

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for a rate) DOCKET NO. 920188-TL
increase by GTE FLORIDA) ORDER NO. PSC-92-0821-PCO-TL
INCORPORATED.) ISSUED: 08/17/92
_____)

ORDER ESTABLISHING PROCEDURE

On May 1, 1992, GTE Florida Incorporated (GTE or the Company) filed its Application for a Rate Increase. The hearing in this docket is necessary to establish rates for the Company.

The scope of this proceeding shall be based upon the issues raised by the parties and Commission staff (staff) up to and during the prehearing conference, unless modified by the Commission. The hearing will be conducted according to the provisions of Chapter 120, Florida Statutes, and the rules of this Commission.

Discovery

a. When discovery requests are served and the respondent intends to object to or ask for clarification of the discovery request, the objection or request for clarification shall be made within ten days of service of the discovery request. This procedure is intended to reduce delay in resolving discovery disputes.

b. The hearing in this docket is set for October 12-17, 1992. Unless authorized by the Prehearing Officer for good cause shown, all discovery shall be completed by October 5, 1992. All interrogatories, requests for admissions, and requests for production of documents shall be numbered sequentially in order to facilitate their identification. The discovery requests will be numbered sequentially within a set and any subsequent discovery requests will continue the sequential numbering system.

c. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be

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returned to the person providing the information as set forth in Section 364.183, Florida Statutes.

Diskette Filings

See Rule 25-22.028(1), Florida Administrative Code, for the requirements of filing on diskette for certain utilities.

Prefiled Testimony and Exhibits

Pursuant to Rule 25-22.048, Florida Administrative Code, each party shall prefile, in writing, all testimony that it intends to sponsor. Such testimony shall be typed on 8 1/2 inch x 11 inch transcript-quality paper, double spaced, with 25 numbered lines, on consecutively numbered pages, with left margins sufficient to allow for binding (1.25 inches).

Each exhibit intended to support a witness' prefiled testimony shall be attached to that witness' testimony when filed, identified by his or her initials, and consecutively numbered beginning with 1. All other known exhibits shall be marked for identification at the prehearing conference. After an opportunity for opposing parties to object to introduction of the exhibits and to cross-examine the witness sponsoring them, exhibits may be offered into evidence at the hearing. Exhibits accepted into evidence at the hearing shall be numbered sequentially. The pages of each exhibit shall also be numbered sequentially prior to filing with the Commission.

An original and 15 copies of all testimony and exhibits shall be prefiled with the Director, Division of Records and Reporting by the close of business, which is 4:45 p.m., on the date due. A copy of all prefiled testimony and exhibits shall be served by mail or hand delivery to all other parties and staff no later than the date filed with the Commission. Failure of a party to timely prefile exhibits and testimony from any witness in accordance with the foregoing requirements may bar admission of such exhibits and testimony.

Prehearing Statement

Pursuant to Rule 25-22.038(3), Florida Administrative Code, a prehearing statement shall be required of all parties in this docket. Staff will also file a prehearing statement. The original and 15 copies of each prehearing statement shall be prefiled with

the Director of the Division of Records and Reporting by the close of business, which is 4:45 p.m., on the date due. A copy of the prehearing statement shall be served on all other parties and staff no later than the date it is filed with the Commission. Failure of a party to timely file a prehearing statement shall be a waiver of any issue not raised by other parties or by the Commission. In addition, such failure shall preclude the party from presenting testimony in support of its position. Such prehearing statements shall set forth the following information in the sequence listed below.

- (a) the name of all known witnesses that may be called by the party, and the subject matter of their testimony;
- (b) a description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each;
- (c) a statement of basic position in the proceeding;
- (d) a statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;
- (e) a statement of each question of law the party considers at issue and the party's position on each such issue;
- (f) a statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;
- (g) a statement of issues that have been stipulated to by the parties;
- (h) a statement of all pending motions or other matters the party seeks action upon; and
- (i) a statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

Prehearing Conference

A pre-prehearing conference and a prehearing conference will be held in this docket at the Fletcher Building, 101 East Gaines Street, Tallahassee, Florida. The conditions of Rule 25-22.038(5)(b), Florida Administrative Code, shall be observed. Any party who fails to attend the prehearing conference, unless excused by the Prehearing Officer, will have waived all issues and positions raised in that party's prehearing statement.

Prehearing Procedure: Waiver of Issues

Any issue not raised by a party prior to the issuance of the prehearing order shall be waived by that party, except for good cause shown. A party seeking to raise a new issue after the issuance of the prehearing order shall demonstrate that: it was unable to identify the issue because of the complexity of the matter; discovery or other prehearing procedures were not adequate to fully develop the issue; due diligence was exercised to obtain facts touching on the issue; information obtained subsequent to the issuance of the prehearing order was not previously available to enable the party to identify the issue; and introduction of the issue could not be to the prejudice or surprise of any party. Specific reference shall be made to the information received, and how it enabled the party to identify the issue.

Unless a matter is not at issue for that party, each party shall diligently endeavor in good faith to take a position on each issue prior to issuance of the prehearing order. When a party is unable to take a position on an issue, it shall bring that fact to the attention of the Prehearing Officer. If the Prehearing Officer finds that the party has acted diligently and in good faith to take a position, and further finds that the party's failure to take a position will not prejudice other parties or confuse the proceeding, the party may maintain "no position at this time" prior to hearing and thereafter identify its position in a post-hearing statement of issues. In the absence of such a finding by the Prehearing Officer, the party shall have waived the entire issue. When an issue and position have been properly identified, any party may adopt that issue and position in its post-hearing statement.

Document Identification

To facilitate the management of documents in this docket, exhibits will be numbered at the Prehearing Conference. Each

exhibit submitted shall have the following in the upper right-hand corner: the docket number, the witness's name, the word "Exhibit" followed by a blank line for the exhibit number and the title of the exhibit.

An example of the typical exhibit identification format is as follows:

Docket No. 12345-TL
J. Doe Exhibit No. _____
Cost Studies for Minutes of Use by Time of Day

Tentative Issues

Attached to this order as Appendix "A" is a tentative list of the issues which have been identified in this proceeding. Prefiled testimony and prehearing statements shall address the issues set forth in Appendix "A".

Controlling Dates

The following dates have been established to govern the key activities of this case.

- | | | |
|----|---|-------------------------|
| 1) | Utility's direct testimony and exhibits | May 1, 1992 |
| 2) | Intervenors' direct testimony and exhibits | August 13, 1992 |
| 3) | Staff's direct testimony and exhibits, if any | August 20, 1992 |
| 4) | Rebuttal testimony and exhibits | September 3, 1992 |
| 5) | Prehearing Statements | August 28, 1992 |
| 6) | Pre-Prehearing Conference | September 9, 1992 |
| 7) | Prehearing Conference | September 18, 1992 |
| 8) | Hearing | October 12-17, 19, 1992 |
| 9) | Briefs | November 5, 1992 |

Use of Confidential Information At Hearing

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding. Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute. Failure of any party to comply with the seven day requirement described above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.

When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material. Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so. At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting's confidential files.

Post-hearing Procedures

Rule 25-22.056(3)(a), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. You must include in that statement, a summary of each position of no more than 50 words, marked with an asterisk. In the absence of the summary statement, the prehearing position on that issue will be used in the staff recommendation. The Rule provides that any issue or position not included in the post-hearing statement is

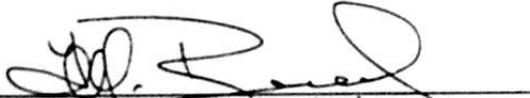
considered waived. If a party's position has not changed since the prehearing order was issued, the post-hearing statement can simply restate the prehearing position.

All post-hearing memoranda, including findings of fact, conclusions of law, statement of issues and positions, and briefs, shall total no more than 50 pages, and shall be filed simultaneously. Arguments in briefs must be identified by issue number. Proposed findings of fact and conclusions of law are not required. However, if proposed findings of fact are submitted, each one must cite to the record, identifying transcript page and line. All proposed findings of fact which relate to a particular issue shall be grouped together and shall identify the issue number to which they relate. Each proposed finding of fact shall be separately and consecutively numbered. Any written statement which is not clearly designated as a proposed finding of fact shall be considered to be legal argument rather than a proposed finding of fact.

Based upon the foregoing, it is

ORDERED by Chairman Thomas M. Beard, as Prehearing Officer, that the provisions of this Order shall govern this proceeding unless modified by the Commission.

By ORDER of Chairman Thomas M. Beard, as Prehearing Officer, this 17th day of August, 1992.


THOMAS M. BEARD, Chairman
and Prehearing Officer

(S E A L)

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

APPENDIX "A"

LIST OF ISSUES

Quality of Service

- ISSUE 1: Is the quality of service adequate?
- ISSUE 1A: Should GTEFL be required to modify its Trouble Reporting System to eliminate the capability of a repair person changing out of service reports to a non-out of service condition in the field?

Repression/Stimulation and Forecasting

- ISSUE 2: Are GTEFL's 1993 business-as-usual forecasts of access lines, toll messages, and minutes-of-use reasonable?
- ISSUE 3: The Company's 1993 business-as-usual forecasts incorporate estimates of repression and stimulation; are GTEFL's repression and stimulation estimates appropriate?
- ISSUE 4: Is the test year ended December 31, 1993 an appropriate test year?

Rate Base

- ISSUE 5: What is the appropriate amount of plant in service for the test year?
- ISSUE 5A: What adjustment should be made to rate base to reflect uneconomic investments, if any, in outside plant construction?
- ISSUE 5B: What is the correct 12/31/91 year end balance of plant in service?
- ISSUE 5C: What is the appropriate amount of 1992 projected retirements for plant accounts 2220 and 2231?

- ISSUE 6: What is the appropriate amount of depreciation reserve for the test year?
- ISSUE 6A: What adjustment should be made to the depreciation reserve to reflect new depreciation rates and recovery schedules as approved in Docket No. 920284-TL?
- ISSUE 6B: What adjustment is necessary to correct the 12/31/91 year end balance of the depreciation reserve?
- ISSUE 6C: Does the retirement of \$170,443,605 in the circuit equipment account in 1990 constitute an extraordinary retirement under Part 32 rules of the Federal Communications Commission? If so, what adjustments are appropriate for the test year to reflect this retirement?
- ISSUE 6D: Are the dates for implementation of new depreciation and capital recovery schedules as determined in Docket No. 920284-TL appropriate for the test year and for 1993 pro forma? If not, what dates are appropriate?
- ISSUE 6E: Is the method of distributing the capital recovery schedules as determined in Docket No. 920284-TL appropriate for ratemaking purposes? If not, what adjustments are appropriate for the test year and for 1993 pro forma to reflect the capital schedules?
- ISSUE 7: What is the appropriate amount of construction work in progress for the test year?
- ISSUE 8: What is the appropriate amount of property held for future use for the test year?
- ISSUE 9: What is the appropriate amount of working capital allowance for the test year?
- ISSUE 9A: What is the appropriate amount for the cost of sale/scrap material to be removed from the working capital calculation?
- ISSUE 9B: What is the correct balance of material and supplies to include in the working capital calculation?

- ISSUE 9C: What is the appropriate amount of adjustment to working capital relating to directory operations?
- ISSUE 10: What is the appropriate amount of rate base for the test year?

Cost of Capital

- ISSUE 11: What is the appropriate cost of common equity for the test year?
- ISSUE 12: Is GTEFL's proposed test year equity ratio prudent and reasonable? If not, how should this be treated?
- ISSUE 13: What is the appropriate cost of short term debt for the test year?
- ISSUE 14: What is the appropriate amount of deferred income taxes to be included in the capital structure for the test year after reconciliation?
- ISSUE 15: What is the appropriate amount of Investment Tax Credits and its associated cost to be included in the capital structure for the test year after reconciliation?
- ISSUE 16: How should non-regulated investments be removed from the capital structure in rate base and capital structure reconciliation?
- ISSUE 17: Is the Company's proposed capital structure as included in the original filing appropriate for ratemaking purposes?
- ISSUE 18: Is the Company's capital structure as amended in the Company's response to OPC Interrogatory 119 (Supplemental) shown on line 26b an appropriate capital structure for ratemaking purposes?
- ISSUE 19: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year?

Net Operating Income

- ISSUE 20: Are any of the company's forecasted billing units inappropriate?
- ISSUE 21: What is the appropriate amount of operating revenue for the test year?
- ISSUE 21A: Has GTE accounted for employee concessions appropriately?
- ISSUE 21B: Should the amount of foregone concession revenue be imputed as revenues?
- ISSUE 21C: Has the Company included the proper amount of directory revenues as above the line revenues?
- ISSUE 21D: Is the trade-off in the directory revenue contract which allows GTE Directory to retain 100% of all NYPS and foreign advertising in return for a higher retention percentage appropriate and in the best interest of the ratepayers?
- ISSUE 21E: Has the Company properly calculated the increased level of directory revenues between 1991 and 1993?
- ISSUE 21F: Should directory revenues be increased not only for proposed rate increases in 1992 and 1993, but also for an increase in growth?
- ISSUE 21G: Should the revenues associated with the change in accounting for directory revenues from an "as issued" to "as published" basis be amortized over a period of years?
- ISSUE 21H: Has GTE appropriately reflected any reductions in its interLATA subsidy fund payments?
- ISSUE 21I: As the Company has not been able to reconcile the per book revenues with the MFR tariff price-out schedules E-1, should book revenues be increased or decreased to agree with the tariff price-out schedules?

- ISSUE 21J: Has the Company properly accounted for all new product offerings which it is expected to introduce in 1992 and 1993?
- ISSUE 21K: Has the Company properly removed as relating to prior periods, QRS revenues which the Company then reversed out in June, 1991?
- ISSUE 21L: Has the Company understated rent revenues by not taking into consideration increases in shared tenant revenues which the Company expects to receive in 1992 and 1993 over that recorded in 1991?
- ISSUE 21M: Has the Company understated revenues by removing from revenues the gross receipts tax which is embedded in rates?
- ISSUE 22: What is the appropriate amount of O&M expense for the test year?
- ISSUE 22A: What adjustment, if any, should be made to expenses for USTA dues?
- ISSUE 22B: What adjustment, if any, should be made to remove additional severance and early retirement pay for 1991?
- ISSUE 22C: What adjustment, if any, should be made to the amount of uncollectible expense?
- ISSUE 22D: What adjustment, if any, should be made to the amount of data processing expense?
- ISSUE 22E: What adjustment, if any, should be made to the amount of fringe benefit expense?
- ISSUE 22F: Has the Company failed to take into consideration changes in accounting which occurred during 1991 and beginning in 1992 which will reduce expenses versus capital?
- ISSUE 22G: Should the Company be allowed to recover the cost of the supplemental executive retirement plan which provides additional pension benefits to its executives?

- ISSUE 22H: Should the Company be allowed to recover bonus payments and other incentive payments, some of which are based on increases in the price of GTE common stock which then effects the Stock Appreciation Rights Plan (SARs)?
- ISSUE 22I: Has the Company included expenses which are inappropriate for ratemaking, such as donations where such expenditures are classified as community affairs advertising?
- ISSUE 22J: Should the Company be allowed to recover the cost of providing health club facilities for its employees?
- ISSUE 22K: Is the level of relocation expense reasonable?
- ISSUE 22L: Has the company properly accounted for all cost saving measures undertaken by the Company?
- ISSUE 22M: Has the Company taken into account the new data processing agreement with General Electric which became effective in 1992?
- ISSUE 22N: Should 1993 include a \$4.329 million charge identified as the MARK Migrate?
- ISSUE 22O: Are the separation factors recommended by the Company appropriate?
- ISSUE 22P: Has the Company properly calculated the separation factors as it relates to its treatment of nonregulated expenses which are removed as a separate line item from the total company amount where none of the credit is allocated to intrastate?
- ISSUE 22Q: Has the Company properly calculated the separation factors for costs associated with developing the access billing system?
- ISSUE 22R: Has the Company included any miscellaneous expenses which are inappropriate for ratemaking purposes?

- ISSUE 22S: Is the Company's estimate of wage and salary expense appropriate, given the Company's apparent agreement with the Union that certain employee reductions would not be made as planned?
- ISSUE 22T: With the exception of those changes already discussed, are the 27 updates and correction of errors included by the Company in response to OPC 119 and OPC 119 (Supplemental) appropriate?
- ISSUE 23: Is the amount of GS&L included in the company's request appropriate for rate making purposes?
- ISSUE 23A: Should the Company be allowed to recover the cost of providing chauffeur service for executives at the Service Corporation and Dallas headquarters?
- ISSUE 23B: Should data processing expense be reduced because of the return earned by GTE Data Services (GTEDS)?
- ISSUE 23C: Should purchases from GTE Supply be based on cost?
- ISSUE 23D: Are test year charges from GTECC of over \$9.7 million for network commissions appropriate?
- ISSUE 23E: Are the charges from AGCS appropriate?
- ISSUE 22F: Are test period charges from Codetel appropriate?
- ISSUE 24: Is it appropriate to impute the revenues and expenses of the Company in the conduct of its deregulated inside wire activities for purposes of this docket as above the line expenses and revenues? If so, what adjustments to plant in service, revenues, and expenses are appropriate to reflect this decision in 1993?
- ISSUE 25: If the Commission adopts SFAS 106 for ratemaking purposes, what is the appropriate expense for postretirement benefits other than pensions for the test year?

- ISSUE 25A: If the Commission adopts SFAS 106 for ratemaking purposes, what is the appropriate treatment of the unfunded liability for postretirement benefits other than pensions?
- ISSUE 25B: Has the Company properly computed the amount of SFAS 106 expense?
- ISSUE 25C: Should the OPEB costs be based upon a certified actuarial study?
- ISSUE 25D: Should the inclusion of OPEB costs within the price of serviced be handled in the same way as the Company handles OPEB costs for non-regulated services?
- ISSUE 25E: Should the actuarial study be based upon the substantive plan if a different level of benefits communicated to the employee is different from the level of benefits included in the written plan?
- ISSUE 25F: Is SFAS 106 expense properly included in the Company's expenses for rate making purposes?
- ISSUE 25G: Should the Company be allowed to recover administrative fees paid to an affiliate company relating to its pension plan when such plan is currently overfunded?
- ISSUE 25H: Has the Company overstated pension expense by overstating the estimate of projected wage and salary increases?
- ISSUE 25I: Should the Company be allowed to recover the cost of providing postretirement benefits other than pensions, beginning in 1993, showing expected earnings and returns in 1994?
- ISSUE 26: What is the appropriate amount of depreciation expense for the test year?
- ISSUE 26A: What are the appropriate depreciation rates and recovery schedules to be used in this proceeding?

- ISSUE 26B: What adjustment should be made to depreciation expense to reflect the new depreciation rates and recovery schedules as approved in Docket No. 920284-TL?
- ISSUE 27: What is the appropriate amount of taxes other than income for the test year?
- ISSUE 27A: Has the Company overcollected the gross receipts tax by including a tax on the tax which is separately stated on the bill?
- ISSUE 27B: What adjustment, if any, should be made to the level of property tax expense?
- ISSUE 28: What is the appropriate amount of income tax expense for the test year?
- ISSUE 28A: Has the Company properly computed the interest synchronization adjustment?
- ISSUE 28B: Should the ITC amortization be increased if the Company's proposal to increase depreciation expense based on reduced lives, is adopted?
- ISSUE 29: What is the appropriate achieved test year net operating income?

Revenue Requirement

- ISSUE 30: Should GTEFL be required to file, within 30 days after the date of the final order in this docket, an updated schedule to reflect the actual rate case expense?
- ISSUE 31: What is the appropriate amount of the revenue increase/decrease for the test year?

Legal Issues

- ISSUE 32: Do the pronouncements of the Financial Accounting Standards Board legally compel the Commission to any specific accounting methodology for rate making procedures under Florida Statutes?

ISSUE 33: May the Commission substitute SFAS 106 as the standard by which it judges whether Company expenses are incurred, and if incurred, whether reasonably incurred?

ISSUE 34: Should the Commission approve expenses which are based upon obligations of the Company which are not legally enforceable?

Repression/Stimulation

ISSUE 35: The impacts of certain of the Company's rate design proposals incorporate estimates of repression and stimulation; are GTEFL's repression and stimulation estimates appropriate?

IntraLATA Toll and Private Line

ISSUE 36: GTEFL has proposed various changes to its rates for intraLATA toll and private line. The Company's proposed changes include:

- (a) adopting the MTS day rate levels previously approved for Centel;
- (b) reducing the MTS time-of-day discounts from 35% to 25%, and from 60% to 40%, for the evening and night/weekend rate periods, respectively;
- (c) reducing the usage rates for 800 and OUTWATS by approximately 34%;
- (d) incorporating the Phase I impacts on intraexchange private line associated with the tariff filing in Docket No. 910967-TL; and
- (e) mirroring their Phase III local (intraexchange) private line rates for interexchange private line.

Should GTEFL's requested changes be approved? Are any other changes to toll services appropriate?

InterLATA Access

ISSUE 37: GTEFL proposes to introduce Switched Access Volume Election (SAVE), a volume discount plan targeted to high volume switched access end users. Should GTEFL's proposal be approved?

ISSUE 38: GTEFL has proposed several other changes to its tariffed intrastate access offerings, including:

- (a) modifying the structure and language of its switched access tariff to reflect more closely the structure of the Company's interstate tariff;
- (b) eliminating the BHMOC charge, and reducing the mobile interconnection rates due to the BHMOC change;
- (c) reducing the mobile interconnection rates due to the changes in access charges and BHMOC;
- (d) proposing to mirror Phase III of their local private line rates for special access; and
- (e) altering certain rates for billing and collection services.

Should GTEFL's requested changes be approved? Are any other changes to access services appropriate?

EAS/ECS

ISSUE 39: GTEFL is proposing to expand the availability of its existing ECS (Extended Calling Service) plan; the Company's proposals include:

- (a) converting to ECS certain existing toll routes that are less than 35 miles and that have CIFs greater than 3.0;
- (b) converting all remaining intracounty/intraLATA toll routes to the ECS plan; and

- (c) charging STS providers at business ECS rates for their ECS traffic.

Should GTEFL's ECS proposals be approved? Are any other EAS or ECS changes or modifications appropriate?

Cross-Subsidy and Investment Issues

- ISSUE 40: Should GTEFL be permitted to cross-subsidize their entry into competitive or effectively competitive services?
- ISSUE 40A: Should GTEFL's basic telephone rates be based on the most cost effective means of providing basic telephone service?
- ISSUE 40B: Should GTEFL be required to segregate intrastate investments and expenses between competitive and monopoly services?
- ISSUE 40C: How should costs of joint facilities, competitive and monopoly, be allocated between the competitive and monopoly services offered by GTEFL?
- ISSUE 40D: Have the investments and costs for video transport service been appropriately identified and separately accounted for?
- ISSUE 40E: Have the costs and revenues from non-regulated services been appropriately accounted for in this case?
- ISSUE 40F: Are overhead allocations and affiliate transactions properly accounted for in this case?
- ISSUE 40G: Has the replacement of copper since GTEFL's last depreciation study been accomplished in a cost effective manner for telephone service?

Other/Miscellaneous

- ISSUE 41: GTEFL is proposing rate changes to the following services:
- (a) local and toll directory assistance;
 - (b) local and toll operator services;
 - (c) service connection charges;
 - (d) directory listings;
 - (e) directories;
 - (f) semi-public telephone equipment; and
 - (g) certain SmartCall offerings.

Should GTEFL's proposals be approved? Are any other changes or modifications appropriate?

Local Exchange Access

- ISSUE 42: GTEFL is proposing to reduce from seven to five the number of rate groups. Should the Company's proposal be approved?
- ISSUE 43: GTEFL is proposing to restructure its current residential message rate service. Should the Company's proposal be approved?
- ISSUE 44: GTEFL is proposing to restructure its business message rate service. Should the Company's proposal be approved?
- ISSUE 45: GTEFL is proposing several changes to its flat rate residential and business access line services that alter both rate levels and relative rate relationships between services, including:
- (a) increasing the R1 rates by a uniform \$5.27, yielding increases ranging from 45% to 56%;

- (b) setting rates for residential rotary service equal to the proposed R1 rates plus a uniform \$2.85 additive;
- (c) increasing the B1 rates by a uniform \$19.73, yielding increases ranging from 66% to 83%;
- (d) setting rates for business rotary service equal to the proposed B1 rates plus a uniform \$7.35 additive;
- (e) setting rates for PBX trunk service equal to the proposed B1 rates plus a uniform \$14.80 additive;
- (f) increasing the rate for semi-public access lines from 70% to 125% of the B1 rate; and
- (g) increasing the rate for STS access lines from 60% to 80% of the PBX trunk rate.

Should GTEFL's proposals be approved? Are any other changes or modifications to basic local interconnection rates, including CentraNet and other local rates, appropriate?

ISSUE 46: GTEFL proposes to increase the monthly charges for vacation service and to assess a service charge for customers requesting vacation service. Should the Company's proposals be approved?

Catchall

ISSUE 47: Should GTEFL be required to itemize its bills on a monthly basis?

ISSUE 48: The following services have not been addressed in other issues and no changes have been proposed:

Tariffed Items (listed by tariff section)

- A2, General Regulations (other than vacation service)
- A5, Charges Applicable Under Special Conditions
- A8, Telephone Answering Service
- A10, Digital Network Services (other than Digital Channel Capacity)
- A12, Centrex Service
- A13, Miscellaneous Service Arrangements (other than Extension Line Channels, Toll Terminals, Call Forwarding, Three-Way Calling, Speed Calling, and Public Announcement Services)
- A15, Connections of Customer-Provided Terminal equipment and Communications Systems
- A17, Mobile Telephone Service
- A20, Interconnection of Mobile Services (other than network usage charges)
- A23, Interconnection of Local Exchange Services to Shared Tenant Services (other than STS lines and usage charges)
- A24, Emergency Reporting Services
- A27, Equipment for Disabled Customers
- A28, Personal Page Signaling Service
- A108-A312, Obsolete tariff offerings
- E9, Directory Assistance Access Service
- E14, Special Construction

Non-Tariffed Items

- Directory
- Rent revenues
- Operator Services Revenue
- LIDB revenues
- Other Incidental Revenue (returned check penalties, late payment charges)
- Private Line Settlements
- Credit Card and Third Number Settlement Revenue

Is this appropriate?

Tariff Effective Date/Customer Notification

- ISSUE 49: What should be the effective date of any rate changes?
- ISSUE 49A: When should customers be notified of any rate changes?
- ISSUE 49B: What should be contained in the bill stuffer to GTEFL customers announcing any rate changes?