Verification	[REDACTED]	Fully Alloc	3,692	0.95	0.00	(0.95)	-100%	42,089	0	(42,089)
12				Verification	[REDACTED]	Fully Alloc	2,423	0.00	1.00	1.00		0	29,078	29,078
13				Emergency Interrupt	[REDACTED]	Fully Alloc	1,406	0.45	0.00	(0.45)	-100%	7,592	0	(7,592)
14				Emergency Interrupt	[REDACTED]	Fully Alloc	904	0.00	0.50	0.50		0	5,424	5,424
15	A18.9			Total Verification and Emergency Interrupt Service								49,681	34,500	(15,181)

REDACTED

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Docket No. 920188-TL
Test Year 1991

Historic [] or Projected [X]
Average [X] or Year End []
Period: 1993

FPSC MFR Schedule E-1a.1
Witness: E. M. Klassen
D. B. Trimble

Ln	Tariff Section	Tariff Code	Service Description	Revenue Reqmt If Known	Type of Cost	Average Billing Units	Present Rate	Proposed Rate	\$ Inc (Dec)	% Inc (Dec)	Annual Present Revenue	Annual Proposed Revenue	Annual Revenue Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
A3			Basic Local Exchange Service - NONRECURRING RATES										
A3.10			Directory Assistance Service										
1	A3/11		DA Service Charges - Direct Dial	Not Known		2,078,789	0.25	0.00	(0.25)	-100%	6,236,367	0	(6,236,367)
2	A3/11		DA Service Charges - Operator Assisted	Not Known		18,851	0.20	0.00	(0.20)	-100%	45,242	0	(45,242)
3	A3/11		DA Service Charges - Direct Dial	Not Known	Incremental	2,013,503	0.00	0.40	0.40		0	9,664,814	9,664,814
4	A3/11		DA Service Charges - Operator Assisted	Not Known		18,566	0.00	0.20	0.20		0	44,558	44,558
5	A3.10		Total Directory Assistance Service			4,129,709					6,281,609	9,709,372	3,427,763
A3.11			Operator Assisted Local Calls Station-to-Station										
6	A3/12		Customer Dialed Calling Card	Not Known	Fully Alloc	64,133	0.75	0.75	0.00	0%	577,197	577,197	0
7	A3/12		All Other	Not Known	Fully Alloc	367,576	1.00	0.00	(1.00)	-100%	4,410,912	0	(4,410,912)
8	A3/12		All Other	Not Known	Fully Alloc	336,671	0.00	1.50	1.50		0	6,060,078	6,060,078
9	A3/12		Person-to-Person	Not Known	Fully Alloc	37,488	2.50	0.00	(2.50)	-100%	1,124,640	0	(1,124,640)
10	A3/12		Person-to-Person	Not Known	Fully Alloc	37,459	0.00	3.00	3.00		0	1,348,524	1,348,524
11	A3.11		Total Operator Assisted Local Calls			843,327					6,112,749	7,985,799	1,873,050
A3.12			Verification and Emergency Interrupt Service										
12	A3/13		Verification	Not Known	Fully Alloc	12,561	0.95	0.00	(0.95)	-100%	143,195	0	(143,195)
13	A3/13		Verification	Not Known	Fully Alloc	13,209	0.00	1.00	1.00		0	158,508	158,508
14	A3/13		Emergency Interrupt	Not Known	Fully Alloc	4,784	0.45	0.00	(0.45)	-100%	25,834	0	(25,834)
15	A3/13		Emergency Interrupt	Not Known	Fully Alloc	4,925	0.00	0.50	0.50		0	29,550	29,550
16	A3.12		Total Verification and Emergency Interrupt Service			35,479					169,029	188,058	19,029
17	A3		NONRECURRING RATES										
					SUBTOTAL						12,563,387	17,883,229	5,319,842

REDACTED

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Attachment A
6th Set of Interrogatories (FPSC)
Interrogatory No. 116
GTE Florida Incorporated
Docket No. 920188-TL
Page 1 of 1

Summary of Costs - Directory Assistance

Service	Florida		Annual Capital Expense*
	Capital Costs	Item	
- Host Switch			
- Remote Switches			
- Operator Office (OSC)			
- Access Tandems			
- Operator Reference Data Base			
- Directory Assistance Data Base			
- Sales Collateral			
- Circuit Equipment			
TOTAL			

REDACTED

Service			
- Host Switch			
- Remote Switches			
- Operator Office (OSC)			
- Access Tandems			
- Operator Reference Data Base			
- Directory Assistance Data Base			
- Sales/Promotion			
- Operator Wages			
- Misc Office Expenses			
- Sales Training			
- Leased Facilities			
TOTAL			

Total Costs**

Total D.A. Calls

Total D.A. Cost/Call

Percent Local Costs
Total Local Costs

Billable Local D.A. Calls-Present
Cost/Billable Local Call-Present

Billable Local D.A. Calls-Proposed
Cost/Billable Local Call-Proposed

* Capital Costs times Annual Charge factors.
** Total of Annual Capital Expenses, Initial and Incremental Expenses.

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Attachment B
Costs Set of Interrogatories (FPSC)
Interrogatory No. 116
GTE Florida Incorporated
Docket No. 920188-TL
Page 1 of 1

Summary of Costs - Directory Assistance

Florida

<u>Service</u>	<u>Capital Costs</u>	<u>Item</u>	<u>Annual Capital Expense*</u>
- Host Switch			
- Remote Switches			
- Operator Office (OSC)			
- Access Tandems			
- Operator Reference Data Base			
- Directory Assistance Data Base			
- Sales Collateral			
- Circuit Equipment			

REDACTED

TOTAL \$

<u>Service</u>	
- Host Switch	\$1
- Remote Switches	
- Operator Office (OSC)	
- Access Tandems	
- Operator Reference Data Base	
- Directory Assistance Data Base	
- Sales/Promotion	
- Operator Wages	
- Misc Office Expenses	
- Sales Training	
- Leased Facilities	

TOTAL

Total Costs** \$

Total D.A. Calls

Total D.A. Cost/Call

Percent IntraState/IntraLATA Costs
TOTAL IntraState/IntraLATA Costs

Billable Intra/Intra D.A. Calls-Present
Cost/Billable Intra/Intra Call-Present

Billable Intra/Intra D.A. Calls-Proposed
Cost/Billable Intra/Intra Call-Proposed

* Capital Costs times Annual Charge factors.

** Total of Annual Capital Expenses, Initial and Incremental Expenses.

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Summary of Costs - Directory Assistance

<u>Service</u>	<u>Capital Costs</u>	<u>Florida</u>	<u>Item</u>	<u>Annual Capital Expenses</u>
- Host Switch				
- Remote Switches				
- Operator Office (OSC)				
- Access Tandems				
- Operator Reference Data Base				
- Directory Assistance Data Base				
- Sales Collateral				
- Circuit Equipment				
TOTAL				

REDACTED

<u>Service</u>
- Host Switch
- Remote Switches
- Operator Office (OSC)
- Access Tandems
- Operator Reference Data Base
- Directory Assistance Data Base
- Sales/Promotion
- Operator Wages
- Misc Office Expenses
- Sales Training
- Leased Facilities
TOTAL

0
0
8
4
0
5
7

Total Costses

Total D.A. Calls

Total D.A. Cost/Call

Percent Intrastate/IntraLATA Costs
Total Intrastate/IntraLATA Costs

Billable Intra/Intra D.A. Calls-Present:
Cost/Billable Intra/Intra Call-Present:

Billable Intra/Intra D.A. Calls-Proposed:
Cost/Billable Intra/Intra Call-Proposed:

*** Capital Costs times Annual Charge fact:**
**** Total of Annual Capital Expenses, Init:**

(c) Not applicable.

Response Submitted By: Edward W. Klassen

235. Has the Company proposed to derive as much revenue as is feasible from discretionary services and only to recover the residual revenue increase from local rates?

GTE Florida Response: Yes. The Company is proposing rate increases to several non-basic local exchange services that will satisfy a portion of GTEFL's overall revenue requirement. The guiding principles considered by the Company in pricing these services are the Company's cost of service and customer demand, balanced by concerns for customer acceptance of changes in service rates.

Response Submitted By: Edward W. Klassen

236. What percent of subscribing customers -- residential, business, and combined residential and business -- are listed in GTEFL's directory? Please provide responses for each year 1988 through 1992.

GTE Florida Response:

The Company is in the process of developing the information requested. A response will be provided at a later date.

Operator Services

237. What analyses has GTEFL performed to arrive at its proposed charges for operator services?

GTE Florida Response:

GTEFL has performed three analyses to arrive at its proposed charges for operator services. First, a direct embedded cost study was conducted. Please refer to Staff's Interrogatory No. 63, Attachment A, Page 2 of 2. Second, a competitive analysis was conducted to compare GTEFL's rates to the rates of other Florida telephone companies. Lastly, GTEFL considered the discretionary aspect of operator services, and any contribution it would make to basic local services.

Response Submitted By: Edward W. Klassen

238. Based on what criteria does GTEFL consider its proposed operator service charges to be appropriate? Please explain.

GTE Florida Response:

GTEFL based its proposed operator service charges on the criteria of the customer value of operator services, and the contribution it can provide to basic local rates.

Response Submitted By: Edward W. Klassen

239. Does GTEFL believe that any cross elasticities exist among its operator services? Explain.

GTE Florida Response: No. The Company believes there are no or negligible cross elasticities among its operator services. Unlike customer-direct dialed services, operator services tend to be attractive to certain segments of customers who tend to have distinctive habits, tastes or preferences. This

GTE FLORIDA, INC.
DIRECTORY CONNECT PLUS (DCP)
COST INPUT

1 Installation:

2 Data Base Administration Hrs.
3 DBA Labor Rate/Hr.
4
5 FL Data Base Administration (DBA) Costs
6
7

REDACTED

8 Engineering:

9 Total GTE Billing Engineering Costs
10 FL Percentage
11
12 FL Engineering Costs
13
14

15 Vendor Inst:

16 Software & RTU Costs/Site
17 # FL Sites
18
19 FL Vendor Installation Costs
20
21
22
23
24

25 Incremental Monthly Cost Per Unit - 0% markup (LAPP)
26
27
28

29 FL Proposed Directory Connect Plus Charge per Call
30

CONFIDENTIAL

LEVELIZED ANNUITY PRICING PROGRAM

The Levelized Annuity Pricing Program (LAPP) is a Lotus 123 based model used in pricing support for new or enhanced services and individual case basis studies.

Model Inputs include:

- Asset, engineering, installation, and other investment costs.
(Central Office Equipment, Outside Plant, Circuit Equipment and Other)
- Financial and operational factors including capital structure, tax rates, labor rates, and inflation factors, plant specific, administration, material loading and supply.

LAPP calculates the present value of investments which may occur over several time periods and also levelizes the forecasted units over each revenue period.

Using the financial and operational factors for each jurisdiction, LAPP calculates a monthly cost for depreciation, return, and income taxes. In addition, monthly costs are calculated for plant specific expenses, direct administration expenses, gross receipts taxes, and the indirect administration expenses for each period.

The investment and expense costs are summed for a total monthly cost for each revenue period. An optional Non-Recurring Charge (NRC) can be applied to recover up-front costs and/or to reduce the required Monthly Recurring Charge (MRC). Optional amounts for pre-tax contribution, termination liability, and lump sum payments can also be calculated.

LAPP output represents the minimum price necessary to exactly recover investment and expenses as defined by the user in the study. Analysts combine LAPP output with other marketing, regulatory, Company, and social objectives to make sound pricing decisions.

PRICING

State: FLORIDA
Service: DIRECTORY CONNECT PLUS

Period: 60 Months
File: L:\LAPP31FL.LK1

- 1 Total Monthly Asset Cost
- 2 Total Monthly Engineering/Installation Cost
- 3 Total Monthly Expenses
- 4
- 5 Total Incremental Monthly Cost (1)+(2)+(3)
- 6 Levelized Forecasted Units
- 7
- 8 Incremental Monthly Cost Per Unit (5)/(6)
- 9
- 10
- 11 PROPOSED NON-RECURRING CHARGE (NRC) PER UNIT
- 12
- 13
- 14
- 15
- 16
- 17 Monthly Credit for NRC Per Unit (11)
- 18 Amortized at 9.89%
- 19
- 20 MONTHLY RECURRING CHARGE (MRC) PER UNIT (8)-(18)
- 21

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State: FLORIDA
 Service: DIRECTORY CONNECT PLUS

INCREMENTAL MONTHLY COSTS

Periods: 60 Months

File: L:\LAPP31FL.MKT

TOTAL	#2212.00 COE	#2623.20 OSP	#2232.21 Circuit Eq.	#2220.30 Other Asst 1	# Other Asst 2
-------	-----------------	-----------------	-------------------------	--------------------------	-------------------

- 1 ASSET:
- 2 Equipment Investment (Loaded)
- 3 Net Salvage X
- 4 Net Salvage (2)x(3)
- 5 Net Investment (2)-(4)
- 6 Capital Recovery Months
- 7 MONTHLY S.L. DEPRECIATION (5)/(6)
- 8
- 9 Monthly Capital Recovery at 9.89%
- 10 MONTHLY RETURN (9)-(7)
- 11
- 12 Tax Factor at 38.58% Comp. Tax Rate
- 13 MONTHLY INCOME TAX (2)x(12)
- 14
- 15 TOT MONTHLY ASSET COST (7)+(10)+(13)
- 16
- 17 ENGINEERING & INSTALLATION:
- 18 Engineering & Installation Investment
- 19 Net Salvage X
- 20 Net Salvage (18)x(19)
- 21 Net Investment (18)-(20)
- 22 Capital Recovery Months
- 23 MONTHLY S.L. DEPRECIATION (21)/(22)
- 24
- 25 Monthly Capital Recovery at 9.89%
- 26 MONTHLY RETURN (25)-(23)
- 27
- 28 Tax Factor at 38.58% Comp. Tax Rate
- 29 MONTHLY INCOME TAX (18)x(28)
- 30
- 31 TOT MONTHLY E&I COST (23)+(26)+(29)
- 32
- 33 MONTHLY EXPENSES:
- 34 PV Total Investment (2)+(18)
- 35 Plant Specific (M/R) Factors:
- 36 Plant Specific (34)⁰(35) /12
- 37 Adj. for 2.9% Labor Rate Inflation
- 38 Plant Specific (Adjusted) (36)⁰(37)
- 39 Customer Oper. 3.745% ⁰(34) /12
- 40 Property Tax 1.320% ⁰(34) /12
- 41 Plant Non-Spec. 0.000% ⁰(34) /12
- 42 Corporate Oper. 0.000% ⁰(34) /12
- 43 Misc. Loadings 0.000% ⁰(34) /12
- 44 Other Taxes 0.000% ⁰(34) /12
- 45
- 46 TOTAL MONTHLY EXPENSES (38)..(44)
- 47
- 48 SUBTOTAL MO. COST (15)+(31)+(46)
- 49
- 50 Non Cap Exp \$436061.00 (60 Mo @9.89%)
- 51 Eff. Gross Rec. Tax 2.564% ⁰ (48+50)
- 52 TOTAL MONTHLY COST (48)+(50)+(51)

REDACTED

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State: FLORIDA
Study ID: DIRECTORY CONNECT PLUS

Non-Capitalized Expenses

File: L:\LAPP31FL.MC1



	YR 1	YR 2	YR 3	YR 4	YR 5
1. Database	-----	-----	-----	-----	-----
2. Software/RTU					
3. Training					
4. Advertising					
5. Engineering	1				
6. Total	1				
7. PV Factor at 9.89%					
8. PV Expenses (6)x(7)	1				
9. Cumulative PV Expenses	1				

REDACTED

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State: FLORIDA

Financial & Operational Parameters

Study ID: DIRECTORY CONNECT PLUS

File: L:\LAPP31FL.LK1

1. Cost of Money (Return on Rate Base)
2. Return on Equity
3. Preferred Stock Rate
4. Long Term Debt Rate
5. Short Term Debt Rate
6. Statutory Federal Income Tax Rate
7. State Income Tax Rate
8. Composite Income Tax Rate
9. Statutory Gross Receipts Tax Rate
10. Labor Rate Inflation Percentage
11. Direct Admin. - Customer Operations Annual Cha
12. - Property Tax Expense Annual Cha
13. Indirect Admin. - Plant Non-Specific Annual Cha
14. - Corporate Operations Annual C
15. - Misc. Expense Annual Charge f
16. - Other Tax Expense Annual Char
17. Central Office Equipment Book Life
18. Central Office Equipment MACRS Tax Factor
19. Central Office Equipment Plant Specific Expense Factor
20. Central Office Equipment Net Salvage Percentage
21. Outside Plant Equipment Book Life
22. Outside Plant Equipment MACRS Tax Factor
23. Outside Plant Equipment Plant Specific Expense Factor
24. Outside Plant Equipment Net Salvage Percentage
25. Circuit Equipment Book Life
26. Circuit Equipment MACRS Tax Factor
27. Circuit Equipment Plant Specific Expense Factor
28. Circuit Equipment Net Salvage Percentage
29. Other Acct 1 Book Life
30. Other Acct 1 Plant Specific Expense Factor
31. Other Acct 1 Net Salvage Percentage
32. Other Acct 2 Book Life
33. Other Acct 2 Plant Specific Expense Factor
34. Other Acct 2 Net Salvage Percentage
35. COE Minor Materials Load Factor
36. COE Supply Factor
37. OSP Minor Materials Load Factor
38. OSP Supply Factor
39. Circuit Equipment Minor Materials Load Factor
40. Circuit Equipment Supply Factor
41. Other Acct 1 Minor Materials Load Factor
42. Other Acct 1 Supply Factor
43. Other Acct 2 Minor Materials Load Factor
44. Other Acct 2 Supply Factor
45. Central Office Equipment Installation Direct Labor Rate
46. Central Office Equipment Engineering Direct Labor Rate
47. Outside Plant Installation Direct Labor Rate
48. Outside Plant Engineering Direct Labor Rate
49. Circuit Equipment Installation Direct Labor Rate
50. Circuit Equipment Engineering Direct Labor Rate
51. Database Direct Labor Rate

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RATE DEVELOPMENT

A cost analysis indicates that chosen market based prices cover associated incremental costs. Incremental costs are defined as those costs which would be specifically incurred in the provision of this service.

Incremental costs include SMARTCALL software and hardware, Signaling System Seven software and hardware, and associated engineering, testing, maintenance and administration. All incremental costs are allocated to each feature according to usage.

FEATURE -----	PER LINE MONTHLY COST -----
CALL TRACING SERVICE	
CALL BLOCK	
SPECIAL CALL ACCEPTANCE	
SPECIAL CALL WAITING	
SPECIAL CALL FORWARDING	
VIP ALERT	
AUTOMATIC CALL RETURN	
AUTOMATIC BUSY REDIAL	
SMARTCALL PAK 4400	
SMARTCALL PAK 4900	

All SMARTCALL investments are in the Digital Switching Category of investment.

Approved average service life
Maintenance annual charge factor
Administrative annual charge fac

12 years

Cost of money
Percent equity
Percent debt
Targeted Return on equity
Debt rate

Federal Income Tax Rate
State Income Tax Rate
Ad Valorem Tax Rate
Gross Receipts Tax Rate

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FEATURE ALLOCATION OF EXPENSES
BASED UPON USAGE OF THE NETWORK

FEATURE -----	PERCENT ATTEMPTS -----
CALL TRACING SERVICE	
CALL BLOCK	
SPECIAL CALL ACCEPTANCE	
SPECIAL CALL WAITING	REDACTED
SPECIAL CALL FORWARDING	
VIP ALERT	
AUTOMATIC CALL RETURN	
AUTOMATIC BUSY REDIAL	

Percent Attempts = (Forecasted feature lines multiplied by feature
busy hour attempts per line) divided by all features'
attempts

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SMARTCALL STP CAPITAL EXPENSES

SMARTCALL STP CAPITAL:

MONTHLY COST:

COST

MONTHLY COST/
LINE

- CALL TRACING SERVICE
- CALL BLOCK
- SPECIAL CALL ACCEPTANCE
- SPECIAL CALL WAITING
- SPECIAL CALL FORWARDING
- VIP ALERT
- AUTOMATIC CALL RETURN
- AUTOMATIC BUSY REDIAL

SMARTCALL STP RTU FEES

SMARTCALL STP RTU:

REDACTED

- CALL TRACING SERVICE
- CALL BLOCK
- SPECIAL CALL ACCEPTANCE
- SPECIAL CALL WAITING
- SPECIAL CALL FORWARDING
- VIP ALERT
- AUTOMATIC CALL RETURN
- AUTOMATIC BUSY REDIAL

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SMARTCALL SIGNAL LINK EXPENSES

=====

SMARTCALL LINK COSTS:
PRESENT VALUE OF COSTS:

SMARTCALL
PRESENT VALUE
LINK COSTS
=====

MONTHLY COST/
LINE
=====

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

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SMARTCALL SIGNAL POINT CAPITAL EXPENSES
.....

GTDS PER LINE INVESTMENT	SESS PER LINE INVESTMENT	DMS PER LINE INVESTMENT	WEIGHTED MONTHLY COST/LINE
---	---	--	---

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

REDACTED

SMARTCALL SIGNAL POINT RTU:

SMARTCALL
SIGNAL POINT RTU
.....

MONTHLY COST/
LINE
.....

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

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SMARTCALL EXPANDED ANNOUNCEMENT SYSTEM CAPITAL EXPENSES

SMARTCALL E.A.S. CAPITAL:

MONTHLY COST:

SMARTCALL
ANNOUNCEMENT
MONTHLY COSTS

MONTHLY COST/
LINE

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

REDACTED

GTDS PER 5ESS PER DMS PER WEIGHTED
 LINE LINE LINE MONTHLY
INVESTMENT INVESTMENT INVESTMENT COST/LINE
----- ----- ----- -----

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

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SMARTCALL FEATURE RTU FEES

MONTHLY COST
PER LINE
PER YEAR

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
/IP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

REDACTED

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SMARTCALL TRUNK CONVERSION LABOR EXPENSE

	YR 1	YR 2	YR 3	YR 4	YR 5
SMARTCALL S.P. LABOR COSTS:	-----	-----	-----	-----	-----
PRESENT VALUE OF COSTS:					

REDACTED

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

SMARTCALL ENGINEERING AND TESTING

SMARTCALL E. & T. CAPITAL:
MONTHLY COST:

SMARTCALL
ENG. & TEST
MONTHLY COSTS

MONTHLY COST/
LINE

CALL TRACING SERVICE
CALL BLOCK
SPECIAL CALL ACCEPTANCE
SPECIAL CALL WAITING
SPECIAL CALL FORWARDING
VIP ALERT
AUTOMATIC CALL RETURN
AUTOMATIC BUSY REDIAL

0004507

CALL TRACING SERVICE

COST SUMMARY

STP CAPITAL
STP RTU
SIGNAL LINK
SIGNAL POINT CAPITAL
SIGNAL POINT RTU
EXPANDED ANNOUNCEMENT
PROCESSOR/MEMORY
FEATURE RTU
ENGINEERING AND TESTING
TRUNK CONVERSION LABOR
USER GUIDE EXPENSE
INCREMENTAL LABOR EXPENSE:

REDACTED

MONTHLY RATE:
RESIDENCE
BUSINESS

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USAGE BASED CALL TRACING SERVICE
CONTRIBUTION

	<u>COST</u>	<u>TRANS RATE</u>	<u>CONTRIBUTION</u>
PER TRANSACTION			

REDACTED

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GTE TELEPHONE OPERATIONS
Florida Operations
SmartCall
Usage Based Call Tracing

NUISANCE CENTER COSTS

The GTE South - Florida Nuisance Center labor rate is \$ [REDACTED] per hour. Following Company procedures and verified with Florida actuals, the information below indicates the average time spent per Call Tracing transaction.

Call 1:	5 Minutes to discuss 2 Minutes to access database 2 Minutes to create file 9 Minutes for initial trans
Call 2:	2 Minutes to discuss 2 Minutes to access database 2 Minutes to create file 15 Minutes second trans/initia
Call 3:	2 Minutes to discuss 2 Minutes to access database 2 Minutes to create file 21 Minutes third trans/previou
Police Documentation or Deterrent Letter:	2 Minutes to retrieve file 8 Minutes to process letter
TOTAL TIME	31 Minutes Complete Call Trace Case Closure

Cost Per Customer for Closure
Cost per Minute of Labor
[REDACTED] per hour

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REDACTED

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GTE TELEPHONE OPERATIONS
CALL TRACE ACTUAL STATISTICS

September 92

C1	C2	C3	C4
Report	CLASS	Min/Work	Minutes
	Call Trc	Level	Required

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

Total CLASS required Manpower Minutes
Cost per Manpower Minute
Cost per Month - CLASS Call Trace Act
Cost per CTS CLASS Transaction

- (1) 85% successful call trace rate
- (2) CTS CLASS cases (L2) divided by

REDACTED

August 92

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

Total CLASS required Manpower Minute
Cost per Manpower Minute
Cost per Month - CLASS Call Trace Ac
Cost per CTS CLASS Transaction

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July 92

C1	C2	C3	C4
Report	CLASS	Min/Work	Minutes
	Call Trc	Level	Required

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

Total CLASS required Manpower Minutes
Cost per Manpower Minute
Cost per Month - CLASS Call Trace Activ
Cost per CTS CLASS Transaction

June 92

C
Rep

REDACTED

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

Total CLASS required Manpower Minutes
Cost per Manpower Minute
Cost per Month - CLASS Call Trace Activi
Cost per CTS CLASS Transaction

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May 92

C1	C2	C3	C4
Report	CLASS	Min/Work	Minutes
	Call Trc	Level	Required

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

REDACTED

Total CLASS required Manpower Minut
 Cost per Manpower Minute
 Cost per Month - CLASS Call Trace
 Cost per CTS CLASS Transaction

April 92

Call Trc	Level	Required
----------	-------	----------

- 1 Total complaints received
- 2 CTS CLASS cases
- 3 Total cases - successful traces (1)
- 4 Deterrent letters sent (2)
- 5 Referred to LEA (2)
- 6 Total Month CLASS Activity

Total CLASS required Manpower Minutes
 Cost per Manpower Minute
 Cost per Month - CLASS Call Trace Acti
 Cost per CTS CLASS Transaction

COST PER TRANSACTION

SEPT	\$2.46
AUG	\$2.66
JULY	\$2.30
JUNE	\$2.49
MAY	\$2.59
APRIL	\$2.51
SIX AVG	\$2.66

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USAGE BASED CALL TRACING SERVICE
COST SUMMARY

Digital Switch Cost (1)
Per Transaction (Labor Ex.)
TOTAL COST PER TRANSACTION

REDACTED

PER TRANSACTION:

- (1) The \$ [REDACTED] Digital Switch Cost Element represents the cost level submitted in the cost support for CLASS service.

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Exhibit C

Pages 4484-85; all lines and columns containing figures. These pages contain cost data concerning GTE's DS1 special access channel. Competitors could use this information to discern how to most effectively compete with GTE in the provision of special access service equivalents. With this information, such competitors could devise successful entry and pricing strategies. The fact that GTE cannot obtain this sort of information from its competitors through the regulatory process exacerbates the unfairness of allowing its public disclosure. Thus, these costs cannot be revealed to competitors without giving them an unfair advantage in structuring their operations and designing entry and market strategies to ensure their success in competing with GTE.

Page 4486-87; column 4. This column lists the revenue requirement for various intraLATA and local services provided by GTE, all of which can now be provided by GTE's competitors. Competitors could use this information to discern how to most effectively compete with GTE in the provision of these services. With this information, such competitors could devise successful entry and pricing strategies. The fact that GTE cannot obtain this sort of information from its competitors through the regulatory process exacerbates the unfairness of allowing its public disclosure. Thus, these costs cannot be revealed to competitors without giving them an unfair advantage in structuring their operations and designing entry and market strategies to ensure their success in competing with GTE.

Pages 4488-90; all lines and columns containing figures. These pages contain cost data concerning GTE's Directory Assistance Service. Competitors could use this information to discern how to most effectively compete with GTE in the provision of their own local exchange services. With this information, such competitors could devise successful entry and pricing strategies. The fact that GTE cannot obtain this sort of information from its competitors through the regulatory process exacerbates the unfairness of allowing its public disclosure. Thus, these costs cannot be revealed to competitors without giving them an unfair advantage in structuring their operations and designing entry and market strategies to ensure their success in competing with GTE.

Pages 4493, 4495-996; all lines and columns containing figures. These pages contain detailed cost data concerning GTE's Directory Connect Plus, a service which may be offered by competing local exchange carriers in the provision of their local service offerings. Features are broken down by discrete components, which would give competitors detailed information with which to design their own networks or devise entry and marketing strategies to ensure success in competition with GTE. Thus, these costs cannot be revealed to competitors without giving them an unfair advantage in the marketplace for local services.

Pages 4500-13; all lines and columns containing figures. These pages contain detailed cost data concerning GTE's SmartCall Services. GTE's competitors will likely offer services equivalent to GTE's SmartCall Services as part of their local exchange

service package. Features are broken down by discrete components, which would give competitors detailed information with which to design their own networks or devise entry and marketing strategies to ensure success in competition with GTE. Thus, these costs cannot be revealed to competitors without giving them an unfair advantage in the marketplace for local exchange services.

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