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February 7, 1997

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970172-TL

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

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation in the above docket are the original and 15 copies of MCI's Petition to Reduce CCL to Remove Payphone Investment from Rates of BellSouth.

By copy of this letter this document has been provided to the parties on the attached service list.

Very truly yours,

*Richard D. Melson*

Richard D. Melson

- ACK
- AFM \_\_\_\_\_
- APP \_\_\_\_\_ RDM/cc
- CIF \_\_\_\_\_ Enclosures
- CMU \_\_\_\_\_ cc: Service List
- CTD \_\_\_\_\_
- E \_\_\_\_\_
- LET \_\_\_\_\_
- LP \_\_\_\_\_
- E \_\_\_\_\_
- R \_\_\_\_\_
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STATE OF FLORIDA  
DEPARTMENT OF RECORDS

DOCUMENT NUMBER-DATE

01447 FEB-76

FPSC-RECORDS/REPORTING

ORIGINAL  
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: MCI Telecommunications Corporation's	)	Docket No.
Petition to Reduce CCL to Remove Deregulated	)	
Payphone Investment from the rates of	)	
BellSouth Telecommunications, Inc.	)	Filed: February 7, 1997

MCI'S PETITION TO REDUCE CCL TO REMOVE PAYPHONE INVESTMENT FROM RATES OF BELLSOUTH

Comes now, MCI Telecommunications Corporation (MCI) and hereby files this petition against BellSouth Telecommunications, Inc. (BST) and requests that the Florida Public Service Commission (Commission) order BellSouth to remove from its intrastate operations its deregulated payphone investment and associated expenses and reduce the Carrier Common Line rate element of BST's intrastate switched access charges by approximately \$36.5 million as required by the Federal Telecommunications Act of 1996.

BACKGROUND

1. Petitioner's full name and business address for its Florida operations are:

MCI Telecommunications Corporation  
 780 Johnson Ferry Road, Suite 700  
 Atlanta, GA 30342

2. Respondent's full name and business address are:

BellSouth Telecommunications, Inc.  
 675 West Peachtree Street, Suite 4300  
 Atlanta, GA 30375

3. The names and addresses of petitioner's representatives to receive copies of notices and orders in this docket are:

Michael J. Henry  
 MCI Telecommunications Corporation  
 780 Johnson Ferry Road, Suite 700  
 Atlanta, GA 30342

Richard D. Melson  
 Hopping Green Sams & Smith, P.A.  
 P.O. Box 6526  
 Tallahassee, FL 32314

DOCUMENT NUMBER-DATE  
 01447 FEB-7 97  
 FPSC-RECORDS/REPORTING

## LEGAL BASIS FOR COMPLAINT

4. Section 276 of the Federal Telecommunications Act of 1996 (FTA) provides that BellSouth "shall not subsidize its payphone service directly or indirectly from its exchange service operations or its exchange access operations." § 276(a)(1).
5. The FTA directs that the Federal Communications Commission (FCC) "shall take all actions necessary to prescribe regulations that ... discontinue the intrastate and interstate carrier access charge payphone service elements and payments ... and all intrastate and interstate payphone subsidies from basic exchange and exchange access revenues." § 276(b)(1)(B).
6. In its Report and Order in CC Dockets 96-128 and 91-35 (hereinafter, "FCC Order"), the FCC directed that BellSouth file interstate tariffs on January 15, 1997 to "reduce their interstate CCL charges by an amount equal to the allocation of payphone costs currently recovered through those charges." FCC Order, ¶ 181.
7. The FCC Order further stated, "we adopt rules that provide for the removal from regulated intrastate and interstate rate structures of all charges that recover the costs of payphones." FCC Order, ¶ 183.
8. The FCC dealt with intrastate payphone subsidies at ¶ 186 of its Order as follows:

"We require, pursuant to the mandate of Section 276(b)(1)(B), incumbent LECs to remove from their intrastate rates any charges that recover the costs of payphones. Revised intrastate rates must be effective no later than April 15, 1997. Parties did not submit state specific information regarding the intrastate rate elements that recover payphone costs. States must determine the intrastate rate elements that must be removed to eliminate any intrastate subsidies within this time frame."
9. Finally, Section 276(c) of the FTA explicitly provides that to the extent any state requirements are inconsistent with FCC regulations, the FCC regulations shall preempt the state requirements.
10. While Section 276 of the FTA vests authority with the FCC to remove intrastate payphone subsidies from intrastate carrier access charges, it is apparent that the FCC has deferred that authority to the Commission to "determine the intrastate rate elements that must be removed to eliminate the intrastate subsidies" by no later than April 15, 1997. (FCC Order, ¶ 186).

## FACTUAL ALLEGATIONS IN SUPPORT OF THE COMPLAINT

11. The FCC concluded that the best way "to effectuate the [FTA's] mandate that access charge payphone service elements and payphone subsidies be discontinued ... [is to treat] incumbent LEC payphones as detariffed and deregulated CPE.... we conclude that LEC payphones must be treated as unregulated, detariffed CPE in order to insure that no subsidies

are provided from basic exchange and exchange access revenues or access charge payphone service elements as required by the [FTA].\* FCC Order, ¶ 142.

12. The FCC identified the specific assets to be deregulated and removed from the regulated books to include all facilities related to payphone service, including associated accumulated depreciation and deferred income tax liabilities. FCC Order, ¶ 159. Specifically, the FCC concluded that the payphone investment in Account 32.2351, Public telephone terminal equipment, and any other assets used in the provision of payphone service, along with the accumulated depreciation and income tax liabilities should be directly assigned or allocated. FCC Order, ¶ 163.

13. As a result, the FCC directed BST and other incumbent LECs to file tariffs by January 15, 1997 to reduce the Carrier Common Line (CCL) rate element of interstate switched access charges to reflect the revenue requirement reduction effect of the removal of the interstate portion (i.e. 25%) of payphone assets and payphone operations expenses.

14. BST made its filing with the FCC on December 11, 1996, reflecting the removal of deregulated payphone investment and payphone operations expenses from its regulated accounts. The "payphone revenue requirements" removed from BST's regulated interstate accounts reflected a revenue requirements reduction of \$33.7 million. However, under the FCC's Price Cap regime, BST has indicated that it will make no interstate CCL rate reduction.

15. Based on the attached Affidavit of Lane Kollen (See Attachment 1), CPA with Kennedy and Associates, the intrastate deregulated payphone revenue requirements associated with the removal of payphone investment and associated expenses, for BST's Florida intrastate operations, based on the methodology used at the interstate level, is approximately \$36.5 million.<sup>1</sup>

16. This revenue requirement reduction of approximately \$36.5 million necessary to remove the deregulated payphone investments and associated expenses from BST's Florida intrastate operations should be implemented by requiring BST to reduce its intrastate CCL charge.

#### **PUBLIC POLICY REASONS FOR REDUCING BST'S INTRASTATE CCL CHARGE**

17. The underlying premise of Section 276 of the FTA was to establish a "per call" compensation mechanism to compensate payphone providers when a MCI or other Interexchange Carrier (IXC) customer places a call from a payphone. This compensation scheme is to apply to BST after BST has removed the payphone subsidies from their regulated telephone operations. "One of the primary goals of Section 276 is that a BOC shall not be

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<sup>1</sup> The FCC Order, at ¶ 164, discusses the transfer of payphone investment and associated expenses and taxes at the higher of fair market value or net book cost where the assets are being transferred to a structurally separate affiliate, as BellSouth has done. MCI has not performed a "fair market value" analysis of BellSouth's payphone operations.

allowed to subsidize its payphone operations directly or indirectly from its telephone exchange operations." FCC Order, ¶ 169.

18. Acting under the mandate to establish a payphone compensation scheme to compensate payphone providers for all calls, the FCC established a compensation amount of \$45.85 per payphone per month to be paid by MCI and other IXC's whose customers use payphones. This represents a significant cost increase from the present level of \$6.00 per payphone per month established previously by the FCC and the \$3.00 per payphone per month established by this Commission.

19. In addition to the significant increase in the monthly cost per payphone, the number of payphones eligible for this compensation from MCI and other IXC's will increase dramatically once BST and other incumbent LEC payphones become eligible for this compensation. The FCC Order stated that, on a national basis, it is estimated that there are 350,000 independent payphones and 1.5 million Bell Operating Company payphones. See, FCC Order, ¶ 9.

20. BST's payphones will become eligible for this compensation after BST has removed the payphone subsidies from its regulated operations. Since the present payphone subsidies will, in effect, be replaced by compensation from the IXC industry, it is only appropriate and imperative that the intrastate subsidy be eliminated by reducing BST's intrastate switched access charges which are also paid by the IXC's.<sup>2</sup>

#### STATEMENT OF DISPUTED ISSUES AND REQUEST FOR RELIEF

21. MCI's substantial interests are affected by BST's potential recovery of payphone costs through both the payphone compensation mechanism established under the FTA and through the existing subsidy contained in BST's intrastate CCL charges.

22. MCI is not aware of any disputed issues of material fact. MCI assumes that BellSouth may question the calculation of the revenue requirement reduction necessary to remove the deregulated payphone investment and associated expenses, and the identification of the rates that should be reduced in order to eliminate the subsidy.

23. MCI is entitled to relief under the Federal Telecommunications Act, the FCC's report and Order in CC Dockets 96-128 and 91-35, and Chapter 120, Florida Statutes.

WHEREFORE, MCI requests that the Commission:

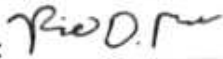
- (1) direct BellSouth to file with the Commission an intrastate switched access tariff to remove the deregulated payphone investment and associated expenses and to reduce BST's intrastate CCL charge to reflect the removal of the payphone investment and associated expenses in its intrastate Florida operations;

<sup>2</sup> Based on the Commission's 1996 Report to the Legislature and Governor, the Commission estimated that there are approximately 67,141 LEC payphones in Florida at the end of 1995. At \$45.85 per payphone per month, the cost increase to the IXC industry will amount to approximately \$36.9 million per year. Reductions in intrastate switched access rates are necessary simply to approximate a "break even" for the IXC industry to offset the cost increases from the FCC Order.

(2) establish an expedited discovery and procedural schedule that will permit MCI to conduct discovery on BellSouth's filing and result in a hearing and decision on the removal of the payphone subsidy from BST's intrastate carrier access operations by April 15, 1997, as required by the FCC.

RESPECTFULLY SUBMITTED this 7th day of February, 1997.

HOPPING GREEN SAMS & SMITH, P.A.

By: 

Richard D. Melson  
P.O. Box 6526  
Tallahassee, FL 32314  
(904) 425-2313

and

MICHAEL J. HENRY  
MCI Telecommunications Corporation  
780 Johnson Ferry Road, Suite 700  
Atlanta, GA 30342  
(404) 267-6373

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 7th day of February, 1997.

Martha Carter Brown  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

Nancy White  
c/o Nancy Sims  
BellSouth Telecommunications  
150 S. Monroe Street, Suite 400  
Tallahassee, FL 32301

*Richard D. [Signature]*

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Attorney

## AFFIDAVIT

### STATE OF GEORGIA COUNTY OF FULTON

Before me, the undersigned Notary Public in and for the County of Fulton, State of Georgia, personally came and appeared Lane Kollen, who was sworn by me and attested to the following facts:

1. My name is Lane Kollen. I am a Vice President and principal with the firm of J. Kennedy and Associates, Inc., an economic consulting firm specializing in utility ratemaking, financial, and organizational issues. My business address is 35 Glenlake Parkway, Suite 475, Atlanta, Georgia 30328.
2. I am a Certified Public Accountant and a Certified Management Accountant. I hold both a Master of Business Administration degree and a Bachelor of Business Administration degree from the University of Toledo.
3. I have been extensively involved in the utility industry since 1976. I have been actively involved in utility regulation and financial matters, including the development of revenue requirements and cost allocation. A more detailed description of my regulatory experience and a listing of my regulatory appearances is attached as Exhibit 1 to this Affidavit.



4. The Telecommunications Act of 1996 ("1996 Act") was signed into law on February 8, 1996. Section 276 of the 1996 Act provided for the deregulation of the payphone industry.
5. Section 276 (b) (1) (B) of the 1996 Act required the discontinuance of both the "intrastate and interstate carrier access charge payphone service elements and payments," as well as the removal of all "intrastate and interstate payphone subsidies" provided by the local exchange carriers to their payphone operations through exchange access and basic exchange revenues.
6. Section 276 (b) (1) of the 1996 Act directed the FCC to develop rules and regulations to accomplish the removal of the intrastate and interstate access charge payphone service elements, payments, and subsidies.
7. In accordance with the requirements of the 1996 Act, the FCC issued the Report and Order and Order on Reconsideration (FCC 96-388 and FCC 96-439), In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket Nos. 96-128 and 91-35, released on September 20, 1996 and November 8, 1996 ("Orders"). The Orders establish criteria for quantifying the deregulated payphone revenue requirement in order to remove that component from the interstate carrier common line charge.

8. The Orders also directed the local exchange carriers to make filings with the FCC by January 15, 1997 providing both the quantification of the deregulated payphone revenue requirement and amended interstate switched access tariffs reflecting the removal of the deregulated payphone revenue requirement.
9. On December 11, 1996 BellSouth Telecommunications, Inc. ("BellSouth") filed the quantification of its interstate deregulated payphone revenue requirement and the effect on its carrier common line charge. I have replicated and attached to this Affidavit as Exhibit 2 the summary of the Company's revenue requirement quantification from that filing.
10. The computation by BellSouth of its interstate deregulated payphone revenue requirement is based upon its station equipment investment, the FCC authorized rate of return, the related depreciation expense, and other expenses.
11. The interstate filing by BellSouth relies upon data that is source-referenced to line items from the carrier's ARMIS Report 43-01 data filed with the FCC for calendar year 1995. The quantification of the payphone components of the ARMIS data reflects the carrier's application of the Part 36 interstate/intrastate separations process and the Part 69 apportionment and access charge computation process.

12. The 1996 Act also requires the removal of intrastate deregulated payphone recoveries and subsidies from regulated and tariffed revenues. However, BellSouth has made no filing before the Florida Public Service Commission to quantify the intrastate deregulated payphone revenue requirement or to amend its tariffs to reduce intrastate access charges.
  
13. In the absence of a Florida intrastate filing by BellSouth, I have quantified its intrastate deregulated payphone revenue requirement as \$37.492 million. I have replicated and attached to this Affidavit as Exhibit 3 this revenue requirement computation. To prepare the intrastate revenue requirement, I have relied upon the BellSouth interstate filing as well as the Company's ARMIS Report 43-04 data for calendar year 1995. For intrastate purposes, I have applied the apportionment methodologies of Part 69 in a manner similar to that employed by the LECs in their interstate filings.
  
14. The intrastate deregulated payphone revenue requirement that I have quantified is subject to further refinement upon receipt of additional data, computations, and documents from the Company.

  
\_\_\_\_\_  
Lane Kollen

Sworn to and subscribed before me this  
7th day of February 1997

  
\_\_\_\_\_  
Notary Public

Notary Public, Cobb County, Georgia.  
My Commission Expires January 26, 2001

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### EDUCATION

University of Toledo, BBA  
Accounting

University of Toledo, MBA

### PROFESSIONAL CERTIFICATIONS

Certified Public Accountant (CPA)

Certified Management Accountant (CMA)

### PROFESSIONAL AFFILIATIONS

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

Institute of Certified Management Accountants

Institute of Management Accountants

Seventeen years utility industry experience in the financial, rate, and planning areas. Specialization in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition diversification. Expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### EXPERIENCE

1986 to

Present:

Kennedy and Associates: Vice President and Principal. Responsible for utility revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Minnesota, North Carolina, Ohio, Pennsylvania, Texas, and West Virginia Public Service Commissions and the Federal Energy Regulatory Commission.

1983 to

1986:

Energy Management Associates: Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

1976 to

1983:

The Toledo Edison Company: Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

- Rate phase-ins.
- Construction project cancellations and write-offs.
- Construction project delays.
- Capacity swaps.
- Financing alternatives.
- Competitive pricing for off-system sales.
- Sale/leasebacks.

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J. KENNEDY AND ASSOCIATES, INC.

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### CLIENTS SERVED

#### Industrial Companies and Groups

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
Connecticut Industrial Energy Consumers	Occidental Chemical Corporation
ELCON	Ohio Industrial Energy Consumers
Enron Gas Pipeline Company	Ohio Manufacturers Association
Florida Industrial Power Users Group	Philadelphia Area Industrial Energy
General Electric Company	Users Group
GPU Industrial Intervenors	PSI Industrial Group
Indiana Industrial Group	Smith Cogeneration
Industrial Consumers for	Taconite Intervenors (Minnesota)
Fair Utility Rates - Indiana	West Penn Power Industrial Intervenors
Industrial Energy Consumers - Ohio	West Virginia Energy Users Group
Kentucky Industrial Utility Consumers	Westvaco Corporation

#### Regulatory Commissions and Government Agencies

Georgia Public Service Commission Staff  
Kentucky Attorney General's Office, Division of Consumer Protection  
Louisiana Public Service Commission Staff  
New York State Energy Office  
Office of Public Utility Counsel (Texas)

## RESUME OF LANE KOLLEN, VICE PRESIDENT

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### Utilities

Allegheny Power System  
Atlantic City Electric Company  
Carolina Power & Light Company  
Cleveland Electric Illuminating Company  
Delmarva Power & Light Company  
Duquesne Light Company  
General Public Utilities  
Georgia Power Company  
Middle South Services  
Nevada Power Company  
Niagara Mohawk Power Corporation

Otter Tail Power Company  
Pacific Gas & Electric Company  
Public Service Electric & Gas  
Public Service of Oklahoma  
Rochester Gas and Electric  
Savannah Electric & Power Company  
Seminole Electric Cooperative  
Southern California Edison  
Talquin Electric Cooperative  
Tampa Electric  
Texas Utilities  
Toledo Edison Company

Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdct.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim 19th Judicial District Ct.	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	H-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements. Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebut	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebut	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-5C Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR- 87-223	MN	Taconice Intervenors	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.



Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdic.	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Arco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
11/92	8649	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Arco Advanced Materials Co., The MPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.

Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdct.	Party	Utility	Subject
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County completion.
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.

Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdct.	Party	Utility	Subject
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800 355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71)
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of cancelled plant.
6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-or-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.

Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdct.	Party	Utility	Subject
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenors	Niagara Mohawk Power Corp.	Incentive regulation.
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Amco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231 -E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.

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As of January 1997

Date	Case	Jurisdiction	Party	Utility	Subject
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
3/93	93-01 EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Amco Steel Industrial Energy Consumers	Cincinnati Gas	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Audit and investigation into fuel clause costs.

Expert Testimony Appearances  
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As of January 1997

Date	Case	Jurisdiction	Party	Utility	Subject
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
5/94	U- 0178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Rebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltWin asset deferred taxes, other revenue requirement issues.

J. KENNEDY AND ASSOCIATES, INC.

Expert Testimony Appearances  
of  
Lane Kollen  
As of January 1997

Date	Case	Jurisdic.	Party	Utility	Subject
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Division	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltIn asset deferred taxes, other revenue requirement issues.
12/95	I-21485 (Surrebuttal)				
1/96	95-299- EL-AIR 95-300- EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co. The Cleveland Electric Illuminating Co.	Competition; asset writeoffs and revaluation, O&M expense, other revenue requirement issues.
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co. and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltIn asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.

01/13/87

WORKPAPER PAY EXOG

COMMON LINE PAYPHONE EXOGENOUS COST

TARIFF EN: GTE - FLORIDA  
 TELCO: GTE FLORIDA, INCORPORATED  
 STUDY AREA: FLORIDA (F111)  
 COBA: GTFL

## PAYPHONE SET EXOGENOUS COST DEVELOPMENT:

LINE		
1	1985 Total Common Line Revenue Requirement (Separations study supporting ARMS filings)	185,118,180
2	69,501(d) Pay Telephone Revenue Requirement	
3	Pay Telephone Revenue Requirement (Inmate Set Cost)	72,378
4	Pay Telephone Revenue Requirement (Non-Inmate Set Cost)	2,088,822
5	Pay Telephone Revenue Requirement (Line Cost)	1,913,978
6	"Payphone Cost Allocator" [(L4)/L1]	0.0111783
7	Common Line "R" Value **	197,536,661
8	Payphone Exogenous Cost [(L6 x L7)-L3]	2,135,382

\*\* Source: 1986 Filing for 800 Data Base Tariff GTOC Transmittal No. 1087  
 (includes Inmate Pay Telephone exogenous)



Analysis of Interstate Pay Phone Revenue Requirement  
 OTE Florida Incorporated  
 P-7862A  
 J.V. 11/25 TO DEC 1985

		Total Interchange	Common Line Pay	Interchange Loop	Interchange Station	Percent of Total	Total State	State Pay	50% Loop	State Station
L1	Cashless	0	0		0		0	0		0
L2	Coin Operated	4,745	4,745		4,745		14,235	14,235		14,235
L3	NOT Equipment	4,745	4,745		4,745		14,235	14,235		14,235
L4	CO Equipment	62,341	421	0			187,023	1,263	0	
L5	CAWP	441,818	2,887	2,887			1,225,447	8,081	1,263	
L6	OTI-ER Investment	423,091	1,864	620	864		1,288,489	3,800	1,626	
L7	Reserves	419,001	5,770	1,714	4,058		1,255,505	17,431	4,590	
L8	Average Net Investment	912,802	3,887	2,314	1,573		1,577,889	10,818	7,291	
L9	Authorized Rate of Return	0.1125	0.1125	0.1125	0.1125		0.1125	0.1125	0.1125	
L10	Net Return		435	200	175			1,228	620	
L11	Fixed Charges	15,556	117	49	68		48,091	338	228	
L12	FTC Amortization	1,818	17	7	10		5,065	48	21	
L13	FTB Income Adjustments	2,433	25	11	15		7,847	74	31	
L14	FCC Income Adjustments	138	1	0	1		0	0	0	
L15	FTT Taxable Income		327	215	112		815	815	605	
L16	Grass FT		178	116	62		483	483	328	
L17	Net FT		159	109	51		443	443	305	
L18	Other State & Local Taxes	12,725	132	55	77		53,383	520	217	
L19	BIT Taxable Income		835	308	248		1,827	1,827	1,147	
L20	BIT	0.005	37	22	14		112	112	87	
L21	Depreciation Expenses		1,032	275	757		3,113	529	217	
L22	Expenses Less Depreciation		2,373	479	1,894		8,364	1,365	80	
L23	Intangible Revenues	7,783	59	35	24		17,414	121	80	
L24	Uncollectible Revenues	3,182	24	14	10		22,583	161	108	
L25	Other Operating Income/Loss	(9)	(9)	(9)	(9)		(9)	(9)	(9)	
L26	Non-Operating Items	643	7	3	4		2,154	21	9	
L27	Revenue Requirement		4,140	1,183	2,957		13,843	3,829	3,829	
										10,458

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