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February 7, 1997

970173 - TP

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 GTE Florida.

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 RDM/cc
- AFA Enclosures
- APP cc: Service List
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OPC
- RCH
- SEC 89172.1
- WAS
- OTH

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DOCUMENT NUMBER-DATE
01449 FEB-75
FPSC-RECORDS/REPORTING

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)
GTE Florida, Incorporated.) Filed: February 7, 1997

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

Comes now, MCI Telecommunications Corporation (MCI) and hereby files this petition against GTE Florida Incorporated (GTEFL) and requests that the Florida Public Service Commission (Commission) order GTEFL to remove from its intrastate operations its deregulated payphone investment and associated expenses and reduce the Carrier Common Line rate element of GTEFL's intrastate switched access charges by approximately \$9.6 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:

GTE Florida, Inc.
One Tampa City Center
201 North Franklin Street
Tampa, Florida 33601
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

01449 FEB-75

FPSC-RECORDS/REPORTING

LEGAL BASIS FOR COMPLAINT

4. Section 276 of the Federal Telecommunications Act of 1996 (FTA) provides that ILECs "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 GTEFL 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 GTEFL 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. GTEFL made its filing with the FCC on January 15, 1997, reflecting the removal of deregulated payphone investment and payphone operations expenses from its regulated accounts. The "payphone revenue requirements" removed from GTEFL's regulated interstate accounts reflected a revenue requirements reduction of approximately \$2 million. However, under the FCC's Price Cap regime, GTEFL 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 GTEFL's intrastate operations, based on the methodology used at the interstate level, is approximately \$9.6 million.

16. This revenue requirement reduction of approximately \$9.6 million necessary to remove the deregulated payphone investments and associated expenses from GTEFL's intrastate operations should be implemented by requiring GTEFL to reduce its intrastate CCL charge.

PUBLIC POLICY REASONS FOR REDUCING GTEFL'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 Carriers (IXC) customer places a call from a payphone. This compensation scheme is to apply to GTEFL after GTEFL 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 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 IXCs 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 IXCs will increase dramatically once GTEFL 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. GTEFL's payphones will become eligible for this compensation after GTEFL 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 GTEFL's intrastate switched access charges which are also paid by the IXCs.¹

STATEMENT OF DISPUTED ISSUES AND REQUEST FOR RELIEF

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

22. MCI is not aware of any disputed issues of material fact. MCI assumes that GTEFL 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;

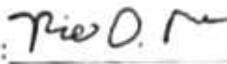
(1) direct GTEFL to file with the Commission an intrastate switched access tariff to remove the deregulated payphone investment and associated expenses and to reduce GTEFL's intrastate CCL charge to reflect the removal of the payphone investment and associated expenses in its intrastate Florida operations;

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

¹ 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.

RESPECTFULLY SUBMITTED this 7th day of February, 1997.

HOPPING GREEN SAMS & SMITH, P.A.

By: 

Richard D. Nelson
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

Kimberly Caswell
c/o Richard Fletcher
GTE Florida, Inc.
106 E. College Avenue, #1440
Tallahassee, FL 32301-7704

Richard D. Mac

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.

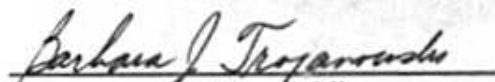
4. The Telecommunications Act of 1996 ("1996 Act") was signed into law on February 8, 1996. Section 276 of the 1996 Act provided for the deregulation of the payphone industry.
5. Section 276 (b) (1) (B) of the 1996 Act required the discontinuance of both the "intrastate and interstate carrier access 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 or about January 13, 1997, GTE, Incorporated filed the quantification of its GTE-Florida, Inc. ("GTE-Florida") 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 Company's revenue requirement quantification from that filing. The Company's interstate filing does not appear to have included workpapers supporting the GTE-Florida Part 36 separations and Part 69 apportionments.
10. The 1996 Act also requires the removal of intrastate deregulated payphone recoveries and subsidies from regulated and tariffed revenues. However, GTE-Florida 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.
11. In the absence of a Florida intrastate filing by GTE-Florida, I have quantified its intrastate deregulated payphone revenue requirement as \$10.458 million. I have replicated and attached to this Affidavit as Exhibit 3 this revenue requirement computation. To prepare the intrastate revenue requirement, I applied Part 36 interstate/intrastate separations and Part 69 apportionment methodologies to the ARMIS Report 43-04 data for calendar year 1995 in a manner similar to that employed by other 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 20, 2001

RESUME OF LANE KOLLEN, VICE PRESIDENT

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

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.

RESUME OF LANE KOLLEN, VICE PRESIDENT

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 Energy Consumers
Bethlehem Steel	Occidental Chemical Corporation
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy Users Group
Florida Industrial Power Users Group	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for Fair Utility Rates - Indiana	West Virginia Energy Users Group
Industrial Energy Consumers - Ohio	Westvaco Corporation
Kentucky Industrial Utility Consumers	

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

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	Jurisdiction	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-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9685	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR- 87-223	MN	Taconite 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	Jurisdiction	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-of-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., Armo 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.

Expert Testimony Appearances
of
Lane Kollen
As of January 1997

Date	Case	Jurisdiction	Party	Utility	Subject
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco 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-CDI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco 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
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Lane Kollen
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/Energy 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/Energy Corp.	Merger.
4/93	92-1464- EL-AIR	OH	Air Products Arasco 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/Energy 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.

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Date	Case	Jurisdct.	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-20178	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 AltMin asset deferred taxes, other revenue requirement issues.

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Date	Case	Jurisdiction	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 12/95	U-21485 (Subplemental Direct) 1-21485 (Surrebuttal)	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
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 AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.

PAY TELEPHONE WORKPAPER
DEVELOPMENT OF REVENUE REQUIREMENTS

CLASSIFICATION		PAY TELEPHONE SET	PAY TELEPHONE	PAY TELEPHONE	TOTAL
		COSTS INCLUDING PRIVATE ALLOCATED USING PART 89 RULE 'B (A)	LINE COSTS ALLOCATED USING PART 89 RULE 'B (B)	1986 CALENDAR YEAR ANNUAL COSTS (C = A+B)	COMMON LINE 1986 CALENDAR YEAR ANNUAL COSTS (D)
L1	NOT EQUIPMENT	ARMS L1670 (APPENDIX A, Page #3)	66,812,638	0	66,812,638
L2	OTHER INVESTMENT	ARMS L1680 + ARMS L1790 - L1	8,708,357	45,463,792	55,180,100
L3	RESERVES	ARMS L1890	62,196,042	24,228,863	76,434,925
L4	AVERAGE NET INVESTMENT	(L1+L2+L3)	24,322,953	21,224,869	45,547,822
L5	AUTHORIZED RATE OF RETURN		0.1125	0.1125	0.1125
L6	NET RETURN	(L4 X L5)	2,738,332	2,387,796	5,124,130
L7	FIXED CHARGES	ARMS L1510	907,513	539,258	1,447,071
L8	FIT ADJUSTMENTS	ARMS L1520-L1530	64,925	36,667	103,492
L9	ITC	ARMS L1540	83,478	56,527	140,005
L10	FIT TAXABLE INCOME	(L8-L7-L9+L6)	1,798,896	1,831,890	3,631,546
L11	FIT GROSS-UP FACTOR	.35(1-.35)	0.336462	0.336462	0.336462
L12	GROSS FIT	L11 X L10	989,213	989,226	1,988,448
L13	NET FIT	(L12-L8)	875,735	830,708	1,806,443
L14	SIT ADJUSTMENTS	COMPANY RECORDS	431,040	258,046	687,086
L15	SIT TAXABLE INCOME	(L13-L14)	3,200,219	3,073,661	6,274,080
L16	SIT GROSS-UP FACTOR	(.068986(1-.068986))	0.060327	0.060327	0.060327
L17	SIT	(L15 X L16)	193,061	185,436	378,498
L18	DEPRECIATION EXPENSES	ARMS L1180	6,748,271	2,837,204	9,585,475
L19	EXPENSES LESS DEPRECIATION	ARMS L1190-L1190-L1390-L1430	29,827,220	6,166,496	35,913,715
L20	REVENUE REQUIREMENTS AT 11.25% EXCLUDING LTS (L6+L13+L17+L18+L19)		39,380,618	12,627,643	52,008,261
L21	LONG TERM SUPPORT PAYMENT (LTS) ARMS L1020		0	0	0
L22	REVENUE REQUIREMENTS AT 11.25% INCLUDING LTS (L20+L21)		39,380,618	12,627,643	52,008,261

NOTE: "ARMS" data for Column D obtained from BELL SOUTH's ARMS Quarterly Report, FCC Report 43-01 filed April 1, 1986 for the period January 1, 1985 to December 31, 1985.
 "ARMS" data for Pay Telephone Column C obtained from BELL SOUTH's Problems 1985 ARMS Quarterly Report, FCC Report 43-01, Appendix B.

Analysis of Interstate Pay Phone Revenue Requirement
 BELLSOUTH TELECOMMUNICATIONS
 Florida
 Jan 1980 to Dec 1985

		Total Interstate Pay	Common Line Pay	Interstate Loop	Interstate Station	Percent of Total	Total Funds	State Pay	State Loop	State Station
L1	Coairlines	307	307		307		1,858	1,858		1,858
L2	Cain Operated	14,833	14,833		14,833		43,899	43,899		43,899
L3	KOT Equipment	14,940	14,940	0	14,940		45,555	45,555	0	45,555
L4	CO Equipment	355,791	4,578	4,578			1,087,341	13,728	13,728	13,728
L5	C&WF	1,118,558	14,390	14,390			3,300,885	43,170	43,170	43,170
L6	OTHER Investment	829,778	4,410	2,467			3,258,877	18,828	8,348	7,483
L7	Reserves	1,339,454	23,347	11,804	1,943		4,172,882	70,505	30,838	32,791
L8	Average Net Investment	1,079,803	14,969	8,829	11,743		3,534,548	48,778	35,428	20,287
L9	Authorized Rate of Return	0.1125	0.1125	0.1125	0.1125		0.1125	0.1125	0.1125	0.1125
L10	Net Return	1,864	1,864	1,108	578		5,487	3,963	2,862	2,862
L11	Fixed Charges	32,553	451	252	189		103,872	1,431	1,038	885
L12	ITC Amortization	3,024	48	27	21		9,408	148	81	65
L13	RS Income Adjustments	(1,828)	(28)	(16)	(13)		(7,154)	(111)	(82)	(49)
L14	FCC Income Adjustments	289	5	3	2		0	0	0	0
L15	FTT Taxable Income	1,181	1,181	813	348		3,800	2,802	2,802	1,573
L16	Gross FTT	825	825	438	187		2,048	1,509	1,509	847
L17	Net FTT	577	577	411	168		1,800	1,428	1,428	782
L18	Other State & Local Taxes	35,873	588	318	250		150,888	2,335	1,287	1,038
L19	SIT Taxable Income	2,354	2,354	1,589	765		8,181	5,908	5,908	3,458
L20	SIT	137	137	81	48		478	328	328	201
L21	Depreciation Expense	2,878	2,878	1,370	1,505		8,812	4,147	4,147	4,885
L22	Expense Less Depreciation	8,903	8,903	2,804	6,099		38,864	8,538	8,538	28,427
L23	Miscellaneous Revenue	1,717	24	18	8		448	448	328	187
L24	Uncollectible Revenue	3,834	50	33	17		811	811	443	254
L25	Other Operating Income/Loss	13	0	0	0		1	1	0	0
L26	Non-Operating Items	988	16	9	7		62	62	34	27
L27	Revenue Requirement	15,787	15,787	8,228	9,560		58,188	58,188	19,888	37,482

L10+L17+L18+L20+L21+L22+L23+L24+L25+L26