



Public Service Commission

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SEP 17 1998
COMMUNICATIONS
SECTION

DATE: SEPTEMBER 15, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (B. KEATING) *BK*
DIVISION OF COMMUNICATIONS (MARSH) *MCB*
Garrett *SD*

RE: DOCKET NO. 980733-TL - DISCOVERY RELATED TO STUDY ON FAIR AND REASONABLE RATES AND ON RELATIONSHIPS AMONG COSTS AND CHARGES ASSOCIATED WITH CERTAIN TELECOMMUNICATIONS SERVICES PROVIDED BY LOCAL EXCHANGE COMPANIES (LECS), AS REQUIRED BY CHAPTER 98-277, LAWS OF FLORIDA.

AGENDA: SEPTEMBER 22, 1998 - REGULAR AGENDA - MOTIONS TO COMPEL - AFFECTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\980733.RCM

CASE BACKGROUND

In accordance with the new Chapter 98-277, General Laws of Florida, the Commission is required, among other things, to study and report to the Legislature, by February 15, 1999, its conclusions regarding the fair and reasonable rate for Florida residential basic local telecommunications service. In order to effectuate the timely completion of the required report, the Commission has established this matter as Special Project No. 980000A-SP, Fair and Reasonable Residential Basic Local Telecommunications Rates. In conjunction with this Special Project, Docket No. 980733-TL has been opened for discovery purposes related to the project. The Commission established this docket to address any discovery disputes that may arise. All discovery and related motions must be filed in Docket No. 980733-TL. By Order No. PSC-98-0843-PCO-TL, issued June 25, 1998, the procedure for this discovery docket was established.

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On September 1, 1998, the Attorney General filed a Motion to Compel GTE Florida, Incorporated (GTEFL) to Respond to its First Set of Interrogatories and Third Request for Production of Documents (PODs), For Expedited Ruling, and Request for Oral Argument. The Attorney General also filed a Motion to Compel BellSouth Telecommunications, Inc. (BellSouth) to Respond to its First Set of Interrogatories and Third Request for Production of Documents, For Expedited Ruling, and Request for Oral Argument that day. On September 4, 1998, GTEFL filed its Opposition to the Attorney General's Motion. On September 8, 1998, the Attorney General filed a Motion to Compel Sprint-Florida, Incorporated (Sprint) to Respond to its First Set of Interrogatories and Third Request for Production of Documents, For Expedited Ruling, and Request for Oral Argument. On September 9, 1998, Sprint filed its Response to the Attorney General's Motion. On September 11, 1998, the Office of Public Counsel (OPC) filed a Response in Support of the Attorney General's Motions to Compel. On September 14, 1998, BellSouth filed its Response to the Attorney General's Motion to Compel.

On September 11, 1998, the prehearing officer heard oral argument regarding these motions. This matter was referred by the prehearing officer for consideration by the full Commission.

The arguments in the Motions to Compel and the responses of BellSouth, Sprint, and GTEFL (the companies or the LECs) are similar. Therefore, staff has addressed all three motions in one issue. To the extent possible, the arguments in the LECs' responses have been combined and summarized. Attachment A to this recommendation is a chart indicating the interrogatories that remain in dispute. Attachment B contains the interrogatories and PODs served on the LECs. Staff's recommendation on the Motions to Compel is set forth below.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the Attorney General's Motions to Compel BellSouth, GTEFL, and Sprint to respond to its First Set of Interrogatories and Third Request for Production of Documents?

RECOMMENDATION: Staff recommends that the Commission should grant the Attorney General's Motions, in part, and deny the motions, in part. Staff recommends that the companies should be required to respond to specific interrogatories and requests for production of documents as set forth below:

INTERROGATORIES

GTE FLORIDA	BELLSOUTH	SPRINT-FLORIDA
1(a), 2(a), 5(c), 5(d), 9(a-d)*, 15, 18, 19(a), 19(b), 21, 21(a), 47(a), 47(b)	19, 21	1(a), 2(a), 9(a-d)*, 19(a), 19(b), 21, 28(a), 28(b)

REQUESTS FOR PRODUCTION OF DOCUMENTS

GTE FLORIDA	BELLSOUTH	SPRINT-FLORIDA
6, 9, 10, 11*, 12*, 15, 16	6, 9, 12*	6, 9, 11*, 12*

*To the extent that the information requested pertains to relationships among the costs and charges of services provided by the LECs, or is necessary to verify the information provided to the Commission in response to staff's data requests, staff believes that the companies should be required to respond to these requests. In view of the time constraints of this proceeding, staff does not believe that the companies should be required to make any additional calculations or adjustments in order to provide the information in the form requested by the Attorney General.

Staff recommends that the Attorney General's Motions be denied as it applies to the remaining interrogatories and requests for production of documents.

STAFF ANALYSIS: The pertinent portions of Chapter 98-277, Laws of Florida, are as follows:

Section 2 (1) The Legislature has determined that charges for intrastate switched access and other services may be set above costs and may be providing an implicit subsidy of residential basic local telecommunications service rates in this state. 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.

(2) (a) 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 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. . . .

(b) 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.

Attorney General

In its Motions, the Attorney General argues that the Legislature intended that all interested persons and participants should have access to cost data, revenue data, and other analyses relevant to this proceeding. The Attorney General asserts that such data includes any information necessary to investigate the "relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies." Chapter 98-277, Section 2(1), Laws of Florida. The Attorney General further emphasizes that interested persons and participants are not limited to access to information necessary to verify the cost data and analysis provided to Commission staff, as argued by the companies.

The Attorney General states that participants may seek information beyond that which has been obtained by Commission staff. The Attorney General argues that participants are entitled to any information necessary to analyze and address the issues to be covered in the Commission's report to the Legislature. In developing its report, the Attorney General believes that the Commission must study intrastate access and the relationship between the costs and charges associated with other services provided by LECs, as well as the costs and charges associated with providing residential basic local service. The Attorney General states that the Legislature did not limit the services under review to only residential service or regulated services. The Attorney General argues that the LECs are attempting to limit the information provided to information related to residential basic local service. According to the Attorney General, this is improper and was not the intent of the Legislature.

In addition, the Attorney General notes that some competitive services have been deregulated by the FCC. The Attorney General states that it is necessary to obtain information regarding these services in order to review the relationship between competitive and non-competitive services. The Attorney General states that some LEC employees work on regulated and deregulated services. This, argues the Attorney General, affects the allocation of expenses. Thus, the Attorney General argues that it is necessary to review information regarding deregulated services. Likewise,

the Attorney General argues that information regarding affiliates is relevant to this proceeding. The Attorney General states that some affiliate costs have already been included in the companies' studies. The Attorney General also states that some affiliates provide services for the LECs. The costs associated with affiliates are, therefore, pertinent to this study. The Attorney General adds that the fact that these LECs are now price-regulated companies does not affect the Commission's ability to review information on non-regulated services or affiliates in order to complete the report as directed by the Legislature.

Finally, the Attorney General argues that the companies should provide copies of responses provided to the Commission staff and to any other participant in this proceeding, including responses that have already been provided. The Attorney General asserts that Rule 1.340, Florida Rules of Civil Procedure, requires that answers to interrogatories be served on all parties. The Attorney General states that this principle applies even in informal proceedings. The Attorney General argues that this is not an administrative burden.

The Companies

The LECs argue that participants and interested persons are limited to discovering information relevant for purposes of verifying the cost data and analysis submitted to the Commission staff. They note that the Commission staff's data request asked for separations cost studies from each local exchange company, with intrastate operations divided into interLATA message toll, interLATA special, intraLATA message toll, intraLATA special, and other breakdowns of the companies' local system, such as extended area service (EAS) or local private line. The companies assert that the Attorney General's interrogatories seek to supplement the Commission staff's data requests, instead of verifying the information provided. They argue that this is improper in view of the language in Section 2 (2)(b) of Chapter 98-277, Laws of Florida, which states that, "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." The LECs believe that this language limits discovery to information necessary to verify the data provided in response to staff's data request.

Sprint asserts that the Fair and Reasonable Rates study is not a proceeding conducted pursuant to Chapter 120, Florida Statutes. Sprint argues, therefore, that the Commission's study is not a

"pending action" in which discovery is available. In addition, Sprint argues that the Commission will not make a final determination in this proceeding that will affect the substantial interests of any party. As such, Sprint believes that discovery is not available to intervenors and participants beyond the specific access to records outlined in Chapter 98-277, Section 2 (2)(b), Laws of Florida.

Sprint also disagrees with the Attorney General's assertion that the use of the term "charges" in the statute authorizes access to revenue information. Sprint asserts that charges and revenues are not equivalent. Sprint also disputes the Attorney General's assertion that discovery is allowed regarding the relationships between the costs and charges of other services provided by the LECs. Sprint also argues that the Attorney General is actually seeking earnings information about non-regulated services, rather than allocation details. Sprint further asserts that the Attorney General has not justified its request for directory advertising information.

Similarly, GTEFL argues that a number of the Attorney General's interrogatories and PODs seek revenue information that is unrelated to the study being conducted by the Commission. GTEFL argues that the only purpose for seeking revenue information is for conducting a rate case, which is not what the Legislature intended in directing this study. GTEFL also asserts that responding to several of the Attorney General's interrogatories would require GTEFL to manually compile data to produce an additional study, because GTEFL's systems no longer keep data at the level of detail requested by the Attorney General.

GTEFL believes that information regarding affiliates and unregulated services is outside the scope of the Commission's study. GTEFL also objects to providing GTEFL's last depreciation study. GTEFL argues that its last depreciation study is irrelevant to this proceeding and would be inaccurate, because GTEFL uses economic depreciation, instead of any depreciation prescriptions.

In addition, GTEFL asserts that it should not be required to provide disconnection information or repair information. GTEFL argues that such information cannot provide any relevant information to this proceeding. GTEFL argues that disconnect rates have no meaningful connection to affordability of local residential service, because most disconnections are related to high toll bills. GTEFL also does not believe that repair information has any relevance in a review of the fair and reasonable rate for basic local telecommunications service. GTEFL argues that it should not

be required to provide irrelevant information. Furthermore, GTEFL states that interrogatories 21 and 21(a) are unduly burdensome.

BellSouth joins in Sprint's Response to the Attorney General's Motion to Compel. BellSouth also emphasizes that the Attorney General seeks information regarding revenues and deregulated services. BellSouth believes that this information is irrelevant to this proceeding. BellSouth further agrees with Sprint that the Attorney General has inappropriately equated the term "charges" with "revenues."

Regarding POD 6, BellSouth does not believe it should be required to provide copies of future discovery responses to the Attorney General. BellSouth states that the Attorney General can request copies of any future responses if further discovery requests are served on BellSouth. BellSouth argues that it would be unduly burdensome to require it to automatically provide the Attorney General with copies of future responses. BellSouth adds that if the Attorney General's request is granted, other participants may make the same request, which would create an even greater administrative burden for BellSouth.

Staff's Analysis

Staff agrees with the Attorney General that the language in Section 2 (2)(b) does not restrict the scope of discovery in this matter to information necessary to verify the cost data and analysis submitted to the Commission. The plain language of Section 2 (2)(b) states that the Commission and intervenors shall have access to records necessary to verify the cost data and analysis. There is, however, no statement that discovery is limited to such information, nor is there any limiting language indicating that the Legislature intended to limit discovery in this manner. Staff agrees with the Attorney General that the scope of discovery in this proceeding extends beyond verification of cost data to include information necessary to study ". . . the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local telecommunications companies." Chapter 98-277, Section 2 (1), Laws of Florida. Staff believes, therefore, that the Attorney General's Motions to Compel should be granted as set forth in Staff's Recommendation Statement. Staff believes that these requests seek information that is relevant or is likely to lead to information that is relevant to this proceeding.

Staff does, however, believe that several of the Attorney General's requests seek information that is irrelevant to the study

being conducted by the Commission or are unduly burdensome to the companies. As indicated by the LECs, this is not a rate case proceeding.

Specifically, staff does not believe that GTEFL should be required to manually compile information that its systems do not maintain in order to respond to Interrogatory 2(b). Staff believes that this would be unduly burdensome, particularly in view of the time constraints under which this study is being conducted. Staff also does not believe that any of the companies should be required to provide a depreciation study with the "best fit" observed average service life indication required by the Attorney General's Interrogatory 8(a). If the companies have a recent depreciation study, one completed within the past two years, they should be required to provide it, but they should not be required to provide the detailed breakdown required by Interrogatory 8(a). Staff believes that this would be unduly burdensome.

With regard to Interrogatories 6, 7, 14, and 23, staff does not believe that these interrogatories seek information that is likely to lead to information that is relevant to the Commission's study. Interrogatories 6 and 7 seek revenue, tax, and expense information for deregulated services. In developing the Commission's report, staff believes that it is appropriate to analyze the relationship between the costs and charges of providing deregulated services and residential basic local service. Staff does not, however, believe that the revenue and expense information sought through these interrogatories is likely to lead to information relevant to the relationships among the costs and charges of services provided by the LECs, nor does it appear necessary to verify the information provided to the Commission in response to staff's data requests. Staff agrees with GTEFL that these interrogatories appear to seek information regarding the profitability of deregulated services and seem more appropriate for a rate case proceeding.

As to Interrogatory 14, the Attorney General asks whether a yellow page listing is part of business basic local service and seeks the name of the largest city where the company provides business basic local service. Staff does not believe that the information sought by this interrogatory is relevant or is likely to lead to information relevant to the relationships among the costs and charges of services provided by the LECs. Further, the information sought does not appear necessary to verify the information provided to the Commission in response to staff's data requests. This interrogatory seeks only information regarding the provision of business basic service. Staff does not believe that

a response to this interrogatory would lead to any information relevant to the provision of residential basic local service or to the relationship between the costs and charges of providing business and residential basic local service.

Interrogatory 23 seeks information regarding interstate revenues. Staff believes that interstate services are outside the scope of this proceeding.

Interrogatory 9, and PODs 11 and 12, seek information regarding directory advertising revenues and costs included in the separations study requested by the Commission staff. To the extent that the information requested pertains to relationships among the costs and charges of services provided by the LECs, or is necessary to verify the information provided to the Commission in response to staff's data requests, staff believes that the companies should be required to respond to these requests. Staff does not, however, believe that the companies should be required to make any additional calculations or adjustments in order to provide the information in the form requested by the Attorney General. In view of the time constraints of this proceeding, staff believes this would be unduly burdensome. Staff also does not believe that the companies should be required to respond to interrogatory subparts 9(e) and 9(f). Staff does not believe that these subparts seek information likely to lead to information relevant to the Commission's study.

Further, staff believes that the companies should be required to respond to POD 6, which seeks copies of discovery responses provided to the Commission staff and other participants in this proceeding. Staff believes that this is entirely appropriate and would not be unduly burdensome to the companies. Staff emphasizes that requiring the companies to respond to the Attorney General's POD 6 should not be construed to require the companies to automatically serve all participants with all discovery responses.

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ISSUE 2: Should this Docket be closed?

RECOMMENDATION: No. This Docket should remain open through the discovery period set forth in Order No. PSC-98-0843-PCO-TL, issued June 25, 1998.

STAFF ANALYSIS: No. This Docket should remain open through the discovery period set forth in Order No. PSC-98-0843-PCO-TL, issued June 25, 1998.

ATTACHMENT A

DISPUTED
INTERROGATORIES

GTEFL	BELLSOUTH	SPRINT
1(a), 2(a), 2(b), 5(c), 5(d), 6, 7, 8(a), 9(a-f), 14, 14(a), 14(b), 5, 18, 19(a), 19, 21, 21(a), 23(.), 23(b), 47(a), 47(b)	6, 7, 9(e), 9(f), 19, 21	1(a), 2(a), 6, 7, 9(a-f), 14(a), 14(b), 19(a), 19(b), 21, 23(a), 28(a), 28(b)

DISPUTED
REQUESTS FOR PRODUCTION OF DOCUMENTS

GTEFL	BELLSOUTH	SPRINT
6, 9, 10, 11, 12, 15, 16	6, 9, 12	6, 9, 11, 12

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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 these 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.

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;

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- 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 Request, 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;

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- 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.)

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5. **In Part I, Request JA(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 JA(2)(b) of the June 19th Division of Auditing Request.**

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- c. 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?
- e. 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.

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- 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 Request, 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.

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- 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.
- a. 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 retirement, 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 Request, the same revenues and costs which are shown in the "per book" column of Schedule Z-77? If not, please provide a column with the same lines as shown on Schedule Z-7.

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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 Request, 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.

- a. 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 Request 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 worksheets 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 Request 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

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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 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.

- a. 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.

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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.).

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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.

ATTACHMENT B

- 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 or 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

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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.

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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.

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24. For your Company for the year 1997, please provide the following:
- a. The interstate EUCL revenue, 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 interstate originating and terminating Carrier Common Line Charge (CCLC) rates.
27. For traffic to or from a residential premise, when your Company provides interstate residential 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

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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 Interroom 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 R1 line along with Call Forwarding and Three-Way Calling. Please provide a breakdown of that total showing the rate for each rate element.

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- 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/ESX 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

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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.

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- 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 of 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.

- e. 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. TSLBICs were used to allocate costs for the joint and common costs other than the loop and NTS COE)

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- 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.
- a. 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.
- a. 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 telephone 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.

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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 circumstances.
 - 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 separation study).

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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.

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- 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 model 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.

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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 as a result of 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.

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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

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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

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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

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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.**

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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 commission and name of Notary Public

Commission No. _____

My Commission Expires _____

Personally Known _____ or Personal Identification _____ (Check One)

Type of Identification Produced _____

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DATE: SEPTEMBER 15, 1998
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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: _____

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MICHAEL A. GROSS
Assistant Attorney General

ATTACHMENT B

Analysis of Directory Advertising Operations
 Schedule Z-7

Company Name _____
 For the Year Ended December 31, 1997

Items	Consolidated (\$) Annual	Per Books Annual
1. Revenues (Account 5230):		
2a. Local		
2b. Foreign		
3. National		
4. Sales		
5. Commission		
6. Other		
7. Total (lines 2 through 6)		
8. Expenses (Account 6422) (a):		
9. Printing (reduction in distribution)		
10. Commission		
11. Delivery (included in line 9)		
12. Salvage		
13. Other (a)		
14. Total (lines 9 through 13)		
15. Gross Profit (line 7 minus line 14)		
16. Gross Profit (a) (b)		
17. Customer Growth Factor (b)		
18. CPI-U Factor (c)		
19. Adjusted 198: (L16 x (L17 x L18))		
20. Nonregulated (d)		

Footnote:

- (a) **Gross Profit Rate as Stated in FCC Rule 25.4.0405.**
- (b)
$$\frac{\text{Average Current Year Annual Lines}}{\text{Average 1982 Annual Lines Per Rule 25.4.0405}}$$
- (c)
$$\frac{\text{Annual Average CPI-U for Current Year}}{\text{Annual Average CPI-U for 1982}}$$
- (d) **(Line 18 less line 19) or (L) 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 include the entire or gross amount from the Directory Advertising operation in the local franchise area to be considered in setting rates for telecommunications services. This will include the gross amount billed from all sources, including all amounts from the publishing or directory companies as well as the Local Exchange Company.**

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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 Sprint together with its officers, employees, consultants, agents, representatives, attorneys (unless privileged), and any other person or entity acting for or on behalf of Sprint.

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."

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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, long distance, 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.

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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 Iomega 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.)

ATTACHMENT B

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.

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ROBERT A. BUTTERWORTH
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CERTIFICATE OF SERVICE

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

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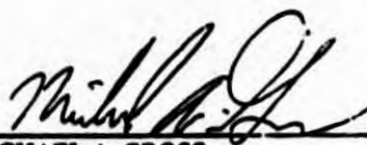
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MICHAEL A. GROSS
Assistant Attorney General

ATTACHMENT B

Analysis of Directory Advertising Operations
 Schedule 7.7

Company Name _____
 For the Year Ended December 31, 1997

Items	Consolidated (i) Amount	Per Book Amount
1. Revenue (Amount 5230):		
2a. Local		
2b. Foreign		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (lines 2 through 6)		
8. Expenses (Amount 6623) (j):		
9. Printing (including distribution)		
10. Commissions		
11. Delivery (included in line 9)		
12. Salvage		
13. Other (k)		
14. Total (lines 9 through 13)		
15. Gross Profit (line 7 minus line 14)		
16. Gross Profit Ratio (l)		
17. Customer Growth Factor (m)		
18. CPI-U Factor (n)		
19. Adjusted 1982 (L16 x (L17 x L18))		
20. Nonregulated (o)		

Footnote:

- (a) Gross Profit Base as Stated in FCC Rule 25.2.0405.
- (b) Average Current Year Access Lines _____
Average 1982 Access Lines Per Rule 25.2.0405 _____
- (c) Annual Average CPI-U for Current Year _____
Annual Average CPI-U for 1982 _____
- (d) (Line 15 less line 19) or (1/ of line 15) whichever is smaller but not less than zero.
- (e) Only those expenses formerly included in account 619 should be included in this schedule.

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 amount billed from all sources, including all amounts from the publishing or directory companies as well as the Local Exchange Companies.

ATTACHMENT B Advertising Operations
 Schedule Z-7

Company Name _____
 For the Year Ended December 31, 1997

Items	Consolidated (\$) Amount	Per Book Amount
1. Revenue (Amount \$230):		
2a. Local		
2b. Foreign		
3. National		
4. Sales		
5. Commissions		
6. Other		
7. Total (lines 2 through 6)		
8. Expenses (Amount \$422) (C):		
9. Printing (production & distribution)		
10. Commissions		
11. Delivery - included in line 9)		
12. Salvage		
13. Other (D)		
14. Total (lines 9 through 13)		
15. Gross Profit (Line 7 minus line 14)		
16. Gross Profit 1182 (C)		
17. Customer Growth Factor (b)		
18. CPI-U Factor (c)		
19. Adjusted 1982 (Line 16 x (Line 17 x Line 18))		
20. Nonregulated (D)		

COMPUTATION:

- (a) Gross Profit Rate as stated in FPSC Rule 25.4.0405.
- (b) Average Current Year Actual Lines " _____
Average 1982 Actual Lines Per Rule 25.4.0405
- (c) Annual Average CPI-U for Current Year " _____
Annual Average CPI-U for 1982
- (d) (Line 15 less line 19) or (1/1) of line 15) whichever is smaller but not less than zero.

Only those expenses formerly included in account 649 should be included in this schedule.

The consolidated amount should contain the entire net profit amount from the Directory Advertising operations in the local financial year to be considered in setting rates for telecommunications service. This will include net profit amount both from all sources including all amounts from the publishing or directory companies as well as the local telephone companies.