



OFFICE OF THE ATTORNEY GENERAL

THE CAPITOL

TALLAHASSEE, FLORIDA 32399-1050

ORIGINAL

ROBERT A. BUTTERWORTH

Attorney General
State of Florida

August 28, 1998

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

Re: Docket No. 980733-TL

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket, please find one original and fifteen copies of Attorney General Robert A. Butterworth's Motion to Compel Discovery Responses from GTE, for Expedited Ruling, and Request for Oral Argument.

Thank you for your courtesies.

Sincerely,

Michael A. Gross
Assistant Attorney General
Office of the Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050
(850) 414-3300
(850) 488-6589 (Fax)

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Discovery for Study on Fair and Reasonable Rates and on Relationships Among Costs and Charges Associated with Certain Telecommunications Services Provided by LECs, as Required by Chapter 98-277

Docket No. 980733-TL

ATTORNEY GENERAL ROBERT A. BUTTERWORTH'S MOTION TO COMPEL DISCOVERY RESPONSES FROM GTE, FOR EXPEDITED RULING, AND REQUEST FOR ORAL ARGUMENT

Robert A. Butterworth, Attorney General, pursuant to Rule 1.380, moves to compel discovery responses from GTE Florida, Incorporated ("GTE") to First Set of Interrogatories and Third Request for Production dated August 7, 1998. Interrogatories and Request for Production are attached hereto as Exhibits A and B.

I. GTE'S OBJECTIONS ARE WITHOUT MERIT

GTE's objections are stated below in italics and are followed by the Attorney General's response thereto.

1. Objection to Interrogatory 1.a.:

GTE objects to this Request because it does not seek any information that is relevant to any issue in this proceeding, nor is it calculated to lead to the discovery of any relevant information. Chapter 98-277, Laws of Florida, which sets forth the scope and purpose of this proceeding, provides that local exchange companies (LECs) shall furnish the Commission with cost data and analysis that "support the cost of providing residential basic local telecommunications service.... For the purposes of verifying the submitted cost data and analysis, the commission and all

intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company."

This interrogatory asks for information GTE did not provide to the Commission. Thus, the Attorney General does not need it to verify the cost data and analysis GTE filed with the Commission and the information sought is not related to determining the cost of providing basic residential service.

Response:

First of all, discovery is not limited to information that verifies the cost data and analysis that GTE provided to the Commission. There is no requirement that the requests and interrogatories of the parties must be within the scope of the Commission Staff's original data request. Although the Legislature requires that "the commission and all intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company," however, the Legislature in no way limited the Commission and intervenors to only that information. Clearly, the Legislature's intent was to allow all parties access to information that the telecommunications companies provided to the Commission pertaining to the costs of providing residential basic local telecommunications service. However, the Legislature in no way limits the parties to obtaining only information that GTE provided in response to the Commission Staff's original data request, as GTE is claiming it does. Specifically, Section 2, Part 2(b) of Chapter 98-277, Laws of Florida, states:

The local exchange companies shall provide to the Commission by August 1, 1998, cost data and analysis that support the cost of providing residential basic local telecommunications service in their service area, as prescribed by the Commission for purposes of recommending the fair and reasonable rate. For the purpose of

verifying the submitted cost data and analysis, the commission and all intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company. [e.s.].

Contrary to GTE's position, the law further requires the Commission to report to the Legislature on the relationships among the costs and charges for a wide variety of services. Section 2. (1) provides:

Therefore, the Public Service Commission shall, by February 15, 1999, study and report to the President of the Senate and the Speaker of the House of Representatives the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies. [e.s.].

Moreover, in the Order on Procedure issued on June 25, 1998, the Commission expressly provided that this discovery docket has been opened for discovery purposes related to the special project established to conduct the study required by the Legislature. Therefore, GTE's objections on the grounds that a request is not related to the verification of the cost data and analysis that GTE has submitted in this proceeding is meaningless. The cost data, revenue data and other analyses that are relevant in this proceeding are those that are necessary to study and report on the issues and concerns required by the Florida Legislature, not just the cost data and analysis that GTE has filed in this proceeding. It is likely that some parties will require more or other information than GTE has already provided in this proceeding to complete a thorough analysis of the scope of the issues required by the Florida Legislature.

2. *Objection to Interrogatory 2.a.:*

GTE objects to this Request because it does not seek any information that is relevant to any issue in this proceeding, nor is it calculated to lead to the discovery of any relevant information

Chapter 98-277, Laws of Florida, which sets forth the scope and purpose of this proceeding, provides that local exchange companies (LECs) shall furnish the Commission with cost data and analysis that "support the cost of providing residential basic local telecommunications service.... For the purposes of verifying the submitted cost data and analysis, the commission and all intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company."

The Commission Staff has not asked for, and GTE has not provided, the information the Attorney General seeks here, nor is it necessary to verify the cost data and analysis GTE filed with the Commission. Instead, it would require a separate study. GTE is not required to perform a study beyond what it has submitted to the Commission.

Response:

See response to GTE's objection to 1.a.

3. Objection to Interrogatory 2.b.:

GTE objects to this Interrogatory because GTE's systems do not keep the information at issue at the level of detail the Interrogatory assumes. Producing such information would require a manual effort and a special study beyond what the Commission required of GTE in this proceeding. As such, GTE objects because the Interrogatory is unduly burdensome.

Response:

Discovery is not limited to what Staff has asked for. See response to previous objection to 1.a.

4. *Objection to Interrogatory 5.b.-e.:*

GTE objects to these Interrogatories because they are not relevant and are not calculated to lead to the discovery of any relevant information. Under the statute governing this proceeding, intervenors are permitted access to the LECs' cost data and analysis only to verify them. These Interrogatories, however, require GTE to use assumptions different from those the Staff directed GTE to use in the study it submitted to the Commission. They are thus improper and beyond the scope of this proceeding.

Response:

We are withdrawing parts b. and e., so the objections apply to parts c. and d. The Commission Staff asked for similar information, but with a modification to the study that GTE had already performed. This request simply asks for the same information, except without the modification. There is no valid reason to believe that the only admissible evidence in this proceeding is that data which is requested by the Commission Staff. Other parties may require data other than that requested by Staff to analyze the issues being addressed in this proceeding. In addition, the parties in this proceeding are entitled access to, but are not limited to discovering information that has been requested by the Commission Staff.

5. *Objection to Interrogatory 6:*

GTE objects to this Request because it does not seek information that is relevant to any issue in this proceeding, nor is it calculated to lead to the discovery of any relevant information. Chapter 98-277, Laws of Florida, which sets forth the scope and purpose of this proceeding, provides that local exchange companies (LECs) shall furnish the Commission with cost data and analysis that "support the cost of providing residential basic local telecommunications service.... For the

purposes of verifying the submitted cost data and analysis, the commission and all intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company."

This Interrogatory asks for revenue, expense, and related information for unregulated services. The Commission Staff has not asked for, and GTE has not provided, this kind of information to the Commission. It is thus not necessary in order for the Attorney General to verify the cost data and analysis GTE has given to the Commission. Such information is outside the scope of this provision, which, as noted, focuses on the cost of basic residential service. The only possible reason the AG is requesting these data is to do a rate case type of analysis. This analysis is well beyond the permissible scope of this proceeding. It is, more fundamentally, at odds with the price-cap regulation that has applied to GTE since January of 1996. GTE's rates are no longer set by the Commission under rate-of-return regulation. Rather, GTE's rates increase or decrease in accordance with parameters established by Chapter 364. As such, there is no reason for the Commission or any party to examine unregulated service revenues and expenses, including the information requested here.

Response:

See Response to GTE's Objection to 1.a. Also, the Legislature requires the Commission to study and report on not only the relationship between the costs and charges associated with residential basic local telecommunications service, but also for intrastate access and the relationship between the costs and charges associated with other services provided by local exchange telecommunications companies. In no way did the Legislature limit the services under review to just

residential services or just regulated services. Chapter 98-277, Laws of Florida, Section 2, Part 1 states:

Therefore, the Public Service Commission shall, by February 15, 1999, study and report to the President of the Senate and the Speaker of the House of Representatives the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies.

GTE is attempting to place limits on the scope of the issues in this proceeding that would prevent meeting the full requirements set forth by the Florida Legislature. GTE is attempting to limit information to pertain to just residential basic local telecommunications service, but the Florida Legislature requires a study and report on the costs and charges associated with a much broader range of services.

Secondly, some services which are generally considered to be competitive services have been classified as deregulated by the FCC. Therefore, in order to determine if there is a reasonable relationship between competitive and non-competitive services, it is necessary to obtain information pertaining to deregulated services.

In addition, many of the FCC deregulated services are actually provided by the same personnel that provide the regulated services. For example, when an employee of the company repairs service trouble on the outside plant loop extending to a customer's premises, that is considered part of the regulated operations of the company. However, if that same employee repairs service trouble on the inside wiring at the customer's premises, that is considered part of the non-regulated operations of the company. The portion of the total maintenance and repair expenses that gets counted as the "regulated" portion of the company's operations depends upon the allocation of

costs between the deregulated and regulated service categories. Therefore, one must know the details of the allocation to determine the appropriate regulated costs. If some deregulated costs are improperly counted as "regulated" costs, then this could improperly increase the calculated cost of residential basic local exchange service.

Finally, the Florida Legislature specifically requires the Commission to determine the cost of residential basic local telecommunications service, as well as to determine the relationships between the costs and charges associated with a wide variety of services. The fact that GTE is price regulated does not exempt the Florida commission from the requirements set forth by the Florida Legislature.

6. *Objection to Interrogatory 7:*

GTE's objection to Interrogatory 6 applies here, as well.

Response:

See Response to GTE's Objection to 6.

7. *Objection to Interrogatory 8:*

The Commission does not prescribe depreciation rates for GTE, so there is no existing study. GTE objects to this Interrogatory to the extent it seeks information about depreciation studies submitted to the Commission in the past. GTE now uses economic lives for regulatory and financial purposes, so these past studies cannot be used to determine appropriate depreciation parameters for purposes of this proceeding. Notwithstanding this objection, GTE refers the Attorney General to the materials in Florida Public Service Commission docket 950344-TL, in which GTE made its last depreciation filing. Before a ruling was made on GTE's depreciation study there, GTE was permitted to use economic depreciation.

Response:

We have withdrawn part b. to this request, therefore the objection applies to Part a.

The request simply asks for the most recent depreciation study that was performed for GTE's operations in Florida. GTE claims that since it now uses "economic lives," that any past studies are irrelevant. However, this is just GTE's opinion. The Florida Legislature has required the Commission to determine the cost of residential basic telecommunications service. While GTE may believe that its "economic lives" and other "economic" depreciation parameters are the proper depreciation lives to be used in determining the cost of residential basic local exchange service, that may not be the case for other parties that will be submitting comments to the Commission in this proceeding. As such, it is reasonable to request depreciation information from GTE not only to validate the "economic" depreciation parameters selected by GTE in this proceeding, but to also investigate the possibility that other depreciation parameters may be more appropriate than those selected by GTE.

8. *Objection to Interrogatory 9:*

GTE's objection to Interrogatory 6 above, applies here, as well. As noted in that objection, this is not a rate case. The request seeks information on deregulated service revenues, affiliate matters, and the like that would only be relevant if GTE were a rate-of-return regulated carrier in a rate case. Moreover, the Interrogatory goes far beyond the information and analysis GTE was required to file in this case and it is not relevant to determining the cost of providing basic residential service.

Response:

See response to GTE's Objection to 6. In addition, GTE claims that affiliate matters are irrelevant in this proceeding. However, the LECs use their affiliates to provide a number of services to the LECs. For example, GTE-Florida has an affiliate (GTEDS), which does much of GTE-Florida's computer programming and data processing. To the extent that any computer and data processing costs are included in GTE-Florida's cost studies, those costs are relevant, regardless of whether those are done by GTE's own employees or performed on behalf of GTE-Florida by GTE-Florida's affiliate(s). Either way, these costs represent an expense of GTE. In fact, if all costs that were actually incurred by affiliates were excluded, the costs of most of the services would be much less than GTE-Florida shows in its cost studies. We do not propose that the relevant costs actually incurred by affiliates be excluded, but clearly including the costs actually incurred by affiliates makes the affiliate information part of what can be discovered in this proceeding. By the same token, GTE-Florida cannot selectively choose what affiliate data it wants to include or exclude. By including the costs of some of its affiliates in its cost studies, GTE has opened up discovery to relevant affiliate information. In most cases, these affiliates did not receive their contracts as a result of competitive bidding. Therefore, if the affiliate costs are included, but those costs are shielded from review, then the parties involved in this proceeding will be unable to validate the reasonableness of the amounts the LEC is paying its affiliate(s).

9. *Objection to Interrogatory 14, 14.a. and 14.b.:*

GTE objects to these interrogatories because the information sought is not relevant and it is not calculated to lead to the discovery of any relevant information. Information about yellow

pages listings for businesses are not relevant to determining the cost of providing basic residential service and are not within the scope of anything the Commission has required GTE to produce.

Response:

GTE is attempting to claim that the issues in this proceeding are limited to determining the cost of providing basic residential service. They are not. As it is clearly stated in chapter 98-277, Laws of Florida, Section 2:

Therefore, the Public Service Commission shall, by February 15, 1999, study and report to the President of the Senate and the Speaker of the House of Representatives the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies.

A key issue in this proceeding is the relationships among the costs and charges associated with intrastate access and "other services." GTE is attempting to ignore this key issue in its objections, which is inappropriate.

10. *Objection to Interrogatory 15:*

GTE objects to this Interrogatory because it is irrelevant and it is not calculated to lead to the discovery of any relevant information. Information about GTE's repair ties is not necessary to verify any of the cost data and analysis GTE has submitted to the Commission and is beyond the scope of this proceeding.

Response:

See Response to 14.

11. Objection to Interrogatory 17:

GTE objects to this request to the extent it would require GTE to do a detailed schedule showing all rate groups for all GTE jurisdictions, both inside and outside Florida. Preparation of such a schedule would be unduly burdensome, particularly when all of the information sought is publicly filed in tariffs. Notwithstanding this objection, GTE will produce relevant tariff pages.

Response:

Providing tariff pages; no response necessary.

12. Objection to Interrogatory 18, 18.a. and 18.b.:

GTE objects to this Interrogatory because it is irrelevant and it is not calculated to lead to the discovery of any relevant information. The information sought is not necessary for the Attorney General to verify GTE's cost data and analysis submitted in this case. Furthermore, GTE's disconnection practices are governed by Commission rules and orders which are publicly filed and easily obtainable by the Attorney General.

Response:

We are withdrawing a. and b., so only the introductory question remains.

The request asks for the total number of GTE-initiated residential customer disconnections due to non-payment. This request is related to the affordability of residential basic local telecommunications rates. Clearly, a measure of the number of residential customers who are unable to pay their bills and are therefore disconnected for non-payment is relevant to the issue of affordability of services. Affordability is one of the key criteria identified by the Florida legislature to be used to determine the fair and reasonable residential basic local telecommunications rate in Florida. Section 2, Part 2(a) of HB 4785 states:

The Commission shall, by February 15, 1999, report to the President of the Senate and the Speaker of the House of Representatives its conclusions as to the fair and reasonable Florida residential basic local telecommunications service rate considering affordability, the value of service, comparable residential basic and local telecommunications rates in other states, and the cost of providing residential basic local telecommunications services in this state, including the proportionate share of joint and common costs.

(Emphasis added)

13. *Objection to Interrogatory 19.a. and 19.b.:*

GTE objects to this interrogatory because it is irrelevant and it is not calculated to lead to the discovery of any relevant information. By statute, only the Commission is authorized to determine the scope of the required contribution analysis. The Commission did so in the Staff's June 19 data requests, which GTE fully answered. The additional contribution analysis the Attorney General requests is thus irrelevant to the proceeding.

Response:

See Response to GTE's Objection to 1.a.

14. *Objection to Interrogatory 20.b.:*

GTE objects to this interrogatory because it would require GTE to do a special study beyond what the Commission has required in this proceeding. Such a study would be unduly burdensome and not necessary to verify the cost data and analysis GTE has filed with the Commission.

Response:

We have withdrawn.

15. *Objection to Interrogatory 21 and 21.a.:*

GTE objects to these interrogatories because they are irrelevant and not calculated to lead to the discovery of any relevant information. By statute, only the Commission is authorized to determine the scope of the required contribution analysis. The Commission did so in the Staff's June 19 data requests, which GTE fully answered. The additional contribution analysis and related information the Attorney General requests is thus irrelevant to the proceeding.

Response:

See Response to GTE's Objection to 1.a.

16. *Objection to Interrogatory 23:*

GTE objects to this interrogatory (including the subparts) to the extent it would require GTE to produce information related to the interstate jurisdiction and/or that is beyond the scope of the data GTE was required to submit to the Commission. Such requested information is irrelevant to this proceeding and will not lead to the discovery of any relevant information.

Response:

We have withdrawn parts c. and d., so the objection applies to parts a, b and c.

First of all, GTE's claim that the information requested pertains to the interstate jurisdiction is only true for parts a. and b. Parts c. and d. ask for the intrastate carrier common line revenues and minutes respectively. As for GTE's other claim that this information is beyond the scope of what GTE was required to provide the Commission, see Response to GTE's Objection to 1.a.

17. *Objection to Interrogatory 25:*

GTE objects to this interrogatory because it seeks information which is publicly filed and easily obtainable by the Attorney General. Notwithstanding this objection, GTE responds that the

requested information has already been provided to the Attorney General in response to its Second Set of Requests for Production of Documents, Bates-stamped document 38199.

Response:

We have withdrawn this interrogatory.

18. Objection to Interrogatory 26:

GTE objects to this interrogatory because it seeks information which is publicly filed and easily obtainable by the Attorney General.

Response:

We have withdrawn this interrogatory.

19. Objection to Interrogatory 27:

GTE objects to this interrogatory because it seeks information that is irrelevant and it is not calculated to lead to the discovery of any relevant information.

Response:

We have withdrawn this interrogatory.

20. Objection to Interrogatory 28:

GTE objects to this interrogatory to the extent it seeks information that the Attorney General can itself obtain by reference to GTE's publicly filed tariffs. It would thus be unduly burdensome for GTE to perform the requested calculations.

Response:

We have previously withdrawn parts c., d., and e., so the objection applies to parts a. and b.

No response necessary, because the balance is hereby withdrawn.

21. *Objection to Interrogatory 29:*

GTE objects to this interrogatory because, as stated in the interrogatory itself, the listed services are tariffed and thus easily obtainable by the Attorney General.

Response:

We have withdrawn this interrogatory.

22. *Objection to Interrogatory 34:*

GTE objects to this interrogatory to the extent that it requires information about any models used in other proceedings and comparisons with models not submitted in this proceeding. Information submitted in another proceeding is not necessary for the Attorney General to verify the cost data and analysis GTE has submitted in this case and is thus not relevant to this proceeding. In addition, answering the interrogatory would be unduly burdensome. The Commission required GTE to submit only one cost study in this proceeding, and GTE has fully complied with that directive.

Response:

We have withdrawn this interrogatory.

23. *Objection to Interrogatory 47:*

GTE objects to this interrogatory to the extent it seeks information that is publicly available in statutes, and Commission rules and orders to which the Attorney General has the same access as GTE does.

Response:

Parts a. and b. of the request is asking for GTE's own interpretation of the concept of Stand-Alone costs. The Attorney General is not aware of any publicly available interpretation of Stand-

Alone costs from the perspective of GTE. Therefore, the Attorney General does not, as GTE suggests, have the same access as GTE does to this information. Therefore, GTE should respond to parts a. and b. of the request.

II. SPECIFIC OBJECTIONS TO REQUESTS FOR PRODUCTION OF DOCUMENTS

24. *Objection to Request 6:*

GTE objects to this request to the extent it is continuing. As Rule 1.280(e) of the Florida Rules of Civil Procedure makes clear, a responding party has the obligation to make a complete response and has no duty thereafter to file supplementary responses. In addition, all of the objections GTE has lodged in response to other parties' discovery requests that come within this request also apply to this request.

Response:

Rule 1.340, Florida Rules of Civil Procedure requires that answers to interrogatories be served on all other parties. GTE is not currently complying with this rule. The same principle applies in the case of production of documents if requested by a party even informally. In fact Rule 1.351(e) specifically provides that a party may request copies of documents produced by a nonparty pursuant to subpoena, and logic and common sense suggest the same principle must apply in the case of documents furnished by parties. GTE claims it would be an "undue administrative burden" to serve the Attorney General with copies of their responses to other parties' requests at the same time they serve those requests to the asking party. There is no reason to believe that putting the Attorney General on their service list to receive all GTE responses in this proceeding would place an "undue administrative burden" on GTE. They simply send the Attorney General a response to any parties' request at the same time they send the responses to the requesting party. If the Attorney General

would be willing to accept the idea that they can provide our copy within two to three days after providing the copy to the requesting party, to give them additional time to make the copies or otherwise relieve the rush that might occur the day the responses are due to the requesting party, that would be fine.

25. *Objection to Request 9:*

GTE objects to this request because it does not seek information that is relevant to any issue in this proceeding, nor is it calculated to lead to the discovery of any relevant information. Chapter 98-277, Laws of Florida, which sets forth the scope and purpose of this proceeding, provides that local exchange companies (LECs) shall furnish the Commission with cost data and analysis that "support the cost of providing residential basic local telecommunications service.... For the purposes of verifying the submitted cost data and analysis, the commission and all intervenors shall have access to the records related to the cost of providing residential basic local telecommunications service of each local exchange company."

Interrogatory 6 asks for revenue, expense and related information for unregulated services. The Commission Staff has not asked for, and GTE has not provided, this kind of information to the Commission. It is thus not necessary for the Attorney General to verify the cost data and analysis GTE has given to the Commission. Such information is outside the scope of this proceeding, which, as noted, focuses on the cost of basic residential service. The only possible reason the AG is requesting these data is to do a rate case type of analysis. This analysis is well beyond the permissible scope of this proceeding. It is, more fundamentally, at odds with the price-cap regulation that has applied to GTE since January of 1996. GTE's rates are no longer set by the Commission under rate-of-return regulation. Rather, GTE's rates increase or decrease in according

with parameters established by Chapter 364. As such, there is no reason for the commission or any party to examine unregulated service revenues and expenses, including the information requested here.

Response

See Response to GTE's objection to Interrogatories 1.a. and 6.

26. Objection to Request 10:

Please see GTE's objection to Interrogatory 8, which applies here as well. The Commission does not prescribe depreciation rates for GTE, so there is no relevant study.

Response:

See Response to GTE's Objection to Interrogatory 8.

27. Objection to Request 11:

GTE's objection to Document Request 9, above, applies here as well. GTE emphasizes that, as a price-cap carrier, it is exempt from filing the schedule this request seeks and there is no reason for GTE to prepare it now for the Attorney General. As noted in Response to Request 9, this is not a rate case; the request goes beyond the cost information and analysis GTE was required to file in this case and it is not relevant to determining the cost of providing basic residential service. Moreover, this document request is improper because it would require the creation of a new document, rather than the production of an existing one.

Response:

See Response to GTE's Objection to Interrogatory 1.a. and 6.

28. Objection to Request 12:

GTE's objection to Document Request 11, above, applies here as well.

Response:

See Response to GTE's Objection to Interrogatory 1.a. and 6.

29. Objection to Request 15:

Please see GTE's Objection to Interrogatory 15., which applies here as well.

Response:

See Response to GTE's Objection to Interrogatory 15.

30. Objection to Request 16:

Please see GTE's Objection to Interrogatory 15., which applies here as well.

Response:

See Response to GTE's Objection to Interrogatory 15.

31. Objection to Request 17:

To the extent there are any responsive tariff pages, they are publicly filed and available from the Commission. GTE thus objects to producing documents that the Attorney General can easily obtain itself.

Response:

No response necessary. This request is hereby withdrawn.

32. Objection to Request 26:

GTE objects to this request to the extent that it seeks information that is reflected in public documents to which the Attorney General has the same access as GTE does. Therefore, it is unreasonable and unduly burdensome to expect GTE to produce them.

Response:

No response necessary. This request is hereby withdrawn.


33. The withdrawal of any discovery request is not to be construed as an admission as to the merits of any GTE objection. The Attorney General expressly denies that any GTE objection has any merit, including objections to discovery withdrawn.

34. Comments for the first workshop are due on September 24, 1998, and this discovery is due on September 7th. Accordingly, the Attorney General needs GTE's discovery responses on an expedited basis and a short response time after entry of any order compelling discovery.

WHEREFORE, the Attorney General respectfully requests an order compelling discovery from GTE on the grounds set forth above, oral argument, expedited ruling, and that GTE be compelled to comply with the Attorney General's discovery on or before September 7 1998.

Respectfully submitted,

ROBERT A. BUTTERWORTH
ATTORNEY GENERAL



MICHAEL A. GROSS
Assistant Attorney General
Fla. Bar No. 0199461

OFFICE OF THE ATTORNEY GENERAL
The Capitol, PL-01
Tallahassee, Florida 32399-1050
(850) 414-3300

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by facsimile to those noted (*) and by U.S. Mail this ~~28th~~ day of August, 1998, to the following:

J. Jeffrey Wahlen/John P. Fons
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302

Beth Keating
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Edward Pascall
AARP
1923 Atapha Nene
Tallahassee, Florida 32301

Tracy Hatch
AT&T
101 North Monroe Street
Suite 700
Tallahassee, Florida 32301

Nancy H. Sims
BellSouth Telecommunications
150 South Monroe Street, Suite 400
Tallahassee, Florida 32301

David B. Erwin
127 Riversink Road
Crawfordville, Florida 32327

Kimberly Casweil*
GTE Florida
Post Office Box 110, FLTC0007
Tampa, Florida 33601

Benjamin Ochshorn
Florida Legal Services, Inc.
2121 Delta Boulevard
Tallahassee, Florida 32303

Everett Boyd
Ervin Law Firm
Post Office Drawer 1170
Tallahassee, Florida 32302

Laura Gallagher
FCTA
310 North Monroe Street
Tallahassee, Florida 32301

Angela Green
FPTA
125 South Gadsden Street, #200
Tallahassee, Florida 32301

Susan Langston
FTIA
Post Office Box 1776
Tallahassee, Florida 32302

Richard Melson
Hopping Law Firm
Post Office Box 6526
Tallahassee, Florida 32314

Mark Ellmer
Post Office Box 220
Port St. Joe, Florida 32456

Jim McGinn
ITS Telecommunications
Post Office Box 277
Indiantown, Florida 34956

Norman Horton
Messer Law Firm
Post Office Box 1876
Tallahassee, Florida 32302

Julie S. Myers
Smith, Bryan & Myers
311 East Park Avenue
Tallahassee, Florida 32301

Thomas M. McCabe
TDS Telecom/Quincy Telephone
Post Office Box 189
Quincy, Florida 32353

Monte Belote
6801 Seaview Way
Tampa, Florida 33615

Frankie Callen
The Greater Orlando Assoc. of Realtors
Post Office Box 587
Orlando, Florida 32802

Gene Adams
Florida Association of Realtors
Post Office Box 1853
Tallahassee, Florida 32302

David Swafford
Pennington Law Firm
Post Office Box 10095
Tallahassee, Florida 32301

Kelly Goodnight
Frontier Communications
180 South Clinton Avenue
Rochester, New York 14646

Steve Brown
Intermedia Communications
3625 Queen Palm Drive
Tampa, Florida 33619

Joseph McGlothlin
McWhirter Law Firm
117 South Gadsden Street
Tallahassee, Florida 32301

Jack Shreve/Charles Beck
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, #812
Tallahassee, Florida 32399-1400

Richard L. Spears
Community Association Institute
9132 Ridge Pine Trail
Orlando, Florida 32819

Donna Canzano
Wiggins Law Firm
Post Office Drawer 1657
Tallahassee, Florida 32302

John L. Brewerton, III, P.A.
250 North Orange Avenue, Suite 1700
Orlando, Florida 32801

Chris Kenna
Compass Management & Leasing
1801 Hermitage Boulevard, Suite 130
Tallahassee, Florida 32308

Debra K. Mink
BOMA Florida
3081 East Commercial Boulevard
Fort Lauderdale, Florida 33308


Kenneth Hoffman/John Ellis
Rutledge Law Firm
Post Office Box 551
Tallahassee, Florida 32302

Monica Barone
Sprint
3100 Cumberland Circle, #802
Atlanta, Georgia 30339

Lynne G. Brewer
Northeast Florida Telephone
Post Office Box 485
Macclenny, Florida 32063

Harriet Eudy
ALLTEL Florida, Inc.
Post Office Box 550
Live Oak, Florida 32060

Charles Rehwinkel
Sprint-Florida, Inc.
Post Office Box 2214
Tallahassee, Florida 32316



MICHAEL A. GROSS
Assistant Attorney General

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Discovery for Study on Fair and Reasonable Rates and on Relationships Among Costs and Charges Associated with Certain Telecommunications Services Provided by LECs, as Required by Chapter 98-277)
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Docket No. 980733-TL
Filed: August 6, 1998

**ATTORNEY GENERAL ROBERT A. BUTTERWORTH'S
FIRST SET OF INTERROGATORIES TO GTE FLORIDA, INCORPORATED**

Robert A. Butterworth, Attorney General, propounds the following Interrogatories to GTE Florida, Incorporated ("GTE") to be answered under oath in full accordance with Rules 25-22.34 and 25-22.35, Florida Administrative code, and Rule 1.340, Florida Rules of Civil Procedure. All answers must be served upon undersigned attorney by September 7, 1998.

INSTRUCTIONS

1. Each Interrogatory should be answered based upon your knowledge and information or belief, and any answer based upon information and belief should state that it is given on such basis. If the complete answer to an Interrogatory is not known, so state and answer as fully as possible the part of the Interrogatory to which an answer is known. For each answer, or part thereof, please identify the individual or individuals who provided the information or helped in providing the information contained in the responses.

2. As used herein "you" and "your" means GTE together with its officers, employees, consultants, agents, representatives, attorneys, and any other person or entity acting on behalf of GTE.

3. As used herein the term "company" or "the company" means GTE.

A

INTRODUCTION

1. In some of the following requests, the data requests dated June 19, 1998 from Tim Devlin of the Division of Auditing and Financial Analysis will be referred to as the "June 19th Division of Auditing Requests."

2. Our copy of those Staff requests contained two different "Part I. Embedded Cost Data" sections. Unless otherwise specifically stated in the following requests, the requests being referred to as "Part I" will be the set of Staff Part I requests which includes seven questions and for which Request IA begins "Please provide, on a FCC/FPSC basis...."

3. Unless specifically stated otherwise, these requests pertain to your Company's telephone operations in the State of Florida. For example, a request for the number of access lines means the number of access lines of your Company in Florida, not nationwide.

INTERROGATORIES

Separations

1. In the June 19th Division of Auditing Requests, Part I, Request 3 (2f), the Staff requested that the separations study include "any further breakdown of local which your system is capable of, such as EAS or local private line." If your Company does not provide the separations study with local private line broken out separately, please provide the following information:
 - a. The local private line revenues for 1997;

 - b. The local private line loop count used to apportion the exchange line C&WF investments among the Category 1 subcategories;

- c. **The investment per loop used to apportion the C&WF Category 1 investments among the Category 1 subcategories;**

 - d. **The investment per loop used to apportion the exchange line circuit equipment investment among the subcategories;**
2. **In the separations study requested in Part I, Request 3 of the June 19th Division of Auditing Requests, please provide the following data included in that study for Centrex/ESSX or other Centrex-type services.**
- a. **The revenues from Centrex/ESSX or other Centrex-type service (including, but not necessarily limited to, Intercom, exchange access, Network Access Registers (NARs), and feature services. Please state what revenues are included in the figure provided.;**

 - b. **The number of Centrex/ESSX or other Centrex-type service loops included in the loop count for purposes of apportioning the C&WF Category 1 investments among the Category 1 subcategories;**

 - c. **The number of Intercom (traffic within the Centrex/ESSX or other Centrex-type system) dial equipment minutes (DEMs) included in the calculation of the unweighted DEM factor;**

- d. Please state which of the categories shown in the workpaper referred to in item 3 of the Request for Production include the Centrex/ESSX or other Centrex-type Intercom minutes.

3. With reference to the separations study requested in Part I, Request 3 of the June 19th Division of Auditing Requests,
 - a. Have the figures used in this study for the intrastate services been adjusted to reflect the FPSC basis as opposed to the FCC basis for those areas in which there is a significant difference? If not, please provide the figures required to adjust the study so that the intrastate figures are reflective of the FPSC basis.

 - b. Please state the column in the separations study which includes the revenues and expenses of extended calling service (ECS).

4. Part I, Request 3A(2)(a) of the June 19th Division of Auditing Requests requires the use of an unweighted DEM for intrastate (but a weighted DEM for interstate). Please provide the DEM factor for each service category which was utilized in the study filed in response to the June 19th Division of Auditing Requests, and separately provide the DEM factor for each service category which results from the use of the weighted DEM for both intrastate toll and intrastate switched access. (Continue to use the weighted DEM for the interstate services.)

5. In Part I, Request 3A(2)(b) of the June 19th Division of Auditing Requests, the Staff requires the use of SLU in place of SPF for intrastate toll and switched access.

- a. **Please provide the allocation factors for each service category used in your study pursuant to the above-referenced Staff request to allocate the cost of the switched access line (C&WF Category 1.3) to each of the service categories.**
- b. **Please state the name of the factor your Company would have used for these purposes in a Part 36 separations study absent the Staff direction to utilize SLU in place of SPF.**
- c. **For 1997, please provide the value of your Company's frozen SPF factor for intrastate toll and intrastate switched access. If your response to part b. of this Request referenced a factor different than frozen SPF, please provide the value for that factor as well, and explain why that factor is utilized instead of the frozen SPF factor.**
- d. **Please provide the allocation factor for each of the service categories which would have been used in your 1997 Part 36 separations study to allocate the cost of the switched subscriber loop (C&WF Category 1.3) had that study followed Part 36 requirements and not been modified as requested in Part I, Request 3A(2)(b) of the June 19th Division of Auditing Request.**
- e. **Please provide the calculation showing how the value of the intrastate frozen SPF was spread between the intrastate toll and intrastate switched access categories in response to part d. of this Request. If frozen intrastate SPF was not utilized, please**

show how the factor that was utilized was spread between the intrastate toll and intrastate switched access categories.

Part 64

6. With reference to the 1997 separations study requested in Part I, Request 3 of the June 19th Division of Auditing Requests, please provide the following data pertaining to the Part 64 deregulated services for 1997, as calculated in preparing the 1997 separations study.
- a. What was the amount of revenues for the Part 64 deregulated services?
 - b. What was the total expense and taxes (other than income taxes) of the Part 64 deregulated services?
 - c. What was the plant in service for the Part 64 deregulated services?
 - d. What was the net investment for the Part 64 deregulated services?

- c. **What was the amount of the federal income tax for the Part 64 deregulated services? Include the income tax rate and cost of money used and show the calculation which arrived at the federal income tax figure.**
- f. **What was the state income tax amount for the Part 64 deregulated services? Include the income tax rate and cost of money used and show the calculation which arrived at the state income tax figure.**
- g. **What was the net income for the Part 64 deregulated services.**
- h. **Please list the name of each of the services that was considered a deregulated Part 64 service for purposes of the preparation of the Part 36 separations study in response to the June 19th Division of Auditing Requests, Part I, Request 3.**
7. **If the information is readily available, please provide a breakdown showing the revenues, expenses (including taxes other than income), plant in service, and net investment broken down by major Part 64 deregulated service. If any portion of this information is not readily available in the manner in which the Company has done the calculations, please provide only the information that is readily available. However, please do, at a minimum, provide the revenue breakdown by Part 64 service.**

Depreciation

8. Please provide the following information from your Company's most recent depreciation study, if you have one. If a depreciation study for your Company has not been prepared within the last eight years, you do not need to respond to this request. This request is not asking you to conduct a depreciation study if you have not already conducted one.
 - a. Separately for all central office equipment accounts and all outside plant equipment accounts, from the most recent Company depreciation study which contains a calculation of the "observed" indicated average service life, please provide the "best fit" observed average service life indication. State whether it was calculated using a full mortality study or a computed mortality study. For the computed mortality results, please provide the best fit average service life indications for each of the most recent five years in the study, as well as the average of the most recent band that has been calculated, if any.
 - b. Please provide the date of the study from which the information provided in part a. of this Request was taken.
 - c. For each of the central office equipment and outside plant accounts, please provide the net salvage analysis from the most recent Company depreciation study (if any). This should show the historical cost of retirements, cost of gross salvage, cost of removal, and cost of net salvage, including the historic net salvage percent for several years as contained in the Company study. Include any rolling bands or other calculations that are normally included in this analysis.

Directory Advertising

9. With respect to Item 6 of the Request for Production:

- a. Are the directory advertising revenues and costs which are included in the separations study requested in Part I, Request 3 of the June 19th Division of Auditing Requests, the same revenues and costs which are shown in the "per book" column of Schedule Z-7? If not, please provide a column with the same lines as shown on Schedule Z-7, but showing the amounts that were included in the above-referenced separations study.

- b. Were the revenues and costs that were included in Schedules B-1, I-1, and I-2 requested in the June 19th Division of Auditing Requests, Part I, Request 1A the same as shown in the "per books" column of Schedule Z-7? If not, please provide a column which has the same row labels as Schedule Z-7, but show the figures for each of those rows as they were included in the income statement provided in response to the above-referenced income statement.

- c. If replacing the gross profit of directory advertising that was included in the separations study requested in Part I, Request 3 of the June 19th Division of Auditing Requests with the gross profit shown in the "Consolidated" column of Schedule Z-7, which is calculated by subtracting line 20 of the "Consolidated" column from line 15 of the "Consolidated" column, or two-thirds of line 15, whichever is higher, would have any significant effect on revenues, expenses, taxes, uncollectible amounts, income taxes, interest, or balance sheet items other than those shown on Schedule Z-7, please indicate what other items should be adjusted, and the amount of their adjustment assuming that the figures shown in the "Consolidated" column of Schedule Z-7 were used to replace the figures for directory advertising that were included in your separations study. If you believe there are no other items that would be significantly impacted, please so state. If any figures are provided, please provide the workpapers which support the figures provided.

- d. If the gross profit of yellow pages included in Part I, Request 1A of the June 19th Division of Auditing Requests was replaced with the gross profit from the "Consolidated" column of Schedule Z-7, which is calculated by subtracting line 20 of the "Consolidated" column from line 15 of the "Consolidated" column, or two-thirds of line 15, whichever is higher, would have any significant effect on revenues, expenses, taxes, uncollectible amounts, income taxes, interest, or balance sheet items other than those shown on Schedule Z-7, please indicate what other items should be adjusted, and the amount of their adjustment assuming that the figures shown in the "Consolidated" column of Schedule Z-7 were used to replace the figures for directory advertising that were included in your response to the above-referenced request. If you believe there are no other items that would be significantly impacted, please so state. If any figures are provided, please provide the workpapers which support the figures provided.
- e. Please explain the relationship which exists between your Company (the LEC) and the Company which publishes the directory in your area. Explain any relationship between the owners of the LEC company and the company that publishes the directory in your area.
- f. When your Company as an LEC selected the directory publisher, did you open that selection to competitive bidding from many directory publishers? If not, why not?

Basic Local Service

10. Please separately provide the current monthly rates and the 1997 average quantities in service for flat-rate single-line business basic local service and separately for flat-rate single-line residence basic local service.

11. Is it a correct statement that a higher percentage of residential basic local service usage occurs during the weekend than is true for business local exchange usage?
12. Is it a true statement that none of your Company's Florida central offices experience their peak traffic during the normal weekend time period? If this is not a correct statement, provide the correct statement, including what percent of the local offices peak during the weekend.
13. Is it a true statement that the local usage costs per call or per minute for basic local services are higher during peak periods than they are during off-peak time periods? If the response is anything other than an unqualified "yes", please provide the correct statement.
14. Is it a correct statement that business basic local service includes a listing in the yellow pages? If this is not a correct statement, please provide the correct statement.
- a. What is the name of the largest city where your Company currently provides business basic local service in Florida?
- b. In the city provided in response to Part a., what is the recurring rate for a business to place an additional listing in the yellow pages (in the yellow pages associated with your Company or an affiliate of your Company)? Please assume this additional listing is identical to the type of listing that is the standard listing that comes with business basic local service (i.e. it's not bold, etc.).

15. Is it a correct statement that your Company's repair policy has a different target for repairing residential basic local service as compared to repairing business basic local service?
- a. Please provide the repair time that is the goal or requirement for repairing residential basic local service for which service is out.

 - b. Please provide the repair time that is the goal or requirement for repairing business basic local service for which service is out.

 - c. For 1997, or for the most recent year for which the information is available, please provide the average time for a business line between the time the service outage or other problem was reported, and the time it was repaired.

 - d. For 1997, or for the most recent year for which the information is available, please provide the average time for a residential line between the time the service outage or other problem was reported, and the time it was repaired.
16. For 1997 (or for the most recent year for which the data is available), please separately provide the following information for flat-rate single-line business basic local service and flat-rate single-line residence basic local service:
- a. The monthly average number of originating local calls per line;

- b. The monthly average originating local usage per line in minutes.
17. Please separately provide the current flat-rate single-party residence basic local rates that your Company charges in each of the jurisdictions (including Florida) where your Company provides service.
18. For the year 1997, please provide the total annual number of your Company's initiated residential customer disconnections due to non-payment.
- a. Does your Company disconnect residential customers for non-payment of Interexchange Carrier (IXC) charges for which your Company is doing the billing (assuming all other parts of the bill are paid)?
- b. Does your Company disconnect residential customers for non-payment of your Company's intraLATA toll charges even if the basic local exchange portion and other portions (and related taxes) of the customer's bill has been paid?
19. Regarding the Staff's Data Requests dated June 19, 1998 from the Division of Communications of the FPSC,
- a. Request 4(a) of those Requests asks for a "contribution analysis" for certain services. (Staff had defined "contribution analysis" at the start of that set of requests.) Please

also provide the "contribution analysis" (separately for residence and business" for the following services:

I. non-published service;

II. non-list service.

b. For each of the services listed in part a. of this Request, please provide all of the information requested in Requests 4(b) and 4(c) of the June 19th Division of Communications of the FPSC Requests.

20. For 1997, please provide the total residential extended area service (EAS) revenue.

a. For 1997, please provide the total residential EAS cost. Please provide TSLRIC, if available. The costs included in the TSLRIC should not include any cost that is also included in the TSLRIC analysis for basic exchange or other services. If TSLRIC is not available for EAS, please provide the costs which are available, and indicate what type of costs are being provided.

b. If the information requested in part a. of this request is not available, please provide the average incremental cost per residential EAS line for those lines that have EAS, and provide the number of residential lines that had EAS in 1997.

21. Please provide a complete list of all of the residential services, other than basic exchange service and other than any type of toll service which is currently subscribed to or used by (i.e. customers may place calls to directory assistance but do not subscribe to directory assistance on a monthly basis) more than one percent of your residential customers in an average month.

a. For each of the services listed in your answer to Interrogatory 21 which are not listed in Request 4(a) of the June 19th Division of Communications of the FPSC Requests, please provide the "contribution analysis" ("contribution analysis" is defined at the beginning of that set of requests). Also provide all information requested in parts 4(b) and 4(c) of the June 19th Division of Communications' Requests for these services.

22. With reference to customers located outside the base rate area,

a. Does your Company currently have any additional recurring charge for residential service that is outside the base rate area, or otherwise for lines within an exchange which are considered to be in more rural areas as compared to otherwise similar residential services in more urban areas in that same exchange?

b. If the answer to Interrogatory 22a. is yes, please explain what these charges are.

c. For 1997, please provide the annual residential recurring revenues from the outside the base rate area charges or other charges discussed in the prior portions of this Interrogatory.

23. For your Company for the year 1997, please provide the following:
- a. Your Company's total interstate carrier common line revenues, separately identified as originating or terminating.

 - b. The total interstate carrier common line minutes, separately identified as originating or terminating.

 - c. Please provide the average number of total access lines, including residential and business, in service in 1997. The access lines provided should be all of those that are switched access lines. (Dedicated, private line, or special access lines should not be included in this count.)

 - d. Please provide your Company's Florida total state carrier common line revenues, separately identified as originating or terminating.

 - e. Please provide the total state carrier common line minutes, separately identified as originating or terminating.

24. For your Company for the year 1997, please provide the following:
- a. The interstate EUCL revenues, broken by class (residence, business, single line business, multi-line business, etc.). Please also provide the total interstate EUCL revenues for the same year.

 - b. Separately, the average number of residential access lines, single line business access lines, and multi-lines to which the interstate EUCL applied.
25. What is the current monthly interstate EUCL charge? If there are different charges for different types of customers or access lines, please provide each of the charges?
26. Please separately provide your Company's current intrastate originating and terminating Carrier Common Line Charge (CCLC) rates.
27. For traffic to or from a residential premise, when your Company provides intrastate switched access service for a toll call handled by an IXC, in the vast majority of cases does your Company connect that call to or from the residential premises over the switched access lines? If the response to this Interrogatory is no, please provide the correct statement.

- a. For intraLATA toll service provided by your Company, is it a correct statement that for the vast majority of the minutes connecting to or from residential premises, that the Company connects that traffic to or from the residential premises over the switched access line? If this is not a correct statement, please provide the correct statement.
28. Please provide the total recurring charge that a customer would pay under the Company's Centrex/ESSX or other Centrex-type service that contained 20 stations. The recurring charge should include any charges that exist including Intercom service, exchange access, the line charges, the NARs (if your pricing arrangement uses them. Please assume the average number of NARs that is used along with 20 lines. If the Company does not know of any such number, please use four NARs.), rate for features such that each line has at least Call Forwarding and Three-Way Calling. (If distance from the central office affects the price, please assume that the customer is located slightly less than one-fourth of a mile from the central office.)
- a. Please indicate what the additional charge would be to have Caller ID on each of these lines.
- b. Please provide a breakdown of the rates and quantities by each rate element that sums to the figure provided in response to part a. (i.e. the rate and quantity for exchange access, NARs, etc.).
- c. Please provide the total recurring rate that a residential customer would pay in order to have a RI line along with Call Forwarding and Three-Way Calling. Please provide a breakdown of that total showing the rate for each rate element.

- d. Please indicate what additional charge would apply to also have Caller ID on the residential line discussed in part c. of this Request.
- e. If one residential customer wanted 20 residential lines, would the total charge be 20 times the rates provided in response to parts d. and e. above? If not, please indicate what the total recurring charge would be for a residential customer with 20 residential lines, Call Forwarding and Three-Way Calling. Also indicate what the total recurring charge would be to a residential customer with 20 residential lines with Call Forwarding, Three-Way Calling, and Caller ID. Provide the details of the calculations showing quantities and rates by rate elements.
29. Please provide your Company's current Centrex/ESSX or other Centrex-type service tariffed rates.

Incremental and Proxy Cost Models

In the following requests, any reference to incremental or proxy models should be to all of the types of models the Company expects to utilize in this proceeding, other than a Part 36 separations study, such as that which would be provided in response to Part I, Request 3 of the June 19th Division of Auditing Requests. If the Company is going to utilize more than one "non-embedded" study (TSLRIC, proxy, incremental, marginal, etc.), then the response to each request should separately respond for each of the non-embedded studies that the Company will utilize. In the following requests, we will refer to this whole category of non-embedded cost studies as the TSLRIC studies or proxy models.

30. Other than the TSLRIC studies the June 19th Division of Communications Requests asked for, and the separations study requested in the June 19th Division of Auditing Requests, Part I, Request 3, does your Company plan to utilize in this proceeding the results from any other incremental, marginal, embedded, proxy or other cost models? If yes, list the name of the other studies that your Company will utilize in this proceeding.

31. For each of the TSLRIC studies provided in response to all parts of the Division of Communications' Request dated June 19th, Requests 1-4, please separately state the following for each of those studies.
 - a. State what percent of the switched access line facility costs (sometimes referred to as the switched loop or common line) was included in the TSLRIC study for that service.

 - b. Please state how the percent of these switched access line facility costs that was used in this model was determined.

- c. **If your Company is planning to utilize any other model as identified in your answer to Interrogatory 30, please provide the information requested in parts a. and b. of this Interrogatory for each of those other models as well.**

32. For each of the TSLRIC studies provided in response to all parts of the Division of Communications' Request dated June 19th, Requests 1-4, please separately state the following for each of those studies.

- a. **State what percent of the line card and other NTS COE costs connected to the switched access line was included in the TSLRIC study for that service.**

- b. **Please state how the percent of these line card and other NTS COE costs that was used in this model was determined.**

- c. **If your Company is utilizing a proxy model in this proceeding, please state what percent of the line card and other NTS COE costs are included in the costs shown in that proxy model.**

- d. **Please state how the percent of these line card and other NTS COE costs that was used in this model was determined.**

- c. **How were common overhead costs and other joint and common costs, other than the loop costs and NTS COE costs, included in the costs utilized in this model? Explain the concept used.**

 - f. **Please provide any percentages or figures used to include the joint and common costs, other than loop and NTS COE costs. (i.e. TSLRICs were increased by ten percent for the joint and common costs other than the loop and NTS COE?)**

 - g. **Please provide the workpapers showing the calculation of the values the Company used to adjust this study for the joint and common costs, other than loop and NTS COE.**

 - h. **If your Company is planning to utilize any additional studies as identified in your answer to Interrogatory 30, please provide the information requested in parts a. through g. above for each of those additional studies.**
33. **Please provide, on paper, the output showing the results for your Company in Florida which you expect to utilize in this proceeding. Please indicate what user inputs, if any, or loading steps must be followed in order for the user to duplicate those outputs, utilizing the models on disk provided in response to Items 15 and 16 of the Request for Production.**

- a. Please provide the name and phone number of a person who is knowledgeable in the operation of this model, and provide permission for our experts to contact them to discuss technical details of getting the model to run.
34. Will the Company be relying on any of the same proxy or incremental cost models in this proceeding as they are utilizing in the "Determination of the cost of basic local telecommunications service pursuant to Section 364.025" proceeding, Docket No. 98-0696-TP?
- a. If the study which your Company will utilize in this proceeding is different from the study utilized in the proceeding referenced in Interrogatory 34, please explain why there is a difference and provide the value of the inputs, factors, formula, or other items which are different between these two cases, showing the values used in the other proceeding, and the values used in this proceeding.
35. Since drop wires normally contain more than one pair of wire, this Interrogatory seeks to determine how the cost of that drop is distributed among the services that are carried through that drop wire. In your TSLRIC study for residential basic flat rate service:
- a. Assume that the Company is using a three pair drop in a residential subdivision. Please assume that the residential customers each have two lines in service, and therefore two pairs out of the three pairs of the drop are in service. Under this circumstance, would the procedure used in your Company cost study effectively assign the cost of the three pair drop to the first telephone service, or would the procedure used in your cost study effectively recover one-half of the drop cost in each of the two lines that are in service? If neither, please explain how the costs of the three pair drop would be handled in your study under the above circumstance.

- b. Please explain where in your model the calculations pertaining to the distribution of the drop costs among the services occur.

 - c. For a residential drop, are the costs of that drop effectively included in the cost of the first line in service at each residence, or are the costs of the drop effectively divided by the number of pairs in service.

 - d. If your Company is also utilizing a proxy model or other model to calculate the residential flat rate costs, please provide the information requested in the prior portions of this Request for that proxy or other model (other than a separations study).
36. Since several different lines of services can be carried in a distribution cable pair, this Interrogatory seeks to determine how the cost of a distribution cable pair are spread among the services utilizing that cable pair in the Company model. In your TSLRIC study for residential basic flat rate service:
- a. Assume that down a particular road in a residential subdivision in your model, your model has assumed a 24 pair copper distribution buried cable. Assume the area that could be served by that cable includes twelve living units (or potential living units) and the cable has 18 lines in service. Under these assumptions, would the procedure used in your model effectively split the cost of that 24 pair cable among the twelve living units (effectively assigning the cost of one-twelfth of the cable to the first service in each living unit), or would your model effectively divide the cost of the 24 pair cable by the 18 lines in service to arrive at the cost per service associated with this cable? If neither of these apply, please explain how the procedure in your model would handle the costs under the above assumptions.

- b. If your Company is also utilizing a proxy model or other model to calculate the residential flat rate costs, please provide the information requested in the prior portion of this Interrogatory for that proxy or other model (other than a separations study).
37. Is it correct that in your service territory during the development of a new residential subdivision, the developers normally provide the trench used to place distribution cables in that subdivision? If this is not a correct statement, please provide the correct statement.
- a. Please state, generally, in your area during the development of a residential subdivision, what costs of the telephone distribution system installed in that subdivision are borne by the developer, and what costs are borne by the telephone company.
- b. In your TSLRIC cost study for residential basic exchange flat rate service, have you excluded from the costs in that study, those costs which are normally paid for by the developer? If yes, please explain what costs were excluded and where in your model those costs are excluded. If you have not excluded those costs, please explain why not.
- c. Is it a correct statement that in your service territory when a new residential subdivision is being developed, the normal practice is for the LEC to install the buried distribution cables generally prior to the time that the roads, driveways, sidewalks, lawns, bushes, etc. are in place? If this is not a correct statement, please provide the correct statement.

- d. In your TSLRIC model for residential basic exchange service, please indicate what percent of the distribution cables in a residential subdivision were assumed to include the costs of installing them before the roads, driveways, sidewalks, lawns, bushes, etc. are in place, and what percent were assumed to be installed after these surface obstructions were in place.

 - e. If your Company is utilizing a proxy model or other non-separations study other than the above-reference TSLRIC model, please provide the information requested in the prior portions of this Interrogatory for that other model as well.
38. In your TSLRIC study for residential basic flat rate service, please indicate what sharing of the poles among utilities was assumed in your study. Please specifically provide the percent of the pole cost that was included in the study or model, after adjusting for only the sharing of those pole costs among utilities. (i.e. the percent would be 100% if no sharing among utilities occurred.) If your Company is utilizing a proxy model or other non-separations study other than the above-reference TSLRIC model, please provide the information requested in this Interrogatory for that other model as well.
39. For each investment category utilized in your voice grade flat rate residential basic exchange service TSLRIC study, please indicate what the annual cost of money is for each dollar of gross investment in that account. (i.e. What would the annual cost of money amount be as a result of a \$1 gross investment in that account?)
- a. If your Company is utilizing a proxy model or other non-separations study other than the above-referenced TSLRIC model, please provide the information requested in the prior portions of this Interrogatory and Item 18 of the Request for Production for that other model as well.

40. For each investment category utilized in your voice grade flat rate residential basic exchange service TSLRIC study, please indicate what the annual income tax (including federal, state and local) is for each dollar of gross investment in that account. (i.e. if there was \$1 of gross investment in that account, what would the annual income tax amount be that would be included in the cost as a result of the income tax associated with that \$1 investment?)
- a. If your Company is utilizing a proxy model or other non-separations study other than the above-reference TSLRIC model, please provide the information requested in the prior portions of this Interrogatory and Item 19 of the Request for Production for that other model as well.
41. Is it a correct statement that the properly calculated TSLRIC of a service will not include any of the costs of facilities which are shared by that service and another service (or services)? If this is not a correct statement, please provide the corrected statement, as well as a citation to and copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.
- a. Is it a correct statement that the properly calculated TSLRIC of a service will not include any of the costs of facilities which are used jointly by that service and another service (or services)? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.
- b. Is it a correct statement that the properly calculated TSLRIC of a service will not include any of the common costs of the company? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.

- c. Is it a correct statement that if a service is priced below its properly calculated TSLRIC, that service would be considered to be subsidized? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.

- d. Is it a correct statement that if a service is priced equal to or above its properly calculated TSLRIC, that service is not receiving a subsidy? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.

42. Please provide your Company's definition of TSLRIC.

43. Is it a correct statement that the properly calculated TSLRIC of a service is equal to the additional cost incurred by the Company to produce the entire output of a particular service, holding constant the production of all other services produced by the company? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.

44. **Is it a correct statement that the properly calculated TSLRIC of a service is equal to the company's total cost of producing all of its services, assuming the service in question is offered, less the company's total cost of producing all of its services without the service in question? If this is not a correct statement, please provide the corrected statement, as well as a citation to and a copy of the economic, regulatory or other standard that your Company claims supports the corrected statement provided.**
45. **With reference to the concept of cost causation,**
- a. **Is it a correct statement that if a Company incurs additional cost to produce the entire output of a particular service, holding constant the production of all other services produced by the company, that additional cost is properly considered to be caused by the provision of that particular service? If no, please provide the correct statement and provide a citation to and copy of the economic, regulatory or other standard that your Company claims supports the statement provided in your answer to this Interrogatory.**
- b. **Is it a correct statement that if a company does not avoid certain costs in the long run when a service in question is eliminated (or not offered), while holding constant the production of all other services produced by the Company, those costs which are not eliminated if the service in question is eliminated are not properly considered to be "caused" by the provision of that service in question? If no, please provide the correct statement and provide a citation to and copy of the economic, regulatory or other standard that your Company claims supports the statement provided in your answer to this Interrogatory.**
46. **Please provide a complete citation to the definition of TSLRIC that has been specifically approved by the FPSC, as well as a citation to the order, rules of the Commission or other**

relevant document that proves that the definition provided has been specifically approved by the FPSC.

47. Is it a correct statement that if a service is priced above its "Stand-Alone" cost, that service is properly considered to be producing a subsidy? If no, please provide the correct statement and provide a citation to and copy of the economic, regulatory or other standard that your Company claims supports the statement provided in your answer to this Interrogatory.

a. Is it a correct statement that the properly calculated Stand-Alone cost for a service will include the full cost of all facilities needed to provide the service in question, even those facilities which are jointly used by other services? If no, please provide the correct statement and provide a citation to and copy of the economic, regulatory or other standard that your Company claims supports the statement provided.

b. Is it a correct statement that if a service is priced equal to or below its properly calculated Stand-Alone cost, that service is not producing a subsidy? If no, please provide the correct statement and provide a citation to and copy of the economic, regulatory or other standard that your Company claims supports the statement provided.

c. Please provide a complete citation to the definition of Stand-Alone Cost that has been specifically approved by the FPSC, as well as the citation to the order, rules of the Commission or other relevant document that proves that the definition provided has been specifically approved by the FPSC.

48. For just one actual wirecenter in Florida, please provide the step-by-step calculations, by hand if not available in the ICM, that shows someone who is not familiar with the ICM, how the ICM takes the model inputs and arrives at the output investments for that one wirecenter.

The wirecenter chosen should be one which has an output investment for all of the following: copper feeder cable, fiber feeder cable, Pair Gains, feeder conduit, feeder poles, distribution cable, distribution conduit, and distribution poles.

a. The step-by-step calculations of investments that need to be shown for one wirecenter in order to be responsive to this request are Pair Gain, Distribution Poles, Feeder Poles, Distribution Aerial Cable, Feeder Aerial Cable, Distribution Underground Cable, Feeder Underground Cable, Cross Connect, Buried Drop, Distribution Buried Cable, Feeder Buried Cable, Terminal, NID, Distribution Conduit, and Feeder Conduit.

b. Please provide the source code and where it is located in the ICM that contains the formulas used in response to this request.

c. If there is a number used in a calculation that is not an input, but is something that the model uses to calculate an investment, the calculations for the intermediate number need to be shown. For example, calculations that decide the quantity, size, and/or length of the item (such as a cable) used to serve portions of the chosen wirecenter need to be shown.

49. Does the model assume sharing of support structures (pole, conduit, etc.) by more than one copper feeder in the core area? If so, where in the code does the model account for sharing of copper feeder in the core area?

50. For calculating the drop length, does the model assume that houses in rural areas are located in the center of the lot? If not, what is assumed? Provide the documents supporting the corrected response provided
51. Does the model effectively assume that the percent of the route lengths which is paved (concrete, etc.) is the same in the urban as the rural areas? If this is not true, please state what the model does assume in this area. If this is true, please provide the data which shows that the percent of pavement is the same in the urban and rural areas.
- 52... Does the model assume that the company will incur 100% of the trenching costs in a new subdivision (as compared to the developer providing some of the trenching costs)? If the response is no, please provide the correct statement.
53. Does the model place one DLCs at each corner of the core area (assuming there are customers in the areas that would be served by a DLC at that location)? If not, how does the model place the DLCs in relation to the core area?

VERIFICATION

STATE OF FLORIDA

COUNTY OF _____

I, _____, having this day personally appeared before the notary public whose signature and seal are affixed to this document, and either being personally known to the notary public or otherwise having my identity established in a manner set forth in Section 117.05(5)(b), Florida Statutes, and not otherwise being a person whose document the notary public is prohibited from notarizing under Section 117.05(6), Florida Statutes, duly swear, depose and state that I have executed the foregoing Interrogatories and that the responses are true and correct to the best of my knowledge and belief.

Sworn to and subscribed before me this _____ day of _____, 1998.

Signature of Notary Public, State of Florida

Print, type or stamp commissioned name of Notary Public

Commission No. _____

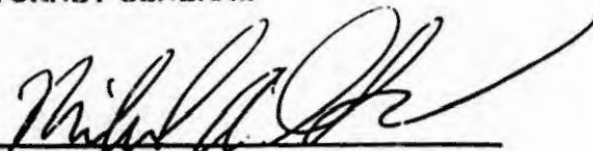
My Commission Expires: _____

Personally Known _____ or Produced Identification _____ (Check One)

Type of Identification Produced: _____

Respectfully submitted,

ROBERT A. BUTTERWORTH
ATTORNEY GENERAL



MICHAEL A. GROSS
Assistant Attorney General
Fla. Bar No. 0199461

Office of the Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050
(850) 414-3300
(850) 488-6589 (Fax)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by facsimile to those noted (*) and by U.S. Mail to all this 7th day of August, 1998, to the following:

J. Jeffrey Wahlen/John P. Fons
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

Beth Keating
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Edward Pascall
AARP
1923 Atapha Nene
Tallahassee, FL 32301

Tracy Hatch
AT&T
101 N. Monroe St.
Suite 700
Tallahassee, FL 32301

Nancy H. Sims
BellSouth Telecommunications
150 S. Monroe St.
Suite 400
Tallahassee, FL 32301

David B. Erwin
127 Riversink Rd.
Crawfordville, FL 32327

Kimberly Caswell*
GTE Florida
P.O. Box 110, FLTC0007
Tampa, FL 33601

Benjamin Ochshorn
Florida Legal Services, Inc.
2121 Delta Blvd.
Tallahassee, FL 32303

Everett Boyd
Ervin Law Firm
P.O. Drawer 1170
Tallahassee, FL 32302

Laura Gallagher
FCTA
310 N. Monroe St.
Tallahassee, FL 32301

Angela Green
FPTA
125 S. Gadsden St. #200
Tallahassee, FL 32301

Susan Langston
FTIA
P.O. Box 1776
Tallahassee, FL 32302

Richard Melson
Hopping Law Firm
P.O. Box 6526
Tallahassee, FL 32314

Mark Ellmer
P.O. Box 220
Port St. Joe, FL 32456

Jim McGinn
ITS Telecommunications
P.O. Box 277
Indiantown, FL 34956

Norman Horton
Messer Law Firm
P.O. Box 1876
Tallahassee, FL 32302

Julie S. Myers
Smith, Bryan & Myers
311 E. Park Ave.
Tallahassee, FL 32301

Thomas M. McCabe
TDS Telecom/Quincy Telephone
P.O. Box 189
Quincy, FL 32353

Monte Belote
6801 Seaview Way
Tampa, FL 33615

Frankie Callen
The Greater Orlando Assoc. of Realtors
P.O. Box 587
Orlando, FL 32802

Gene Adams
Florida Association of Realtors
P.O. Box 1853
Tallahassee, FL 32302

David Swafford
Pennington Law Firm
P.O. Box 10095
Tallahassee, FL 32301

Kelly Goodnight
Frontier Communications
180 S. Clinton Ave.
Rochester, NY 14646

Steve Brown
Intermedia Communications
3625 Queen Palm Dr
Tampa, FL 33619

Joseph McGlothlin
McWhirter Law Firm
117 S. Gadsden St.
Tallahassee, FL 32301

Jack Shreve/Charles Beck
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St. #812
Tallahassee, FL 32399-1400

Richard L. Spears
Community Association Institute
9132 Ridge Pine Trail
Orlando, FL 32819

Donna Canzano
Wiggins Law Firm
P.O. Drawer 1657
Tallahassee, FL 32302

John L. Brewerton III, P.A.
250 N. Orange Ave.
Suite 1700
Orlando, FL 32801

Chris Kenna
Compass Management & Leasing
1801 Hermitage Blvd.
Suite 130
Tallahassee, FL 32308

Debra K. Mink
BOMA Florida
3081 E. Commercial Blvd.
Ft. Lauderdale, FL 33308

Kenneth Hoffman/John Ellis
Rutledge Law Firm
P.O. Box 551
Tallahassee, FL 32302

Monica Barone
Sprint
3100 Cumberland Circle #802
Atlanta, GA 30339

Lynne G. Brewer
Northeast Florida Telephone
P.O. Box 485
Macclenny, FL 32063

Harriet Eudy
ALLTEL Florida, Inc.
P.O. Box 550
Live Oak, FL 32060

Charles Rehwinkel
Sprint-Florida, Inc.
P.O. Box 2214
Tallahassee, FL 32316



MICHAEL A. GROSS
Assistant Attorney General

Analysis of Directory Advertising Operations
Schedule Z-7

Company Name _____
For the Year Ended December 31, 1997

Items	Consolidated (f) Amount	Per Books Amount
1. Revenues (Account 5230):		
2a. Local		
2b. Foreign		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (lines 2 thru 6)		
8. Expenses (Account 6622) (c):		
9. Printing (production & distribution)		
10. Commissions		
11. Delivery (included in line 9)		
12. Salvage		
13. Other (g)		
14. Total (lines 9 thru 13)		
15. Gross Profit (line 7 minus line 14)		
16. Gross Profit (15) (a)		
17. Customer Growth Factor (b)		
18. CPI-U Factor (c)		
19. Adjusted 198: (L16 x (L17 x L18))		
20. Nonregulated (f)		

Footnotes:

- (a) Gross Profit Base as Stated in FPSC Rule 25-4.0405.
- (b)
$$\frac{\text{Average Current Year Access Lines}}{\text{Average 1982 Access Lines Per Rule 25-4.0405}}$$
- (c)
$$\frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}}$$
- (d) (Line 15 less line 19) or (L15 of line 15) whichever is smaller but not less than zero.
- (e) Only those expenses formerly included in account 649 should be included in this schedule.
- (f) The consolidated amount should contain the entire or gross amount from the Directory Advertising operation in the local franchise area to be considered in setting rates for telecommunications service. This will include the gross amounts billed from all sources, including all amounts from the publishing or directory companies as well as the Local Exchange Companies.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Discovery for Study on Fair and Reasonable Rates and on Relationships Among Costs and Charges Associated with Certain Telecommunications Services Provided by LECs, as Required by Chapter 98-277)
_____)

Docket No. 980733-TL

Filed: August 7, 1998

ATTORNEY GENERAL ROBERT A. BUTTERWORTH'S THIRD REQUEST FOR PRODUCTION OF DOCUMENTS TO GTE FLORIDA, INCORPORATED

Robert A. Butterworth, Attorney General, requests GTE Florida, Incorporated ("GTE") to produce the following documents for inspection and copying at the Office of the Attorney General, PL-01 The Capitol, Tallahassee, FL 32399-1050, on or before September 7, 1998, or at such other time and place as may be mutually agreed upon by counsel.

INSTRUCTIONS

1. If any document is withheld under any claim of privilege, please furnish a list identifying each document for which privilege is claimed, together with the following information: date, sender, recipients, recipients of copies, subject matter of the document, and the basis upon which such privilege is claimed.

2. If GTE has possession, custody, or control of the originals of the documents requested, please produce the originals or a complete copy of the originals. If GTE does not have possession, custody, or control of the originals of the documents requested, please produce any copies in the possession, custody, or control, however made, of GTE.

B

3. Please construe "and" as well as "or" either disjunctively or conjunctively as necessary to bring within the scope of this production of documents any document which might otherwise be construed to be outside the scope.

4. Words in the past tense include the present, and words in the present tense include the past. Use of the singular includes the plural, and use of the masculine includes the feminine where appropriate, and vice versa.

DEFINITIONS

1. "Document" or "documents" means any written, recorded, filmed or graphic matter, whether produced, reproduced, or on paper, cards, tapes, film, electronic facsimile, computer storage device or any other media, including, but not limited to memoranda, notes, minutes, records, photographs, correspondence, telegrams, diaries, bookkeeping entries, financial statements, tax returns, checks, check stubs, reports, studies, charts, graphs, statements, notebooks, handwritten notes, applications, agreements, books, pamphlets, periodicals, appointment calendars, records and recording of oral conversations, work papers, and notes, any of which are in your possession, custody, or control.

2. As used herein "you" and "your" means GTE together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting for or on behalf of GTE.

INTRODUCTION

1. In some of the following requests, the data requests dated June 19, 1998 from Tim Devlin of the Division of Auditing and Financial Analysis will be referred to as the "June 19th Division of Auditing Requests."

2. Our copy of those Staff requests contained two different "Part I. Embedded Cost Data" sections. Unless otherwise specifically stated in the following requests, the requests being referred to as "Part I" will be the set of Staff Part I requests which includes seven questions and for which Request 1A begins "Please provide, on a FCC/FPSC basis...."

3. Unless specifically stated otherwise, these requests pertain to your Company's telephone operations in the State of Florida. For example, a request for the number of access lines means the number of access lines of your Company in Florida, not nationwide.

DOCUMENTS REQUESTED

General Request

6. Please provide copies of all responses provided by your company to any request by Staff and any other party in this proceeding. This request includes responses that have already been provided by your company, and also is a continuing request that applies to all future responses provided by your company in this proceeding. Copies of all attachments or documents provided in response to the requests of Staff or other parties should also be provided.

Separations study

7. Part I, Request 3 of the June 19th Division of Auditing Requests asked your Company to provide a 1997 Part 36 separations study with certain assumptions. Please provide the workpapers which support the Company response to this Staff request, including but not necessarily limited to, the following workpapers:

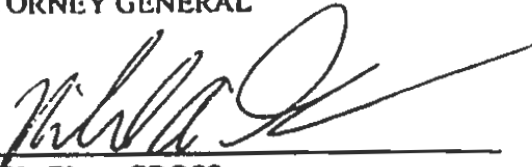
- a. Workpapers showing the traffic factor development;
- b. Workpapers showing the quantity and development of the loop counts, circuit miles, and terminations; and
- c. For all traffic factors, loop counts, circuit miles, and terminations, the summation workpapers should be provided showing these counts by category (i.e. local, private line loops, or intrastate intraLATA toll minutes of use, etc.) and the summation of those counts.
- d. The COE and cable and wire facility categorization workpapers.

8. The workpaper showing DEMs for all categories and summing those minutes to arrive at the unweighted DEM factor utilized.
9. Please provide the workpapers and other documents which support the responses provided to all portions of Interrogatory 6.
10. Please provide a copy of the pages from the Company study which show the calculation of the observed average service life indication for each of the accounts for which information is listed in response to Interrogatory 8 a.
11. Please prepare and provide a copy of the FPSC Schedule Z-7 "Analysis of Directory Advertising Operations" for the year ended December 31, 1997. A blank copy of Schedule Z-7 is attached to this Request. Be sure to follow the instruction in Footnote (f) of that Schedule, which requires that "the gross amounts billed from all sources" be included.
12. Please provide the workpapers and other calculations which support the responses provided to all portions of Interrogatory 9.
13. If your answer to Interrogatory 11 is negative, please provide the studies which show the time of day and day of week of residential local exchange usage, and separately for business local exchange usage.
14. If your answer to Interrogatory 13 is negative, please provide all supporting explanations and workpapers.
15. Please provide copies of the document which supports the response to Interrogatory 15a.
16. Please provide copies of the document which supports your answer to Interrogatory 15b.
17. If the answer to Interrogatory 22a. is yes, please provide a copy of the tariff.
18. If the answer to Interrogatory 27 is no, please provide evidence supporting the correct statement.
19. If the answer to Interrogatory 27a. is no, please provide evidence in support of the statement provided.
20. Please provide a copy of each of the Company's proxy models or TSLRIC studies on an omega ZIP 100 MG disk or on a CD, that is readable by an IBM compatible personal computer. (As a less preferable option, the Company model can be provided on 3.25" computer disks that are readable by an IBM compatible personal computer.)

21. Please provide the Company documents which explain how the model is to be run, as well as the documents which explain the calculations and concepts incorporated in the model (i.e. User Guide, Loop Methodology, etc.).
22. Please provide the workpapers which support the inputs utilized in this model.
23. With respect to Interrogatory 39, please provide the workpapers which show the calculation of the cost of money, including the cost of money factor for each investment account in the voice grade flat rate residential basic exchange service TSLRIC study. The workpapers provided should allow the tracking of the determination of the cost of money from the associated gross investment amounts.
24. With respect to Interrogatory 40, please provide the workpapers which show the calculation of the income tax factor or other calculations used in the Company study to determine the income tax. The workpapers provided should allow the tracking of the determination of the income tax from the associated gross investment amounts.
25. Please provide a complete copy of the definition of TSLRIC that has been specifically approved by the FPSC, as well as a copy of the order, rules of the Commission or other relevant document that proves that the definition provided has been specifically approved by the FPSC.
26. Please provide a complete copy of the definition of Stand-Alone Cost that has been specifically approved by the FPSC, as well as a copy of the order, rules of the Commission or other relevant document that proves that the definition provided has been specifically approved by the FPSC.
27. Please provide the supporting documents for the percent used in you answer to Interrogatory 31b.
28. Please provide the supporting documents for the percent used in you answer to Interrogatory 32b.
29. Please provide the supporting documents for the percent used in you answer to Interrogatory 32d.

Respectfully submitted,

ROBERT A. BUTTERWORTH
ATTORNEY GENERAL



MICHAEL A. GROSS
Assistant Attorney General
Fla. Bar No. 0199461

Office of the Attorney General
PL-01 The Capitol
Tallahassee, FL 32399-1050
(850) 414-3300
(850) 488-6589 (Fax)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by facsimile to those noted (*) and by U.S. Mail to all this 7th day of August, 1998, to the following:

J. Jeffrey Wahlen/John P. Fons
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

Beth Keating
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Edward Pascall
AARP
1923 Atapha Nene
Tallahassee, FL 32301

Tracy Hatch
AT&T
101 N. Monroe St.
Suite 700
Tallahassee, FL 32301

Nancy H. Sims
BellSouth Telecommunications
150 S. Monroe St.
Suite 400
Tallahassee, FL 32301

David B. Erwin
127 Riversink Rd.
Crawfordville, FL 32327

Kimberly Caswell*
GTE Florida
P.O. Box 110, FLTC0007
Tampa, FL 33601

Benjamin Ochshorn
Florida Legal Services, Inc.
2121 Delta Blvd.
Tallahassee, FL 32303

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Ervin Law Firm
P.O. Drawer 1170
Tallahassee, FL 32302

Laura Gallagher
FCTA
310 N. Monroe St.
Tallahassee, FL 32301

Angela Green
FPTA
125 S. Gadsden St. #200
Tallahassee, FL 32301

Susan Langston
FTIA
P.O. Box 1776
Tallahassee, FL 32302

Richard Melson
Hopping Law Firm
P.O. Box 6526
Tallahassee, FL 32314

Mark Ellmer
P.O. Box 220
Port St. Joe, FL 32456

Jim McGinn
ITS Telecommunications
P.O. Box 277
Indiantown, FL 34956

Norman Horton
Messer Law Firm
P.O. Box 1876
Tallahassee, FL 32302

Julie S. Myers
Smith, Bryan & Myers
311 E. Park Ave.
Tallahassee, FL 32301

Thomas M. McCabe
TDS Telecom/Quincy Telephone
P.O. Box 189
Quincy, FL 32353

Monte Belote
6801 Seaview Way
Tampa, FL 33615

Frankie Callen
The Greater Orlando Assoc. of Realtors
P.O. Box 587
Orlando, FL 32802

Gene Adams
Florida Association of Realtors
P.O. Box 1853
Tallahassee, FL 32302

David Swafford
Pennington Law Firm
P.O. Box 10095
Tallahassee, FL 32301

Kelly Goodnight
Frontier Communications
180 S. Clinton Ave.
Rochester, NY 14646

Steve Brown
Intermedia Communications
3625 Queen Palm Dr.
Tampa, FL 33619

Joseph McGlothlin
McWhirter Law Firm
117 S. Gadsden St.
Tallahassee, FL 32301

Jack Shreve/Charles Beck
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St. #812
Tallahassee, FL 32399-1400

Richard L. Spears
Community Association Institute
9132 Ridge Pine Trail
Orlando, FL 32819

Donna Canzano
Wiggins Law Firm
P.O. Drawer 1657
Tallahassee, FL 32302

John L. Brewerton III, P.A.
250 N. Orange Ave.
Suite 1700
Orlando, FL 32801

Chris Kenna
Compass Management & Leasing
1801 Hermitage Blvd.
Suite 130
Tallahassee, FL 32308

Debra K. Mink
BOMA Florida
3081 E. Commercial Blvd.
Ft. Lauderdale, FL 33308

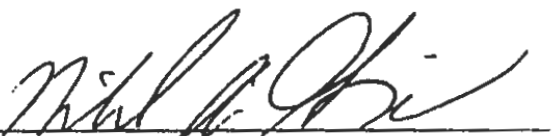
Kenneth Hoffman/John Ellis
Rutledge Law Firm
P.O. Box 551
Tallahassee, FL 32302

Monica Barone
Sprint
3100 Cumberland Circle #802
Atlanta, GA 30339

Lynne G. Brewer
Northeast Florida Telephone
P.O. Box 485
Macclenny, FL 32063

Harriet Eudy
ALLTEL Florida, Inc.
P.O. Box 550
Live Oak, FL 32060

Charles Rehwinkel
Sprint-Florida, Inc.
P.O. Box 2214
Tallahassee, FL 32316


MICHAEL A. GROSS
Assistant Attorney General

Analysis of Directory Advertising Operations
Schedule Z-7

Company Name _____

For the Year Ended December 31, 1997

Items	Consolidated (f) Amount	Per-Block Amount
1. Revenues (Account 5230):		
2a. Local		
2b. Foreign		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (lines 2 thru 6)		
8. Expenses (Account 6622) (c):		
9. Printing (production & distribution)		
10. Commissions		
11. Delivery (included in line 9)		
12. Salvage		
13. Other (g)		
14. Total (lines 9 thru 13)		
15. Gross Profit (line 7 minus line 14)		
16. Gross Profit Multiplier (a)		
17. Customer Growth Factor (b)		
18. CPI-U Factor (c)		
19. Adjusted 1982: (L16 x (L17 x L18))		
20. Nonregulated (j)		

Footnotes:

- (a) Gross Profit Base as Stated in FPSC Rule 25-4.0405.
- (b)
$$\frac{\text{Average Current Year Access Lines}}{\text{Average 1982 Access Lines Per Rule 25-4.0405}}$$
- (c)
$$\frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}}$$
- (d) (Line 15 less line 19) or (1/3 of line 15) whichever is smaller but not less than zero.
- (e) Only those expenses formerly included in account 649 should be included in this schedule.
- (f) The consolidated amount should contain the entire gross amount from the Directory Advertising operation in the local franchise area to be considered in setting rates for telecommunications service. This will include the gross amounts billed from all sources including all amounts from the publishing of directory companies as well as the Local Exchange Company.