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GTE SERVICE CORPORATION

One Tampa City Center
201 North Franklin Street (33602)
Post Office Box 110, FLTC0007
Tampa, Florida 33601-0110
813-483-2606
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August 3, 1998

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

Re: Docket No. 980696-TP
Determination of the cost of basic local telecommunications service, pursuant to Section 364.025, Florida Statutes

Dear Ms. Bayo:

Please find enclosed for filing in the above matter an original and fifteen copies of the Direct Testimonies of Carl R. Danner, Michael R. Norris, Steven A. Olson, Meade C. Seaman, Allen E. Sovereign, David G. Tucek, and Dr. James H. Vander Weide on behalf of GTE Florida Incorporated. Also enclosed are an original and fifteen copies of a Notice of Intent to Seek Confidential Classification.

ACK ✓
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CTR ____
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You will note that Mr. Tucek's testimony states that he is sponsoring three exhibits. Two of these exhibits are in hard copy form: GTE's company-specific inputs for BCPM and the BCPM model run results. These exhibits have been redacted where necessary to protect GTE's confidential and proprietary information. The third exhibit mentioned in Mr. Tucek's testimony is a CD-ROM containing BCPM populated with GTE's company-specific inputs. Because it is not possible to redact confidential information on the CD-ROM, only two copies are being provided with this filing. If the Commission Staff needs additional copies, they may contact Mr. Reynes Dominguez at (813) 483-3377.

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The CD-ROM is also not being provided to any party of record in this docket who has not requested and executed a Protective Agreement with GTE. If any other party would like a copy of the CD-ROM, they may contact me at (813) 483-2617 so that we can execute a Protective Agreement.

Service has been made as indicated on the Certificate of Service. If there are any questions regarding this filing, please contact me at (813) 483-2617.

Very truly yours,

Gregory P. Follen

for Kimberly Caswell

KC:tas
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of Basic Local Telecommunications Service, pursuant to Section 364.025, Florida Statutes	)))))	Docket No. 980696-TP

DIRECT TESTIMONY OF

MICHAEL R. NORRIS

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE OR FEDERAL REGULATORY COMMISSIONS?

A. I have sponsored testimony before the state utility commissions of Arkansas, California, Hawaii, Indiana, New Mexico, Oklahoma, South Carolina and Texas.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The Florida State Legislature has directed this Commission to select a cost proxy model to estimate the total forward-looking cost of providing basic local service. My testimony discusses how the expense levels shown in GTE witness Mr. Olson's testimony were developed into inputs for use in the Benchmark Cost Proxy Model ("BCPM").

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. There are three types of expense inputs required within BCPM: capital-related expenses, expressed as a percent of investment; non-capital-related expenses, expressed on a per-line basis; and general support asset ratios. My testimony covers the development of each of these three areas of expense inputs into BCPM.

Q. PLEASE DESCRIBE GENERALLY THE PROCESS OF DEVELOPING BCPM OPERATING EXPENSES INPUTS.

A. The starting point for developing BCPM expense inputs is the ARMIS adjusted expenses described in the testimony of GTE witness Mr.

Olson. For purposes of BCPM, the adjusted ARMIS expenses discussed by Mr. Olson are further adjusted to remove expenses associated with non-recurring costs, billing and collection costs associated with toll and access, and directory costs. These adjusted expense amounts are then mapped to cost pools. Finally, the expense information mapped to the cost pools is used to calculate the three types of expense inputs required by BCPM.

Q. PLEASE EXPLAIN IN MORE DETAIL THE ADJUSTMENTS YOU MADE TO THE ARMIS ADJUSTED EXPENSE DATA.

A. As mentioned previously, there are three adjustments made to the ARMIS levels of expense provided by Mr. Olson. The first adjustment removes incurred costs that are associated with the provision of non-recurring activities. These costs are recovered through non-recurring charges associated with service order activity and as such must be removed so as not to recover the same expense twice.

The second adjustment removes operating expense associated with toll and access billing and collection activities, because these activities are not related to the provision of basic local telecommunications service.

The third adjustment removes expense associated with the provision of directory services from the cost pool analysis. GTE develops its expense for FCC purposes and this adjustment is made to recognize

structure of GTE. A workcenter is a collection of budget centers that perform similar activities or functions. The GTE Finance Organization performed the budget center to workcenter mapping.

Workcenters are assigned to cost pools based on the Finance Organization's analysis of the functions performed in the workcenters. There are 20 different cost pools--pole, buried cable metallic, aerial cable metallic, billing and collection, and common are a few examples.

The attached Exhibit MRN-1 shows the detailed results of the expense account cost pool assignment process. Exhibit MRN-2, also attached, summarizes cost pool assignments into BCPM-required input format.

Q. HOW ARE INPUTS FOR EXPENSES RECOVERED AS A PERCENT OF CAPITAL-RELATED INVESTMENT DEVELOPED FOR BCPM?

A. Expense to capital-related investment ratios associated with ten designated capital accounts (which include costs related to Central Office and Transmission Equipment, Poles, Conduit, and Aerial, Underground and Buried Cable) are developed utilizing the results of the cost pool assignment process described earlier. Expenses used in the numerator, to calculate expense to capital-related investment factors, are taken from the relevant expense developed by cost pool. The denominator in the calculation is taken from the respective

investment cost pool after being adjusted by the C.A. Turner index. Expense as a percent of capital-related investment inputs are applied to the network plant investment developed within BCPM.

Q. PLEASE EXPLAIN THE C.A.TURNER INDEX AND WHY IT IS USED WITH THE CAPITAL ACCOUNTS.

A. The C.A.Turner Telephone Plant Index is published by AUS Consultants, the successor company to Associated Utility Services, Inc. These indices are applied to each vintage year of a plant account to determine the reproduction cost of embedded plant, (i.e., the cost in today's dollars). By utilizing the C.A.Turner Index in the development of capital-related expenses, we are better able to model the relationship of expense levels to the investment levels produced within BCPM.

Q. HOW WERE EXPENSE INPUTS FOR NON-CAPITAL RELATED EXPENSES DEVELOPED?

A. Non-capital-related expense inputs to BCPM are expressed on a per-line basis. There are eight non-capital expense categories: Network Support, General Support, Network Operations, Marketing, Customer Services, Executive & Planning, General & Administration, and Uncollectibles. GTE develops the non-capital-related cost inputs from the expense data assigned to the consumer, business and common cost pools. These amounts are then multiplied by the local direct cost percentage (i.e., the percentage of local calls to total calls) to

GTE Florida - BCPM 3.1

Expense Cost Pool Assignment

Summary by Cost Pool

		Aerial		Buried		Underground				
Account	Cable	Non Metallic	Metallic	Non Metallic	Metallic	Non Metallic	Metallic	Poles	Conduit	Transmission
6112	62,303	0	0	0	0	0	0	0	0	0
6113	0	0	0	0	0	0	0	0	0	0
6114	0	0	0	0	0	0	0	0	0	0
6115	0	0	0	0	0	0	0	0	0	0
6116	25,534	0	0	0	0	0	0	0	0	0
6121	827,709	0	0	0	0	0	0	10,156	124,410	2,508,518
6122	184,172	0	0	0	0	0	0	2,250	16,587	35,368
6123	223,959	0	0	0	0	0	0	1,861	12,733	27,151
6124	497,520	0	0	0	0	0	0	7,139	72,526	154,647
6211	0	0	0	0	0	0	0	0	0	0
6212	0	0	0	0	0	0	0	0	0	0
6215	0	0	0	0	0	0	0	0	0	0
6220	0	0	0	0	0	0	0	0	0	0
6231	0	0	0	0	0	0	0	0	0	117,977
6232	0	0	0	0	0	0	0	0	0	5,816,464
6351	0	0	0	0	0	0	0	0	0	0
6362	0	0	0	0	0	0	0	0	0	0
6411	0	0	0	0	0	0	0	109,767	0	0
6421	0	8,095	9,770,074	0	0	0	0	0	0	0
6422	0	0	0	0	0	58,184	1,364,158	0	0	0
6423	0	0	0	43,660	37,843,882	0	0	0	0	0
6424	0	0	0	0	0	0	0	0	0	0
6426	0	0	0	0	0	0	0	0	0	0
6431	0	0	0	0	0	0	0	0	0	0
6441	0	0	0	0	0	0	0	0	255,048	0
6512	0	0	0	0	0	0	0	0	0	0

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Direct Testimony of
Michael R. Norris
Exhibit MRN-1
FPSC Exhibit No. _____
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GTE Florida - BCPM 3.1

Expense Cost Pool Assignment

Summary by Cost Pool

		Aerial		Buried		Underground				
Account	Cable	Non Metallic	Metallic	Non Metallic	Metallic	Non Metallic	Metallic	Poles	Conduit	Transmission
6531	0	0	0	0	0	0	0	0	0	1,302,475
6532	19,907	0	0	0	0	0	0	0	0	0
6533	0	0	0	0	0	0	0	0	0	0
6534	679,337	0	0	0	0	0	0	530	0	0
6535	1,109,751	0	0	0	0	0	0	213,372	0	0
6540	0	0	0	0	0	0	0	0	0	0
6561	0	0	0	0	0	0	0	0	0	0
6563	0	0	0	0	0	0	0	0	0	0
6564	0	0	0	0	0	0	0	0	0	0
6611	0	0	0	0	0	0	0	0	0	0
6612	155	0	0	0	0	0	0	0	0	0
6613	0	0	0	0	0	0	0	0	0	0
6621	0	0	0	0	0	0	0	0	0	0
6622	0	0	0	0	0	0	0	0	0	0
6623	505	0	0	0	0	0	0	0	0	0
6711	0	0	0	0	0	0	0	0	0	0
6712	0	0	0	0	0	0	0	0	0	0
6721	0	0	0	0	0	0	0	31	0	0
6722	1,761	0	0	0	0	0	0	18,691	0	0
6723	113,357	0	0	0	0	0	0	0	0	0
6724	11,246	0	0	0	0	0	0	0	0	0
6725	0	0	0	0	0	0	0	0	0	0
6726	0	0	0	0	0	0	0	0	0	0
6727	0	0	0	0	0	0	0	54,977	151,582	323,215
6728	2,230,904	0	0	0	0	0	0	0	0	0
7240	0	0	0	0	0	0	0			
Subtotal	5,988,120	8,095	9,770,074	43,660	37,843,882	58,184	1,364,158	418,774	632,887	10,285,814

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Michael R. Norris
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GTE Florida - BCPM 3.1

Expense Cost Pool Assignment

Summary by Cost Pool

Account	Switching	IOT	Direct Other	Access	B&C	Operator	Consumer	Business	Carrier	Common
6531	5,644,059	0	289,439	0	0	0	0	0	0	0
6532	1,891,139	0	4,737,516	0	0	0	789	5,234	0	0
6533	0	0	15,846,094		0	0	0	0	0	0
6534	9,729,675	0	5,887,978		0	0	15,593	4,383	0	(0)
6535	727,223	0	2,590,451		4	0	7,633	997,400	0	0
6540	0	0	0	0	0	0	0	0	0	0
6561	0	0	0	0	0	0	0	0	0	286,618,647
6563	0	0	0	0	0	0	0	0	0	332,488
6564	0	0	0	0	0	0	0	0	0	0
6611	349	0	37,725	0	0	0	8,505,821	4,967,305	0	130,300
6612	3,280	0	4,666	0	0	0	1,504,034	16,991,444	0	563,121
6613	0	0	0	0	0	0	5,379	10,281,146	0	215,758
6621	0	0	0	0	0	0	0	0	0	0
6622	0	0	0	0	121	0	0	0	0	0
6623	400,172	0	1,121,819	0	14,588,972	0	26,520,591	4,493,397	0	1,018,104
6711	55	0	1,338,944	0	1,702	0	141,822	417,408	0	1,738,519
6712	4,412	0	3,051	0	5	0	1,260	20,283	0	2,833,542
6721	101	0	1,372,456	0	809	0	372,196	580,698	0	8,099,927
6722	54,944	0	11,161	0	2,458	0	9,092	2,786,912	0	4,751,712
6723	423,242	0	458,353	0	53,537	0	318,710	475,702	0	7,557,924
6724	114,336	0	9,553,000	0	2,114,876	0	3,398,133	1,977,918	0	18,314,323
6725	0	0	41	0	0	0	886	15,762	0	2,402,760
6726	413	0	1,961,985	0	0	0	381	0	0	1,030
6727	0	0	1,094	0	0	0	0	0	0	2,732,631
6728	5,594,600	0	3,974,968	0	517,222	0	4,154,361	2,883,853	0	3,434,026
7240	0	0	0	0	0	0	0	0	0	0
Subtotal	71,433,400	0	69,599,186	0	19,640,653	0	56,353,250	52,090,577	0	345,885,902

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GTE Florida - BCPM 3.1

Investment Cost Pool Assignment

Account (A)	G/L Amount (2) (B)	C.A. Turner Factor (3) (C)	Cable (D)	Aerial Non-Metallic (E)	Aerial Metallic (F)	Buried Non Metallic (G)	Buried Metallic (H)	Undergd Non Metallic (I)	Undergd Metallic (J)	Poles (K)	Conduit (L)	Trans-Mission (M)	Switch (N)	IOT (O)	Total (P)
221100	0	1.000000	0	0	0	0	0	0	0	0	0	0	0	0	0
221200	882,527,000	0.702500	0	0	0	0	0	0	0	0	0	0	619,975,218	0	619,975,218
221500	0	1.000000	0	0	0	0	0	0	0	0	0	0	0	0	0
222000	15,160,000	1.059300	0	0	0	0	0	0	0	0	0	0	0	0	0
223100	2,595,000	1.050900	0	0	0	0	0	0	0	0	0	2,727,086	0	0	2,727,086
223200	650,881,000	0.937200	0	0	0	0	0	0	0	0	0	610,005,673	0	0	610,005,673
235100	530,785	1.000000	0	0	0	0	0	0	0	0	0	0	0	0	0
236200	32,175,215	0.986000	0	0	0	0	0	0	0	0	0	0	0	31,724,762	31,724,762
241100	28,052,101	2.056400	0	0	0	0	0	0	0	57,686,340	0	0	0	0	57,686,340
242110	206,094,301	1.574200	0	0	324,433,649	0	0	0	0	0	0	0	0	0	324,433,649
242120	1,214,328	0.995300	0	1,208,621	0	0	0	0	0	0	0	0	0	0	1,208,621
242210	304,668,858	1.624100	0	0	0	0	0	0	494,812,692	0	0	0	0	0	494,812,692
242220	80,217,068	0.988100	0	0	0	0	0	79,262,485	0	0	0	0	0	0	79,262,485
242310	1,151,515,385	1.476700	0	0	0	0	1,700,442,789	0	0	0	0	0	0	0	1,700,442,789
242320	9,678,520	0.934500	0	0	0	9,042,708	0	0	0	0	0	0	0	0	9,042,708
242410	1,728,102	2.049300	3,541,399	0	0	0	0	0	0	0	0	0	0	0	3,541,399
242420	885,965	1.068800	946,919	0	0	0	0	0	0	0	0	0	0	0	946,919
242520	0	1.000000	0	0	0	0	0	0	0	0	0	0	0	0	0
242610	2,105,830	1.624800	3,421,553	0	0	0	0	0	0	0	0	0	0	0	3,421,553
242620	0	1.624800	0	0	0	0	0	0	0	0	0	0	0	0	0
243100	821,139	1.040500	0	0	0	0	0	0	0	0	0	0	0	0	0
244100	288,101,404	1.726000	0	0	0	0	0	0	0	0	465,424,037	0	0	0	465,424,037
Total	3,838,950,001	27.53	7,909,871	1,208,621	324,433,649	9,042,708	1,700,442,789	79,262,485	494,812,692	57,686,340	465,424,037	612,732,759	619,975,218	31,724,762	4,404,655,911

Note:

(1) Investment accounts 221100 through 244100 are directly assigned to Cost Pools based on the operational function of the 6 digit account number

(2) Investment amount is a 13 month rolling average for the period 12/96 - 12/97

(3) The Adjust factors found in column (C) are the C.A. Turner indices for replacement cost. See Attachment J 1

(4) Accounts 221100 (Analog switch), 221500 (Electromechanical switch) and 243100 (Aerial wire) have been eliminated via Adjust3 due to the non-forward looking nature of these accounts

(5) Accounts 222000 (Operator Systems) and 235100 (Public Telephone Terminal Equipment) are not mapped to a cost pool due to inclusion in outboard studies

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Direct Testimony of
Michael R. Norris
Exhibit MRN-1
FPSC Exhibit No. _____
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GTE Florida - BCPM 3.1

Expense Cost Pool Summary

Motor Vehicle	6112	0	0	2,343	1,537	36,682	40,563
Aircraft	6113	0	0	0	0	0	0
Special Purpose Vehicle	6114	0	0	0	0	0	0
Garage Work Equipment	6115	0	0	0	0	0	0
Other Work Equipment	6116	0	0	0	1	(443)	(442)
Network Support Expense	6110	0	1	2,343	1,538	36,238	40,121
Land & Building	6121	0	10,945	1,794,364	1,630,783	2,797,560	6,233,652
Furniture & Artwork	6122	0	181,640	1,177,776	419,613	375,769	2,154,798
Office Equipment	6123	0	360,523	531,440	275,910	288,468	1,456,340
General Purpose Computers	6124	0	1,807,153	7,890,647	2,863,889	1,643,055	14,204,744
General Support Expense	6120	0	2,350,260	11,394,227	5,190,195	5,104,851	24,049,533
COE Switching	6210	107,500,233	0	0	0	0	107,500,233
COE Transmission	6230	15,479,137	0	0	0	0	15,479,137
Information Orig/Term	6310	0	0	0	0	0	0
Poles	6411	630,213	0	0	0	0	630,213
Aerial Copper Cable	6421.1	16,496,579	0	0	0	0	16,496,579
Aerial Fiber Cable	6421.2	13,668	0	0	0	0	13,668
Underground Copper Cable	6422.1	2,303,354	0	0	0	0	2,303,354
Underground Fiber Cable	6422.2	98,243	0	0	0	0	98,243
Buried Copper Cable	6423.1	63,898,654	0	0	0	0	63,898,654
Buried Fiber Cable	6423.2	73,720	0	0	0	0	73,720
Conduit Investment System	6441	952,433	0	0	0	0	952,433
Provisioning	6512	0	0	0	0	0	0
Other Property Plant	6510	0	0	0	0	0	0

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Direct Testimony of
Michael R. Norris
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FPSC Exhibit No. _____
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GTE Florida Expense Inputs - BCPM 3.1

Operating Expense Factor Development1

($ in 000's)

Total Access Lines2 2,314,065

Cost Element	USOAR Account	Total Adjusted Expenses	CA Turner Adjusted Investment3	Montly Per Line Expense	Expense to Investment Ratio
Network Support Expense	6110	$40	$0	$0.0014	NA
General Support	6120	$24,050	$0	$0.8661	NA
COE Switching	6210	$107,500	$619,975	NA	0.1734
COE Transmission	6230	$15,479	$612,733	NA	0.0253
Information Orig/Term	6310	$0	$0	$0.0000	NA
Poles	6411	$630	$57,686	NA	0.0109
Aerial Copper Cable	6421.1	$16,497	$324,434	NA	0.0508
Aerial Fiber Cable	6421.2	$14	$1,209	NA	0.0113
Underground Copper Cable	6422.1	$2,303	$494,813	NA	0.0047
Underground Fiber Cable	6422.2	$98	$79,262	NA	0.0012
Buried Copper Cable	6423.1	$63,899	$1,700,443	NA	0.0376
Buried Fiber Cable	6423.2	$74	$9,043	NA	0.0082
Conduit Investment System	6441	$952	$465,424	NA	0.0020
Other Property Plant	6510	$0	$0	$0.0000	NA
Network Operations	6530	$1,031	$0	$0.0371	NA
Marketing	6610	$43,164	$0	$1.5544	NA
Services	6620	$46,621	$0	$1.6789	NA
Executive and Planning	6710	$5,155	$0	$0.1856	NA
General and Administrative	6720	$66,958	$0	$2.4113	NA
Uncollectibles4	6790	$24,341	$0	$0.8766	NA

Notes:

1. Unless noted otherwise, adjusted expenses were developed based on the ICM 3.0 cost study.
2. 1997 FCC Lines File.
3. Based on a 13 month-end average.
4. Source: 1997 year-end general ledger, Account 530110, "Uncollectible Revenue - Endusers."

Docket No. 980696-TP
Direct Testimony of
Michael R. Norris
Exhibit MRN-3
FPSC Exhibit No. ___
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Determination of the Cost of Basic Local Telecommunications Service, pursuant to Section 364.025, Florida Statutes	)))))	Docket No. 980696-TP

DIRECT TESTIMONY OF

STEVEN A. OLSON

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

GTE FLORIDA INCORPORATED

DOCKET 980696-TP

DIRECT TESTIMONY OF STEVEN A. OLSON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven A. Olson. My business address is 600 Hidden Ridge, Irving, Texas.

Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?

A. I am employed by GTE Business Development and Integration as Manager - Regulatory Accounting and Compliance.

Q. WHAT ARE THE RESPONSIBILITIES OF YOUR CURRENT POSITION?

A. My principal duties include the direction and supervision of the preparation of accounting information in support of tariff filings, and all regulatory reporting and compliance as required by multiple regulatory agencies. These agencies include the Federal Communications Commission ("FCC") and the Florida Public Service Commission. Additionally, I am responsible for ensuring that accounting policies and interpretations conform with the rules or guidelines set forth by the various regulatory agencies. In this proceeding, I am providing testimony on behalf of GTE Florida Incorporated ("GTE Florida" or "Company").

intrastate operating basis for the twelve month financial period ending December 31, 1997.

This analysis shows the actual costs and investments recorded on the Company's books and records, which are kept pursuant to the dictates of this Commission and the Federal Communication Commission (FCC). These actual costs, expenses and investments represent the existing plant and facilities necessary for the Company to render service to the public, and the costs to provide wholesale and retail services that GTE Florida will experience in the foreseeable future. As Exhibit SAO-1 demonstrates, GTE Florida is not earning excessive profits and, if anything, existing revenue flows do not provide an adequate profit in addition to recovering the actual cost of the network used to provide service.

Q. PLEASE DESCRIBE HOW YOUR TESTIMONY IS ORGANIZED.

A. The following discussion presents the financial results of GTE Florida's operations for the twelve month period ended December 31, 1997, adjusted for appropriate and reasonable restating and going-forward issues. The financial data reflects booked amounts maintained in accordance with the Uniform System of Accounts ("USOA"), Part 32, as prescribed by the FCC in Title 47 of the Code of Federal Regulations.

Q. PLEASE DESCRIBE THE ATTACHED EXHIBIT SAO-1.

A. Exhibit SAO-1 depicts the adjusted net income and rate base on a total company and intrastate Florida level. Column "(a)" lists the summary line items of the income statement and rate base. Column "(b) provides total company results restated for out-of-period adjustments. Column "(c)" reflects the total company restated results after the out-of-period and going-level adjustments. Column "(d)" presents the financials on a restated intrastate basis. The fifth column, "(e)", reflects the total company results after the going-forward adjustments are made to the financials. The final column "(f)" summarizes intrastate Florida results, including restating and going-forward adjustments. Column "(e)" and "(f)" reflect GTE Florida's return after its costs of operating the network have been covered.

Q. PREVIOUSLY YOU MENTIONED "RESTATING" AND "GOING-FORWARD" ADJUSTMENTS. WHAT ARE "RESTATING ADJUSTMENTS"?

A. Restating Adjustments, as used in my testimony, are adjustments made to revenues, expenses, or rate base that are necessary for management to properly view the results of operations. I have made three types of restatements: for out-of-period normalizations, going-level adjustments, and yellow pages revenues. Restating adjustments for these items are necessary to accurately portray a normalized level of revenue, expense and rate base.

Out-of-period normalizations are for those items booked during the twelve month period ending December, 1997, but which relate to an accounting period outside of these financials. They also include known entries booked in a period other than the financial year, but which pertain solely to that financial year.

Going-level restatements are adjustments required to attain an annualized impact of specific items booked during the year, but which, due to timing, do not reflect a full twelve months of activity. In addition, yellow page revenues have been removed from the financial results for reasons explained in Company witness Seaman's Direct Testimony.

These adjustments are appropriate to accurately reflect the Company's revenue and cost level for purposes of this case. The out-of-period normalizations, going-level restatements, and directories adjustment are reflected in Exhibit SAO-1, columns "(c)" and "(d)".

Q. WHAT ARE "GOING-FORWARD ADJUSTMENTS"?

A. Going-forward adjustments are required to reflect the full-year effect of significant known and measurable changes in operations that will occur in the twelve-month period following December, 1997. As with the restating adjustments, going-forward adjustments are necessary to accurately portray the Company's on-going operations. Going-

forward adjustments are reflected in Exhibit SAO-1, columns "(e)" and "(f)".

Q. PLEASE DISCUSS THE STEPS TAKEN TO QUANTIFY THE FINANCIAL RESULTS OF OPERATIONS.

A. The starting point was the December 31, 1997 twelve-month-to-date per book total state income statement and rate base for GTE Florida, which represents the actual costs and investments incurred to operate the network that provides wholesale and retail services today.

These financials, kept pursuant to the requirements of this Commission and the FCC, formed the base upon which restating and going-forward adjustments were incorporated and upon which jurisdictional separations were performed. Adjustments were made to revenue, expense and rate base levels to properly reflect the financial results through the going-forward period. By definition, going-forward adjustments incorporate significant known and measurable impacts for a reasonable period following the end of the financial year. The jurisdictional separation factors were then applied to the Florida operating results, by major revenue, expense and investment category, to arrive at Florida's intrastate results of operations.

Q. PLEASE EXPLAIN HOW DEPRECIATION WAS HANDLED IN THESE FINANCIAL RESULTS.

A. The normalized results reflect economic life depreciation in the

technology-related accounts, which GTE Florida has been using since January 1, 1996. The Company's use of economic life depreciation is discussed in the testimony of GTE witness Mr. Sovereign.

Q. PLEASE DISCUSS THE APPLICATION OF THE JURISDICTIONAL SEPARATION FACTORS YOU MENTIONED EARLIER.

A. Most of the investment and expenses of the Company are utilized in providing both interstate and intrastate services. The Company books are maintained according to the FCC's USOA, which, in most cases, does not distinguish investment or expenses as between the interstate and intrastate jurisdictions. The Company must, therefore, use a separation cost study to allocate investment and expense to the appropriate jurisdiction. The separation factors resulting from the cost studies were used to separate total Florida results between the interstate and intrastate jurisdictions. These same factors were applied to the individual expense and rate base adjustments to derive the intrastate portions of the restating and going-forward adjustments. Exhibit SAO-1 reflects the intrastate financial results.

Q. DOES THE ACCOUNTING DATA UNDERLYING YOUR TESTIMONY AND SCHEDULES REFLECT OPERATING AND FINANCIAL RESULTS WHICH ADHERE TO THE ACCOUNTING RULES AND REGULATIONS PRESCRIBED BY THE APPLICABLE REGULATORY AGENCIES?

A. Yes, it does. As previously stated, the books and records of the Company are maintained in accordance with the USOA, Part 32, which was adopted by this Commission in Rule 25-4.017. Part 32 records the telecommunication company's costs and investment by plant category. The cost separation studies adhere to the standards prescribed in Part 36 of the FCC rules and regulations.

Q. HAVE THE NONREGULATED RESULTS BEEN REMOVED FROM THE ACCOUNTING DATA PRESENTED IN THIS CASE?

A. Yes, nonregulated results have been removed. Nonregulated results consist of both direct and allocated transactions. Removing nonregulated results was done in accordance with the Company's Cost Allocation Manual (CAM). The CAM is filed with this Commission as required by its Rule 25-4.135.

Q. ARE THE BOOKS AND RECORDS OF THE COMPANY REGULARLY AUDITED BY OUTSIDE INDEPENDENT AUDITORS?

A. Yes. Arthur Andersen is GTE's independent auditor. Arthur Andersen conducts a minimum of one complete audit per year in order to provide the certified independent auditor's opinion required for the annual report and other purposes.

Q. PLEASE DISCUSS THE EFFECT OF THE RESTATING ADJUSTMENTS.

operating taxes are reduced $33,346,681. In total, net operating income decreases $52,289,378.

Q. PLEASE EXPLAIN THE GOING-FORWARD ADJUSTMENTS.

A. The primary going-forward adjustment relates to a $23.2 million total company reduction in depreciation expense with the implementation of economic lives for support assets and a remaining life true-up for the digital switching, circuit, and cable accounts. A second adjustment relates to the 1998 intrastate access reduction required by Florida Statutes, section 364.163(6). This will reduce the revenues in 1998 by $8.8 million.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR ANALYSIS.

A. The results of the analysis are shown in column (f) of Exhibit SAO-1. After all restating and going-forward adjustments are reflected in the twelve months ended December 31, 1997, historical data, the intrastate net operating income is $112,929,986 and total company net income is $186,822,940. This produces returns on equity of 7.56% and 11.15%, respectively. These results show the Company's costs, investment and the associated profit level for today and the foreseeable future.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

GTE FLORIDA INCORPORATED
TWELVE MONTHS ENDING DECEMBER 31, 1997
INCOME STATEMENT AND RATE BASE

DESCRIPTION (a)	NORMALIZED TOTAL COMPANY 12/31/97 (b)	RESTATED TOTAL COMPANY 12/31/97 (c)	RESTATED INTRASTATE 12/31/97 (d)	GOING-FORWARD TOTAL COMPANY 12/31/97 (e)	GOING-FORWARD INTRASTATE 12/31/97 (f)
Operating Revenues	1,396,941,126	1,292,029,966	953,091,141	1,274,027,094	941,999,141
Operating Expenses	967,365,017	960,133,085	759,581,471	938,731,045	743,216,459
Operating Taxes	184,687,688	147,198,135	83,894,904	148,473,110	85,852,696
Net Operating Income	244,688,421	184,698,747	109,614,766	186,822,940	112,929,986
Average Rate Base	2,403,806,830	2,386,188,143	1,817,765,970	2,406,988,362	1,833,732,923
Return on Rate Base Investment	10.18%	7.74%	6.03%	7.76%	6.16%
Return on Equity	16.55%	11.10%	7.28%	11.15%	7.56%
Total Revenue Requirement				$1,708,047,648	$1,177,902,432

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of Basic Local Telecommunications Service, Pursuant to Section 364.025, Florida Statutes	)	Docket No. 980696-TP

DIRECT TESTIMONY OF

MEADE C. SEAMAN

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

Competition/Interconnection Program Management Office for Telops, and was responsible for interconnection negotiations with new local market entrants. In 1997, I was named Vice President - Central Regulatory & Governmental Affairs for Telops. Earlier this year, I was appointed to my current position.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY BODIES?

A. Yes. I have testified in nine state arbitration proceedings arising under the Telecommunications Act of 1996 ("the Act"): in Hawaii, Idaho, Illinois, Indiana, Ohio, Pennsylvania, South Carolina, New Mexico, and Wisconsin. I also have testified on matters related to policy, rate design, unbundled network elements ("UNEs") and cost of service studies before many of these same state commissions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. First, I will provide an overview of GTE's direct testimony in this proceeding by identifying each GTE witness and the issues they will address. Second, I will describe the general principles that run throughout (and should govern) all the issues to be addressed in this docket. Third, I will set forth GTE's specific positions on issues 1, 2, 3, and 5(a) identified for resolution in this proceeding, and will explain how these issues relate to, and are affected by, Section 254 of the Act.

I. OVERVIEW OF GTE'S PRESENTATION

Q. PLEASE LIST THE OTHER WITNESSES GTE IS PRESENTING IN THIS DOCKET, AND PLEASE IDENTIFY THE ISSUES ADDRESSED BY EACH WITNESS.

A. In addition to my testimony, GTE is presenting the direct testimony of five witnesses:

Mr. Steven A. Olson identifies GTE's current, actual costs of providing telecommunications services in GTE's territory. As I discuss in my testimony, this information is relevant to the calculation of today's *implicit* universal service support, and therefore provides a guide to the Commission in selecting an appropriate cost model and associated inputs used to help calculate *explicit* support.

Mr. David G. Tucek presents numerous GTE-specific inputs to the Benchmark Cost Proxy Model ("BCPM") and the output results from BCPM.

Mr. Michael R. Norris presents GTE-specific inputs for use in the BCPM which deal specifically with various expense items and general support asset categories.

Dr. James H. Vander Weide presents the forward-looking cost of capital to be used as an input to the BCPM.

Mr. Allen E. Sovereign presents the economic depreciation lives to be input into the BCPM.

II. GENERAL PRINCIPLES APPLICABLE TO ALL ISSUES

Q. WHAT GENERAL PRINCIPLES APPLY TO ALL THE ISSUES PRESENTED IN THIS DOCKET?

A. In this docket, the Commission must evaluate and select a cost model that calculates the total forward-looking cost of providing basic local telecommunications service. To the extent such a model will be used to help establish a permanent universal service fund for the State of Florida, the results of the model must be sufficient to preserve, maintain, and advance universal service as required by Section 254 of the Act and by Section 364.025 of the Florida Statutes. These fundamental principles--ensuring a "sufficient" universal service fund and "preserving and maintaining" today's levels of universal service--apply to all the issues presented in this docket.

Given the above objective, the critical question presented in this docket is easily stated: "*How can we determine whether a particular forward-looking cost model is appropriate for establishing a permanent universal service mechanism that is sufficient to preserve and maintain universal service?*" To answer this question, we should evaluate a cost model by comparing its results to today's levels of implicit universal service support. In this way, we can assess whether a cost model's results are sufficient to preserve and maintain universal service.

Let me explain this last point. Promoting universal service has been a longstanding goal of this Commission. To date, the goal of universal service has been achieved through a system of *implicit* supports embedded in GTE Florida's rates. Under the Act, today's implicit supports must be replaced with a sufficient, *explicit* fund. Since the purpose of a universal service cost model is to help establish an explicit fund, the appropriateness of the model can be judged by comparing its results to today's implicit supports.

Q. HOW CAN WE CALCULATE TODAY'S LEVELS OF IMPLICIT UNIVERSAL SERVICE SUPPORT?

A. We can reasonably estimate today's levels of universal service support by comparing (1) the current revenues generated by services that are now priced *above* their economic cost, with (2) the revenues that would be generated by such services if their prices were *equal to* their economic costs.

For example, interstate and intrastate access services are currently priced above their cost, and thus provide significant amounts of implicit universal service support. We can calculate the amount of implicit support provided by these services by comparing current access revenues with the revenues that would result if access services were priced at economic cost.

Q. HAVE YOU PERFORMED SUCH A CALCULATION?

these services assuming the price of each service was reduced to reflect its economic cost as determined by the Commission's own findings regarding the costs of unbundled network elements and the avoided retailing expenses set forth in its 1997 Order in GTE's consolidated arbitrations with AT&T and MCI. (Petitions of AT&T Comm. of the Southern States, Inc., MCI Telecomms. Corp. and MCI Metro Access Transmission Svcs., Inc. for Arbitration of Certain Terms and Conditions of a Proposed Agreement with GTE Florida Inc. Concerning Interconnection and Resale Under the Telecomms. Act of 1996, Order No. PSC-97-0064-FOF-TP, Jan. 17, 1997.)

Finally, column (c), which is simply the difference between columns (a) and (b), reflects today's implicit support inferred by the Commission's own findings of fact. My Exhibit MCS-1, attached, presents a summary description of the process used to develop retail "economic costs" based on the Commission's ordered UNE rates for GTE.

Q. COULD YOU EXPLAIN IN MORE DETAIL HOW YOU DETERMINED THE ECONOMIC COST OF EACH SERVICE?

A. Yes. The economic costs of local business service and toll service were calculated by adding up the costs of the UNEs used in the provision of each service. These UNE costs, however, reflect only wholesale costs, and must be marked up to reflect the retailing expenses that would be incurred in providing business and toll services. For these services, I marked up the total UNE costs to

account for retailing expenses based on the Commission's avoided cost discount rate of 13.04%, which was established by the Commission in GTE's arbitration with MCI and AT&T.

Interstate and intrastate access are wholesale offerings, and therefore the associated UNEs were not marked up by the avoided cost discount. Also, the interstate access figures exclude end-user common line ("EUCL") charges, which were included in the local revenues.

Finally, we assumed the economic cost of vertical services to be equal to just the costs associated with retailing the services (i.e., the avoided retailing expenses). This procedure was used because the Commission required GTE to include all vertical features in the price of local switching, presumably because the Commission believed the direct costs of unbundled vertical features are negligible. Altnough GTE does not agree with the Commission's decision on this point, GTE acknowledges that vertical services are today priced well above their cost, and therefore provide significant implicit supports. Again, however, under the Commission's own analysis, the economic cost of unbundled vertical services is either: (a) zero or (b) included in the unbundled port costs.

Q. YOUR SUPPORT ANALYSIS LOOKS AT THOSE SERVICES THAT CURRENTLY *PROVIDE* IMPLICIT SUPPORT. CAN YOU PERFORM THE SAME ANALYSIS FOR SERVICES THAT *RECEIVE* IMPLICIT

an efficient provider in a competitive market would incur today in providing ubiquitous service. The history and purpose of regulation confirm this point.

For much of this century, the Commission regulated GTE under rate-of-return regulation to ensure that GTE's rates are "fair, just, reasonable and sufficient" and that GTE's services and equipment are "modern, adequate, sufficient and efficient." (Fla. Stat., Section 364.03(1).) In 1995, the Legislature enacted a statute that provided for price regulation, which is intended to promote even greater efficiencies and to encourage ILECs to make the same economic decisions that would be made in a fully competitive market. Indeed, the Florida Legislature recognized this very point in Section 364.01(4)(i):

> "(4) The Commission shall exercise its exclusive jurisdiction to:
>
> (i) Continue its historical role *as a surrogate for competition* for monopoly services provided by local exchange companies." [emphasis added]

In a nutshell, the principal purpose of regulation is to be "a surrogate for competition" to ensure that the firm earns no more than a reasonable profit (i.e., return) on its investment. If the Commission has fulfilled its statutory duties--and GTE believes it has--then GTE's current revenues should reflect the total, actual costs an efficient provider would incur in providing ubiquitous service today, including a

reasonable profit. Therefore, GTE's current revenues can be used to help calculate today's cost of supporting universal service.

Finally, I will note that the FCC agrees with my analysis and with the Florida Legislature's finding that regulation is a "surrogate for competition." In its Second Report and Order in the LEC Price Cap proceedings (the "LEC Price Cap Order"), the FCC explained its position on both rate-of-return regulation and price-cap regulation. The FCC opined that rate-of-return regulation may have "a tendency to produce inefficiency," but ultimately concluded that "rate of return oversight is a responsible, functional method of correcting for these tendencies." (LEC Price Cap Order at para. 29.) Indeed, the FCC noted that it had disallowed over $2.7 billion in LEC access charges between 1985 and 1990 using rate-of-return regulation. (Id. at n.31.)

Because of alleged (although unsubstantiated) concern over gold-plating, the FCC implemented a price-cap regime. Like the Florida Legislature, the FCC expressly acknowledged that the purpose of such a regime is to replicate the benefits of a fully competitive market:

> "By our action today, [rate-of-return] regulation will be replaced for the largest of the LECs on January 1, 1991, with an incentive-based system of regulation similar to the system we now use to regulate AT&T. *Incentive regulation will reward companies that become more productive and*

Q. HAS GTE PRESENTED ANY OTHER EVIDENCE TO SUPPORT ITS CLAIM THAT CURRENT REVENUES REFLECT THE CURRENT ACTUAL COSTS OF PROVIDING SERVICES?

A. Yes. GTE has presented the testimony of Steven A. Olson, Manager-Regulatory Accounting and Compliance. Mr. Olson's testimony sets forth a financial analysis of GTE's adjusted operating results for the twelve-month period ending December 31, 1997, and is based upon GTE's actual costs. Mr. Olson's analysis shows that GTE's regulated revenues for 1997 recovered no more than the actual costs incurred by GTE, and provided a return on equity of only 7.56% for GTE's intrastate operations. Clearly, GTE has not earned any "monopoly profits," and its current revenues actually *understate* the costs of providing service.

In sum, GTE's current revenues reflect the total, actual cost of providing service today, and these costs are the costs an efficient provider would incur in providing ubiquitous telephone service throughout GTE's service territory. Accordingly, we can identify today's costs of supporting universal service by calculating the implicit supports generated by selected services. GTE's Support Analysis discussed above shows this calculation, and conservatively identifies implicit supports of over $487 million per year for GTE. This $487 million is, in essence, today's *implicit* universal service fund. As I discussed earlier, the purpose of a cost model is to help establish an *explicit* fund that is sufficient to preserve and maintain universal service. If a cost model fails to produce a fund size commensurate with today's implicit fund, we

must ask why, and, if necessary, we must adjust the results of the cost model to accurately reflect today's universal service requirements.

Q. ARE THERE ANY OTHER SOURCES OF IMPLICIT SUPPORT IN ADDITION TO THOSE LISTED ON YOUR SUPPORT ANALYSIS?

A. Yes. For example, yellow pages advertising has been used by the Commission to provide significant support for basic service customers. Although GTE currently operates under a price-cap form of regulation, the foundation for the initial set of price-cap rates was based on a revenue stream that included "imputed" yellow page advertising contributions as a source of support. That level of "imputed" implicit support necessarily continues on in a price-cap environment.

This example of another source of universal service support underscores my point that the $487 million that I previously computed is a conservative estimate of today's implicit universal service fund.

Q. THE PURPOSE OF THIS PROCEEDING IS TO EXAMINE THE TOTAL COST OF PROVIDING BASIC LOCAL SERVICE USING A COST PROXY MODEL. WHY ARE ACTUAL COSTS AND CURRENT IMPLICIT UNIVERSAL SERVICE SUPPORT REQUIREMENTS RELEVANT TO THIS PROCEEDING?

A. The Legislature directed the Commission to investigate and report on the total forward-looking cost of providing basic local telecommunications service in order "to assist the Legislature in

rebalancing:

> "[L]et's assume we're not in a situation where we've got any over-earnings. We're in a company that's within the regulated base, then I am supportive of revenue neutral changes for the company which would mean one of a couple of things. Either when you lower access, you at the same time receive funds from the universal service which was the example we just talked about or you could also lower access while doing some rate rebalancing in terms of raising residential rates or some other rates within the company. *In other words, we [AT&T] agree that access is an implicit subsidy going to support residential local service. And, no, you shouldn't have that taken away and reduce access independently . . .*"

Testimony of G. Blaine Darrah III, Director--Regulatory, AT&T Law and Government Affairs Division, Tr. 612-13, In re Generic Investigation of Intrastate Access Charge Reform, Docket No. I-00960066 (Pa. Pub. Util. Comm'n) (transcript of Sept. 11, 1997) [emphasis added].

AT&T's analysis necessarily acknowledges that an ILEC's regulated revenues equal its efficiently incurred costs, and therefore when implicit subsides are removed they must be recovered from a universal service

mechanism in order to preserve and maintain universal service. Although AT&T's admissions in Pennsylvania involved rate-of-return regulation, the principle remains the same. Regulation is a surrogate for competition, and an ILEC's revenues equal the costs of an efficient provider, regardless of whether the ILEC is subject to rate-of-return regulation or any form of price regulation.

Q. WHAT WOULD HAPPEN IF THE COMMISSION OR THE LEGISLATURE IGNORES TODAY'S COST OF PRESERVING AND MAINTAINING UNIVERSAL SERVICE?

A. If the Commission or the Legislature establishes a universal service fund or mechanism based solely on the results of a long-run, forward-looking cost model, and if this cost model fails to produce a fund size necessary to replace today's levels of implicit support, then universal service will be jeopardized. Moreover, as I discussed earlier, the use of such a model would violate both federal and state law, because it would not produce a fund size sufficient to preserve and maintain universal service. Finally, insufficient universal service funding will result in significant stranded costs for ILECs, and such costs must be recovered from consumers.

III. GTE'S POSITION ON SPECIFIC ISSUES

Q. ISSUE #1: WHAT IS THE DEFINITION OF THE BASIC LOCAL TELECOMMUNICATIONS SERVICE REFERRED TO IN SECTION 364.025(4)(b), FLORIDA STATUTES?

service mechanism can be determined *solely* through the use of a long-run, forward-looking cost model, and GTE does not believe the Legislature intended such a result. For example, the Legislature directed the Commission to report on "the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies," and this report is independent of any report addressing the results of a cost proxy model for basic local service. This report would be irrelevant if the Legislature intended to establish a permanent universal service fund based solely on forward-looking cost models.

Second, as I discussed in Part II of my testimony, GTE believes that any explicit universal service fund or mechanism must be sufficient to replace all of today's implicit subsidies, and the results of any cost model should be adjusted to accommodate this goal. Otherwise, universal service will be jeopardized and the use of the cost model will violate federal and state law.

Third, GTE does not agree that a cost *proxy* model should be used to determine the cost of providing services. GTE believes that company-specific models and company-specific costs should be used, because they more accurately reflect the costs of providing service in Florida.

With these limitations in mind, GTE believes that the BCPM is the more

reasonable proxy model, but that the BCPM should be populated with company-specific inputs. These issues are addressed in the direct testimony of GTE witnesses David Tucek, James Vander Weide, Michael Norris and Allen Sovereign.

Q. WHAT IS THE TOTAL COST OF PROVIDING BASIC LOCAL SERVICE IN GTE'S TERRITORY AS CALCULATED BY THE BCPM?

A. Using GTE-specific inputs, tne total cost of providing basic local service in GTE's territory on an annual basis equals $771 million. This total cost was calculated using a three-step process:

First, the BCPM produced the costs of providing basic local service (i.e., supported services) at a wire center level on a per-line basis for each wire center within GTE's service territory. (Obviously, these costs vary by wire center.) Second, the total cost of providing basic local service for all customers within a specific wire center was calculated by multiplying (i) the BCPM's cost per line by (ii) the number of lines in that wire center. Third, the total cost of providing basic local service for *all* of GTE's service territory was calculated by adding together the total costs of each wire center.

Q. BASED ON THESE RESULTS, WHAT UNIVERSAL SERVICE FUND WOULD THE BCPM CREATE ASSUMING THAT TODAY'S RATES FOR BASIC LOCAL SERVICE REMAINED THE SAME?

A. Under this assumption, the BCPM would produce a total support

today's implicit support, *as determined by using the Commission's own finding of fact on economic costs*, exceed $487 million per year. The BCPM, however, produces an explicit fund of only $366 million per year. Given that the Act requires all implicit subsidies to be made explicit, and given that all of today's implicit support is needed to preserve and maintain universal service, relying on BCPM alone will result in a fund size that is insufficient.

Q. ISSUE 3: FOR PURPOSES OF DETERMINING THE COST OF BASIC LOCAL TELECOMMUNICATIONS SERVICE APPROPRIATE FOR ESTABLISHING A PERMANENT UNIVERSAL SERVICE MECHANISM, SHOULD THE TOTAL FORWARD-LOOKING COST OF BASIC LOCAL TELECOMMUNICATIONS SERVICE PURSUANT TO SECTION 364.025(4)(b), FLORIDA STATUTES, BE DETERMINED BY A COST PROXY MODEL ON A BASIS SMALLER THAN A WIRE CENTER? IF SO, ON WHAT BASIS SHOULD IT BE DETERMINED?

A. Yes, the costs should be calculated on a basis smaller than a wire center to more accurately reflect the cost differences *within* a wire center. Using a wire center to delineate a universal service support area risks mixing lower-cost urban centers with significantly higher-cost outlying areas. The wire center is simply too large of an area to capture and model cost variations.

Q. ISSUE 5(a): FOR PURPOSES OF DETERMINING THE COST OF BASIC LOCAL TELECOMMUNICATIONS SERVICE APPROPRIATE FOR ESTABLISHING A PERMANENT UNIVERSAL SERVICE MECHANISM, FOR WHICH FLORIDA LOCAL EXCHANGE COMPANIES MUST THE COST OF BASIC LOCAL TELECOMMUNICATIONS SERVICE BE DETERMINED USING THE COST PROXY MODEL IDENTIFIED IN ISSUE 2?

A. The cost of providing basic local telecommunications service should be determined for each non-rural *incumbent* LEC in the State of Florida. ILECs are currently the only carriers obligated to provide basic universal service on a carrier of last resort basis in a defined geographic area. Moreover, ILECs have the networks in place today to provide service to all customers within their service territory, and it is likely that the ILECs' network will continue to be used to provide service. Thus, until ubiquitous facilities-based competition develops, universal service support should be determined based on the existing ILEC's current, actual cost of providing service.

Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

A. Yes. GTE has not addressed issues 6(a)-(c) in its direct testimony, because these issues concern LECs serving fewer than 100,000 access lines. GTE, however, reserves its right to take a position on these issues later in the proceeding.

Docket No. 980696-TP
Direct Testimony of Meade Seaman
Exhibit No. MCS-1
FPSC Exhibit No.
Page 1 of 1

Ordered Avoided discount - Res 13.04% (z)
Ordered Avoided discount - Bus 13.04% (z)

DERIVATION OF ECONOMIC COSTS
BASED ON COMMISSION ORDERED UNE RATES

1997 Average [illegible]rvice Switched Access Lines
Residence [illegible]es 1,586,439
Business Lines 578,259

	Res Ordered UNE Rates (a)	Res Retail Rates (b)	Avoided Retail Cost 13.04% (c = b * z)	Res Ordered Economic Costs per Line (d = a + c)	Bus Ordered UNE Rates (e)	Bus Retail Rates (f)	Avoided Retail Cost 13.04% (g = f * z)	Bus Ordered Economic Costs per Line (h = e + g)	Lines * 12 * Economic Cost per Line: Res Total Economic Costs @ Ordered Rates ($000) (i)	Bus Total Economic Costs @ Ordered Rates ($000) (j)	Total Economic Costs @ Ordered Rates ($000) (k = i + j)
Loop	20.00	10.97	1.43	28.18	30.00	34.05	4.44	28.18	$482,122	$201,853	$683,975
Port	4.75	n/a	n/a	n/a	4.75	n/a	n/a	n/a			
EUCL	0.00	3.47	n/a	n/a	0.00	5.84	n/a	n/a			
Local Usage	1.83	1.80	0.21	1.84	1.83	4.31	0.58	2.19			
Total Local Service									$34,581	$15,158	$49,719
									$520,883	$217,011	$743,894
Intrastate											
Sw Access EOS	0.37	0.84	n/a	0.37	0.52	1.18	n/a	0.52			
Sw Access Transport	0.13	0.81	n/a	0.13	0.18	1.13	n/a	0.18	$8,808	$3,566	$10,551
CCL	0.00	2.87	n/a	0.00	0.00	4.17	n/a	0.00	$2,444	$1,245	$3,689
TIC	0.00	0.97	n/a	0.00	0.00	1.36	n/a	0.00			
Total Intrastate Access									$8,309	$4,841	$14,240
Interstate											
Sw Access EOS	0.94	2.13	n/a	0.94	1.32	2.99	n/a	1.32			
Sw Access Transport	0.32	0.76	n/a	0.32	0.45	1.06	n/a	0.45	$17,889	$8,128	$26,797
CCL	0.00	3.83	n/a	0.00	0.00	8.10	n/a	0.00	$8,015	$3,112	$8,127
TIC	0.00	0.20	n/a	0.00	0.00	0.28	n/a	0.00			
Total Interstate Access									$23,884	$12,240	$36,924
Toll	0.08	1.20	0.16	0.24	0.11	2.00	0.26	0.37	$4,445	$2,564	$7,009
Vertical Services	0.00	3.87	0.49	0.49	0.00	1.41	0.18	0.18	$8,996	$1,271	$10,267
Grand TOTAL	28.22	33.22	2.27	30.49	28.99	64.58	5.45	34.41	$573,207	$237,927	$811,134

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Exhibit No. MCS-1
FPSC Exhibit No. ____
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GTE USF Summary Repor

Date Produced	7/24/98			
USF Calculation for GTE:	FL			
Average BCPM Monthly Cost	$32.70			
add Gross Receipts Tax	$1.02	add White Page Listing Cost[1]	$	0.40
Total Monthly Cost	$33.72	Adjusted Total Monthly Cost	$	34.12
Cost Adjust Ratio (vs. BCPM)	100%			
Federal Res Benchmark Rate	$31.00			
Federal Bus Benchmark Rate	$51.00			
Federal USF %	25%			
Eligible Lines	1,884,214			

Type of Support	Res	Bus	Total[2]	USF Lines
Interstate	$18,562,233	$275,374	$18,837,907	1,155,531
Intrastate	$340,985,543	$8,455,742	$347,441,284	1,694,839
Total[3]	$359,547,776	$8,731,116	$366,278,892	N/A

1. This cost has not been included as an expense input in BCPM.

2. Total support includes cost of white page listing (directory) $0.40 for each wire center.

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Meade Seaman
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FPSC Exhibit No. _____
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REDACTED

*Includes $0.40 for white page listing and gross receipts tax.

CLLI	Avg. Monthly Cost / Line	Total* Adjusted Monthly Cost	Res Lines	Single Bus Lines	$Tot Res Rate	$Tot Bus Rate	Supported Res Lines	Supported Bus Lines
HNCYFLXN	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
HYPKFLXA								
INLKFLXA								
INRKFLXX								
KYSTFLXA								
LGBKFLXA								
LKALFLXA								
LKLDFLXA								
LKLDFLXE								
LKLDFLXN								
LKWLFLXA								
LKWLFLXE								
LLMNFLXA								
LNLKFLXA								
LRGOFLXA								
LUTZFLXA								
MLBYFLXA								
MNLKFLXA								
MYCYFLXA								
NGBHFLXA								
NPRCFLXA								
NRPTFLXA								
NRSDFLXA								
OLDSFLXA								
OSPRFLXA								
PKCYFLXA								

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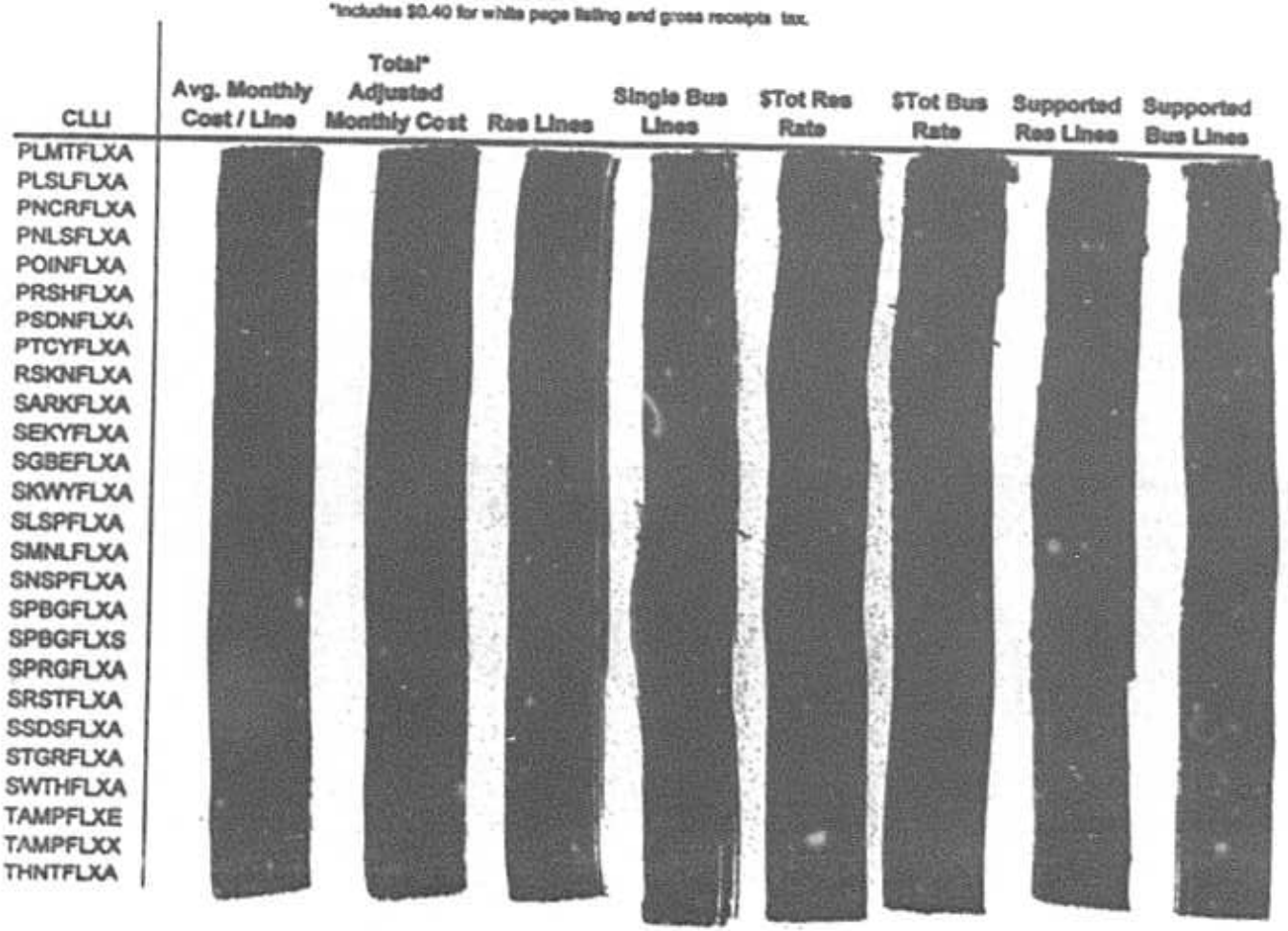
Direct Testimony of
Meade Seaman
Exhibit No. MCS-2
FPSC Exhibit No. _____
Page 3 of 13

REDACTED

*Includes $0.40 for white page listing and gross receipts tax.



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*Includes $0.40 for white page listing and gross receipts tax.

CLLI	Avg. Monthly Cost / Line	Total* Adjusted Monthly Cost	Res Lines	Single Bus Lines	$Tot Res Rate	$Tot Bus Rate	Supported Res Lines	Supported Bus Lines
TMTRFLXA	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TRSPFLXA								
UNVRFLXA								
VENCFLXA								
VENCFLXS								
WIMMFLXA								
WLCHFLXA								
WLCRFLXA								
WNHNFLXC								
WSSDFLXA								
YBCTFLXA								
ZPHYFLXA								
TOTALS			1,596,232	287,982			1,596,232	98,607

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Meade Seaman
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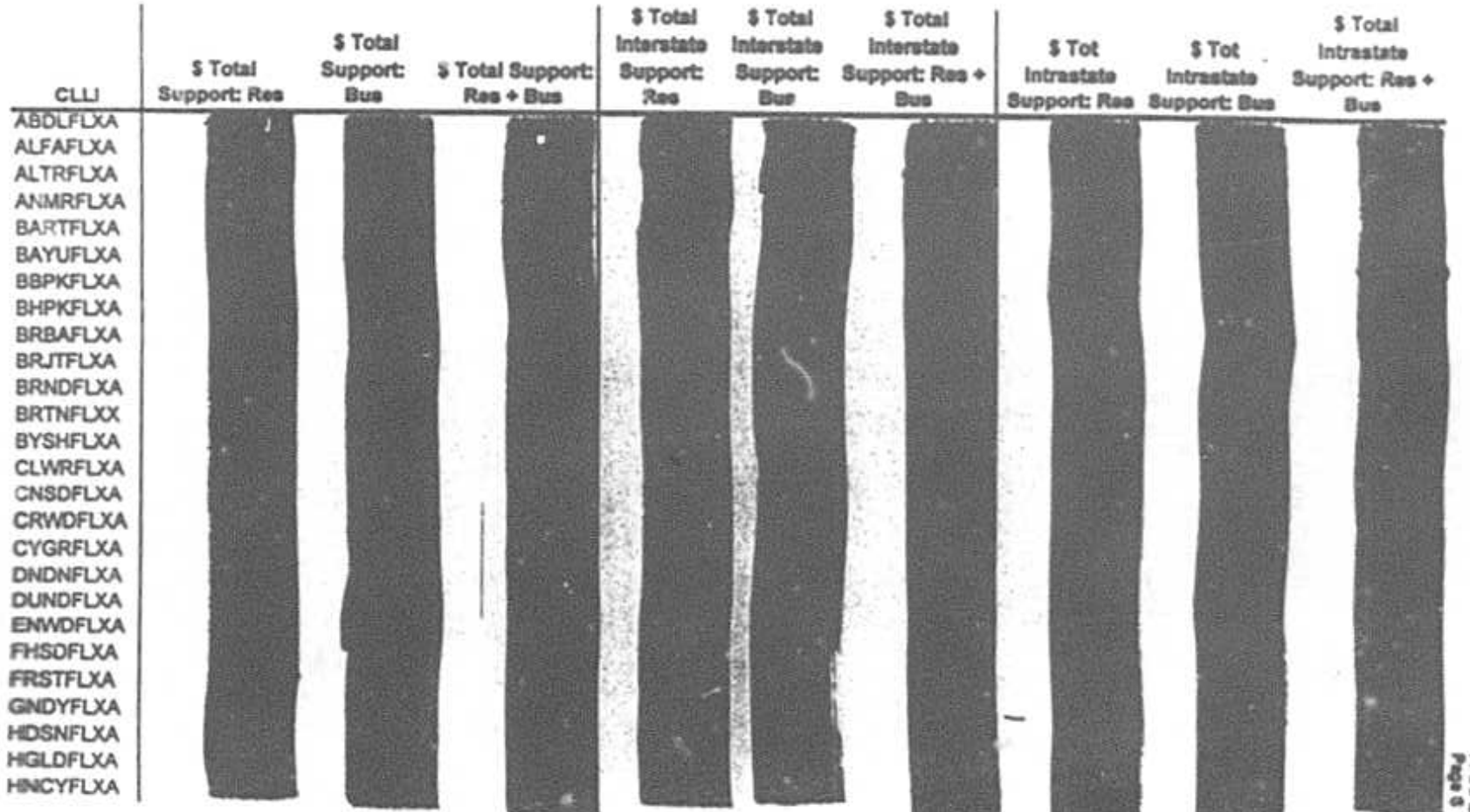

Docket No. 990649-TP
Direct Testimony of
Maeda Seaman
Exhibit No. MC-3
FPSC Exhibit No. ____
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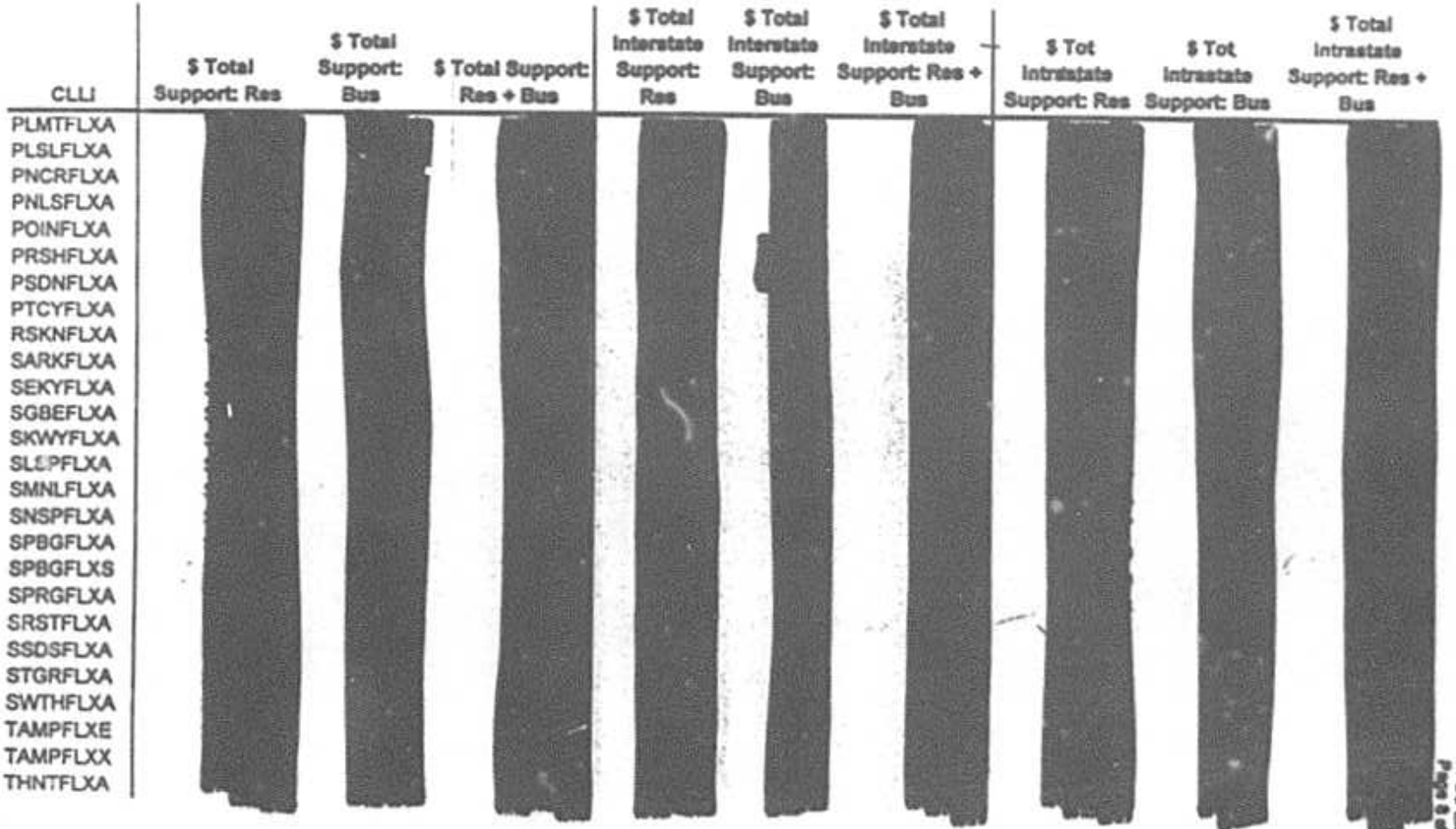

Direct Testimony of Mikeda Seaman
Exhibit No. MCS-2
FPSC Exhibit No. ____
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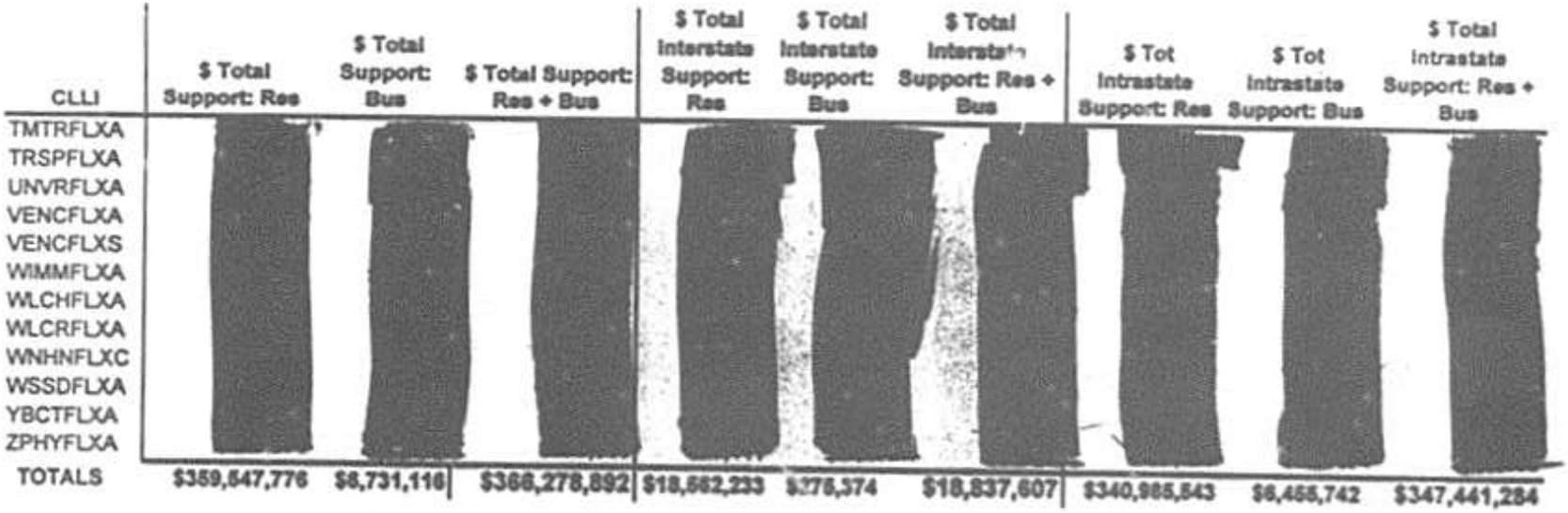

CLLI	$ Total Support: Res	$ Total Support: Bus	$ Total Support: Res + Bus	$ Total Interstate Support: Res	$ Total Interstate Support: Bus	$ Total Interstate Support: Res + Bus	$ Tot Intrastate Support: Res	$ Tot Intrastate Support: Bus	$ Total Intrastate Support: Res + Bus
TMTRFLXA									
TRSPFLXA									
UNVRFLXA									
VENCFLXA									
VENCFLXS									
WIMMFLXA									
WLCHFLXA									
WLCRFLXA									
WNHNFLXC									
WSSDFLXA									
YBCTFLXA									
ZPHYFLXA									
TOTALS	$359,547,776	$8,731,116	$368,278,892	$18,562,233	$276,374	$18,837,607	$340,985,543	$6,455,742	$347,441,284

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CLLI	Interstate Supported Res Lines	Interstate Supported Bus Lines	Intrastate Supported Res Lines	Intrastate Supported Bus Lines
HNCYFLXN	[redacted]	[redacted]	[redacted]	[redacted]
HYPKFLXA				
INLKFLXA				
INRKFLXX				
KYSTFLXA				
LGBKFLXA				
LKALFLXA				
LKLDFLXA				
LKLDFLXE				
LKLDFLXN				
LKWLFLXA				
LKWLFLXE				
LLMNFLXA				
LNLKFLXA				
LRGOFLXA				
L[illegible]ITZFLXA				
MLBYFLXA				
MNLKFLXA				
MYCYFLXA				
NGBHFLXA				
NPRCFLXA				
NRPTFLXA				
NRSDFLXA				
OLDSFLXA				
OSPRFLXA				
PKCYFLXA				

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Meade Seaman
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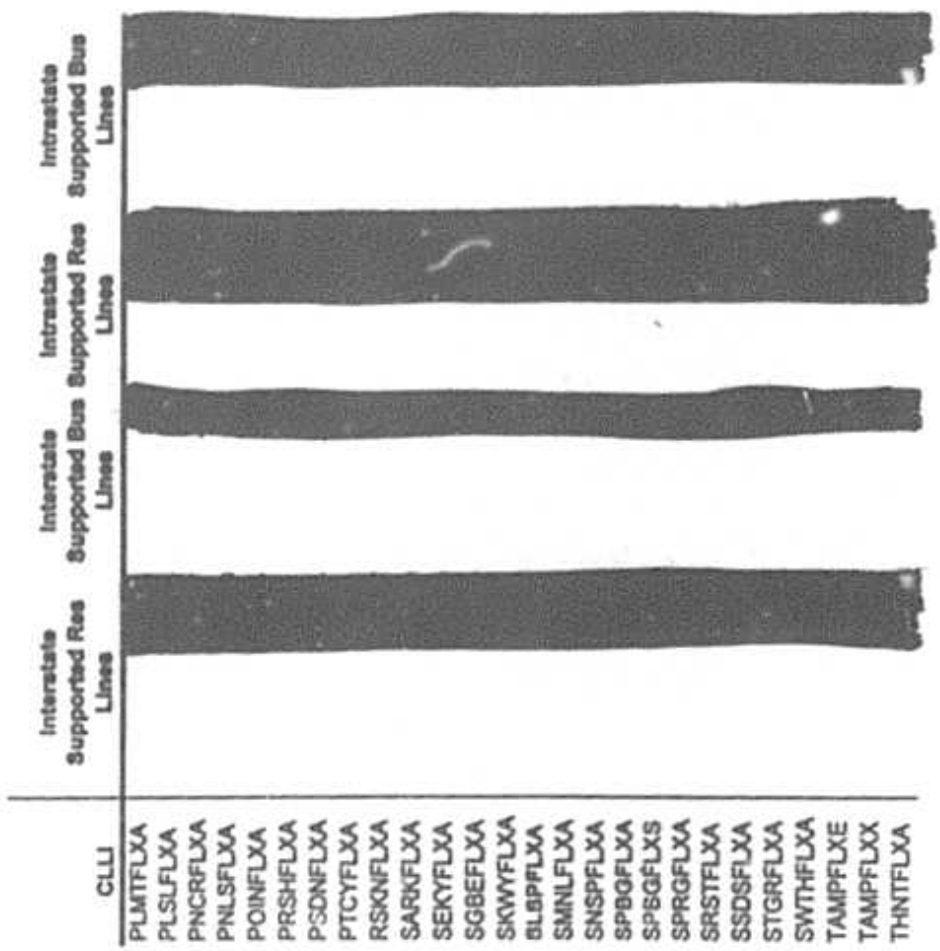
CLLI
Interstate Supported Res Lines
Interstate Supported Bus Lines
Intrastate Supported Res Lines
Intrastate Supported Bus Lines
PLMTFLXA
PLSLFLXA
PNCRFLXA
PNLSFLXA
POINFLXA
PRSHFLXA
PSDNFLXA
PTCYFLXA
RSKNFLXA
SARKFLXA
SEKYFLXA
SGBEFLXA
SKWYFLXA
SLSPFLXA
SMNLFLXA
SNSPFLXA
SPBGFLXA
SPSGFLXS
SPRGFLXA
SRSTFLXA
SSDSFLXA
STGRFLXA
SWTHFLXA
TAMPFLXE
TAMPFLXX
THNTFLXA

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Determination of the cost of basic local telecommunications service pursuant to Section 364.025, Florida Statutes	))))	Docket No. 980696-TP Filed: August 3, 1998

DIRECT TESTIMONY

OF

ALLEN E. SOVEREIGN

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

GTE FLORIDA INCORPORATED

DOCKET 980696-TP

DIRECT TESTIMONY OF ALLEN E. SOVEREIGN

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, ADDRESS AND PRESENT POSITION.

A. My name is Allen E. Sovereign. My business address is 1420 E. Rochelle Dr., Irving, Texas 75038. I am employed by GTE as Manager-Capital Recovery.

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Science Degree in Electrical Engineering from Michigan Technological University, Houghton, Michigan, in 1971. I received a Master of Science Degree in Business Administration from Indiana University, Bloomington, Indiana, in 1980. I have attended courses in depreciation and life analysis provided by Depreciation Programs, Inc., of Kalamazoo, Michigan. I have also attended and instructed basic and advanced GTE courses in depreciation life analysis. I am a Senior Member of the Society of Depreciation Professionals.

Q. BRIEFLY DESCRIBE YOUR WORK EXPERIENCE WITH GTE.

A. I have worked with GTE Companies for 24 years, with 17 of those years in the Depreciation study area. I have held various positions in Engineering and Construction, Capital Budgeting, Marketing, and Product Development. I was named Manager of Capital Recovery in February 1994.

Q. WHAT ARE THE RESPONSIBILITIES OF YOUR CURRENT POSITION?

A. I am responsible for the preparation, filing, and resolution of capital recovery studies for GTE Telephone Operations and the determination of economic lives for GTE.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY BODIES?

A. Yes, I have testified before the Texas, New Mexico, Arkansas, California, Washington, Oregon, Idaho, Illinois, Pennsylvania, Michigan, Indiana, South Carolina, Virginia, Kentucky, Nevada, Iowa, Nebraska, and Hawaii State Utility Commissions.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony addresses Issue 4(a)--the depreciation rates that should be input into the cost model chosen to determine the cost of providing basic local service. I will first describe the appropriate methodology for determining the depreciation lives used in universal

A. "Economic life" is the period of time over which an asset is used to provide economic value to GTE. "Economic depreciation" is the per annum rate at which the cost of an asset can be recovered during the asset's economic life. Economic depreciation can be expressed mathematically in its simplest terms as the amount of the original asset investment divided by its economic life. This quotient represents an asset's economic depreciation expense that must be recovered each year for the duration of that asset's economic life

Q. IS THERE ANY REASON TO DEPART FROM ECONOMIC DEPRECIATION METHODOLOGY IN THIS DOCKET?

A. No. Historically, regulatory commissions prescribed asset lives based on the assumptions that there would be little or no competition, and that technological innovation would continue at a constant pace. The opening of the local exchange market invalidated those basic assumptions. As noted above, the economic life of an asset is the period of time over which that asset is used to provide economic value. Both increased competition and technological change shorten the period over which an asset will provide economic value. In a world where GTE was the sole provider, it was able to keep old assets on the books, even after their economic life had expired, because depreciation rates were based upon artificially long asset lives. Basing depreciation rates on long asset lives yielded lower depreciation rates and a longer period of time over which the asset was depreciated. These longer depreciation lives helped state

commissions to keep consumer prices low. Today's market environment--which will reduce the length of time over which GTE must recover its investment in an asset--renders the use of artificially long asset lives in calculating depreciation expense unsustainable. GTE urges this Commission to reject any suggestion that Florida should use an outdated, historical-based depreciation approach--especially when rates the Commission prescribed for GTE as early as 1992 demonstrated more progressive thinking.

Q. HAS THE FLORIDA PUBLIC SERVICE COMMISSION ("FPSC") STRICTLY FOLLOWED THE "TRADITIONAL" METHOD FOR SETTING DEPRECIATION LIVES IN FLORIDA?

A. No. The Florida Commission has for some time taken a more forward-looking and innovative approach, in conjunction with traditional methods, in setting depreciation lives. Indeed, the FPSC historically has not followed, but has been "in-front" of the FCC in their analysis of appropriate depreciation parameters. Approval of GTE's depreciation inputs in this case would further the FPSC's past thinking.

Q. HAS THE FPSC ALREADY APPROVED DEPRECIATION PARAMETERS FOR GTE THAT ARE SIMILAR TO THOSE GTE PROPOSES IN THIS CASE?

A. Yes. As observed in the attached Exhibit AES-1, many key lives approved for GTE by the FPSC are nearly the same as requested for

and shown in Exhibit AES-2, attached. GTE also uses these depreciation parameters for financial reporting purposes.

III. THE INTRODUCTION OF COMPETITION REQUIRES THE USE OF ECONOMIC LIVES

Q. WHAT FACTORS SHOULD THE COMMISSION CONSIDER IN APPROVING DEPRECIATION INPUTS FOR THE COST MODEL?

A. The Commission should keep in mind that it has already approved depreciation lives that are, in many instances, the same as or similar to the lives GTE proposes here. There is no plausible rationale for reverting to a less progressive, strictly historical approach, which would be primarily a mortality analysis with slight adjustments for technological change. Rather, competitive impacts must be recognized in establishing the economic value of GTE's assets. To this end, some 240 companies hold statewide certificates to operate as alternative local exchange carriers (ALECs), including such companies as AT&T, Bell South, MCI, Time Warner, WinStar Wireless, Biz-Tel, Ameritech, Metropolitan Fiber, Intermedia, Cable & Wireless, TCG, Teligent, and WorldCom. Full facilities bypass is becoming more of a reality, not only through emerging technological developments like wireless local loops and transmission through electric lines, but also through mega-competitors like AT&T-TCI, and SBC-Ameritech. Competitors will use not only copper twisted wire pairs, but also local wireless, coaxial cable, and the electrical wires

into the home. The depreciation inputs approved in this case must reflect these competitive considerations. Indeed, economic depreciation based on competitive market asset lives is the only approach consistent with the use of the forward-looking costing principle the Florida Legislature has dictated.

Q. ARE THERE SPECIAL CONSIDERATIONS THAT SUBJECT GTE FLORIDA TO PARTICULARLY SEVERE COMPETITIVE LOSSES?

A. Yes. GTE's facilities in Florida are concentrated largely in the Tampa Bay Area, which has been a prime entry target for numerous competitors. This geographic concentration increases competitive risk, making GTE's Florida's operations particularly susceptible to devastating competitive losses.

Q. HOW SERIOUS IS THE COMPETITIVE THREAT IN GTE'S LOCAL MARKETS?

A. Very serious. The Telecommunications Act of 1996 has substantially eased entry into local markets for competitors of all sizes. GTE has already executed 59 interconnection and/or resale contracts with other firms. Resale is a particularly quick and easy way for even smaller entities to offer service. More importantly, many of GTE's competitors will be large, well financed and well established telecommunications companies--some of which may bypass GTE's network completely. For example, AT&T Chairman C. Michael Armstrong has emphasized that local service is a key aspect of

access to our customers and we must control costs. This investment with TCI is really the beginning of a consumer-based facilities service." "

(CBS MarketWatch Media Report, June 24, 1998, "AT&T Buys TCI in $48 Billion Deal.")

Since TCI operates in GTE's Tampa territory, the AT&T/TCI merger underscores the need for this Commission to affirm the use of economic depreciation principles that will continue to permit GTE to recover capital investments in accordance with market realities

Q. DOES GTE FACE BYPASS FROM OTHER SOURCES?

A. Yes. GTE competes with facilities-based providers--including ICI, MFS/WorldCom, MCI, WinStar, AT&T/TCG, Time Warner, e spire, and the City of Lakeland--even today. Bypass options will become increasingly more common through emerging technologies such as wireless local loop options. WinStar, for instance is a "wireless fiber" company already operating in GTE's market. As noted in a recent Wall Street Journal article:

"WinStar and other wireless service companies could offer the giant Bell companies and GTE Corp. their most meaningful competition in luring away phone customers to alternative local services on a massive scale."

(Wall Street Journal, Nov. 10, 1997, page B6.)

On May 7, 1998, WinStar announced that services were launched during the first four months of 1998 in seven markets, including Tampa. (WinStar press release, May 7, 1998, "WinStar Adds 7 New ALEC Markets.")

Teligent Inc. offers another example of the competitive threat of emerging technologies. Alex J. Mandl, former AT&T President and now Chairman and CEO of Teligent Inc. recently stated:

> "It is no accident that the company AT&T decided to buy to jump-start its entry into local markets was Teleport Communications Group, one of the largest of the new facilities-based local competitors.
>
> Companies like Teligent, WinStar, and BizTel (now owned by Teleport) today are delivering new broad-band services with technology that was not available even a year or two ago. Real competition is coming to the local telephone market."

(Wall Street Journal, Jan. 28, 1998, page A18 [emphasis added].)

On January 28, 1998, Teligent announced the first ten cities, including Tampa and Orlando, for full commercial launch of facilities-based commercial service over its own digital wireless networks in 1998. At the same time, Teligent announced that it had ordered its first ten DMS-500 switches. (Teligent press release, January 28, 1998, "Teligent Announces First Ten Cities for Commercial Launch

in 1998.") In the company's report of 1997 financial results, Chairman Mandl emphasized Teligent's local market strategy:

> We are building the necessary foundation to support our aggressive build out schedule. We're deploying the most advanced digital, local communications networks in the country to bring real competition to the local marketplace.

(Teligent press release, March 11, 1998, "Teligent Reports 1997 Financial Results, Setting the Stage for 1998 Market Entry.")

Teligent's local market assault prompted Fortune magazine to name Teligent one of America's 12 "coolest" companies. The July 6, 1998 issue states: "Wall Street and industry pundits are gushing about this fledgling telecom company, which is building a nationwide wireless network to provide local phone service." (Fortune Magazine, July 6, 1998, "Cool Companies 1998.")

Chairman Mandl responded: "To be recognized as the only cool telecom services company at a time when competition in the telecommunications industry is exploding is exciting for us. We've always known that Teligent is bringing leading edge technology to the marketplace. But it's nice to be cool, too." (Teligent Press Release, June 17, 1998, "Fortune Magazine Names Teligent One of America's "Coolest" Companies.")

Local" strategy." Among the new markets listed is GTE's Tampa - St Petersburg market.

Q. COULD YOU PROVIDE SOME EXAMPLES OF HOW A CUSTOMER COULD LEAVE GTE'S LOCAL WIRELINE NETWORK FOR A COMPETITOR'S LOCAL WIRELESS NETWORK?

A. Yes. In February 1997, well before the merger announcement, AT&T touted its "Project Angel," a revolutionary fixed wireless technology to carry high-speed digital communications to most households across the country at many times the capacity of traditional copper wire. This technology will give AT&T a new way to provide local service over its own facilities. This option would completely bypass the ILEC's existing network, including the copper cable distribution network. Even though AT&T is still in the trial phase of this project, other providers are building and implementing local wireless technology on a national scale.

Wireless providers, such as WinStar and Teligent, are building a full-service national local switched telephone network that can bring fiber quality service to fixed wireless connections for high speed, digital voice and data transmissions. These reliable wireless circuits take the place of existing fiber optic and copper communications lines. This fixed wireless technology, in conjunction with a provider's own switch, could completely bypass the ILEC's existing network.

Q. ARE THERE COMPETITIVE THREATS FROM FIRMS OTHER THAN TELECOMMUNICATIONS COMPANIES?

A. Yes. Evolving technologies will expand competition in ways that may not be immediately obvious. For instance, Britain's Norweb Communications has invented a " Digital PowerLine" technology that allows telephone calls to travel over electric lines. Ten utilities in Europe and Asia, with a combined reach of 35 million homes, are already testing the system. Northern Telecom, the big Canadian manufacturer of telephone equipment, has joined Norweb as a partner. Some American power providers are considering their own tests. "We are certainly familiar with the technology and are evaluating it," confirmed a spokesman for FPL Group Inc 's Florida Power & Light. Of the 1500 inquiries Norweb has received about the system, one third were from U.S. companies. (Wall Street Journal, July 2, 1998, "Garage Tinkering Yields an Electrifying Breakthrough ") Again, competitive threats from all of these sources--both familiar and emerging--illustrate the need for the Commission to adopt GTE's recommended economic lives for use in determining basic service costs in this case.

IV. PROPER WEIGHT IS GIVEN TO ALL FACTORS CONSIDERED IN THE DETERMINATION OF AN ECONOMIC LIFE

Q. WHAT FACTORS SHOULD BE CONSIDERED WHEN ESTIMATING THE ECONOMIC LIFE OF AN ASSET?

to be retired (Public Utility Depreciation Practices, National Association of Regulatory Utility Commissioners, 1996, p. 15.) These include:

1. Physical Factors
   a. Wear and tear
   b. Decay or deterioration
   c. Action of the elements and accidents
2. Functional Factors
   a. Inadequacy
   b. Obsolescence
   c. Changes in art and technology
   d. Changes in demand
   e. Requirements of public authorities
   f. Management discretion
3. Contingent Factors
   a. Casualties or disasters
   b. Extraordinary obsolescence

The NARUC factors, which have traditionally been used to establish the retirement or physical life expectancy of assets in the telecommunications industry, can provide some guidance in estimating an asset's economic life, but only if they are properly weighted to reflect the significant roles competition and technological change play in determining an asset's economic life. Specifically, the "Functional Factors" (Part 2 of the NARUC factors) are sensitive to

Q. WHAT DO THE TFI STUDIES RECOMMEND AS THE ECONOMIC LIVES FOR GTE'S ASSETS?

A. The chart on Exhibit AES-3, attached, compares TFI's recommended economic life ranges with the economic lives GTE uses in its cost studies. TFI specifically addresses the appropriate lives to be used for outside plant cable, central office switching, and circuit equipment accounts, as these are the accounts that are most affected by changes in competition and technology. As the chart points out, the lives used by GTE for financial reporting, for intrastate reporting, and for cost study inputs fall within the ranges recommended by TFI.

VI. GTE'S RECOMMENDED LIVES ARE REASONABLE WHEN BENCHMARKED WITH OTHER TELECOMMUNICATIONS PROVIDERS

Q. DID YOU DO ANY BENCHMARK COMPARISONS OTHER THAN TFI RANGES?

A. Yes. We also benchmarked against the lives used by AT&T, MCI, and CATV operators, as well as the Regional Bell Operating Companies ("RBOCs").

Q. WHAT DID YOU DETERMINE USING BENCHMARK COMPARISONS WITH AT&T?

A. Comparing GTE's proposed economic lives to the lives AT&T uses affords an excellent example of the reasonableness of GTE's economic lives. In fact, GTE's lives are not as short as lives used by

AT&T. (FCC Docket No. 95-32, In the Matter of the Prescription of Revised Percentages of Depreciation, Memorandum Opinion and Order, January 31, 1995.) The attached Exhibit AES-4 compares AT&T's lives with those recommended by GTE for the key accounts. AT&T uses 9.7 years for Digital Switching compared to 10 years recommended by GTE. AT&T uses 7.2 years for Circuit equipment compared to 8 years recommended by GTE. AT&T uses 3.4 to 15 years for Copper Cable compared to the 15 years recommended by GTE. Finally, both AT&T and GTE use 20 years for Fiber Cable.

Likewise, the lives AT&T uses for support asset accounts such as motor vehicles, furniture, office and work equipment are shorter than the lives GTE proposes. AT&T uses 6.6 years for motor vehicles, GTE proposes 8 years. AT&T uses 6.7 - 8.2 years for work equipment, GTE proposes 10 years. AT&T uses 4.7 - 9.3 years for office equipment, GTE proposes 10 years. AT&T uses 5.6 years for furniture, GTE proposes 10 years.

Q. WHAT WAS DETERMINED BY THE COMPARISON WITH MCI?

A. GTE's lives are longer than lives MCI uses. Page 16 of MCI's 1996 annual report stated:

> "The weighted average depreciable life of the assets comprising the communications system in service approximates 10 years. Furniture, fixtures and equipment are depreciated over a weighted average life of 6 years ...

Buildings are depreciated using lives of up to 35 years."

(MCI 1996 Annual Report, page 16.)

Earlier this year, MCI made the following statement:

> "The company periodically reviews and adjusts the useful lives assigned to fixed assets to ensure that depreciation charges provide appropriate recovery of capital costs over the estimated physical and technological lives of the assets. The weighted average of depreciable life of the assets comprising the communications system in service approximates nine years."

(MCI Communications Corporation Annual Report, SEC form 10-K, dated April 15, 1998.)

MCI has shortened the lives of its communications facilities from approximately 10 years to 9 years, while not changing the lives for furniture, fixtures and buildings.

GTE's proposed lives are longer or similar to the lives used by MCI. GTE proposes 10 years for switching and 15-20 years for cable compared to MCI's 9 years. GTE proposes 10 years for support assets such as furniture and equipment compared to MCI's 6 years. GTE proposes 30 years for buildings compared to MCI's up to 35 years.

Q. ARE GTE'S ECONOMIC LIVES SIMILAR TO THE ECONOMIC LIVES IDENTIFIED BY THE RBOCs?

A. Yes. The RBOCs' economic lives are, like GTE's, within the ranges identified by TFI. The attached Exhibit AES-5 compares the lives the RBOCs published in their FAS-71 announcements with the lives GTE proposes. The lives used by the RBOCs for financial reporting purposes are of particular interest because they will most likely be the lives they use for depreciating out-of-franchise investments made in the Tampa Bay area. SBC-Ameritech, for example, plans to provide "full residential and business services" in the Tampa Market. (Tampa Tribune, May 14, 1998, "Phone Deal Could Jangle Local Market") BellSouth has declared its intent to offer local phone service in the Tampa Bay area. (Tampa Tribune, October 15, 1997, "BellSouth Seeks Share of Region") It would be obviously unreasonable to use depreciation inputs for GTE that are longer than those used by GTE's competitors.

Q. HAVE ANY OTHER COMMISSIONS DETERMINED THAT BENCHMARKING IS A VIABLE METHOD TO ASSESS THE REASONABLENESS OF GTE'S PROPOSED LIVES?

A. Yes. The Missouri Public Service Commission recently commented on benchmarking for purposes of establishing depreciation rates to be utilized in GTE's TELRIC cost studies stating "Staff believes that benchmarking GTE TELRIC rates against those booked for financial purposes of likely competitors and other companies using similar

technologies is appropriate and is the best method to determine if GTE's TELRIC rates pass the muster of reasonableness." The Missouri Staff chose 19 of the largest IXC, Cable TV, Cellular, CAP, and PCS companies to benchmark against and found that the depreciation rates used to calculate GTE's TELRIC rates were at the bottom or second from the bottom of the list and were significantly lower than several companies in similar industries. The Missouri Order noted: "This is the most significant factor to Staff's belief that GTE's proposed depreciation rates are reasonable." (Case No. TO-97-63, Missouri Public Service Commission Final Arbitration Order, July 31, 1997, Attachment C at p. 77-79)).

VII. OTHER STATE REGULATORY COMMISSIONS HAVE ENDORSED GTE'S ECONOMIC LIVES

Q. HAS ANY OTHER REGULATORY BODY APPROVED THE ECONOMIC LIVES PRESENTED HERE?

A. Yes. The California Public Utility Commission ("CPUC") endorsed the use of the same economic lives presented here, except that the life approved for copper cable is one year less than requested. These lives were ordered to be used in a recent cost study ruling (California Public Utilities Commission Decision No. D.96-08-021, August 2, 1996, in Rule Making R.93-04-003, I.93-04-002.) The CPUC concluded that the economic lives used by GTE and Pacific Bell for external financial reporting were the appropriate forward-

Association of Long Distance Carriers, among others.))

Q. DOES GTE USE ECONOMIC LIVES IN ITS CALIFORNIA COST STUDIES?

A. Yes. The CPUC ordered GTE to use economic lives as well, stating:

> "We find GTEC's arguments to be persuasive, and will therefore order GTEC to modify the depreciation rates used in the cost studies it has submitted only to the extent of the eight technology accounts...."

(Id. at 75.)

Q. HAVE OTHER STATE COMMISSIONS ENDORSED THE USE OF ECONOMIC LIVES?

A. Yes. Both the Michigan and Missouri Public Service Commissions have adopted GTE's recommended economic depreciation parameters. In adopting the economic lives presented here in Florida, the Missouri Commission stated:

> "Staff's goal has been to recommend depreciation rates based on parameters that GTE is likely to experience for financial purposes so as to fully recover its long-run capital costs in a timely fashion."

(Case No. TO-97-63, Missouri Public Service Commission Final Arbitration Order, issued July 31, 1997, Attachment C at 76.)

The Michigan Commission likewise approved the use of GTE's economic lives in a February 25, 1998 order explicitly rejecting AT&T and MCI proposals:

> "GTE proposes to reduce its asset lives in accordance with their economic lives...The Staff's view is that GTE's proposed asset lives are largely consistent with a forward-looking approach and are reasonable...The Commission finds that GTE's proposal related to depreciation is appropriate for TSLRIC purposes....The Commission further finds AT&T/MCI's proposal to be insufficiently forward looking for purposes of a TSLRIC study."

(Michigan Docket No. U-11281, February 15, 1998, Order, Section d.)

VIII. FCC DEPRECIATION RANGES ARE OUTDATED

Q. SHOULD THE FCC'S AUTHORIZED DEPRECIATION PARAMETER RANGES CONTROL THIS COMMISSION'S DECISION?

A. Certainly not. This Commission did not follow FCC parameters in GTE's 1992 depreciation decision. The rationale for rejecting FCC ranges has, since then, become only stronger. GTE discusses the FCC's parameters here only because it expects that AT&T, MCI, and perhaps others, may recommend FCC ranges to this Commission.

to further examine the Commission's depreciation rules. (FCC Order 97-157, Federal-State Joint Board on Universal Service, adopted May 7, 1997, page 140.) In the Access Charge Reform Proceeding, the FCC acknowledged that the ongoing evolution of the telecommunications industry may well require the FCC to revise its prescription methods, or possibly discontinue depreciation rate prescriptions altogether. (FCC Order 96-262, Access Charge Reform, adopted May 21, 1997.)

Q. HAS THE FCC, IN FACT, IDENTIFIED DEPRECIATION AS AN ITEM FOR POSSIBLE ELIMINATION?

A. Yes. The FCC Staff has released a list of proposed proceedings to be initiated as part of the 1998 biennial review. The review is aimed at eliminating or modifying regulations that are overly burdensome or no longer serve the public interest. Depreciation has been identified as an item that the Commission will consider for elimination in this review. (FCC Report No. GN 98-1, Feb. 5, 1998.)

At least one Commissioner has already cast his vote to eliminate FCC depreciation represcriptions. In a statement issued on January 30, 1998, FCC Commissioner Harold Furchtgott-Roth commented:

> "In today's increasingly competitive environment, there should be no need for the Commission to continue to dictate, even through revised streamlined procedures, depreciation rates or the factors that may be used to compute such rat... I urge,

and specifically encourage parties to request, that the Commission use this year's biennial review to eliminate its rules and regulations regarding depreciation expenses."

(FCC Order 98-11, Jan. 30, 1998, separate statement by Commissioner Furchtgott-Roth.)

IX. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. Traditional historical methods of establishing depreciation lives are not forward-looking, and thus are inappropriate for use in forward-looking cost models. The lives GTE proposes are based on a forward-looking approach. They properly consider evolving technological and competitive factors likely to affect GTE Florida's operations. GTE's proposed lives are reasonable in comparison to the financial reporting lives of GTE's actual and potential competitors, which include Cable TV operators and telecommunications providers like SBC, Bell South, AT&T, TCI, and MCI.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Comparison of FPSC Approved Economic Lives with GTE's

Category	1992 FPSC Approved	1995 GTE Proposed	Current Financial Reporting
Digital Switching	10.0	10.0	10.0
Circuit Equipment	7.9-8.0	8.0	8.0
Copper Cable	16.4-19.8	15.0-16.0	15.0
Fiber Cable	19.5-20.8	20.0	20.0

A Comparison of The TFI Ranges with GTE's Proposed Economic Lives

	TFI Economic	GTE Economic
Digital Switching Equipment	9-12	10
Circuit Equipment	6-9	8
Copper Cable		
Aerial	14-20	15
Underground	14-20	15
Buried	14-20	15
Fiber Cable		
Aerial	20	20
Underground	20	20
Buried	20	20

Transforming the Local Exchange Network: Analyses and Forecasts of Technology Change, Larry K. Vanston, Ray L. Hodges, and Adrian J. Poitras, Second Edition 1997, Technology Futures, Inc., p. 33.

Comparison of AT&T's Economic Lives with GTE's

	AT&T's Economic Life	GTE's Proposed Economic Life
Digital Switching	9.7	10.0
Digital Circuit Equipment	7.2	8.0
Copper Cable		
Aerial	3.4	15.0
Underground	9.0	15.0
Buried	15.0	15.0
Fiber Cable		
Aerial	20.0	20.0
Underground	20.0	20.0
Buried	20.0	20.0

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of Basic Local Telecommunications Service, pursuant to Section 364.025, Florida Statutes	)	Docket No. 980696-TP

DIRECT TESTIMONY OF

DAVID G. TUCEK

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

GTE FLORIDA INCORPORATED

DIRECT TESTIMONY OF DAVID G. TUCEK

DOCKET NO. 980696-TP

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David G. Tucek. My business address is 1000 GTE Drive, Wentzville, Missouri.

Q. BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY?

A. I am employed by GTE as Staff Manager - Economic Issues. In this capacity, I am responsible for supporting GTE's incremental cost studies.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I have a Bachelor of Science Degree in Mathematics and Economics from Southeast Missouri State University, and a Master of Arts Degree in Economics from the University of Missouri. I also have a Master of Business Administration from St. Louis University. I began my career in the telecommunications industry as a Senior Cost Analyst with Contel Service Corporation in 1979. I became an employee of GTE in 1991, at the time of the merger between the two companies. During the course of my career, I have held various positions dealing with cost analysis and modeling, rate design, tariff

Q. WHAT WAS THE RESULT OF THE BCPM RUN?

A. Based on the inputs described below, the cost of basic local telecommunications service produced by BCPM is $33.08 per line, per month. This figure excludes the cost of a standard white page directory listing, which is included in Florida's statutory definition of "basic local telecommunications service." (Fla. Stat. sec. 364.02(2).) GTE estimates the directory listing cost to be $0.40 per line, per month.

Q. PLEASE IDENTIFY WHAT TYPES OF INPUTS GTE HAS DEVELOPED FOR USE IN BCPM.

A. GTE changed BCPM's default values for the following inputs:

(1) cost of money;

(2) depreciation lives and salvage values;

(3) wire center line counts;

(4) tax rates and lives;

(5) fill factors;

(6) structure mix assumptions;

(7) structure sharing assumptions;

(8) spacing assumptions for poles, manholes, and guy wires and anchors;

(9) special access line factor.

GTE also changed the following inputs related to switching and transport costs:

(1) percent local calls;

(2) percent residence lines;

(3) switch, percent line fill;

(4) land and buildings loading factors;

(5) processor-related investment by wire center;

(6) MDF and protection investment by wire center;

(7) line port investment by wire center;

(8) line CCS investment by wire center;

(9) trunk CCS investment by wire center;

(10) SS7 investment by wire center;

(11) usage inputs dealing with calls per line, CCS per line, and CCS per trunk;

(12) line-to-trunk ratio;

(13) percent of local calls that are interoffice;

(14) call completion fraction; and

(15) maximum number of nodes on a SONET ring

Additionally, GTE's BCPM inputs are based on GTE-specific input prices for the following items: (i) manholes; (ii) conduit systems; (iii) poles; (iv) guy wires and anchors; (v) NIDs and drops; (vi) cross-connect boxes; (vii) copper cable; (viii) fiber cable; and (ix) Digital Loop Carriers ("DLCs"). Finally, GTE utilized ARMIS and general ledger data for 1997 to develop the inputs for network support ratios and for operating expenses. All of the GTE company-specific inputs for BCPM are presented in Exhibit DGT-1.

Q. WHAT DEPRECIATION LIVES AND SALVAGE VALUES WERE USED?

A. The lives and salvage values used are those sponsored by the testimony of GTE witness Allen E. Sovereign.

Q. WHAT WIRE CENTER LINE COUNTS DID GTE USE?

A. GTE used its actual wire center line counts as of year-end 1997. In addition to single-party business and residence lines, the line counts include multi-line business, special access, private lines and multiple residential lines.

Q. WHAT TAX RATES AND TAX LIVES WERE USED?

A. The tax rates of 35.0% federal, 5.50% state, 1.17% *ad valorem*, 0.02% other, and 3.03% gross receipts tax were used for Florida. The BCPM default values for tax lives were used for all accounts except for Motor Vehicles, Special Purpose Vehicles, Furniture, and Office Support. For these accounts, tax lives of 5, 5, 7, and 7 years were used, respectively.

Q. WHAT FILL FACTORS WERE USED FOR FEEDER, DISTRIBUTION AND SWITCHING?

A. Values of 65 and 98 percent were used for feeder and distribution plant, respectively. The 65 percent value represents a GTE-specific upper limit for the average feeder fill, based on GTE's operations across the country. For GTE's Florida operations, the actual average

feeder fill is 52.7 percent. The 98 percent factor for distribution reflects the need for administrative spare. For switching, the GTE national average value of 86.0 percent was used, which is comparable to GTE's 85.7 percent state average for Florida.

Q. WHAT STRUCTURE MIX INPUTS WERE USED?

A. GTE replaced the default values of BCPM for the mix of aerial, buried and underground plant with the actual percentages of plant mix for Florida based on the density of GTE wire centers.

Q. WHAT STRUCTURE SHARING INPUT VALUES DID GTE USE?

A. GTE has used structure sharing inputs based upon GTE's actual experience in Florida. GTE's pole sharing input for normal and soft rock placement is 53.58 percent, for hard rock placement, the sharing input is 54.52 percent. These percentages are based on the number of poles to which GTE attaches, and on whether or not GTE is the only utility using the pole. The sharing and price inputs for poles represent a composite of 30 foot non-shared poles and 40 foot shared-use poles. There is no distinction between normal and soft rock placement because GTE's existing vendor contracts for pole placement do not make this distinction. Likewise, the sharing inputs of 100 percent for buried placement and 97.18 percent for conduit and manholes reflect GTE's current experience in Florida and the assessment of GTE operating personnel in Florida.

Q. WHAT SPACING ASSUMPTIONS WERE MADE FOR POLES, MANHOLES AND GUY WIRES AND ANCHORS?

A. GTE selected spacing inputs that are consistent with its actual engineering practices. A pole spacing interval of 175 feet was used, which falls between the BCPM defaults of 250 and 150 feet. For manholes, a longer spacing of 750 feet was used rather than the proposed defaults of 550 and 725 feet. A spacing interval of every tenth pole was used for guy wires and anchors, which is a wider interval than specified by the BCPM defaults.

Q. HOW WAS THE SPECIAL ACCESS LINE FACTOR DEVELOPED?

A. This input is based on GTE Florida's 1997 year-end data. The input equals 12.28 percent.

Q. HOW WERE THE SWITCHING AND TRANSPORT INPUTS LISTED ABOVE DEVELOPED?

A. The percent of local calls and the percent of residence lines were based on actual 1997 data for GTE Florida. These values were 84.63 and 71.40 percent, respectively. As noted above, the switch percent line fill is based on the national average value for GTE. The land and buildings loading factors are based on the ratio of the corresponding 1997 ARMIS account balances to digital switching investment, where these numbers have been adjusted to replacement values using C.A. Turner indices where available. The investments by wire center for each category listed above are based on SCIS and Costmod runs for

representative model offices in GTE's network, and on the switch type and number of lines in each Florida wire center. These investments reflect the pricing GTE obtains for initial switch placements and for capacity additions. The investments include telco engineering and installation costs, as well as common equipment and power. Accordingly, the BCPM inputs for these factors have been set to zero. The usage inputs, line-to-trunk ratio, the percent of local calls that are interoffice, and the call completion fraction were set to values consistent with the SCIS and Costmod runs. The maximum number of nodes on a SONET ring was set to eight.

Q. WHAT INPUT PRICES FOR LABOR AND MATERIAL CHANGED FROM THEIR DEFAULT VALUES?

A. As indicated above, GTE has developed company-specific values for those material and labor inputs that deal primarily with the loop: (1) manholes; (2) conduit systems; (3) poles; (4) guy wires and anchors; (5) NIDs and drops; (6) cross-connect boxes; (7) copper cable; (8) fiber cable; and (9) DLCs. These material and labor inputs are based on the prices that GTE currently pays for these inputs in Florida. In Exhibit DGT-1, the inputs have been presented on a combined material and labor basis, in order to preserve the confidentiality of the data.

Q. WOULD IT BE CORRECT TO BASE GTE'S COST ESTIMATES ON THE LOWEST INPUT PRICES FROM AMONG ALL OF THE

Q. HOW WERE GTE'S EXPENSE INPUTS TO BCPM DEVELOPED?

A. The expense inputs are of three types: capital related expenses, which are expressed as a percent of investment; non-capital related expenses, which are input to BCPM on a per-line basis; and the support ratios for general support assets. GTE witness Michael R Norris addresses these expense inputs.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Sharing Assumptions (% Assigned Telephone)			
	Feeder Conduit (Normal, Soft R[illegible]ard Rock):		
Structure Inputs Sheet	Density = 0-5	100.00%	97.18%
Structure Inputs Sheet	Density = 6-100	97.50%	97.18%
Structure Inputs Sheet	Density = 101-200	95.00%	97.18%
Structure Inputs Sheet	Density = 201-650	92.50%	97.18%
Structure Inputs Sheet	Density = 651-850	90.00%	97.18%
Structure Inputs Sheet	Density = 851-2550	90.00%	97.18%
Structure Inputs Sheet	Density = 2551-5000	85.00%	97.18%
Structure Inputs Sheet	Density = 5001-10000	85.00%	97.18%
Structure Inputs Sheet	Density >= 10001	85.00%	97.18%
	Distribution Conduit (Normal, Soft Rock, Hard Rock)		
Structure Inputs Sheet	Density = 0-5	100.00%	97.18%
Structure Inputs Sheet	Density = 6-100	95.00%	97.18%
Structure Inputs Sheet	Density = 101-200	90.00%	97.18%
Structure Inputs Sheet	Density = 201-650	80.00%	97.18%
Structure Inputs Sheet	Density = 651-850	80.00%	97.18%
Structure Inputs Sheet	Density = 851-2550	80.00%	97.18%
Structure Inputs Sheet	Density = 2551-5000	80.00%	97.18%
Structure Inputs Sheet	Density = 5001-10000	80.00%	97.18%
Structure Inputs Sheet	Density >= 10001	80.00%	97.18%
	Buried Feeder Cable (Normal, Soft Rock, Hard Rock)		
Structure Inputs Sheet	Density = 0-5	100.00%	100.00%
Structure Inputs Sheet	Density = 6-100 *	97.50%	100.00%
Structure Inputs Sheet	Density = 101-200 *	95.00%	100.00%
Structure Inputs Sheet	Density = 201-650 *	92.50%	100.00%
Structure Inputs Sheet	Density = 651-850 *	90.00%	100.00%
Structure Inputs Sheet	Density = 851-2550 *	90.00%	100.00%
Structure Inputs Sheet	Density = 2551-5000 *	85.00%	100.00%
Structure Inputs Sheet	Density = 5001-10000 *	85.00%	100.00%
Structure Inputs Sheet	Density >= 10001 *	85.00%	100.00%
	Buried Distribution Cable (Normal, Soft Rock, Hard Rock)		
Structure Inputs Sheet	Density = 0-5	100.00%	100.00%
Structure Inputs Sheet	Density = 6-100 *	95.00%	100.00%
Structure Inputs Sheet	Density = 101-200 *	90.00%	100.00%
Structure Inputs Sheet	Density = 201-650 *	80.00%	100.00%
Structure Inputs Sheet	Density = 651-850 *	80.00%	100.00%
Structure Inputs Sheet	Density = 851-2550 *	80.00%	100.00%
Structure Inputs Sheet	Density = 2551-5000 *	80.00%	100.00%
Structure Inputs Sheet	Density = 5001-10000 *	80.00%	100.00%
Structure Inputs Sheet	Density >= 10001 *	80.00%	100.00%

* Note: BCPM Defaults for Plowing and Rocky Plowing activities are assigned 100% to the telco. Defaults for all other activities within the indicated density zone are at the percentage noted

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Distribution Plant Mix (Normal, Soft Rock):		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	0.00%	0.27%
Loop Percent Table Inputs Sheet	Density = 6-100	2.00%	0.27%
Loop Percent Table Inputs Sheet	Density = 101-200	5.00%	0.36%
Loop Percent Table Inputs Sheet	Density = 201-650	8.00%	0.82%
Loop Percent Table Inputs Sheet	Density = 651-850	15.00%	0.87%
Loop Percent Table Inputs Sheet	Density = 851-2550	25.00%	0.96%
Loop Percent Table Inputs Sheet	Density = 2551-5000	40.00%	0.53%
Loop Percent Table Inputs Sheet	Density = 5001-10000	60.00%	1.95%
Loop Percent Table Inputs Sheet	Density >= 10001	90.00%	1.95%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	60.00%	78.11%
Loop Percent Table Inputs Sheet	Density = 6-100	61.00%	78.11%
Loop Percent Table Inputs Sheet	Density = 101-200	62.00%	73.91%
Loop Percent Table Inputs Sheet	Density = 201-650	62.00%	77.42%
Loop Percent Table Inputs Sheet	Density = 651-850	65.00%	79.52%
Loop Percent Table Inputs Sheet	Density = 851-2550	65.00%	69.36%
Loop Percent Table Inputs Sheet	Density = 2551-5000	55.00%	64.88%
Loop Percent Table Inputs Sheet	Density = 5001-10000	35.00%	24.14%
Loop Percent Table Inputs Sheet	Density >= 10001	10.00%	24.14%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	40.00%	21.62%
Loop Percent Table Inputs Sheet	Density = 6-100	37.00%	21.62%
Loop Percent Table Inputs Sheet	Density = 101-200	33.00%	25.72%
Loop Percent Table Inputs Sheet	Density = 201-650	30.00%	21.77%
Loop Percent Table Inputs Sheet	Density = 651-850	20.00%	19.61%
Loop Percent Table Inputs Sheet	Density = 851-2550	10.00%	29.68%
Loop Percent Table Inputs Sheet	Density = 2551-5000	5.00%	34.59%
Loop Percent Table Inputs Sheet	Density = 5001-10000	5.00%	73.90%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	73.90%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Distribution Plant Mix (Hard Rock):		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	0.00%	0.27%
Loop Percent Table Inputs Sheet	Density = 6-100	2.00%	0.27%
Loop Percent Table Inputs Sheet	Density = 101-200	5.00%	0.38%
Loop Percent Table Inputs Sheet	Density = 201-650	8.00%	0.82%
Loop Percent Table Inputs Sheet	Density = 651-850	15.00%	0.67%
Loop Percent Table Inputs Sheet	Density = 851-2550	18.00%	0.96%
Loop Percent Table Inputs Sheet	Density = 2551-5000	20.00%	0.53%
Loop Percent Table Inputs Sheet	Density = 5001-10000	45.00%	1.95%
Loop Percent Table Inputs Sheet	Density >= 10001	90.00%	1.95%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	78.11%
Loop Percent Table Inputs Sheet	Density = 6-100	51.00%	78.11%
Loop Percent Table Inputs Sheet	Density = 101-200	52.00%	73.91%
Loop Percent Table Inputs Sheet	Density = 201-650	52.00%	77.42%
Loop Percent Table Inputs Sheet	Density = 651-850	60.00%	79.52%
Loop Percent Table Inputs Sheet	Density = 851-2550	82.00%	69.36%
Loop Percent Table Inputs Sheet	Density = 2551-5000	65.00%	64.88%
Loop Percent Table Inputs Sheet	Density = 5001-10000	40.00%	24.14%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	24.14%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	21.62%
Loop Percent Table Inputs Sheet	Density = 6-100	47.00%	21.62%
Loop Percent Table Inputs Sheet	Density = 101-200	43.00%	25.72%
Loop Percent Table Inputs Sheet	Density = 201-650	40.00%	21.77%
Loop Percent Table Inputs Sheet	Density = 651-850	25.00%	19.81%
Loop Percent Table Inputs Sheet	Density = 851-2550	20.00%	29.68%
Loop Percent Table Inputs Sheet	Density = 2551-5000	15.00%	34.59%
Loop Percent Table Inputs Sheet	Density = 5001-10000	15.00%	73.90%
Loop Percent Table Inputs Sheet	Density >= 10001	10.00%	73.90%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Copper Plant Mix - Feeder (Normal, Soft Rock):		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	10.00%	6.20%
Loop Percent Table Inputs Sheet	Density = 6-100	15.00%	6.20%
Loop Percent Table Inputs Sheet	Density = 101-200	20.00%	14.40%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	24.09%
Loop Percent Table Inputs Sheet	Density = 651-850	45.00%	28.08%
Loop Percent Table Inputs Sheet	Density = 851-2550	65.00%	33.87%
Loop Percent Table Inputs Sheet	Density = 2551-5000	80.00%	31.66%
Loop Percent Table Inputs Sheet	Density = 5001-10000	90.00%	64.22%
Loop Percent Table Inputs Sheet	Density >= 10001	95.00%	64.22%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	82.41%
Loop Percent Table Inputs Sheet	Density = 6-100	45.00%	82.41%
Loop Percent Table Inputs Sheet	Density = 101-200	40.00%	68.36%
Loop Percent Table Inputs Sheet	Density = 201-650	35.00%	59.80%
Loop Percent Table Inputs Sheet	Density = 651-850	30.00%	60.37%
Loop Percent Table Inputs Sheet	Density = 851-2550	25.00%	50.26%
Loop Percent Table Inputs Sheet	Density = 2551-5000	20.00%	48.32%
Loop Percent Table Inputs Sheet	Density = 5001-10000	10.00%	22.54%
Loop Percent Table Inputs Sheet	Density >= 10001	5.00%	22.54%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	40.00%	11.39%
Loop Percent Table Inputs Sheet	Density = 6-100	40.00%	11.39%
Loop Percent Table Inputs Sheet	Density = 101-200	40.00%	17.24%
Loop Percent Table Inputs Sheet	Density = 201-650	40.00%	16.12%
Loop Percent Table Inputs Sheet	Density = 651-850	25.00%	11.55%
Loop Percent Table Inputs Sheet	Density = 851-2550	10.00%	15.86%
Loop Percent Table Inputs Sheet	Density = 2551-5000	0.00%	20.03%
Loop Percent Table Inputs Sheet	Density = 5001-10000	0.00%	13.24%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	13.24%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Fiber Plant Mix - Loop Feeder (Normal, Soft Rock):		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	10.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 6-100	15.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 101-200	20.00%	92.14%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	90.78%
Loop Percent Table Inputs Sheet	Density = 651-850	45.00%	93.74%
Loop Percent Table Inputs Sheet	Density = 851-2550	65.00%	90.65%
Loop Percent Table Inputs Sheet	Density = 2551-5000	80.00%	94.70%
Loop Percent Table Inputs Sheet	Density = 5001-10000	90.00%	96.67%
Loop Percent Table Inputs Sheet	Density >= 10001	95.00%	96.67%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 6-100	45.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 101-200	40.00%	7.63%
Loop Percent Table Inputs Sheet	Density = 201-650	35.00%	8.24%
Loop Percent Table Inputs Sheet	Density = 651-850	30.00%	5.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	25.00%	7.48%
Loop Percent Table Inputs Sheet	Density = 2551-5000	20.00%	2.97%
Loop Percent Table Inputs Sheet	Density = 5001-10000	10.00%	0.00%
Loop Percent Table Inputs Sheet	Density >= 10001	5.00%	0.00%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	40.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 6-100	40.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 101-200	40.00%	0.24%
Loop Percent Table Inputs Sheet	Density = 201-650	40.00%	0.97%
Loop Percent Table Inputs Sheet	Density = 651-850	25.00%	1.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	10.00%	1.65%
Loop Percent Table Inputs Sheet	Density = 2551-5000	0.00%	2.33%
Loop Percent Table Inputs Sheet	Density = 5001-10000	0.00%	3.33%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	3.33%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Fiber Plant Mix - Loop Feeder (Hard Rock)		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	5.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 6-100	10.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 101-200	15.00%	92.14%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	90.78%
Loop Percent Table Inputs Sheet	Density = 651-850	35.00%	93.74%
Loop Percent Table Inputs Sheet	Density = 851-2550	60.00%	90.65%
Loop Percent Table Inputs Sheet	Density = 2551-5000	80.00%	94.70%
Loop Percent Table Inputs Sheet	Density = 5001-10000	85.00%	96.67%
Loop Percent Table Inputs Sheet	Density >= 10001	95.00%	96.67%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	45.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 6-100	40.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 101-200	35.00%	7.63%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	8.24%
Loop Percent Table Inputs Sheet	Density = 651-850	25.00%	5.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	20.00%	7.48%
Loop Percent Table Inputs Sheet	Density = 2551-5000	10.00%	2.97%
Loop Percent Table Inputs Sheet	Density = 5001-10000	5.00%	0.00%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	0.00%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 6-100	50.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 101-200	50.00%	0.24%
Loop Percent Table Inputs Sheet	Density = 201-650	50.00%	0.97%
Loop Percent Table Inputs Sheet	Density = 651-850	40.00%	1.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	20.00%	1.86%
Loop Percent Table Inputs Sheet	Density = 2551-5000	10.00%	2.33%
Loop Percent Table Inputs Sheet	Density = 5001-10000	10.00%	3.33%
Loop Percent Table Inputs Sheet	Density >= 10001	5.00%	3.33%

GTE FLORIDA INCORPORATED

BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Structure Mix			
	Fiber Plant Mix - Transport (Hard Rock)		
	Underground %		
Loop Percent Table Inputs Sheet	Density = 0-5	5.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 6-100	10.00%	86.91%
Loop Percent Table Inputs Sheet	Density = 101-200	15.00%	92.14%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	90.78%
Loop Percent Table Inputs Sheet	Density = 651-850	35.00%	93.74%
Loop Percent Table Inputs Sheet	Density = 851-2550	60.00%	90.65%
Loop Percent Table Inputs Sheet	Density = 2551-5000	80.00%	94.70%
Loop Percent Table Inputs Sheet	Density = 5001-10000	85.00%	96.67%
Loop Percent Table Inputs Sheet	Density >= 10001	95.00%	96.67%
	Buried %		
Loop Percent Table Inputs Sheet	Density = 0-5	45.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 6-100	40.00%	12.89%
Loop Percent Table Inputs Sheet	Density = 101-200	35.00%	7.63%
Loop Percent Table Inputs Sheet	Density = 201-650	25.00%	8.24%
Loop Percent Table Inputs Sheet	Density = 651-850	25.00%	5.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	20.00%	7.48%
Loop Percent Table Inputs Sheet	Density = 2551-5000	10.00%	2.97%
Loop Percent Table Inputs Sheet	Density = 5001-10000	5.00%	0.00%
Loop Percent Table Inputs Sheet	Density >= 10001	0.00%	0.00%
	Aerial %		
Loop Percent Table Inputs Sheet	Density = 0-5	50.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 6-100	50.00%	0.21%
Loop Percent Table Inputs Sheet	Density = 101-200	50.00%	0.24%
Loop Percent Table Inputs Sheet	Density = 201-650	50.00%	0.97%
Loop Percent Table Inputs Sheet	Density = 651-850	40.00%	1.13%
Loop Percent Table Inputs Sheet	Density = 851-2550	20.00%	1.88%
Loop Percent Table Inputs Sheet	Density = 2551-5000	10.00%	2.33%
Loop Percent Table Inputs Sheet	Density = 5001-10000	10.00%	3.33%
Loop Percent Table Inputs Sheet	Density >= 10001	5.00%	3.33%
	Density Cable Sizing - Feeder		
Loop Percent Table Inputs Sheet	Density = 0-5	75.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 6-100	60.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 101-200	60.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 201-650	65.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 651-850	65.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 851-2550	65.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 2551-5000	65.00%	65.00%
Loop Percent Table Inputs Sheet	Density = 5001-10000	65.00%	65.00%
Loop Percent Table Inputs Sheet	Density >= 10001	65.00%	65.00%
	Density Cable Sizing - Distribution		
Loop Percent Table Inputs Sheet	Density = 0-5	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 6-100	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 101-200	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 201-650	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 651-850	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 851-2550	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 2551-5000	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density = 5001-10000	100.00%	98.00%
Loop Percent Table Inputs Sheet	Density >= 10001	100.00%	98.00%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Expense Inputs			
	Fixed Cost per Line (Small, Medium, Large):		
Expense Inputs Sheet	Network Support Expense	$0.15	$0.0014
Expense Inputs Sheet	General Support	$1.20	$0.8661
Expense Inputs Sheet	COE Switching	$0.34	$0.00
Expense Inputs Sheet	COE Transmission	$0.23	$0.00
Expense Inputs Sheet	Information Orig/Term	$0.07	$0.00
Expense Inputs Sheet	Cable & Wire Facilities (64XX)	$2.76	$0.00
Expense Inputs Sheet	Other Property Plant	$0.03	$0.00
Expense Inputs Sheet	Network Operations	$1.33	$0.0371
Expense Inputs Sheet	Marketing	$0.35	$1.5544
Expense Inputs Sheet	Services	$2.42	$1.6789
Expense Inputs Sheet	Executive and Planning	$0.14	$0.1856
Expense Inputs Sheet	General and Administrative	$2.15	$2.4113
Expense Inputs Sheet	Uncollectibles	$0.17	$0.8766
	Expense % per Investment:		
Expense Inputs Sheet	COE Switching	0	0.1734
Expense Inputs Sheet	COE Transmission	0	0.0253
Expense Inputs Sheet	Poles	0	0.0106
Expense Inputs Sheet	Aerial Copper Cable	0	0.0508
Expense Inputs Sheet	Aerial Fiber Cable	0	0.0113
Expense Inputs Sheet	Underground Copper Cable	0	0.0047
Expense Inputs Sheet	Underground Fibur Cable	0	0.0012
Expense Inputs Sheet	Buried Copper Cable	0	0.0376
Expense Inputs Sheet	Buried Fiber Cable	0	0.0082
Expense Inputs Sheet	Conduit Investment System	0	0.0020
	Support Ratio Table:		
Expense Inputs Sheet	6112 Motor Vehicle	0.739%	0.811%
Expense Inputs Sheet	6114 Special Purpose Vehicles	0.001%	0.000%
Expense Inputs Sheet	6115 Garage Work Equipment	0.032%	0.036%
Expense Inputs Sheet	6116 Other Work Equipment	0.627%	0.774%
Expense Inputs Sheet	6122 Furniture	0.233%	0.231%
Expense Inputs Sheet	61213 Office Support	0.701%	1.496%
Expense Inputs Sheet	6124 General Purpose Computers	2.965%	1.201%
State Income & Gross Receipts Tax Rates			
Miscellaneous Inputs Sheet	State Tax Rate	5.30%	5.50%
Miscellaneous Inputs Sheet	Ad Valorem Taxes	0.00%	1.17%
Miscellaneous Inputs Sheet	Other Tax	0.70%	0.02%
State Specific Inputs Sheet	Gross Receipts Tax	3.90%	3.03%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Other:			
State Specific Inputs	Special Access Factor	0.1300	0.1221
Spacing Inputs			
Spacing	Manhole Spacing	550' - 725'	750
Spacing	Pole Spacing	150' - 250'	175
Spacing	Guy Spacing	500' - 1500'	1750
Poles (Normal):			
Structure Inputs	Base Cost	$368.17	$786.81
Structure Inputs	Installation	$358.58	$0.00
Structure Inputs	% Assigned Telco	50.00%	53.58%
Poles (Soft Rock):			
Structure Inputs	Base Cost	368.17	$786.81
Structure Inputs	Installation	458.58	$0.00
Structure Inputs	% Assigned Telco	50.00%	53.58%
Poles (Hard Rock):			
Structure Inputs	Base Cost	368.17	$1,057.26
Structure Inputs	Installation	558.58	$0.00
Structure Inputs	% Assigned Telco	50.00%	54.52%
Anchors & Guys:			
Structure Inputs	Base Cost - Normal	$68.00	$143.05
Structure Inputs	Installation - Normal	$255.00	$0.00
Structure Inputs	Base Cost - Soft Rock	$68.00	$143.05
Structure Inputs	Installation - Soft Rock	$285.00	$0.00
Structure Inputs	Base Cost - Hard Rock	$68.00	$143.05
Structure Inputs	Installation - Hard Rock	$310.00	$0.00
Cost of Cable & Wire			
Loop Cost Inputs	Res & Bus Costs - NID - Material Cost	$30.73	$29.49
Loop Cost Inputs	Drop Buried - Material Cost	$0.77	$0.62
Loop Cost Inputs	Drop Aerial - Material Cost	$0.77	$0.62

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Manholes:			
	Normal:		
ManHoles Inputs	Handhole 3x5 or 4x6 - Material	$944.00	$5,356.06
ManHoles Inputs	Handhole 3x5 or 4x6 - Installation	$400.00	$0.00
ManHoles Inputs	Manhole 4x6x7 - Material	$2,136.25	$9,299.17
ManHoles Inputs	Manhole 4x6x7 - Installation	$1,645.00	$0.00
ManHoles Inputs	Manhole 12x6x7 - Material	$3,209.00	$11,289.70
ManHoles Inputs	Manhole 12x6x7 - Installation	$2,431.00	$0.00
ManHoles Inputs	Conduit per duct foot - Material	$0.83	$1.39
	Soft Rock:		
ManHoles Inputs	Handhole 3x5 or 4x6 - Material	$944.00	$5,356.06
ManHoles Inputs	Handhole 3x5 or 4x6 - Installation	$600.00	$0.00
ManHoles Inputs	Manhole 4x6x7 - Material	$2,136.25	$9,299.17
ManHoles Inputs	Manhole 4x6x7 - Installation	$2,045.00	$0.00
ManHoles Inputs	Manhole 12x6x7 - Material	$3,209.00	$11,289.70
ManHoles Inputs	Manhole 12x6x7 - Installation	$2,831.00	$0.00
ManHoles Inputs	Conduit per duct foot - Material	$0.83	$1.39
	Hard Rock:		
ManHoles Inputs	Handhole 3x5 or 4x6 - Material	$944.00	$6,437.86
ManHoles Inputs	Handhole 3x5 or 4x6 - Installation	$800.00	$0.00
ManHoles Inputs	Manhole 4x6x7 - Material	$2,136.25	$11,462.77
ManHoles Inputs	Manhole 4x6x7 - Installation	$2,445.00	$0.00
ManHoles Inputs	Manhole 12x6x7 - Material	$3,209.00	$16,698.70
ManHoles Inputs	Manhole 12x6x7 - Installation	$3,231.00	$0.00
ManHoles Inputs	Conduit per duct foot - Material	$0.83	$1.39
ManHole Sharing Assumptions (% Assigned to Telephone)	Normal, Soft Rock and Hard Rock (All Density Zones)		
ManHoles Inputs Sheet	Handhole 3x5 or 4x6	75.00%	97.18%
ManHoles Inputs Sheet	Manhole 4x6x7	90.00%	97.18%
ManHoles Inputs Sheet	Manhole 12x6x7	80.00%	97.18%
ManHoles Inputs Sheet	Adder 12x6x7	80.00%	97.18%
ManHoles Inputs Sheet	Conduit per duct foot	100.00%	97.18%

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Cost of Cable & Wire			
	Copper Aerial 26 Gauge		
Loop Cost Inputs	Pairs 4200	$37.18	$56.04
Loop Cost Inputs	Pairs 3600	$34.01	$48.27
Loop Cost Inputs	Pairs 3000	$33.36	$40.49
Loop Cost Inputs	Pairs 2400	$26.26	$32.71
Loop Cost Inputs	Pairs 2100	$20.88	$30.48
Loop Cost Inputs	Pairs 1800	$19.28	$24.80
Loop Cost Inputs	Pairs 1200	$12.78	$16.32
Loop Cost Inputs	Pairs 900	$9.86	$12.49
Loop Cost Inputs	Pairs 600	$7.21	$8.67
Loop Cost Inputs	Pairs 400	$5.56	$5.95
Loop Cost Inputs	Pairs 300	$4.88	$4.78
Loop Cost Inputs	Pairs 200	$3.84	$3.45
Loop Cost Inputs	Pairs 100	$2.99	$2.24
Loop Cost Inputs	Pairs 50	$2.59	$1.62
Loop Cost Inputs	Pairs 25	$2.50	$1.29
Loop Cost Inputs	Pairs 18	$2.50	$1.29
Loop Cost Inputs	Pairs 12	$2.50	$1.29
	Copper Buried 26 Gauge		
Loop Cost Inputs	Pairs 4200	$33.16	$56.26
Loop Cost Inputs	Pairs 3600	$30.20	$48.45
Loop Cost Inputs	Pairs 3000	$29.19	$40.64
Loop Cost Inputs	Pairs 2400	$26.79	$32.82
Loop Cost Inputs	Pairs 2100	$22.60	$29.03
Loop Cost Inputs	Pairs 1800	$20.46	$23.49
Loop Cost Inputs	Pairs 1200	$13.20	$15.88
Loop Cost Inputs	Pairs 900	$10.70	$12.22
Loop Cost Inputs	Pairs 600	$7.27	$8.59
Loop Cost Inputs	Pairs 400	$5.67	$6.05
Loop Cost Inputs	Pairs 300	$4.38	$4.78
Loop Cost Inputs	Pairs 200	$3.49	$3.51
Loop Cost Inputs	Pairs 100	$2.52	$2.26
Loop Cost Inputs	Pairs 50	$2.16	$1.65
Loop Cost Inputs	Pairs 25	$1.93	$1.30
Loop Cost Inputs	Pairs 18	$1.93	$1.30
Loop Cost Inputs	Pairs 12	$1.93	$1.30
	Copper Underground 26 Gauge		
Loop Cost Inputs	Pairs 4200	$35.60	$58.93
Loop Cost Inputs	Pairs 3600	$33.30	$50.73
Loop Cost Inputs	Pairs 3000	$28.21	$42.53
Loop Cost Inputs	Pairs 2400	$21.50	$34.32
Loop Cost Inputs	Pairs 2100	$19.49	$30.34
Loop Cost Inputs	Pairs 1800	$17.38	$24.54
Loop Cost Inputs	Pairs 1200	$11.95	$17.27
Loop Cost Inputs	Pairs 900	$9.98	$12.62
Loop Cost Inputs	Pairs 600	$7.52	$9.01
Loop Cost Inputs	Pairs 400	$6.55	$5.78
Loop Cost Inputs	Pairs 300	$4.42	$4.65
Loop Cost Inputs	Pairs 200	$3.60	$3.40
Loop Cost Inputs	Pairs 100	$2.65	$2.16
Loop Cost Inputs	Pairs 50	$1.19	$1.56
Loop Cost Inputs	Pairs 25	$1.00	$1.22
Loop Cost Inputs	Pairs 18	$1.00	$1.22
Loop Cost Inputs	Pairs 12	$1.00	$1.22

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Cost of Cable & Wire			
	Fiber Aerial		
Loop Cost Inputs	Pairs 288	$12.02	$12.60
Loop Cost Inputs	Pairs 144	$9.85	$10.33
Loop Cost Inputs	Pairs 96	$7.19	$7.12
Loop Cost Inputs	Pairs 72	$6.75	$5.60
Loop Cost Inputs	Pairs 60	$6.02	$4.74
Loop Cost Inputs	Pairs 48	$5.27	$4.37
Loop Cost Inputs	Pairs 36	$4.67	$3.63
Loop Cost Inputs	Pairs 24	$3.45	$2.63
Loop Cost Inputs	Pairs 18	$3.26	$2.48
Loop Cost Inputs	Pairs 12	$3.04	$1.90
	Fiber Buried		
Loop Cost Inputs	Pairs 288	$12.79	$12.24
Loop Cost Inputs	Pairs 144	$9.96	$9.53
Loop Cost Inputs	Pairs 96	$7.43	$5.69
Loop Cost Inputs	Pairs 72	$6.00	$4.45
Loop Cost Inputs	Pairs 60	$5.17	$4.06
Loop Cost Inputs	Pairs 48	$4.95	$3.76
Loop Cost Inputs	Pairs 36	$4.01	$3.08
Loop Cost Inputs	Pairs 24	$3.93	$2.51
Loop Cost Inputs	Pairs 18	$3.25	$2.27
Loop Cost Inputs	Pairs 12	$2.75	$1.92
	Fiber Underground		
Loop Cost Inputs	Pairs 288	$11.50	$11.88
Loop Cost Inputs	Pairs 144	$10.30	$10.64
Loop Cost Inputs	Pairs 96	$7.40	$6.39
Loop Cost Inputs	Pairs 72	$6.25	$4.94
Loop Cost Inputs	Pairs 60	$5.50	$4.45
Loop Cost Inputs	Pairs 48	$4.75	$3.62
Loop Cost Inputs	Pairs 36	$4.15	$2.94
Loop Cost Inputs	Pairs 24	$3.75	$2.37
Loop Cost Inputs	Pairs 18	$3.48	$2.01
Loop Cost Inputs	Pairs 12	$3.09	$1.78

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Cost of Cable & Wire			
	Copper Aerial 24 Gauge		
Loop Cost Inputs	Pairs 4200	$52.79	$70.43
Loop Cost Inputs	Pairs 3600	$47.89	$60.63
Loop Cost Inputs	Pairs 3000	$46.45	$50.82
Loop Cost Inputs	Pairs 2400	$35.99	$41.02
Loop Cost Inputs	Pairs 2100	$28.30	$38.23
Loop Cost Inputs	Pairs 1800	$26.54	$31.05
Loop Cost Inputs	Pairs 1200	$16.83	$20.47
Loop Cost Inputs	Pairs 900	$12.93	$15.77
Loop Cost Inputs	Pairs 600	$8.89	$10.93
Loop Cost Inputs	Pairs 400	$6.82	$7.06
Loop Cost Inputs	Pairs 300	$5.85	$5.93
Loop Cost Inputs	Pairs 200	$4.55	$4.31
Loop Cost Inputs	Pairs 100	$3.37	$2.86
Loop Cost Inputs	Pairs 50	$2.77	$1.85
Loop Cost Inputs	Pairs 25	$2.62	$1.39
Loop Cost Inputs	Pairs 18	$2.59	$1.36
Loop Cost Inputs	Pairs 12	$2.54	$1.35
	Copper Buried 24 Gauge		
Loop Cost Inputs	Pairs 4200	$36.37	$85.04
Loop Cost Inputs	Pairs 3600	$35.58	$73.18
Loop Cost Inputs	Pairs 3000	$34.79	$61.31
Loop Cost Inputs	Pairs 2400	$32.36	$49.45
Loop Cost Inputs	Pairs 2100	$27.92	$43.69
Loop Cost Inputs	Pairs 1800	$25.57	$35.24
Loop Cost Inputs	Pairs 1200	$17.21	$21.62
Loop Cost Inputs	Pairs 900	$13.66	$16.56
Loop Cost Inputs	Pairs 600	$9.06	$11.33
Loop Cost Inputs	Pairs 400	$7.20	$7.67
Loop Cost Inputs	Pairs 300	$5.29	$5.95
Loop Cost Inputs	Pairs 200	$4.45	$4.35
Loop Cost Inputs	Pairs 100	$3.04	$2.71
Loop Cost Inputs	Pairs 50	$2.50	$1.89
Loop Cost Inputs	Pairs 25	$2.08	$1.41
Loop Cost Inputs	Pairs 18	$2.05	$1.39
Loop Cost Inputs	Pairs 12	$1.97	$1.34
	Copper Underground 24 Gauge		
Loop Cost Inputs	Pairs 4200	$46.48	$73.67
Loop Cost Inputs	Pairs 3600	$42.91	$63.40
Loop Cost Inputs	Pairs 3000	$39.33	$53.12
Loop Cost Inputs	Pairs 2400	$29.97	$42.84
Loop Cost Inputs	Pairs 2100	$27.09	$37.86
Loop Cost Inputs	Pairs 1800	$24.27	$32.72
Loop Cost Inputs	Pairs 1200	$16.72	$22.40
Loop Cost Inputs	Pairs 900	$13.62	$17.79
Loop Cost Inputs	Pairs 600	$9.84	$12.16
Loop Cost Inputs	Pairs 400	$7.89	$7.31
Loop Cost Inputs	Pairs 300	$5.26	$5.77
Loop Cost Inputs	Pairs 200	$4.22	$4.20
Loop Cost Inputs	Pairs 100	$2.92	$2.58
Loop Cost Inputs	Pairs 50	$2.16	$1.81
Loop Cost Inputs	Pairs 25	$1.39	$1.33
Loop Cost Inputs	Pairs 18	$1.39	$1.33
Loop Cost Inputs	Pairs 12	$1.39	$1.33

GTE FLORIDA INCORPORATED
BCPM Version 3.1 Inputs

Category / Input Sheet	Input Item	BCPM 3.1 Default	Company Specific Inputs
Digital Loop Carrier Remote System Cost Table			
	Fixed Cost		
DLC & Electronic Inputs	Dlc Fiber Size 0	$19,120.17	$23,753.40
DLC & Electronic Inputs	Dlc Fiber Size 25	$19,203.56	$23,753.40
DLC & Electronic Inputs	Dlc Fiber Size 49	$23,789.75	$23,753.40
DLC & Electronic Inputs	Dlc Fiber Size 97	$23,886.56	$30,299.76
DLC & Electronic Inputs	Dlc Fiber Size 121	$37,691.12	$30,299.76
DLC & Electronic Inputs	Dlc Fiber Size 193	$37,873.22	$46,238.96
DLC & Electronic Inputs	Dlc Fiber Size 241	$64,291.00	$51,245.72
DLC & Electronic Inputs	Dlc Fiber Size 385	$68,377.00	$89,196.69
DLC & Electronic Inputs	Dlc Fiber Size 673	$96,859.00	$113,125.29
DLC & Electronic Inputs	Dlc fiber Size 1345	$165,236.00	$132,112.15
	Per Line Cost for VG		
DLC & Electronic Inputs	Dlc Fiber Size 0 - 193	$94.00	$72.39
DLC & Electronic Inputs	Dlc Fiber Size 241 - 673	$89.11	$72.39
DLC & Electronic Inputs	Dlc Fiber Size 1345	$89.11	$63.69
Digital Loop Carrier COT Investment Table			
	Fixed Cost		
DLC & Electronic Inputs	Dlc Fiber Size 0	$11,268.16	$3,319.04
DLC & Electronic Inputs	Dlc Fiber Size 25	$11,749.30	$3,319.04
DLC & Electronic Inputs	Dlc Fiber Size 49	$12,711.57	$3,319.04
DLC & Electronic Inputs	Dlc Fiber Size 97	$13,192.71	$6,975.50
DLC & Electronic Inputs	Dlc Fiber Size 121	$14,808.60	$6,975.50
DLC & Electronic Inputs	Dlc Fiber Size 193	$15,770.87	$22,492.54
DLC & Electronic Inputs	Dlc Fiber Size 241	$22,176.00	$23,030.58
DLC & Electronic Inputs	Dlc Fiber Size 385	$22,176.00	$23,962.73
DLC & Electronic Inputs	Dlc Fiber Size 673	$22,176.00	$29,833.16
DLC & Electronic Inputs	Dlc fiber Size 1345	$26,881.00	$39,474.77
Remote Terminal DLC Per line Investment for Extended Range Line Cards			
Miscellaneous Inputs	RTDLCLPerLineExRange	$187.50	$183.03
Miscellaneous Inputs	RTDLCSPerLineExRange	$125.00	$183.03
Transport			
Transport Inputs Sheet	Maximum Nodes on a Ring	12	8

REDACTED

Docket No. 920696-TP
Dir. Test. of D. G. Tucker
Exhibit DGT-1
FPSC Exhibit No. ____
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GTE FLORIDA INCORPORATED

BCPM Version 3.1 Inputs

Access Line Counts

	Wire Center	Place Name	Residence	Business Single Line	Business Multiline	Special Access	Total Business	Total Access Lines
1	ALFAFLXA	ALAFIA	[redacted]					
2	ALTRFLXA	ALTURAS						
3	ANMRFLXA	ANNA MARIA						
4	ABDLFLXA	AUBURNDALE						
5	BBPKFLXA	BABSON PARK						
6	BARTFLXA	BARTOW						
7	BAYUFLXA	BAYOU						
8	BYSHFLXA	BAYSHORE						
9	BHPKFLXA	BEACH PARK						
10	BRTNFLXX	BRADENTON						
11	BRBAFLXA	BRADENTON BAY						
12	BRJTFLXA	BRADLEY						
13	BRNDFLXA	BRANDON						
14	CRWDFLXA	CARROLWOOD						
15	CLWRFLXA	CLEARWATER						
16	CNSDFLXA	COUNTRYSIDE						
17	CYGRFLXA	CYPRESS GARDENS						
18	DUNDFLXA	DUNDEE						
19	DNDNFLXA	DUNEDIN						
20	ENWDFLXA	ENGLEWOOD						
21	FHSDFLXA	FEATHER SOUND						
22	FF TFLXA	FROSTPROOF						
23	GNDYFLXA	GANDY						
24	HNCYFLXA	HAINES CITY						
25	HNCYFLXN	HAINES CITY						
26	HGLDFLXA	HIGHLANDS						
27	HDSNFLXA	HUDSON						
28	HYPKFLXA	HYDE PARK						
29	INLKFLXA	INDIAN LAKE						
30	INRKFLXX	INDIAN ROCKS						
31	KYSTFLXA	KEYSTONE						
32	LKALFLXA	LAKE ALFRED						
33	LKWLFLXE	LAKE WALES						
34	LKWLFLXA	LAKE WALES						
35	LKLDFLXL	LAKELAND						
36	LKLDFLXN	LAKELAND						
37	LKLDFLXA	LAKELAND						
38	LNLKFLXA	LAND O LAKES						
39	LRGOFLXA	LARGO						
40	LLMNFLXA	LEALMAN						
41	LGBKFLXA	LONGBOAT KEY						
42	LUTZFLXA	LUTZ						
43	MNLKFLXA	MOONLAKE						
44	MLBYFLXA	MULBERRY						
45	MYCYFLXA	MYAKKA						
46	NPRCFLXA	NEW PORT RICHEY						
47	NGBHFLXA	NORTH GULF BEACH						
48	NRPTFLXA	NORTHPORT						
49	OLDSFLXA	OLDSMAR						
50	OSPRFLXA	OSPREY						
51	PLSLFLXA	PALMA SOLA						
52	PLMTFLXA	PALMETTO						
53	PRSHFLXA	PARRISH						
54	PSDNFLXA	PASADENA						
55	PNCRFLXA	PINECREST						

REDACTED

Docket No. 980696-TP
Dir Test of D G Tucek
Exhibit DGT-1
FPSC Exhibit No. _____
Page 21 of 22

GTE FLORIDA INCORPORATED

BCPM Version 3 1 Inputs

Switching Investments

	CLLI	Place Name	Processor Related	MDF & Protection	Line Port	Line CCS	Trunk CSS	5ESS
1	ALFAFLXA67H	ALAFIA	[redacted]					
2	ALTRFLXARSA	ALTURAS						
3	ANMRFLXA77H	ANNA MARIA						
4	ABDLFLXA96H	AUBURNDALE *						
5	BBPKFLXARSA	BABSON PARK						
6	BARTFLXA53H	BARTOW						
7	BAYUFLXA54H	BAYOU						
8	BYSHFLXA84H	BAYSHORE						
9	BHPKFLXA28H	BEACH PARK						
10	BRTNFLXX74H	BRADENTON						
11	BRBAFLXA75H	BRADENTON BAY						
12	BRJTFLXARSA	BRADLEY						
13	BRNDFLXA68H	BRANDON						
14	CRWDFLXA96H	CARROLWOOD						
15	CLWRFLXAD60	CLEARWATER						
16	CNSDFLXA79H	COUNTRYSIDE						
17	CYGRFLXA32H	CYPRESS GARDENS						
18	DUNDFLXA43H	DUNDEE						
19	DNDNFLXA73H	DUNEDIN						
20	ENWDFLXA47H	ENGLEWOOD						
21	FHSDFLXARS0	FEATHER SOUND						
22	FRSTFLXA63H	FROSTPROOF						
23	GNDYFLXA57H	GANDY						
24	HNCYFLXA42H	HAINES CITY						
25	HNCYFLXN424	HAINES CITY						
26	HGLDFLXA64H	HIGHLANDS						
27	HDSNFLXA86H	HUDSON						
28	HYPKFLXAD50	HYDE PARK						
29	INLKFLXARSA	INDIAN LAKE						
30	INRKFLXX59H	INDIAN ROCKS						
31	KYSTFLXA92H	KEYSTONE						
32	LKALFLXA95H	LAKE ALFRED						
33	LKWLFLXERSA	LAKE WALES						
34	LKWLFLXA67H	LAKE WALES						
35	LKLDFLXE66H	LAKELAND						
36	LKLDFLXN85H	LAKELAND						
37	LKLDFLXA68H	LAKELAND						
38	LNLKFLXA99H	LAND O LAKES						
39	LRGOFLXA58H	LARGO						
40	LLMNFLXAD50	LEALMAN						
41	LGBKFLXA38H	LONGBOAT KEY						
42	LUTZFLXA94H	LUTZ						
43	MNLKFLXA85H	MOON LAKE						
44	MLBYFLXARSA	MULBERRY						
45	MYCYFLXA32H	MYAKKA						
46	NPRCFLXA84H	NEW PORT RICHEY						
47	NGBHFLXA39H	NORTH GULF BEACH						
48	NRPTFLXA42H	NORTHPORT						
49	OLDSFLXA85H	OLDSMAR						
50	OSPRFLXA96H	OSPREY						
51	PLSLFLXA79H	PALMA SOLA						
52	PLMTFLXA72H	PALMETTO						
53	PRSHFLXARSA	PARRISH						
54	PSDNFLXA34H	PASADENA						
55	PNCRFLXA73J	PINECREST						

REDACTED

GTE FLORIDA INCORPORATED

BCPM Version 3.1 Inputs

Switching Investments

	CLLI	Place Name	Processor Related	MDF & Protection	Line Port	Line CCS	Trunk CSS	BST
56	PNLSFLXADS0	PINELLAS	[redacted]					
57	PTCYFLXA75H	PLANT CITY						
58	POINFLXARSA	POINCIANA						
59	PKCYFLXARSA	POLK CITY						
60	RSKNFLXA64H	RUSKIN						
61	SRSTFLXADS0	SARASOTA						
62	NRSOFLXA35H	SARASOTA						
63	SSOSFLXA92H	SARASOTA						
64	SPRGFLXA37H	SARASOTA SPRINGS						
65	SMNLFLXA23H	SEMINOLE						
66	SNSPFLXA37H	SEVEN SPRINGS						
67	SEKYFLXA34H	SIESTA KEY						
68	SKWYFLXA[illegible]S0	SKYWAY						
69	SGBEFLXA36H	SOUTH GULF BEACH						
70	SARKFLXARSA	ST ARMANDS KEY						
71	STGRFLXA78H	ST GEORGE						
72	SPBGFLXADS0	ST PETERSBURG						
73	SPBGFLXS86H	ST PETERSBURG						
74	SLSPFLXA93H	SULPHUR SPRINGS						
75	SWTHFLXADS0	SWEETWATER						
76	TAMPFLXEDS0	TAMPA						
77	TAMPFLXX27H	TAMPA						
78	WSSDFLXADS0	TAMPA						
79	TRSPFLXA93H	TARPON SPRINGS						
80	TMTRFLXADS0	TEMPLE TERRACE						
81	THNTFLXADS0	THONOTOSASSA						
82	UNVRFLXA97H	UNIVERSITY						
83	VENCFLXA48H	VENICE						
84	VENCFLXSDS0	VENICE						
85	WLCRFLXA83H	WALLCRAFT						
86	WLCHFLXA97H	WESLEY CHAPEL						
87	WIMMFLXA63H	WIMAUMA						
88	WNHNFLXC29H	WINTER HAVEN						
89	YBCTFLXA24H	YBOR CITY						
90	ZPHYFLXA78H	ZEPHYRHILLS						

GTE

BCPM3.1 MODEL RESULTS

State of Florida

July 24, 1998

Benchmark Cost Proxy Model Results

Area Wide Summary Report

TOTAL SUMMARY
GTE CORPORATION
FLORIDA
WIRE CENTERS [90]

	Uncapped Annual Amount	Capped[1] Annual Amount
Investment Per Line Data		
Loop Investment	$ 852	$ 835
Switch Investment	$ 165	$ 165
IOF Investment	$ 6	$ 6
Other Investment	$ 142	$ 141
Total Investment	$ 1,165	$ 1,148
Expense Per Month Data		
Total Capital Cost per Line	$ 20.09	$ 19.83
Total Operating Expense per Line	$ 11.99	$ 11.98
Total Cost per Line	$ 32.08	$ 31.81
Gross Receipts Tax[2]	$ 1.00	$ 0.99

Line Data	
Average Loop Length in Feet	15,317
Lines Above $10K Loop Investment	1,216
Number of Households	1,256,364
Number of Residential Lines	1,596,232
Number of Single Business Lines	287,982
Multiple Business Lines	351,120
Non Switched Lines	78,731
Total GRID Lines Served	2,314,065

1 GRIDs with Average Loop Investment per line over $10,000 are capped at $10,000.
2 Application varies so much on a state by state basis, it is not included in the Monthly Cost.

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Results

Key Elements

TOTAL SUMMARY
GTE CORPORATION

FLORIDA
WIRE CENTERS [90]

Investment: UnCapped

Analysis	Total	Per Line
GRID Lines Served	2,314,065	
Average Distribution Length	1,698,253,465	734
Average Feeder Length	33,748,499,992	14,584
Average Loop Length	35,445,170,600	15,317
Distribution Investment	$ 918,902,704	$ 397
Feeder Investment	$ 1,051,546,751	$ 454
Loop Investment (UnCapped)	$ 1,970,449,456	$ 852

Plant Type	UnCapped Annual Investment	Percentage	Annual Per Line Investment
2112 Motor Vehicle	$ 19,187,632	0.71%	$ 8.29
2114 Special Purpose Vehicle	$ -	0.00%	$ -
2115 Garage Work	$ 851,732	0.03%	$ 0.37
2116 Other Work	$ 18,312,240	0.68%	$ 7.91
2122 Furniture	$ 5,465,281	0.20%	$ 2.36
2123 Office	$ 35,394,201	1.31%	$ 15.30
2124 General Purpose Computers	$ 28,414,730	1.05%	$ 12.28
Total Support Investment	$ 107,625,816	3.99%	$ 46.51
2111 Land	$ 12,173,387	0.45%	$ 5.26
2121 Building	$ 209,265,487	7.76%	$ 90.43
2210 Switching Equipment	$ 382,282,984	14.18%	$ 165.20
2230 Circuit Equipment	$ 423,896,779	15.73%	$ 183.18
2230 IOF Equipment	$ 13,190,024	0.49%	$ 5.70
2411 Pole Investment	$ 78,463,943	2.91%	$ 33.91
2421 Aerial Cable - Copper	$ 162,313,579	6.02%	$ 70.14
2421 Aerial Cable - Fiber	$ 340,155	0.01%	$ 0.15
2421 Aerial Cable	$ 162,653,734	6.04%	$ 70.29
2422 Underground Cable - Copper	$ 104,551,018	3.88%	$ 45.18
2422 Underground Cable - Fiber	$ 28,463,531	1.06%	$ 12.30
2422 Underground Cable	$ 133,014,549	4.94%	$ 57.48
2423 Buried Cable - Copper	$ 904,409,093	33.56%	$ 390.83
2423 Buried Cable - Fiber	$ 7,157,636	0.27%	$ 3.09
2423 Buried Cable	$ 911,566,729	33.82%	$ 393.92
2441 Conduit Investment	$ 260,853,722	9.68%	$ 112.73
Total Plant Investment	$ 2,587,361,337	96.01%	$ 1,118.10
Total Investment	$ 2,694,987,153	100.00%	$ 1,164.61

Assumptions:
D:\BCPM31FL\RESULTS\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
ESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Results

Key Elements

TOTAL SUMMARY
GTE CORPORATION

FLORIDA
WIRE CENTERS [90]

Investment: UnCapped

Expense Account	UnCapped Annual Expense	Percentage	Monthly Per Line Cost
Plant Specific Expenses			
6110 Network Support	$ 38,876	0.01%	$ 0.00
6120 General Support	$ 24,050,540	4.44%	$ 0.87
6210 COE Switch	$ 66,285,730	12.24%	$ 2.39
6230 COE/IOF Transmission	$ 11,038,819	2.04%	$ 0.40
6310 Information IOT	$ -	0.00%	$ -
6411 Poles	$ 857,077	0.16%	$ 0.03
6421 Aerial Copper Cable	$ 8,253,001	1.52%	$ 0.30
6421 Aerial Fiber Cable	$ 3,839	0.00%	$ 0.00
6422 Underground Copper Cable	$ 486,685	0.09%	$ 0.02
6422 Underground Fiber Cable	$ 34,958	0.01%	$ 0.00
6423 Buried Copper Cable	$ 33,984,531	6.28%	$ 1.22
6423 Buried Fiber Cable	$ 57,789	0.01%	$ 0.00
6441 Conduit Investment System	$ 530,426	0.10%	$ 0.02
6410 Cable & Wire	$ 44,208,306	8.16%	$ 1.59
Total Plant Specific Expenses	$ 145,622,272	26.89%	$ 5.24
Plant Non-Specific Expenses			
6510 Other PP&E	$ -	0.00%	$ -
6530 Network Operations	$ 1,030,222	0.19%	$ 0.04
6560 Depreciation/Amort	$ 208,649,783	38.53%	$ 7.51
6610 Marketing	$ 43,163,792	7.97%	$ 1.55
6620 Customer Opr Service	$ 46,621,005	8.61%	$ 1.68
6710 Executive & Planning	$ 5,153,886	0.95%	$ 0.19
6720 General & Administration	$ 66,958,859	12.36%	$ 2.41
6790 Prov Uncollectibles	$ 24,342,113	4.49%	$ 0.88
Total Plant Non-Specific Expenses	$ 395,919,659	73.11%	$ 14.26
Total Operating Expense	$ 541,541,930	100.00%	19.50
Federal and State Taxes	$ 144,670,763		$ 5.21
Return On Investment	$ 204,490,083		$ 7.36
Monthly Cost per Line	$ 890,702,777		$ 32.08
Gross Receipts Tax[1]	$ 27,831,594		$ 1.00

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN . CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Results

Key Elements

FLORIDA
WIRE CENTERS [90]

TOTAL SUMMARY
GTE CORPORATION
Investment: Capped[1]
Lines Above $10K Loop Investment = 1,216

Expense Account	Capped Annual Expense	Percentage	Monthly Per Line Cost
Plant Specific Expenses			
6110 Network Support	$ 38,876	0.01%	$ 0.00
6120 General Support	$ 24,050,540	4.46%	$ 0.87
6210 COE Switch	$ 66,285,730	12.29%	$ 2.39
6230 COE/IOF Transmission	$ 10,970,904	2.03%	$ 0.40
6310 Information IOT	$ -	0.00%	$ -
6411 Poles	$ 850,261	0.16%	$ 0.03
6421 Aerial Copper Cable	$ 8,237,135	1.53%	$ 0.30
6421 Aerial Fiber Cable	$ 3,678	0.00%	$ 0.00
6422 Underground Copper Cable	$ 486,669	0.09%	$ 0.02
6422 Underground Fiber Cable	$ 29,905	0.01%	$ 0.00
6423 Buried Copper Cable	$ 33,897,334	6.28%	$ 1.22
6423 Buried Fiber Cable	$ 49,355	0.01%	$ 0.00
6441 Conduit Investment System	$ 481,346	0.09%	$ 0.02
6410 Cable & Wire	$ 44,035,684	8.16%	$ 1.59
Total Plant Specific Expenses	$ 145,381,734	26.95%	$ 5.24
Plant Non-Specific Expenses			
6510 Other PP&E	$ -	0.00%	$ -
6530 Network Operations	$ 1,030,222	0.19%	$ 0.04
6560 Depreciation/Amort	$ 206,816,887	38.34%	$ 7.45
6610 Marketing	$ 43,163,792	8.00%	$ 1.55
6620 Customer Opr Service	$ 46,621,005	8.64%	$ 1.68
6710 Executive & Planning	$ 5,153,886	0.96%	$ 0.19
672 General & Administration	$ 66,958,859	12.41%	$ 2.41
6790 Prov Uncollectibles	$ 24,342,113	4.51%	$ 0.88
Total Plant Non-Specific Expenses	$ 394,086,763	73.05%	$ 14.19
Total Operating Expense	$ 539,468,497	100.00%	19.43
Federal and State Taxes	$ 142,446,052		$ 5.13
Return On Investment	$ 201,290,359		$ 7.25
Monthly Cost per Line	$ 883,204,909		$ 31.81
Gross Receipts Tax[2]	$ 27,831,594		$ 1.00

1 GRIDs with Average Loop Investment per line over $10,000 are capped at $10,000.
2 Application varies so much on a state by state basis, it is not included in the Monthly Cost.

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Results

Plant Summary Report

TOTAL SUMMARY
GTE CORPORATION
Investment: UnCapped

FLORIDA
WIRE CENTERS [90]

Density Group	0 to 5	6 to 100	101 to 200	201 to 650	651 to 850	851 to 2550	2551 to 5000	5001 to 10,000	> 10,001	Total
Investment Per Line Data										
Total UnCapped Loop Investment	$ 28,386	$ 2,635	$ 1,408	$ 1,131	$ 986	$ 822	$ 775	$ 559	$ 283	852
Switch Investment	$ 184	$ 183	$ 178	$ 176	$ 172	$ 166	$ 164	$ 162	$ 138	165
InterOffice Facilities	$ 7	$ 6	$ 8	$ 6	$ 4	$ 5	$ 3	$ 4	$ 25	6
Other Investment	$ 1,407	$ 235	$ 176	$ 162	$ 153	$ 142	$ 138	$ 127	$ 99	$ 142
Total Investment	$ 29,985	$ 3,059	$ 1,771	$ 1,475	$ 1,315	$ 1,134	$ 1,080	$ 852	$ 545	$ 1,165
Cost Per Month Data										
Capital Cost	$ 469.79	$ 50.97	$ 30.60	$ 25.58	$ 22.81	$ 19.69	$ 18.71	$ 14.65	$ 9.49	20.09
Operating Expense per Line	$ 28.33	$ 14.72	$ 13.65	$ 12.98	$ 12.53	$ 12.03	$ 11.90	$ 11.18	$ 10.27	$ 11.99
Total Cost per Line (Excluding Gross Receipts Tax)	$ 498.11	$ 65.69	$ 44.25	$ 38.57	$ 35.33	$ 31.73	$ 30.60	$ 25.83	$ 19.76	$ 32.08
Line Data										
Loop Distribution Length	488	1,534	1,918	1,365	1,058	788	599	268	255	734
Loop Feeder Length	59,740	36,975	29,016	22,741	18,523	14,674	12,598	9,687	4,853	14,584
Total Loop Length	60,228	38,509	30,935	24,106	19,580	15,462	13,196	9,955	5,108	15,318
Number of Households	821	30,104	39,058	126,308	43,880	403,235	421,838	170,845	20,275	1,256,364
Number of Residential Lines	1,266	43,681	52,648	175,662	59,913	508,103	520,949	210,273	23,737	1,596,232
Number of Single Business Lines	237	6,456	6,520	22,317	8,659	78,776	81,307	55,035	28,675	287,982
Multiple Business Lines	116	4,755	5,764	20,535	8,641	86,518	93,032	72,727	59,032	351,120
Non Switched Lines	66	1,303	1,311	3,597	1,578	14,737	16,300	13,789	26,049	78,731
Total GRID Lines Served	1,685	56,195	66,243	222,111	78,791	688,134	711,588	351,824	137,493	2,314,065

Docket No. 980696-TP
Direct Testimony of David G. Tucek
Exhibit No. DGT-3
FPSC Exhibit No. _____
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Benchmark Cost Proxy Model R

Armis Report Format

FLORIDA
WIRE CENTERS [90]
TOTAL SUMMARY
GTE CORPORATION
Investment: UnCapped

Account Description	Account Number	Small UnCapped Investment	Small %	Medium UnCapped Investment	Medium %
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
		Amount	**%**	**Amount**	**%**
Plant Specific Expenses					
Network Support	6110	$ -	0.00%	$ -	0.00%
General Support	6120	$ -	0.00%	$ -	0.00%
COE Switch	6210	$ -	0.00%	$ -	0.00%
COE Transmission	6230	$ -	0.00%	$ -	0.00%
Information IOT	6310	$ -	0.00%	$ -	0.00%
Cable & Wire	6410	$ -	0.00%	$ -	0.00%
Total Plant Specific Exp		$ -	0.00%	$ -	0.00%
Plant Non-Specific Expenses					
Other PP&E	6510	$ -	0.00%	$ -	0.00%
Network Operations	6530	$ -	0.00%	$ -	0.00%
Depreciation/Amort	6560	$ -	0.00%	$ -	0.00%
Marketing	6610	$ -	0.00%	$ -	0.00%
Customer Opr Service	6620	$ -	0.00%	$ -	0.00%
Executive & Planning	6710	$ -	0.00%	$ -	0.00%
General & Administration	6720	$ -	0.00%	$ -	0.00%
Prov Uncollectibles	6790	$ -	0.00%	$ -	0.00%
Total Plant NonSpecifice Exp		$ -	0.00%	$ -	0.00%
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Receipts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

Assumptions:
GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model

Armis Report Format

FLORIDA
WIRE CENTERS [90]
TOTAL SUMMARY
GTE CORPORATION
Investment: UnCapped

Account Description	Large UnCapped Investment	%	Total UnCapped Investment	%
Plant In Service				
Land & Support	$ 329,064,690		$ 329,064,690	
COE Switch	$ 382,282,984		$ 382,282,984	
COE Circuit	$ 437,086,803		$ 437,086,803	
Poles	$ 78,463,943		$ 78,463,943	
Aerial Cable	$ 162,653,734	13.47%	$ 162,653,734	13.47%
Underground Cable	$ 133,014,549	11.02%	$ 133,014,549	11.02%
Buried Cable	$ 911,566,729	75.51%	$ 911,566,729	75.51%
Conduit	$ 260,853,722		$ 260,853,722	
Total Plant in Service	$ 2,694,987,153		$ 2,694,987,153	
Plant Specific Expenses	**Amount**	**%**	**Amount**	**%**
Network Support	$ 38,876	0.01%	$ 38,876	0.01%
General Support	$ 24,050,540	4.44%	$ 24,050,540	4.44%
COE Switch	$ 66,285,730	12.24%	$ 66,285,730	12.24%
COE Transmission	$ 11,038,819	2.04%	$ 11,038,819	2.04%
Information IOT	$ -	0.00%	$ -	0.00%
Cable & Wire	$ 44,208,306	8.16%	$ 44,208,306	8.16%
Total Plant Specific Exp	$ 145,622,272	26.89%	$ 145,622,272	26.89%
Plant Non-Specific Expenses				
Other PP&E	$ -	0.00%	$ -	0.00%
Network Operations	$ 1,030,222	0.19%	$ 1,030,222	0.19%
Depreciation/Amort	$ 208,649,783	38.53%	$ 208,649,783	38.53%
Marketing	$ 43,163,792	7.97%	$ 43,163,792	7.97%
Customer Opr Service	$ 46,621,005	8.61%	$ 46,621,005	8.61%
Executive & Planning	$ 5,153,886	0.95%	$ 5,153,886	0.95%
General & Administration	$ 66,958,859	12.36%	$ 66,958,859	12.36%
Prov Uncollectibles	$ 24,342,113	4.49%	$ 24,342,113	4.49%
Total Plant NonSpecific Exp	$ 395,919,659	73.11%	$ 395,919,659	73.11%
Total Operating Expense	$ 541,541,930		$ 541,541,930	
Operating Taxes				
Federal and State	$ 144,670,763		$ 144,670,763	
Gross Receipts Tax	$ 27,831,594		$ 27,831,594	
Total Tax	$ 172,502,357		$ 172,502,357	
Return On Investment	$ 204,490,083		$ 204,490,083	

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCP
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model R

Armis Report Format

FLORIDA
WIRE CENTERS [90]
TOTAL SUMMARY
GTE CORPORATION
Investment: Capped[1]

Lines Above $10K Loop Inv:	1,216	Small		Medium	
Account Description	Account Number	Capped Investment	%	Capped Investment	%
Plant In Service					
Land & Support	2110	$ -		$ -	
COE Switch	2210	$ -		$ -	
COE Circuit	2230	$ -		$ -	
Poles	2411	$ -		$ -	
Aerial Cable	2421	$ -	0.00%	$ -	0.00%
Underground Cable	2422	$ -	0.00%	$ -	0.00%
Buried Cable	2423	$ -	0.00%	$ -	0.00%
Conduit	2441	$ -		$ -	
Total Plant in Service		$ -		$ -	
Plant Specific Expenses		Amount	%	Amount	%
Network Support	6110	$ -	0.00%	$ -	0.00%
General Support	6120	$ -	0.00%	$ -	0.00%
COE Switch	6210	$ -	0.00%	$ -	0.00%
COE Transmission	6230	$ -	0.00%	$ -	0.00%
Information IOT	6310	$ -	0.00%	$ -	0.00%
Cable & Wire	6410	$ -	0.00%	$ -	0.00%
Total Plant Specific Exp		$ -	0.00%	$ -	0.00%
Plant Non-Specific Expenses					
Other PP&E	6510	$ -	0.00%	$ -	0.00%
Network Operations	6530	$ -	0.00%	$ -	0.00%
Depreciation/Amort	6560	$ -	0.00%	$ -	0.00%
Marketing	6610	$ -	0.00%	$ -	0.00%
Customer Opr Service	6620	$ -	0.00%	$ -	0.00%
Executive & Planning	6710	$ -	0.00%	$ -	0.00%
General & Administration	6720	$ -	0.00%	$ -	0.00%
Prov Uncollectibles	6790	$ -	0.00%	$ -	0.00%
Total Plant NonSpecifice Exp		$ -	0.00%	$ -	0.00%
Total Operating Expense		$ -		$ -	
Operating Taxes					
Federal and State	7200	$ -		$ -	
Gross Receipts Tax	7240	$ -		$ -	
Total Tax		$ -		$ -	
Return On Investment		$ -		$ -	

1 GRIDs with Average Loop Investment per line over $10,000 are capped at $10,000.

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN | CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Result

Household Category Summary

TOTAL SUMMARY
GTE CORPORATION

FLORIDA
WIRE CENTERS [90]

Total Annual Cost of Local Service = $ 890,702,847.03
Uncapped State Average Monthly Cost= $ 32.08

Monthly Cost Category	Number of Households
$0<=$ 5	0
$5<=$10	0
$10<=$15	0
$15<=$20	11,268
$20<=$25	78,452
$25<=$30	319,289
$30<=$35	503,806
$35<=$40	200,098
$40<=$45	80,406
$45<=$50	32,803
$50<=$55	10,284
$55<=$60	6,632
$60<=$65	3,111
$65<=$70	959
$70<=$75	921
$75<=$100	4,411
$100<=$150	2,107
$150<=$200	705
$200<=$250	326
$250<=$300	263
$300<=$500	250
$500<=$1000	273
$1000+	0
Total Households	1,256,364

Loop Category	Number of Households
0 <= 5Kft	93,349
5Kft <= 10Kft	284,089
10Kft <= 15Kft	301,349
15Kft <= 20Kft	232,576
20Kft <= 25Kft	138,388
25Kft <= 30Kft	90,610
30Kft <= 40Kft	85,909
40Kft <= 50Kft	20,380
50Kft <= 60Kft	5,496
60Kft <=70Kft	1,733
70Kft <= 80Kft	1,524
80Kft <= 90Kft	482
90Kft <= 100Kft	250
100Kft <=150Kft	227
150Kft <= 200Kft	2
200Ktf+	0

Loop Information	Length
Minimum Loop Length	0
Maximum Loop Length	160,119
Average Loop Length	15,317
Lines Above $10K Loop Inv	1,216

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Benchmark Cost Proxy Model Results

Inventory Report

TOTAL SUMMARY
GTE CORPORATION
FLORIDA
WIRE CENTERS [90]

Inventory Detail	
Aerial Route Length	30,316,935
Buried Route Length	68,852,178
Underground Route Length	19,662,297
Number of Poles	180,940
Number of Manholes	30,323
Number of DLC-L Terminals	2,466
Number of DLC-S Terminals	612
GRID Line Detail	
Grid Lines Served on DLC-L	1,405,865
Grid Lines Served on DLC-S	47,710
Grid Lines Served on Copper	860,282
Total GRID Lines Served	2,314,065

Assumptions:
[GRID] D:\BCPM31FL\RESULTS\..\BCPMMIN_BCPMMIN_GRID_REPORT.CSV
PROCESSING - BCPMMIN : CAPCOST - BCPMMIN

Manual Inputs

Global Inputs		
SS7_5ESS	300,000.00	SS7 Investment - 5ESS
SS7_DMS	150,000.00	SS7 Investment - DMS
Engineering_Option	D	Default Engineered CCS and Calls per Line
USF_Option	D	Calculation of USF Investment per Line
HB_Mult	2	"Heavy Business" Loading Multiplier
Min_Mult	1.2	Minimum Loading Multiplier
Bus_Pen_Rat	0.3	Business Penetration Ratio
ExcessCCS_Option	L	Include Reserved CCS Investment in Line Port or Usage?
LT_MDF_Prot_USF_Pct	100%	Portion of line protector and MDF attributable to USF
Line_Port_USF_Pct	100%	Portion of Line port attributable to USF
LineCapConstraint	80,000	Line Capacity Constraint
CCSCapConstraint	1,800,000	CCS Capacity Constraint
CallsCapConstraint	600,000	Calls Capacity Constraint
Loc_TDM_Calls	0.98	Direct Routed Fraction of Local Interoffice Traffic
S_Threshold	4000	Small Office Standalone Threshold
H_Threshold	3500	Small Office Host Threshold
R_Threshold	500	Small Office Remote Threshold

SWDiscountFactorTable

	New Discount Rate	Growth Discount Rate	Percent of Lines New	MDF & Protector Discount
5E Switches	50%	50%	50%	50%
DMS Switches	50%	50%	50%	50%

SWDiscAdjFactorTable

Switch Type:	Processor	MDF & Protector	Line Port	Line CCS	Trunk CCS	SS7
5EH	0.9322	0.6171	0.9301	0.9561	0.9715	0.9931
5ER	0.7959	0.6171	0.9483	0.9630	0.9935	NA
DMSH	0.9769	0.6171	0.9905	0.9685	0.9806	0.9782
DMSR	0.9254	0.6171	0.9980	0.9791	NA	NA

Partitioning Percentages for Small Switches

	Processor	Line Port	Line CCS	Trunk CCS	MDF/Prot	SS7
Standalone	31%	23%	33%	6.17E-02	4.58E-02	######
Host	19%	28%	39%	7.92E-02	5.70E-02	######
Remote	33%	28%	34%	0%	5.91E-02	0%

Vendor Discounts for Small Switches

	Vendor 1	Vendor 2	Vendor 3
Effective Discount	0.00%	0.00%	0.00%

Investment Parameters for Small Switches

		Vendor 1	Vendor 2	Vendor 3
Standalone	Fixed Investment per Switch	$ 589,262.60	$ -	$ -
	Investment per Line	$ 42.69	$ -	$ -
Host	Fixed Investment per Switch	$ 589,262.60	$ -	$ -
	Investment per Line	$ 42.69	$ -	$ -
Remote	Fixed Investment per Switch	$ 54,269.76	$ -	$ -
	Investment per Line	$ 144.58	$ -	$ -

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FPSC Exhibit No. _____
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SWStateDefaultInputs

	Required	Required	Required	Required	Required	Required
State	ARMIS Percent Local Calls	ARMIS Percent Toll Calls	ARMIS Percent Residence Lines	ARMIS Percent Business Lines	Default EngineeredCalls/Line	Default EngineeredCCS/Line
RI	81%	19%	71.09%	28.91%	2.5	3.60
SC	88%	12%	72.25%	27.75%	2.5	3.60
SD	84%	16%	71.80%	28.20%	2.5	3.60
TN	91%	9.25E-02	72.99%	27.01%	2.5	3.60
TX	86%	14%	67.89%	32.11%	2.5	3.60
UT	89%	11%	71.09%	28.91%	2.5	3.60
VT	79%	21%	70.21%	29.79%	2.5	3.60
VA	85%	15%	65.62%	34.38%	2.5	3.60
WA	84%	16%	71.14%	28.86%	2.5	3.60
WV	89%	11%	76.00%	24.00%	2.5	3.60
WI	84%	16%	69.67%	30.33%	2.5	3.60
WY	82%	18%	69.03%	30.97%	2.5	3.60

SWStateD

State	Optional number of busy hour local/EAS calls per residence line	Optional number of busy hour local/EAS calls per business line	Optional number of busy hour toll calls per residence line	Optional number of busy hour toll calls per business line	Optional number of local/EAS Minutes per call per residence line	Optional number of local/EAS Minutes per call per business line
AL						
AK						
AZ						
AR						
CA						
CO						
CT						
DE						
DC						
FL						
GA						
HI						
ID						
IL						
IN						
IA						
KS						
KY						
LA						
ME						
MD						
MA						
MI						
MN						
MS						
MO						
MT						
NE						
NV						
NH						
NJ						
NM						
NY						
NC						
ND						
OH						
OK						
OR						
PA						
PR						

SWStateD

State	Optional	Optional	Optional	Optional	Optional	Optional
	number of busy hour local/EAS calls per residence line	number of busy hour local/EAS calls per business line	number of busy hour toll calls per residence line	number of busy hour toll calls per business line	number of local/EAS Minutes per call per residence line	number of local/EAS Minutes per call per business line
RI						
SC						
SD						
TN						
TX						
UT						
VT						
VA						
WA						
WV						
WI						
WY						

SWStateD

State	Optional number of toll Minutes per call per residence line	Optional number of toll Minutes per call per business line	Calculated Engineered Calls/Line	Calculated Engineered CCS/Line	Required Land Loading	Required Building Loading
RI			-	-	0.0117	0.0738
SC			-	-	0.0117	0.0738
SD			-	-	0.0117	0.0738
TN			-	-	0.0117	0.0738
TX			-	-	0.0117	0.0738
UT			-	-	0.0117	0.0738
VT			-	-	0.0117	0.0738
VA			-	-	0.0117	0.0738
WA			-	-	0.0117	0.0738
WV			-	-	0.0117	0.0738
WI			-	-	0.0117	0.0738
WY			-	-	0.0117	0.0738

SWStateD

State	Required Telco E&I Factor	Required Common Equipment & Power Factor	Required Percent of local calls that are interoffice	Required ABSBH CCS/Trunk		Required Feature Calls/ Total Calls	Required SS7 Usage Attributable to Basic Calls
AL	0.0577	0.0682	60%	28.8		30%	25%
AK	0.0577	0.0682	60%	28.8		30%	25%
AZ	0.0577	0.0682	60%	28.8		30%	25%
AR	0.0577	0.0682	60%	28.8		30%	25%
CA	0.0577	0.0682	60%	28.8		30%	25%
CO	0.0577	0.0682	60%	28.8		30%	25%
CT	0.0577	0.0682	60%	28.8		30%	25%
DE	0.0577	0.0682	60%	28.8		30%	25%
DC	0.0577	0.0682	60%	28.8		30%	25%
FL	0.0000	0.0000	78%	28		30%	25%
GA	0.0577	0.0682	60%	28.8		30%	25%
HI	0.0577	0.0682	60%	28.8		30%	25%
ID	0.0577	0.0682	60%	28.8		30%	25%
IL	0.0577	0.0682	60%	28.8		30%	25%
IN	0.0577	0.0682	60%	28.8		30%	25%
IA	0.0577	0.0682	60%	28.8		30%	25%
KS	0.0577	0.0682	60%	28.8		30%	25%
KY	0.0577	0.0682	60%	28.8		30%	25%
LA	0.0577	0.0682	60%	28.8		30%	25%
ME	0.0577	0.0682	60%	28.8		30%	25%
MD	0.0577	0.0682	60%	28.8		30%	25%
MA	0.0577	0.0682	60%	28.8		30%	25%
MI	0.0577	0.0682	60%	28.8		30%	25%
MN	0.0577	0.0682	60%	28.8		30%	25%
MS	0.0577	0.0682	60%	28.8		30%	25%
MO	0.0577	0.0682	60%	28.8		30%	25%
MT	0.0577	0.0682	60%	28.8		30%	25%
NE	0.0577	0.0682	60%	28.8		30%	25%
NV	0.0577	0.0682	60%	28.8		30%	25%
NH	0.0577	0.0682	60%	28.8		30%	25%
NJ	0.0577	0.0682	60%	28.8		30%	25%
NM	0.0577	0.0682	60%	28.8		30%	25%
NY	0.0577	0.0682	60%	28.8		30%	25%
NC	0.0577	0.0682	60%	28.8		30%	25%
ND	0.0577	0.0682	60%	28.8		30%	25%
OH	0.0577	0.0682	60%	28.8		30%	25%
OK	0.0577	0.0682	60%	28.8		30%	25%
OR	0.0577	0.0682	60%	28.8		30%	25%
PA	0.0577	0.0682	60%	28.8		30%	25%
PR	0.0577	0.0682	60%	28.8		30%	25%

SWStateD

State	Required Line /Trunk Ratio	Required Switch Percent Line Fill	Required 5ESS Share	Required DMS Share	Required Call Completion Fraction	Reserve CCS $/Ln: 5ESS Host/ Standalone (Discounted)
AL	14	90%	50%	50%	0.7	
AK	14	90%	50%	50%	0.7	
AZ	14	90%	50%	50%	0.7	
AR	14	90%	50%	50%	0.7	
CA	14	90%	50%	50%	0.7	
CO	14	90%	50%	50%	0.7	
CT	14	90%	50%	50%	0.7	
DE	14	90%	50%	50%	0.7	
DC	14	90%	50%	50%	0.7	
FL	12	86%	50%	50%	0.65	
GA	14	90%	50%	50%	0.7	
HI	14	90%	50%	50%	0.7	
ID	14	90%	50%	50%	0.7	
IL	14	90%	50%	50%	0.7	
IN	14	90%	50%	50%	0.7	
IA	14	90%	50%	50%	0.7	
KS	14	90%	50%	50%	0.7	
KY	14	90%	50%	50%	0.7	
LA	14	90%	50%	50%	0.7	
ME	14	90%	50%	50%	0.7	
MD	14	90%	50%	50%	0.7	
MA	14	90%	50%	50%	0.7	
MI	14	90%	50%	50%	0.7	
MN	14	90%	50%	50%	0.7	
MS	14	90%	50%	50%	0.7	
MO	14	90%	50%	50%	0.7	
MT	14	90%	50%	50%	0.7	
NE	14	90%	50%	50%	0.7	
NV	14	90%	50%	50%	0.7	
NH	14	90%	50%	50%	0.7	
NJ	14	90%	50%	50%	0.7	
NM	14	90%	50%	50%	0.7	
NY	14	90%	50%	50%	0.7	
NC	14	90%	50%	50%	0.7	
ND	14	90%	50%	50%	0.7	
OH	14	90%	50%	50%	0.7	
OK	14	90%	50%	50%	0.7	
OR	14	90%	50%	50%	0.7	
PA	14	90%	50%	50%	0.7	
PR	14	90%	50%	50%	0.7	

SWStateDe

	Required	Required	Required	Required	Required	Optional
State	Line /Trunk Ratio	Switch Percent Line Fill	5ESS Share	DMS Share	Call Completion Fraction	Reserve CCS $/Ln: 5ESS Host/ Standalone (Discounted)
RI	14	90%	50%	50%	0.7	
SC	14	90%	50%	50%	0.7	
SD	14	90%	50%	50%	0.7	
TN	14	90%	50%	50%	0.7	
TX	14	90%	50%	50%	0.7	
UT	14	90%	50%	50%	0.7	
VT	14	90%	50%	50%	0.7	
VA	14	90%	50%	50%	0.7	
WA	14	90%	50%	50%	0.7	
WV	14	90%	50%	50%	0.7	
WI	14	90%	50%	50%	0.7	
WY	14	90%	50%	50%	0.7	

SWStateD

State	Optional	Optional	Optional	Optional	Optional
	Reserve CCS $/Ln: 5ESS Remote (Discounted)	Reserve CCS $/Ln: DMS Host/ Standalone (Discounted)	Reserve CCS $/Ln: DMS Remote (Discounted)	Small Switch Vendor 1 Share	Small Switch Vendor 2 Share
AL				1	0
AK				1	0
AZ				1	0
AR				1	0
CA				1	0
CO				1	0
CT				1	0
DE				1	0
DC				1	0
FL				1	0
GA				1	0
HI				1	0
ID				1	0
IL				1	0
IN				1	0
IA				1	0
KS				1	0
KY				1	0
LA				1	0
ME				1	0
MD				1	0
MA				1	0
MI				1	0
MN				1	0
MS				1	0
MO				1	0
MT				1	0
NE				1	0
NV				1	0
NH				1	0
NJ				1	0
NM				1	0
NY				1	0
NC				1	0
ND				1	0
OH				1	0
OK				1	0
OR				1	0
PA				1	0
PR					

SWStateD

	Optional			
State	Small Switch Vendor 3 Share			
AL	0	1	0	0
AK	0	1	0	0
AZ	0	1	0	0
AR	0	1	0	0
CA	0	1	0	0
CO	0	1	0	0
CT	0	1	0	0
DE	0	1	0	0
DC	0	1	0	0
FL	0	1	0	0
GA	0	1	0	0
HI	0	1	0	0
ID	0	1	0	0
IL	0	1	0	0
IN	0	1	0	0
IA	0	1	0	0
KS	0	1	0	0
KY	0	1	0	0
LA	0	1	0	0
ME	0	1	0	0
MD	0	1	0	0
MA	0	1	0	0
MI	0	1	0	0
MN	0	1	0	0
MS	0	1	0	0
MO	0	1	0	0
MT	0	1	0	0
NE	0	1	0	0
NV	0	1	0	0
NH	0	1	0	0
NJ	0	1	0	0
NM	0	1	0	0
NY	0	1	0	0
NC	0	1	0	0
ND	0	1	0	0
OH	0	1	0	0
OK	0	1	0	0
OR	0	1	0	0
PA	0	1	0	0
PR	0	1	0	0

SWStateD

State	Small Switch Vendor 3 Share
RI	0
SC	0
SD	0
TN	0
TX	0
UT	0
VT	0
VA	0
WA	0
WV	0
WI	0
WY	0

1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0
1	0	0

	A	B	C	D	E	F	G	H	I
1									
2									
3	Switch Type Variable	Total Lines	Trunks	Calls	Line CCS	5EH/5ER	5EH*Total Lines/5ER*Total Lines	5EH*Trunks	Constant
4									
5	StandAloneCoefficients								
6	Total Inv	358.74	314.64	822,200	0	-220,880	-57.44	0	0
7	Port	157.96	0	0	0	0	-105.64	0	0
8	Line CCS	132.74	0	0	0	-162,030	45.47	0	0
9	Processor	18.46	0	419,110	0	-398,550	37.74	0	1,194,100
10	Trk CCS	0.00	522.64	0	0	0	0.00	-243.34	0
11	MDF	15.74	0	0	0	0	0.00	0	0
12	SS7 Share	— residual —							
13									
14	HostCoefficients								
15	Total Inv	341.87	481.45	1,062,100	0	-604,800	-71.64	0	0
16	Port	164.12	0	0	0	0	-114.89	0	0
17	Line CCS	129.36	0	0	0	122,110	38.40	0	0
18	Processor	5.98	0	486,620	0	-851,270	45.83	0	1,404,600
19	Trk CCS	0.00	562.24	0	0	0	0.00	-255.03	0
20	MDF	16.57	0	0	0	0	0.00	0	0
21	SS7 Share	— residual —							
22									
23	RemoteCoeficients								
24	Total Inv	395.02	0	138,340	0	296,350	-118.60	0.00	0
25	Port	217.86	0	0	0	0	-154.85	0.00	0
26	Line CCS	136.43	0	0	0	134,090	25.60	0.00	0
27	Processor	25.53	0	124,620	0	154,810	14.97	0.00	0
28	MDF	22.04	0	0	0	34,490	-10.59	0.00	0
29									

Drop, NID, Protector Costs

Buried Drop Costs

	FIXED COSTS						DENSITY 0-5	
Size	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
1	$ 0.62							$ 0.62

Aerial Drop Costs

	FIXED COSTS						DENSITY 0-5	
Size	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
1	$ 0.62							$ 0.62

Residence Costs

	FIXED COSTS						DENSITY 0-5	
Size	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
NID	$ 29.49							$ 29.49
Protector								$ -
Interface								$ -

Business Costs

	FIXED COSTS						DENSITY 0-5	
Size	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
NID	$ 29.49							$ 29.49
Protector								$ -
Interface								$ -

Fiber Costs

Fiber - Underground

	FIXED COSTS						DENSITY 0-5	
Size	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
288	$ 11.88							$ 11.88
144	$ 10.64							$ 10.64
96	$ 6.39							$ 6.39
72	$ 4.94							$ 4.94
60	$ 4.45							$ 4.45
48	$ 3.62							$ 3.62
36	$ 2.94							$ 2.94
24	$ 2.37							$ 2.37
18	$ 2.01							$ 2.01
12	$ 1.78							$ 1.78

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Drop, NID, Protector Costs

Buried Drop Costs

	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
Size	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
1		$ 0.62		$ 0.62		$ 0.62		$ 0.62		$ 0.62

Aerial Drop Costs

	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
Size	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
1		$ 0.62		$ 0.62		$ 0.62		$ 0.62		$ 0.62

Residence Costs

	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
Size	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
NID		$ 29.49		$ 29.49		$ 29.49		$ 29.49		$ 29.49
Protector		$ -		$ -		$ -		$ -		$ -
Interface		$ -		$ -		$ -		$ -		$ -

Business Costs

	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
Size	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
NID		$ 29.49		$ 29.49		$ 29.49		$ 29.49		$ 29.49
Protector		$ -		$ -		$ -		$ -		$ -
Interface		$ -		$ -		$ -		$ -		$ -

Fiber Costs

Fiber - Underground

	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
Size	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
288		$ 11.88		$ 11.88		$ 11.88		$ 11.88		$ 11.88
144		$ 10.64		$ 10.64		$ 10.64		$ 10.64		$ 10.64
96		$ 6.39		$ 6.39		$ 6.39		$ 6.39		$ 6.39
72		$ 4.94		$ 4.94		$ 4.94		$ 4.94		$ 4.94
60		$ 4.45		$ 4.45		$ 4.45		$ 4.45		$ 4.45
48		$ 3.62		$ 3.62		$ 3.62		$ 3.62		$ 3.62
36		$ 2.94		$ 2.94		$ 2.94		$ 2.94		$ 2.94
24		$ 2.37		$ 2.37		$ 2.37		$ 2.37		$ 2.37
18		$ 2.01		$ 2.01		$ 2.01		$ 2.01		$ 2.01
12		$ 1.78		$ 1.78		$ 1.78		$ 1.78		$ 1.78

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BCPM Loop Cost Inputs

Fiber - Buried

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
288	$ 12.24							$ 12.24
144	$ 9.53							$ 9.53
96	$ 5.69							$ 5.69
72	$ 4.45							$ 4.45
60	$ 4.06							$ 4.06
48	$ 3.76							$ 3.76
36	$ 3.08							$ 3.08
24	$ 2.51							$ 2.51
18	$ 2.27							$ 2.27
12	$ 1.92							$ 1.92

Fiber - Aerial

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
288	$ 12.60							$ 12.60
144	$ 10.33							$ 10.33
96	$ 7.12							$ 7.12
72	$ 5.60							$ 5.60
60	$ 4.74							$ 4.74
48	$ 4.37							$ 4.37
36	$ 3.63							$ 3.63
24	$ 2.63							$ 2.63
18	$ 2.48							$ 2.48
12	$ 1.90							$ 1.90

Terminal Costs

Outdoor SAI/Cross Connector

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
25	$ 738.88							$ 738.88
50	$ 1,011.25							$ 1,011.25
100	$ 1,549.28							$ 1,549.28
200	$ 1,742.42							$ 1,742.42
300	$ 1,935.57							$ 1,935.57
400	$ 2,674.16							$ 2,674.16
600	$ 3,812.00							$ 3,812.00
900	$ 4,892.78							$ 4,892.78
1200	$ 5,420.07							$ 5,420.07
1800	$ 7,739.70							$ 7,739.70
2100	$ 10,057.68							$ 10,057.68
2400	$ 10,057.68							$ 10,057.68
3000	$ 10,036.65							$ 10,036.65
3600	$ 12,043.98							$ 12,043.98
4200	$ 14,051.31							$ 14,051.31

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BCPM Loop Cost Inputs

Fiber - Buried

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
288		$ 12.24		$ 12.24		$ 12.24		$ 12.24		$ 12.24
144		$ 9.53		$ 9.53		$ 9.53		$ 9.53		$ 9.53
96		$ 5.69		$ 5.69		$ 5.69		$ 5.69		$ 5.69
72		$ 4.45		$ 4.45		$ 4.45		$ 4.45		$ 4.45
60		$ 4.06		$ 4.06		$ 4.06		$ 4.06		$ 4.06
48		$ 3.76		$ 3.76		$ 3.76		$ 3.76		$ 3.76
36		$ 3.08		$ 3.08		$ 3.08		$ 3.08		$ 3.08
24		$ 2.51		$ 2.51		$ 2.51		$ 2.51		$ 2.51
18		$ 2.27		$ 2.27		$ 2.27		$ 2.27		$ 2.27
12		$ 1.92		$ 1.92		$ 1.92		$ 1.92		$ 1.92

Fiber - Aerial

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
288		$ 12.60		$ 12.60		$ 12.60		$ 12.60		$ 12.60
144		$ 10.33		$ 10.33		$ 10.33		$ 10.33		$ 10.33
96		$ 7.12		$ 7.12		$ 7.12		$ 7.12		$ 7.12
72		$ 5.60		$ 5.60		$ 5.60		$ 5.60		$ 5.60
60		$ 4.74		$ 4.74		$ 4.74		$ 4.74		$ 4.74
48		$ 4.37		$ 4.37		$ 4.37		$ 4.37		$ 4.37
36		$ 3.63		$ 3.63		$ 3.63		$ 3.63		$ 3.63
24		$ 2.63		$ 2.63		$ 2.63		$ 2.63		$ 2.63
18		$ 2.48		$ 2.48		$ 2.48		$ 2.48		$ 2.48
12		$ 1.90		$ 1.90		$ 1.90		$ 1.90		$ 1.90

Terminal Costs

Outdoor SAI/Cross Connector

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
25		$ 738.88		$ 738.88		$ 738.88		$ 738.88		$ 738.88
50		$ 1,011.25		$ 1,011.25		$ 1,011.25		$ 1,011.25		$ 1,011.25
100		$ 1,549.28		$ 1,549.28		$ 1,549.28		$ 1,549.28		$ 1,549.28
200		$ 1,742.42		$ 1,742.42		$ 1,742.42		$ 1,742.42		$ 1,742.42
300		$ 1,935.57		$ 1,935.57		$ 1,935.57		$ 1,935.57		$ 1,935.57
400		$ 2,674.16		$ 2,674.16		$ 2,674.16		$ 2,674.16		$ 2,674.16
600		$ 3,812.00		$ 3,812.00		$ 3,812.00		$ 3,812.00		$ 3,812.00
900		$ 4,892.78		$ 4,892.78		$ 4,892.78		$ 4,892.78		$ 4,892.78
1200		$ 5,420.07		$ 5,420.07		$ 5,420.07		$ 5,420.07		$ 5,420.07
1800		$ 7,739.70		$ 7,739.70		$ 7,739.70		$ 7,739.70		$ 7,739.70
2100		$ 10,057.68		$ 10,057.68		$ 10,057.68		$ 10,057.68		$ 10,057.68
2400		$ 10,057.68		$ 10,057.68		$ 10,057.68		$ 10,057.68		$ 10,057.68
3000		$ 10,036.65		$ 10,036.65		$ 10,036.65		$ 10,036.65		$ 10,036.65
3600		$ 12,043.98		$ 12,043.98		$ 12,043.98		$ 12,043.98		$ 12,043.98
4200		$ 14,051.31		$ 14,051.31		$ 14,051.31		$ 14,051.31		$ 14,051.31

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BCPM Loop Cost Inputs

Indoor SAI Building (Includes cost of protection)

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
25	$ 340.00							$ 340.00
50	$ 509.43							$ 509.43
100	$ 811.60							$ 811.60
200	$ 1,293.09							$ 1,293.09
300	$ 1,965.71							$ 1,965.71
400	$ 2,324.03							$ 2,324.03
600	$ 3,757.00							$ 3,757.00
900	$ 4,901.36							$ 4,901.36
1200	$ 6,867.06							$ 6,867.06
1800	$ 8,658.36							$ 8,658.36
2100	$ 11,095.80							$ 11,095.80
2400	$ 13,559.71							$ 13,559.71
3000	$ 16,669.77							$ 16,669.77
3600	$ 19,605.42							$ 19,605.42
4200	$ 23,362.42							$ 23,362.42

Aerial Drop Terminal Cost

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
6	$ 95.98							$ 95.98
12	$ 131.81							$ 131.81
25	$ 216.00							$ 216.00

Buried Drop Terminal Cost (Encapsulated or Pedestal)

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustment	Total
6	$ 157.05							$ 157.05
12	$ 440.87							$ 440.87
25	$ 451.00							$ 451.00

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Indoor SAI/Building (Includes c

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550		D
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	
25		$ 340.00		$ 340.00		$ 340.00		$ 340.00		$ 340.00	
50		$ 509.43		$ 509.43		$ 509.43		$ 509.43		$ 509.43	
100		$ 811.60		$ 811.60		$ 811.60		$ 811.60		$ 811.60	
200		$ 1,293.09		$ 1,293.09		$ 1,293.09		$ 1,293.09		$ 1,293.09	
300		$ 1,965.71		$ 1,965.71		$ 1,965.71		$ 1,965.71		$ 1,965.71	
400		$ 2,324.03		$ 2,324.03		$ 2,324.03		$ 2,324.03		$ 2,324.03	
600		$ 3,757.00		$ 3,757.00		$ 3,757.00		$ 3,757.00		$ 3,757.00	
900		$ 4,901.36		$ 4,901.36		$ 4,901.36		$ 4,901.36		$ 4,901.36	
1200		$ 6,867.06		$ 6,867.06		$ 6,867.06		$ 6,867.06		$ 6,867.06	
1800		$ 8,658.36		$ 8,658.36		$ 8,658.36		$ 8,658.36		$ 8,658.36	
2100		$ 11,095.80		$ 11,095.80		$ 11,095.80		$ 11,095.80		$ 11,095.80	
2400		$ 13,559.71		$ 13,559.71		$ 13,559.71		$ 13,559.71		$ 13,559.71	
3000		$ 16,669.77		$ 16,669.77		$ 16,669.77		$ 16,669.77		$ 16,669.77	
3600		$ 19,605.42		$ 19,605.42		$ 19,605.42		$ 19,605.42		$ 19,605.42	
4200		$ 23,362.42		$ 23,362.42		$ 23,362.42		$ 23,362.42		$ 23,362.42	

Aerial Drop Terminal Cost

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550		D
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	
6		$ 95.98		$ 95.98		$ 95.98		$ 95.98		$ 95.98	
12		$ 131.81		$ 131.81		$ 131.81		$ 131.81		$ 131.81	
25		$ 216.00		$ 216.00		$ 216.00		$ 216.00		$ 216.00	

Buried Drop Terminal Cost (En

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550		D
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	
6		$ 157.05		$ 157.05		$ 157.05		$ 157.05		$ 157.05	
12		$ 440.87		$ 440.87		$ 440.87		$ 440.87		$ 440.87	
25		$ 451.00		$ 451.00		$ 451.00		$ 451.00		$ 451.00	

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Indoor SAI/Building (Includes c

Size	DENSITY 2501-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
25		$ 340.00		$ 340.00		$ 340.00
50		$ 509.43		$ 509.43		$ 509.43
100		$ 811.60		$ 811.60		$ 811.60
200		$ 1,293.09		$ 1,293.09		$ 1,293.09
300		$ 1,965.71		$ 1,965.71		$ 1,965.71
400		$ 2,324.03		$ 2,324.03		$ 2,324.03
600		$ 3,757.00		$ 3,757.00		$ 3,757.00
900		$ 4,901.36		$ 4,901.36		$ 4,901.36
1200		$ 6,867.06		$ 6,867.06		$ 6,867.06
1800		$ 8,658.36		$ 8,658.36		$ 8,658.36
2100		$ 11,095.80		$ 11,095.80		$ 11,095.80
2400		$ 13,559.71		$ 13,559.71		$ 13,559.71
3000		$ 16,669.77		$ 16,669.77		$ 16,669.77
3600		$ 19,605.42		$ 19,605.42		$ 19,605.42
4200		$ 23,362.42		$ 23,362.42		$ 23,362.42

Aerial Drop Terminal Cost

Size	DENSITY 2501-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
6		$ 95.98		$ 95.98		$ 95.98
12		$ 131.81		$ 131.81		$ 131.81
25		$ 216.00		$ 216.00		$ 216.00

Buried Drop Terminal Cost (En

Size	DENSITY 2501-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
6		$ 157.05		$ 157.05		$ 157.05
12		$ 440.87		$ 440.87		$ 440.87
25		$ 451.00		$ 451.00		$ 451.00

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Cable Costs

24 Gauge Cable - Underground

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 73.67		$ 73.67		$ 73.67		$ 73.67		$ 73.67
3600		$ 63.40		$ 63.40		$ 63.40		$ 63.40		$ 63.40
3000		$ 53.12		$ 53.12		$ 53.12		$ 53.12		$ 53.12
2400		$ 42.84		$ 42.84		$ 42.84		$ 42.84		$ 42.84
2100		$ 37.86		$ 37.86		$ 37.86		$ 37.86		$ 37.86
1800		$ 32.72		$ 32.72		$ 32.72		$ 32.72		$ 32.72
1200		$ 22.40		$ 22.40		$ 22.40		$ 22.40		$ 22.40
900		$ 17.79		$ 17.79		$ 17.79		$ 17.79		$ 17.79
600		$ 12.16		$ 12.16		$ 12.16		$ 12.16		$ 12.16
400		$ 7.31		$ 7.31		$ 7.31		$ 7.31		$ 7.31
300		$ 5.77		$ 5.77		$ 5.77		$ 5.77		$ 5.77
200		$ 4.20		$ 4.20		$ 4.20		$ 4.20		$ 4.20
100		$ 2.58		$ 2.58		$ 2.58		$ 2.58		$ 2.58
50		$ 1.81		$ 1.81		$ 1.81		$ 1.81		$ 1.81
25		$ 1.33		$ 1.33		$ 1.33		$ 1.33		$ 1.33
18		$ 1.33		$ 1.33		$ 1.33		$ 1.33		$ 1.33
12		$ 1.33		$ 1.33		$ 1.33		$ 1.33		$ 1.33

24 Gauge Cable - Dual Sheath

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 85.04		$ 85.04		$ 85.04		$ 85.04		$ 85.04
3600		$ 73.18		$ 73.18		$ 73.18		$ 73.18		$ 73.18
3000		$ 61.31		$ 61.31		$ 61.31		$ 61.31		$ 61.31
2400		$ 49.45		$ 49.45		$ 49.45		$ 49.45		$ 49.45
2100		$ 43.69		$ 43.69		$ 43.69		$ 43.69		$ 43.69
1800		$ 35.24		$ 35.24		$ 35.24		$ 35.24		$ 35.24
1200		$ 21.62		$ 21.62		$ 21.62		$ 21.62		$ 21.62
900		$ 16.56		$ 16.56		$ 16.56		$ 16.56		$ 16.56
600		$ 11.33		$ 11.33		$ 11.33		$ 11.33		$ 11.33
400		$ 7.67		$ 7.67		$ 7.67		$ 7.67		$ 7.67
300		$ 5.95		$ 5.95		$ 5.95		$ 5.95		$ 5.95
200		$ 4.35		$ 4.35		$ 4.35		$ 4.35		$ 4.35
100		$ 2.71		$ 2.71		$ 2.71		$ 2.71		$ 2.71
50		$ 1.89		$ 1.89		$ 1.89		$ 1.89		$ 1.89
25		$ 1.41		$ 1.41		$ 1.41		$ 1.41		$ 1.41
18		$ 1.39		$ 1.39		$ 1.39		$ 1.39		$ 1.39
12		$ 1.34		$ 1.34		$ 1.34		$ 1.34		$ 1.34

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Cable Costs

24 Gauge Cable - Underground

Size	DENSITY 0-5000 Adjustment	DENSITY 0-5000 Total	DENSITY 5001-10000 Adjustment	DENSITY 5001-10000 Total	DENSITY >10000 Adjustment	DENSITY >10000 Total
4200		$ 73.67		$ 73.67		$ 73.67
3600		$ 63.40		$ 63.40		$ 63.40
3000		$ 53.12		$ 53.12		$ 53.12
2400		$ 42.84		$ 42.84		$ 42.84
2100		$ 37.86		$ 37.86		$ 37.86
1800		$ 32.72		$ 32.72		$ 32.72
1200		$ 22.40		$ 22.40		$ 22.40
900		$ 17.79		$ 17.79		$ 17.79
600		$ 12.16		$ 12.16		$ 12.16
400		$ 7.31		$ 7.31		$ 7.31
300		$ 5.77		$ 5.77		$ 5.77
200		$ 4.20		$ 4.20		$ 4.20
100		$ 2.58		$ 2.58		$ 2.58
50		$ 1.81		$ 1.81		$ 1.81
25		$ 1.33		$ 1.33		$ 1.33
18		$ 1.33		$ 1.33		$ 1.33
12						

24 Gauge Cable - Dual Sheath

Size	DENSITY 0-5000 Adjustment	DENSITY 0-5000 Total	DENSITY 5001-10000 Adjustment	DENSITY 5001-10000 Total	DENSITY >10000 Adjustment	DENSITY >10000 Total
4200		$ 85.04		$ 85.04		$ 85.04
3600		$ 73.18		$ 73.18		$ 73.18
3000		$ 61.31		$ 61.31		$ 61.31
2400		$ 49.45		$ 49.45		$ 49.45
2100		$ 43.69		$ 43.69		$ 43.69
1800		$ 35.24		$ 35.24		$ 35.24
1200		$ 21.62		$ 21.62		$ 21.62
900		$ 16.56		$ 16.56		$ 16.56
600		$ 11.33		$ 11.33		$ 11.33
400		$ 7.67		$ 7.67		$ 7.67
300		$ 5.95		$ 5.95		$ 5.95
200		$ 4.35		$ 4.35		$ 4.35
100		$ 2.71		$ 2.71		$ 2.71
50		$ 1.89		$ 1.89		$ 1.89
25		$ 1.41		$ 1.41		$ 1.41
18		$ 1.39		$ 1.39		$ 1.39
12		$ 1.34		$ 1.34		$ 1.34

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BCPM Loop Cost Inputs

24 Gauge Cable - Aerial

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2500	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 70.43		$ 70.43		$ 70.43		$ 70.43		$ 70.43
3600		$ 60.63		$ 60.63		$ 60.63		$ 60.63		$ 60.63
3000		$ 50.82		$ 50.82		$ 50.82		$ 50.82		$ 50.82
2400		$ 41.02		$ 41.02		$ 41.02		$ 41.02		$ 41.02
2100		$ 38.23		$ 38.23		$ 38.23		$ 38.23		$ 38.23
1800		$ 31.05		$ 31.05		$ 31.05		$ 31.05		$ 31.05
1200		$ 20.47		$ 20.47		$ 20.47		$ 20.47		$ 20.47
900		$ 15.77		$ 15.77		$ 15.77		$ 15.77		$ 15.77
600		$ 10.93		$ 10.93		$ 10.93		$ 10.93		$ 10.93
400		$ 7.08		$ 7.08		$ 7.08		$ 7.08		$ 7.08
300		$ 5.93		$ 5.93		$ 5.93		$ 5.93		$ 5.93
200		$ 4.31		$ 4.31		$ 4.31		$ 4.31		$ 4.31
100		$ 2.66		$ 2.66		$ 2.66		$ 2.66		$ 2.66
50		$ 1.85		$ 1.85		$ 1.85		$ 1.85		$ 1.85
25		$ 1.39		$ 1.39		$ 1.39		$ 1.39		$ 1.39
18		$ 1.38		$ 1.38		$ 1.38		$ 1.38		$ 1.38
12		$ 1.35		$ 1.35		$ 1.35		$ 1.35		$ 1.35

26 Gauge Cable - Underground

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2500	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 58.93		$ 58.93		$ 58.93		$ 58.93		$ 58.93
3600		$ 50.73		$ 50.73		$ 50.73		$ 50.73		$ 50.73
3000		$ 42.53		$ 42.53		$ 42.53		$ 42.53		$ 42.53
2400		$ 34.32		$ 34.32		$ 34.32		$ 34.32		$ 34.32
2100		$ 30.34		$ 30.34		$ 30.34		$ 30.34		$ 30.34
1800		$ 24.54		$ 24.54		$ 24.54		$ 24.54		$ 24.54
1200		$ 17.28		$ 17.28		$ 17.28		$ 17.28		$ 17.28
900		$ 12.82		$ 12.82		$ 12.82		$ 12.82		$ 12.82
600		$ 9.01		$ 9.01		$ 9.01		$ 9.01		$ 9.01
400		$ 5.78		$ 5.78		$ 5.78		$ 5.78		$ 5.78
300		$ 4.65		$ 4.65		$ 4.65		$ 4.65		$ 4.65
200		$ 3.40		$ 3.40		$ 3.40		$ 3.40		$ 3.40
100		$ 2.16		$ 2.16		$ 2.16		$ 2.16		$ 2.16
50		$ 1.58		$ 1.58		$ 1.58		$ 1.58		$ 1.58
25		$ 1.22		$ 1.22		$ 1.22		$ 1.22		$ 1.22
18		$ 1.22		$ 1.22		$ 1.22		$ 1.22		$ 1.22
12		$ 1.22		$ 1.22		$ 1.22		$ 1.22		$ 1.22

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24 Gauge Cable - Aerial

Site	DENSITY 25**-5000 Adjustment	DENSITY 25**-5000 Total	DENSITY 5001-10000 Adjustment	DENSITY 5001-10000 Total	DENSITY >10001 Adjustment	DENSITY >10001 Total
4200		$ 70.43		$ 70.43		$ 70.43
3600		$ 60.63		$ 60.63		$ 60.63
3000		$ 50.82		$ 50.82		$ 50.82
2400		$ 41.02		$ 41.02		$ 41.02
2100		$ 38.23		$ 38.23		$ 38.23
1800		$ 31.05		$ 31.05		$ 31.05
1200		$ 20.47		$ 20.47		$ 20.47
900		$ 15.77		$ 15.77		$ 15.77
600		$ 10.93		$ 10.93		$ 10.93
400		$ 7.08		$ 7.08		$ 7.08
300		$ 5.93		$ 5.93		$ 5.93
200		$ 4.31		$ 4.31		$ 4.31
100		$ 2.66		$ 2.66		$ 2.66
50		$ 1.85		$ 1.85		$ 1.85
25		$ 1.39		$ 1.39		$ 1.39
18		$ 1.38		$ 1.38		$ 1.38
12		$ 1.35		$ 1.35		$ 1.35

26 Gauge Cable - Underground

Site	DENSITY 25**-5000 Adjustment	DENSITY 25**-5000 Total	DENSITY 5001-10000 Adjustment	DENSITY 5001-10000 Total	DENSITY >10001 Adjustment	DENSITY >10001 Total
4200		$ 58.93		$ 58.93		$ 58.93
3600		$ 50.73		$ 50.73		$ 50.73
3000		$ 42.53		$ 42.53		$ 42.53
2400		$ 34.32		$ 34.32		$ 34.32
2100		$ 30.34		$ 30.34		$ 30.34
1800		$ 24.54		$ 24.54		$ 24.54
1200		$ 17.28		$ 17.28		$ 17.28
900		$ 12.82		$ 12.82		$ 12.82
600		$ 9.01		$ 9.01		$ 9.01
400		$ 5.78		$ 5.78		$ 5.78
300		$ 4.65		$ 4.65		$ 4.65
200		$ 3.40		$ 3.40		$ 3.40
100		$ 2.16		$ 2.16		$ 2.16
50		$ 1.58		$ 1.58		$ 1.58
25		$ 1.22		$ 1.22		$ 1.22
18		$ 1.22		$ 1.22		$ 1.22
12		$ 1.22		$ 1.22		$ 1.22

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26 Gauge Cable - Dual Sheath "

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 56.26		$ 56.26		$ 56.26		$ 56.26		$ 56.26
3600		$ 48.45		$ 48.45		$ 48.45		$ 48.45		$ 48.45
3000		$ 40.64		$ 40.64		$ 40.64		$ 40.64		$ 40.64
2400		$ 32.82		$ 32.82		$ 32.82		$ 32.82		$ 32.82
2100		$ 29.03		$ 29.03		$ 29.03		$ 29.03		$ 29.03
1800		$ 23.49		$ 23.49		$ 23.49		$ 23.49		$ 23.49
1200		$ 15.88		$ 15.88		$ 15.88		$ 15.88		$ 15.88
900		$ 12.22		$ 12.22		$ 12.22		$ 12.22		$ 12.22
600		$ 8.59		$ 8.59		$ 8.59		$ 8.59		$ 8.59
400		$ 6.05		$ 6.05		$ 6.05		$ 6.05		$ 6.05
300		$ 4.76		$ 4.76		$ 4.76		$ 4.76		$ 4.76
200		$ 3.51		$ 3.51		$ 3.51		$ 3.51		$ 3.51
100		$ 2.26		$ 2.26		$ 2.26		$ 2.26		$ 2.26
50		$ 1.65		$ 1.65		$ 1.65		$ 1.65		$ 1.65
25		$ 1.30		$ 1.30		$ 1.30		$ 1.30		$ 1.30
18		$ 1.30		$ 1.30		$ 1.30		$ 1.30		$ 1.30
12		$ 1.30		$ 1.30		$ 1.30		$ 1.30		$ 1.30

26 Gauge Cable - Aerial

Size	DENSITY 0-100		DENSITY 101-200		DENSITY 201-650		DENSITY 651-850		DENSITY 851-2550	
	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 56.04		$ 56.04		$ 56.04		$ 56.04		$ 56.04
3600		$ 48.27		$ 48.27		$ 48.27		$ 48.27		$ 48.27
3000		$ 40.49		$ 40.49		$ 40.49		$ 40.49		$ 40.49
2400		$ 32.71		$ 32.71		$ 32.71		$ 32.71		$ 32.71
2100		$ 30.48		$ 30.48		$ 30.48		$ 30.48		$ 30.48
1800		$ 24.80		$ 24.80		$ 24.80		$ 24.80		$ 24.80
1200		$ 16.32		$ 16.32		$ 16.32		$ 16.32		$ 16.32
900		$ 12.49		$ 12.49		$ 12.49		$ 12.49		$ 12.49
600		$ 8.67		$ 8.67		$ 8.67		$ 8.67		$ 8.67
400		$ 5.95		$ 5.95		$ 5.95		$ 5.95		$ 5.95
300		$ 4.78		$ 4.78		$ 4.78		$ 4.78		$ 4.78
200		$ 3.45		$ 3.45		$ 3.45		$ 3.45		$ 3.45
100		$ 2.24		$ 2.24		$ 2.24		$ 2.24		$ 2.24
50		$ 1.62		$ 1.62		$ 1.62		$ 1.62		$ 1.62
25		$ 1.29		$ 1.29		$ 1.29		$ 1.29		$ 1.29
18		$ 1.29		$ 1.29		$ 1.29		$ 1.29		$ 1.29
12		$ 1.29		$ 1.29		$ 1.29		$ 1.29		$ 1.29

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26 Gauge Cable - Dual Sheath "

Step	DENSITY 2551-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 56.26		$ 56.26		$ 56.26
3600		$ 48.45		$ 48.45		$ 48.45
3000		$ 40.64		$ 40.64		$ 40.64
2400		$ 32.82		$ 32.82		$ 32.82
2100		$ 29.03		$ 29.03		$ 29.03
1800		$ 23.49		$ 23.49		$ 23.49
1200		$ 15.88		$ 15.88		$ 15.88
900		$ 12.22		$ 12.22		$ 12.22
600		$ 8.59		$ 8.59		$ 8.59
400		$ 6.05		$ 6.05		$ 6.05
300		$ 4.76		$ 4.76		$ 4.76
200		$ 3.51		$ 3.51		$ 3.51
100		$ 2.26		$ 2.26		$ 2.26
50		$ 1.65		$ 1.65		$ 1.65
25		$ 1.30		$ 1.30		$ 1.30
18		$ 1.30		$ 1.30		$ 1.30
12		$ 1.30		$ 1.30		$ 1.30

26 Gauge Cable - Aerial

Step	DENSITY 2551-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
4200		$ 56.04		$ 56.04		$ 56.04
3600		$ 48.27		$ 48.27		$ 48.27
3000		$ 40.49		$ 40.49		$ 40.49
2400		$ 32.71		$ 32.71		$ 32.71
2100		$ 30.48		$ 30.48		$ 30.48
1800		$ 24.80		$ 24.80		$ 24.80
1200		$ 16.32		$ 16.32		$ 16.32
900		$ 12.49		$ 12.49		$ 12.49
600		$ 8.67		$ 8.67		$ 8.67
400		$ 5.95		$ 5.95		$ 5.95
300		$ 4.78		$ 4.78		$ 4.78
200		$ 3.45		$ 3.45		$ 3.45
100		$ 2.24		$ 2.24		$ 2.24
50		$ 1.62		$ 1.62		$ 1.62
25		$ 1.29		$ 1.29		$ 1.29
18		$ 1.29		$ 1.29		$ 1.29
12		$ 1.29		$ 1.29		$ 1.29

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BCPM Loop Cost Inputs

Strand

Size	FIXED COSTS						DENSITY 0-5	
	Material Cost	Supply Cost	Tax	Placing	Splicing	Engineering	Adjustm	Total
25m								$ -
16m								$ -
10m								$ -
6m								$ -

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Strand

Size	DENSITY 2551-5000		DENSITY 5001-10000		DENSITY >10001	
	Adjustment	Total	Adjustment	Total	Adjustment	Total
25m		$ -		$ -		$ -
16m		$ -		$ -		$ -
10m		$ -		$ -		$ -
6m		$ -		$ -		$ -

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BCPM Structure Inputs

Normal Structure

Normal - Feeder Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 2.27		75.00%	97.18%	$ 1.65	$ 0.11	71.00%	97.18%	$ 1.64
Rocky Trench	$ 4.22		0.00%	97.18%	$ -	$ 0.15	0.00%	97.18%	$ -
Backhoe Trench	$ 2.70		17.00%	97.18%	$ 0.45	$ 0.17	19.00%	97.18%	$ 0.53
Hand Dig Trench	$ 4.99		2.00%	97.18%	$ 0.10	$ 0.25	2.00%	97.18%	$ 0.10
Boring	$ 11.80		2.00%	97.18%	$ 0.23	$ 0.37	2.00%	97.18%	$ 0.24
Cut & Restore Asphalt	$ 8.72		1.00%	97.18%	$ 0.08	$ 0.18	2.00%	97.18%	$ 0.17
Cut & Restore Concrete	$ 9.63		1.00%	97.18%	$ 0.09	$ 0.16	2.00%	97.18%	$ 0.19
Cut & Restore Sod	$ 3.75		2.00%	97.18%	$ 0.07	$ 0.17	2.00%	97.18%	$ 0.08
			100.00%		$ 2.68		100.00%		$ 2.95

Normal - Distribution Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 2.27	$ -	87.00%	97.18%	$ 1.92	$ 0.11	71.00%	97.18%	$ 1.64
Rocky Trench	$ 4.22	$ -	0.00%	97.18%	$ -	$ 0.15	0.00%	97.18%	$ -
Backhoe Trench	$ 2.70	$ -	5.00%	97.18%	$ 0.13	$ 0.17	19.00%	97.18%	$ 0.53
Hand Dig Trench	$ 4.99	$ -	2.00%	97.18%	$ 0.10	$ 0.25	2.00%	97.18%	$ 0.10
Boring	$ 11.80	$ -	2.00%	97.18%	$ 0.23	$ 0.37	2.00%	97.18%	$ 0.24
Cut & Restore Asphalt	$ 8.72	$ -	1.00%	97.18%	$ 0.08	$ 0.18	2.00%	97.18%	$ 0.17
Cut & Restore Concrete	$ 9.63	$ -	1.00%	97.18%	$ 0.09	$ 0.16	2.00%	97.18%	$ 0.19
Cut & Restore Sod	$ 3.75	$ -	2.00%	97.18%	$ 0.07	$ 0.17	2.00%	97.18%	$ 0.08
			100.00%		$ 2.63		100.00%		$ 2.95

Normal - Buried Feeder Cable

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 1.14		96.00%	100.00%	$ 1.09	$ 0.02	78.00%	100.00%	$ 0.90
Rocky Plow	$ 1.37		0.00%	100.00%	$ -	$ 0.03	0.00%	100.00%	$ -
Trench & Backfill	$ 2.27		0.00%	100.00%	$ -	$ 0.11	10.00%	100.00%	$ 0.24
Rocky Trench	$ 4.22		0.00%	100.00%	$ -	$ 0.15	0.00%	100.00%	$ -
Backhoe Trench	$ 2.70		0.00%	100.00%	$ -	$ 0.17	5.00%	100.00%	$ 0.14
Hand Dig Trench	$ 4.99		0.00%	100.00%	$ -	$ 0.25	1.00%	100.00%	$ 0.05
Bore Cable	$ 11.80		0.00%	100.00%	$ -	$ 0.37	0.00%	100.00%	$ -
Push Pipe & Pull Cable	$ 6.80		0.00%	100.00%	$ -	$ 0.30	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 8.72		1.00%	100.00%	$ 0.09	$ 0.18	2.00%	100.00%	$ 0.18
Cut & Restore Concrete	$ 9.63		1.00%	100.00%	$ 0.10	$ 0.16	2.00%	100.00%	$ 0.20
Cut & Restore Sod	$ 3.75		2.00%	100.00%	$ 0.08	$ 0.17	2.00%	100.00%	$ 0.08
			100.00%		$ 1.35		100.00%		$ 1.79

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BCPM Structure Inputs

Normal Structure

Normal - Feeder Conduit

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.42	27.00%	97.18%	$ 0.71	$ 0.42	27.00%	97.18%	$ 0.71
Rocky Trench	$ 0.61	0.00%	97.18%	$ -	$ 0.61	0.00%	97.18%	$ -
Backhoe Trench	$ 0.68	30.00%	97.18%	$ 0.99	$ 0.68	30.00%	97.18%	$ 0.99
Hand Dig Trench	$ 1.01	6.00%	97.18%	$ 0.35	$ 1.01	6.00%	97.18%	$ 0.35
Boring	$ 1.46	2.00%	97.18%	$ 0.26	$ 1.46	2.00%	97.18%	$ 0.26
Cut & Restore Asphalt	$ 0.73	13.00%	97.18%	$ 1.19	$ 0.73	13.00%	97.18%	$ 1.19
Cut & Restore Concrete	$ 0.67	12.00%	97.18%	$ 1.20	$ 0.67	12.00%	97.18%	$ 1.20
Cut & Restore Sod	$ 0.66	10.00%	97.18%	$ 0.43	$ 0.66	10.00%	97.18%	$ 0.43
		100.00%		$ 5.12		100.00%		$ 5.12

Normal - Distribution Conduit

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.42	40.00%	97.18%	$ 1.05	$ 0.42	40.00%	97.18%	$ 1.05
Rocky Trench	$ 0.61	0.00%	97.18%	$ -	$ 0.61	0.00%	97.18%	$ -
Backhoe Trench	$ 0.68	7.00%	97.18%	$ 0.23	$ 0.68	7.00%	97.18%	$ 0.23
Hand Dig Trench	$ 1.01	6.00%	97.18%	$ 0.35	$ 1.01	6.00%	97.18%	$ 0.35
Boring	$ 1.46	2.00%	97.18%	$ 0.26	$ 1.46	2.00%	97.18%	$ 0.26
Cut & Restore Asphalt	$ 0.73	13.00%	97.18%	$ 1.19	$ 0.73	13.00%	97.18%	$ 1.19
Cut & Restore Concrete	$ 0.67	12.00%	97.18%	$ 1.20	$ 0.67	12.00%	97.18%	$ 1.20
Cut & Restore Sod	$ 0.66	20.00%	97.18%	$ 0.86	$ 0.66	20.00%	97.18%	$ 0.86
		100.00%		$ 5.14		100.00%		$ 5.14

Normal - Buried Feeder Cable

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.08	15.00%	100.00%	$ 0.18	$ 0.08	15.00%	100.00%	$ 0.18
Rocky Plow	$ 0.14	0.00%	100.00%	$ -	$ 0.14	0.00%	100.00%	$ -
Trench & Backfill	$ 0.42	26.00%	100.00%	$ 0.70	$ 0.42	26.00%	100.00%	$ 0.70
Rocky Trench	$ 0.61	0.00%	100.00%	$ -	$ 0.61	0.00%	100.00%	$ -
Backhoe Trench	$ 0.68	11.00%	100.00%	$ 0.37	$ 0.68	11.00%	100.00%	$ 0.37
Hand Dig Trench	$ 1.01	6.00%	100.00%	$ 0.36	$ 1.01	6.00%	100.00%	$ 0.36
Bore Cable	$ 1.46	2.00%	100.00%	$ 0.27	$ 1.46	2.00%	100.00%	$ 0.27
Push Pipe & Pull Cable	$ 1.18	5.00%	100.00%	$ 0.40	$ 1.18	5.00%	100.00%	$ 0.40
Cut & Restore Asphalt	$ 0.73	13.00%	100.00%	$ 1.23	$ 0.73	13.00%	100.00%	$ 1.23
Cut & Restore Concrete	$ 0.67	12.00%	100.00%	$ 1.24	$ 0.67	12.00%	100.00%	$ 1.24
Cut & Restore Sod	$ 0.66	10.00%	100.00%	$ 0.44	$ 0.66	10.00%	100.00%	$ 0.44
		100.00%		$ 5.18		100.00%		$ 5.18

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Normal Structure

Normal - Feeder Conduit

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.53	5.00%	97.18%	$ 0.14	$ 0.53	5.00%	97.18%	$ 0.14
Rocky Trench	$ 0.76	0.00%	97.18%	$ -	$ 0.76	0.00%	97.18%	$ -
Backhoe Trench	$ 0.85	20.00%	97.18%	$ 0.69	$ 0.85	20.00%	97.18%	$ 0.69
Hand Dig Trench	$ 1.26	8.00%	97.18%	$ 0.49	$ 1.26	8.00%	97.18%	$ 0.49
Boring	$ 1.82	15.00%	97.18%	$ 1.99	$ 1.82	15.00%	97.18%	$ 1.99
Cut & Restore Asphalt	$ 0.92	25.00%	97.18%	$ 2.34	$ 0.92	25.00%	97.18%	$ 2.34
Cut & Restore Concrete	$ 0.83	20.00%	97.18%	$ 2.03	$ 0.83	20.00%	97.18%	$ 2.03
Cut & Restore Sod	$ 0.84	7.00%	97.18%	$ 0.31	$ 0.84	7.00%	97.18%	$ 0.31
		100.00%		$ 7.98		100.00%		$ 7.98

Normal - Distribution Conduit

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.53	5.00%	97.18%	$ 0.14	$ 0.53	5.00%	97.18%	$ 0.14
Rocky Trench	$ 0.76	0.00%	97.18%	$ -	$ 0.76	0.00%	97.18%	$ -
Backhoe Trench	$ 0.85	19.00%	97.18%	$ 0.66	$ 0.85	19.00%	97.18%	$ 0.66
Hand Dig Trench	$ 1.26	8.00%	97.18%	$ 0.49	$ 1.26	8.00%	97.18%	$ 0.49
Boring	$ 1.82	15.00%	97.18%	$ 1.99	$ 1.82	15.00%	97.18%	$ 1.99
Cut & Restore Asphalt	$ 0.92	25.00%	97.18%	$ 2.34	$ 0.92	25.00%	97.18%	$ 2.34
Cut & Restore Concrete	$ 0.83	20.00%	97.18%	$ 2.03	$ 0.83	20.00%	97.18%	$ 2.03
Cut & Restore Sod	$ 0.84	8.00%	97.18%	$ 0.36	$ 0.84	8.00%	97.18%	$ 0.36
		100.00%		$ 7.99		100.00%		$ 7.99

Normal - Buried Feeder Cable

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.10	0.00%	100.00%	$ -	$ 0.10	0.00%	100.00%	$ -
Rocky Plow	$ 0.17	0.00%	100.00%	$ -	$ 0.17	0.00%	100.00%	$ -
Trench & Backfill	$ 0.53	5.00%	100.00%	$ 0.14	$ 0.53	5.00%	100.00%	$ 0.14
Rocky Trench	$ 0.76	0.00%	100.00%	$ -	$ 0.76	0.00%	100.00%	$ -
Backhoe Trench	$ 0.85	20.00%	100.00%	$ 0.71	$ 0.85	20.00%	100.00%	$ 0.71
Hand Dig Trench	$ 1.26	8.00%	100.00%	$ 0.50	$ 1.26	8.00%	100.00%	$ 0.50
Bore Cable	$ 1.82	15.00%	100.00%	$ 2.04	$ 1.82	15.00%	100.00%	$ 2.04
Push Pipe & Pull Cable	$ 1.47	0.00%	100.00%	$ -	$ 1.47	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 0.92	25.00%	100.00%	$ 2.41	$ 0.92	25.00%	100.00%	$ 2.41
Cut & Restore Concrete	$ 0.83	20.00%	100.00%	$ 2.09	$ 0.83	20.00%	100.00%	$ 2.09
Cut & Restore Sod	$ 0.84	7.00%	100.00%	$ 0.32	$ 0.84	7.00%	100.00%	$ 0.32
		100.00%		$ 8.22		100.00%		$ 8.22

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BCPM Structure Inputs

Normal - Buried Distribution Cable

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 1.14	$ -	86.00%	100.00%	$ 0.98	$ 0.02	80.00%	100.00%	$ 0.93
Rocky Plow	$ 1.37	$ -	0.00%	100.00%	$ -	$ 0.03	0.00%	100.00%	$ -
Trench & Backfill	$ 2.27	$ -	10.00%	100.00%	$ 0.23	$ 0.11	11.00%	100.00%	$ 0.26
Rocky Trench	$ 4.22	$ -	0.00%	100.00%	$ -	$ 0.15	0.00%	100.00%	$ -
Backhoe Trench	$ 2.70	$ -	0.00%	100.00%	$ -	$ 0.17	3.00%	100.00%	$ 0.09
Hand Dig Trench	$ 4.99	$ -	0.00%	100.00%	$ -	$ 0.25	0.00%	100.00%	$ -
Bore Cable	$ 11.80	$ -	0.00%	100.00%	$ -	$ 0.37	0.00%	100.00%	$ -
Push Pipe & Pull Cable	$ 6.80	$ -	0.00%	100.00%	$ -	$ 0.30	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 8.72	$ -	1.00%	100.00%	$ 0.09	$ 0.18	2.00%	100.00%	$ 0.18
Cut & Restore Concrete	$ 9.63	$ -	1.00%	100.00%	$ 0.10	$ 0.16	2.00%	100.00%	$ 0.20
Cut & Restore Sod	$ 3.75	$ -	2.00%	100.00%	$ 0.08	$ 0.17	2.00%	100.00%	$ 0.08
			100.00%		$ 1.47		100.00%		$ 1.73

Normal - Aerial Feeder Cable

Activity	Base Cost Per Unit	DENSITY 0-5 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ 786.81		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys	$ 143.05		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
					$ 435.91				$ 435.91

Normal - Aerial Distribution Cable

Activity	Base Cost Per Unit	DENSITY 0-5 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ 786.81	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ 143.05	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
					$ 435.91				$ 435.91

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BCPM Structure Inputs

Normal - Buried Distribution Ca

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.04	65.00%	100.00%	$ 0.81	$ 0.06	21.00%	100.00%	$ 0.25
Rocky Plow	$ 0.07	0.00%	100.00%	$ -	$ 0.10	0.00%	100.00%	$ -
Trench & Backfill	$ 0.21	11.00%	100.00%	$ 0.27	$ 0.32	30.00%	100.00%	$ 0.78
Rocky Trench	$ 0.30	0.00%	100.00%	$ -	$ 0.45	0.00%	100.00%	$ -
Backhoe Trench	$ 0.34	3.00%	100.00%	$ 0.09	$ 0.51	12.00%	100.00%	$ 0.39
Hand Dig Trench	$ 0.50	0.00%	100.00%	$ -	$ 0.75	3.00%	100.00%	$ 0.17
Bore Cable	$ 0.73	1.00%	100.00%	$ 0.13	$ 1.10	4.00%	100.00%	$ 0.52
Push Pipe & Pull Cable	$ 0.59	1.00%	100.00%	$ 0.07	$ 0.89	5.00%	100.00%	$ 0.38
Cut & Restore Asphalt	$ 0.37	5.00%	100.00%	$ 0.45	$ 0.55	8.00%	100.00%	$ 0.74
Cut & Restore Concrete	$ 0.33	4.00%	100.00%	$ 0.40	$ 0.50	7.00%	100.00%	$ 0.71
Cut & Restore Sod	$ 0.33	6.00%	100.00%	$ 0.24	$ 0.50	10.00%	100.00%	$ 0.43
		100.00%		$ 2.48		100.00%		$ 4.36

Normal - Aerial Feeder Cable

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

Normal - Aerial Distribution Cat

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

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Normal - Buried Distribution Ca

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.10	0.00%	100.00%	$ -	$ 0.10	0.00%	100.00%	$ -
Rocky Plow	$ 0.17	0.00%	100.00%	$ -	$ 0.17	0.00%	100.00%	$ -
Trench & Backfill	$ 0.53	5.00%	100.00%	$ 0.14	$ 0.53	5.00%	100.00%	$ 0.14
Rocky Trench	$ 0.76	0.00%	100.00%	$ -	$ 0.76	0.00%	100.00%	$ -
Backhoe Trench	$ 0.85	19.00%	100.00%	$ 0.67	$ 0.85	19.00%	100.00%	$ 0.67
Hand Dig Trench	$ 1.26	8.00%	100.00%	$ 0.50	$ 1.26	8.00%	100.00%	$ 0.50
Bore Cable	$ 1.82	15.00%	100.00%	$ 2.04	$ 1.82	15.00%	100.00%	$ 2.04
Push Pipe & Pull Cable	$ 1.47	0.00%	100.00%	$ -	$ 1.47	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 0.92	25.00%	100.00%	$ 2.41	$ 0.92	25.00%	100.00%	$ 2.41
Cut & Restore Concrete	$ 0.83	20.00%	100.00%	$ 2.09	$ 0.83	20.00%	100.00%	$ 2.09
Cut & Restore Sod	$ 0.84	8.00%	100.00%	$ 0.37	$ 0.84	8.00%	100.00%	$ 0.37
		100.00%		$ 8.23		100.00%		$ 8.23

Normal - Aerial Feeder Cable

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

Normal - Aerial Distribution Cat

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

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Normal - Buried Distribution Ca

Activity	DENSITY >10001 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.11	0.00%	100.00%	$ -
Rocky Plow	$ 0.19	0.00%	100.00%	$ -
Trench & Backfill	$ 0.59	3.00%	100.00%	$ 0.09
Rocky Trench	$ 0.84	0.00%	100.00%	$ -
Backhoe Trench	$ 0.94	15.00%	100.00%	$ 0.55
Hand Dig Trench	$ 1.40	8.00%	100.00%	$ 0.51
Bore Cable	$ 2.02	10.00%	100.00%	$ 1.38
Push Pipe & Pull Cable	$ 1.64	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 1.02	33.00%	100.00%	$ 3.21
Cut & Restore Concrete	$ 0.93	28.00%	100.00%	$ 2.96
Cut & Restore Sod	$ 0.93	3.00%	100.00%	$ 0.14
		100.00%		$ 8.84

Normal - Aerial Feeder Cable

Activity	DENSITY >10001 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30
				$ 435.91

Normal - Aerial Distribution Cat

Activity	DENSITY >10001 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30
				$ 435.91

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Soft Rock Structure

Soft Rock - Feeder Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 2.34		5.00%	97.18%	$ 0.11	$ 0.12	5.00%	97.18%	$ 0.12
Rocky Trench	$ 4.32		29.00%	97.18%	$ 1.22	$ 0.17	37.00%	97.18%	$ 1.61
Backhoe Trench	$ 2.81		52.00%	97.18%	$ 1.42	$ 0.19	45.00%	97.18%	$ 1.31
Hand Dig Trench	$ 5.15		5.00%	97.18%	$ 0.25	$ 0.28	4.00%	97.18%	$ 0.21
Boring	$ 12.05		5.00%	97.18%	$ 0.59	$ 0.40	3.00%	97.18%	$ 0.36
Cut & Restore Asphalt	$ 10.84		1.00%	97.18%	$ 0.11	$ 0.21	2.00%	97.18%	$ 0.21
Cut & Restore Concrete	$ 11.70		1.00%	97.18%	$ 0.11	$ 0.22	2.00%	97.18%	$ 0.23
Cut & Restore Sod	$ 4.54		2.00%	97.18%	$ 0.09	$ 0.19	2.00%	97.18%	$ 0.09
			100.00%		$ 3.89		100.00%		$ 4.16

Soft Rock - Distribution Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 2.34	$ -	8.00%	97.18%	$ 0.18	$ 0.12	8.00%	97.18%	$ 0.19
Rocky Trench	$ 4.32	$ -	46.00%	97.18%	$ 1.93	$ 0.17	51.00%	97.18%	$ 2.23
Backhoe Trench	$ 2.81	$ -	32.00%	97.18%	$ 0.87	$ 0.19	27.00%	97.18%	$ 0.79
Hand Dig Trench	$ 5.15	$ -	5.00%	97.18%	$ 0.25	$ 0.28	5.00%	97.18%	$ 0.26
Boring	$ 12.05	$ -	5.00%	97.18%	$ 0.59	$ 0.40	3.00%	97.18%	$ 0.36
Cut & Restore Asphalt	$ 10.84	$ -	1.00%	97.18%	$ 0.11	$ 0.21	2.00%	97.18%	$ 0.21
Cut & Restore Concrete	$ 11.70	$ -	1.00%	97.18%	$ 0.11	$ 0.22	2.00%	97.18%	$ 0.23
Cut & Restore Sod	$ 4.54	$ -	2.00%	97.18%	$ 0.09	$ 0.19	2.00%	97.18%	$ 0.09
			100.00%		$ 4.13		100.00%		$ 4.37

Soft Rock - Buried Feeder Cable

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 1.15		44.00%	100.00%	$ 0.51	$ 0.02	35.00%	100.00%	$ 0.41
Rocky Plow	$ 1.39		34.00%	100.00%	$ 0.47	$ 0.04	28.00%	100.00%	$ 0.40
Trench & Backfill	$ 2.34		5.00%	100.00%	$ 0.12	$ 0.12	10.00%	100.00%	$ 0.25
Rocky Trench	$ 4.32		5.00%	100.00%	$ 0.22	$ 0.17	5.00%	100.00%	$ 0.22
Backhoe Trench	$ 2.81		2.00%	100.00%	$ 0.06	$ 0.19	12.00%	100.00%	$ 0.36
Hand Dig Trench	$ 5.15		3.00%	100.00%	$ 0.15	$ 0.28	3.00%	100.00%	$ 0.16
Bore Cable	$ 12.05		1.00%	100.00%	$ 0.12	$ 0.40	1.00%	100.00%	$ 0.12
Push Pipe & Pull Cable	$ 7.00		2.00%	100.00%	$ 0.14	$ 0.33	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 10.84		1.00%	100.00%	$ 0.11	$ 0.21	2.00%	100.00%	$ 0.22
Cut & Restore Concrete	$ 11.74		1.00%	100.00%	$ 0.12	$ 0.18	2.00%	100.00%	$ 0.24
Cut & Restore Sod	$ 4.54		2.00%	100.00%	$ 0.09	$ 0.19	2.00%	100.00%	$ 0.09
			100.00%		$ 2.10		100.00%		$ 2.48

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Soft Rock Structure

Soft Rock - Feeder Conduit

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.47	9.00%	97.18%	$ 0.25	$ 0.47	9.00%	97.18%	$ 0.25
Rocky Trench	$ 0.67	28.00%	97.18%	$ 1.36	$ 0.67	28.00%	97.18%	$ 1.36
Backhoe Trench	$ 0.76	20.00%	97.18%	$ 0.69	$ 0.76	20.00%	97.18%	$ 0.69
Hand Dig Trench	$ 1.13	6.00%	97.18%	$ 0.37	$ 1.13	6.00%	97.18%	$ 0.37
Boring	$ 1.61	2.00%	97.18%	$ 0.27	$ 1.61	2.00%	97.18%	$ 0.27
Cut & Restore Asphalt	$ 0.82	11.00%	97.18%	$ 1.47	$ 0.82	13.00%	97.18%	$ 1.47
Cut & Restore Concrete	$ 0.78	12.00%	97.18%	$ 1.46	$ 0.78	12.00%	97.18%	$ 1.46
Cut & Restore Sod	$ 0.74	10.00%	97.18%	$ 0.51	$ 0.74	10.00%	97.18%	$ 0.51
		100.00%		$ 6.32		100.00%		$ 6.37

Soft Rock - Distribution Conduit

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.47	8.00%	97.18%	$ 0.22	$ 0.47	8.00%	97.18%	$ 0.22
Rocky Trench	$ 0.67	30.00%	97.18%	$ 1.45	$ 0.67	30.00%	97.18%	$ 1.45
Backhoe Trench	$ 0.76	9.00%	97.18%	$ 0.31	$ 0.76	9.00%	97.18%	$ 0.31
Hand Dig Trench	$ 1.13	6.00%	97.18%	$ 0.37	$ 1.13	6.00%	97.18%	$ 0.37
Boring	$ 1.61	2.00%	97.18%	$ 0.27	$ 1.61	2.00%	97.18%	$ 0.27
Cut & Restore Asphalt	$ 0.82	13.00%	97.18%	$ 1.47	$ 0.82	13.00%	97.18%	$ 1.47
Cut & Restore Concrete	$ 0.78	12.00%	97.18%	$ 1.46	$ 0.78	12.00%	97.18%	$ 1.46
Cut & Restore Sod	$ 0.74	20.00%	97.18%	$ 1.03	$ 0.74	20.00%	97.18%	$ 1.03
		100.00%		$ 6.57		100.00%		$ 6.57

Soft Rock - Buried Feeder Cable

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.09	3.00%	100.00%	$ 0.04	$ 0.09	3.00%	100.00%	$ 0.04
Rocky Plow	$ 0.15	3.00%	100.00%	$ 0.05	$ 0.15	3.00%	100.00%	$ 0.05
Trench & Backfill	$ 0.47	15.00%	100.00%	$ 0.42	$ 0.47	15.00%	100.00%	$ 0.42
Rocky Trench	$ 0.67	25.00%	100.00%	$ 1.25	$ 0.67	25.00%	100.00%	$ 1.25
Backhoe Trench	$ 0.76	6.00%	100.00%	$ 0.21	$ 0.76	6.00%	100.00%	$ 0.21
Hand Dig Trench	$ 1.13	6.00%	100.00%	$ 0.38	$ 1.13	6.00%	100.00%	$ 0.38
Bore Cable	$ 1.61	2.00%	100.00%	$ 0.27	$ 1.61	2.00%	100.00%	$ 0.27
Push Pipe & Pull Cable	$ 1.31	5.00%	100.00%	$ 0.42	$ 1.31	5.00%	100.00%	$ 0.42
Cut & Restore Asphalt	$ 0.82	13.00%	100.00%	$ 1.52	$ 0.82	13.00%	100.00%	$ 1.52
Cut & Restore Concrete	$ 0.74	12.00%	100.00%	$ 1.50	$ 0.74	12.00%	100.00%	$ 1.50
Cut & Restore Sod	$ 0.74	10.00%	100.00%	$ 0.53	$ 0.74	10.00%	100.00%	$ 0.53
		100.00%		$ 6.57		100.00%		$ 6.57

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Soft Rock Structure

Soft Rock - Feeder Conduit

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.59	2.00%	97.18%	$ 0.06	$ 0.59	2.00%	97.18%	$ 0.06
Rocky Trench	$ 0.84	5.00%	97.18%	$ 0.25	$ 0.84	5.00%	97.18%	$ 0.25
Backhoe Trench	$ 0.95	18.00%	97.18%	$ 0.66	$ 0.95	18.00%	97.18%	$ 0.66
Hand Dig Trench	$ 1.41	8.00%	97.18%	$ 0.51	$ 1.41	8.00%	97.18%	$ 0.51
Boring	$ 2.02	15.00%	97.18%	$ 2.05	$ 2.02	15.00%	97.18%	$ 2.05
Cut & Restore Asphalt	$ 1.02	25.00%	97.18%	$ 2.88	$ 1.02	25.00%	97.18%	$ 2.88
Cut & Restore Concrete	$ 0.97	20.00%	97.18%	$ 2.46	$ 0.97	20.00%	97.18%	$ 2.46
Cut & Restore Sod	$ 0.93	7.00%	97.18%	$ 0.37	$ 0.93	7.00%	97.18%	$ 0.37
		100.00%		$ 9.34		100.00%		$ 9.34

Soft Rock - Distribution Conduit

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.59	2.00%	97.18%	$ 0.06	$ 0.59	2.00%	97.18%	$ 0.06
Rocky Trench	$ 0.84	5.00%	97.18%	$ 0.25	$ 0.84	5.00%	97.18%	$ 0.25
Backhoe Trench	$ 0.95	17.00%	97.18%	$ 0.62	$ 0.95	17.00%	97.18%	$ 0.62
Hand Dig Trench	$ 1.41	8.00%	97.18%	$ 0.51	$ 1.41	8.00%	97.18%	$ 0.51
Boring	$ 2.02	15.00%	97.18%	$ 2.05	$ 2.02	15.00%	97.18%	$ 2.05
Cut & Restore Asphalt	$ 1.02	25.00%	97.18%	$ 2.88	$ 1.02	25.00%	97.18%	$ 2.88
Cut & Restore Concrete	$ 0.97	20.00%	97.18%	$ 2.46	$ 0.97	20.00%	97.18%	$ 2.46
Cut & Restore Sod	$ 0.93	8.00%	97.18%	$ 0.43	$ 0.93	8.00%	97.18%	$ 0.43
		100.00%		$ 9.26		100.00%		$ 9.26

Soft Rock - Buried Feeder Cable

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.12	0.00%	100.00%	$ -	$ 0.12	0.00%	100.00%	$ -
Rocky Plow	$ 0.19	0.00%	100.00%	$ -	$ 0.19	0.00%	100.00%	$ -
Trench & Backfill	$ 0.59	2.00%	100.00%	$ 0.06	$ 0.59	2.00%	100.00%	$ 0.06
Rocky Trench	$ 0.84	5.00%	100.00%	$ 0.26	$ 0.84	5.00%	100.00%	$ 0.26
Backhoe Trench	$ 0.95	18.00%	100.00%	$ 0.68	$ 0.95	18.00%	100.00%	$ 0.68
Hand Dig Trench	$ 1.41	8.00%	100.00%	$ 0.52	$ 1.41	8.00%	100.00%	$ 0.52
Bore Cable	$ 2.02	15.00%	100.00%	$ 2.11	$ 2.02	15.00%	100.00%	$ 2.11
Push Pipe & Pull Cable	$ 1.63	0.00%	100.00%	$ -	$ 1.63	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 1.02	25.00%	100.00%	$ 2.97	$ 1.02	25.00%	100.00%	$ 2.97
Cut & Restore Concrete	$ 0.93	20.00%	100.00%	$ 2.53	$ 0.93	20.00%	100.00%	$ 2.53
Cut & Restore Sod	$ 0.93	7.00%	100.00%	$ 0.38	$ 0.93	7.00%	100.00%	$ 0.38
		100.00%		$ 9.51		100.00%		$ 9.51

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Soft Rock Structure

Soft Rock - Feeder Conduit

Activity	DENSITY >10001 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.65	0.00%	97.18%	$ -
Rocky Trench	$ 0.93	6.00%	97.18%	$ 0.31
Backhoe Trench	$ 1.04	12.00%	97.18%	$ 0.45
Hand Dig Trench	$ 1.55	8.00%	97.18%	$ 0.52
Boring	$ 2.22	10.00%	97.18%	$ 1.39
Cut & Restore Asphalt	$ 1.12	33.00%	97.18%	$ 3.84
Cut & Restore Concrete	$ 1.06	28.00%	97.18%	$ 3.47
Cut & Restore Sod	$ 1.03	3.00%	97.18%	$ 0.16
		100.00%		$ 10.13

Soft Rock - Distribution Conduit

Activity	DENSITY >10001 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.65	0.00%	97.18%	$ -
Rocky Trench	$ 0.93	6.00%	97.18%	$ 0.31
Backhoe Trench	$ 1.04	12.00%	97.18%	$ 0.45
Hand Dig Trench	$ 1.55	8.00%	97.18%	$ 0.52
Boring	$ 2.22	10.00%	97.18%	$ 1.39
Cut & Restore Asphalt	$ 1.12	33.00%	97.18%	$ 3.84
Cut & Restore Concrete	$ 1.06	28.00%	97.18%	$ 3.47
Cut & Restore Sod	$ 1.03	3.00%	97.18%	$ 0.16
		100.00%		$ 10.13

Soft Rock - Buried Feeder Cable

Activity	DENSITY >10001 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.13	0.00%	100.00%	$ -
Rocky Plow	$ 0.21	0.00%	100.00%	$ -
Trench & Backfill	$ 0.65	0.00%	100.00%	$ -
Rocky Trench	$ 0.93	6.00%	100.00%	$ 0.32
Backhoe Trench	$ 1.04	12.00%	100.00%	$ 0.46
Hand Dig Trench	$ 1.55	8.00%	100.00%	$ 0.54
Bore Cable	$ 2.22	10.00%	100.00%	$ 1.43
Push Pipe & Pull Cable	$ 1.80	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 1.12	33.00%	100.00%	$ 3.95
Cut & Restore Concrete	$ 1.02	28.00%	100.00%	$ 3.57
Cut & Restore Sod	$ 1.03	3.00%	100.00%	$ 0.17
		100.00%		$ 10.43

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Soft Rock - Buried Distribution C

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.05	29.00%	100.00%	$ 0.35	$ 0.07	3.00%	100.00%	$ 0.04
Rocky Plow	$ 0.08	30.00%	100.00%	$ 0.44	$ 0.12	12.00%	100.00%	$ 0.18
Trench & Backfill	$ 0.24	12.00%	100.00%	$ 0.31	$ 0.35	5.00%	100.00%	$ 0.13
Rocky Trench	$ 0.34	8.00%	100.00%	$ 0.37	$ 0.51	27.00%	100.00%	$ 1.30
Backhoe Trench	$ 0.38	2.00%	100.00%	$ 0.06	$ 0.57	16.00%	100.00%	$ 0.54
Hand Dig Trench	$ 0.57	2.00%	100.00%	$ 0.11	$ 0.85	3.00%	100.00%	$ 0.18
Bore Cable	$ 0.81	1.00%	100.00%	$ 0.13	$ 1.21	4.00%	100.00%	$ 0.53
Push Pipe & Pull Cable	$ 0.65	1.00%	100.00%	$ 0.08	$ 0.98	5.00%	100.00%	$ 0.40
Cut & Restore Asphalt	$ 0.41	5.00%	100.00%	$ 0.56	$ 0.61	8.00%	100.00%	$ 0.92
Cut & Restore Concrete	$ 0.37	4.00%	100.00%	$ 0.48	$ 0.56	7.00%	100.00%	$ 0.86
Cut & Restore Sod	$ 0.38	6.00%	100.00%	$ 0.30	$ 0.55	10.00%	100.00%	$ 0.51
		100.00%		$ 3.20		100.00%		$ 5.59

Soft Rock - Aerial Feeder Cable

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

Soft Rock - Aerial Distribution C

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

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Soft Rock - Buried Distribution C

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.09	2.00%	100.00%	$ 0.02	$ 0.09	2.00%	100.00%	$ 0.02
Rocky Plow	$ 0.15	2.00%	100.00%	$ 0.03	$ 0.15	2.00%	100.00%	$ 0.03
Trench & Backfill	$ 0.47	5.00%	100.00%	$ 0.14	$ 0.47	5.00%	100.00%	$ 0.14
Rocky Trench	$ 0.67	25.00%	100.00%	$ 1.25	$ 0.67	25.00%	100.00%	$ 1.25
Backhoe Trench	$ 0.76	8.00%	100.00%	$ 0.29	$ 0.76	8.00%	100.00%	$ 0.29
Hand Dig Trench	$ 1.13	6.00%	100.00%	$ 0.38	$ 1.13	6.00%	100.00%	$ 0.38
Bore Cable	$ 1.61	2.00%	100.00%	$ 0.27	$ 1.61	2.00%	100.00%	$ 0.27
Push Pipe & Pull Cable	$ 1.31	5.00%	100.00%	$ 0.42	$ 1.31	5.00%	100.00%	$ 0.42
Cut & Restore Asphalt	$ 0.82	13.00%	100.00%	$ 1.52	$ 0.82	13.00%	100.00%	$ 1.52
Cut & Restore Concrete	$ 0.74	12.00%	100.00%	$ 1.50	$ 0.74	12.00%	100.00%	$ 1.50
Cut & Restore Sod	$ 0.74	20.00%	100.00%	$ 1.06	$ 0.74	20.00%	100.00%	$ 1.06
		100.00%		$ 6.86		100.00%		$ 6.86

Soft Rock - Aerial Feeder Cable

Activity	DENSITY 651-850 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

Soft Rock - Aerial Distribution C

Activity	DENSITY 651-850 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

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Soft Rock - Buried Distribution C

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.12	0.00%	100.00%	$ -	$ 0.12	0.00%	100.00%	$ -
Rocky Plow	$ 0.19	0.00%	100.00%	$ -	$ 0.19	0.00%	100.00%	$ -
Trench & Backfill	$ 0.59	2.00%	100.00%	$ 0.06	$ 0.59	2.00%	100.00%	$ 0.06
Rocky Trench	$ 0.84	5.00%	100.00%	$ 0.26	$ 0.84	5.00%	100.00%	$ 0.26
Backhoe Trench	$ 0.95	17.00%	100.00%	$ 0.64	$ 0.95	17.00%	100.00%	$ 0.64
Hand Dig Trench	$ 1.41	8.00%	100.00%	$ 0.52	$ 1.41	8.00%	100.00%	$ 0.52
Bore Cable	$ 2.02	15.00%	100.00%	$ 2.11	$ 2.02	15.00%	100.00%	$ 2.11
Push Pipe & Pull Cable	$ 1.63	0.00%	100.00%	$ -	$ 1.63	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 1.02	25.00%	100.00%	$ 2.97	$ 1.02	25.00%	100.00%	$ 2.97
Cut & Restore Concrete	$ 0.93	20.00%	100.00%	$ 2.53	$ 0.93	20.00%	100.00%	$ 2.53
Cut & Restore Sod	$ 0.93	8.00%	100.00%	$ 0.44	$ 0.93	8.00%	100.00%	$ 0.44
		100.00%		$ 9.53		100.00%		$ 9.53

Soft Rock - Aerial Feeder Cable

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	53.58%	$ 421.61		$ -	53.58%	$ 421.61
Anchors and Guys		$ -	100.00%	$ 14.30		$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

Soft Rock - Aerial Distribution C

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	53.58%	$ 421.61	$ -	$ -	53.58%	$ 421.61
Anchors and Guys	$ -	$ -	100.00%	$ 14.30	$ -	$ -	100.00%	$ 14.30
				$ 435.91				$ 435.91

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Hard Rock Structure

Hard Rock - Feeder Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 3.04		0.00%	97.18%	$ -	$ 0.24	0%	97%	$ -
Rocky Trench	$ 5.33		55.00%	97.18%	$ 2.85	$ 0.34	55%	97%	$ 3.03
Backhoe Trench	$ 3.95		34.00%	97.18%	$ 1.31	$ 0.37	32%	97%	$ 1.34
Hand Dig Trench	$ 6.84		5.00%	97.18%	$ 0.33	$ 0.56	4%	97%	$ 0.29
Boring	$ 14.47		2.00%	97.18%	$ 0.28	$ 0.81	3%	97%	$ 0.45
Cut & Restore Asphalt	$ 12.06		1.00%	97.18%	$ 0.12	$ 0.41	2%	97%	$ 0.24
Cut & Restore Concrete	$ 12.86		1.00%	97.18%	$ 0.12	$ 0.37	2%	97%	$ 0.26
Cut & Restore Sod	$ 5.65		2.00%	97.18%	$ 0.11	$ 0.38	2%	97%	$ 0.12
			100.00%		$ 5.12		100.00%		$ 5.73

Hard Rock - Distribution Conduit

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 3.04	$ -	0.00%	97.18%	$ -	$ 0.24	0%	97%	$ -
Rocky Trench	$ 5.33	$ -	50.00%	97.18%	$ 2.59	$ 0.34	50%	97%	$ 2.76
Backhoe Trench	$ 3.95	$ -	39.00%	97.18%	$ 1.50	$ 0.37	37%	97%	$ 1.55
Hand Dig Trench	$ 6.84	$ -	5.00%	97.18%	$ 0.33	$ 0.56	5%	97%	$ 0.36
Boring	$ 14.47	$ -	2.00%	97.18%	$ 0.28	$ 0.81	2%	97%	$ 0.30
Cut & Restore Asphalt	$ 12.06	$ -	1.00%	97.18%	$ 0.12	$ 0.41	2%	97%	$ 0.24
Cut & Restore Concrete	$ 12.86	$ -	1.00%	97.18%	$ 0.12	$ 0.37	2%	97%	$ 0.26
Cut & Restore Sod	$ 5.65	$ -	2.00%	97.18%	$ 0.11	$ 0.38	2%	97%	$ 0.12
			100.00%		$ 5.05		100.00%		$ 5.58

Hard Rock - Buried Feeder Cable

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 1.29		0.00%	100.00%	$ -	$ 0.37	0.00%	100.00%	$ -
Rocky Plow	$ 1.62		55.00%	100.00%	$ 0.89	$ 0.09	48.00%	100.00%	$ 0.82
Trench & Backfill	$ 3.04		5.00%	100.00%	$ 0.15	$ 0.24	10.00%	100.00%	$ 0.33
Rocky Trench	$ 5.33		29.00%	100.00%	$ 1.55	$ 0.34	31.00%	100.00%	$ 1.76
Backhoe Trench	$ 3.95		4.00%	100.00%	$ 0.16	$ 0.37	2.00%	100.00%	$ 0.09
Hand Dig Trench	$ 6.89		1.00%	100.00%	$ 0.07	$ 0.51	1.00%	100.00%	$ 0.07
Bore Cable	$ 14.47		1.00%	100.00%	$ 0.14	$ 0.81	1.00%	100.00%	$ 0.15
Push Pipe & Pull Cable	$ 8.96		1.00%	100.00%	$ 0.09	$ 0.65	1.00%	100.00%	$ 0.10
Cut & Restore Asphalt	$ 12.06		1.00%	100.00%	$ 0.12	$ 0.41	2.00%	100.00%	$ 0.25
Cut & Restore Concrete	$ 12.86		1.00%	100.00%	$ 0.13	$ 0.37	2.00%	100.00%	$ 0.26
Cut & Restore Sod	$ 5.65		2.00%	100.00%	$ 0.11	$ 0.38	2.00%	100.00%	$ 0.12
			100.00%		$ 3.41		100.00%		$ 3.95

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Hard Rock - Feeder Conduit

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.47	0.00%	97.18%	$ -	$ 0.70	0.00%	97.18%	$ -
Rocky Trench	$ 0.67	53.00%	97.18%	$ 3.09	$ 1.01	50.00%	97.18%	$ 3.08
Backhoe Trench	$ 0.75	25.00%	97.18%	$ 1.14	$ 1.13	18.00%	97.18%	$ 0.89
Hand Dig Trench	$ 1.12	4.00%	97.18%	$ 0.31	$ 1.68	3.00%	97.18%	$ 0.25
Boring	$ 1.62	3.00%	97.18%	$ 0.47	$ 2.43	4.00%	97.18%	$ 0.66
Cut & Restore Asphalt	$ 0.82	5.00%	97.18%	$ 0.63	$ 1.22	8.00%	97.18%	$ 1.03
Cut & Restore Concrete	$ 0.74	4.00%	97.18%	$ 0.53	$ 1.11	7.00%	97.18%	$ 0.95
Cut & Restore Sod	$ 0.75	6.00%	97.18%	$ 0.37	$ 1.11	10.00%	97.18%	$ 0.66
		100.00%		$ 6.54		100.00%		$ 7.51

Hard Rock - Distribution Condui

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 0.47	0.00%	97.18%	$ -	$ 0.70	0.00%	97.18%	$ -
Rocky Trench	$ 0.67	47.00%	97.18%	$ 2.74	$ 1.01	50.00%	97.18%	$ 3.08
Backhoe Trench	$ 0.75	31.00%	97.18%	$ 1.42	$ 1.13	18.00%	97.18%	$ 0.89
Hand Dig Trench	$ 1.12	5.00%	97.18%	$ 0.39	$ 1.68	3.00%	97.18%	$ 0.25
Boring	$ 1.62	2.00%	97.18%	$ 0.31	$ 2.43	4.00%	97.18%	$ 0.66
Cut & Restore Asphalt	$ 0.82	5.00%	97.18%	$ 0.63	$ 1.22	8.00%	97.18%	$ 1.03
Cut & Restore Concrete	$ 0.74	4.00%	97.18%	$ 0.53	$ 1.11	7.00%	97.18%	$ 0.95
Cut & Restore Sod	$ 0.75	6.00%	97.18%	$ 0.37	$ 1.11	10.00%	97.18%	$ 0.66
		100.00%		$ 6.38		100.00%		$ 7.51

Hard Rock - Buried Feeder Cabl

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.09	0.00%	100.00%	$ -	$ 0.14	0.00%	100.00%	$ -
Rocky Plow	$ 0.15	45.00%	100.00%	$ 0.80	$ 0.23	13.00%	100.00%	$ 0.24
Trench & Backfill	$ 0.47	3.00%	100.00%	$ 0.11	$ 0.70	0.00%	100.00%	$ -
Rocky Trench	$ 0.67	28.00%	100.00%	$ 1.68	$ 1.01	40.00%	100.00%	$ 2.54
Backhoe Trench	$ 0.75	2.00%	100.00%	$ 0.09	$ 1.13	10.00%	100.00%	$ 0.51
Hand Dig Trench	$ 1.07	5.00%	100.00%	$ 0.40	$ 1.63	3.00%	100.00%	$ 0.26
Bore Cable	$ 1.62	1.00%	100.00%	$ 0.16	$ 2.43	4.00%	100.00%	$ 0.68
Push Pipe & Pull Cable	$ 1.31	1.00%	100.00%	$ 0.10	$ 1.96	5.00%	100.00%	$ 0.55
Cut & Restore Asphalt	$ 0.82	5.00%	100.00%	$ 0.64	$ 1.22	8.00%	100.00%	$ 1.06
Cut & Restore Concrete	$ 0.74	4.00%	100.00%	$ 0.54	$ 1.11	7.00%	100.00%	$ 0.98
Cut & Restore Sod	$ 0.75	6.00%	100.00%	$ 0.38	$ 1.11	10.00%	100.00%	$ 0.68
		100.00%		$ 4.91		100.00%		$ 7.48

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Hard Rock Structure

Hard Rock - Feeder Conduit

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 1.17	0.00%	97.18%	$ -	$ 1.17	0.00%	97.18%	$ -
Rocky Trench	$ 1.68	15.00%	97.18%	$ 1.02	$ 1.68	15.00%	97.18%	$ 1.02
Backhoe Trench	$ 1.89	10.00%	97.18%	$ 0.57	$ 1.89	10.00%	97.18%	$ 0.57
Hand Dig Trench	$ 2.80	8.00%	97.18%	$ 0.75	$ 2.80	8.00%	97.18%	$ 0.75
Boring	$ 4.04	15.00%	97.18%	$ 2.70	$ 4.04	15.00%	97.18%	$ 2.70
Cut & Restore Asphalt	$ 2.04	25.00%	97.18%	$ 3.43	$ 2.04	25.00%	97.18%	$ 3.43
Cut & Restore Concrete	$ 1.86	20.00%	97.18%	$ 2.86	$ 1.86	20.00%	97.18%	$ 2.86
Cut & Restore Sod	$ 1.85	7.00%	97.18%	$ 0.51	$ 1.85	7.00%	97.18%	$ 0.51
		100.00%		$ 11.83		100.00%		$ 11.83

Hard Rock - Distribution Condui

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 1.17	0.00%	97.18%	$ -	$ 1.17	0.00%	97.18%	$ -
Rocky Trench	$ 1.68	14.00%	97.18%	$ 0.95	$ 1.68	14.00%	97.18%	$ 0.95
Backhoe Trench	$ 1.89	10.00%	97.18%	$ 0.57	$ 1.89	10.00%	97.18%	$ 0.57
Hand Dig Trench	$ 2.80	8.00%	97.18%	$ 0.75	$ 2.80	8.00%	97.18%	$ 0.75
Boring	$ 4.04	15.00%	97.18%	$ 2.70	$ 4.04	15.00%	97.18%	$ 2.70
Cut & Restore Asphalt	$ 2.04	25.00%	97.18%	$ 3.43	$ 2.04	25.00%	97.18%	$ 3.43
Cut & Restore Concrete	$ 1.86	20.00%	97.18%	$ 2.86	$ 1.86	20.00%	97.18%	$ 2.86
Cut & Restore Sod	$ 1.85	8.00%	97.18%	$ 0.58	$ 1.85	8.00%	97.18%	$ 0.58
		100.00%		$ 11.84		100.00%		$ 11.84

Hard Rock - Buried Feeder Cabl

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.23	0.00%	100.00%	$ -	$ 0.23	0.00%	100.00%	$ -
Rocky Plow	$ 0.38	0.00%	100.00%	$ -	$ 0.38	0.00%	100.00%	$ -
Trench & Backfill	$ 1.17	0.00%	100.00%	$ -	$ 1.17	0.00%	100.00%	$ -
Rocky Trench	$ 1.68	15.00%	100.00%	$ 1.05	$ 1.68	15.00%	100.00%	$ 1.05
Backhoe Trench	$ 1.89	10.00%	100.00%	$ 0.58	$ 1.89	10.00%	100.00%	$ 0.58
Hand Dig Trench	$ 2.75	8.00%	100.00%	$ 0.77	$ 2.75	8.00%	100.00%	$ 0.77
Bore Cable	$ 4.04	15.00%	100.00%	$ 2.78	$ 4.04	15.00%	100.00%	$ 2.78
Push Pipe & Pull Cable	$ 3.27	0.00%	100.00%	$ -	$ 3.27	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 2.04	25.00%	100.00%	$ 3.53	$ 2.04	25.00%	100.00%	$ 3.53
Cut & Restore Concrete	$ 1.86	20.00%	100.00%	$ 2.94	$ 1.86	20.00%	100.00%	$ 2.94
Cut & Restore Sod	$ 1.85	7.00%	100.00%	$ 0.53	$ 1.85	7.00%	100.00%	$ 0.53
		100.00%		$ 12.18		100.00%		$ 12.18

Hard Rock Structure

Hard Rock - Feeder Conduit

Activity	DENSITY >10001			
	Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 1.29	0.00%	97.18%	$ -
Rocky Trench	$ 1.85	10.00%	97.18%	$ 0.70
Backhoe Trench	$ 2.08	8.00%	97.18%	$ 0.47
Hand Dig Trench	$ 3.09	8.00%	97.18%	$ 0.77
Boring	$ 4.45	10.00%	97.18%	$ 1.84
Cut & Restore Asphalt	$ 2.24	33.00%	97.18%	$ 4.59
Cut & Restore Concrete	$ 2.05	28.00%	97.18%	$ 4.06
Cut & Restore Sod	$ 2.05	3.00%	97.18%	$ 0.22
		100.00%		$ 12.64

Hard Rock - Distribution Condui

Activity	DENSITY >10001			
	Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Trench & Backfill	$ 1.29	0.00%	97.18%	$ -
Rocky Trench	$ 1.85	10.00%	97.18%	$ 0.70
Backhoe Trench	$ 2.08	8.00%	97.18%	$ 0.47
Hand Dig Trench	$ 3.09	8.00%	97.18%	$ 0.77
Boring	$ 4.45	10.00%	97.18%	$ 1.84
Cut & Restore Asphalt	$ 2.24	33.00%	97.18%	$ 4.59
Cut & Restore Concrete	$ 2.05	28.00%	97.18%	$ 4.06
Cut & Restore Sod	$ 2.05	3.00%	97.18%	$ 0.22
		100.00%		$ 12.64

Hard Rock - Buried Feeder Cabl

Activity	DENSITY >10001			
	Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.26	0.00%	100.00%	$ -
Rocky Plow	$ 0.42	0.00%	100.00%	$ -
Trench & Backfill	$ 1.29	0.00%	100.00%	$ -
Rocky Trench	$ 1.85	10.00%	100.00%	$ 0.72
Backhoe Trench	$ 2.08	8.00%	100.00%	$ 0.48
Hand Dig Trench	$ 3.04	8.00%	100.00%	$ 0.79
Bore Cable	$ 4.45	10.00%	100.00%	$ 1.89
Push Pipe & Pull Cable	$ 3.59	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 2.24	33.00%	100.00%	$ 4.72
Cut & Restore Concrete	$ 2.05	28.00%	100.00%	$ 4.17
Cut & Restore Sod	$ 2.05	3.00%	100.00%	$ 0.23
		100.00%		$ 13.01

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Hard Rock - Buried Distribution Cable

Activity	Base Cost Per Foot Installed	DENSITY 0-5 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 1.29	$ -	0.00%	100.00%	$ -	$ 0.37	0.00%	100.00%	$ -
Rocky Plow	$ 1.62	$ -	48.00%	100.00%	$ 0.78	$ 0.09	47.00%	100.00%	$ 0.80
Trench & Backfill	$ 3.04	$ -	5.00%	100.00%	$ 0.15	$ 0.24	10.00%	100.00%	$ 0.33
Rocky Trench	$ 5.33	$ -	38.00%	100.00%	$ 2.03	$ 0.34	29.00%	100.00%	$ 1.64
Backhoe Trench	$ 3.95	$ -	2.00%	100.00%	$ 0.08	$ 0.37	5.00%	100.00%	$ 0.22
Hand Dig Trench	$ 6.89	$ -	1.00%	100.00%	$ 0.07	$ 0.51	1.00%	100.00%	$ 0.07
Bore Cable	$ 14.47	$ -	1.00%	100.00%	$ 0.14	$ 0.81	1.00%	100.00%	$ 0.15
Push Pipe & Pull Cable	$ 8.96	$ -	1.00%	100.00%	$ 0.09	$ 0.65	1.00%	100.00%	$ 0.10
Cut & Restore Asphalt	$ 12.06	$ -	1.00%	100.00%	$ 0.12	$ 0.41	2.00%	100.00%	$ 0.25
Cut & Restore Concrete	$ 12.86	$ -	1.00%	100.00%	$ 0.13	$ 0.37	2.00%	100.00%	$ 0.26
Cut & Restore Sod	$ 5.65	$ -	2.00%	100.00%	$ 0.11	$ 0.38	2.00%	100.00%	$ 0.12
			100.00%		$ 3.70		100.00%		$ 3.95

Hard Rock - Aerial Feeder Cable

Activity	Base Cost Per Unit	DENSITY 0-5 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ 1,057.26		$ -	55%	$ 576.43		$ -	55%	$ 576.43
Anchors and Guys	$ 143.05		$ -	100%	$ 14.30		$ -	100%	$ 14.30
					$ 590.74				$ 590.74

Hard Rock - Aerial Distribution Cable

Activity	Base Cost Per Unit	DENSITY 0-5 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 6-100 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ 1,057.26	$ -	$ -	55%	$ 576.43	$ -	$ -	55%	$ 576.43
Anchors and Guys	$ 143.05	$ -	$ -	100%	$ 14.30	$ -	$ -	100%	$ 14.30
					$ 590.74				$ 590.74

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Hard Rock - Buried Distribution

Activity	DENSITY 101-200 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.09	0.00%	100.00%	$ -	$ 0.14	0.00%	100.00%	$ -
Rocky Plow	$ 0.15	40.00%	100.00%	$ 0.71	$ 0.23	13.00%	100.00%	$ 0.24
Trench & Backfill	$ 0.47	7.00%	100.00%	$ 0.25	$ 0.70	8.00%	100.00%	$ 0.30
Rocky Trench	$ 0.67	32.00%	100.00%	$ 1.92	$ 1.01	30.00%	100.00%	$ 1.90
Backhoe Trench	$ 0.75	2.00%	100.00%	$ 0.09	$ 1.13	12.00%	100.00%	$ 0.61
Hand Dig Trench	$ 1.07	2.00%	100.00%	$ 0.16	$ 1.63	3.00%	100.00%	$ 0.26
Bore Cable	$ 1.62	1.00%	100.00%	$ 0.16	$ 2.43	4.00%	100.00%	$ 0.68
Push Pipe & Pull Cable	$ 1.31	1.00%	100.00%	$ 0.10	$ 1.96	5.00%	100.00%	$ 0.55
Cut & Restore Asphalt	$ 0.82	5.00%	100.00%	$ 0.64	$ 1.22	8.00%	100.00%	$ 1.06
Cut & Restore Concrete	$ 0.74	4.00%	100.00%	$ 0.54	$ 1.11	7.00%	100.00%	$ 0.98
Cut & Restore Sod	$ 0.75	6.00%	100.00%	$ 0.38	$ 1.11	10.00%	100.00%	$ 0.68
		100.00%		$ 4.96		100.00%		$ 7.25

Hard Rock - Aerial Feeder Cable

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	55%	$ 576.43		$ -	55%	$ 576.43
Anchors and Guys		$ -	100%	$ 14.30		$ -	100%	$ 14.30
				$ 590.74				$ 590.74

Hard Rock - Aerial Distribution

Activity	DENSITY 101-200 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 201-650 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	55%	$ 576.43	$ -	$ -	55%	$ 576.43
Anchors and Guys	$ -	$ -	100%	$ 14.30	$ -	$ -	100%	$ 14.30
				$ 590.74				$ 590.74

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Hard Rock - Buried Distribution

Activity	DENSITY 651-850 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.19	0%	100%	$ -	$ 0.19	0.00%	100.00%	$ -
Rocky Plow	$ 0.31	3.00%	100.00%	$ 0.06	$ 0.31	3.00%	100.00%	$ 0.06
Trench & Backfill	$ 0.94	0.00%	100.00%	$ -	$ 0.94	0.00%	100.00%	$ -
Rocky Trench	$ 1.35	27.00%	100.00%	$ 1.80	$ 1.35	27.00%	100.00%	$ 1.80
Backhoe Trench	$ 1.51	12.00%	100.00%	$ 0.66	$ 1.51	12.00%	100.00%	$ 0.66
Hand Dig Trench	$ 2.19	6.00%	100.00%	$ 0.54	$ 2.19	6.00%	100.00%	$ 0.54
Bore Cable	$ 3.23	2.00%	100.00%	$ 0.35	$ 3.23	2.00%	100.00%	$ 0.35
Push Pipe & Pull Cable	$ 2.61	5.00%	100.00%	$ 0.58	$ 2.61	5.00%	100.00%	$ 0.58
Cut & Restore Asphalt	$ 1.63	13.00%	100.00%	$ 1.78	$ 1.63	13.00%	100.00%	$ 1.78
Cut & Restore Concrete	$ 1.49	12.00%	100.00%	$ 1.72	$ 1.49	12.00%	100.00%	$ 1.72
Cut & Restore Sod	$ 1.49	20.00%	100.00%	$ 1.43	$ 1.49	20.00%	100.00%	$ 1.43
			1100.00%	$ 8.92		100.00%		$ 8.92

Hard Rock - Aerial Feeder Cable

Activity	DENSITY 651-850 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	55%	$ 576.43		$ -	55%	$ 576.43
Anchors and Guys		$ -	100%	$ 14.30		$ -	100%	$ 14.30
				$ 590.74				$ 590.74

Hard Rock - Aerial Distribution

Activity	DENSITY 651-850 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 851-2550 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	55%	$ 576.43	$ -	$ -	55%	$ 576.43
Anchors and Guys	$ -	$ -	100%	$ 14.30	$ -	$ -	100%	$ 14.30
				$ 590.74				$ 590.74

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Hard Rock - Buried Distribution

Activity	DENSITY 2551-5000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.23	0.00%	100.00%	$ -	$ 0.23	0.00%	100.00%	$ -
Rocky Plow	$ 0.38	0.00%	100.00%	$ -	$ 0.38	0.00%	100.00%	$ -
Trench & Backfill	$ 1.17	0.00%	100.00%	$ -	$ 1.17	0.00%	100.00%	$ -
Rocky Trench	$ 1.68	14.00%	100.00%	$ 0.98	$ 1.68	14.00%	100.00%	$ 0.98
Backhoe Trench	$ 1.89	10.00%	100.00%	$ 0.58	$ 1.89	10.00%	100.00%	$ 0.58
Hand Dig Trench	$ 2.75	8.00%	100.00%	$ 0.77	$ 2.75	8.00%	100.00%	$ 0.77
Bore Cable	$ 4.04	15.00%	100.00%	$ 2.78	$ 4.04	15.00%	100.00%	$ 2.78
Push Pipe & Pull Cable	$ 3.27	0.00%	100.00%	$ -	$ 3.27	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 2.04	25.00%	100.00%	$ 3.53	$ 2.04	25.00%	100.00%	$ 3.53
Cut & Restore Concrete	$ 1.86	20.00%	100.00%	$ 2.94	$ 1.86	20.00%	100.00%	$ 2.94
Cut & Restore Sod	$ 1.85	8.00%	100.00%	$ 0.60	$ 1.85	8.00%	100.00%	$ 0.60
		100.00%		$ 13.18		100.00%		$ 13.18

Hard Rock - Aerial Feeder Cable

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	55%	$ 576.43		$ -	55%	$ 576.43
Anchors and Guys		$ -	100%	$ 14.30		$ -	100%	$ 14.30
				$ 590.74				$ 590.74

Hard Rock - Aerial Distribution

Activity	DENSITY 2551-5000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount	DENSITY 5001-10000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	55%	$ 576.43	$ -	$ -	55%	$ 576.43
Anchors and Guys	$ -	$ -	100%	$ 14.30	$ -	$ -	100%	$ 14.30
				$ 590.74				$ 590.74

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Hard Rock - Buried Distribution

Activity	DENSITY >1000 Cost Adjustment	% Activity	% Assigned Telephone	Weighted Amount
Plow	$ 0.26	0%	100%	$ -
Rocky Plow	$ 0.42	0.00%	100.00%	$ -
Trench & Backfill	$ 1.29	0.00%	100.00%	$ -
Rocky Trench	$ 1.85	10.00%	100.00%	$ 0.72
Backhoe Trench	$ 2.08	8.00%	100.00%	$ 0.48
Hand Dig Trench	$ 3.04	8.00%	100.00%	$ 0.79
Bore Cable	$ 4.45	10.00%	100.00%	$ 1.89
Push Pipe & Pull Cable	$ 3.59	0.00%	100.00%	$ -
Cut & Restore Asphalt	$ 2.24	33.00%	100.00%	$ 4.72
Cut & Restore Concrete	$ 2.05	28.00%	100.00%	$ 4.17
Cut & Restore Sod	$ 2.05	3.00%	100.00%	$ 0.2
		100.00%		$ 13.01

Hard Rock - Aerial Feeder Cable

Activity	DENSITY >1000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles		$ -	55%	$ 576.43
Anchors and Guys		$ -	100%	$ 14.30
				$ 590.74

Hard Rock - Aerial Distribution

Activity	DENSITY >1000 Cost Adjustment	Installation Cost	% Assigned Telephone	Weighted Amount
Poles	$ -	$ -	55%	$ 576.43
Anchors and Guys	$ -	$ -	100%	$ 14.30
				$ 590.74

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Manhole Inputs

Normal - Manhole

Unit	Per Unit Costs		DENSITY 0-5			DENSITY 6-100		
	Material	Installation	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6	$ 5,356.06	$ -		97.18%	$ 5,205.02		97.18%	$ 5,205.02
Manhole 4x6x7	$ 9,299.17	$ -		97.18%	$ 9,036.93		97.18%	$ 9,036.93
Manhold 12x6x7	$ 11,289.70	$ -		97.18%	$ 10,971.33		97.18%	$ 10,971.33
Adder 12x6x7	$ 2,800.00	$ 500.00		97.18%	$ 3,206.94		97.18%	$ 3,206.94
Conduit Per Duct Foot	$ 1.39			97.18%	$ 1.35		97.18%	$ 1.35

Soft Rock - Manhole

Unit	Per Unit Costs		DENSITY 0-5			DENSITY 6-100		
	Material	Installation	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6	$ 5,356.06	$ -		97%	$ 5,205.02		97%	$ 5,205.02
Manhole 4x6x7	$ 9,299.17	$ -		97%	$ 9,036.93		97%	$ 9,036.93
Manhold 12x6x7	$ 11,289.70	$ -		97%	$ 10,971.33		97%	$ 10,971.33
Adder 12x6x7	$ 2,800.00	$ 700.00		97%	$ 3,401.30		97%	$ 3,401.30
Conduit Per Duct Foot	$ 1.39			97%	$ 1.35		97%	$ 1.35

Hard Rock - Manhole

Unit	Per Unit Costs		DENSITY 0-5			DENSITY 6-100		
	Material	Installation	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6	$ 6,437.86	$ -		97%	$ 6,256.31		97%	$ 6,256.31
Manhole 4x6x7	$ 11,462.77	$ -		97%	$ 11,139.52		97%	$ 11,139.52
Manhold 12x6x7	$ 16,698.70	$ -		97%	$ 16,227.80		97%	$ 16,227.80
Adder 12x6x7	$ 2,800.00	$ 900.00		97%	$ 3,595.66		97%	$ 3,595.66
Conduit Per Duct Foot	$ 1.39			97%	$ 1.35		97%	$ 1.35

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Manhole Inputs

Normal - Manhole

Unit	DENSITY 101-200 Cost Adjustment	DENSITY 101-200 % Assigned Telephone	DENSITY 101-200 Unit Cost	DENSITY 201-650 Cost Adjustment	DENSITY 201-650 % Assigned Telephone	DENSITY 201-650 Unit Cost
Handhole 3x5 or 4x6		97.18%	$ 5,205.02		97.18%	$ 5,205.02
Manhole 4x6x7		97.18%	$ 9,036.93		97.18%	$ 9,036.93
Manhold 12x6x7		97.18%	$ 10,971.33		97.18%	$ 10,971.33
Adder 12x6x7		97.18%	$ 3,206.94		97.18%	$ 3,206.94
Conduit Per Duct Foot		97.18%	$ 1.35		97.18%	$ 1.35

Soft Rock - Manhole

Unit	DENSITY 101-200 Cost Adjustment	DENSITY 101-200 % Assigned Telephone	DENSITY 101-200 Unit Cost	DENSITY 201-650 Cost Adjustment	DENSITY 201-650 % Assigned Telephone	DENSITY 201-650 Unit Cost
Handhole 3x5 or 4x6		97%	$ 5,205.02		97%	$ 5,205.02
Manhole 4x6x7		97%	$ 9,036.93		97%	$ 9,036.93
Manhold 12x6x7		97%	$ 10,971.33		97%	$ 10,971.33
Adder 12x6x7		97%	$ 3,401.30		97%	$ 3,401.30
Conduit Per Duct Foot		97%	$ 1.35		97%	$ 1.35

Hard Rock - Manhole

Unit	DENSITY 101-200 Cost Adjustment	DENSITY 101-200 % Assigned Telephone	DENSITY 101-200 Unit Cost	DENSITY 201-650 Cost Adjustment	DENSITY 201-650 % Assigned Telephone	DENSITY 201-650 Unit Cost
Handhole 3x5 or 4x6		97%	$ 6,256.31		97%	$ 6,256.31
Manhole 4x6x7		97%	$ 11,139.52		97%	$ 11,139.52
Manhold 12x6x7		97%	$ 16,227.80		97%	$ 16,227.80
Adder 12x6x7		97%	$ 3,595.66		97%	$ 3,595.66
Conduit Per Duct Foot		97%	$ 1.35		97%	$ 1.35

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Manhole Inputs

Normal - Manhole

Unit	DENSITY 2551-5000			DENSITY 5001-10000		
	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97.18%	$ 5,205.02		97.18%	$ 5,205.02
Manhole 4x6x7		97.18%	$ 9,036.93		97.18%	$ 9,036.93
Manhold 12x6x7		97.18%	$ 10,971.33		97.18%	$ 10,971.33
Adder 12x6x7		97.18%	$ 3,206.94		97.18%	$ 3,206.94
Conduit Per Duct Foot		97.18%	$ 1.35		97.18%	$ 1.35

Soft Rock - Manhole

Unit	DENSITY 2551-5000			DENSITY 5001-10000		
	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97%	$ 5,205.02		97%	$ 5,205.02
Manhole 4x6x7		97%	$ 9,036.93		97%	$ 9,036.93
Manhold 12x6x7		97%	$ 10,971.33		97%	$ 10,971.33
Adder 12x6x7		97%	$ 3,401.30		97%	$ 3,401.30
Conduit Per Duct Foot		97%	$ 1.35		97%	$ 1.35

Hard Rock - Manhole

Unit	DENSITY 2551-5000			DENSITY 5001-10000		
	Cost Adjustment	% Assigned Telephone	Unit Cost	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97%	$ 6,256.31		97%	$ 6,256.31
Manhole 4x6x7		97%	$ 11,139.52		97%	$ 11,139.52
Manhold 12x6x7		97%	$ 16,227.80		97%	$ 16,227.80
Adder 12x6x7		97%	$ 3,595.66		97%	$ 3,595.66
Conduit Per Duct Foot		97%	$ 1.35		97%	$ 1.35

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Manhole Inputs

Normal - Manhole

Unit	DENSITY >10001		
	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97.18%	$ 5,205.02
Manhole 4x6x7		97.18%	$ 9,036.93
Manhold 12x6x7		97.18%	$ 10,971.33
Adder 12x6x7		97.18%	$ 3,206.94
Conduit Per Duct Foot		97.18%	$ 1.35

Soft Rock - Manhole

Unit	DENSITY >10001		
	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97%	$ 5,205.02
Manhole 4x6x7		97%	$ 9,036.93
Manhold 12x6x7		97%	$ 10,971.33
Adder 12x6x7		97%	$ 3,401.30
Conduit Per Duct Foot		97%	$ 1.35

Hard Rock - Manhole

Unit	DENSITY >10001		
	Cost Adjustment	% Assigned Telephone	Unit Cost
Handhole 3x5 or 4x6		97%	$ 6,256.31
Manhole 4x6x7		97%	$ 11,139.52
Manhold 12x6x7		97%	$ 16,227.80
Adder 12x6x7		97%	$ 3,595.66
Conduit Per Duct Foot		97%	$ 1.35

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BCPM Spacing Inputs

Spacing Tables

Feeder Spacing Table

Density	In Feet			
	Manhole Spacing	Pole Spacing	Guy Spacing	Relative Pole Units
0	750	175	1750	10.00
6	750	175	1750	10.00
101	750	175	1750	10.00
201	750	175	1750	10.00
651	750	175	1750	10.00
851	750	175	1750	10.00
2551	750	175	1750	10.00
5001	750	175	1750	10.00
10001	750	175	1750	10.00

Distribution Spacing Table

Density	In Feet			
	Manhole Spacing	Pole Spacing	Guy Spacing	Relative Pole Units
0	750	175	1750	10.00
6	750	175	1750	10.00
101	750	175	1750	10.00
201	750	175	1750	10.00
651	750	175	1750	10.00
851	750	175	1750	10.00
2551	750	175	1750	10.00
5001	750	175	1750	10.00
10001	750	175	1750	10.00

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BCPM Loop Percent Table Inputs

Fiber Plant Mix Table (Transport)

Normal Terrain - Transport			
Density	UnderGrnd %	Buried %	Aerial%
0	86.91%	12.89%	0.21%
6	86.91%	12.89%	0.21%
101	92.14%	7.63%	0.24%
201	90.78%	8.24%	0.97%
651	93.74%	5.13%	1.13%
851	90.65%	7.48%	1.88%
2551	94.70%	2.97%	2.33%
5001	96.67%	0.00%	3.33%
10001	96.67%	0.00%	3.33%

Soft Rock Terrain - Transport			
Density	UnderGrnd %	Buried %	Aerial%
0	86.91%	12.89%	0.21%
6	86.91%	12.89%	0.21%
101	92.14%	7.63%	0.24%
201	90.78%	8.24%	0.97%
651	93.74%	5.13%	1.13%
851	90.65%	7.48%	1.88%
2551	94.70%	2.97%	2.33%
5001	96.67%	0.00%	3.33%
10001	96.67%	0.00%	3.33%

Hard Rock Terrain - Transport			
Density	UnderGrnd %	Buried %	Aerial%
0	86.91%	12.89%	0.21%
6	86.91%	12.89%	0.21%
101	92.14%	7.63%	0.24%
201	90.78%	8.24%	0.97%
651	93.74%	5.13%	1.13%
851	90.65%	7.48%	1.88%
2551	94.70%	2.97%	2.33%
5001	96.67%	0.00%	3.33%
10001	96.67%	0.00%	3.33%

Average Number of Housing Units Per Dwelling For Each Census Data Range

Units per Dwelling	Density								
	0-5	6-100	101-200	201-650	651-850	851-2550	2551-5000	5001-10000	>10,000
2	2	2	2	2	2	2	2	2	2
3-4	3	3	3	3	3	3	3	3	3
5-9	7	7	7	7	7	7	7	7	7
10-19	15	15	15	15	15	15	15	15	15
20-49	35	35	35	35	35	35	35	35	35
>50	55	55	55	55	55	55	55	55	55
Other	1	1	1	1	1	1	1	1	1

Density Cable Sizing Factor Table

Density	Feeder	Distribution
0	65.00%	98.00%
6	65.00%	98.00%
101	65.00%	98.00%
201	65.00%	98.00%
651	65.00%	98.00%
851	65.00%	98.00%
2551	65.00%	98.00%
5001	65.00%	98.00%
10001	65.00%	98.00%

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BCPM Loop Percent Table Inputs

DensityHhTable

Density	Percent Single Family	per Multi Unit Dwelling	Percent Multi Family Dwellings	Lots per Household
0	96.00%	2.80	4.00%	97.43%
6	93.90%	3.20	6.10%	95.81%
101	89.00%	4.50	11.00%	91.44%
201	83.40%	5.20	16.60%	86.59%
651	74.20%	5.70	25.80%	78.73%
851	74.20%	5.70	25.80%	78.73%
2551	59.40%	5.90	40.60%	66.28%
5001	59.40%	7.10	40.60%	65.12%
10001	22.00%	7.10	78.00%	32.99%

Structure Allocation Table (Percent of Structure Assigned to Facility)

Cable Size	Cable Structure %	Fiber Structure %
0	50.00%	50.00%
200	50.00%	50.00%
900	50.00%	50.00%
2400	50.00%	50.00%
4200	50.00%	50.00%
>4200	75.00%	25.00%

Voice Grade Ratio Table

# Switched Lines in CBG	% Switched To VG	% Switched To DS1	% Special To VG	% Special To DS1
0	100.00%	0.00%	100.00%	0.00%
2017	65.00%	35.00%	50.00%	50.00%
10000	50.00%	50.00%	30.00%	70.00%
20000	75.00%	25.00%	10.00%	90.00%

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Ring Size Table

Toggle	DS0/DS1	DS1/DS3	#DS3s	Planning Threshold	Trigger(DS1)	SIZE	DS0 CAP
1	24	28	3	57.5%	0	OC3	2016
1	24	28	12	57.5%	49	OC12	8064
1	24	28	24	57.5%	194	OC12x2	16128
1	24	28	48	57.5%	387	OC48	32256
1	24	28	96	57.5%	773	OC48X2	64512
1	24	28	144	57.5%	1546	OC48X3	96768
1	24	28	192	57.5%	2319	OC48X4	129024
1	24	28	240	57.5%	3092	OC48X5	161280
1	24	28	288	57.5%	3864	OC48X6	193536
1	24	28	336	57.5%	4637	OC48X7	225792
1	24	28	384	57.5%	5410	OC48X8	258048
1	24	28	432	57.5%	6183	OC48X9	290304
1	24	28	480	57.5%	6956	OC48X10	322560

Equipment Price Inputs

Description	Material	Other	Utilization	Discount	Units Required	DS1 System Capacity
Fiber Tip Cable (Per Fiber)	$ 50	$ 8	57.0%	20.0%	2	Varies
Fiber Patch Panel (Per Fiber)	$ 29	$ 13	57.0%	47.5%	2	Varies
Sonet Terminal Shelf (OC3)	$ 27,204	$ 3,190	NA	41.5%	1	84
DS3 Card	$ 3,742	$ 384	67.0%	42.0%	1	28
DS1 Card	$ 272	$ 31	95.0%	51.0%	1	1
Sonet Terminal Shelf (OC12)	$ 44,922	$ 4,950	NA	45.0%	1	336
OC3 Card	$ 9,454	$ 506	NA	35.0%	1	84
3 DS3 Card (OC12)	$ 4,404	$ 456	67.0%	36.0%	1	84
Sonet Terminal Shelf (OC48)	$ 83,936	$ 11,040	NA	41.0%	1	1344
OC3 Card	$ 18,581	$ 514	NA	57.0%	1	84
3 DS3 Card (OC48)	$ 5,884	$ 429	67.0%	56.0%	1	84
DSX3 Cross Connect Shelf	$ 310	$ 97	81.0%	38.0%	1	448
DSX3 Cross Connect Card	$ 256	$ 41	67.0%	20.0%	1	28
DSX1 Cross Connect Jack Field	$ 1,620	$ 785	80.0%	47.5%	1	56
Channel Bank Shelf	$ 4,000	$ 735	80.0%	20.0%	1	2
Channel Bank Card	$ 200	$ 32	80.0%	20.0%	1	0.041667
Fiber Repeater (OC3)	$ 25,673	$ 3,750	NA	52.0%	2	NA
Fiber Repeater (OC12)	$ 50,509	$ 4,500	NA	56.0%	2	NA
Fiber Repeater (OC48)	$ 91,707	$ 8,250	NA	46.0%	2	NA

Transport Inputs

Variable	Value	Description
Transport		
MaxNodes	8	Maximum number of nodes on a ring
ARFactor	1.410	Air to Route Factor
LTFactor	6	Access line to DSO trunk factor associated with host remote links
ITFactor	10	Access line to DSO trunk factor associated with host tandem trunks
SPFactor	5.0%	% special access circuits to the number of exchang.. access lines
RepeaterDist	40	Maximum Repeater spacing (miles)
MOUPerDS1	216,000	MOU per DS1
RDSWitch	N	Does a two point ('folded') ring use separate routing for the two sides
EASPct	25.00%	Percent of interoffice MOUs that are EAS
CLLIMatch	7	Used to identify 'like' tandems
Fiber Factors		
MEAerialFiber	75.00%	Mileage Equipment Aerial Fiber (per fiber mile)
MEUndergroundFiber	75.00%	Mileage Equipment Undergrount Fiber (per fiber mile)
MEBuriedFiber	75.00%	Mileage Equipment Buried Fiber (per fiber mile)
FiberPoleFactor	0.23	Fiber Pole Factor
FiberConduitFactor	0.45	Fiber Conduit Factor
PowerAndEquipmentFactor	0.06	Miscellaneous Equipment & Power Factor
SheethSharingFactor	0.68	Sheath Sharing Factor
TwoPointSheathSharingFactor	0.5	Two Point Sheath Sharing Factor
FiberMixAerial	5.00%	Fiber Mix - Aerial
FiberMixUnderground	30.00%	Fiber Mix - Undeergrround
FiberMixBuried	65.00%	Fiber Mix - Buried

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BCPM Miscellaneous Inputs

Digital Electronics		
OpticsCost	$ 75,000.00	Material & Installation for Fiber Optics Terminal at CO and Customer Loc
CopperT1	$ 2,500.00	Average Cost per DS-1 on copper (both terminals & repeater)
FiberTermFrame	$ -	Material & Installation for Fiber Termination Frame at CO
D4Bank	$ -	Material & Installation for D4 type equipment
ElectronicFill	85.00%	Fill Factors for Electronics
HiCapFill	95.00%	Fill Factors for High Capacity Optic Multiplexers
SmallDLCDiscount	0.00%	Small DLC Electronics Discount %
LargeDLCDiscount	0.00%	Large DLC Electronics Discount %
MaxCOTDLCL	2016	Maximum Central Office Terminal DLC-L Size
MaxCOTDLCS	672	Maximum Central Office Terminal DLC-S Size
COTDLCLPerLine	$ 15.58	Central Office Terminal DLC-L Per line Investment
COTDLCSPerLine	$ 18.54	Central Office Terminal DLC-S Per line Investment
Financial Data		
ReturnOnEquity	14.3%	Return On Equity
DebtRate	6.9%	Debt Rate
DebtRatio	22.5%	Debt Ratio
Tax Data		
FederalTaxRate	35.0%	Federal Tax Rate
StateTaxRate	5.5%	State Tax Rate
AdValoremInsurance	1.2%	Ad Valorem, Insurance, etc.
OtherTaxRate	0.0%	Other Tax Rate
Tax Depreciation		
BookSurvivalCurves	CG&S	Use Survival Curves
BookConvention	Mid Year	Convention
BookELG_VG	ELG	ELG / VG
BookWL_RL	Remaining Life	WL / RL
Calculated Results		
DLC-SDiscount	100.00%	DLC Small - Pricing ratio after Discount
DLC-LDiscount	100.00%	DLC Large - Pricing ratio after Discount
FiberCostRatio	100.00%	Fiber cable cost ratio after discount
CopperCostRatio	100.00%	Copper Cable Cost ratio after discount
CopperGauge	26	Gauge of copper cable
Version 3 Input Change: Extended Range Line Card Inputs		
COTDLCLPerLineExRange	$ 15.58	Central Office Terminal DLC-L Per line Investment for Extended Range Line Cards
COTDLCSPerLineExRange	$ 18.54	Central Office Terminal DLC-S Per line Investment for Extended Range Line Cards
RTDLCLPerLineExRange	$ 187.50	Remote Terminal DLC-L Per line Investment for Extended Range Line Cards
RTDLCSPerLineExRange	$ 125.00	Remote Terminal DLC-S Per line Investment for Extended Range Line Cards
BreakPointExRange	13,600	Breakpoint (in feet) when Extended Range line cards are Required in DLC

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Expense Inputs

Aggregate Support Inputs

Levels	Residence	Business
Aggregate Support Level at:	$ 20.00	$ 20.00
Aggregate Support Level at:	$ 30.00	$ 30.00
Aggregate Support Level at:	$ 31.00	$ 51.00
Aggregate Support Level at:	$ 50.00	$ 50.00
Aggregate Support Level at:	$ 60.00	$ 60.00
Aggregate Support Level at:	$ 70.00	$ 70.00
Aggregate Support Level at:	$ 80.00	$ 80.00

Support and Expense Factors for Tier 1 Companies

Support Ratio Table

Investment Support Accounts	Support Accounts 1 Small	2 Medium	3 Large
6112 Motor Vehicle	0.811%	0.811%	0.811%
6114 Special Purpose Vehicles	0.000%	0.000%	0.000%
6115 Garage Work Equipment	0.036%	0.036%	0.036%
6116 Other Work Equipment	0.774%	0.774%	0.774%
6122 Furniture	0.231%	0.231%	0.231%
61213 Office Support	1.496%	1.496%	1.496%
6124 General Purpose Computers	1.201%	1.201%	1.201%
Total Support Ratio	4.549%	4.549%	4.549%

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BCPM Expense Inputs

Per Line Monthly Operating Expenses for Small, Medium and Large Companies

Business Expense Table

Cost Element	USOAR Account	Business: Fixed Cost per Line			Business: Expense % per Investment		
		Small	Medium	Large	Small	Medium	Large
Network Support Expense	6110	$ 0.00	$ 0.00	$ 0.00	0.0000	0.0000	0.0000
General Support	6120	$ 0.87	$ 0.87	$ 0.87	N/A	N/A	N/A
COE Switching	6210	$ -	$ -	$ -	0.1734	0.1734	0.1734
COE Transmission	6230	$ -	$ -	$ -	0.0253	0.0253	0.0253
Information Orig/Term	6310	$ -	$ -	$ -	NA	NA	NA
Poles	6411	$ -	$ -	$ -	0.0109	0.0109	0.0109
Aerial Copper Cable	6421.1	$ -	$ -	$ -	0.0508	0.0508	0.0508
Aerial Fiber Cable	6421.2	$ -	$ -	$ -	0.0113	0.0113	0.0113
Underground Copper Cable	6422.1	$ -	$ -	$ -	0.0047	0.0047	0.0047
Underground Fiber Cable	6422.2	$ -	$ -	$ -	0.0012	0.0012	0.0012
Buried Copper Cable	6423.1	$ -	$ -	$ -	0.0376	0.0376	0.0376
Buried Fiber Cable	6423.2	$ -	$ -	$ -	0.0082	0.0082	0.0082
Conduit Investment System	6441	$ -	$ -	$ -	0.0020	0.0020	0.0020
Other Property Plant	6510	$ -	$ -	$ -	0.0000	0.0000	0.0000
Network Operations	6530	$ 0.04	$ 0.04	$ 0.04	0.0000	0.0000	0.0000
Marketing	6610	$ 1.55	$ 1.55	$ 1.55	N/A	N/A	N/A
Services	6620	$ 1.68	$ 1.68	$ 1.68	N/A	N/A	N/A
Executive and Planning	6710	$ 0.19	$ 0.19	$ 0.19	N/A	N/A	N/A
General and Administrative	6720	$ 2.41	$ 2.41	$ 2.41	N/A	N/A	N/A
Uncollectibles	6790	$ 0.88	$ 0.88	$ 0.88	N/A	N/A	N/A
Total Expense		$ 7.61	$ 7.61	$ 7.61			

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BCPM State Specific Inputs

State Information Table

State ID	Residence Line Multiplier	Single Business Line Factor	Special Access Ratio	Gross Receipts Tax
AK	1.0949	0.2833	0.1300	3.90%
AL	1.0875	0.1383	0.1300	3.90%
AR	1.0051	0.1663	0.1300	3.90%
AZ	1.1242	0.0546	0.1300	3.90%
CA	1.1714	0.5358	0.1300	3.90%
CO	1.1474	0.0662	0.1300	3.90%
CT	1.1036	0.0898	0.1300	3.90%
DC	1.2661	0.0101	0.1300	3.90%
DE	1.2074	0.0734	0.1300	3.90%
FL	1.2106	0.1622	0.1228	3.03%
GA	1.1078	0.0768	0.1300	3.90%
HI	1.1897	0.5726	0.1300	3.90%
IA	1.0507	0.1579	0.1300	3.90%
ID	1.0843	0.1541	0.1300	3.90%
IL	1.1048	0.1390	0.1300	3.90%
IN	1.0647	0.1558	0.1300	3.90%
KS	1.0713	0.0763	0.1300	3.90%
KY	1.0301	0.2227	0.1300	3.90%
LA	1.1114	0.0938	0.1300	3.90%
MA	1.2348	0.6106	0.1300	3.90%
MD	1.1504	0.0547	0.1300	3.90%
ME	1.2046	0.6274	0.1300	3.90%
MI	1.1449	0.1638	0.1300	3.90%
MN	1.1057	0.0512	0.1300	3.90%
MO	1.0870	0.1374	0.1300	3.90%
MS	0.9969	0.1484	0.1300	3.90%
MT	1.0552	0.1272	0.1300	3.90%
NC	1.1246	0.1839	0.1300	3.90%
ND	1.1643	0.1013	0.1300	3.90%
NE	1.0774	0.1757	0.1300	3.90%
NH	1.2532	0.6936	0.1300	3.90%
NJ	1.3210	0.0622	0.1300	3.90%
NM	1.0349	0.1235	0.1300	3.90%
NV	1.1758	0.5024	0.1300	3.90%
NY	1.2039	0.5678	0.1300	3.90%
OH	1.0709	0.1627	0.1300	3.90%
OK	1.0375	0.1268	0.1300	3.90%
OR	1.0787	0.1639	0.1300	3.90%
PA	1.1366	0.1048	0.1300	3.90%
PR	1.1206	0.2051	0.1300	3.90%
RI	1.1714	0.6603	0.1300	3.90%
SC	1.0860	0.1554	0.1300	3.90%
SD	1.0447	0.1049	0.1300	3.90%
TN	1.1409	0.1031	0.1300	3.90%
TX	1.0878	0.1187	0.1300	3.90%
UT	1.1545	0.0624	0.1300	3.90%
VA	1.0912	0.1077	0.1300	3.90%
VT	1.2110	0.5668	0.1300	3.90%
WA	1.0967	0.1501	0.1300	3.90%
WI	1.1265	0.1226	0.1300	3.90%
WV	0.9939	0.1188	0.1300	3.90%
WY	1.0555	0.0687	0.1300	3.90%

PR	1.1206	0.2051	0.13	0.039

BCPM Capital Costs Inputs

Capital Cost Inputs

Account	Economic Life (years)	Tax Life (years)	Future Net Salvage (percent)	Survival Curve	Gompertz C	Gompertz G	Gompertz S
Land	0	0	0%	Square Life	0.00000000	0.00000000	0.00000000
Motor Vehicle	8	5	10%	CG&S	1.36885980	-0.01372330	0.00357234
Special Purpose Vehicles	0	5	0%	CG&S	1.39000000	-0.03578191	0.02459161
Garage Work	10	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Other Work	10	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Building	30	31.5	0%	CG&S	1.18428730	-0.10144970	0.01557655
Furniture	10	5	0%	CG&S	1.18428730	-0.10144970	0.01557655
Office Support	10	5	0%	CG&S	1.02010290	-8.97443950	0.16316108
General Purpose Computers	5	5	0%	CG&S	1.02766470	-5.71031270	0.14552408
Switching	10	5	0%	CG&S	1.71629560	-0.00114623	0.00038173
Circuit/DLC	8	5	0%	CG&S	1.36885980	-0.01372330	0.00357234
Pole	25	15	-50%	CG&S	1.10249400	-0.33410041	0.02401188
Aerial Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Aerial Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Underground Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Underground Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Buried Copper	15	15	-10%	CG&S	1.71629560	-0.00114623	0.00038173
Buried Fiber	20	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234
Conduit	40	15	-10%	CG&S	1.36885980	-0.01372330	0.00357234

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Direct Testimony of David G. Tucek
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FPSC Exhibit No. _____
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BCPM FCC Lines File

REDACTED

Wire Center	Loops						Usage	Loop Length		Investment Loop Cap
	Residence	Single Business	Multiple Business	Non-Switched Working	Non-Working	Non-Revenue		Distribution	Feeder	
ABDLFLXA	[redacted]									
ALFAFLXA										
ALTRFLXA										
ANMRFLXA										
BARTFLXA										
BAYUFLXA										
BBPKFLXA										
BHPKFLXA										
BRBAFLXA										
BRJTFLXA										
BRNDFLXA										
BRTNFLXX										
BYSHFLXA										
CLWRFLXA										
CNSDFLXA										
CRWDFLXA										
CYGRFLXA										
DNDNFLXA										
DUNDFLXA										
ENWDFLXA										
FHSDFLXA										
FRSTFLXA										
GNDYFLXA										
HDSNFLXA										
HGLDFLXA										
HNCYFLXA										
HNCYFLXN										
HYPKFLXA										
INLKFLXA										
INRKFLXX										
KYSTFLXA										
LGBKFLXA										
LKALFLXA										
LKLDFLXA										
LKLDFLXE										
LKLDFLXN										
LKWLFLXA										
LKWLFLXE										
LLMNFLXA										
LNLKFLXA										

BCPM FCC Lines File

REDACTED

Wire Center	Loops						Usage	Loop Length		Investment Loop Cap
	Residence	Single Business	Multiple Business	Non-Switched Working	Non-Working	Non-Revenue		Distribution	Feeder	
LRGOFLXA	[redacted]									
LUTZFLXA										
MLBYFLXA										
MNLKFLXA										
MYCYFLXA										
NGBHFLXA										
NPRCFLXA										
NRPTFLXA										
NRSDFLXA										
OLDSFLXA										
OSPRFLXA										
PKCYFLXA										
PLMTFLXA										
PLSLFLXA										
PNCRFLXA										
PNLSFLXA										
POINFLXA										
PRSHFLXA										
PSDNFLXA										
PTCYFLXA										
RSKNFLXA										
SARKFLXA										
SEKYFLXA										
SGBEFLXA										
SKWYFLXA										
SLSPFLXA										
SMNLFLXA										
SNSPFLXA										
SPBGFLXA										
SPBGFLXS										
SPRCFLXA										
SRSTFLXA										
SSDSFLXA										
STGRFLXA										
SWTHFLXA										
TAMPFLXE										
TAMPFLXX										
THNTFLXA										
TMTRFLXA										
TRSPFLXA										
UNVRFLXA										

BCPM FCC Lines File

REDACTED

Wire Center	Loops						Usage	Loop Length		Investment Loop Cap
	Residence	Single Business	Multiple Business	Non-Switched Working	Non-Working	Non-Revenue		Distribution	Feeder	
VENCFLXA	[redacted]									
VENCFLXS										
WIMMFLXA										
WLCHFLXA										
WLCRFLXA										
WNHNFLXC										
WSSDFLXA										
YBCTFLXA										
ZPHYFLXA										

BCPM SCM File

REDACTED

CLLI	Proc Related All	LT MDF Protection All	Line Port All	Lines CCS All	Trunk CCS All	SS7 All
ABDLFLXA96H						
ALFAFLXA67H						
ALTRFLXARSA						
ANMRFLXA77						
BARTFLXA53H						
BAYUFLXA54H						
BBPKFLXARSA						
BHPKFLXA28H						
BRBAFLXA75H						
BRJTFLXARSA						
BRNDFLXA68H						
BRTNFLXX74H						
BYSHFLXA84H						
CLWRFLXADS						
CNSDFLXA79H						
CRWDFLXA96						
CYGRFLXA32H						
DNDNFLXA73						
DUNDFLXA43H						
ENWDFLXA47						
FHSDFLXARS0						
FRSTFLXA63H						
GNDYFLXA57						
HDSNFLXA86H						
HGLDFLXA64H						
HNCYFLXA42H						
HNCYFLXN424						
HYPKFLXADS0						
INLKFLXARSA						
INRKFLXX59H						
KYSTFLXA92H						
LGBKFLXA38H						
LKALFLXA95H						
LKLDFLXA68H						
LKLDFLXE66H						
LKLDFLXN85H						
LKWLFLXA67H						
LKWLFLXERS						
LLMNFLXADS						
LNLKFLXA99H						

BCPM SCM File

REDACTED

CLLI	Prec Related All	LT/MDF Preceding All	Line Port All	Line CCS All	Trunk CCS All	S87 All
VENCFLXA48H	[redacted]					
VENCFLXSDS0						
WIMMFLXA63						
WLCHFLXA97						
WLCRFLXA83H						
WNHNFLXC29						
WSSDFLXADS0						
YBCTFLXA24H						
ZPHYFLXA78H						

BCPM Switch UserData File

REDACTED

CLLI	OCN	Switch Type	Engineered Calls /Line	Engineered CCS /Line	Lines Trunk	Percent Fill
ABDLFLXA96H	328	[redacted]				
ALFAFLXA67H	328					
ALTRFLXARSA	328					
ANMRFLXA77	328					
BARTFLXA53H	328					
BAYUFLXA54H	328					
BBPKFLXARSA	328					
BHPKFLXA28H	328					
BRBAFLXA75H	328					
BRJTFLXARSA	328					
BRNDFLXA68H	328					
BRTNFLXX74H	328					
BYSHFLXA84H	328					
CLWRFLXADS	328					
CNSDFLXA79H	328					
CRWDFLXA96	328					
CYGRFLXA32H	328					
DNDNFLXA73	328					
DUNDFLXA43H	328					
ENWDFLXA47	328					
FHSDFLXARS0	328					
FRSTFLXA63H	328					
GNDYFLXA57	328					
HDSNFLXA86H	328					
HGLDFLXA64H	328					
HNCYFLXA42H	328					
HNCYFLXN424	328					
HYPKFLXADS0	328					
INLKFLXARSA	328					
INRKFLXX59H	328					
KYSTFLXA92H	328					
LGBKFLXA38H	328					
LKALFLXA95H	328					
LKLDFLXA68H	328					
LKLDFLXE66H	328					
LKLDFLXN85H	328					
LKWLFLXA67H	328					
LKWLFLXERS	328					
LLMNFLXADS	328					
LNLKFLXA99H	328					

BCPM Switch UserData File

REDACTED

CLLI	OCN	Switch Type	Engineered Calls /Line	Engineered CCS /Line	Lines Trunk	Percent Fill
LRGOFLXA58H	328	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
LUTZFLXA94H	328					
MLBYFLXARS	328					
MNLKFLXA85	328					
MYCYFLXA32	328					
NGBHFLXA39H	328					
NPRCFLXA84H	328					
NRPTFLXA42H	328					
NRSDFLXA35H	328					
OLDSFLXA85H	328					
OSPRFLXA96H	328					
PKCYFLXARS	328					
PLMTFLXA72H	328					
PLSLFLXA79H	328					
PNCRFLXA73J	328					
PNLSFLXADS0	328					
POINFLXARSA	328					
PRSHFLXARSA	328					
PSDNFLXA34H	328					
PTCYFLXA75H	328					
RSKNFLXA64H	328					
SARKFLXARSA	328					
SEKYFLXA34H	328					
SGBEFLXA36H	328					
SKWYFLXADS	328					
SLSPFLXA93H	328					
SMNLFLXA23H	328					
SNSPFLXA37H	328					
SPBGFLXADS0	328					
SPBGFLXS86H	328					
SPRGFLXA37H	328					
SRSTFLXADS0	328					
SSDSFLXA92.!	328					
STGRFLXA78H	328					
SWTHFLXADS	328					
TAMPFLXEDS0	328					
TAMPFLXX27H	328					
THNTFLXADS0	328					
TMTRFLXADS0	328					
TRSPFLXA93H	328					
UNVRFLXA97H	328					

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of Basic Local Telecommunications Service, pursuant to Section 364.025, Florida Statutes	)))))	Docket No. 980696-TP

DIRECT TESTIMONY OF

DR. JAMES H. VANDER WEIDE

ON BEHALF OF

GTE FLORIDA INCORPORATED

AUGUST 3, 1998

GTE FLORIDA INCORPORATED

DIRECT TESTIMONY OF DR. JAMES H. VANDER WEIDE

DOCKET NO. 980896-TP

I. INTRODUCTION

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is James H. Vander Weide. I am Research Professor of Finance and Economics at the Fuqua School of Business of Duke University. I am also President of Financial Strategy Associates, a firm that provides strategic and financial consulting services to clients in the electric, gas, insurance, telecommunications, and water industries. My business address is 3606 Stoneybrook Drive, Durham, North Carolina.

Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PRIOR ACADEMIC EXPERIENCE?

A. I graduated from Cornell University in 1966 with a Bachelor's Degree in Economics. I then attended Northwestern University where I earned a Ph.D. in Finance. In January 1972, I joined the faculty of the School of Business at Duke University and was named Assistant Professor, Associate Professor, and then Professor.

Since joining the faculty, I have taught courses in corporate finance, investment management, and management of financial institutions

have been published in *American Economic Review*, *Financial Management*, *Journal of Finance*, *Journal of Financial and Quantitative Analysis*, *Journal of Bank Research*, *Journal of Accounting Research*, *Journal of Cash Management*, *Management Science*, *The Journal of Portfolio Management*, *Atlantic Economic Journal*, *Journal of Economics and Business*, and *Computers and Operations Research*. I have written a book titled *Managing Corporate Liquidity: an Introduction to Working Capital Management*, and a chapter for *The Handbook of Modern Finance*, "Financial Management in the Short Run."

Q. HAVE YOU PREVIOUSLY TESTIFIED ON FINANCIAL OR ECONOMIC ISSUES?

A. Yes. I have submitted testimony and/or testified on the cost of capital, investment risk, incentive regulation, pricing, depreciation, accounting, and other financial and economic issues before the Federal Communications Commission, the Federal Energy Regulatory Commission, the National Telecommunications and Information Administration, the Canadian Radio-Television and Telecommunications Commission, the U.S. Congress, the public service commissions of 39 states and the District of Columbia, and the insurance commissions of five states.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by GTE Florida Incorporated ("GTE") to make an independent appraisal of the average cost of capital to be used as input in the cost model selected by the Commission for determining the cost of providing basic local telecommunications service.

Q. WHAT AVERAGE COST OF CAPITAL DO YOU RECOMMEND FOR USE IN FORWARD-LOOKING STUDIES OF THE COST OF PROVIDING BASIC LOCAL TELECOMMUNICATIONS SERVICE?

A. I recommend that an average cost of capital of 12.65 percent be used in forward-looking studies of the cost of providing basic local telecommunications service.

Q. IS THIS COMMISSION REQUIRED TO USE A FORWARD-LOOKING COST METHODOLOGY IN THIS PROCEEDING?

A. Yes. The Florida Legislature has ordered this Commission to determine the "total forward-looking cost" of providing basic service (Fla. Stat. ch. 364.025(4)(b)). When referring to the long-run forward-looking economic cost of providing services, economists sometimes use the term, total service long-run incremental cost ("TSLRIC"). I have therefore determined the economic cost of capital to GTE on a forward-looking economic basis. As I discuss later in my testimony, an economic cost study of a service that is being offered by a firm such as GTE operating in a competitive environment should include an economic cost of capital that is forward-looking, rather than backward-looking and accounting based. The forward-looking

Q. HOW DOES THE COST OF CAPITAL AFFECT INVESTORS' WILLINGNESS TO INVEST IN A COMPANY?

A. The cost of capital measures the return investors can expect on investments of comparable risk. Rational investors will not invest in a particular investment opportunity if the expected return on that opportunity is less than the cost of capital. Thus, the cost of capital is a hurdle rate for both investors and the firm.

Q. DO ALL INVESTORS HAVE THE SAME POSITION IN THE FIRM?

A. No. Debt investors have a fixed claim on a firm's assets and income that must be paid prior to any payment to the firm's equity investors. Since the firm's equity investors have a residual claim on the firm's assets and income, equity investments are riskier than debt investments. Thus, the cost of equity exceeds the cost of debt.

Q. WHAT IS THE OVERALL OR WEIGHTED AVERAGE COST OF CAPITAL?

A. The overall or weighted average cost of capital is a weighted average of the cost of debt and cost of equity, where the weights are the percentages of debt and equity in a firm's capital structure.

Q. CAN YOU ILLUSTRATE THE CALCULATION OF THE OVERALL OR WEIGHTED AVERAGE COST OF CAPITAL?

A. Yes. Assume that the cost of debt is 9 percent, the cost of equity is 15 percent, and the percentages of debt and equity in the firm's

capital structure are 25 percent and 75 percent, respectively. Then the weighted average cost of capital is expressed by 0.25 times 9 percent plus 0.75 times 15 percent, or 13.5 percent.

Q. HOW DO ECONOMISTS DEFINE THE COST OF DEBT COMPONENT OF THE WEIGHTED AVERAGE COST OF CAPITAL?

A. Economists define the cost of debt as the market interest rate that a firm would have to pay on newly-issued debt obligations. In efficient markets, the market interest rate is also the best estimate of future interest rates. The correct economic definition of the cost of debt is thus forward looking and market oriented.

Q. HOW DO ECONOMISTS DEFINE THE COST OF EQUITY COMPONENT OF THE WEIGHTED AVERAGE COST OF CAPITAL?

A. Economists define the cost of equity as the return investors expect to receive on alternative equity investments of comparable risk. Since the return on an equity investment of comparable risk is not a contractual return, the cost of equity is more difficult to measure than the cost of debt. There is agreement, however, as I have already noted, that the cost of equity is greater than the cost of debt. There is also agreement among economists that the cost of equity, like the cost of debt, is both forward looking and market based.

market values of debt and equity. (See, for example, Brealey/Myers, Chapter 9, page 214, *Principles of Corporate Finance*, Fifth Edition, 1996, McGraw-Hill.) For example, if a firm's debt has a market value of $25 million and its equity has a market value of $75 million, then its total market capitalization is $100 million, and its capital structure contains 25 percent debt and 75 percent equity.

Q. WHY DO ECONOMISTS MEASURE A FIRM'S CAPITAL STRUCTURE IN TERMS OF THE MARKET VALUES OF ITS DEBT AND EQUITY?

A. Economists measure a firm's capital structure in terms of the market values of its debt and equity because that is the best measure of the amounts of debt and equity that investors have invested in the company on a going-forward basis. Furthermore, economists generally assume that the goal of management is to maximize the value of the firm, where the value of the firm is the sum of the market value of the firm's debt and equity. Only by measuring a firm's capital structure in terms of market values can its managers choose a financing strategy that maximizes the value of the firm.

Q. HOW DO INVESTORS MEASURE THE RATE OF RETURN ON THEIR INVESTMENT PORTFOLIOS?

A. Investors, like economists, measure the rate of return on their investment portfolios in terms of the market values of the debt and equity in their portfolios. Suppose an investor has a portfolio,

purchased in 1977 for $20,000, which has a market value of $100 000 at the beginning of 1997. Further suppose that the value of the portfolio at the end of 1997 is $112,000 and that the investor earns interest and dividends of $3,000 during the course of 1997. Then, assuming for simplicity that dividends and interest are not reinvested in the portfolio during the year, the investor's rate of return in 1997 is 15 percent [(112 - 100/100) + 3/100 = 15 percent].

Q. DOES THE $20,000 INVESTMENT MADE IN 1977 AFFECT THE CALCULATION OF THE INVESTOR'S RATE OF RETURN ON INVESTMENT IN 1997?

A. No. The fact that the investor purchased the portfolio in 1977 for $20,000 has no bearing on the investor's earned rate of return in 1997. Thus, the historical or embedded cost of the investment is irrelevant to the calculation of the rate of return. Investors calculate their rate of return based on market values, not book values.

Q. YOUR EXAMPLE CLEARLY DEMONSTRATES THAT THE INVESTOR'S EARNED RATE OF RETURN IN 1997 DEPENDS ON THE $100,000 MARKET VALUE OF THE PORTFOLIO AT THE BEGINNING OF 1997, NOT ON THE $20,000 HISTORICAL COST, OR BOOK VALUE, OF THE PORTFOLIO AT THE BEGINNING OF 1997. DO INVESTORS MEASURE THE *REQUIRED* RATE OF RETURN FOR 1998 IN TERMS OF THE MARKET VALUE OR THE

containing all of the firm's debt and equity securities would be 13.5 percent (.25 x 9 percent + .75 x 15 percent = 13.5 percent).

Thus, the investors' required rate of return from an investment in the company is the same as the company's weighted average cost of capital, where both the required rate of return and the weighted average cost of capital are measured in terms of market value weights.

Q. IS THE ECONOMIC DEFINITION OF THE AVERAGE COST OF CAPITAL CONSISTENT WITH THE WAY COMPETITIVE FIRMS DETERMINE THE REQUIRED RATE OF RETURN ON INVESTMENT DECISIONS?

A. Yes. Competitive firms equate their required rate of return to their average cost of capital, where the average cost of capital is measured in terms of market value capital structure weights.

Q. DOES THE REQUIRED RATE OF RETURN ON AN INVESTMENT VARY WITH THE RISK OF THAT INVESTMENT?

A. Yes. Since investors are averse to risk, they require a higher rate of return on investments with greater risk.

Q. DO ECONOMISTS AND INVESTORS CONSIDER FUTURE INDUSTRY CHANGES WHEN THEY ESTIMATE THE RISK OF A PARTICULAR INVESTMENT?

A. Yes. Economists and investors consider all the risks that a firm might incur over the future life of the company.

Q. DO INVESTORS ALSO USE MARKET VALUE WEIGHTS TO MEASURE THE RISK OF THEIR INVESTMENT PORTFOLIOS?

A. Yes. One measure of investment risk is a company's beta. Using the previous example, where the firm's debt has a market value of $25 million and its equity a market value of $75 million, if the firm's debt has a beta of .5 and its equity a beta of 1.2, then the beta on a $100 million portfolio containing all of the firm's debt and equity would be 1.025 (.25 x .5 + .75 x 1.2 = 1.025).

Q. WHY DO INVESTORS MEASURE THE RISK AND RETURN ON THEIR INVESTMENT PORTFOLIOS USING MARKET VALUE WEIGHTS RATHER THAN BOOK VALUE WEIGHTS?

A. Investors measure the risk and return on their investment portfolios using market value weights because market value weights are the best measure of the amounts the investors currently have invested in each security in the portfolio. From the investor's point of view, the historical cost or book value of his investment is entirely irrelevant to the current risk and return on his portfolio. Thus, the return, and the risk or uncertainty of the return, can only be measured in terms of market values.

Q. IS THE ECONOMIC DEFINITION OF THE AVERAGE COST OF CAPITAL CONSISTENT WITH REGULATORS' TRADITIONAL DEFINITION OF THE AVERAGE COST OF CAPITAL?

A. No. As noted above, the economic definition of the average cost of capital is based on the market costs of debt and equity, the market value percentages of debt and equity in a company's capital structure, and the future expected risk of investing in the company. Regulators, in contrast, have traditionally defined the average cost of capital using the embedded cost of debt, the book values of debt and equity in a company's capital structure, and the risk of investing in a franchised provider of telecommunications services.

Q. WHAT IS THE DIFFERENCE BETWEEN THE MARKET COST OF DEBT AND A COMPANY'S EMBEDDED COST OF DEBT?

A. The market cost of debt is the rate of interest a company would have to pay if it issued debt under today's market conditions. The embedded cost of debt is the company's total interest expense divided by the total book value of its debt. Thus, the embedded cost of debt is an average of the interest rates the company has paid in the past to issue debt securities. This calculation of the embedded cost of debt, however, provides no basis for measuring the market cost of debt.

Q. WHAT IS THE DIFFERENCE BETWEEN THE MARKET VALUE AND THE BOOK VALUE OF A COMPANY'S DEBT?

A. Yes. The book value of a company's equity is defined as the book value of a company's assets minus the book value of the company's debt.

Book Value of Equity = Book Value of Assets - Book Value of Debt

Since the book value of a company's assets, in turn, is equal to the historical cost of a company's assets minus accumulated depreciation, the book value of a company's equity can also be stated as the historical cost of a company's assets, minus the accumulated book depreciation on these assets, minus the book value of a company's debt.

Book Value of Equity = Historical Cost of Assets - Accumulated Book Depreciation - Book Value of Debt

Thus, the book value of a company's equity reflects the historical cost of the company's assets.

Q. WHY HAVE STATE AND FEDERAL REGULATORS DEFINED THE AVERAGE COST OF CAPITAL IN TERMS OF EMBEDDED COSTS AND BOOK VALUES RATHER THAN FORWARD-LOOKING COSTS AND MARKET VALUES?

A. State and federal regulators have defined a company's average cost of capital in terms of embedded costs and book values because these concepts were consistent with the regulators' accounting model of the firm. Economists, in contrast, generally employ an economic model of the firm in which forward-looking costs and market values are the relevant standards

Q. IS THE TRADITIONAL STATE AND FEDERAL REGULATORY DEFINITION OF THE AVERAGE COST OF CAPITAL CONSISTENT WITH THE ECONOMIC PRINCIPLES UNDERLYING A FORWARD-LOOKING COST STUDY?

A. No. As I have already noted, such studies are based on forward-looking economic costs, as required by the Florida Legislature (as well as the FCC). Economic costs are forward looking and market based, not backward looking and accounting based.

Q. IN SUM, THEN, WHAT IS THE PROPER DEFINITION OF THE AVERAGE COST OF CAPITAL FOR USE IN THE FORWARD-LOOKING COST STUDY THE COMMISSION IS TO CHOOSE IN THIS PROCEEDING?

A. The Telecommunications Act of 1996 ("the Act") removes all barriers to entry for basic local telecommunications services and opens the market to full competition. In a competitive market for basic local telecommunications service, forward-looking economic cost is the appropriate cost benchmark. Furthermore, the average cost of capital

market envisioned by Congress. Sections III and IV of this testimony below further explain with specificity why the business risks faced by GTE in providing basic local telecommunications service justify a different cost of capital rate.

Q. CAN YOU SUMMARIZE YOUR VIEWS ON THE COST OF CAPITAL COMPONENT OF A FORWARD-LOOKING COST STUDY?

A. Yes. Such cost studies measure the forward-looking economic cost of providing service. The only cost of capital definition that is consistent with the forward-looking, economic assumptions of a forward-looking cost model is an average cost of capital based on the market cost of debt, market value percentages of debt and equity in a competitive firm's capital structure, and a forward-looking view of risk.

III. RISK

Q. YOU HAVE STATED THAT THE COST OF CAPITAL DEPENDS ON INVESTMENT RISK. HAVE YOU STUDIED THE RISK OF INVESTING IN THE LOCAL EXCHANGE OPERATIONS OF TELECOMMUNICATIONS COMPANIES SUCH AS GTE?

A. Yes, I have.

Q. WHAT ARE THE MAJOR FACTORS THAT AFFECT THE RISK OF INVESTING IN THE LOCAL EXCHANGE OPERATIONS OF LECS SUCH AS GTE?

A. The risk of investing in the local exchange operations of LEC's such as GTE depends on their operating leverage, the level of competition, rapidly-changing technology, and the regulatory environment.

Q. WHAT IS OPERATING LEVERAGE?

A. The provision of facilities-based telecommunications services is a business that requires a large commitment to fixed costs in relation to variable costs, a situation called high operating leverage. The relatively high degree of fixed costs in the provision of facilities-based telecommunications service exists because of the average LEC's large investment in fixed assets such as central office, transport, and loop facilities. High operating leverage causes GTE's net income to be highly sensitive to fluctuations in revenues.

Q. WHAT IS THE CURRENT STATUS OF COMPETITION FOR LECS SUCH AS GTE?

A. LECs such as GTE offer three basic services: intraLATA toll, carrier access and local exchange. The intraLATA toll market has become highly competitive in recent years. Most states, including Florida, have removed barriers to entry into this market. Customers in GTE's service territory have the opportunity to choose alternate carriers for intraLATA toll on a 1+ basis. In fact, GTE has suffered significant market share loss in the intraLATA toll market, especially since it completed implementation of 1+ presubscription in February 1997. Indeed, GTE has informed me that approximately two-thirds of new

Services Inc. ("ACSI"), AT&T, BellSouth, City of Lakeland, e.spire, Intermedia Communications Inc. ("ICI"), MCI, MFS, TCG, Time Warner, Teligent, and WorldCom.

Q. DO YOU HAVE ANY EVIDENCE THAT COMPETITIVE LOCAL EXCHANGE CARRIERS INTEND TO COMPETE VIGOROUSLY IN THE LOCAL EXCHANGE MARKET?

A. Yes. On the signing of the Act, the AT&T Chairman declared that AT&T intends to capture a third of the local market within the next few years. He also asserted that AT&T views interconnection with Bell company networks as only one means of entering the local exchange market:

> "We also plan to enter the local market by other means. The technology and the partners are available to us right now. And in some cases we're already using them. For example, we've doubled our use of alternate access providers over the last year. We've already signed contracts with 20 alternate access companies covering 95 cities. We're also pursuing the use of cable based telephony and even fixed wireless technology. As you know, 200 million Americans live within the cellular and PCS territories where we're already licensed. I should also tell you that, on a selective basis, we'll build our own network facilities to

offer local services. We're already designing the networks, and we'll begin installing fiber rings and new switching technology in several cities. Most of our large business customers are already hard-wired to the AT&T network for long distance. A substantial number of the lines serving customers from our digital switching centers are connected directly to the offices of business customers. Under the provisions of the [Telecom] bill, and with some straightforward software changes, we could begin to handle our business customers' local service. The California P.U.C. has already cleared the way for us to do this, and we have similar plans for other states.

Keep in mind that long distance amounts to 70 percent of the total telecommunication services bill for most companies. So I think you'll find that corporations are far more likely to give their local business to a long distance company rather than give their long distance business to the local company." (Robert E. Allen, "The 1996 Telecommunications Bill," remarks delivered at a news conference in Washington, D.C., February 8, 1996.)

13,500 buildings passed, and 490,000 business lines in service. TCI currently provides cable TV service either directly or indirectly (that is, through affiliates) to approximately 20.5 million subscribers. In addition, TCI's cables pass approximately 49 million homes, one-third of the homes in the U. S. (*Local Competition Report*, Vol. 7, No. 2, January 19, 1998, page 1, and "At Last, Telecom Unbound," *Business Week*, July 6, 1998, pp. 24-31.)

The $11.3 billion acquisition of Teleport and the $48 billion acquisition of TCI will give AT&T a tremendous boost in its efforts to provide a complete package of long distance, wireless, Internet access, and local exchange services to business and residential customers throughout the country. In addition, Mr. Armstrong has expressed his intention for AT&T to reach agreements with other cable providers so that AT&T can provide local service through direct connections to 50 million of its 90 million customers by the end of 1999. ("AT&T Board to end Year With Talks on Cost Cuts, Possibly Huge Investments," *The Wall Street Journal*, December 17, 1997, p. B6.)

Q. DO YOU HAVE ANY EVIDENCE THAT INVESTORS EXPECT ALECS TO BE HIGHLY SUCCESSFUL IN THEIR COMPETITION WITH INCUMBENT LOCAL EXCHANGE CARRIERS SUCH AS GTE?

A. Yes. Investors' opinions about the likely success of the ALECs in attracting business from incumbents is reflected in the ALECs' rapidly rising stock valuations. WorldCom recently paid $14 billion for one ALEC, MFS, and $2.9 billion for another ALEC, Brooks Fiber. WorldCom has also offered $37 billion for MCI, at least in part because WorldCom places a high valuation on MCI's local exchange facilities; and AT&T has offered $48 billion for TCI because AT&T places a high valuation on TCI's direct wireline connection to potential customers of its communications services. The stock prices of companies such as ICG and Teleport have also increased dramatically since mid-1997. Indeed, Teleport's stock price increased by 70 percent from July 1997 to January 1998, when AT&T agreed to acquire Teleport for $11.3 billion. These companies' high market valuations reflect investors' assessment that the competitive local exchange carriers will wrest considerable market share from incumbents such as GTE.

Q. WHY HAVE ALECS SUCH AS AT&T, MCI, BROOKS FIBER, TELEPORT, AND ICG FOCUSED PRIMARILY ON OFFERING FACILITIES-BASED SERVICE TO BUSINESS CUSTOMERS?

A. ALECs have focused primarily on providing facilities-based service to business customers because telecommunications prices have historically been set well above the cost of providing service for business customers in order to provide support to high-cost residential customers, especially those in rural areas. Because of the

current price structure in telecommunications, competitors can achieve a high percentage of industry profits by attracting a relatively small percentage of industry customers.

Q. DO THE ALECS ALSO HAVE PLANS TO PROVIDE FACILITIES-BASED LOCAL EXCHANGE SERVICE TO RESIDENTIAL CUSTOMERS?

A. Yes. At the time the AT&T/TCI merger was announced, AT&T reported that it plans to offer facilities-based communications services, including local exchange service, to residential customers through a new operating unit, AT&T Consumer Services, which "will own and operate the nation's most extensive, broadband local network platform" and "provide the broadest set of consumer communications services--including local, long distance, wireless and international communications, cable TV, dial-up and high-speed Internet access services--all under the AT&T brand name." ("AT&T, TCI to Merge, Create new AT&T Consumer Services Unit," AT&T press release, June 24, 1998.) Indeed, as previously noted, AT&T proclaims that it "expects to win up to 30% of the local market and boost TCI's cable subscriber base when the two companies complete their recently announced $48-billion merger." (*Local Competition Report*, Vol. 7, No. 14, July 6, 1998.)

Q. IS THE TECHNOLOGY CURRENTLY AVAILABLE FOR AT&T AND OTHERS TO PROVIDE BROADBAND TELECOMMUNICATIONS

SERVICES, INCLUDING VOICE, TO RESIDENTIAL CUSTOMERS OVER WIRELINE FACILITIES SUCH AS THOSE AT&T IS ACQUIRING FROM TCI?

A. Yes. As *Business Week* notes in its cover story article, July 6, 1998, page 26, "The technology for providing telephone service over the cable network is now developed enough to offer an economically feasible--and potentially much better--alternative to the existing copper wire." Cox Communications has already demonstrated the feasibility of offering local exchange service over its cable network, having launched local phone service in four markets where it has signed 17 percent of the homes where its services are offered (*Business Week*, July 6, 1998, p. 30.)

Q. ARE THERE OTHER TECHNOLOGIES FOR PROVIDING FACILITIES-BASED LOCAL EXCHANGE SERVICE TO RESIDENTIAL CUSTOMERS?

A. Yes. In addition to its plan to offer bundled communications services to residential customers over TCI's cable network, AT&T has developed a new fixed wireless technology that will allow it to bypass the local network for both residential and business customers that are not currently in the service territories of TCI and its affiliates. AT&T's new fixed wireless technology will have the capability of carrying high-speed digital communications directly to most households in the country at many times the capacity of traditional copper wire. The service, to be priced at local rates, will allow AT&T to enter the local

A. Yes. Utilicore Corp, a startup phone company with headquarters in downtown Sarasota, has targeted "concentrated clusters of residential customers throughout the state." ("Wired for Success," *The Sarasota Herald Tribune*, May 11, 1998, p. 12.) Utilicore already has signed interconnection agreements with all of Florida's major local phone companies and plans to use its own switches and billing technology to offer a complete package of local and long distance service and Internet access to every unit in an apartment or condominium complex at significant discounts to GTE's tariffed rates.

Q. DOES GTE FACE COMPETITION FROM OTHER INCUMBENT LOCAL EXCHANGE COMPANIES?

A. Yes. BellSouth has announced plans to begin offering PCS and other local exchange services in GTE's service territory in Florida. In addition, SBC has announced with respect to its proposed merger with Ameritech that it plans to deliver fully competitive local exchange service in 30 new major metropolitan markets throughout the country, including the Tampa Bay area currently served by GTE. ("Full Competition at the Heart of SBC-Ameritech Merger," SBC press release, May 12, 1998; "SBC Could Be Coming," *St. Petersburg Times*, May 15, 1998, p. 1E.)

Q. ARE INVESTORS PRIMARILY CONCERNED WITH CURRENT OR FUTURE EXPECTED COMPETITION WHEN THEY ASSESS THE INVESTMENT RISK OF GTE?

A. Investors are primarily interested in future expected competition when they assess the investment risk of GTE because expected future competition is a primary determinant of volatility in the expected returns on their investment.

Q. CAN GTE'S INVESTMENT RISK BE MEASURED BY GTE'S CURRENT SHARE OF THE LOCAL EXCHANGE MARKET?

A. No. GTE's current share of the local exchange market reflects its historical position as the franchised provider of local exchange services in its service territory. GTE's privileged position as the franchised provider has been eliminated. As a result of this elimination and recent technological advances in telecommunications, some 240 firms have been certificated to provide local exchange service in Florida. There can be no doubt that GTE's future market share of the local exchange market will be less than its current market share. Indeed, GTE's experience with competition in the intraLATA toll market suggests that its market share will rapidly decline as certificated carriers begin offering local exchange services.

Q. HAVE AT&T AND OTHER COMPETITORS RESTRICTED THEIR LOCAL EXCHANGE OFFERINGS TO MAJOR CITIES?

A. No. Wireless North and McLeodUSA, for example, have been formed to offer competitive local exchange service in rural areas of the country. Wireless intends to use its PCS licenses in Iowa, Minnesota, North Dakota, South Dakota, and Wisconsin along with a 2,500 mile

that competition will increase, GTE's current market share is a poor indicator of future competition and risk.

Q. IS GTE ABLE TO COMPETE ON EQUAL TERMS WITH COMPETITORS IN THE LOCAL EXCHANGE?

A. No. GTE faces a number of disadvantages in its efforts to compete in a fully competitive local exchange market. As the incumbent LEC, GTE has the obligation to provide telecommunications services to all customers, even those whose rates fail to cover the cost of providing service. Telecommunications prices have historically been set to provide subsidies to high-cost customers in low density geographic areas. Such subsidies are inconsistent with the competitive framework of the Act. Although the Act requires the FCC and the States to implement mechanisms that eliminate the implicit subsidies that have previously financed the provision of basic local telecommunications service, the Act fails to identify how such subsidies can be replaced. In truly competitive markets, there are no sources to subsidize prices that are lower than cost. Investors are concerned that the universal service support mechanisms that will be put in place may not be sufficient to balance the incumbent LEC's obligation to continue to provide service in high-cost areas, while competitors are free to serve only the most profitable markets.

Q. WHAT IS THE IMPACT OF RAPIDLY CHANGING TECHNOLOGY ON TELECOMMUNICATIONS COMPETITION?

A Rapid advances in telecommunications technology are a primary driver behind the increasing level of competition faced by the local exchange companies. Advances in semiconductor technology have both increased the capability and lowered the cost of telecommunications equipment, so other firms can compete more easily with local exchange companies. Breakthroughs are also occurring in fiber optic, data communications, and wireless technologies. The capacity of fiber optic networks is increasing dramatically, thus allowing fiber-based competitive access providers to offer more services. Recent advances in data communications and Internet protocol technologies, especially technologies for transporting voice signals over data communications networks, offer yet another opportunity for bypassing the local loop. Sprint recently announced plans to offer local exchange services over a new nationwide packet-switched data network. New data networking and Internet protocol technologies are also the major factors reducing the cost of providing local exchange services over cable networks. AT&T has announced its intention to rely on these technologies in its upgrade of the TCI network. Wireless technology is also changing rapidly. Analysts anticipate that AT&T's new fixed wireless technology will allow AT&T to completely bypass the local loop in areas not served by its recently acquired cable TV facilities. In sum, technological developments have substantially eroded the competitive advantage once enjoyed by local exchange companies.

Q. HOW DOES RAPIDLY CHANGING TECHNOLOGY AFFECT THE RISK OF INVESTING IN LOCAL EXCHANGE COMPANIES SUCH AS GTE?

A. Rapidly changing technology increases GTE's risk in two ways. First, it threatens GTE's ability to recover the investment cost of its new telecommunications plant. Second, it reduces the cost of entry for competitors. Rapid advances in fiber optics, wireless, and multimedia transmission technologies, for example, have shortened the economic lives of the LECs' current investments in copper-based facilities and allowed cable TV, interexchange, and wireless companies to compete efficiently to offer local exchange service. Advances in these technologies further threaten the LECs' heavy investment in landline telecommunications service.

Q. HOW DOES REGULATION AFFECT THE RISK OF GTE?

A. Since regulation impairs GTE's ability to compete on the same terms as its competitors, regulation increases the risk of investing in GTE.

Q. HOW DOES THE FORWARD-LOOKING RISK OF INVESTING IN GTE'S LOCAL EXCHANGE BUSINESS IN FLORIDA COMPARE TO THE FORWARD-LOOKING RISK OF INVESTING IN GTE'S PARENT COMPANY?

A. The forward-looking risk of investing in GTE's local exchange business in Florida is greater than the forward-looking risk of investing in GTE's parent company because GTE's local exchange

business in Florida has less geographic diversity, less diversity of products and services, less ability to realize economies of scale and scope, and less access to the capital markets.

Q. HOW DOES THE FORWARD-LOOKING RISK OF INVESTING IN GTE'S LOCAL EXCHANGE BUSINESS IN FLORIDA COMPARE TO THE FORWARD-LOOKING RISK OF INVESTING IN THE S&P INDUSTRIALS?

A. The forward-looking risk of investing in GTE's local exchange business in Florida is approximately equal to the forward-looking risk of investing in the S&P Industrials.

Q. DO YOU HAVE ANY EVIDENCE THAT THE FORWARD-LOOKING RISK OF INVESTING IN GTE'S LOCAL EXCHANGE BUSINESS IN FLORIDA IS APPROXIMATELY EQUAL TO THE FORWARD-LOOKING COMPOSITE RISK OF INVESTING IN THE S&P INDUSTRIALS?

A. Yes. I noted previously that the forward-looking risk of investing in GTE's local exchange business in Florida is greater than the forward-looking risk of investing in GTE's parent company. The average Value Line market-weighted beta for the Regional Bell Holding Companies ("RHCs") and GTE's parent company is .95, as compared to the average beta of approximately 1.0 for the companies included in the S&P Industrials. A beta of .95 cannot be statistically distinguished from a beta of 1.0. Since the forward-looking risk of GTE is greater

than the forward-looking risk of GTE's parent, and the forward-looking risk of GTE's parent is approximately equal to the forward-looking risk of the S&P Industrials. the S&P Industrials are a conservative proxy for the forward looking risk of investing in GTE

IV. GTE'S COST OF CAPITAL ESTIMATE

Q. HOW DID YOU CALCULATE THE COST OF CAPITAL THAT YOU RECOMMEND FOR USE IN THE COST STUDY THE COMMISSION WILL CHOOSE IN THIS PROCEEDING?

A. I calculated the weighted average cost of capital to be used in the forward-looking cost study by employing the market based percentages of debt and equity in the capital structures of competitive firms, the market cost of debt, and the market required rate of return on an equity investment in competitive firms of comparable risk

Q. HOW DID YOU MEASURE THE MARKET-BASED PERCENTAGES OF DEBT AND EQUITY IN THE CAPITAL STRUCTURE OF COMPETITIVE FIRMS?

A. I calculated the average market-based percentages of debt and equity in the capital structures of the S&P Industrials, a composite of all large competitive companies in the U.S. economy for each of

backward-looking monopoly assumptions in the cost of capital component

Q. WHAT IS THE AVERAGE MARKET-BASED CAPITAL STRUCTURE OF THE S&P INDUSTRIALS?

A. As shown in Schedule JVW-1, the market-based capital structure of the S&P Industrials at December 31, 1997, contains 18.28 percent debt and 81.72 percent equity. The average market-based capital structure of the S&P Industrials for the five-year period ending December 31, 1997, contains 22.45 percent debt and 77.55 percent equity. From the data I have examined, I believe the five-year average capital structure of the S&P Industrials is a conservative estimate of the target capital structure GTE would employ in the competitive local exchange environment assumed by a forward-looking economic cost study.

Q. HOW DOES THE AVERAGE MARKET-BASED CAPITAL STRUCTURE OF THE S&P INDUSTRIALS COMPARE TO THE AVERAGE MARKET-BASED CAPITAL STRUCTURE OF THE LOCAL EXCHANGE COMPANIES?

A. The market-based capital structures of the local exchange companies cannot be determined because their stock is not publicly traded. Thus, a comparison of the average market-based capital structure of the S&P Industrials to the average market-

based capital structure of the local exchange companies is not possible.

Q. HOW DOES THE AVERAGE MARKET-BASED CAPITAL STRUCTURE OF THE S&P INDUSTRIALS COMPARE TO THE AVERAGE MARKET-BASED CAPITAL STRUCTURE OF THE RHCS AND GTE?

A. As shown in Schedule JVW-2, the market-based capital structure of the RHCs and GTE at December 31, 1997, contains 19.86 percent debt and 80.14 percent equity, and their five-year average market-based capital structure contains 22.77 percent debt and 77.23 percent equity. Thus, the average market-based capital structure of the RHCs and GTE is approximately equal to the average market-based capital structure of the S&P Industrials.

Q. DO THE MAJOR INTEREXCHANGE CARRIERS EMPLOY APPROXIMATELY THE SAME PERCENTAGE OF DEBT AS THE RHCS AND GTE?

A. No. As also shown in Schedule JVW-2, the major interexchange carriers employ significantly less debt and more equity than the RHCs and GTE. Their average market-based capital structure at December 31, 1997, contains 12.88 percent debt and 87.12 percent equity, while their five-year average market-based capital structure contains 18.75 percent debt and 81.25 percent equity.

Q. HOW DID YOU MEASURE THE MARKET COST OF DEBT INVESTMENTS?

A. I used the 6.94 percent yield to maturity on Moody's A-rated industrial bonds for March 1998, as reported in Moody's Investors Service Credit Survey April 1998. This estimate is conservative because it does not include the flotation costs that must be paid to issue the debt securities required to finance the building of local exchange facilities on a forward-looking basis.

Q. HOW DID YOU MEASURE THE MARKET COST OF AN EQUITY INVESTMENT IN GTE?

A. I applied the DCF Model to the S&P Industrials.

Q. WHY DID YOU APPLY THE DCF MODEL TO THE S&P INDUSTRIALS?

A. As noted above, a proper forward-looking economic cost study for the provision of basic local exchange service is based on the assumption that the market for local exchange services is competitive. At the present time, there are no publicly-traded companies that have built telecommunications networks solely for the purpose of providing local exchange services in a competitive market. Since the S&P Industrials are a well-known sample of publicly-traded competitive companies whose risk, on average, approximates the risk of providing telecommunications services in

a competitive market. I believe the S&P Industrial group is a good proxy for the risks of investing in the facilities required to provide local exchange services on a forward looking basis.

Q. WHAT DCF RESULT DID YOU OBTAIN FROM YOUR APPLICATION OF THE DCF MODEL TO THE S&P INDUSTRIALS?

A. As shown on Schedule JVW-3, I obtained a market-weighted average DCF cost of equity of 14.30 percent for the S&P Industrials.

Q. WHAT IS YOUR ESTIMATE OF GTE'S OVERALL COST OF CAPITAL?

A. I estimate GTE's overall cost of capital to be 12.65 percent, based on a 6.94 percent market cost of debt, a capital structure containing 22.45 percent debt and 77.55 percent equity, and a cost of equity of 14.30 percent.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Capital Structure
of the S&P Industrials
1993—1997

Year	Debt	Equity	Percent Debt	Percent Equity
1997	452,223 758	2,021,531 136	18 28%	81 72%
1996	403,597 304	1,563,230 554	20 52%	79 48%
1995	404,451 096	1,371,230 999	22 78%	77 22%
1994	355,598 015	1,046,070 467	25 37%	74 63%
1993	424,477 328	1,045,348 651	28 88%	71 12%
Total	2,040,347 501	7,047,411 807	**22.45%**	**77.55%**

Source of data Compustat Database May 1998

Capital Structure of the
Regional Bell Holding Companies and GTE
1993—1997

Year	Debt	Equity	Percent Debt	Percent Equity
1997	76,817,997	305,931,746	19.86%	80.14%
1996	55,361,499	192,134,666	22.37%	77.63%
1995	54,869,295	199,658,054	21.56%	78.44%
1994	52,539,192	141,452,829	27.08%	72.92%
1993	54,501,791	154,047,475	26.13%	73.87%
Total	294,089,774	997,224,770	**22.77%**	**77.23%**

Capital Structure of the
Interexchange Carriers
AT&T, Frontier, MCI, Sprint, and WorldCom
1993—1997

Year	Debt	Equity	Percent Debt	Percent Equity
1997	27,564,209	186,502,253	12.88%	87.12%
1996	24,881,898	136,730,858	15.40%	84.60%
1995	41,870,419	146,653,650	22.21%	77.79%
1994	34,459,433	102,824,152	25.10%	74.90%
1993	26,414,200	99,988,647	20.90%	79.10%
Total	155,190,159	672,699,560	**18.75%**	**81.25%**

Source of data: Compustat Database May 1998

[illegible]

Company	Stock Price	Quarterly Dividend	Mean [illegible] Growth	[illegible]
Dover Corp	[illegible]	[illegible]	[illegible]	[illegible]
Dow Chemical Co	[illegible]	[illegible]	[illegible]	[illegible]
Du Pont E I De Nemours	[illegible]	[illegible]	[illegible]	[illegible]
Eastman Kodak Co	[illegible]	[illegible]	[illegible]	[illegible]
Eaton Corp	[illegible]	[illegible]	[illegible]	[illegible]
Echlin Inc	[illegible]	[illegible]	[illegible]	[illegible]
E G & G Inc	[illegible]	[illegible]	[illegible]	[illegible]
Emerson Elec Co	[illegible]	[illegible]	[illegible]	[illegible]
Engelhard Corp	[illegible]	[illegible]	[illegible]	[illegible]
Fluor Corp	[illegible]	[illegible]	[illegible]	[illegible]
Fortune Brands Inc	[illegible]	[illegible]	[illegible]	[illegible]
Gannett Inc	[illegible]	[illegible]	[illegible]	[illegible]
General Electric Co	[illegible]	[illegible]	[illegible]	[illegible]
General Signal Corp	[illegible]	[illegible]	[illegible]	[illegible]
Genuine Parts Co	[illegible]	[illegible]	[illegible]	[illegible]
Grainger W W Inc	$105.844	[illegible]	[illegible]	[illegible]
GTE Corp	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Harris Corp Del	[illegible]	[illegible]	[illegible]	[illegible]
Hasbro Inc	[illegible]	[illegible]	[illegible]	[illegible]
Hercules Inc	[illegible]	[illegible]	[illegible]	[illegible]
Hershey Foods Corp	[illegible]	[illegible]	[illegible]	[illegible]
Honeywell Inc	[illegible]	[illegible]	[illegible]	[illegible]
Illinois Tool Wks Inc	[illegible]	[illegible]	[illegible]	[illegible]
Ingersoll Rand Co	[illegible]	[illegible]	[illegible]	[illegible]
Intl Flavors & Fragrances	[illegible]	[illegible]	[illegible]	[illegible]
ITT Inds Inc Ind	[illegible]	[illegible]	[illegible]	[illegible]
Johnson & Johnson	[illegible]	[illegible]	[illegible]	[illegible]
Johnson Ctls Inc	[illegible]	[illegible]	[illegible]	[illegible]
Kellogg Co	[illegible]	[illegible]	[illegible]	[illegible]
Kimberly Clark Corp	[illegible]	[illegible]	[illegible]	[illegible]
Knight Ridder Inc	[illegible]	[illegible]	[illegible]	[illegible]
Liz Claiborne Inc	[illegible]	[illegible]	[illegible]	[illegible]
Mallinckrodt Inc New	[illegible]	[illegible]	[illegible]	[illegible]
Maytag Corp	[illegible]	[illegible]	[illegible]	[illegible]
McDonalds Corp	[illegible]	[illegible]	[illegible]	[illegible]
McGraw Hill Companies	[illegible]	[illegible]	[illegible]	[illegible]
Meredith Corp	[illegible]	[illegible]	[illegible]	[illegible]
Minnesota Mng & Mfg Co	[illegible]	[illegible]	[illegible]	[illegible]

Discounted Cash Flow Analysis of the S&P Industrial Group

Company	Stock Price	Quarterly Dividend	Mean I/B/E/S Growth	Cost of Equity
Morton Intl Inc Ind New	$31.375	$0.120	13.7%	15.54%
Nalco Chem Co	$39.844	$0.250	10.5%	13.45%
National Svc Inds Inc	$56.157	$0.310	12.0%	14.63%
New York Times Co	$71.063	$0.170	13.3%	14.41%
Newmont Mng Corp	$32.500	$0.030	14.0%	14.44%
Nordstrom Inc	$63.375	$0.140	13.9%	14.96%
Nucor Corp	$57.532	$0.120	14.8%	15.81%
Occidental Pete Corp	$29.125	$0.250	8.3%	12.27%
Pharmacia & Upjohn Inc	$41.844	$0.270	11.5%	14.56%
Phelps Dodge Corp	$67.844	$0.500	10.1%	13.56%
Pitney Bowes Inc	$49.251	$0.225	12.8%	14.99%
Polaroid Corp	$43.907	$0.150	12.8%	14.43%
Potlatch Corp	$44.813	$0.435	8.3%	12.79%
Procter & Gamble Co	$85.157	$0.253	13.0%	14.42%
Quaker Oats Co	$54.500	$0.285	11.1%	13.57%
Ralston Purina Co	$104.469	$0.300	12.0%	13.36%
Raytheon Co	$56.375	$0.200	10.6%	12.29%
Rockwell Intl Corp New	$56.094	$0.255	12.6%	14.77%
Rubbermaid Inc	$28.751	$0.160	13.0%	15.67%
Russell Corp	$27.157	$0.140	12.3%	14.76%
Sara Lee Corp	$60.063	$0.230	13.3%	15.14%
SBC Communications Inc	$42.094	$0.234	11.0%	13.62%
Schering Plough Corp	$81.938	$0.220	14.4%	15.70%
Seagram Ltd	$39.844	$0.165	13.0%	14.98%
Sears Roebuck & Co	$57.438	$0.230	13.4%	15.32%
Sherwin Williams Co	$35.282	$0.113	12.3%	13.82%
Sigma Aldrich Corp	$39.282	$0.070	12.8%	13.65%
Snap On Tools Corp	$44.219	$0.210	11.8%	14.05%
Sprint Corp	$68.594	$0.250	12.7%	14.44%
Stanley Wks	$53.407	$0.200	12.2%	13.98%
Sysco Corp	$24.313	$0.090	13.5%	15.28%
Textron Inc	$77.251	$0.285	12.7%	14.46%
Thomas & Betts Corp	$59.469	$0.280	13.3%	15.56%
Time Warner Inc	$76.250	$0.090	13.5%	14.07%
Times Mirror Co New	$60.813	$0.180	14.0%	15.43%
Tribune Co New	$67.438	$0.170	13.2%	14.41%
TRW Inc	$53.125	$0.310	9.9%	12.63%
United States Surgical	$31.782	$0.040	14.8%	15.41%
United Technologies Corp	$96.469	$0.300	13.7%	15.50%

Discounted Cash Flow Analysis of the S&P Industrial Group

Company	Stock Price	Quarterly Dividend	Mean I/B/E/S Growth	Cost of Equity
UST Inc	$29.282	$0.405	8.9%	15.38%
USX-Marathon Group	$36.938	$0.210	10.1%	12.76%
Walgreen Co	$34.313	$0.063	14.9%	15.79%
Waste Mgmt Inc New	$33.219	$0.170	10.8%	13.21%
Weyerhaeuser Co	$59.157	$0.400	10.2%	13.37%
Whirlpool Corp	$70.438	$0.340	11.0%	13.27%
Willamette Inds Inc	$38.407	$0.160	10.3%	12.25%
Winn Dixie Stores Inc	$41.782	$0.255	9.6%	12.44%
Wrigley Wm Jr Co	$83.969	$0.200	12.4%	13.53%
Xerox Corp	$109.250	$0.360	12.7%	14.27%
Weighted Average				14.30%

Source: Standard & Poor's Compustat Database May 1998. Price is average of April 1998 high and low prices. Quarterly dividend obtained from the indicated annual dividend rate as reported by Compustat, divided by 4. I/B/E/S growth rate is the April mean estimate of the long-term growth rate as reported by Compustat.

Notes: In applying the DCF Model to the S&P Industrials, I included in the DCF analysis only those companies in the S&P Industrial group which have a reported stock price, pay a dividend, have a positive growth rate, have at least 3 analysts' long-term growth estimates, and have at least one common share outstanding. To be conservative, I also eliminated those 25 percent of companies with the highest and lowest DCF results. The weighted average DCF result for all four quartiles was 15.0 percent, while the weighted average DCF result for 2nd and 3rd quartiles shown on JVW-3 is 14.3 percent. Elimination of the 1st and 4th quartiles of the S&P Industrials had a negligible effect on the market value capital structure.

Notation:

d_0 = Quarterly Dividend (indicated annual dividend divided by 4)
P_0 = Average of the high and low stock prices during April 1998
FC = Flotation costs expressed as a percent of gross proceeds (5 percent)
g = I/B/E/S mean forecast of future earnings growth April 1998
k = Cost of equity using the quarterly version of the DCF Model as shown by the formula below

$$k = \left[\frac{d_0(1+g)^{\frac{1}{4}}}{P_0(1-FC)} + (1+g)^{\frac{1}{4}} \right]^4 - 1$$