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AUSLEY & McMULLEN

RECEIVED-FPSC

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90 AUG -3 PM 3:54

RECORDS AND REPORTING

August 3, 1998

BY HAND DELIVERY

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

Re: Docket No. 980696-TP

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Vista-United Telecommunications' Direct Testimony and Exhibit of Daniel C. Weaver.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

Sincerely,

J. Jeffrey Wahlen

ACK _____ Enclosures
AF: 2
APP _____ cc: All parties of record
CAF _____ h:\data\jjw\vat\980696.by.doc

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FPSC-RECORDS/REPORTING

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY

3 OF

4 DANIEL C. WEAVER

5

6 Q. Please state your name, title and business address.

7

8 A. My name is Daniel C. Weaver. I am Staff Director of Revenue
9 Requirements for John Staurulakis, Incorporated (JSI). My
10 business address is 6315 Seabrook Road, Seabrook, Maryland
11 20706.

12

13 Q. Please describe JSI.

14

15 A. JSI is a consulting firm specializing in financial,
16 management and regulatory services. JSI assists in the
17 preparation and submission of jurisdictional cost studies
18 and universal service fund data by telecommunications
19 companies to the National Exchange Carrier Association
20 (NECA), and routinely prepares and files tariffs on behalf
21 of many telecommunications company clients.

22

23 Q. Please describe your educational and professional
24 background.

25

1 A. After receiving a Bachelor of Science degree in Business
2 Administration from Salisbury State University in 1977, I
3 have had many responsibilities at JSI which include
4 separations studies, continuing property record development
5 and maintenance and my current responsibility as staff
6 director for revenue requirements. In my current position,
7 I am responsible for the coordination and completion of
8 quarterly and annual toll separations studies for clients
9 served from JSI headquarters. In coordinating these
10 studies, I interact with JSI's Traffic and Continuing
11 Property Records departments and oversee all aspects of
12 these studies, including detailed reviews of the study work
13 papers, traffic developments, categorization of central
14 office and cable and wire facilities, Part 36/69 study
15 models, and revenue requirement developments. I have been
16 employed by JSI for over twenty years.

17

18 Q. On whose behalf are you testifying?

19

20 A. I am testifying on behalf of Vista-United Telecommunications
21 (Vista), which is a small local exchange company
22 headquartered at Lake Buena Vista, Florida.

23

24 Q. What are the purposes of your testimony?

25

1 A. The purposes of my testimony are to explain the cost study
2 JSI performed on behalf of Vista for this proceeding and to
3 present the results of that study.

4
5 Q. Have you prepared an exhibit to accompany this testimony?

6
7 A. Yes. Exhibit ___ (DCW-1) is a composite exhibit containing
8 the cost study and supporting documents prepared by JSI for
9 Vista in this proceeding. The documents in my exhibit were
10 prepared by me or under my direction and supervision for
11 filing in this proceeding, are based on input data provided
12 to me by Vista, and are true and correct to the best of my
13 information and belief. The input data provided to me for
14 use in the cost study is addressed in the testimony of
15 William D. Huttenhower.

16
17 Q. What is the purpose of the cost study you performed for
18 Vista for filing in this proceeding?

19
20 A. The cost study JSI prepared for Vista for this proceeding
21 was done to comply with new Section 364.025(c), Florida
22 Statutes. That section is part of the new legislation that
23 was enacted as part of HB 4785. Under the new law, in order
24 to assist the Legislature in "establishing a permanent
25 universal service mechanism," the Florida Public Service

1 Commission has the responsibility to determine and report
2 the results of its findings related to total service cost.

3

4 Q. Please describe the study JSI performed for Vista and
5 included in your exhibit.

6

7 A. The study we prepared was done in a manner consistent with
8 my understanding of the specific provisions in Section
9 364.025(c) for small local exchange telecommunications
10 companies. The study we prepared was based on a fully
11 distributed allocation of embedded costs.

12

13 Q. Is the methodology JSI used to determine the cost of
14 providing basic local telecommunications services for Vista
15 consistent with the small local exchange companies
16 methodology described in the Direct Testimony of Mr. Dennis
17 Curry?

18

19 A. Yes.

20

21 Q. What data did you use in the study JSI performed for Vista?

22

23 A. I used the financial information provided to me by Vista for
24 use preparing the study. That data is discussed in the
25 testimony of William D. Huttenhower. In summary, we used

1 year-end 1997 "regulated" accounting information for Vista.
2 For investment related accounts, we used an average-of-
3 average balance for 1997. For expenses and taxes, we used
4 the regulated expenses incurred during 1997.

5

6 Q. Did you utilize the same basis for rate base and expense
7 items in your study that were utilized in determining
8 interstate access service costs?

9

10 A. No. For the purposes of this study, I excluded all
11 paystation-related costs. These costs were included in the
12 1997 study submitted to NECA. As of April 15, 1997,
13 paystation costs were classified as non-regulated or de-
14 regulated, so they were excluded from the study.

15

16 Q. Did you make adjustments for other non-regulated or de-
17 regulated services?

18

19 A. Yes. Consistent with Federal Communication Commission (FCC)
20 requirements listed in the Code of Federal Regulations
21 (CFR), Parts 32 and 64, VUT has accounted for non-regulated
22 activities and I have excluded them from the current study.

23 Q. How did you calculate the average number of access lines?

24

25 A. I used the VUT average loop count that was provided to NECA

VISTA-UNITED
DOCKET NO. 980696-TP
EXHIBIT ____ (DCW-1)

Exhibit
Of
Daniel C. Weaver
Embedded Cost Study

Plant Date: Average 1997
Expense Date: 12/31/97

VISTA-UNITED TELECOMMUNICATIONS
Study No. 218338-97-J

SUMMARY DEVELOPMENT OF EMBEDDED UNIVERSAL SERVICE REVENUE REQUIREMENT
FOR YEAR ENDING DECEMBER 31, 1997

	Source	LOCAL LOOP	TOTAL COMPANY
1. General Support Assets		5,045,902	7,485,942
2. Total COE	Part 26, Form 1, Ln 3	15,031,792	22,569,564
3. Total CWIF	Part 26, Form 1, Ln 7	12,999,126	18,997,213
4. Plant in Service	Part 26, Form 1, Ln 9	33,876,932	33,876,932
5. Plant Under Construction	(Lines 1+3+3)	628,466	918,678
6. Net Investment	Part 26, Form 1, Ln 17	19,234,302	28,143,334
7. Rate of Return as of	Part 26, Form 2, Ln 29	11.250%	
8. Returns	Authorized	2,162,723	
9. AFUDC	(Lines 6 + 7)	0	0
10. Net Returns	Part 26, Form 11, Ln 192	2,162,723	
11. Fixed Charges	(Lines 8 - 9)		21
12. Investment Tax Credit	Part 26, Form 11, Ln 199	229,223	336,434
13. Other FIT Adjustments	Part 26, Form 11, Ln 195	(25,837)	(36,748)
14. Subject to FIT	Part 26, Form 11, Ln 195	1,958,522	
15. Federal Income Tax	(Lines 10-11-12-13)	1,614,589	
16. Other FIT Adjustments	Part 26, Form 11, Ln 195	(141,264)	(287,778)
17. Subject to SIT	(Lines 14+15-16)	3,154,677	
18. State Income Tax		183,685	
19. Returns + FIT + SIT	(Lines 10-12+13+14)	3,171,694	
20. Plant Specific Expenses	Part 26, Form 7, Ln 128	2,893,623	3,069,737
21. Plant Non-Specific Expenses	Part 26, Form 8, Ln 143	4,073,152	5,976,574
22. Customer Operations Expenses	Part 26, Form 10, Ln 174	928,975	2,324,285
23. Corporate Operations Expenses	Part 26, Form 10, Ln 181	974,912	1,760,889
24. Operating Taxes And Other Expenses	Part 26, Form 10 Ln 185 & 186	561,366	748,821
25. Interest on Customer Deposits	Part 26, Form 11, Ln 209	281	412
26. Total Expenses & Taxes	(Lines 20+21+22+23+24+25)	8,564,349	13,879,778
27. Subtotal	(Lines 19+26)	11,735,943	
28. Gross Receipts Tax	Rate = 0.000000%	0	
29. Subtotal	(Line 27+28)	11,735,943	
30. Prc Fee	Rate = 0.000000%	0	
31. Total Revenue Requirement	(Lines 29+30)	11,735,943	
32. Average Access Lines for 1997		14,896	
(Lines 31 / 32 / 12)			
33. Embedded Cost per Access Line per Month		\$ 65.65	
(Lines 31 / 32 / 12)			

Vista-United Telecommunications Embedded Costs
Study No.:210330-97-3

CABLE & WIRE FACILITIES

Account	Cat	Per Study
2410	1	18,486,741
	2.1	45,835
	2.2	0
	2.3	0
	2.4	0
	3	64,646
	4	0
Total		18,597,223

INFORMATION ORIGINATOR/TERMINATION

	Mag Tel	Spl Svc	Per Study
CALL			
2351	0	0	0
2362	53,754	0	53,754
Coinserv Pay			
Total	53,754	0	53,754
CALL			
2311	0	0	0
2321	0	0	0
2341	0	0	0
Total	0	0	0
Total 2310	53,754	0	53,754

CENTRAL OFFICE EQUIPMENT

Account	Cat	Per Study
2210	1	0
	3	9,783,440
	5	0
Total		9,783,440
2220	1	0
	Intrept Bds	0
	Info Bds	0
	Scr Oth Bds	0
	Oth Bds	771,610
Total		771,610
2230	4.11	0
	4.121	77,236
	4.122	0
	4.123	0
	4.13	11,597,792
	4.21	0
	4.22	0
	4.23	339,486
	4.3	0
Total		12,014,514

Final Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications Embedded Costs
Study No.: 210330-97-3

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EXPENSE SUMMARY

Account	Descriptions	Per Study
6110	Network Support	48,537
6120	General Support	1,184,874
6210	Central Office Switching Equip - Eq Access Conv	0
6210	Central Office Switching Equipment - All Other	236,663
6220	Operator Systems	0
6230	Central Office Transmission	684,118
6310	Info Orig/Term - Customer Premise	0
6310	Info Orig/Term - Other	85
6410	Cable and Wire Facilities	916,230
	Total Plant Specific	3,069,757
6510	Other Property, Plant & Equipment	26,575
6530	Network Operations	1,617,872
6540	Access Expense	0
6561	Depreciation	4,328,357
6562	Dep Exp - Property Held For Future Use	0
6563	Amortization - Tangible	3,770
6564	Amortization - Intangible	0
6565	Amortization - Acquisition	0
6569	Depreciation & Amortization	4,332,127
	Total Plant Non-Specific Operations	5,976,574
6610	Marketing	90,250
6620	Services	2,233,955
	Total Customer Operations	2,324,205
6710	Executive and Planning	192,721
6720	General and Administrative	1,568,888
	Total Corporate Operations	1,761,609
7240	Ad Valorem	743,498
7370	Special Charges	4,523
	Total Operating Expenses & Taxes	13,979,366

Plant Date: 12/31/1997
 Expense Desc: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications Embedded Costs
 Study No.: 210330-97-3

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ITEMS ASSIGNED BY PRIMARY PLANT ACCOUNT

Primary Plant Account	Descriptions	2681	2682	4100	4340	6561	5240	1438
2111	Land	0	0	0	0	0	0	0
	General Support	361,501	0	(59,121)	439,310	876,645	0	0
2210	COE - Switching	0	0	(78,100)	580,339	817,568	0	0
2220	COE - Operator Systems	0	0	(6,160)	45,771	49,506	0	0
2230	COE - Transmission	0	0	(95,910)	712,683	1,393,548	0	0
2310	Information Origination / Termination	0	0	(429)	3,189	6,451	0	0
2410	Cable & Wire Facilities	0	0	(148,458)	1,103,159	1,185,639	0	0
Total		361,501	0	(388,178)	2,884,451	4,378,357	0	0

Vista-Limited Telecommunications Embedded Costs
 Study No.:210330-97-3

Final Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

OPERATOR EXPENSE

	Amount
1 Operator	<u>1,131,133</u>
2 Outside Operator	0
3 Total Operator	<u>1,131,133</u>

DIRECTORY EXPENSE

	Amount
4 Classified	0
5 Alpha	43,461
6 Ferrigno	0
7 TWX	0
8 Total Directory	<u>43,461</u>

COMMERCIAL OPERATIONS

Category 2 - Revenue Accounting	Amount
9 Message Processing	48,597
10 OBAC - Message Tel	0
11 OBAC - Private Line	0
12 OBAC - Local & Directory	0
13 OBAC - TWX	41,392
14 Carrier Access Billing	109,706
15 Subscriber Line Charge	2,178
16 Total Category 2	<u>193,873</u>

Category 1 - Other Commercial

17 Telecom Relay Service	5,699
18 Other	0
19 Total Category 1	<u>5,699</u>

COMMERCIAL OPERATIONS

Account 6623 - Local Business Office Category 1	Total Company	Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		EAS	Local
		InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message		
1 Local	505,156														505,156
2 Directory	0														0
3 Message Tel	10,725	2,681						1,689				6,435			0
4 Private Line	150,689		54,162		0		0		2,145				94,382		0
5 Presubscription	536		536												0
6 Total	667,106	3,317	54,162	0	0	1,689	2,145	6,435	94,382	0	0	505,156		0	
7 Local	9,437														9,437
8 Message Tel	65,836	29,669				7,372		18,795							0
9 Private Line	5,959		0		0		0					5,959			0
10 Subscriber Line Charge	2,191	2,191													0
11 Total	83,623	41,869	0	0	0	7,372	0	18,795	5,959	0	0	9,437		0	
12 Local	27,254														27,254
13 Message Tel	2,336	2,336													0
14 Private Line	42,439		16,353		0		3,115		22,971						0
15 Subscriber Line Charge	0	0													0
16 Total	72,829	2,336	16,353	0	0	0	3,115	0	22,971	0	0	27,254		0	
17 Switched Access	0	0													0
18 Private Line	23,840		8,582		0		15,258		0						0
19 Billing and Collection	0	0													0
20 Total	23,840	0	8,582	0	0	0	15,258	0	0	0	0	0		0	
21 Switched Access	0	0													0
22 Private Line	0	0													0
23 Billing and Collection	0	0													0
24 Total	0	0	0	0	0	0	0	0	0	0	0	0		0	
25 Switched Access	0	0													0
26 Private Line	13,371		5,215		0		8,156		0						0
27 Billing and Collection	0	0													0
28 Total	13,371	0	5,215	0	0	0	8,156	0	0	0	0	0		0	
29 Joint P.S.	0	0													0
30 Total Category 1	859,765	47,413	14,312	0	0	8,981	28,674	35,230	123,312	0	0	543,347		0	

Plant Date: 12/31/1997
 Expense Date: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications Embedded Costs
 Study No.: 210330-97-3

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PART 36 - DIRECT ASSIGNMENTS

Account	Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		Local	
	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	EAS	Local
1 Account 1500 - Other Jurisdictional Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Account 4360 - Other Deferred Credits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Account 4370 - Other Jer Liab & Def Credit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Account 6540 - Access Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Outside Operator Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Subscriber Line Charge	2,178	2,178	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Telecom. Relay Services (TRS)	5,699	5,699	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Account 6720 - Direct Assignments	41,526	41,526	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Account 6720 - Direct EAS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Account 7240 Direct - Ad Valorem Taxes	11,397	11,397	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 IX Circuit For Other Company	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

MISCELLANEOUS DATA

Total Company	Message		Interstate		Intrastate		Local		Total	
	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message
32,887	15,028	6,408	0	19	168	0	0	0	6,587	0
338,890	132,764	183,750	0	1,699	28,677	0	0	0	286,126	0
64,371.00	16,544.00	31,187.00	0.00	190.00	16,450.00	0.00	0.00	0.00	47,327.00	0.00
0	0	0	0	0	0	0	0	0	0	0

Total Company	Interstate		Intrastate		Local		EAS		Local	
	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message
1,745,834	589,442	0	0	245,587	990,365	0	0	0	0	0
115,061,771	63,475,648	0	13,358,236	6,225,271	32,818,624	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
41,292	13,798	0	6,899	6,898	13,797	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
1,482,158	626,132	0	334,204	100,493	341,329	0	0	0	0	0

Total Company
138,556

- 13 Account 7218 - Amort of Inv Tax Credit
- 14 Account 7340 - AFUDC
- 15 Account 7500 - Fixed Charges
- 16 Account 7548 - Interest on Customer Deposits
- 17 FIT Adjustment - Addbacks
- 18 FIT Adjustment - Deducts
- 19 SIT Adjustment - Addbacks
- 20 SIT Adjustment - Deducts
- 21 TRA - 86 Amortization

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications Embedded Costs
Study No.:210330-97-3

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TRAFFIC FACTORS

	Interstate InterLATA	Interstate IntraLATA	State InterLATA	State IntraLATA	EAS	Local	Total
1 Tandem Switching Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2 Weighted Dem	0.324013	0.000000	0.000000	0.000000	0.000000	0.675987	1.000000
3 Wideband Exch Line Circuit Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4 Exchange Trunk Toll Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5 Subscriber Plant Factor	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	1.000000
6 Conversation Minute Factor	0.734936	0.000000	0.244076	0.020958	0.000000	0.000000	1.000000
7 Conversation Minute Miles Factor	0.734936	0.000000	0.244076	0.020958	0.000000	0.000000	1.000000
8 Host Remote Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9 Subscriber Line Usage Factor	0.250003	0.000000	0.083082	0.007148	0.000000	0.659877	1.000000
10 Exchange Trunk Special Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11 Equal Access Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12 Coldest Pay MOU Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13 NOT Category 2 Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14 Wideband Conversation Minute Miles	0.500000	0.000000	0.500000	0.000000	0.000000	0.000000	1.000000
15 Carrier Access Billing Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16 Service Observing BD Factor	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications: Embedded Costs
Study No.: 210330-97-3

Form 2

PART 36

Ln	Acct	Description	Allocation	Total Company	Interstate		Interstate		Interstate		Interstate		Interstate		Local	
					InterLATA	InterLATA P/L	InterLATA	InterLATA P/L	InterLATA	InterLATA P/L	InterLATA	InterLATA P/L	InterLATA	InterLATA P/L	InterLATA	InterLATA P/L
26	3100	Depreciation Reserve	L102	19,794,746	1,589,585	4,481,196	0	0	72,222	14,831	25,690	133,930	65,866	13,331,826	0	0
27	3200	Res - Prep Held for Future Use	L106	0	0	0	0	0	0	0	0	0	0	0	0	0
28	3400	Res - Capital leases	L13	158,345	14,234	34,437	0	484	187	173	173	1,826	473	187,411	0	0
29	3400	Res - Leasehold Improvements	L13	0	0	0	0	0	0	0	0	0	0	0	0	0
30	3500	Res - Intangible	L14	0	0	0	0	0	0	0	0	0	0	0	0	0
31	3600	Res - Plant Acquisition Adj	L15	0	0	0	0	0	0	0	0	0	0	0	0	0
32		Total Reserves	L 26-31	19,794,746	1,589,585	4,515,633	0	72,706	14,138	25,863	134,956	66,339	13,339,237	0	0	
33	4000	Customer Deposits	L15	25,584	2,388	5,564	0	78	17	28	166	76	17,355	0	0	
34	4100	Current Deferred Op Taxes	L109	(288,178)	(34,895)	(84,419)	0	(1,187)	(263)	(422)	(2,513)	(1,168)	(283,319)	0	0	
35	4300	Other Long Term Liabilities	L175	0	0	0	0	0	0	0	0	0	0	0	0	
36	4300	Non-Current Def Oper Taxes	L116	2,884,651	259,381	627,298	0	8,821	1,950	3,141	18,676	8,613	1,956,651	0	0	
37	4300	Other Deferred Credits	Alloc 48	0	0	0	0	0	0	0	0	0	0	0	0	
38	4370	OTH Jarvis Liab & Def Credits	Alloc 41	0	0	0	0	0	0	0	0	0	0	0	0	
39		Net Investment	L15-25 Less L13, 38	2,140,234	2,037,278	5,981,394	0	71,723	18,486	25,526	177,823	76,385	19,147,817	0	0	
40		Total 2001 Less 2090	L 1, 10, 13	48,782,884	4,383,278	10,618,215	0	149,183	31,983	53,128	315,096	145,263	30,895,056	0	0	
41		Total 2001 Less Associated Res	L15-19, 24 Less L13, 34, 36-38	28,088,818	2,039,278	5,933,858	0	71,811	18,583	25,554	177,789	76,661	19,164,972	0	0	

PART 36

Ln	Acct	Description	Allocation	Intrastate		Interstate		Intrastate		Interstate		Intrastate		Interstate	
				InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message
42	2210	Cat 2 - Tandem Switching	Alloc 2	0	0	0	0	0	0	0	0	0	0	0	0
43	2210	Cat 3 - Local Switching	Alloc 3	9,783,448	3,389,962	0	0	0	0	0	0	0	0	0	6,413,478
44	2210	Cat 5 - Equal Access	Alloc 13	0	0	0	0	0	0	0	0	0	0	0	0
45		Total 2210	L42-44	9,783,448	3,389,962	0	0	0	0	0	0	0	0	0	6,413,478

Central Office Operator Systems - Acct 2220

46	2220	Cat 1 - Operator Systems	Alloc 24	0	0	0	0	0	0	0	0	0	0	0	0
47		Intercept Boards	Alloc 47	0	0	0	0	0	0	0	0	0	0	0	0
48		Information Boards	Alloc 47	0	0	0	0	0	0	0	0	0	0	0	0
49		Service Observing Boards	Alloc 1	771,610	625,671	0	0	89,537	41,747	0	0	0	0	0	214,665
50		Total 2220	L46-49	771,610	625,671	0	0	89,537	41,747	0	0	0	0	0	214,665

Central Office Transmission - Acct 2230

51	2230	Cat 4.11 - Withd Exch La Cir	Alloc 6	0	0	0	0	0	0	0	0	0	0	0	0
52	2230	Cat 4.121 - Exch Trunk EAS	Alloc 5	77,236	0	0	0	0	0	77,236	0	0	0	0	0
53	2230	Cat 4.122 - Exch Trunk Toll	Alloc 6	0	0	0	0	0	0	0	0	0	0	0	0
54	2230	Cat 4.123 - Exch Trunk Spl	Alloc 7	0	0	0	0	0	0	0	0	0	0	0	0
55	2230	Cat 4.13 - Exch La Circuit	Alloc 8	11,597,792	3,372,830	0	0	10,813	0	0	0	88,537	0	8,126,412	0
56	2230	Cat 4.21 - IX Cct - Other Co	Alloc 9	0	0	0	0	0	0	0	0	0	0	0	0
57	2230	Cat 4.22 - IX Cct - Wldd	Alloc 10	0	0	0	0	0	0	0	0	0	0	0	0
58	2230	Cat 4.23 - IX Cct - Other	Alloc 11	339,686	97,345	184,873	0	32,461	1,782	2,791	20,713	0	0	1	0
59	2230	Cat 4.3 - Hunt Remote	Alloc 12	0	0	0	0	0	0	0	0	0	0	0	0
60		Total 2230	L31-39	12,814,514	4,467,005	184,873	0	32,461	11,715	2,791	189,250	77,236	8,126,413	0	0

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PART 36

La Acct	Description	Allocation	Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		Interstate		EAS	Local
			InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message		
61	2351 Cat 1 - Pub Tel (Less Coinless)	Alloc 14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
62	2351 Cat 1 - P-b Trl (Coinless)	Alloc 15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
63	2362 Cat 1 - Other Terminal Equip	Alloc 14	53,754	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53,754
64	Total Category 1	L41-43	53,754	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53,754
65	Cat 2 - Customer Premise	Alloc 16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
66	Total 2310	L44-45	53,754	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53,754

Information Origination / Termination - Acct 2410

Cable and Wire Facilities - Acct 2410

67	2410 Cat 1 - Exch La CWF	Alloc 17	18,486,742	0	5,376,251	0	0	0	0	15,961	0	141,127	0	45,835	0	12,953,483	0	0
68	2410 Cat 2.1 - Exch Trk CWF - EAS	Alloc 3	45,835	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
69	2410 Cat 2.2 - Excl Trk CWF - Toll	Alloc 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
70	2410 Cat 2.3 - Exch Trk CWF - Spl	Alloc 7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
71	2410 Cat 2.4 - Exch Trk CWF - Wb	Alloc 10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
72	2410 Cat 3 - IX C&WF	Alloc 18	64,646	12,211	31,320	0	0	4,855	191	0	0	16,520	0	0	0	0	0	0
73	2410 Cat 4 - Host / Remote C&WF	Alloc 12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
74	Total 2410	L47-73	18,597,223	12,211	5,407,571	0	0	4,855	16,152	349	157,647	45,835	12,953,483	0	0	0	0	0

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Ln	Acct	Description	Allocation	Intra-state		Interstate		IntraLATA		InterLATA		IntraLATA		InterLATA		EAS	Local
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L				
75	2110	General Support Facilities	L3	14,518	35,123	0	0	0	0	494	109	176	1,846	482	109,553		
76	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0		
77	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0	0	0	0		
78	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0	0	0	0		
79	2310	Information Orig / Term	L3	0	0	0	0	0	0	0	0	0	0	0	0		
80	2410	Cable & Wire Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0		
81	Total	2681	L3-L4	14,518	35,123	0	0	494	109	176	1,846	482	109,553				

Intangible Assets - Capital Leases - Acct 2682

82	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0		
83	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0		
84	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0	0	0	0		
85	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0	0	0	0		
86	2310	Information Orig / Term	L3	0	0	0	0	0	0	0	0	0	0	0	0		
87	2410	Cable & Wire Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0		
88	Total	2682	L3-L4	0	0	0	0	0	0	0	0	0	0	0	0		

Deferred Maint & Refurbishment Acct 1438

89	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0		
90	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0		
91	2220	COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0	0	0	0		
92	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0	0	0	0		
93	2310	Information Orig / Term	L3	0	0	0	0	0	0	0	0	0	0	0	0		
94	2410	Cable & Wire Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0		
95	Total	1438	L3-L4	0	0	0	0	0	0	0	0	0	0	0	0		

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Ln	Acct	Description	Allocation	Company	Interstate		Intrastate		InterLATA		IntraLATA		IntraLATA		EAS	Local
					Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L		
Accumulated Depreciation - Acct 3100																
96	2110	General Support Facilities	L3	4,036,587	398,827	964,333	0	13,566	2,999	4,831	28,726	13,246	3,009,479			
97	2210	COE - Switching	L4	2,987,486	942,837	0	0	0	0	0	0	0	1,965,369			
98	2220	COE - Operator Systems	L3	358,395	197,704	0	0	41,583	0	19,391	0	0	99,707			
99	2230	COE - Transmission	L4	5,823,114	47,208	1,723,344	0	15,728	5,676	1,352	52,932	37,422	3,937,302			
100	2310	Information Orig /Term	L4	24,938	0	0	0	0	0	0	0	0	24,938			
101	2410	Cable & Wire Facilities	L5	6,166,386	4,869	1,793,019	0	1,345	5,356	116	52,272	15,198	4,295,031			
102	Total 3100		L36-102	19,774,946	1,589,985	4,481,196	0	72,222	14,031	25,690	133,930	65,866	13,331,826			

Net Current Deferral Operating Income Taxes - Acct 4100

103	2110	General Support Facilities	L3	(59,121)	(5,385)	(12,857)	0	(181)	(40)	(64)	(383)	(177)	(40,104)			
104	2210	COE - Switching	L4	(78,388)	(25,385)	0	0	0	0	0	0	0	(52,795)			
105	2220	COE - Operator Systems	L3	(6,348)	(3,388)	0	0	(715)	(94)	(333)	0	0	(1,714)			
106	2230	COE - Transmission	L4	(95,310)	(783)	(28,394)	0	(259)	(94)	(22)	(872)	(617)	(64,872)			
107	2310	Information Orig /Term	L4	(429)	0	0	0	0	0	0	0	0	(429)			
108	2410	Cable & Wire Facilities	L5	(148,458)	(87)	(43,168)	0	(32)	(129)	(3)	(1,250)	(364)	(103,405)			
109	Total 4100		L10-108	(288,070)	(34,385)	(84,419)	0	(1,187)	(263)	(423)	(2,513)	(1,160)	(263,319)			

Net Noncurrent Deferral Depreciate Income Taxes - Acct 4340

110	2110	General Support Facilities	L3	439,310	39,482	95,539	0	1,343	297	478	2,544	1,312	298,005			
111	2210	COE - Switching	L4	588,339	188,837	0	0	0	0	0	0	0	392,302			
112	2220	COE - Operator Systems	L3	45,771	25,289	0	0	5,311	0	2,476	0	0	12,734			
113	2230	COE - Transmission	L4	712,683	5,798	210,990	0	1,926	695	166	6,481	4,582	482,045			
114	2310	Information Orig /Term	L4	3,189	0	0	0	0	0	0	0	0	3,189			
115	2410	Cable & Wire Facilities	L5	1,103,159	724	320,769	0	241	958	21	9,251	2,719	768,376			
116	Total 4340		L110-115	2,886,031	258,388	817,298	0	8,821	1,958	3,141	18,876	8,813	1,958,251			

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Plant Date: 12/31/1997
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Ls Acct	Description	Allocation	Total Company		Interstate		Intrastate		InterLATA		IntraLATA		InterLATA		IntraLATA		EAS	Local
			Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L				
117	6110 Network Support	L3	48,587	0	10,566	0	0	0	0	149	33	53	315	145	165	32,958		
118	6120 General Support	L3	1,184,874	0	186,444	0	0	0	3,421	801	1,289	7,467	3,535	803,289				
119	6210 COE - Switching - Eq. Access	Alloc 13	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
120	6210 COE - Switching - All Other	L3	236,663	0	37,297	0	0	0	1,279	123	467	1,146	810	156,812				
121	6220 COE - Operator Systems	L3	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
122	6230 COE - Transmission	L3	684,118	0	187,815	0	0	0	3,698	355	1,350	3,312	2,341	453,295				
123	Total COE	L319-122	928,781	0	145,312	0	0	0	4,977	478	1,817	4,458	3,151	618,087				
124	6310 IOT - Other	L34	85	0	0	0	0	0	0	0	0	0	0	0	0	85		
125	6310 IOT - Customer Premise	Alloc 16	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
126	Total 6310	L324-125	85	0	0	0	0	0	0	0	0	0	0	0	0	85		
127	6410 Cable & Wire Facilities	L9	946,238	0	266,415	0	0	0	200	796	17	7,767	2,258	638,175				
128	Total Plant Specific	L312,318,323,324-127	2,089,757	0	879,201	0	0	0	8,947	2,108	3,176	20,287	9,089	2,084,534				

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Ls Acct	Description	Allocation	Company	Interstate		Interstate		Interstate		Interstate		Intrastate		Intrastate		Intrastate		Local
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L	
129	6518 Other Prop Plant & Equip	L13	26,575	2,389	5,779	0	0	0	0	81	18	29	172	79	18,828			
130	6538 Network Operations	L16	1,617,872	1,451,441	351,848	0	0	0	4,947	1,894	0	1,762	10,475	4,830	1,897,475			
131	6548 Access	Alloc 20	0	0	0	0	0	0	0	0	0	0	0	0	0			
6561 Dedications																		
132	Dep - Support Assets	L3	876,445	78,887	190,649	0	0	2,481	593	955	2,617	955	5,676	2,617	594,667			
133	Dep - COE Switching	L4	817,568	264,983	0	0	0	0	0	0	0	0	0	0	552,665			
134	Dep - COE Operator	L5	48,586	26,759	0	0	5,628	0	2,624	0	2,624	0	0	0	13,495			
135	Dep - COE Transmission	L6	1,393,548	11,337	412,561	0	0	3,765	1,359	324	12,672	8,959	942,571	8,959	942,571			
136	Dep - TOT	L8	6,451	0	0	0	0	0	0	0	0	0	0	0	6,451			
137	Dep - Cable & Wire Facilities	L9	1,185,639	778	344,752	0	0	259	1,030	22	10,851	2,322	825,825	2,322	825,825			
138	Total 6561	L132-137	4,298,357	382,584	947,962	0	0	12,333	2,982	3,925	28,399	14,498	2,935,674	14,498	2,935,674			
139	6562 Dep - Prep Hold for Fut Use	L15	0	0	0	0	0	0	0	0	0	0	0	0	0			
140	6563 Amort - Tangible Assets	L13	3,778	339	820	0	0	12	3	4	24	11	2,557	11	2,557			
141	6564 Amort - Intangible Assets	L14	0	0	0	0	0	0	0	0	0	0	0	0	0			
142	6565 Amort - Acquisitions Adjust	L15	0	0	0	0	0	0	0	0	0	0	0	0	0			
143	Total Plant Non-Specific	L139-142 Lss 138	5,976,374	538,753	1,386,689	0	0	17,373	4,897	5,728	39,878	19,418	4,883,734	19,418	4,883,734			
Customer Operations Expenses																		
144	6610 Marketing	Alloc 43	90,258	48,381	0	0	21,511	0	6,468	0	0	0	0	0	21,978			
145	6621 Operator	L50	1,131,153	634,819	0	0	131,243	0	61,200	0	0	0	314,691	0	314,691			
146	Outside Operator Services	Alloc 42	0	0	0	0	0	0	0	0	0	0	0	0	0			
147	6622 Directory	Alloc 22	0	0	0	0	0	0	0	0	0	0	0	0	0			
148	Classified	Alloc 23	0	0	0	0	0	0	0	0	0	0	0	0	0			
149	Alpha	Alloc 24	43,461	10,369	0	0	3,611	0	311	0	0	0	28,670	0	28,670			
150	Foreign	Alloc 25	0	0	0	0	0	0	0	0	0	0	0	0	0			
151	Total 6622	L147-150	43,461	10,369	0	0	3,611	0	311	0	0	0	28,670	0	28,670			

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Ln	Acct	Description	Allocation	Company	Intrastate		Interstate		Intrastate		Interstate		Intrastate		Interstate		EAS	Local
					IntraLATA	Message	IntraLATA	Message	IntraLATA	Message	IntraLATA	Message	IntraLATA	Message	IntraLATA	Message		
6423 Commercial Operations																		
Cat. 1 - Local Business Office																		
End User service order processing																		
152		Presubscriptions	nlbse 26	536	536													0
153		Directory Advertising	nlbse 27	0														0
154		AR other	nlbse 28	666,570	2,481	54,162	0	1,609	2,145	6,435	94,382							585,156
155		End User payment & collection	nlbse 21	83,423	41,868	0	0	7,372	0	18,795	5,959							9,437
156		End User billing inquiry	nlbse 30	72,829	2,356	36,353	0	0	3,115	0	22,971							27,354
157		EXC service order processing	nlbse 32	23,840	0	8,582	0	0	15,258	0	0							0
158		EXC payment and collection	nlbse 33	0	0	0	0	0	0	0	0							0
159		EXC billing inquiry	nlbse 34	13,371	0	5,215	0	0	8,156	0	0							0
160		Coins collection and admin	nlbse 35	0	0	0	0	0	0	0	0							0
161		Total Category 1	L161-160	859,569	47,813	84,312	0	1,581	28,674	25,230	123,312	0	0	0	0	0	0	541,847
Cat. 2 - Recurrent Accounting																		
162		Message Processing	nlbse 36	48,597	11,846	0	0	5,710	23,041	0	0							0
163		OB&C - Message Telephone	nlbse 36	0	0	0	0	0	0	0	0							0
164		OB&C - TWX	nlbse 37	41,392	13,798	0	0	6,899	6,898	0	0							13,797
165		OB&C - Local & Directory	nlbse 37	0	0	0	0	0	0	0	0							0
166		OB&C - Private Line	nlbse 39	0	0	0	0	0	0	0	0							0
167		Carrier Access Billing	nlbse 44	109,706	54,853	0	0	54,853	0	0	0							0
168		Subscriber Line Charge	nlbse 29	2,178	2,178	0	0	0	0	0	0							0
169		Total Category 2	L162-168	193,873	82,675	0	0	67,462	29,939	0	0	0	0	0	0	0	0	13,797
170		Subtotal Categories 1 & 2	L161,169	1,053,442	130,488	84,312	0	76,443	58,674	55,169	123,312	0	0	0	0	0	0	555,644

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PART 36

Ln	Acct	Description	Allocation	Interstate		Intrastate		InterLATA		IntraLATA		IntraLATA		IntraLATA		EAS	Local
				InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message	InterLATA	Message		
Category 3 - Other Commercial																	
171		Trunking Relay Service	Adm 43	5,699	0	0	0	0	0	0	0	0	0	0	0	0	0
172		Other	L170	0	0	0	0	0	0	0	0	0	0	0	0	0	0
173		Total Commercial Operations	L170-172	5,699	0	0	0	0	0	0	0	0	0	0	0	0	0
174		Total Customer Operations	L104-146,151,173	84,312	0	76,443	28,674	55,169	133,312	0	355,644	0	938,975	0	355,644	0	938,975
175		Total Big Three Expenses	L122,126-127,138,178 (From L170)	847,487	0	242,932	31,842	156,744	146,812	18,339	3,266,317	18,339	3,266,317	18,339	3,266,317	18,339	3,266,317
Customer Operations Expenses																	
176	6710	Executive & Planning	L175	36,339	28,268	0	8,101	1,835	4,227	4,869	341	108,941	341	108,941	341	108,941	341
6720 General & Adm: Administrative																	
177		Other Direct	Adm 46	41,526	0	0	0	0	0	0	0	0	0	0	0	0	0
178		Direct to EAS	Adm 31	0	0	0	0	0	0	0	0	0	0	0	0	0	0
179		Other	L175	292,598	223,916	0	64,170	8,200	33,479	38,569	2,765	862,925	2,765	862,925	2,765	862,925	2,765
180		Total 6720	L175-179	334,124	223,916	0	64,170	8,200	33,479	38,569	2,765	862,925	2,765	862,925	2,765	862,925	2,765
181		Total Corporate Operations	L176,180	371,863	252,184	0	72,271	9,235	37,706	43,438	3,046	971,866	3,046	971,866	3,046	971,866	3,046
182		Total Operating Expenses	L102,143,174,180	2,322,566	0	337,399	44,114	169,758	236,817	31,353	8,031,109	31,353	8,031,109	31,353	8,031,109	31,353	8,031,109
Operating Taxes																	
183	7240	Ad Valorem Taxes - Allocated	L15	65,813	159,214	0	2,239	495	797	4,740	2,186	496,617	2,186	496,617	2,186	496,617	2,186
184	7240	Ad Valorem Taxes - Direct	Adm 40	11,397	0	0	0	0	0	0	0	0	0	0	0	0	0
185		Total 7240	L103-184	77,210	159,214	0	2,239	495	797	4,740	2,186	496,617	2,186	496,617	2,186	496,617	2,186
186	7370	Special Charges	L181	953	648	0	186	24	97	112	8	2,495	8	2,495	8	2,495	8
187		Total Operating Exp & Taxes	L102,103,186	2,483,856	2,483,856	0	333,824	44,633	170,544	236,879	33,747	8,530,231	33,747	8,530,231	33,747	8,530,231	33,747
188		Total Operating Exp & Taxes (Less Depreciations)	L107,108,142	1,570,127	1,533,586	0	311,479	41,648	166,715	202,456	19,238	5,591,990	19,238	5,591,990	19,238	5,591,990	19,238

Plant Date: 12/31/1997
Expense Date: 12 Mo. Ending 12/31/1997

Vista-United Telecommunications Embedded Costs
Study No.: 210330-97-3

Form 11

PART 36

Ln	Acct	Description	Allocation	Intrastate		Interstate		Intrastate		Interstate		Intrastate		Interstate		EAS	Local
				Message	P/L	Message	P/L	Message	P/L	Message	P/L	Message	P/L				
Tax Adjustments																	
189	7210	Investment Tax Credits	L15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
190		TRA-86 Amortization	L15	11,566	27,900	0	0	0	0	0	0	0	0	0	0	0	0
191		Total	L189-190	11,566	27,900	0	0	0	0	0	0	0	0	0	0	0	0
192	7340	AFUDC	L17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
193		FIT Adjustments - Addbacks	L15	(3,306)	(7,992)	0	0	0	0	0	0	0	0	0	0	0	0
194		FIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
195		Total FIT Adjustments	L193-194	(3,306)	(7,992)	0	0	0	0	0	0	0	0	0	0	0	0
196		SIT Adjustments - Addbacks	L15	(18,679)	(45,187)	0	0	0	0	0	0	0	0	0	0	0	0
197		SIT Adjustments - Deductions	L15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
198		Total SIT Adjustments	L196-197	(18,679)	(45,187)	0	0	0	0	0	0	0	0	0	0	0	0
199	7500	Fixed Charges	L41	2	4	0	0	0	0	0	0	0	0	0	0	0	15
200	7540	Interest On Customer Dep	L41	482	88	0	0	0	0	0	0	0	0	0	0	1	280
Real Revenue Account 5248																	
201	2110	General Support Facilities	L3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
202	2210	COE - Switching	L4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
203	2220	COE - Operator Systems	L5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
204	2230	COE - Transmission	L4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
205	2310	Information Orig/Term	L4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
206	2410	Cable & Wire Facilities	L9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
207		Total 5240	L201-206	0	0	0	0	0	0	0	0	0	0	0	0	0	0
208		Total Operating Exp & Taxes (Including 7540 / Net of 5240)	L187-200 Less 207	13,879,778	2,883,889	2,082,856	0	33,825	44,833	196,644	250,881	33,748	1,538,301				

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 3rd day of August, 1998, to the following:

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