

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 920188-TL
increase by GTE FLORIDA)
INCORPORATED.)
)
In re: Resolution by the City) DOCKET NO. 920939-TL
Commission of the City of Plant) ORDER NO. PSC-92-1124-PHO-TL
City and the Hillsborough) ISSUED: 10/06/92
County Board of County)
Commissioners for extended area)
service between the Plant City)
exchange and all of)
Hillsborough County.)
_____)

Pursuant to Notice, a Prehearing Conference was held on September 18, 1992, in Tallahassee, Florida, before Chairman Thomas M. Beard, as Prehearing Officer.

APPEARANCES:

THOMAS R. PARKER, Esquire, Associate General Counsel,
Post Office Box 110, MC 7, Tampa, FL 33601
On behalf of GTE Florida Incorporated.

MICHAEL W. TYE, Esquire, 106 East College Avenue, Suite
1410, Tallahassee, FL 32301
On behalf of AT&T Communications of the Southern States,
Inc.

DOUGLAS S. METCALF, 1600 East Amelia Street, Orlando, FL
32803-5505
On behalf of Florida Ad Hoc Telecommunications Users
Committee.

PETER M. DUNBAR, Esquire, Haben, Culpepper, Dunbar &
French, P.A., Post Office Box 10095, Tallahassee, FL
32302
On behalf of Florida Cable Television Association.

JOSEPH P. GILLAN, Class B Practitioner, Post Office Box
541038, Orlando, FL 32854
On behalf of The Florida Interexchange Carriers
Association.

JOHN J. DINGFELDER, Esquire, Assistant County Attorney,
P. O. Box 1110, Tampa, FL 33601
On behalf of Hillsborough County, Florida.

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FPSO-RECORDS/REPORTING

PATRICK K. WIGGINS, Esquire, Wiggins & Villacorta, P.A.,
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On behalf of Intermedia Communications of Florida, Inc.

RICHARD D. MELSON, Esquire, Hopping Boyd Green & Sams,
Post Office Box 6526, Tallahassee, FL 32314, and MICHAEL
J. HENRY, MCI Center, Three Ravinia Drive, Atlanta, GA
30346
On behalf of MCI Telecommunications Corporation.

KENNETH W. BUCHMAN, Esquire, Buchman and Buchman, P.A.
City of Plant City, 212 North Collins Street, Plant City,
FL 33566
On behalf of City of Plant City, Florida.

FLOYD R. SELF, Esquire, Messer, Vickers, Caparello,
Madsen, Lewis, Goldman & Metz, P.A., Post Office Box
1876, Tallahassee, FL 32302-1876, and CHANTHINA R.
BRYANT, Esquire, 3065 Cumberland Circle, Atlanta, GA
30339
On behalf of Sprint Communications Company Limited
Partnership.

HAROLD McLEAN, Esquire, Associate Public Counsel, Office
of Public Counsel, c/o The Florida Legislature, 111 West
Madison Street, Room 812, Tallahassee, FL 32399-1400
On behalf of the Citizens of the State of Florida.

CHARLES W. MURPHY, Esquire, Florida Public Service
Commission, 101 E. Gaines Street, Tallahassee, Florida
32399-0863
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

On May 1, 1992, GTE Florida Incorporated (GTEFL or the Company) filed its Application for a Rate Increase. The hearing in this docket is necessary to establish rates for the Company.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court

Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

WITNESS	APPEARING FOR	ISSUES
POLICY		
D. W. McLeod (Direct and Revised Direct)	GTEFL	Policy and Generic Overview of the Case; 40 - 40F
R. J. Brillante (Direct)	GTEFL	40 - 40F
COST OF CAPITAL/CAPITAL STRUCTURE		
F. J. Hanley (Direct and Revised Direct)	GTEFL	Return on Equity; 11, 12
M. A. Cicchetti (Direct)	OPC	11, 12, 13
F. J. Hanley (Rebuttal)	GTEFL	Return on Equity and Capital Structure
REPRESSION/STIMULATION AND FORECASTING		
D. B. Trimble (Direct and Revised Direct)	GTEFL	Forecasting Matters; 2, 3, 20, 35
D. E. Dismukes (Direct)	Staff	3, 35
D. B. Trimble (Rebuttal)	GTEFL	Forecasting
L. D. Taylor (Rebuttal)	GTEFL	Forecasting

WITNESS	APPEARING FOR	ISSUES
ACCOUNTING AND RATES		
B. A. Johnson (Direct and Revised Direct)	GTEFL	Accounting Matters; 4, 5, 5A, 5B, 5C, 6, 6A, 6B, 6C, 6D, 6E, 7, 8, 9, 9A, 9B, 9C, 10, 13, 14, 15, 16, 17, 18, 19, 21, 21B, 21C, 21D, 21E, 21F, 21G, 21H, 21I, 21K, 21L, 21M, 22A, 22C, 22D, 22F, 22K, 22L, 22M, 22Q, 22R, 22S, 22T, 23D, 23F, 25, 25A, 25B, 25C, 25D, 25E, 25F, 25G, 25H, 25I, 26, 26A, 26B, 27, 27A, 27B, 28, 28A, 28B, 29, 30, 31, 40D, 40E, 40F, 40G
S. M. Banta (Direct)	GTEFL	General Affiliated Matters; 23, 23A, 23E
D. E. Wellemeyer (Direct and Revised Direct)	GTEFL	Separations; 21A, 22O, 22P, 22Q
O. D. Fulp (Direct, Supplemental and Revised Direct)	GTEFL	Access Pricing; 36, 37, 38, 48
J. C. Kissell (Direct)	GTEFL	Toll Pricing; 36, 39, 49
E. W. Klassen (Direct, Revised Direct and Rebuttal)	GTEFL	Local Pricing; 21J, 27A, 36, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49

WITNESS	APPEARING FOR	ISSUES
T. C. DeWard (Direct)	OPC	8, 14, 19, 21A, 21B, 21C, 21F, 21G, 21H, 21I, 21J, 21L, 21M, 21N, 21O, 22, 22A, 22B, 22C, 22D, 22E, 22F, 22G, 22H, 22I, 22J, 22K, 22L, 22M, 22N, 22O, 22P, 22Q, 22R, 22S, 22T, 22U, 22V, 22W, 22X, 22Y, 22Z, 22AA, 22AB, 22AC, 23, 23A, 23B, 23C, 23D, 23E, 23F, 23G, 23H, 27A, 27B, 28, 28A, 28B, 29, 30, 31
V. A. Montanaro (Direct)	OPC	25, 25A-25I
R. Earl Poucher (Direct)	OPC	24
W. A. King (Direct)	ATT-C	37, 38
M. Guedel (Direct)	ATT-C	39
J. Gillan (Direct)	FIXCA/MCI	37, 38, 39
S. O. Smith (Direct)	City of Plant City	39, 39A
D. S. Metcalf (Direct)	Ad Hoc	45

WITNESS	APPEARING FOR	ISSUES
REBUTTAL		
S. A. Inkrott	GTEFL	Service, Cost Savings Programs and MARK
S. N. Bryce	GTEFL	MARK
A. Nash	GTEFL	Employee Concessions and medical Insurance Inflation Rate
R. W. Featherstone	GTEFL	Incentive Compensation and Associated Benefits
C. A. Cline	GTEFL	Health Fitness Centers
J. R. Barrett	GTEFL	Inside Wire
B. A. Johnson	GTEFL	Accounting Matters
S. M. Banta	GTEFL	Prevailing Price, AGCS
L. B. Reed	GTEFL	GTE Data Services
T. F. Scudder	GTEFL	GTE Data Services
S. R. Bastain	GTEFL	GTE Supply
D. E. Wellemeyer	GTEFL	Separations
O. D. Fulp	GTEFL	Access Pricing
J. C. Kissell	GTEFL	Toll Pricing and ECS
E. W. Klassen	GTEFL	Local pricing

WITNESS	APPEARING FOR	ISSUES
PROPOSED STIPULATED TESTIMONY		
S. E. Inkrott (Direct/Rebuttal)	GTEFL	1, 1A
Nancy Pruitt (Direct)	Staff	1, 1A
J. Alan Taylor (Direct)	Staff	1, 1A
R. L. Hodges (Direct and Revised Direct)	GTEFL	Depreciation issues

V. BASIC POSITIONS

GTEFL'S BASIC POSITION: GTEFL initiated this rate proceeding to establish an adequate level of earnings to allow it to realize fair and reasonable compensation for the services it renders based on a rate design which takes into account the realities that the Company faces in today's marketplace. Thus, the case before the Commission is made up of two separate and distinct parts: the revenue requirement and the proper rates to utilize in order to produce the necessary revenues.

GTEFL's last fully litigated rate order was entered on November 23, 1981, through the issuance of Order No. 10418 in Docket No. 810095-TP. Since that time the environment in which GTEFL operates has changed in numerous ways. In 1981 the various services of the Company were for the most part protected from competition. That is not the case today. Approximately thirty percent (30%) of the existing services of the Company are subject to competition and GTEFL expects this percentage of competitive inroads to increase to seventy percent (70%) by 1995. This sort of dramatic change has increased the business risk that the Company faces which exerts upward pressure on GTEFL's capital costs. GTEFL is requesting a return on equity of 13.6% based on capital market expectations which include increased business risk associated with the increase in competition within its franchise area, technological developments and regulatory changes.

The revenue requirement requested herein does not fully account for the total amount of the rate increases which are sought as a part of this case. The new annual incremental revenue requirement of \$65,994,207 produces an increase in rates of approximately \$2.15. The remaining \$1.50 of the local rate increase is produced by the repricing of services that have been traditionally overpriced to subsidize the cost of local service. The Company's evidentiary presentation requests that the existing prices for intrastate access and toll be reduced in order for the Company to remain competitive in the marketplace while producing the maximum amount of contribution from these services over the long term in support of universal service objectives. GTEFL has also included in its rate design package a new reduced local service option to mitigate the effects of this filing for those customers who are interested in a low cost alternative to traditional flat rate local service. The Company has also increased the rates on its vertical and ancillary services to the extent possible to reduce the effects on basic local service rates. If these pricing changes are not implemented, the Company will not be in a position to avoid larger revenue losses in the future which will be accompanied by even larger local rate increases as customers leave the public switched network.

AT&T'S BASIC POSITION: AT&T's participation in this docket involves primarily access charge and other interexchange service issues. With respect to access charge issues, AT&T's basic position is that the public interest is best served by cost-based access charge pricing. Such pricing mitigates the potential for uneconomic bypass, provides the highest degree of economic efficiency, encourages IXCs to develop and offer new and/or improved services which benefit Florida customers, and encourages IXCs to provide existing services at lowered prices. Accordingly, AT&T encourages the Commission to approve GTE Florida's proposal to eliminate its BHMOC charge. Moreover, AT&T does not oppose elimination of time of day access pricing as long as such action is undertaken in conjunction with the BHMOC elimination. AT&T also supports GTE Florida's proposals to incorporate interstate structure and language into its intrastate access tariff, and to convert special access rates to mirror local private line rates. However, AT&T does not support GTE Florida's proposed SAVE plan.

With respect to interexchange service issues, AT&T's basic position is that GTE Florida's proposal to implement ECS on a county-wide basis should be rejected. GTE Florida's proposal does not address the underlying causes of extended area service

(hereinafter "EAS") pressure, and its adoption, therefore, cannot mitigate those pressures. Indeed, the proposal may actually exacerbate such pressures and will only frustrate a more positive and comprehensive approach to satisfying the demand for EAS in Florida. AT&T submits that the Commission could better utilize the revenue available for implementing GTE Florida's county-wide proposal by further lowering interLATA access charge levels. Reducing those charges will continue to narrow the disparity between local rates and toll rates, thus reducing the pressure for EAS and bringing the benefits of lower toll rates to a greater number of Florida ratepayers.

AD HOC'S BASIC POSITION: Ad Hoc believes that the Company and the Commission must begin to cost and price business exchange and private line services in a manner appropriate for an evolving competitive market. A threshold requirement for such pricing is the consistent application of costing and pricing methodologies for these services. Ad Hoc has examined the Company's costing and pricing methodologies for its proposed rate changes. They are inconsistently applied and are flawed.

FCTA'S BASIC POSITION: It is the Commission's responsibility to ensure the availability of basic telecommunications services to all residents of the State at reasonable and affordable prices pursuant to the criteria established under Chapter 364, Florida Statutes. In so doing, the Commission is required to recognize the emergence of a competitive telecommunications environment through flexible regulatory treatment where competitive telecommunications services are not subsidized by monopoly services and where all monopoly services are available to all competitors on a non-discriminatory basis.

FCTA believes that rates for basic telecommunications services must be established consistent with the principles expressed in Chapter 364, Florida Statutes, specifically Sections 364.01, 364.338 and 364.3381. The correct applicability of the provisions of Chapter 364, Florida Statutes, is necessary to ensure affordable prices for basic service for all residents, and to ensure that anti-competitive behavior is avoided.

FCTA further believes that GTE Florida, Incorporated ("GTEFL") is required to segregate its intrastate investments and expenses between competitive and monopoly services. Order No. PSC-92-0317-FOF-TL, Docket #920178-TL directs staff to investigate the cross-subsidy issues in the upcoming rate case. Thus, the allocation of

intrastate investments and expenses should be addressed in this case. The Commission should adopt the allocation methodologies used by the FCC in part X for allocation between competitive and monopoly services until such time as the Commission prescribes different allocation methodologies pursuant to Section 364.3381 (2), Florida Statutes.

FIXCA'S BASIC POSITION: The Commission should approve GTEFL's proposal to eliminate the BHMOC and should reject GTEFL's proposed SAVE plan. With the \$6.6 million dollars proposed for the SAVE plan, the Commission should order reductions to the CCLC rate element of GTEFL's switched access charge tariff. Finally, the Commission should reject GTEFL's proposal to expand ECS pricing to more toll routes.

HILLSBOROUGH'S BASIC POSITION: Hillsborough County is participating to ensure that telecommunication services are available to all residents of the County on an equal basis at reasonable and affordable prices pursuant to criteria established under Chapter 364, Florida Statutes. To meet this goal the Commission should order GTE to reorganize its service and rate structure to ensure that all persons in Hillsborough County (including those in Plant City) may communicate to each other on a "local" basis without toll charges.

INTERMEDIA'S BASIC POSITION: Intermedia takes no position at this time with respect to whether GTEFL is entitled to rate relief. Intermedia's principal interest in this proceeding is to ensure that the regulatory treatment of GTEFL's monopoly and competitive services does not inhibit competition in the market by creating for GTEFL both the opportunity and incentive to engage in discriminatory, anti-competitive behavior (such as cross-subsidization of competitive services with revenues from basic telephone services).

MCI'S BASIC POSITION: The Commission should approve GTEFL's proposal to eliminate the BHMOC and should reject GTEFL's proposed SAVE plan. With the \$6.6 million dollars proposed for the SAVE plan, the Commission should order reductions to the CCLC rate element of GTEFL's switched access charge tariff. Finally, the Commission should reject GTEFL's proposal to expand ECS pricing to more toll routes.

PLANT CITY'S BASIC POSITION: There is a strong community of interest between the Plant City and Tampa Exchange and there should be extended area service between the two exchanges.

The rate increases proposed by GTE are unreasonable and should be denied.

SPRINT'S BASIC POSITION: Sprint's interest in this docket is generally limited to only a few of the 49 issues and subparts listed in the Commission's Order Establishing Procedure. These areas include InterLATA Access and EAS/ECS. Sprint supports GTE Florida Incorporated's ("GTEFL") proposed changes on intrastate access as well as the elimination of time-of-day discounts. However, Sprint continues to analyze the effects of GTEFL's SAVE Plan as well as the proposed changes regarding extended area service ("EAS") and extended calling service ("ECS"). Sprint continues to analyze the effects of these proposed changes and takes no position on these issues at the present time. Sprint reserves the right to take a position on these issues after reviewing all of the testimony that may be filed by the parties of record in this docket.

OPC'S BASIC POSITION: GTEFL's rates should be reduced by over \$126 million per year in this proceeding.

GTEFL's petition to increase rates is based in part on its requested 13.75% return on equity. Given today's market with lower interest and inflation a return on equity of 11.3% would be reasonable; a return of 13.75% is totally unreasonable.

Additionally, although GTEFL stated that it had agreed to make the parent debt adjustment, the new and innovative approach to interest synchronization completely negated the parent company debt adjustment.

Together, the excessive return on equity of 13.75% requested by GTEFL and the innovative approach to the parent debt rule account for more than \$30 million of GTEFL's requested rate increase.

GTEFL had as of August 13, 1992, made 68 changes to its original filing. Some of these changes were to update the request based upon more recent information. Other changes were presented to current error in the original filing. The effect of these changes was to reduce the revenue requirement by \$15.5 million. In

addition to the \$15.5 million reduction relating to changes and corrections of errors the company agreed to reduce its request for increased depreciation expense by another \$16 million.

The company further understated revenues in this case. The company failed to recognize \$8.5 million in revenues when it unbundling of the gross receipts tax from rates. Another understatement of revenues relate to \$1.7 million of telephone revenues which are not collected because of employee telephone concessions. There are other instances of understating revenues, such as the failure to recognize the reduction in the intrastate subsidy payments and the increase in the universal service fund revenues.

On the expense side, the company is asking the commission to change the method for evaluating the costs of post-retirement benefits. The approach which the company proposes does not limit itself to evaluating the costs for which the company has a legal liability. Rather, the company is using an estimating process which has been identified by its authors as deficient because of the inadequate data available and the lack of sophisticated and reliable measurement techniques. This change in measure technique would increase the post-retirement costs assigned to the rate payer by \$22 million per year.

In addition to rates, the Citizens recommend the following:

1. An investigation as it relates to all affiliated transactions be opened; and
2. Revenues be held subject to refund as they relates to inside wire and computer software pending the outcome of the generic investigations of these issues as ordered in Order No. PSC-92-0708-FOF-TL.

STAFF'S BASIC POSITION: Staff has no basic position at this point. Staff's position will be based upon the evidence in the record in this proceeding.

VI. ISSUES AND POSITIONS

Quality of Service

ISSUE 1: Is the quality of service adequate?

Stipulation

ISSUE 1A: Should GTEFL be required to modify its Trouble Reporting System to eliminate the capability of a repair person changing out of service reports to a non-out of service condition in the field?

Stipulation

Repression/Stimulation and Forecasting

ISSUE 2: Are GTEFL's 1993 business-as-usual forecasts of access lines, toll messages, and minutes-of-use reasonable?

GTEFL'S POSITION: Yes. The business-as-usual (BAU) forecasts as filed in Revised MFR Schedule E-1a correctly reflect the going forward expectations of customer demand within the operations of GTEFL (under a BAU set of assumptions). The forecasts are based on a rigorous analysis of the future economic environment of GTEFL's serving area, historic trends and relationships, FPSC approved product introductions and pricing changes during 1992, and known major GTEFL sales activities (regulated products only). The BAU forecasts also correctly reflect the expected migration and elasticity effects due to the transition of toll to Expanded Calling Services (ECS) in 1992. (Trimble)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 3: The Company's 1993 business-as-usual forecasts incorporate estimates of repression and stimulation; are GTEFL's repression and stimulation estimates appropriate?

GTEFL'S POSITION: Yes. All estimates of repression and stimulation were based on economically correct procedures as well as appropriate levels of long-run price elasticity estimates. (Trimble)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Staff takes no position on the appropriateness of utilizing repression and stimulation estimates nor the quantification of any such estimates at this time. Staff Witness Dismukes presents in his testimony price elasticity estimates which

are higher than those used by GTEFL to determine the level of stimulation of interLATA access and intraLATA toll services.

ISSUE 4: Is the test year ended December 31, 1993 an appropriate test year?

GTEFL'S POSITION: Yes. The Company fully explained its position regarding this issue in its letter to the Chairman dated February 28, 1992, which was accepted on an interim basis by letter from the Office of the Chairman dated March 17, 1992. By way of summary, GTEFL utilized the historical period for the twelve months ending December 31, 1991, as adjusted for appropriate rate year changes through December 31, 1993. This test year accurately depicts the conditions the Company will face during the first 12 months following the implementation of the rates produced by this case. The test year is appropriate because it matches revenues with cost of service and the investment required to provide customers service during the period following the order in this case. Furthermore, there are no external aberrations in 1991 which make it an unrepresentative starting point for the rate year analysis. This approach was utilized to provide a solid starting point for establishing the financial condition of the Company. This historical test year has been easily audited and analyzed by all parties of record and the Commission Staff. The utilization of forecasted rate year adjustments in conjunction with audited financial information presents the Commission with the most accurate picture of the Company's financial condition on which to set rates. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

Rate Base

ISSUE 5: What is the appropriate amount of plant in service for the test year?

GTEFL'S POSITION: The appropriate amount of plant in-service, based on the Company's Revised Direct Testimony is \$2,656,304,706. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 5A: (Deleted)

ISSUE 5B: (Deleted)

ISSUE 5C: (Deleted)

ISSUE 6: What is the appropriate amount of depreciation reserve for the test year?

GTEFL'S POSITION: The appropriate depreciation reserve pursuant to the terms of the Stipulation in Docket No. 920284-TL for the 1993 rate year is \$801,117,349. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: At a minimum the reserve for depreciation should be increased by \$12,096,269.

STAFF'S POSITION: No position.

ISSUE 6A: (Deleted)

ISSUE 6B: What adjustment is necessary to correct the 12/31/91 year end balance of the depreciation reserve?

GTEFL'S POSITION: This issue was resolved in the Stipulation approved by the Commission in Docket No. 920284-TL. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: This issue is resolved by Commission approval of the stipulation between the Office of Public Counsel and Florida Cable Television Association in Docket No. 920284-TL at the August 13, 1992 agenda.

STAFF'S POSITION: No position.

ISSUE 6C: (Deleted)

ISSUE 6D: (Deleted)

ISSUE 6E: (Deleted)

ISSUE 7: What is the appropriate amount of construction work in progress for the test year?

GTEFL'S POSITION: The appropriate amount of construction work in progress to use for rate setting purposes as presented in the Company's Revised Direct Testimony is \$59,632,498. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 8: (Deleted)

ISSUE 9: What is the appropriate amount of working capital allowance for the test year?

GTEFL'S POSITION: The appropriate amount of working capital allowance for rate setting purposes based on the Company's Revised Direct Testimony is \$697,458. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: At a minimum Cash working capital should be reduced by \$4,719,899 on the intrastate basis. Cash working capital should be based on the 13-month average for the period ended December 31, 1991.

STAFF'S POSITION: No position.

ISSUE 9A: (Deleted)

ISSUE 9B: What is the correct balance of material and supplies to include in the working capital calculation?

GTEFL'S POSITION: The correct amount of material and supplies to include in the working capital calculation for rate setting purposes based on the Company's Revised Direct Testimony is \$14,115,494. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 9C: What is the appropriate amount of adjustment to working capital relating to directory operations?

GTEFL'S POSITION: No adjustment is necessary because the Company has already removed the effects of the Directory accounting change from the cash working capital calculation. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 10: What is the appropriate amount of rate base for the test year?

GTEFL'S POSITION: The appropriate amount of rate base for rate setting purposes based on the Company's Revised Direct Testimony is \$1,915,517,313. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to resulting calculation required in this issue.

STAFF'S POSITION: No position.

Cost of Capital

ISSUE 11: What is the appropriate cost of common equity for the test year?

GTEFL'S POSITION: Based upon the updated recommendation as contained in Mr. Hanley's Revised Direct Testimony, the appropriate cost of common equity for the test year is 13.60%.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The appropriate cost of equity is the rate of return range of 11.00% to 11.60% with a midpoint of 11.30%.

STAFF'S POSITION: No position.

ISSUE 12: Is GTEFL's proposed test year equity ratio prudent and reasonable? If not, how should this be treated?

GTEFL'S POSITION: The Company's equity ratio of 58.25% is appropriate and prudent and is within generally acceptable financial guidelines. Therefore, no adjustment is appropriate. (Hanley)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. The equity ratio should be reduced to 54.90%.

STAFF'S POSITION: No position.

ISSUE 13: What is the appropriate cost of short term debt for the test year?

GTEFL'S POSITION: The appropriate cost of short-term debt to utilize for rate setting purposes based on the Company's Revised Direct Testimony is 5%. This amount is appropriate because it is representative of the Company's actual cost of short-term debt. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The cost of short term debt for 1993 should be reflected at 5.00%.

STAFF'S POSITION: Staff recommends using the most current commercial paper rate forecasted by DRI/McGraw Hill available at the time of hearing as the cost of short term debt for 1993.

ISSUE 14: What is the appropriate amount of deferred income taxes to be included in the capital structure for the test year after reconciliation?

GTEFL'S POSITION: The appropriate amount of deferred taxes to be included in the capital structure for rate setting purposes based on the Company's Revised Direct Testimony is \$311,119,860. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 15: What is the appropriate amount of Investment Tax Credits and its associated cost to be included in the capital structure for the test year after reconciliation?

GTEFL'S POSITION: The appropriate amount of Investment Tax Credits and the associated cost rate to utilize for rate setting purposes based upon the Company's Revised Direct Testimony is \$11,782,007 (11.62%). (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 16: How should non-regulated investments be removed from the capital structure in rate base and capital structure reconciliation?

GTEFL'S POSITION: The nonregulated operations of GTEFL consists solely of its unregulated subsidiary, GTE Communications

Corporation (GTECC). The appropriate method to remove GTECC from the capital structure is to remove the investment on a pro rata basis from all permanent sources of financing (long-term debt, preferred stock and common equity). (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: All non-regulated investment should be removed from common equity.

STAFF'S POSITION: No position.

ISSUE 17: (Deleted)

ISSUE 18: (Deleted)

ISSUE 19: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year?

GTEFL'S POSITION: The weighted average cost of capital based on the Company's capital structure in its revised direct case is 9.60%. The appropriate capital structure is as follows:

Equity:	48.19%	
Preferred stock:		2.34%

Short term debt:	1.75%
Long term debt:	30.46%
Investment tax credits:	.62%
Customer deposits:	.40%
Deferred income taxes:	<u>16.24%</u>
TOTAL	100.00%

(Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to the resulting calculation request in this issue. The average weighted average cost of capital is calculated at 8.42%.

STAFF'S POSITION: No position.

Net Operating Income

ISSUE 20: Are any of the company's forecasted billing units inappropriate?

GTEFL'S POSITION: No, all forecasted units are appropriate. See the Company's response to Issues 2, 3 and 35. (Trimble)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 21: What is the appropriate amount of operating revenue for the test year?

GTEFL'S POSITION: The appropriate amount of operating revenue to utilize for rate setting purposes based on the Company's Revised Direct Testimony is \$832,011,256. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to the resulting calculation request in this issue.

STAFF'S POSITION: Staff has no position on the overall amount of operating revenue at this time.

ISSUE 21A: Has GTE accounted for employee concessions appropriately?

GTEFL'S POSITION: Yes. GTEFL has booked employee concessions pursuant to the required procedures and has separated the foregone revenues pursuant to established separations procedures. The required procedures result in employee concessions for intrastate services being attributed 100 percent to the intrastate jurisdiction. If the Commission is of the opinion that the existing process is inappropriate, the correct manner to change the process is to petition the FCC to modify the existing separations process. Any other procedure will result in the Company not recovering its revenue requirement because the portion allocated to the interstate jurisdiction will not be recouped. Concession Service is a traditional employee benefit similar to other types of employee concession benefits provided by a large number of employers in different industries. These employers pass along the costs of this type of employee compensation to customers as a normal course of doing business. The cost of this benefit should continue to be treated by the Commission the same as any other component of the Company's employee benefit package. (Wellemeier/Nash/Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Local service revenue should be increased by \$1,790,000.

STAFF'S POSITION: No. Staff believes that employee concessions should be treated as an expense and therefore, a portion of the expense should be allocated to interstate. Operating revenue should be increased by \$1,790,000. Intrastate expenses should be increased by \$1,342,500. The adjustment amount may change pending further discovery.

ISSUE 21B: (Deleted)

ISSUE 21C: Has the Company included the proper amount of directory revenues as above the line revenues?

GTEFL'S POSITION: Yes. The Company has applied Commission Rule 25-4.405 in a manner consistent with prior Commission audits and orders. The existing directory contract is in the best interests of ratepayers as demonstrated by comparing the results of the calculations of the 1993 impacts of the new directory contract with the old contract. This analysis demonstrates that the new contract is more beneficial. The Company has modified its position in its Revised Direct Testimony to take into account the growth component of directory revenues. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Directory revenues should be increased by a minimum of \$2,135,208.

STAFF'S POSITION: No position.

ISSUE 21D: (Deleted)

ISSUE 21E: (Deleted)

ISSUE 21F: (Deleted)

ISSUE 21G: Should the revenues associated with the change in accounting for directory revenues from an "as issued" to "as published" basis be amortized over a period of years? If an amortization period is to be utilized, what is the appropriate amortization period?

GTEFL'S POSITION: No. The Company changed its accounting procedures associated with the booking of directory revenues in November 1991. This change was made to make the Company's accounting practices more in line with Generally Accepted Accounting Principles. This accounting change is a one time event and should not be considered for ratemaking purposes. The Company has not experienced a windfall associated with this accounting change and any adjustment designed to reduce the revenue requirement due to this change will result in the imputation of revenues for rate making purposes that do not exist now and will not exist in the future.

If an amortization period is utilized by the Commission the appropriate method to follow is to treat this one-time benefit in a manner consistent with the amortization period associated with the SFAS 87 transitional asset. Additionally, the amortization of the transitional benefit obligation (TBO) associated with the adoption of SFAS 106 should be reduced from the Company's original proposal of 20 years to the average remaining service life of 17.77 years. (Johnson).

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. The revenues should be increased by \$9,811,714 and amortized over a three year period.

STAFF'S POSITION: Yes. The revenues associated with the change in accounting for directory revenues should be amortized over a four year period. The amortization period may change pending further discovery.

ISSUE 21H: Has GTE appropriately reflected any reductions in its interLATA subsidy fund payments?

GTEFL'S POSITION: Yes. The Company has made the appropriate adjustment in its Revised Direct Testimony to reflect the reduction in its interLATA subsidy fund payment to Northeast. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. GTE's revenue should be increased by \$249,000 for reductions in its payments to the interLATA subsidy fund.

STAFF'S POSITION: No. GTE's revenue should be increased by \$249,000 for reductions in its payments to the interLATA subsidy fund. The adjustment amount may change pending further discovery.

ISSUE 21I: As the Company has not been able to reconcile the per book revenues with the MFR tariff price-out schedules E-1, should book revenues be increased or decreased to agree with the tariff price-out schedules?

GTEFL'S POSITION: The Company maintains that the adjusted book revenues utilize only financial data and is a better representation than the MFR tariff price-out which utilizes unadjusted units. The Company's revenue accounting system produces millions of entries which are impossible to duplicate with a tariff price-out. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Revenues should be increased by \$2,680,529.

STAFF'S POSITION: No position.

ISSUE 21J: Has the Company properly accounted for all new product offerings which it is expected to introduce in 1992 and 1993?

GTEFL'S POSITION: The Company has included all new service revenues and expenses that have been approved by the Commission. New product offerings that are pending approval or that are under development have not been included in that they may not be implemented in the 1992-93 time horizon. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Revenues net of expenses should be increased by \$3,311,529.

STAFF'S POSITION: No position.

ISSUE 21K: (Deleted)

ISSUE 21L: (Deleted)

ISSUE 21M: Has the Company understated revenues by removing from revenues the gross receipts tax which is embedded in rates?

GTEFL'S POSITION: No. For purposes of establishing rates, the Company will not have these revenues. For rate design purposes,

the Company has reduced its embedded residence local rate to reflect the removal of the bundled gross receipts tax. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Revenues should be increased by \$8,449,071.

STAFF'S POSITION: No position.

ISSUE 21N: Has the Company understated customer operation revenues?

GTEFL'S POSITION: No. As discussed in Company Witness Johnson's Rebuttal Testimony, the Company has properly reflected the rate year level of customer operations revenues. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Revenues should be increased by \$1,534,190

STAFF'S POSITION: No position.

ISSUE 210: What adjustment, if any, is necessary to the amount of the Universal Service Fund revenue?

GTEFL'S POSITION: The proper level of Universal Service Fund (USF) revenue is \$2,025,176 as reflected in the Company's filing. Until the Company receives official notification from NECA as to the final 1993 USF revenue amount, the Company's estimate is the only appropriate amount to be used for ratemaking purposes. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC's POSITION: Universal Service Fund revenues should be increased by \$875,869.

STAFF'S POSITION: Operating revenues should be increased by \$2,425,530 to reflect the appropriate amount of 1993 Universal Service Fund.

ISSUE 21P: Are revenues associated with GTE Directories understated?

GTEFL'S POSITION: No. As discussed in Company Witness Johnson's Rebuttal Testimony, the Company has properly reflected the rate year level of directory revenues. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Revenues should be increased by \$7,750,559 to account for the excess earning on the GTE directories.

STAFF'S POSITION: No position.

ISSUE 21Q: Should an adjustment be made to operating revenues to reflect the findings of the Percent Interstate Usage (PIU) audits?

GTEFL'S POSITION: The Company is still in the process of formulating its position on this issue. If PIU adjustments are necessary, they will effect other aspects of the revenue requirement which could mitigate any effect of the PIU audit results. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Yes. Intrastate operating revenue should be increased to reflect the additional revenues resulted from the findings of the PIU audits.

ISSUE 22: What is the appropriate amount of O&M expense for the test year?

GTEFL'S POSITION: The appropriate amount of O&M expense to utilize for rate setting purposes based on the Company's Revised Direct Testimony is \$426,802,635. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each adjustment proposed by the Citizens leads to the resulting calculation requested in this issue.

STAFF'S POSITION: No position.

ISSUE 22A: What adjustment, if any, should be made to expenses for USTA dues?

GTEFL'S POSITION: The Company has removed that portion of the USTA dues that are associated with a lobbying or advocacy function. The remainder of the dues are associated with legitimate regulatory functions that would be accepted by this Commission if performed by GTEFL. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: At minimum expense should be reduced by \$20,139.

STAFF'S POSITION: No position.

ISSUE 22B: What adjustment, if any, should be made to remove additional severance and early retirement pay for 1991?

GTEFL'S POSITION: The Company has made the appropriate adjustment in its Revised Direct Testimony.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 22C: What adjustment, if any, should be made to the amount of uncollectible expense?

GTEFL'S POSITION: No adjustment should be made. The Company has reflected the appropriate adjustment in its Revised Direct Testimony. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The intrastate uncollectible expense should be reduced by \$3,298,660.

STAFF'S POSITION: The intrastate uncollectible expense should be reduced by \$3,298,660. The adjustment amount may change pending further discovery.

ISSUE 22D: What adjustment, if any, should be made to the amount of data processing expense?

GTEFL'S POSITION: No adjustment should be made to the amount of data processing expense sponsored by the Company. The Company's rate year level reflects a reasonable amount. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Data processing expenses should be reduced by \$4,404,493.

STAFF'S POSITION: No position.

ISSUE 22E: What adjustment, if any, should be made to the amount of fringe benefit expense?

GTEFL'S POSITION: No adjustment beyond those contained in the Company's revised direct case needs to be made to fringe benefits

expense as the revised level of expenditures is prudent and the Company should be compensated for these expenditures.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Health insurance expenses should be reduced by \$5,485,363.

STAFF'S POSITION: No position.

ISSUE 22F: (Deleted)

ISSUE 22G: Should the Company be allowed to recover the cost of the supplemental executive retirement plan which provides additional pension benefits to its executives?

GTEFL'S POSITION: Yes. Please see the Company's position for Issue 22H. (Featherstone)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. The expenses should be reduced by \$401,201.

STAFF'S POSITION: No position.

ISSUE 22H: Should the Company be allowed to recover bonus payments and other incentive payments, some of which are based on increases in the price of GTE common stock which then effects the Stock Appreciation Rights Plan (SARs)?

GTEFL'S POSITION: Yes. GTEFL has made the management decision to incent its workforce through the implementation of a compensation structure that incorporates an element which places a portion of the traditional salary structure at risk. This approach focuses the employee's attention on specific goals with the resulting financial remuneration dependent on whether the employee is successful. The end result under the plan is that the total compensation package is equal to market standards. Therefore, any disallowance on this issue will result in the Company not receiving the full amount of its payroll expenses. The manner in which the Company elects to pay its workforce is a matter of management prerogative and the Commission should not become involved in this decision absent a showing of an abuse of discretion. The key to this issue is whether the compensation package offered by the Company is prudent and in line with market standards. This analysis shows that no adjustment is warranted on this item. (Featherstone)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$3,762,964.

STAFF'S POSITION: No position.

ISSUE 22I: Has the Company included expenses which are inappropriate for ratemaking, such as donations where such expenditures are classified as community affairs advertising?

GTEFL'S POSITION: The Company has removed all inappropriate expenses from its revised direct case.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$554,093.

STAFF'S POSITION: No position.

ISSUE 22J: Should the Company be allowed to recover the cost of providing health club facilities for its employees?

GTEFL'S POSITION: Yes. The Company operates four Health Fitness Centers due to its position that there is a direct correlation between active exercising employees and reduced health care costs. The provision of Health Fitness Centers to its employees serves to reduce the Company's health care costs, increase employee productivity, and reduce employee absenteeism and turnover. The facilities are used by over 1,000 employees. This is not a unique or excessive benefit and provides benefits to the ratepayers. (Cline)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No.

STAFF'S POSITION: No position.

ISSUE 22K: Is the level of relocation expense reasonable?

GTEFL'S POSITION: Yes. In its rate filing the Company has removed relocation expenses related to the Contel merger. The remaining level of relocation expense is representative of the rate year level of expense the Company will experience. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$730,694.

STAFF'S POSITION: No position.

ISSUE 22L: Has the company properly accounted for all cost saving measures undertaken by the Company?

GTEFL'S POSITION: Yes. The Company's original filing reflected employee wage reductions due to planned employee reductions and other expense savings due to the implementation of various cost saving programs. The Company has revised its original filing in its Revised Direct Testimony to reflect additional cost savings associated with the Company's announced plan to reduce contract labor expense. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by a minimum of \$3,844,525.

STAFF'S POSITION: No position.

ISSUE 22M: Has the Company taken into account the new data processing agreement with General Electric which became effective in 1992?

GTEFL'S POSITION: Yes. Presently, the MARK system (one of GTEFL's largest and most critical database systems), is run on General Electric Information Systems (GEIS) hardware, utilizing their proprietary operating system and internal data network. The MARK Migrate program will remove MARK from GEIS control and migrate the entire system to internal control by year end 1995. (Bryce/Johnson)

The impact of updating the factors from those filed in the Company's Direct Testimony is a decrease to intrastate operating expenses of \$2,283,036 and intrastate rate base of \$7,171,947 as indicated in Company Witness Johnson's Revised Direct Testimony, Schedules BAJ-3 and BAJ-5. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$7,871,182.

STAFF'S POSITION: No position.

ISSUE 22N: (Deleted)

ISSUE 22O: Are the separation factors recommended by the Company appropriate?

GTEFL'S POSITION: Yes. The Company has developed separations factors for this case in a thorough and accurate manner and the resulting factors are consistent with Part 36 of the FCC Rules and Regulations. Rate year jurisdictional factors are representative of operating conditions in the test year and have been adjusted to reflect all known changes in separations through 1993. These factors have subsequently been updated in the Company's Revised Direct Testimony to include projected 1992 and 1993 growth in traffic volumes. The updated separations factors recommended by the Company are appropriate. (Wellemeier)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Rate base should be reduced at minimum by \$6,334,836 and operating expenses should be reduced by a minimum of \$2,095,499.

STAFF'S POSITION: No. Any increase in interstate traffic should be considered in developing separations factors. Updated 1993 separation factors should be used to calculate the revenue requirements. Intrastate operating expenses and rate base should be reduced by \$2,283,036 and \$7,171,947, respectively, as indicated in Witness Johnson's revised direct testimony, BAJ-3 and 5.

ISSUE 22P: Has the Company properly calculated the separation factors as it relates to its treatment of nonregulated expenses which are removed as a separate line item from the total company amount where none of the credit is allocated to intrastate?

GTEFL'S POSITION: Yes. The Company has properly reflected the removal of expenses for detariffed interstate Billing & Collection (B&C), as defined according to Part 69 of the FCC Rules & Regulations, prior to jurisdictional factor development. These expenses are wholly interstate by definition, and are properly excluded from the intrastate revenue requirement. The Company has not overstated the intrastate balances underlying jurisdictional allocation factors. (Wellemeyer)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 22Q: Has the Company properly calculated the separation factors for costs associated with developing the access billing system?

GTEFL'S POSITION: The Company has properly reflected these costs in accounts 6174 and 6724 as required by Part 32 Rules. The Company has separated the expenses in question, which are recorded as Plant Specific expenses (Account 6124: \$1,880,299) and Corporate Operations expenses (Account 6724: \$1,308,024), in accordance with Part 36 Rules. The development and application of these factors are entirely proper. (Johnson/Wellemeier)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$769,612.

STAFF'S POSITION: No position.

ISSUE 22R: Has the Company included any miscellaneous expenses which are inappropriate for ratemaking purposes?

GTEFL'S POSITION: The Company removed \$326,221 in its original filing to take into account miscellaneous expenses which could be considered inappropriate for ratemaking for purposes of this proceeding. No additional cost reductions are needed. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

FIXCA'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$523,186.

STAFF'S POSITION: No position.

ISSUE 228: Is the Company's estimate of wage and salary expense appropriate, given the Company's apparent agreement with the Union that certain employee reductions would not be made as planned?

GTEFL'S POSITION: Yes. The Company's Revised Direct Testimony reflects the agreement with the Union regarding certain planned employee reductions. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No.

STAFF'S POSITION: No position.

ISSUE 22T: With the exception of those changes already discussed, are the Company's responses to OPC 119 and OPC 119 Supplements appropriate?

GTEFL'S POSITION: The Company has incorporated all changes in its revised revenue requirement. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Yes. Those updates and corrections of errors should be reflected in its filing.

ISSUE 22U: Should the company's adjustment to increase all other expenses by an inflation factor be allowed?

GTEFL'S POSITION: Yes. The Company has forecasted specific expenses such as wages, benefits and rents to bring them to the proper level for ratemaking purposes. The remainder of the items have had an annual inflation factor of 2.9% applied to test year

levels to forecast rate year expenses. If this adjustment is not allowed the Company will not earn the return authorized in this case because its expenses will be understated. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$5,920,499.

STAFF'S POSITION: No position.

ISSUE 22V: Is the test year expense level for contract labor appropriate?

GTEFL'S POSITION: No. The test year amount should be reduced by \$4,981,949 to reflect the appropriate rate year level for ratemaking purposes. This adjustment has been included in Company Witness Johnson's Revised Direct Testimony. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$8,975,537.

STAFF'S POSITION: No position.

ISSUE 22W: Has the company accounted for the savings associated with central office conversions?

GTEFL'S POSITION: Yes. The Company has properly accounted for savings associated with central office conversions in its rate case filing. (Inkrott)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$3,525,160.

STAFF'S POSITION: No position.

ISSUE 22X: Should the increase in GTE's compensation package as a whole be limited to the rate of inflation?

GTEFL'S POSITION: No. GTEFL's compensation expenses as reflected in the Company's Revised Direct Testimony are the appropriate amounts for ratemaking purposes in this case. (Johnson/Featherstone)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes.

STAFF'S POSITION: No position.

ISSUE 22Y: Is the test period expense relating to Customer Billing Services System (CBSS) appropriate?

GTEFL'S POSITION: The test period expense for CBSS understates the level of expense the Company will incur during the rate year for this particular data processing system. However, as discussed in Company Witness Johnson's Rebuttal Testimony, the Company increased data processing expense between the test year and the rate year based on an estimated annual inflation rate of 2.9%. This inflation increase is meant to take into account cost increases and cost decreases in specific data processing systems. Therefore, in the context of the method the Company used to determine rate year data processing expense, the test period expense relating to this one specific system is appropriate. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$2,551,625.

STAFF'S POSITION: No position.

ISSUE 22Z: Should data processing expense associated with Directory Revenues be allocated below the line?

GTEFL'S POSITION: Yes. The appropriate adjustment has been reflected in Company Witness Johnson's Revised Direct Testimony. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by a minimum of \$234,238.

STAFF'S POSITION: The portion of data processing expense related to the directory advertising should be removed from the above-the-line expenses. Therefore, intrastate expenses should be reduced by \$234,238. The adjustment amount may change pending further discovery.

ISSUE 22AA: Should expenses be reduced to reflect a lower allocation from GTE Services Corporation because of the flow through treatment of franchise and gross receipt tax?

GTEFL'S POSITION: No. The Company has reflected the appropriate amount in its rate case filing. (Banta)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$200,357.

STAFF'S POSITION: No position.

ISSUE 22AB: Should a service fee credit be used to reduce the above the line expenses?

GTEFL'S POSITION: No. The service fee credit should be booked below the line. (Banta)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$1,492,829.

STAFF'S POSITION: No position.

ISSUE 22AC: Should an adjustment be made to network provisioning?

GTEFL'S POSITION: No. The Company has properly reflected the labor reductions from this program in its rate case filing. (Inkrott)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

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INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by a minimum of \$1,000,000.

STAFF'S POSITION: No position.

ISSUE 22AD: Should this docket remain open with rates subject to refund pending the outcome of the generic investigation regarding the appropriate regulatory accounting for software?

GTEFL'S POSITION: No.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes.

STAFF'S POSITION: No.

ISSUE 22AE: What adjustment, if any, should be made to remove Chamber of Commerce dues?

GTEFL'S POSITION: No adjustment should be made. The Company's Chamber of Commerce memberships are appropriate expenses. The Chambers of Commerce provide GTEFL with opportunities to expand its business in the community and therefore to potentially stimulate revenues. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 22AF: Is the amount of right to use fees included in the 1993 projected test year appropriate?

GTEFL'S POSITION: Yes. As explained in the Rebuttal Testimony of Company Witness Johnson, GTEFL has reflected the appropriate amount of right to use fees for rate making purposes in the Company's direct case. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 22AG: Was the transfer of ownership in the MARK system to GTE Service Corporation in the best interest of GTEFL?

GTEFL'S POSITION: Yes. The MARK system was transferred to GTE Service Corporation to permit GTE to standardize the system for all the GTE Telephone Operating Companies (GTOCS). The standardization of the system permitted the continued development and operation of the system in a more economical manner by spreading future costs over all the GTOCS in-stead of just GTEFL. (Bryce)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 23: Is the amount of GS&L included in the company's request appropriate for rate making purposes?

GTEFL'S POSITION: The amount of GS&L contained in the Company's revised direct case was prudently incurred and is appropriate for ratemaking purposes. (Banta)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No.

STAFF'S POSITION: No position.

ISSUE 23A: Should the Company be allowed to recover the cost of providing chauffeur service for executives at the Service Corporation and Dallas headquarters?

GTEFL'S POSITION: Yes. These services are a legitimate business expense. Chauffeur service is used by GTE executives for travel to and from multiple business functions and as a part of business transportation to and from airports and railroad stations. Along with most other major corporations in the United States, GTE recognizes that there are strong security reasons for maintaining a well-trained driving service for its executives. In addition, chauffeured transportation ensures maximum executive productivity

while avoiding the costs that would need to be incurred for other forms of business travel. Mr. DeWard's adjustment fails to account for these substantial, alternative costs. (Banta)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$15,431.

STAFF'S POSITION: No position.

ISSUE 23B: Should data processing expense be reduced because of the return earned by GTE Data Services (GTEDS)?

GTEFL'S POSITION: No. The data processing expense of GTEFL should not be reduced because of the return earned by GTEDS. The services GTEDS provides to GTEFL are necessary and reasonably priced. The associated charges are thus legitimate and well justified.

The rates charged to GTEFL are based on market prices determined by reference to actual transactions consummated between nonaffiliated parties. GTEDS offers GTEFL prices equal to or lower than those charged to all other GTEDS customers for similar services.

Regular comparisons of GTEDS' return level with that of its competitors help to assure that GTEDS' prices remain reasonable and in line with the marketplace. For the last five years, GTEDS' competitors have earned an average return on equity of 26.7%,

compared to GTE's 24.9% average. Perhaps most significantly, GTE's growth in nonaffiliated business in the last five years has far surpassed the gain in the data processing industry as a whole. This proven ability to compete in the marketplace further confirms that GTE's prices are competitive. (Reed/Scudder)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$4,431,863.

STAFF'S POSITION: No position.

ISSUE 23C: Should purchases from GTE Supply be based on cost?

GTEFL'S POSITION: No. GTE Supply is contractually obligated to provide GTEFL with materials and supplies at or below the market or "prevailing" price paid by nonaffiliated customers. In fact, the GTOCs receive, on average, an 8% discount from prices charged to nonaffiliates for like items.

Prevailing price is established through supply sales to approximately two thousand nonaffiliated customers, amounting to approximately \$100 million per year. (Bastian)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$148,437.

STAFF'S POSITION: No position.

ISSUE 23D: Are test year charges from GTECC of over \$9.7 million for network commissions and expenses appropriate?

GTEFL'S POSITION: Yes. Of the foregoing amount, only \$1.3 is attributable to commissions paid on network sales. The remainder of the amount reflects the normal expenses associated with supporting the sales function. These expenses reflect the costs allocated to regulated operations based on 86-111 guidelines. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$6,039,682.

STAFF'S POSITION: No position.

ISSUE 23E: Are the charges from AGCS appropriate?

GTEFL'S POSITION: Yes. AGCS develops and owns the software purchased by GTEFL to run its GTD-5 switches. AGCS is thus entitled to right-to-use fees, a typical arrangement in the industry. Most importantly, AGCS' low return levels certainly do not indicate the presence of excessive earnings from AGCS' sales to affiliated companies. (Banta)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$2,500,000.

STAFF'S POSITION: No position.

ISSUE 23F: Are test period charges from Codetel appropriate?

GTEFL'S POSITION: The charges from Codetel for ICGS are, as adjusted for in the Company's revised direct case, prudently incurred and appropriate. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Expenses should be reduced by \$718,665.

STAFF'S POSITION: No position.

ISSUE 23G: Are capital carrying costs from affiliates overstated?

GTEFL'S POSITION: No. The Company has included the appropriate adjustment to reflect a proper level of capital carrying costs in Company Witness Johnson's Revised Direct Testimony. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

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SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by a minimum of \$500,000.

STAFF'S POSITION: No position.

ISSUE 23H: Should an investigation of the company's affiliated transactions and cost allocation procedures be opened? If the answer is yes, which of the affiliates should be included in the investigation?

GTEFL'S POSITION: No. The Company's transactions with affiliated companies are appropriate and provide appropriate benefits to GTEFL. (Banta)

The Company's allocation procedures are based on FCC Part 36 methodology and do not require further investigation. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. The affiliates should include GTE Supply, GTE Data Services and GTE Service Corporation.

STAFF'S POSITION: No position.

ISSUE 23I: Should the capital carrying charge be offset by the amortization of JDITC?

Stipulation

ISSUE 40E: Have the costs and revenues from non-regulated services been appropriately accounted for in this case?

GTEFL'S POSITION: Yes. The Company conducted a review of the billings between GTEFL and GTECC as part of its original filing and has made appropriate adjustments based on this review. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: The costs and revenues from non-regulated services have not been appropriately identified and separately accounted for.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 40F: Are overhead allocations and affiliate transactions properly accounted for in this case?

GTEFL'S POSITION: Yes. The Company conducted a review of allocations between GTEFL and other regulated GTE telephone companies as part of its original filing and has made appropriate adjustments based on this review. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: The overhead allocations and affiliate transactions have not been properly accounted for in this case.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 24: Is it appropriate to impute the revenues and expenses of the Company in the conduct of its deregulated inside wire activities for purposes of this docket as above the line expenses and revenues? If so, what adjustments to plant in service, revenues, and expenses are appropriate to reflect this decision in 1993?

GTEFL'S POSITION: No. It is not appropriate to impute the revenue and expenses of the Company's deregulated inside wire business to regulated operations for intrastate ratemaking purposes. Commission Rule 25-4.0345(2)(a) provides that inside wire is deregulated for intrastate purposes. In addition, in Docket No. 850037-TL, Order No. 14237, the Commission ordered GTEFL to transfer the embedded inside wire maintenance business to a non-regulated separate subsidiary. The Commission further ordered that tariffed local rates be reduced by the amount that GTEFL was charging for that service. The Company complied with that order and has not requested nor does it support a change to the Commission Rule or the order under which it provides inside wire maintenance. Accordingly, no adjustment is appropriate. (Barrett)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The commission should impute the revenues and expenses from inside wire activities into the regulated intrastate portion of the company's income statement.

STAFF'S POSITION: The Commission should take no action on this issue in this docket, but rather should address it in rulemaking relating to all local exchange telephone companies.

ISSUE 25: If the Commission adopts SFAS 106 for ratemaking purposes, what is the appropriate expense for post-retirement benefits other than pensions for the test year?

GTEFL'S POSITION: The appropriate expense amount to use for ratemaking purposes is \$21,913,167. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Whether the Commission adopts SFAS 106 as an accounting pronouncement, the cost of service should be measured under pay-as-you-go methodology. This is the only method identified to date which accurately measures the legal liability that GTEFL had undertaken as it relates to post-retirement benefit costs.

STAFF'S POSITION: No position.

ISSUE 25A: If the Commission adopts SFAS 106 for ratemaking purposes, what is the appropriate treatment of the unfunded liability for post-retirement benefits other than pensions?

GTEFL'S POSITION: The appropriate treatment is a reduction to the Company's cash working capital component of the rate base. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The amount of the unfunded liability should be reflected in the capital structure as a zero cost source of capital. If it is the intent of the Commission to reduce rate base

by the amount of the unfunded liability, then the final order should reflect that intent and outline how the increasing unfunded liability will reduce ratebase in the future.

STAFF'S POSITION: The amount of the unfunded liability should reduce rate base.

ISSUE 25B: (Deleted)

ISSUE 25C: Should the OPEB costs be based upon a certified actuarial study?

GTEFL'S POSITION: The Company's OPEB costs are based upon an actuarial study which was disclosed to all parties. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. The company chooses the actuary and provides the actuary with the assumptions to be used for this expense calculation. As a minimal criterion of credibility, the postretirement calculations using SFAS 106 should be based upon an actuarial study to which the actuary will append the firm's name.

STAFF'S POSITION: No position.

ISSUE 25D: Should the inclusion of OPEB costs within the price of services be handled in the same way as the Company handles OPEB costs for non-regulated services?

GTEFL'S POSITION: Because GTE's nonregulated businesses charge market based prices any comparison to the regulated company's cost of service based revenue requirement is without merit. The inability to compare prices notwithstanding both the regulated and nonregulated portions of GTE's businesses will account for the costs associated with OPEB's unless SFAS 71 is determined to apply. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The rate payer of regulated services should not be assessed a cost that rate payers of non-regulated services do not pay. If the non-regulated services are priced to recover pay-as-you-go services then the regulated services should use the same cost of service methodology. If the postretirement costs are not included in the non-regulated services then this is a cost which should be excluded for regulated services.

STAFF'S POSITION: No position.

ISSUE 25E: Should the actuarial study be based upon the substantive plan if a different level of benefits communicated to the employee is different from the level of benefits included in the written plan?

GTEFL'S POSITION: This issue is not applicable since the level of benefits paid to employees is based on the written plan. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: The plan which constitutes the legal liability to which the company has committed itself should be the basis for evaluating the cost of this benefit for ratemaking purposes. The rates should not include costs for which the company has no legal liability.

STAFF'S POSITION: No position.

ISSUE 25F: Is SFAS 106 expense properly included in the Company's expenses for rate making purposes?

GTEFL'S POSITION: Yes. The Company has properly reflected the adoption of SFAS 106, and these costs should be included for ratemaking purposes because the revenue requirements associated with this accounting change are lower than under the existing methodology. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Any cost included in the measurement of postretirement costs using SFAS 106 which does not represent a known and measurable legal liability, should be removed from the SFAS 106 presentation of the postretirement benefit costs for ratemaking.

STAFF'S POSITION: No position.

ISSUE 25G: Should the Company be allowed to recover administrative fees paid to an affiliate company relating to its pension plan when such plan is currently overfunded?

GTEFL'S POSITION: The cost incurred to manage the various pension plans would be incurred whether or not the function was performed by an affiliate or a nonaffiliate. GTE Investment Management Corporation has an excellent record of maintaining high returns on the pension plan assets which has resulted in lower pension costs being incurred by the various operating companies, including GTEFL. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No expenses should be reduced by \$578,961.

STAFF'S POSITION: No position.

ISSUE 25H: Has the Company overstated pension expense by overstating the estimate of projected wage and salary increases?

GTEFL'S POSITION: No. The wage increases used to calculate pension expense represent long-term salary progression rates. The long-term rate of salary progression reflects the sum of an underlying inflation assumption of 4.00% and real pay increases due to merit, promotion, productivity, etc. of 2.00%. These long-term salary progressions are appropriate for purposes of calculating pension expense. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes. Expenses should be reduced by \$617,860.

STAFF'S POSITION: No position.

ISSUE 25I: Should the Company be allowed to recover the cost of providing post-retirement benefits other than pensions, beginning in 1993, showing expected earnings and returns in 1994?

GTEFL'S POSITION: The Company has not produced any 1994 budget data and is unaware of any changes occurring in 1994 relative to the 1993 rate year which will produce any significant changes in the level of earnings. Therefore, the Company should be allowed to recover the cost of providing postretirement benefits as depicted in the Company's revised direct case. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. This issue as worded assumes that the company would be using a SFAS 106 methodology to calculate the postretirement liability. This methodology is inherently unsound, and includes costs which the company has no legal obligation to pay. It relies on definitions of costs contrary to those traditionally used regulatory ratemaking. It is inappropriate to use that estimating mechanism in the calculation of cost GTEFL will incur in providing its employees with postretirement health and life benefits. Further, the earnings reflected in the MFRs is not representative of the impact that the earnings on a fund would have on the company's revenue requirement in the future.

STAFF'S POSITION: No position.

ISSUE 25J: If SFAS 106 is to be recognized for ratemaking purposes, what is the appropriate amortization period to be used for the transitional benefit obligation?

GTEFL'S POSITION: The Company is recommending a 20-year amortization. However, if the Commission approves an amortization of the one-time benefit from the directory revenue accounting change (see Issue 21G), the Company proposes that the amortization of the transitional benefit obligation be reduced to the average remaining service life of 17.77 years. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 26: What is the appropriate amount of depreciation expense for the test year?

GTEFL'S POSITION: The appropriate amount of depreciation expense to utilize for rate setting purposes based on the Company's Revised Direct Testimony is \$179,770,296. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to the resulting calculations requested in this issue.

STAFF'S POSITION: Depreciation expense should be adjusted to reflect the depreciation stipulation approved by the Commission in Docket No. 920284-TL.

ISSUE 26A: (Deleted)

ISSUE 26B: (Deleted)

ISSUE 27: What is the appropriate amount of taxes other than income for the test year?

GTEFL'S POSITION: The appropriate amount of taxes other than income for rate setting purposes based on the Company's Revised Direct Testimony is \$38,950,765. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 27A: Has the Company overcollected the gross receipts tax by including a tax on the tax which is separately stated on the bill?

GTEFL'S POSITION: No. Prior to the 1991 revision to Florida Statutes 203.012(2)(b) the revenues collected pursuant to the Gross Receipts Tax Statute were excluded from the Gross Receipts Tax for telecommunication services. However, when the legislature changed the statute to its current form, this exclusion was removed. Therefore, the Company is properly calculating the tax. (Johnson/Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes.

STAFF'S POSITION: No position.

ISSUE 27B: What adjustment, if any, should be made to the level of property tax expense?

GTEFL'S POSITION: No adjustment is needed to the level of property tax expense. The Company's rate year level of property tax expense incorporates anticipated assessment and levy increases and reflects a reasonable level of rate year expenses. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Property taxes should be reduced by \$2,692,329.

STAFF'S POSITION: No position.

ISSUE 28: What is the appropriate amount of income tax expense for the test year?

GTEFL'S POSITION: The appropriate amount of income tax expense for rate setting purposes based on the Company's Revised Direct Testimony is \$42,656,909. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to the resulting calculations requested in this issue.

STAFF'S POSITION: No position.

ISSUE 28A: Has the Company properly computed the interest synchronization, interest reconciliation, and parent debt adjustments?

GTEFL'S POSITION: Yes. GTEFL has synchronized the hypothetical interest expense tax deduction created by imputing parent company debt to the level of rate base supported by the weighted cost of debt contained in the capital structure. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Federal and date income tax expense is overstated by \$7,964,506. Using the appropriate capital structure

and cost rates reduces tax expense by \$387,691 for interest synchronization and \$29,761 for interest imputed on JDITC.

STAFF'S POSITION: The Company's pro forma adjustments 81 and 82 should be reversed. Income tax expense should be reduced by \$7,964,506. The adjustment amount may change pending further discovery. In addition, staff believes this issue should be changed to read "Is an adjustment to interest expense appropriate?" because this issue should incorporate all interest including that related to parent debt and interest embedded in the capital structure (interest reconciliation).

ISSUE 28B: Should the ITC amortization and the flowback of excess deferred taxes be increased if the Company's proposal to increase depreciation expense based on reduced lives, is adopted?

GTEFL'S POSITION: The Company has revised its level of ITC amortization to reflect the impact on reduced lives. (Johnson)

GTEFL'S POSITION: No position.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Yes.

STAFF'S POSITION: The Company has increased its level of intrastate ITC amortization by \$907,900. An adjustment for the

flowback of excess deferred taxes should be made to reduce income tax expenses.

ISSUE 29: What is the appropriate achieved test year net operating income?

GTEFL'S POSITION: The appropriate achieved net operating income for rate setting purposes based on the Company's Revised Direct Testimony presentation is \$143,377,234. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each adjustment proposed by the Citizens leads to the resulting calculations requested in this issue.

STAFF'S POSITION: No position.

Revenue Requirement

ISSUE 30: Should GTEFL be required to file, within 30 days after the date of the final order in this docket, an updated schedule to reflect the actual rate case expense?

Stipulation

ISSUE 30A: Should the company be required to include in any subsequent earnings reports adjustments made by the utility that were not at issue, but were accepted by the Commission without direct reference in the order, as well as the adjustments specifically stated in the order?

GTEFL'S POSITION: No position.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Yes.

ISSUE 31: What is the appropriate amount of the revenue increase/decrease for the test year?

GTEFL'S POSITION: The appropriate amount of increased revenues to be recouped as a result of this case based on the Company's Revised Direct Testimony is \$65,994,207. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: Ad Hoc believes that GTEFL's revenue requirements should be decreased in accordance with the recommendations of the Office of Public Counsel witnesses.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: Each of the adjustments proposed by the Citizens leads to resulting calculations requested in this issue. Cumulatively the adjustments indicate that GTEFL's rates should be reduced by \$126 million.

STAFF'S POSITION: No position.

Legal Issues

ISSUE 32: Do the pronouncements of the Financial Accounting Standards Board legally compel the Commission to any specific accounting methodology for rate making procedures under Florida Statutes?

GTEFL'S POSITION: No. However, the utilization of Generally Accepted Accounting Principles which have been adopted by this Commission on a consistent basis indicate the appropriateness of utilizing accounting procedures which produce accurate financial results. In addition, the Commission's statutory and constitutional requirement to set just and reasonable rates which allow the Company the opportunity to earn a fair and just return compel the Commission to appropriately include this expense for rate making purposes. The Company will address this matter in detail in its posthearing brief.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. Pronouncements of the Financial Accounting Standards Board are intended for purposes other than the economic regulation of utilities in the State of Florida and are thus advisory at best and misapplied at worst.

STAFF'S POSITION: No position.

ISSUE 33: May the Commission substitute SFAS 106 as the standard by which it judges whether Company expenses are incurred, and if incurred, whether reasonably incurred?

GTEFL'S POSITION: The Commission should examine the requirements of SFAS 106 and make an independent determination as to whether the standards are appropriate. This examination should be based on the evidence of record and in accordance with Generally Accepted Accounting Principles which have always been adopted by this Commission. The Company will address this matter in detail in its posthearing brief.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. The commission is required to critically examine all expenses incurred by the company, irrespective of whether they are addressed in SFAS 106, to determine whether they are reasonably incurred. The commission cannot delegate any part of its jurisdiction to the Financial Accounting Standards Board.

STAFF'S POSITION: No position.

ISSUE 34: Should the Commission approve expenses which are based upon obligations of the Company which are not legally enforceable?

GTEFL'S POSITION: The Commission should approve reasonable expenses for ratemaking purposes. Under the assumption contained in this issue few expenses would be appropriate for ratemaking because they are not legally required to be incurred. SFAS 106 expense is no different than other legitimate costs of doing business. The Company will address this matter in detail in its posthearing brief.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No. The commission has a statutory obligation to determine whether an identified expense will actually be incurred. Contingent obligations to employees (which the company seeks through the operation of SFAS 106) are subject to change within the

period during the rates approved in this case will be charged to customers.

STAFF'S POSITION: No position.

Repression/Stimulation

ISSUE 35: The impacts of certain of the Company's rate design proposals incorporate estimates of repression and stimulation; are GTEFL's repression and stimulation estimates appropriate?

GTEFL'S POSITION: Yes. All estimates of repression or stimulation were based on economically correct procedures as well as appropriate levels of price elasticity estimates. The elasticities employed were all long-run estimates and were implemented in a manner that correctly reflects the true long-run impacts of a given price change. GTEFL's procedures for estimation of stimulation or repression are appropriate for determining customer demand unit forecasts for rate making proceedings. (Trimble)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Staff takes no position at this time on the appropriateness of utilizing repression and stimulation estimates nor the quantification of any such estimates at this time. Staff witness Dismukes presents, in his testimony, price elasticity

estimates which are higher than those used by GTEFL to determine the level of stimulation of intraLATA access and intraLATA toll services.

IntraLATA Toll and Private Line

ISSUE 36: GTEFL has proposed various changes to its rates for intraLATA toll and private line. The Company's proposed changes include:

- (a) adopting the MTS day rate levels previously approved for Centel;
- (b) reducing the MTS time-of-day discounts from 35% to 25%, and from 60% to 40%, for the evening and night/weekend rate periods, respectively;
- (c) reducing the usage rates for 800 and OUTWATS by approximately 34%;
- (d) incorporating the Phase I impacts on intraexchange private line associated with the tariff filing in Docket No. 910967-TL; and
- (e) mirroring their Phase III local (intraexchange) private line rates for interexchange private line.

Should GTEFL's requested changes be approved? Are any other changes to toll services appropriate?

GTEFL'S POSITION:

(a) GTEFL believes that the toll rates it has proposed for day MTS rates are appropriate given the level of competition in its territory. These rates exceed the imputed access charges and are appropriate. (Kissell)

(b) GTEFL believes these reductions are appropriate and are in line with the off-peak rates charged by its competitors. The overall reductions in MTS mitigate the impact of these changes on what customers will pay for evening and night/weekend calls. (Kissell)

(c) GTEFL believes the reduction in usage rates for 800 and outWATS will position GTEFL to compete for traffic in the area of telecommunications that is experiencing the greatest growth, 800 service. As noted in Mr. Kissell's Direct Testimony, these new rates will allow GTEFL to successfully market its recently approved tariff offering, GTE Business line 800. (Kissell)

(d) This change should be reflected in the Company's 1993 rate year units and revenues since it will be implemented in December 1992. (Klassen)

(e) GTEFL proposes to have one rate for like services across all intrastate interLATA special access, intraLATA private line and local private line services. This will allow GTEFL's access customers to be treated in the same manner for like intrastate services. (Fulp)

Yes, GTEFL's requested changes should be approved. If the Zephyrhills to Tampa ECS routes are approved, GTEFL proposes to change its toll tariff to remove the current Toll-Pac offered on this route. The ECS discount is greater than the current discount of 30% offered with Toll-Pac and GTEFL believes it is appropriate to delete this tariffed offering. (Kissell)

AT&T'S POSITION: No position.

AD HOC'S POSITION: (a) through (d) - No position.

(e) Ad Hoc believes that the proposed restructuring of tariffs for simplicity and consistency is overdue and should be implemented as soon as practicable. The proposed rates however, compound a bad situation by presuming that the cost studies which supported the original phase III prices were accurate, and therefore were a good basis upon which to base pricing decisions. All business service prices including CentraNet should be recalculated based on a totally new cost analysis which prices all logically cross-elastic business services using the basic facilities as costing components.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Private line rates and rate structure should remain consistent with this Commission's decisions in the industry restructure of interexchange private line and special access (Docket No. 890505-TL) and the GTE local private line restructure (Docket No. 910967-TL). Incorporating the Phase I impacts on intraexchange private line appears appropriate; staff has no position on mirroring intraexchange private line rates for interexchange private line.

Staff has no position on the recommended level of GTEFL's intraLATA toll rates pending discovery.

InterLATA Access

ISSUE 37: GTEFL proposes to introduce Switched Access Volume Election (SAVE), a volume discount plan targeted to high volume switched access end users. Should GTEFL's proposal be approved?

GTEFL'S POSITION: Yes. SAVE provides a targeted discount plan that will reduce bypass without causing major average access reductions, thus maintaining the maximum sustainable contribution to local rates while minimizing bypass. SAVE is designed to give large end users and IXCs the incentive to stay on GTEFL's switched network. This proposal is consistent with the Commission's goal of pricing services closer to cost and avoiding uneconomic bypass. SAVE provides customers with a viable switched access option that supports efficient use of the network. (Fulp)

AT&T'S POSITION: The Commission should not approve the SAVE plan. There is no assurance that SAVE would accomplish its objective of giving large volume end users sufficient incentive to stay on GTE Florida's switched network. Also, other problems would result from its approval (i.e., interexchange carriers would have no equitable way to handle SAVE terminating credits; additional billing costs could be imposed; SAVE conflicts with the requirement of AT&T to maintain statewide average rates.) A better solution to

problems caused by high access rates would be to further reduce CCL access rates. This would permit all GTE Florida switched access end users, including small-volume and medium-volume GTE Florida customers who for the foreseeable future have little alternative but to utilize GTE Florida's access facilities, to benefit more from the competitive telecommunications environment nurtured by this Commission. (King)

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No. GTEFL's proposed SAVE plan should not be approved. The proposal should be rejected because:

- (1) It would establish a privileged class of switched access customer to the detriment of others,
- (2) There is no reasonable expectation that interexchange carriers would develop the geographically deaveraged interLATA products for a small group of Tampa customers that would be needed to flow benefits to end users, and
- (3) A better use for the \$6.6 million that has been slated for SAVE would be to fund additional CCLC reductions. This course would avoid the uncertainty of the SAVE Plan, assure that all toll users benefited, and bring GTE's access rates closer to those of Southern Bell. (Gillan)

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No. GTEFL's proposed SAVE plan should not be approved. The proposal should be rejected because:

- (1) It would establish a privileged class of switched access customer to the detriment of others,
- (2) There is no reasonable expectation that interexchange carriers would develop the geographically deaveraged interLATA products for a small group of Tampa customers that would be needed to flow benefits to end users, and

- (3) A better use for the \$6.6 million that has been slated for SAVE would be to fund additional CCLC reductions. This course would avoid the uncertainty of the SAVE Plan, assure that all toll users benefited, and bring GTE's access rates closer to those of Southern Bell. (Gillan).

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: Sprint continues to gather information and analyze the effects of the SAVE plan in Florida. Upon conclusion of this analysis, Sprint will present its position, if any, on this position.

OPC'S POSITION: No position.

STAFF'S POSITION: In general, access charge discount plans could provide proper incentives for customers both to stay on the switched access network and to stimulate its usage. However, staff does not know whether GTEFL's specific proposal will achieve those goals. Staff also does not believe such a plan should come at the expense of raising basic local rates.

ISSUE 38: GTEFL has proposed several other changes to its tariffed intrastate access offerings, including:

- (a) modifying the structure and language of its switched access tariff to reflect more closely the structure of the Company's interstate tariff;
- (b) eliminating the BHMOC charge, and reducing the mobile interconnection rates due to the BHMOC change;
- (c) reducing the mobile interconnection rates due to the changes in access charges and BHMOC;
- (d) proposing to mirror Phase III of their local private line rates for special access; and
- (e) altering certain rates for billing and collection services.

Should GTEFL's requested changes be approved? Are any other changes to access services appropriate?

GTEFL'S POSITION:

(a) This restructure would allow GTEFL's switched access customers to be treated in a similar manner for like services across jurisdictions. This structure will streamline GTEFL's administrative processes for those GTEFL customers. (Fulp)

(b) Elimination of the BHMOC allows cost to be recovered from the cost causer and brings access prices more in line with the competitive market place. The interconnection rate for cellular is based upon access. Reducing the BHMOC for this service will aid the Company in retaining this revenue source. (Fulp)

(c) Please see the Company's response to Issue 38(b). (Fulp)

(d) Please see the Company's response to Issue 36(e). (Fulp)

(e) The billing and collection changes while actually increasing the rates, are structurally consistent with the previous changes approved by the Commission on March 10, 1992 in Docket No. 920111-TL. (Fulp)

Time of Day (TOD) Access rates do not accomplish their economic objective of redistributing peak and off-peak calling volumes. Elimination of TOD access rates will reduce current peak period access prices and provide a better economic distribution of access prices. (Fulp)

AT&T'S POSITION: AT&T recommends approval of GTE Florida's proposals to 1) eliminate the BHMOC charge; 2) incorporate interstate structure and language into its intrastate access tariff; and 3) convert special access rates to mirror proposed private line rates. It is AT&T's position that GTE Florida's initiative to eliminate the BHMOC charge is a very positive step. Reduced access charges mitigate the potential for uneconomic bypass and send more appropriate pricing signals to customers and the marketplace, while encouraging interexchange carriers to develop and offer new services and/or offer existing services at lower rates. GTE Florida's proposal to eliminate the BHMOC is consistent with previous Commission decisions. (King)

AD HOC'S POSITION: (a) Same answer as Issue 36e.
(b), (c), and (e) - No position.
(d) Same answer as Issue 36e.

FCTA'S POSITION: No position.

FIXCA'S POSITION: GTEFL's proposal to eliminate the BHMOC should be approved. The BHMOC unnecessarily increases the costs of interexchange carriers which in turn, results in higher toll prices; it is unrelated to the cost of providing access service; and due to its structure, has a disproportionate impact on the costs of smaller interexchange carriers. (Gillan)

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: GTEFL's proposal to eliminate the BHMOC should be approved. The BHMOC unnecessarily increases the costs of interexchange carriers which in turn, results in higher toll prices; it is unrelated to the cost of providing access service; and due to its structure, has a disproportionate impact on the costs of smaller interexchange carriers. (Gillan)

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: Sprint supports the elimination of the BHMOC charge. Sprint also supports the other proposed changes in intrastate access. This includes the changes listed at subpart (A) - (E) under this issue, as well as, elimination of time-of-day discounts.

OPC'S POSITION: No position.

STAFF'S POSITION:

- (a) The Company's proposal to modify its tariff to more closely follow its interstate tariff may be appropriate if it does not significantly change the manner in which intrastate access service is provided and charged in Florida.
- (b) The BHMOC charge should be gradually reduced as revenues become available.
- (c) Any change in switched access charges should be reflected in mobile interconnection rates.

(d) The Company's proposals for local private line changes should continue to follow this Commission's established policies for private line restructure. Staff has no position regarding this specific proposal.

(e) Staff has no position on this issue pending discovery.

ISSUE 38A: (PAA) Should ATT-C be required to flow through any reductions in access charges authorized in this proceeding, and in what services?

[Per Ruling No. 6, this issue shall be addressed in briefs only.]

EAS/ECS

ISSUE 39: GTEFL is proposing to expand the availability of its existing ECS (Extended Calling Service) plan; the Company's proposals include:

- (a) converting to ECS certain existing toll routes that are less than 35 miles and that have CIFs greater than 3.0;
- (b) converting all remaining intracounty/intraLATA toll routes to the ECS plan; and
- (c) charging STS providers at business ECS rates for their ECS traffic.

Should GTEFL's ECS proposals be approved? Are any other EAS or ECS changes or modifications appropriate?

GTEFL'S POSITION:

(a) GTEFL believes that toll routes that exhibit the characteristics of high volumes of traffic as demonstrated by a CIF greater than 3.0 and are short distances, defined as 35 miles or less, should qualify for toll relief in the form of expanded local calling. GTEFL believes that its current ECS has been an excellent plan for meeting customers' needs for expanded local calling. ECS ensures that the costs associated with providing the service are recovered from those customers using the service. GTEFL believes that ECS is the appropriate and best method for addressing

customers' needs for expanded local calling on the routes proposed in this rate case. (Kissell)

(b) GTEFL believes that county boundaries in GTEFL's service territory are reasonable determinations for a customer's local calling area. GTEFL believes that ECS is the best method to address customers' needs for expanded local calling. (Kissell)

(c) The toll rates charged on these routes prior to conversion to ECS were the identical toll rates charged to other customers. GTEFL did not offer a reduced rate to STS providers for traffic on these routes prior to the implementation of ECS. Unlike PATS vendors who must cap the charge to end users at \$.25 per message for each ECS call, there is no restriction placed upon the STS vendors on what they can bill the end users for ECS calls. GTEFL believes that it is appropriate to charge STS providers for ECS calls at the rates approved for all other business customers. (Kissell)

As noted in Mr. Kissell's Rebuttal Testimony, there is one additional toll route that meets the criteria of being less than 35 miles and having calling volumes greater than the 3.0 CIF. This route is the Lakeland-Tampa route. GTEFL believes that this route should also be included for consideration by this Commission for the expansion of ECS. (Kissell)

As is the case on all existing ECS routes, GTEFL intends to make telephone directories for customers' ECS locations available in specified company locations at no charge.

AT&T'S POSITION: GTE Florida's proposal to implement countywide extended local calling service (ECS) is inappropriate and should be rejected by the Commission. The proposal does not address the underlying causes of extended area service (EAS) pressure. Its adoption, therefore, cannot mitigate those pressures and may actually exacerbate them. The adoption of GTE Florida's proposal will only frustrate a more positive and comprehensive approach to satisfying the demand for EAS in Florida. (Guedel)

AD HOC'S POSITION: No. Ad Hoc does not believe that the Commission should "remonopolize" this territory by allowing GTEFL to price their toll service so low as to exclude competition.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No, the ECS proposals should not be approved. If the Commission wants lower intraLATA toll rates it should adopt a reduced intraLATA access rate system that allows all toll carriers to provide lower prices. GTEFL has not met its burden of demonstrating that its proposed expansion of ECS pricing on these toll routes is warranted under Docket 910179-TL, Order No. 25708. (Gillan)

HILLSBOROUGH'S POSITION: There is a well-established degree of community of interest between Plant City and the remainder of Hillsborough County (including Tampa). Any incremental rate increase for Extended Area Service (EAS) as determined by the Commission will generate revenues sufficient to meet any increased costs associated with the provision of EAS. It is unreasonable to conclude that ECS is the best method for addressing Hillsborough County customer's needs and preclude a significant portion of the County from the benefits available under EAS. In light of the absence of any proper or compelling reason to the contrary the Commission should order New Extended Area Service for all Plant City exchanges.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No, the ECS proposals should not be approved. If the Commission wants lower intraLATA toll rates it should adopt a reduced intraLATA access rate system that allows all toll carriers to provide lower prices. GTEFL has not met its burden of demonstrating that its proposed expansion of ECS pricing on these toll routes is warranted under Docket 910179-TL, Order No. 25708. (Gillan)

PLANT CITY'S POSITION: The City is requesting Extended Area Service for the Plant City exchange and all other exchanges within Hillsborough County. Because of a strong community of interest, the City is requesting Extended Area Service for the Plant City exchange and all other exchanges within Hillsborough County. Extended area service should be provided without any increase in the rates to Plant City customers. However, if a rate increase is necessary, any costs related to extended area service should not be borne solely by Plant City customers.

SPRINT'S POSITION: Sprint objects to an expansion of the local calling area that is subsidized by the access charges paid by long distance carriers/access customers. Local calling expansion should fully cover all costs of such expansion. Further, any expansion of

local calling should be available for resale by long distance carriers.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 39A: (Deleted)

Cross-Subsidy and Investment Issues

ISSUE 40: Should GTEFL be permitted to cross-subsidize their entry into competitive or effectively competitive services?

GTEFL'S POSITION: There is no such thing as a "competitive service" under Chapter 364. GTEFL agrees effectively competitive services should not be allowed to operate under incremental cost. (Legal Issue)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No.

FCTA'S POSITION: As a matter of law, pursuant to Chapter 364, Florida Statutes, GTEFL is not permitted to cross-subsidize its entry into competitive or effectively competitive services with revenues from the ratepayers of monopoly services.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Certain forms of cross-subsidization are explicitly forbidden by statute. Specifically, Section 364.3381(1), Florida Statutes, prohibits a LEC from subsidizing a competitive service where the source of the subsidy is revenue derived from monopoly services subject to the Commission's jurisdiction; Section 364.02(3), Florida Statutes, defines "monopoly service" as a service for which there is no effective competition, either in fact or by operation of law. Beyond noting these statutory restrictions, staff has no position at this time.

ISSUE 40A: Should GTEFL's basic telephone rates be based on the most cost effective means of providing basic telephone service?

GTEFL'S POSITION: GTEFL does not understand the intent of this issue and therefore cannot provide a response.

AT&T'S POSITION: No position.

AD HOC'S POSITION: Yes.

FCTA'S POSITION: As a matter of law and policy, the Commission is required to establish GTEFL's basic telephone rates based on the most cost effective means of providing basic telephone service. To do otherwise would require monopoly services to subsidize competitive services.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUE 40B: Should GTEFL be required to segregate intrastate investments and expenses between competitive and monopoly services?

GTEFL'S POSITION: No. There is no item defined as a "competitive service" under Chapter 364. In addition, please see the Company's response to Issue 40C. (Legal Issue)

AT&T'S POSITION: No position.

AD HOC'S POSITION: Yes.

FCTA'S POSITION: As a matter of law, pursuant to Section 364.3381, Florida Statutes, GTEFL is required to segregate intrastate investments and expenses between competitive and monopoly services.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: Yes.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Section 364.3381(2), Florida Statutes, requires a LEC that provides both monopoly and competitive services to segregate its intrastate investments and expenses in accordance with Commission-prescribed allocation methodologies, to ensure that monopoly services do not subsidize competitive services. Section 364.02(3), Florida Statutes, differentiates only between LEC monopoly and effectively competitive services; accordingly, the cross-subsidization restrictions in Section 364.3381, Florida Statutes, apply to effectively competitive services. Since the Commission has not found any of GTEFL's services to be effectively competitive under Section 364.338, Florida Statutes, no actions are required. Further, until the Commission has gained more information and greater experience regarding effectively competitive services, decisions as to their appropriate regulatory treatment should only be made on a service by service basis. Consequently, at this time staff does not believe that all

intrastate investments and expenses should be segregated between all monopoly and competitive services.

ISSUE 40C: How should costs of joint facilities, competitive and monopoly, be allocated between the competitive and monopoly services offered by GTEFL?

GTEFL'S POSITION: This issue is irrelevant because the Commission has not made a finding of effective competition as required by Section 364.183 Fla.Stat. (1991) for any GTEFL service. In addition, no party has presented Direct Testimony on this issue. Therefore, no allocation is required. (Legal Issue)

AT&T'S POSITION: No position.

AD HOC'S POSITION: Identify the direct costs of each service. On a pro rata basis, then allocate any remaining joint costs among those services contributing to those costs.

FCTA'S POSITION: As a matter of law, pursuant to Section 364.3381, Florida Statutes, costs of joint facilities, competitive and monopoly, are required to be allocated between the competitive and monopoly services offered by GTEFL in accordance with allocation methodologies prescribed by the Florida Public Service Commission.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: As a matter of policy, GTEFL should not be allowed to use joint facilities in the provision of competitive services where its competitors may not fully use their facilities to provide comparable services. However, GTEFL is allowed to provide competitive and monopoly services over the same facilities and, therefore, this issue seeks to ensure that unfair and anti-competitive cross-subsidization does not occur. Although Intermedia believes it is important to attempt to allocate the costs appropriately, Intermedia is convinced that a more effective safeguard against anti-competitive cross-subsidization of competitive services is a resale requirement. Specifically, whatever the cost imputed to GTEFL for the competitive service over the joint facilities, that cost should serve as the price to its competitors for the purchase of that service for any legitimate purpose, including resale.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: At this time the Commission does not have sufficient information required to specify what would be an appropriate allocation of the costs of joint facilities between services. Moreover, until the Commission has gained more information and greater experience regarding effectively competitive services, decisions as to their appropriate regulatory treatment should only be made on a service by service basis. Consequently, at this time staff does not believe that the costs of all joint facilities should be allocated between all competitive and monopoly services.

ISSUE 40D: Have the investments and costs for video transport service been appropriately identified and separately accounted for?

GTEFL'S POSITION: GTEFL objects to this issue on the grounds that no party has presented any direct testimony on this topic. However, it should be noted that no investment has been included in this case for video services and therefore there is no effect on any rates in this case. Therefore, this issue is irrelevant and there is no need to account for these expenses. (Johnson)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: Investments and costs for video transport service have not been appropriately identified and separately accounted for.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

ISSUES 40E & 40F : These Issues follow Issue 23I.

ISSUE 40G: Has the replacement of copper since GTEFL's last depreciation study been accomplished in a cost effective manner for telephone service?

Stipulation

Other/Miscellaneous

ISSUE 41: GTEFL is proposing rate changes to the following services:

- (a) local and [intralata] toll directory assistance;
- (b) local and [intralata] toll operator services;
- (c) service connection charges;
- (d) directory listings;
- (e) directories;
- (f) semi-public telephone equipment; and
- (g) certain SmartCall offerings.

Should GTEFL's proposals be approved? Are any other changes or modifications appropriate?

GTEFL'S POSITION: Yes, these proposals should be approved. The purpose of these increases is to cover costs, increase contribution, and to generate additional revenue for the Company. It is the Company's policy to derive as much revenue from these types of services as possible before looking to raise the prices on basic local service. (Klassen)

a) The purpose of this increase is to cover costs and generate additional revenue for the Company. It is appropriate to recover the cost of DA before raising local rates.

b) These increases are being made to supplement local revenues. It is appropriate to approve these increases before raising local rates.

c) The purpose of these increases is to cover costs.

d) The purpose of these increases is to increase the contribution from these services and to supplement local revenues. It is appropriate to increase these rates before raising local rates.

e) These rates have already received Commission approval per Commission Authority No. T-92-037.

f) The purpose of these increases is to cover costs.

g) The proposed rates are based on the relative demand for the features and are thus reflective of the relative market value of the individual services.

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

Local Exchange Access

ISSUE 42: GTEFL is proposing to reduce from seven to five the number of rate groups. Should the Company's proposal be approved?

GTEFL'S POSITION: Yes. The Company has no customers in rate groups 1 and 3. Thus, these rate groups should be eliminated. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Staff believes the Company's proposal should be approved.

ISSUE 43: GTEFL is proposing to restructure its current residential message rate service. Should the Company's proposal be approved?

GTEFL'S POSITION: Yes. These proposals are rationally priced and provide customers with alternatives that may suit their local calling needs. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: The City objects to increases for these services.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Staff believes that the Company's proposal for another lower cost alternative to basic local exchange service is appropriate. However, the rates and rate structure for its message rate proposals cannot be determined until discovery is complete.

ISSUE 44: GTEFL is proposing to restructure its business message rate service. Should the Company's proposal be approved?

GTEFL'S POSITION: Yes. This proposal is rationally priced and provides customers with an alternative that may suit their local calling needs. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: Ad Hoc members do not use this service. No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: Staff believes business customers should continue to have a message rate option that includes some free call allowance. Staff has no position regarding the rates and rate structure of such a service pending discovery. In general, staff believes that business services should be priced similarly depending upon the network functions purchased and the value of the service.

ISSUE 45: GTEFL is proposing several changes to its flat rate residential and business access line services that alter both rate levels and relative rate relationships between services, including:

- (a) increasing the R1 rates by a uniform \$3.42, yielding increases ranging from 29% to 37%;
- (b) setting rates for residential rotary service equal to the proposed R1 rates plus a uniform \$2.85 additive;
- (c) increasing the B1 rates by a uniform \$14.08, yielding increases ranging from 47% to 59%;
- (d) setting rates for business rotary service equal to the proposed B1 rates plus a uniform \$7.35 additive;
- (e) setting rates for PBX trunk service equal to the proposed B1 rates plus a uniform \$14.80 additive;
- (f) increasing the rate for semi-public access lines from 70% to 125% of the B1 rate; and
- (g) increasing the rate for STS access lines from 60% to 80% of the PBX trunk rate.

Should GTEFL's proposals be approved? Are any other changes or modifications to basic local interconnection rates, including CentraNet and other local rates, appropriate?

GTEFL'S POSITION: Yes. These proposals are designed to distribute the Company's revenue requirement across all customers in the most equitable manner. In addition, the Company's pricing proposals for business are intended to transition business rates closer together in order to reduce the differential between the costs and the prices of these services. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: GTEFL's proposals to increase B-1 rates, its proposal to increase B-1 rotary and its proposal to increase PBX trunk rates (Issues 45c, 45d & 45e) should not be approved. These rate increase proposals are based upon antiquated, non cost-based pricing methodologies and should be rejected. Additionally, GTEFL's failure to propose pricing changes for CentraNet, which competes with CPE not provided by the Company shows that GTEFL has engaged in highly selective and discriminatory pricing. Ad Hoc takes no position on 45a, 45b, 45f and 45g.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: The City objects to increases for these services.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION:

(a) Staff has no position on this issue until a final revenue requirement figure is determined.

(b-e) Staff believes that the difference between business 1 party and PBX trunk rates should narrow. However, the effect of this policy on local rates should be considered before any action is taken. In addition, any changes should be consistent with the

Commission's pricing goals for business services in general. Centranet services should be priced similarly to other business services, and should be considered when repricing business exchange services.

(f) Staff believes that the semi-public access line rate should increase over time to 125% of the B-1 rate. However, we have no position as to whether it should occur in a single proceeding or be gradually increased.

(g) Staff believes the Company's proposal should be approved.

ISSUE 46: GTEFL proposes to increase the monthly charges for vacation service and to assess a service charge for customers requesting vacation service. Should the Company's proposals be approved?

GTEFL'S POSITION: Yes. These changes are similar to those already approved for other LECs. In addition, this service should be priced similar to message rate service. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: The Company's vacation service rates should be increased. However, staff has no position on the exact level of

the increase pending discovery. Staff also believes that a service charge for vacation service is appropriate.

Catchall

ISSUE 47: Should GTEFL be required to itemize its bills on a monthly basis?

GTEFL'S POSITION: No. In accordance with the current Commission rules, GTEFL itemizes all customer's bills on an annual basis. In addition a customer's bill is itemized whenever there is any service activity or rate changes affecting a customer's local service. (Klassen)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No. GTEFL is in compliance with Rule 25-4.110(1)(a)(b), Florida Administrative Code, which requires the telephone companies to itemize bills upon customer request, with the first bill rendered after service is initiated or service order activity has resulted in a change in the bill, and at least once a year. Further, staff does not recommend that the Commission commence rulemaking on this issue. There is no evidence which indicates that this is a significant problem.

ISSUE 48: The following services have not been addressed in other issues and no changes have been proposed:

Tariffed Items (listed by tariff section)

- A2, General Regulations (other than vacation service)
- A5, Charges Applicable Under Special Conditions
- A8, Telephone Answering Service
- A10, Digital Network Services (other than Digital Channel Capacity)
- A12, Centrex Service
- A13, Miscellaneous Service Arrangements (other than Extension Line Channels, Toll Terminals, Call Forwarding, Three-Way Calling, Speed Calling, and Public Announcement Services)
- A15, Connections of Customer-Provided Terminal equipment and Communications Systems
- A17, Mobile Telephone Service
- A20, Interconnection of Mobile Services (other than network usage charges)
- A23, Interconnection of Local Exchange Services to Shared Tenant Services (other than STS lines and usage charges)
- A24, Emergency Reporting Services
- A27, Equipment for Disabled Customers
- A28, Personal Page Signaling Service
- A108-A312, Obsolete tariff offerings
- E9, Directory Assistance Access Service
- E14, Special Construction

Other Items

- Directory
- Rent revenues
- Operator Services Revenue
- LIDB revenues
- Other Incidental Revenue (returned check penalties, late payment charges)
- Private Line Settlements
- Credit Card and Third Number Settlement Revenue

Is this appropriate?

GTEFL'S POSITION: Yes. The rates for most of these services were either recently adjusted or are market based and cover costs. (Klassen)

Private Line Settlements

GTEFL has proposed to depool its private line service. With depooling, any private line settlements that are currently occurring would be eliminated. (Fulp)

Credit Card and Third Number Settlement Revenue

These revenues are a matter of contract and therefore are not subject to change within the scope of this rate case. (Fulp)

AT&T'S POSITION: No position.

AD HOC'S POSITION: No position.

FCTA'S POSITION: No position.

FIXCA'S POSITION: No position.

HILLSBOROUGH'S POSITION: No position.

INTERMEDIA'S POSITION: No position.

MCI'S POSITION: No position.

PLANT CITY'S POSITION: No position.

SPRINT'S POSITION: No position.

OPC'S POSITION: No position.

STAFF'S POSITION: No position.

Tariff Effective Date/Customer Notification

ISSUE 49: What should be the effective date of any rate changes?

Stipulation

ISSUE 49A: When should customers be notified of any rate changes?

Stipulation

ISSUE 49B: What should be contained in the bill stuffer to GTEFL customers announcing any rate changes?

Stipulation

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>ID No.</u>	<u>Description</u>
D.W.McLeod	GTEFL	DWM-1	Service Territory Map
		DWM-2	GTE Organization Chart
		Revised DWM-3	Analysis of Change Revenue Requirements
	Staff	DWM-S1	Responses to Staff's 19th Set of Interrogatories Nos. 343-345
			Responses to Staff's 23rd Set of Interrogatories Nos. 394-397
		DWM-S2	Responses to OPC's 13th Set of Interrogatories No. 730
		DWM-S3	Deposition of 9/29/92 of Beverly Menard
B.A.Johnson	GTEFL	BAJ-1	Cost Allocation Chart
		BAJ-2	Regulated Operating Expense Comparison

B.A.Johnson	GTEFL	BAJ-3	Net Operating Income Available For Return
		BAJ-4	Total Company Adjustments to Income Statement
		BAJ-5	Intrastate Adjustments to Income Statement
		BAJ-6	Average Ratebase
		BAJ-7	Adjustments to Ratebase
		BAJ-8	Jurisdictional Capital Structure
		BAJ-9	Calculation of Revenue Expansion Factor
		BAJ-10	Revenue Requirement Calculation
		BAJ-11	SFAS 106 vs. PAYGO
		BAJ-12	Attrition Analysis
		Revised Direct BAJ-1	Revised Net Operating Income
		Revised BAJ-2	Total Company Direct Income Statement Adjustments
		Revised Direct BAJ-3	Intrastate Income Statement Adjustments

H. A. Johnson	GTEFL	Revised Direct BAJ-4	Revised Ratebase
		Revised Direct BAJ-5	Ratebase Adjustments
		Revised Direct BAJ-6	Revised Capital Structure
		Revised Direct BAJ-7	Revised Revenue Requirement
		Revised Direct BAJ-8	Carrying Charge Adjustment
		Revised Direct BAJ-9	Directory Data Processing Expense Adjustment
		Revised Direct BAJ-10	Public Affairs Adjustment
		Revised Direct BAJ-11	USTA Dues Adjustment
		Revised Direct BAJ-12	Loaned Employees Adjustment
		Revised Direct BAJ-13	Wage and Benefits Adjustment
		Revised Direct BAJ-14	Uncollectible Expense Adjustment
		Revised Direct BAJ-15	Fixed Charge Adjustment
		Revised Direct BAJ-16	ITC Interest Synchronization
		Revised Direct BAJ-17	GTECC Interest Synchronization
		Revised Direct BAJ-18	Full Interest Synchronization

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B.A. Johnson	GTEFL	Revised Direct BAJ-19	Working Capital Adjustment
		Rebuttal BAJ-1	Revenue Requirement Reconciliation
		Rebuttal BAJ-2	Depreciation Order No. 25378
		Rebuttal BAJ-3	Customer Operations Revenues
		Rebuttal BAJ-4	Directory Revenue
		Rebuttal BAJ-5	Directory Gross Profit Workpapers
		Rebuttal BAJ-6	Net Periodic Pension Cost
		Rebuttal BAJ-7	Pension Administration Fees
		Rebuttal BAJ-8	Analysis of Contractor Cost
		Rebuttal BAJ-9	Contractor Expenses
		Rebuttal BAJ-10	Analysis of ICGS Costs
		Rebuttal BAJ-11	Mark Expense
		Rebuttal BAJ-12	Public Relations Expense
		Rebuttal BAJ-13	Property Tax Assessment

B.A. Johnson	Staff	BAJ-S1	Transcript of 9/10/92 deposition of B.A. Johnson
		BAJ-S2	Late-filed deposition exhibits of 9/10/92 deposition of B.A. Johnson
		BAJ-S3	Responses to OPC's 2nd Set of Interrogatories Nos. 36, 48, 65, 83, 126-140, 168- 171, 174, 186-189, 203 Responses to OPC Interrogatory No. 119, with supplements Responses to OPC's 3rd Set of Interrogatories Nos. 211, 218-222, 225-226 Responses to OPC's 4th Set of Interrogatories Nos. 289-292 Responses to OPC's 5th Set of Interrogatories Nos. 294-300, 307- 310 Responses to OPC's 6th Set of Interrogatories Nos. 349, 354, 377-385

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B.A. Johnson Staff

BAJ-S3

Responses to OPC's
7th Set of
Interrogatories
Nos. 425

Responses to OPC's
8th Set of
Interrogatories
Nos. 457

Responses to OPC's
9th Set of
Interrogatories
Nos. 501, 509-512,
538-539, 540

Responses to OPC's
11th Set of
Interrogatories
Nos. 584, 592-594,
598

Responses to OPC's
12th Set of
Interrogatories
Nos. 670

Responses to OPC's
13th Set of
Interrogatories
Nos. 679-681, 693,
696, 702, 705,
713, 717, 723,
728, 730, 749,
753-756, 760, 762-
763

Responses to OPC's
15th Set of
Interrogatories
Nos. 768, 776-777

B.A. Johnson	Staff	BAJ-S4	Responses to Staff's 19th Set of Interrogatories Nos. 342, 349, 350, 356-357
			Responses to Staff's 20th Set of Interrogatories No. 361
		BAJ-S5	Responses to OPC's 3rd Request for Production of Documents No. 119, Supplemental Response and Attachment A
		BAJ-S6	Responses to Staff's 9th Request for Production of Documents No. 132
		BAJ-S7	Responses to AT&T's 1st Set of Interrogatories No. 23
		BAJ-S8	Responses to AT&T's 1st Request for Production of Documents Nos. 2, 4-5, 9-10, 12
		BAJ-S9	IRS Rules for Bargaining Unit VEBAs
		BAJ-S10	Switching Software/Right to Use Fee Guidelines, pp. 8-10

B.A. Johnson	Staff	BAJ-S11	"1993 Forecast of the Commercial Paper Rate from the October, 1992 Issue of DRI's Review of the U.S. Economy"
D.E. Wellemeyer	GTEFL	DEW-1	Jurisdictional Allocation Factors
		DEW-2	Proforma Adjustments to Rate Base for Separation Changes
		DEW-3	Proforma Adjustments to Operating Expenses for Separation Changes
		DEW-4	Proforma Adjustments to Operating Revenues for Separation Changes
		Revised DEW-1	Jurisdictional Allocation Factors
		Revised DEW-2	Proforma Adjustments to Rate Base for Separation Changes
		Revised DEW-3	Proforma Adjustments to Operating Expenses for Separation Changes

D.E. Wellemeyer	Staff	Revised DEW-4	Proforma Adjustments to Operating Revenues for Separation Changes
		DEW-5	Growth Rates Used to Calculate Projected Traffic Study Volumes
		Rebuttal DEW-1	FCC Part 69 Rules and Regulations
		Rebuttal DEW-2	Treatment of Interstate Billing & Collection Expense in Test Year Jurisdictional Factor Development
		Rebuttal DEW-3	FCC Part 69 Rules and Regulations
		Rebuttal DEW-4	Calculation of Test Year and Rate Year Jurisdictional Working Capital
	Staff	DEW-S1	Responses to OPC's 2nd Set of Interrogatories No. 192-193 Responses to OPC's 4th Set of Interrogatories No. 475 Responses to OPC's 9th Set of Interrogatories No. 536

D.E. Wellemeyer	Staff	DEW-S1	Responses to OPC's 11th Set of Interrogatories No. 562
			Responses to OPC's 13th Set of Interrogatories No. 760
		DEW-S2	Transcript of deposition of D.E. Wellemeyer
S.A. Inkrott	GTEFL	SAI-1	Service Quality Measurements
		SAI-2	Capital Program
		Rebuttal SAI-1	Cost Savings
	Staff	SAI-S1	Responses to Staff's 10th Set of Interrogatories No. 191
			Responses to Staff's 22nd Set of Interrogatories Nos. 391-393
S.M. Banta	GTEFL	SMB-1	Management Structure
		SMB-2	Present Operating Agreement
		SMB-3	GTEFC Agreement
		SMB-4	Financial Policy and Standard Practice No. J-301

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S.M.Banta	Staff	SMB-5	Financial Policy and Standard Practice No. J-303
	Staff	SMB-S1	Responses to OPC's 2nd Set of Interrogatories Nos. 48, 54-57, 66
			Responses to OPC's 8th Set of Interrogatories Nos. 438
			Responses to OPC's 16th Set of Interrogatories, No. 784
		SMB-S2	Responses to Staff's 7th Set of Interrogatories Nos. 126
			Responses to Staff's 18th Set of Interrogatories Nos. 321-341
			Responses to Staff's 19th set of Interrogatories No. 350
		SMB-S3	Responses to Staff's 9th Request for Production of Documents No. 132
		SMB-S4	48 CFR Ch. I, Section 32.27

F.J.Hanley	GTEFL	Appendix A	Professional Qualifications
		FJH-1	Summary of the Overall Cost of Capital and Fair Rate of Return Based on Projected Capital Structure Average for the Twelve Months Ending December 31, 1993
		FJH-2	Financial Risk
		FJH-3	Four Independent Operating Companies Capitalization and Financial Statistics
		FJH-4	Capital Structure Ratios
		FJH-5	GTEFL Capitalization and Financial Statistics
		FJH-6	Proxy Group of Four Independent Companies
		FJH-7	Dividend Payout Ratios
		FJH-8	Price Earnings Multiples
		FJH-9	Price earning Multiples of S&P Industrial Index

F.J.Hanley	Staff	FJH-10	Goldman Sachs Study
		FJH-11	NARUC Survey
		FJH-12	DCF Analysis
		FJH-13	A Rated Utility Bonds
		FJH-14	CAPM
		Revised FJH-1	Rate of Return Study
		Revised FJH-12	Rate of Return Study
		Revised FJH-13	Rate of Return Study
		Revised FJH-14	Rate of Return Study
		Rebuttal FJH-1	Rate of Return Study
		Rebuttal FJH-2	Rate of Return Study
		Rebuttal FJH-3	Rate of Return Study
		Rebuttal FJH-4	Rate of Return Study
		Rebuttal FJH-5	Rate of Return Study
		Rebuttal FJH-6	Rate of Return Study
	Staff	FJH-S1	Transcript of Deposition of September 15, 1992

M.A.Cicchetti OPC

- | | |
|------------|---|
| Schedule 1 | The Consumer Price Index - Average Annual Percentage Changes and the Five Year Moving Average |
| Schedule 2 | Yield on Seasoned "A" Utility Bonds - Annual Average Percentage Changes and the Five Year Moving Average |
| Schedule 3 | AA/Aa Rated Telecommunications Utilities Investment Risk Characteristics |
| Schedule 4 | Moody's Natural Gas Distribution Index Investment Risk Characteristics |
| Schedule 5 | DCF Model Equation |
| Schedule 6 | Two-Stage Growth, Annually Compounded Discounted Cash Flow Analysis for the Bell Regional Holding Company Index |
| Schedule 7 | Estimated Monthly Risk Premiums - Moody's Natural Gas Distribution Index |

M.A.Cicchetti	OPC	Schedule 8	Bond Yield Differential
		Schedule 9	Risk Premium Equation
		Schedule 10	Standard and Poor's Financial Benchmarks
		Schedule 11	BOC Quality Measurements
		Schedule 12	RBHC Quality Measurements
		Schedule 13	Florida Operations - Selected Financial Ratios
		Schedule 14	RBHC's Breakdown of Revenues
		Schedule 15	GTE Florida Incorporated - Capital Structure
		Schedule 16	Total Debt/Total Capital - GTE Incorporation and its Subsidiaries
	Staff	MAC-S1	Staff Deposition of August 28, 1992 and exhibits
		MAC-S2	OPC Deposition of September 16, 1992 and exhibits
		MAC-S3	October Blue Chip Forecast of the 30 year treasury bond

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R.L.Hodges	GTEFL	RLH-1	Depreciation Rates
		Revised RLH-2	Changes in Depreciation Rates
D.B.Trimble	GTEFL	DBT-1	Arc Elasticity Formulas
		DBT-2	State InterLATA MTS Study
		DBT-3	IntraLATA Toll Study
		DBT-4	Directory Assistance Study
		DBT-5	Private Line Study
		DBT-6	Price Elasticity Estimates
		DBT-7	Central Office Forecast Template
		DBT-8	GTEFL Switched Access Line Gain
		DBT-9	Forecast Revisions Since Original Submission of MFR Schedule E-1a
		Revised DBT-9	Forecast Revisions
	Staff	DBT-S1	Responses to OPC's 1st Request for Production of Documents No. 33, pp. 0331907- 0331942, and pp. 0331909-0331979

D.B.Trimble

Staff

DBT-S2

Responses to
Staff's 1st Set of
Interrogatories,
Nos. 1-17

Responses to
Staff's 4th Set of
Interrogatories
Nos. 62-76

Responses to
Staff's 5th Set of
Interrogatories
Nos. 77-97,
Attachment A for
Interrogatories
Nos. 86, 88, 94,
First and Second
Supplement to 77

Responses to
Staff's 6th Set of
Interrogatories,
Nos. 100, 102,
107, 109, 119

Responses to
Staff's 9th Set of
Interrogatories,
Nos. 130-135, 137,
139, 140, 142

Responses to
Staff's 10th Set
of Interrogatories
Nos. 143-154, 158,
162-172, 175-177,
179-187, 190-191

Responses to
Staff's 14th Set
of
Interrogatories,
No. 239

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D.B.Trimble Staff DBT-S2

Responses to
Staff's 16th Set
of Interrogatories
No. 279

Responses to
Staff's 17th Set
of Interrogatories
No. 291

Responses to
Staff's 18th Set
of Interrogatories
No. 298

Responses to
Staff's 20th Set
of Interrogatories
Nos. 361, 364-370

Responses to
Staff's 23rd Set
of Interrogatories
Nos. 396-397

Responses to
Staff's 24th Set
of Interrogatories
Nos. 416-423, 425-
451

Responses to
Staff's 25th Set
of
Interrogatories,
Nos. 452-467

DBT-S3

Responses to
Staff's 2nd
Request for
Production of
Documents Nos. 29,
31, 33, 34 (Pages
340012-340015),
35, 36, 42-45, 47

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D.B.Trimble Staff DBT-S3

Responses to
Staff's 3rd
Request for
Production of
Documents Nos.
23A, 24

Responses to
Staff's 6th
Request for
Production of
Documents Nos.
103, 106, 107,
111, 116-121

Responses to
Staff's 10th
Request for
Production of
Documents No. 133

Response to
Staff's 12th
Request for
Production of
Documents Nos.
141-146

Responses to
Staff's 16th
Request for
Production of
Documents Nos.
154-156

DBT-S4

Response to ATT-
C's 1st Set of
Interrogatories,
No. 23

DBT-S5

Transcript of
7/28/92 deposition
of Dennis Trimble,

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D.B.Trimble Staff DBT-S6

Late filed
deposition
exhibits of Dennis
Trimble, 7/28/92,
Nos. 1-7, and LF
Attachment B
(Late Filed
Deposition Exhibit
6 limited to:
"Testimony,
Exhibits,
Rebuttal, and
Transcripts
Supporting
Elasticity
Estimates Used in
the California IRD
Proceeding":
(a) Attachment
A(2) Kenneth E.
Train Direct
Testimony
(b) Attachment
A(3) Kenneth E.
Train Reply
Testimony
(c) Attachment
A(4) Lester Taylor
Cross Examination
Transcript
(d) Attachment
B(10) Direct
Testimony and
Exhibits of Lee
Selwyn, pp. 42-49,
51-53, 54, 56-58,
60-80, Table 7
(e) Attachment
B(12) Reply
Testimony of
Lester Taylor
(f) Attachment

D.B.Trimble	Staff	DBT-S6	B(13) Reply Testimony of Lee Selwyn, pp. 1, 3- 4, 6-7, 9-20, 22, 24-50 (g) Attachment B(16) Direct and Cross Examination Transcript of Lee Selwyn, pp. 23331- 23392.
		DBT-S7	Transcript of 9/28/92 deposition of Dennis Trimble,
		DBT-S8	Late-filed deposition exhibits of Dennis Trimble, 9/22/92
		DBT-S9	Third supplemental Response to Staff's discovery request dated September 4, 1992
		DBT-S10	Handout entitled "Forecast Modelling Process" presented to parties at open meeting on June 23, 1992 by GTEFL
		DBT-S11	Responses to Staff's 5th Production of Documents Nos. 95, 101A and 5-102

D.B.Trimble	Staff	DBT-S11	Responses to Staff's 17th Production of Documents Nos. 167-170
		DBT-S12	Responses to AT&T's 1st Request for Production of Documents No. 6, 8
		DBT-S13	(a) 11/4/92 Response by GTEFL to Staff's Data Requests regarding the Local Private Line Restructure (b) Attachment B.1, Page 21, of Local Private Line Tariff Filing
		DBT-S14	Staff Compilation of E-1a Touch Call related data
		DBT-S15	GTE Wisconsin Residential Price Elasticity Study
		DBT-S16	Wisconsin Bell Residential Price Elasticity Study Overview
T.C.DeWard	OPC	Appendix I	Qualifications of Thomas C. DeWard, C.P.A.
		Exhibit TCD-1	55 Schedules supporting proposed adjustments

T.C.DeWard	Staff	TCD-S1	Staff Deposition of September 21, 1992, with exhibits and late-filed exhibits
V.A.Montanaro	OPC	VAM-1	GTE's August 7, 1989 letter to the FASBE
		VAM-2	GTE Retiree Health Costs May 1991 (selected pages)
		VAM-3	GTE's November 9, 1989 letter to FASB
		VAM-4	Accounting for the Transition Benefit Obligation
		VAM-5	GTE's June 28, 1990 letter to FASB
		VAM-6	Joint letter July 11, 1990 to USTA re FASB conference call
		VAM-7	GTE's October 12, 1991 SFAS 106 Transitional Benefit Obligation Position Paper
		VAM-8	GTE Florida Incorporated Medical Plan (selected pages)
		VAM-9	GTE's May 21, 1991 letter re VEBA Negotiations

V.A.Montanaro	OPC	VAM-10	Foster and Higgins Study of Health Care Benefits
		VAM-11	Late Filed Deposition Response Hewitt and Associates
		VAM-12	Godwin's comments FASBE's ED November 3, 1989
		VAM-13	Proposed Actuarial Guideline for SFAS 106
		VAM-14	Highlights of AICPA-SEC Joint Meeting
R.E.Poucher	OPC	E.Poucher Exhibit 1	1992-1996 Strat Plan Inside Wire
		E.Poucher Exhibit 2	Inside Wire Revenues and Expenses
		E.Poucher Exhibit 3	FCC Docket 79-105 Memorandum, Opinion and Order
		E.Poucher Exhibit 4	FCC Docket 79-105 Background and Discussion
D.E. Dismukes	Staff	DED-S1	Derivation of Koyck Distributed Lag

D.E.Dismukes	Staff	DED-S2	Estimates of Price and Income Elasticities for Intrastate Toll Calls
		DED-S3	Florida Toll Demand Elasticities
		DED-S4	Intrastate InterLATA Toll Demand Analysis
		DED-S5	IntraLATA Toll Demand Analysis
		DED-S6	Florida Toll Demand Elasticities; A Background Paper
		DED-S7	NRRI Conference: Telecommunications Demand for New and Existing Services- Papers: (a) William E. Taylor, "Introductory Demand Theory and Applied Demand Analysis" (b) Terry Rochefort "Demand Models and Price Elasticity in Regulation: The CRTC Experience" (c) James M. McDonald "Access Demand: Economic Analyses and Policy Issues"

D.E.Dismukes	Staff	DED-S8	Demand Elasticity Studies Performed in Other Jurisdictions: (a) J.R. Breckenfelder "Demand Analysis for Intrastate InterLATA Switched Access" (b) Michigan Elasticity Studies (c) K.C. Bailey "Applications of Pooled Models with Random Coefficients" (d) James M. Griffin, "The Welfare Implications of Externalities and Price Elasticities for Telecommunications Pricing" (1982)
O.D.Fulp	GTEFL	ODF-1	Present to Proposed Revenue Summary
		ODF-2	Present and Proposed Rates and Revenues - InterLATA Access
		ODF-3	Present and Proposed Rates - Private Line
		ODF-4	IntraLATA Private Line Summary

O.D. Fulp	GTEFL	Revised ODF-1	Present to Proposed Revenue Summary
		Revised ODF-2	Present and Proposed Rates and Revenues - InterLATA Access
		Revised ODF-4	IntraLATA Private Line Summary
		----	Revised FPSC MFR Schedule E-1a.3
	Staff	ODF-S1	His portion of transcript of 9/11/92 panel deposition of O.D. Fulp, J.C. Kissell, and E. W. Klassen
		ODF-S2	Late-filed deposition exhibits of 9/11/92 panel deposition of O.D. Fulp, J.C. Kissell, and E.W. Klassen
		ODF-S3	Response to Staff's 6th Set of Interrogatories, Nos. 101-103, 105-107 Responses to Staff's 21st Set of Interrogatories, Nos. 371-375

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O.D.Fulp	Staff	ODF-S4	Responses to AT&T's 1st Set of Interrogatories, Nos. 8-9, 37
		ODF-S5	Response to OPC's 15th Set of Interrogatories, No. 781
		ODF-S6	Responses to AT&T's 1st Request for Production of Documents Nos. 7, 11
J.C.Kissell	GTEFL	JCK-1	Current and Proposed Toll Rates
		JCK-2	MTS Rate Comparison Between Florida LECs
		JCK-3	Average Revenue per Minute
		JCK-4	Current and Proposed WATS/800 Usage Rates
		JCK-5	Proposed ECS Routes
	Staff	JCK-S1	Responses to Staff's 4th Set of Interrogatories, No. 67
			Responses to Staff's 6th Set of Interrogatories, Nos. 111-115

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J.C.Kissell Staff JCK-S1

Responses to
Staff's 8th Set of
Interrogatories,
Nos. 127-129
(including all
supplements)

Responses to
Staff's 10th Set
of
Interrogatories,
Nos. 183, 192-193,
195-198

Responses to
Staff's 14th Set
of
Interrogatories,
Nos. 218-222
(including
supplement)

Responses to
Staff's 16th Set
of
Interrogatories,
Nos. 279-282, 285

Responses to
Staff's 17th Set
of
Interrogatories,
No. 292

Responses to
Staff's 18th Set
of
Interrogatories,
Nos. 293-296, 301-
03, 305-317, 319

J.C.Kissell Staff

JCK-S1

Responses to
Staff's 20th Set
of
Interrogatories,
Nos. 358, 360

Responses to
Staff's 21st Set
of Interrogatories
Nos. 372-373

Responses to
Staff's 22nd
Interrogatories
Nos. 376-383, 387-
390

JCK-S2

Responses to
Staff's 4th
Request for the
Production of
Documents, Nos.
60, 69, 92-93

Responses to
Staff's 8th
Request for the
Production of
Documents, Nos.
128-130

JCK-S3

Responses to
AT&T's 1st Set of
Interrogatories,
Nos. 16, 18

JCK-S4

His portion of
transcript of
9/11/92 panel
deposition of O.D.
Filp, J.C.
Kissell, and E.W.
Klassen

J.C.Kissell	Staff	JCK-S5	Late-filed deposition exhibits of 9/11/92 panel deposition of O.D. Fulp, J.C. Kissell, and E.W. Klassen
		JCK-S6	Responses to AT&T's 1st Request for Production of Documents No. 3
E.W.Klassen	GTEFL	EWK-1	Revenue Impacts
		EWK-2	Basic Local Rate Analysis
		EWK-3	New Services
		Revised EWK-1	Revenue Impacts
		Revised EWK-2	Basic Local Rate Analysis
		---	Revised MFR Schedule E-1a (revision 9/3/92)
	Staff	EWK-S1	Responses to Staff's 6th Set of Interrogatories, No. 98, 104, 116-119
			Responses to Staff's 10th Set of Interrogatories, Nos. 164, 181-183, 192, 194, 196

E.W.Klassen Staff EWK-S1

Responses to
Staff's 14th Set
of
Interrogatories,
Nos. 223-231, 233-
235, 237-238, 240-
251, 252-257

Responses to
Staff's 16th Set
of
Interrogatories,
No. 278, 283-284,
286-290

Responses to
Staff's 17th Set
of
Interrogatories,
No. 291

Responses to
Staff's 18th Set
of
Interrogatories,
Nos. 296-300, 304,
318

Responses to
Staff's 19th Set
of Interrogatories
Nos. 343-345

Responses to
Staff's 20th Set
of Interrogatories
Nos. 359

Responses to
Staff's 22nd Set
of Interrogatories
Nos. 376-393

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E.W.Klassen	Staff	EWK-S1	Responses to Staff's 23rd Set of Interrogatories Nos. 394-395
		EWK-S2	Responses to Staff's 4th Request for the Production of Documents, Nos. 49, 59, 61-65, 67, 68, 81 (including all supplements)
			Responses to Staff's 6th Request for the Production of Documents, Nos. 114
			Responses to Staff's 8th Request for Production of Documents Nos. 128-130
			Responses to Staff's 11th Request for Production of Documents Nos. 134-138
			Responses to Staff's 15th Request for Production of Documents Nos. 152-153

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E.W.Klassen	Staff	EWK-S3	Responses to OPC's 15th Set of Interrogatories, No. 782
		EWK-S4	His portion of transcript of 9/11/92 panel deposition of O.D. Fulp, J.C. Kissell, and E.W. Klassen
		EWK-S5	Late-filed deposition exhibits of 9/11/92 panel deposition of O.D. Fulp, J.C. Kissell, and E.W. Klassen
		EWK-S6	Responses to AT&T's 1st Request for Production of Document Nos. 1
J.P.Gillan	FIXCA/MCI	JPG-1	Qualification, Publications and Testimony of Joseph P. Gillan
S.O.Smith	City of Plant City	SOS-1	Notice of Proposed Agency Action - Order Implementing Individual Option Plans dated June 23, 1985, Order No. 14992

S.O.Smith	City of Plant City	SOS-2	Consummating Order dated October 16, 1985, Order No. 15254
		SOS-3	Notice of Proposed Agency Action - Order Granting Petition for Modification of Order Implementing Optional EAS Plan dated August 26, 1987, Order No. 18049
		SOS-4	Petition on Proposed Agency Action filed by City, dated September 14, 1987
		SOS-5	Letter from Steve Smith dated August 12, 1987.
		SOS-6	Letter from Carl Carpenter dated January 13, 1988
		SOS-7	Order Dismissing Protest of Proposed Agency Action and Accepting Offer of GTEFL for resurvey of 25/25 plan upon certain conditions, Order No. 20949

S.O.Smith	City of Plant City	SOS-8	Motion to Strike Ballot and direct customer survey consistent with Order 19732 filed by City of Plant City
		SOS-9	Motion to waive Procedural Requirement of Rule 25- 4.063(5)(a), FAC to permit approval by majority of votes cast filed by city
		SOS-10	Page 64 of Staff Report dated December 6, 1991 on Docket No. 910179-TL
		SOS-11	Tampa Tribune Editorial dated September 26, 1991
		SOS-12	Proposed rate increases from GTE Florida
		SOS-13	GTEFL's response to Question No. 1 of City of Plant city's First Request for Production of Documents to GTE Florida Incorporated
S.O.Smith	City of	SOS-14	GTEFL's response

Plant City

to Question No. 2
of City of Plant
City's First
Request for
Production of
Documents to GTE
Florida
Incorporated

SOS-15

GTEFL's response
to Question No. 3
of City of Plant
City's First
Request for
Production of
Documents to GTE
Florida
Incorporated

SOS-16

GTEFL's response
to Questions No.
1-8 of City of
Plant City's First
Set of
Interrogatories to
GTE Florida
Incorporated

SOS-17

GTEFL's response
to Question No. 1
of City of Plant
City's Second
Request for
Production of
Documents to GTE
Florida
Incorporated

S.O.Smith	City of Plant City	SOS-18	GTEFL's response to Question No. 2 of City of Plant City's Second Request for Production of Documents to GTE Florida Incorporated
		SOS-19	GTEFL's response to Question No. 3 of City of Plant City's Second Request for Production of Documents to GTE Florida Incorporated
		SOS-20	GTEFL's response to Question No. 4 of City of Plant City's Second Request for Production of Documents to GTE Florida Incorporated
		SOS-21	GTEFL's response to Question No. 5 of City of Plant City's Second Request for Production of Documents to GTE Florida Incorporated

**Exhibits Nos. SOS-13 through SOS-21: Authentication stipulated
by GTEFL.

L.D. Taylor	GTEFL	Rebuttal LDT-1	Vita
		Rebuttal LDT-2	InterLATA Intrastate Reestimation
	Staff	LDT-S1	Recently Published Articles on IntraLATA Toll Demand
		LDT-S2	Responses to Staff's 17th Request for Production of Documents Nos. 168-170
R.W. Featherstone	Staff	RWF-S1	Responses to Staff's 19th Set of Interrogatories Nos. 346-348
		RWF-S2	Responses to Staff's 14th Request for Production of Documents Nos. 150-151
A. Nash	Staff	AN-S1	Responses to Staff's 19th Set of Interrogatories No. 355
R.J. Brillante	Staff	RJB-S1	Responses to Staff's 1st Set of Interrogatories to FCTA

M. Guedel	Staff	MG-S1	Responses of AT&T to GTEFL's 1st Set of Interrogatories to AT&T, Nos. 6-7, 10-12, 18-20
[Pending]	Staff		Responses to Staff's 23rd Set of Interrogatories, Nos. 394-397
[Pending]	Staff		Responses to Staff's 9th Request for the Production of Documents, No. 131
[Pending]	Staff		Responses to Staff's 13th Request for the Production of Documents, Nos. 148-149
[Pending]	Staff		Responses to Staff's 17th Request for the Production of Documents, Nos. 167-170
[Pending]	Staff		Response to Staff's 1st Set of Interrogatories to OPC, No. 1
[Pending]	Staff		Responses to Staff's 1st Set of Interrogatories to Intermedia, Nos. 1-2

[Pending] Staff

Responses to
AT&T's First
Request for the
Production of
Documents, 3, 11-
12

Rebuttal Exhibits

J.R.Barrett	GTEFL	JRB-1	GTECC Simple Inside Wire Maintenance Analysis
	GTEFL	JRB-2	GTECC Summary Income Statement
		JRB-S1	Responses to Staff's 19th Set of Interrogatories No. 351
S.R.Bastian	GTEFL	SRB-1	GTEFL/Supply Service Agreement
C.A.Cline	GTEFL	CAC-1	Benefits of Regular Exercise
		CAC-2	GTE Fitness Study
F.J.Hanley	GTEFL	Rebuttal Exhibit FJH-1 - FJH-6	Rate of Return Study
S.I.Inkrott	GTEFL	Rebuttal SAI-1	Cost Savings
B.A.Johnson	GTEFL	Rebuttal BAJ-1	Revenue Requirement Reconciliation
		Rebuttal BAJ-2	Depreciation Order No. 25378

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B. A. Johnson	GTEFL	Rebuttal BAJ-3	Customer Operations Revenues
		Rebuttal BAJ-4	Directory Revenue
		Rebuttal BAJ-5	Directory Gross Profit Workpapers
		Rebuttal BAJ-6	Net Periodic Pension Cost
B. A. Johnson	GTEFL	Rebuttal BAJ-7	Pension Administration Fees
		Rebuttal BAJ-8	Analysis of Contractor Cost
		Rebuttal BAJ-9	Contractor expenses
		Rebuttal BAJ-10	Analysis of ICGS Costs
		Rebuttal BAJ-11	MARK Expense
		Rebuttal BAJ-12	Public Relations Expense
		Rebuttal BAJ-13	Property Tax Assessment
		Additional Rebuttal BAJ-1	SFAS 106: Change in TBO Amortization
L. B. Reed	GTEFL	LBR-1	Nonaffiliated Revenues
		LBR-2	1991 Competitive Financial Analysis

T.F.Scudder	GTEFL	TFS-1	Client List
		TFS-2	1991 Price Comparison
L.D.Taylor	GTEFL	LDT-1	Vita
		LDT-2	InterLATA Intrastate Reestimation
D.E. Wellemeyer	GTEFL	Rebuttal DEW-1	FCC Part 69 Rules and Regulations
		Rebuttal DEW-2	Treatment of Interstate Billing and Collection Expenses in Test Year Jurisdictional Factor Development
		Rebuttal DEW-3	FCC Part 36 Rules and Regulations
		Rebuttal DEW-4	Calculation of Test Year and Rate Year Jurisdictional Working Capital
J.R. Barrett	GTEFL	Rebuttal JRB-1	GTECC Simple Inside Wire Analysis
		Rebuttal JRB-2	GTECC Summary Income Statement
S.R. Bastian	GTEFL	Rebuttal SRB-1	GTEFL/Supply Service Agreement

C.A. Cline	GTEFL	Rebuttal CAC-1	Benefits of Regular Exercise
		Rebuttal CAC-2	GTE Fitness Study
L.B. Reed	GTEFL	Rebuttal LBR-1	Nonaffiliated Revenues
T.F. Scudder	GTEFL	Rebuttal TFS-1	Client List
		Rebuttal TFS-2	1991 Price Comparison

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

1. **ISSUES 1 and 1A:** Testimony regarding quality of service will be inserted into the record as though read. Parties will forego cross examination of witnesses on this subject (N. Pruitt, A. Taylor, quality of service portion of S. Inkrott).

GTEFL designates the portions of the various testimonies of Stephen A. Inkrott which are applicable to the Stipulations: With the exception of page 16, lines 16-25, and page 17, line 1, all of Mr. Inkrott's Direct Testimony deals with service matters and, therefore, is subject to the Stipulation. Mr. Inkrott's Rebuttal Testimony is all non-service related with the exception of page 9, line 6 through page 11, line 25. GTEFL intends to present Mr. Inkrott's testimony in the foregoing manner absent any objection from the parties.

2. Testimony of R.L. Hodges, regarding depreciation issues will be inserted into the record as though read. Parties will forego cross examination of the witness regarding depreciation issues.
3. **ISSUE 21L:** The Company agrees to increase rent revenues by \$1,196,056.

4. ISSUE 23I: The capital carrying charge should be offset by the amortization of JDITC. Taxes should be reduced by \$16,622.
5. ISSUE 30: GTEFL will file, within 30 days after the date of the final order in this docket, an updated schedule to reflect the actual rate case expense.
6. ISSUE 40G: The depreciation rates that were stipulated in the GTE Depreciation Docket are prudent for the provision of basic local telephone services as they are currently offered.

[The parties to this Docket who were not parties in the Depreciation Docket do not oppose the stipulation of Issue 40G. However, they do not join the stipulation in this Docket regarding the meaning of a stipulation approved by the Commission in the Depreciation Docket.]

7. ISSUE 49: Company will file tariffs on December 31, 1992 with an effective date of January 6, 1993.
8. ISSUE 49A: Customers shall be notified of any rate changes on their first bill after the effective dates of the rate change with a bill insert issued with this first bill.
9. ISSUE 49B: The bill stuffer shall contain the following information:
 - a) An overview of the case and a summary of the final order.
 - b) A summary of services for which rates have been adjusted, with current rates and approved rates listed side by side.
 - c) A statement that information on the new rates is available at GTEFL business offices.
 - d) Explanation of the credit for discontinuance or modification of service and how it may be obtained.

The bill stuffer shall be submitted to the Commission Staff for review within 5 days of the Commission's vote.

10. MFR workpapers are included in the record of this docket. References to the MFRs include the supporting workpapers.

11. FAS 106 is included in the record of this case.
[Due to the voluminous nature of this document, staff will provided one copy to be included in the case file in this Docket. No other copies of the document will be provided.]
12. At the September 18, 1992, Prehearing Conference the parties stipulated that there was adequate notice for the full panel to hear argument and decide whether Class B Practitioners may participate in the case in that capacity and also testify in the case.

IX. PENDING MOTIONS

GTEFL: GTEFL has propounded discovery on certain parties which may ultimately reach the motion stage; however, such matters are not ripe at the present time.

X. RULINGS

1. The following issue which was proposed by OPC will not be included in the case:

If the transfer of the unallocated depreciation reserve to the inside wire reserve for 1991 resulted in a reduction in the depreciation expense and thus an increase in earnings for the company and the company earned in excess of its midpoint of the authorized return on equity, should such earnings be returned to the ratepayer?

2. Docket No. 920939-TL - Resolution by the City Commission of the City of Plant City and the Hillsborough County Board of County Commissioners for Extended Area Service Between the Plant City Exchange and All of Hillsborough County - shall run concurrently with the GTE Rate Case Docket.
3. A Motion to Extend Time for Filing Direct Testimony by the City of Plant City is granted. The date for filing Rebuttal Testimony to Plant City's Direct Testimony shall be October 5, 1992.
4. A Motion for Late Filing of Prehearing Statement filed by Intermedia Communications of Florida, Inc. was granted.

5. A Motion for Late Filing of Prehearing Statement filed by OPC was granted.

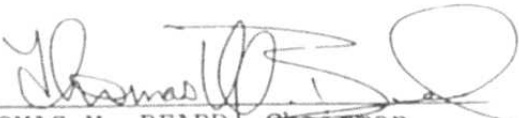
6. Issue 38A shall be addressed by the parties in briefs only. The decision regarding this Issue shall be a PAA which is severable from the Rate Case Order. Participation by parties at the special agenda in this docket shall be strictly limited to PAA issues.

7. After hearing oral argument on the matter, the full panel denied a GTEFL Motion to Strike the Florida Interexchange Carriers Association as an Intervenor, or in the Alternative, to Strike the Testimony of Joseph Gillan or to Require the Florida Interexchange Carriers Association to Hire Counsel. The Motion was expanded at the Prehearing Conference to include Douglas Metcalf who, like Mr. Gillan, is a Class B Practitioner participating in this case in that capacity and also testifying in the case. The motion was denied as it applied to both Mr. Gillan and Mr. Metcalf.

It is therefore,

ORDERED by Chairman Thomas M. Beard, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Chairman Thomas M. Beard, as Prehearing Officer, this 6th day of OCTOBER, 1992.


THOMAS M. BEARD, chairman
and Prehearing Officer

(S E A L)

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.