

Table A.1
Comparison of GTE Costs to Proxy Model Costs
States Ordered by Degree of HM3.1 Understatement

State	GTE	BCPM	HM31	BCPM/ GTE	HM3.1/ GTE
California	\$ 38.68	\$ 29.68	\$ 17.64	-23.3%	-54.4%
Florida	\$ 41.07	\$ 34.03	\$ 19.40	-17.1%	-52.8%
Hawaii	\$ 44.71	\$ 30.29	\$ 21.13	-32.2%	-52.7%
Washington	\$ 38.13	\$ 37.37	\$ 20.85	-2.0%	-45.3%
N. Carolina	\$ 46.46	\$ 44.89	\$ 26.96	-3.4%	-42.0%
Oregon	\$ 34.93	\$ 37.44	\$ 21.24	7.2%	-39.2%
Texas	\$ 43.67	\$ 44.11	\$ 27.17	1.0%	-37.8%
Kentucky	\$ 40.70	\$ 45.37	\$ 25.34	11.5%	-37.7%
Idaho	\$ 42.84	\$ 57.05	\$ 28.64	33.2%	-33.1%
Indiana	\$ 35.66	\$ 41.75	\$ 24.14	17.1%	-32.3%
S. Carolina	\$ 39.93	\$ 47.75	\$ 27.89	19.6%	-30.1%
Virginia	\$ 36.14	\$ 45.67	\$ 26.32	26.4%	-27.2%
Ohio	\$ 32.11	\$ 48.57	\$ 25.04	51.2%	-22.0%
Michigan	\$ 33.03	\$ 48.69	\$ 26.30	47.4%	-20.4%
Missouri	\$ 42.00	\$ 59.89	\$ 33.52	42.6%	-20.2%
Pennsylvania	\$ 30.55	\$ 38.95	\$ 24.80	27.5%	-18.8%
Oklahoma	\$ 38.01	\$ 47.79	\$ 32.15	25.7%	-15.4%
Wisconsin	\$ 32.37	\$ 54.58	\$ 29.35	68.6%	-9.3%
Alabama	\$ 39.09	\$ 59.68	\$ 37.43	52.7%	-4.2%
Illinois	\$ 27.42	\$ 47.28	\$ 27.34	72.5%	-0.3%
Nebraska	\$ 30.69	\$ 57.62	\$ 31.35	87.7%	2.2%
Nevada	\$ 30.55	\$ 52.43	\$ 32.18	71.6%	5.3%
New Mexico	\$ 39.91	\$ 80.90	\$ 43.43	102.7%	8.8%
Iowa	\$ 31.92	\$ 66.12	\$ 36.02	107.2%	12.9%
Minnesota	\$ 34.16	\$ 69.82	\$ 42.87	104.4%	25.5%
Arkansas	\$ 38.02	\$ 62.19	\$ 48.24	63.6%	26.9%
Arizona	\$ 26.27	\$ 77.54	\$ 68.63	195.2%	161.2%

Table A.2
Comparison of GTE Costs to Proxy Model Costs
States Ordered by Degree of BCPM Understatement

State	GTE	BCPM	HM31	BCPM/ GTE	HM3.1/ GTE
Hawaii	\$ 44.71	\$ 30.29	\$ 21.13	-32.2%	-52.7%
California	\$ 38.68	\$ 29.68	\$ 17.64	-23.3%	-54.4%
Florida	\$ 41.07	\$ 34.03	\$ 19.40	-17.1%	-52.8%
N. Carolina	\$ 46.46	\$ 44.89	\$ 26.96	-3.4%	-42.0%
Washington	\$ 38.13	\$ 37.37	\$ 20.85	-2.0%	-45.3%
Texas	\$ 43.67	\$ 44.11	\$ 27.17	1.0%	-37.8%
Oregon	\$ 34.93	\$ 37.44	\$ 21.24	7.2%	-39.2%
Kentucky	\$ 40.70	\$ 45.37	\$ 25.34	11.5%	-37.7%
Indiana	\$ 35.66	\$ 41.75	\$ 24.14	17.1%	-32.3%
S. Carolina	\$ 39.93	\$ 47.75	\$ 27.89	19.6%	-30.1%
Oklahoma	\$ 38.01	\$ 47.79	\$ 32.15	25.7%	-15.4%
Virginia	\$ 36.14	\$ 45.67	\$ 26.32	26.4%	-27.2%
Pennsylvania	\$ 30.55	\$ 38.95	\$ 24.80	27.5%	-18.8%
Idaho	\$ 42.84	\$ 57.05	\$ 28.64	33.2%	-33.1%
Missouri	\$ 42.00	\$ 59.89	\$ 33.52	42.6%	-20.2%
Michigan	\$ 33.03	\$ 48.69	\$ 26.30	47.4%	-20.4%
Ohio	\$ 32.11	\$ 48.57	\$ 25.04	51.2%	-22.0%
Alabama	\$ 39.09	\$ 59.68	\$ 37.43	52.7%	-4.2%
Arkansas	\$ 38.02	\$ 62.19	\$ 48.24	63.6%	26.9%
Wisconsin	\$ 32.37	\$ 54.58	\$ 29.35	68.6%	-9.3%
Nevada	\$ 30.55	\$ 52.43	\$ 32.18	71.6%	5.3%
Illinois	\$ 27.42	\$ 47.28	\$ 27.34	72.5%	-0.3%
Nebraska	\$ 30.69	\$ 57.62	\$ 31.35	87.7%	2.2%
New Mexico	\$ 39.91	\$ 80.90	\$ 43.43	102.7%	8.8%
Minnesota	\$ 34.16	\$ 69.82	\$ 42.87	104.4%	25.5%
Iowa	\$ 31.92	\$ 66.12	\$ 36.02	107.2%	12.9%
Arizona	\$ 26.27	\$ 77.54	\$ 68.63	195.2%	161.2%

COST ASSUMPTIONS

Followed FCC Part 36 rules and regulations with the following adjustments:

- Move all subscriber line costs to the local jurisdiction. (i.e. SPF to local)
- 11.25% (interstate) rate of return (ROR) used for all interstate and intrastate jurisdictions.
- Removed the effect of dial equipment weighting (DEM) for applicable study areas.
- Removed access revenues from the current billing revenues used to allocate Marketing expense.
- Adjusted for known and measurable rule changes.
 - Deregulation of pay phone.
 - Other billing and collection (OBC) rule change.

An additional scenario was created with all of the above assumptions with a SFAS 71 overlay.

**DISTRIBUTION OF ACTUAL COST
AND PROJECTION OF UNIVERSAL SERVICE SUPPORT**

**SUMMARY OF STUDY CALCULATIONS
APRIL 7, 1997**

1. Distribution of actual costs based on study area level of detail
2. Base of distribution obtained from latest available output of BCPM as run by NECA
3. Cost distributed to census block groups (CBGs) based on two allocators:
 - Customer Operations Expenses and Corporate Operations Expense distributed on total lines

Distribution basis selected as Marketing, Sales, Accounting, etc. expenses are more a function of lines than relative line investment
 - Total local service costs less Customer and Corporate Operations Expense distributed on gross investment
4. CBG costs per line and universal service support computed on single line counts obtained from company billing records
5. Benchmark level for residence single lines reflect Joint Board Recommendation
6. Single line business benchmark set at 150% of residential benchmark
7. Study methods reflect distribution of modeled cost, produce reasonable results and could easily be duplicated by other local exchange carriers

**DISTRIBUTION OF ACTUAL COST
AND PROJECTION OF UNIVERSAL SERVICE SUPPORT**

APRIL 7, 1997

8. Summary Results - Universal Service

FASB #71 USF
Support Impact

- At a \$30 R-1 and \$45 B-1 Benchmark

Support Per Baseline Study	\$ 2.167B*	
Support with FASB #71 Overlay	\$ 1.512B	(\$655)M

* Support for B-1 service represents less than 1% of baseline support (17.9M)

- At a \$20 R-1 and \$45 B-1 Benchmark

Support Per Baseline Study	\$ 3.276B	
Support with FASB #71 Overlay	\$ 2.523B	(\$753)

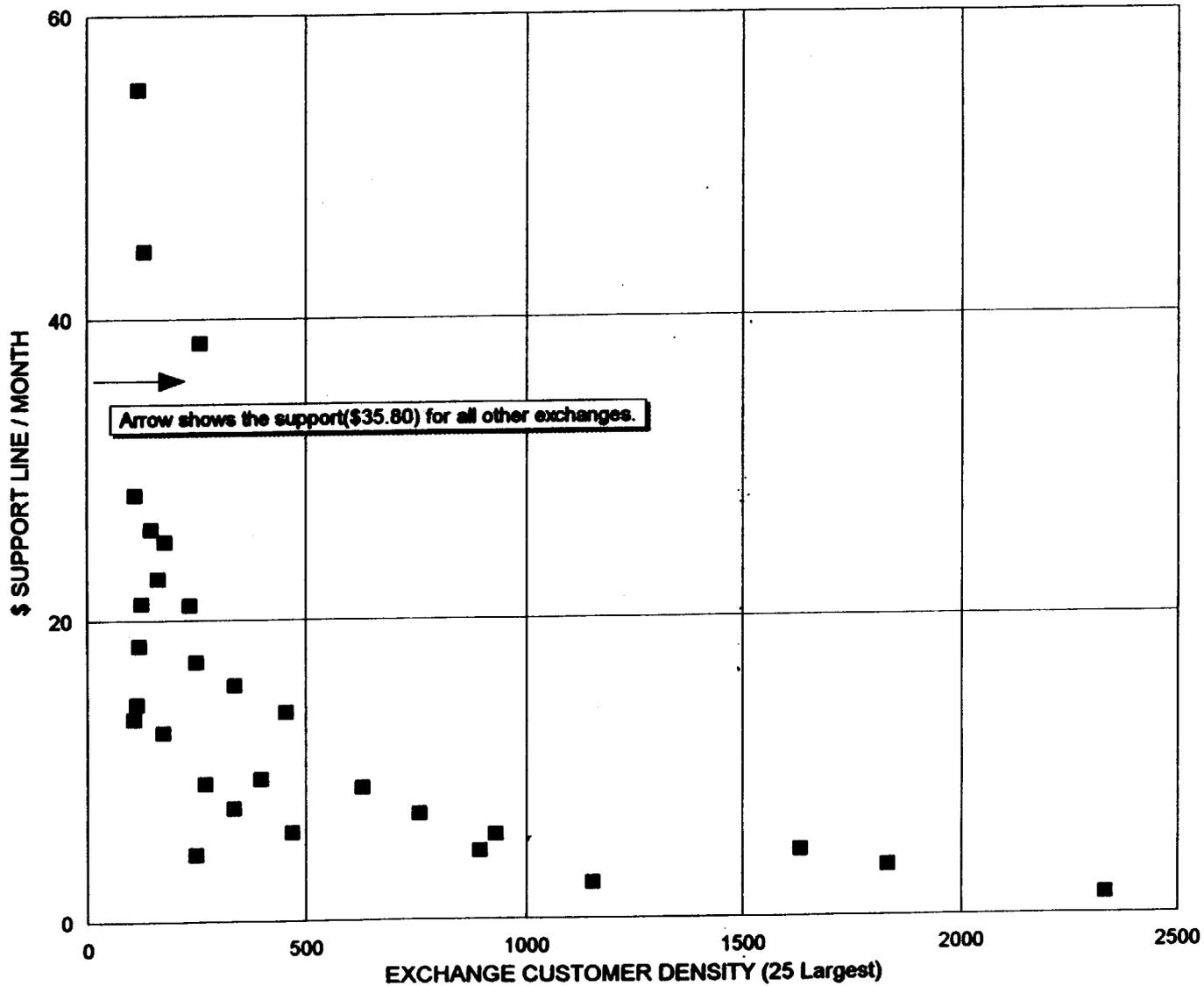
9. Analysis of GTE-Texas Results - Sanity Check (Attachment)

Summary Results:	<u>% of Study Area Single Lines</u>	<u>% USF Support</u>
The Top 25 Exchanges - Density	50.5%	16.4%
All Other Exchanges	49.5%	83.6%

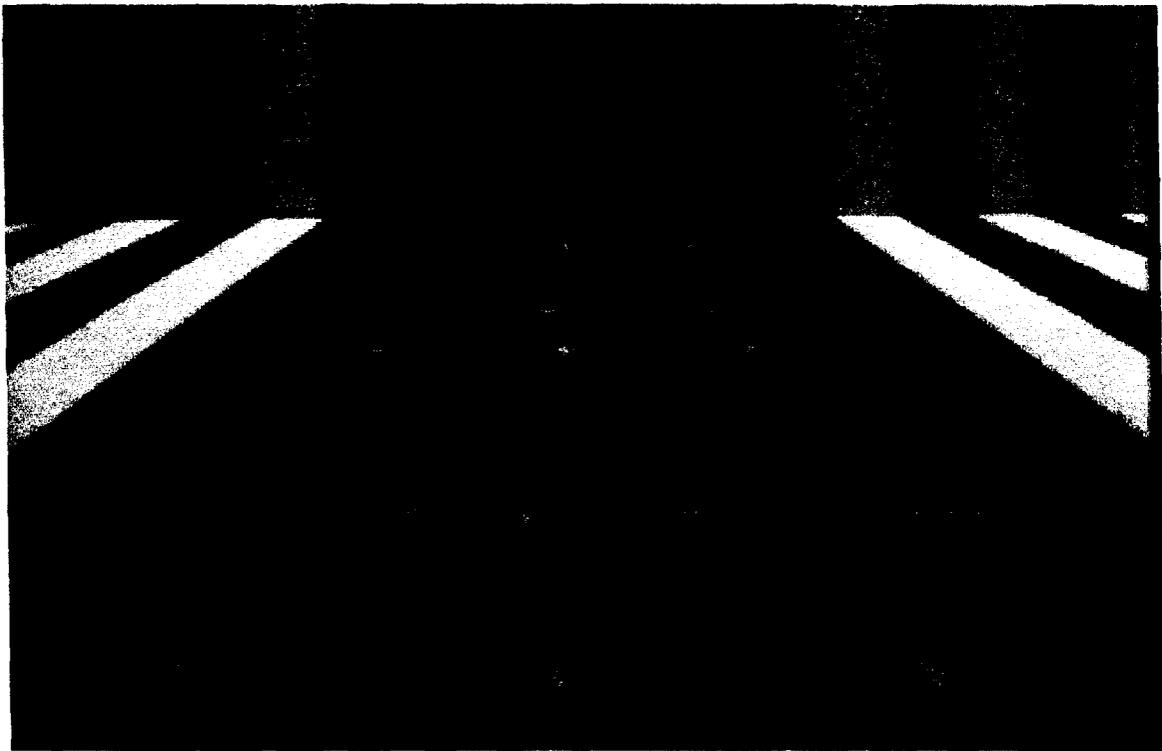
GTE Texas
Summary of Universal Service Support
As of March 25, 1997

<u>Description</u>		<u>Annual Support</u> <u>w/ \$30 Benchmark</u>	<u>R-1/ B-1</u> <u>Units</u>	<u>Monthly</u> <u>Support/Ln</u>
<u>Exchange Density Groups</u>	<u>Density</u>			
> 2000 Cust. / Sq. Mile				
Irving	2332	<u>\$925,203</u>	<u>57,008</u>	<u>\$1.35</u>
> 1000 Cust. / Sq. Mile				
Carrollton	1153	\$845,444	29,552	\$2.38
Garland	1632	3,222,061	60,561	4.43
Plano	1831	<u>2,150,488</u>	<u>53,164</u>	<u>3.37</u>
Subtotal		<u>\$6,217,993</u>	<u>143,277</u>	
> 500 Cust. / Sq. Mile				
Gilmer	895	\$107,135	1,941	\$4.60
Kemah	629	819,631	7,721	8.85
Lewisville	930	2,119,894	31,102	5.68
Stafford	759	<u>1,722,348</u>	<u>20,213</u>	<u>7.10</u>
Subtotal		<u>\$4,769,008</u>	<u>60,977</u>	
> 200 Cust. / Sq. Mile				
Baytown	333	\$1,995,483	21,991	\$7.56
College Station	468	1,920,664	27,075	5.91
Denton	246	1,391,981	25,919	4.48
DFW	335	812,583	4,326	15.65
Dickerson	246	1,336,320	6,457	17.25
Grapevine	396	1,172,045	10,336	9.45
Highlands	233	924,128	3,664	21.02
La Grande	256	983,970	2,134	38.42
League City	268	822,456	7,489	9.15
Rowlett	454	<u>691,866</u>	<u>4,158</u>	<u>13.87</u>
Subtotal		<u>\$12,051,498</u>	<u>113,549</u>	
> 100 Cust. / Sq. Mile				
Azie	176	\$1,685,393	5,559	\$25.27
Boerne	145	770,651	2,461	26.10
Crosby	108	1,334,111	3,922	28.35
Dalhart	112	423,932	2,450	14.42
Diley	130	578,121	1,083	44.48
Henderson	108	681,414	4,226	13.44
Huffman	117	301,388	1,371	18.32
Keller	160	1,609,061	5,885	22.78
La Feria	123	949,904	3,746	21.13
Schulenburg	116	644,666	974	55.16
Weolaco	172	<u>1,525,532</u>	<u>10,116</u>	<u>12.57</u>
Subtotal		<u>\$10,504,202</u>	<u>41,793</u>	
		<u>\$34,467,902</u>	<u>416,604</u>	<u>\$6.89</u>
< 100 (All other 233 Exch.)	Various	<u>175,388,720</u>	<u>408,248</u>	<u>35.80</u>
Total GTE Texas		<u>\$209,856,622</u>	<u>824,852</u>	<u>\$21.20</u>
Statistical Comparison				
% 25 Largest Exchanges		16.42%	50.51%	
% Other 233 Exchanges		<u>83.58%</u>	<u>49.49%</u>	
Total		<u>100.00%</u>	<u>100.00%</u>	

GTE TEXAS
USF SUPPORT W/ \$30 BENCHMARK



Distribution of Actual Cost and Projection of Universal Service Support



Prepared by: National Industry Settlements

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TAB #1

DISTRIBUTION OF ACTUAL COST AND PROJECTION OF UNIVERSAL SERVICE SUPPORT

GTE STUDY AREAS AS OF DECEMBER 31, 1995

General Description

The goal of this study was to identify the actual cost of providing local service and distribute this cost to the census block groups (CBG). To accomplish this task, results from the BCPM model were employed to allocate the actual cost and calculate its impact on universal service support when compared to potential national benchmarks. Specifics of the analysis are summarized below.

Study Methods

Actual Cost Study - Baseline

Development of the December 1995 local revenue requirement per loop, per month was based upon the following assumptions:

- 1) All subscriber loop costs were shifted to the local jurisdiction. This had the impact of shifting all subscriber loop investment as well as the associated direct and indirect expenses to the local jurisdiction.
- 2) An 11.25% rate of return was used for all jurisdictions. This had the impact of raising the intrastate return and tax portion of revenue requirement.
- 3) The effect of dial equipment minute (DEM) weighting was removed. This weighting had the effect of increasing the interstate allocation of local switching equipment and its direct expenses. By removing this weighting and basing the allocation on unweighted DEM, more costs were shifted to the intrastate jurisdiction. This is not a major item for GTE since we have only 16 study areas that qualify for DEM weighting.

**DISTRIBUTION OF ACTUAL COST
AND PROJECTION OF UNIVERSAL SERVICE SUPPORT**

GTE STUDY AREAS AS OF DECEMBER 31, 1995

- 4) The FCC released a Report and Order on September 20, 1996 (Docket 96-128) under which all local exchange carriers would reclassify their pay phone assets and related expenses to non-regulated activities no later than April 15, 1997. This includes the pay phone and related equipment found in Accounts 2310 - Information Originating/Terminating Assets. It does not include the loop investment or expenses associated with pay phones. The impact of this Order was reflected in this cost development.
- 5) The FCC on February 3, 1997 released a Report and Order (Docket 80-286) which established the rules for how local exchange carriers would separate their expenses relating to Other Billing and Collection expense. This changed from an interim basis based on the number of users of a service, to a method where one third of these expenses would be assigned to each jurisdiction; interstate, intrastate, and local. This will have the effect of lowering the Other Billing Collection expenses allocated to intrastate and any indirect expenses that follow this allocation. The impact of this new rule change was reflected in this cost development.
- 6) Under current Part 36 Jurisdictional Separations Rules, Marketing expenses are allocated to the jurisdictions based upon an analysis of current billing revenues for a representative period of time. Based upon previous proposals for separations rule changes and the current GTE position on access reform, the access revenues were removed from this current billing study. Since the vast majority of interstate interLATA and intrastate interLATA revenues are access, this had the impact of shifting the majority of marketing expenses to the intrastate toll and local jurisdictions.

Actual Cost Study - FASB #71 Overlay

- 1) All of the items included in the baseline study were included in the second FASB #71 Overlay run.
- 2) The second run was made for each study area and included results of the FASB #71 Economic Life Depreciation Reserve Deficiency analysis (\$7.1 Billion).
- 3) Universal Service Support was calculated net of the reserve deficiency to determine how much of the total support would be attributed to the reserve deficiency.

**DISTRIBUTION OF ACTUAL COST
AND PROJECTION OF UNIVERSAL SERVICE SUPPORT**

GTE STUDY AREAS AS OF DECEMBER 31, 1995

Census Block Group Results

- 1) Data for approximately 26,000 CBGs were extracted for GTE study areas and used as a basis to distribute actual cost in the actual cost analysis.
- 2) All customer line counts, i.e., total lines, residence, and business lines were trued up to actual counts as of December 31, 1995.
- 3) The line counts were used to distribute certain relevant overheads support expenses contained in the Customer Operations (Accounts 6600) and Corporate Operations expense accounts (Accounts 6700).
- 4) The remainder of the actual cost was distributed to CBGs based on the proxy model's relative gross investment. These costs would include items related to investment balances, such as the return and taxes, depreciation, and maintenance.
- 5) The resulting monthly cost per line was developed by CBG and compared to a national benchmark of \$30 for the primary residence line and \$45 for the single line business customer.

The study results are summarized by state and also provided by study area in the following tabs.

Prepared by: National Industry Settlements

TAB #2

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

Per FCC Books

STATE	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (d)
Alabama	\$140,312,642	\$46.35	\$45,559,865
Alaska	N/A	N/A	N/A
Arizona	4,185,784	45.93	898,043
Arkansas	104,967,263	45.19	35,414,114
California	1,973,639,693	40.48	419,070,009
Florida	1,062,077,565	43.96	209,908,017
Hawaii	415,316,730	50.77	127,515,028
Idaho	74,300,422	53.19	27,528,255
Illinois	341,382,912	33.58	85,309,578
Indiana	401,727,380	38.40	104,022,011
Iowa	117,675,005	36.58	29,104,563
Kentucky	270,745,133	46.12	86,895,958
Michigan	327,375,403	39.40	92,006,494
Minnesota	51,122,478	36.43	12,221,041
Missouri	224,859,485	46.78	75,544,713
Nebraska	22,663,190	34.58	6,217,121
New Mexico	38,061,426	39.16	10,353,044
Nevada	11,398,821	32.52	2,901,960
N. Carolina	209,933,123	58.86	83,503,369
Ohio	341,692,074	35.79	80,114,429
Oklahoma	54,244,243	44.32	16,688,113
Oregon	195,514,377	39.89	44,041,127
Pennsylvania	252,447,050	35.01	64,108,070
S. Carolina	97,124,361	43.98	29,135,031

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

STATE	Per FCC Books		
	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (d)
Texas	895,383,050	44.76	242,573,617
Virginia	246,492,982	41.45	71,031,907
Washington	394,720,543	44.85	109,660,364
Wisconsin	202,310,986	37.48	52,307,351
Saipan	N/A	N/A	N/A
Total Data Available	\$8,471,674,121	\$41.74	\$2,163,633,192
% of Companies Reported	99.82%		99.82%
Estimated GTE Corporation	\$8,486,950,632		\$2,167,534,755

TAB #3

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

W/ FASB #71 Reserve Adjustment

STATE	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (d)
Alabama	\$117,192,541	\$38.71	\$28,674,076
Alaska	N/A	N/A	N/A
Arizona	4,013,111	44.04	819,885
Arkansas	84,754,796	36.49	20,620,391
California	1,824,941,389	37.43	334,639,677
Florida	961,225,460	39.78	151,752,749
Hawaii	360,550,279	44.07	93,902,811
Idaho	56,947,149	40.77	16,649,031
Illinois	271,658,019	26.72	44,048,288
Indiana	362,230,425	34.63	79,262,672
Iowa	99,439,540	39.91	17,320,395
Kentucky	233,652,962	39.80	62,696,036
Michigan	266,527,794	32.07	52,082,473
Minnesota	46,670,118	33.26	9,193,624
Missouri	191,857,668	39.91	53,241,808
Nebraska	19,242,276	29.36	4,174,484
New Mexico	35,752,107	36.78	9,340,728
Nevada	10,365,320	29.57	2,243,568
N. Carolina	155,984,393	43.73	41,544,850
Ohio	292,985,210	30.69	50,976,607
Oklahoma	45,523,763	37.19	11,371,213
Oregon	165,767,177	33.82	30,271,332
Pennsylvania	214,474,917	29.75	42,085,683
S. Carolina	86,833,294	39.82	22,615,722

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

W/ FASB #71 Reserve Adjustment

STATE	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (d)
Texas	791,438,197	39.56	184,675,829
Virginia	210,067,717	35.33	48,531,524
Washington	323,653,074	36.77	67,390,585
Wisconsin	170,913,693	31.66	31,490,592
Saipan	N/A	N/A	N/A
Total Data Available	\$7,404,662,389	\$36.48	\$1,511,616,633
% of Companies Reported	99.82%		99.82%
Estimated GTE Corporation	\$7,418,014,816		\$1,514,342,449

TAB #4

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

Per FCC Books

<u>STATE</u>	<u>STUDY AREA</u>	<u>Basic Local Actual Cost</u>	<u>Actual Cost/Mo/Ln</u>	<u>Res/Bus. Single Line USF Support</u>
		(a)	(b)	(c)
Alabama	Contel South - Alabama	\$55,570,751	\$43.96	\$16,582,291
	GTE South - Alabama	<u>84,741,891</u>	<u>48.06</u>	<u>28,977,574</u>
	Total Alabama	<u>140,312,642</u>	<u>\$46.35</u>	<u>45,559,865</u>
Alaska	GTE Alaska	N/A	N/A	N/A
Arizona	Contel Cal - Arizona	<u>\$4,185,784</u>	<u>\$45.93</u>	<u>\$898,043</u>
Arkansas	Contel Arkansas	\$48,051,271	\$42.73	\$15,036,263
	Contel KS dba AR	7,756,954	32.09	1,385,857
	GTE SW - Arkansas	<u>49,159,038</u>	<u>51.37</u>	<u>18,991,994</u>
	Total Arkansas	<u>\$104,967,263</u>	<u>\$45.19</u>	<u>\$35,414,114</u>
California	Contel California	\$167,714,560	\$41.04	\$46,586,090
	GTE California	1,796,935,530	40.37	368,837,022
	West Coast Tel.	<u>8,989,603</u>	<u>57.56</u>	<u>3,646,897</u>
	Total California	<u>\$1,973,639,693</u>	<u>\$40.48</u>	<u>\$419,070,009</u>
Florida	GTE South - Florida	<u>\$1,062,077,565</u>	<u>\$43.96</u>	<u>\$209,908,017</u>
Hawaii	Hawaiian Telephone Co.	<u>\$415,316,730</u>	<u>\$50.77</u>	<u>\$127,515,028</u>
Idaho	GTE Northwest - Idaho	<u>\$74,300,422</u>	<u>\$53.19</u>	<u>\$27,528,255</u>
Illinois	Contel Illinois	\$69,069,961	\$32.13	\$14,970,932
	GTE North - Illinois	254,874,355	33.87	65,822,747
	GTE South - Illinois	<u>17,438,596</u>	<u>35.33</u>	<u>4,515,899</u>
	Total Illinois	<u>\$341,382,912</u>	<u>\$33.58</u>	<u>\$85,309,578</u>
Indiana	Contel Indiana	\$64,681,266	\$31.98	\$14,485,021
	Contel South - Indiana	4,643,057	38.59	1,185,465
	GTE North - Indiana	<u>332,403,057</u>	<u>39.95</u>	<u>88,351,525</u>
	Total Indiana	<u>\$401,727,380</u>	<u>\$38.40</u>	<u>\$104,022,011</u>

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

Per FCC Books

STATE	STUDY AREA	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (c)
Iowa	Contel of Iowa	\$36,920,423	\$39.16	\$10,373,640
	Contel of KS dba Iowa	27,684,463	32.32	5,850,470
	GTE North - Iowa	53,070,119	37.45	12,880,453
	Total Iowa	<u>\$117,675,005</u>	<u>\$36.58</u>	<u>\$29,104,563</u>
Kentucky	Contel of Kentucky	\$53,393,584	\$51.77	\$20,811,184
	GTE South - Kentucky	217,351,549	44.92	66,084,774
	Total Kentucky	<u>\$270,745,133</u>	<u>\$46.12</u>	<u>\$86,895,958</u>
Michigan	Contel of South - Michigan	21,251,031	\$36.67	4,779,537
	GTE North - Michigan	306,124,372	39.60	87,226,957
	Total Michigan	<u>\$327,375,403</u>	<u>\$39.40</u>	<u>\$92,006,494</u>
Minnesota	Contel of Minnesota	\$49,435,583	\$36.39	\$11,943,365
	GTE North - Minnesota	1,686,895	37.57	277,676
	Total Minnesota	<u>\$51,122,478</u>	<u>\$36.43</u>	<u>\$12,221,041</u>
Missouri	Contel of Missouri	\$140,193,270	\$52.06	\$52,629,789
	Contel Systems Missouri	26,199,922	42.83	8,515,077
	GTE North - Missouri	54,899,321	38.79	13,339,913
	KS State dba Missouri	3,566,972	41.06	1,059,934
	Total Missouri	<u>\$224,859,485</u>	<u>\$46.78</u>	<u>\$75,544,713</u>
Nebraska	GTE North - Nebraska	<u>\$22,663,190</u>	<u>\$34.58</u>	<u>\$6,217,121</u>
New Mexico	Contel New Mexico	\$20,686,120	\$45.03	\$6,656,874
	GTE SW - New Mexico	17,375,306	33.90	3,696,170
	Total New Mexico	<u>\$38,061,426</u>	<u>\$39.16</u>	<u>\$10,353,044</u>
Nevada	Contel Cal. - Nevada	<u>\$11,398,821</u>	<u>\$32.52</u>	<u>\$2,901,960</u>
N. Carolina	Contel of North Carolina	\$92,398,207	\$68.02	\$47,974,800
	GTE South - N. Carolina	117,534,916	53.22	35,528,569
	Total North Carolina	<u>\$209,933,123</u>	<u>\$58.86</u>	<u>\$83,503,369</u>

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

Per FCC Books

STATE	STUDY AREA	Basic Local Actual Cost (a)	Actual Cost/Mo/Ln (b)	Res/Bus. Single Line USF Support (c)
Ohio	GTE North - Ohio	<u>\$341,692,074</u>	<u>\$35.79</u>	<u>\$80,114,429</u>
Oklahoma	GTE SW - Oklahoma	<u>\$54,244,243</u>	<u>\$44.32</u>	<u>\$16,688,113</u>
Oregon	GTE NW - Oregon	<u>\$195,514,377</u>	<u>\$39.89</u>	<u>\$44,041,127</u>
Pennsylvania	Contel of PA	\$21,634,055	\$30.45	\$4,324,501
	GTE North - PA	214,729,121	35.84	57,864,833
	Quaker State	<u>16,083,874</u>	<u>31.65</u>	<u>1,918,736</u>
	Total Pennsylvania	<u>\$252,447,050</u>	<u>\$35.01</u>	<u>\$64,108,070</u>
S. Carolina	Contel of S. Carolina	\$9,413,349	\$39.44	\$2,608,935
	GTE South - S. Carolina	<u>87,711,012</u>	<u>44.53</u>	<u>26,526,096</u>
	Total South Carolina	<u>\$97,124,361</u>	<u>\$43.98</u>	<u>\$29,135,031</u>
Texas	Contel of Texas	\$107,967,436	\$44.41	\$32,716,996
	GTE SW - Texas	<u>787,415,614</u>	<u>44.80</u>	<u>209,856,621</u>
	Total Texas	<u>\$895,383,050</u>	<u>\$44.76</u>	<u>\$242,573,617</u>
Virginia	Contel of Virginia	\$225,049,437	\$40.60	\$61,627,566
	GTE South - Virginia	<u>21,443,545</u>	<u>53.16</u>	<u>9,404,341</u>
	Total Virginia	<u>\$246,492,982</u>	<u>\$41.45</u>	<u>\$71,031,907</u>
Washington	Contel NW - Washington	\$37,538,143	\$40.81	\$9,656,607
	GTE NW - Washington	<u>357,182,400</u>	<u>45.32</u>	<u>100,003,757</u>
	Total Washington	<u>\$394,720,543</u>	<u>\$44.85</u>	<u>\$109,660,364</u>
Wisconsin	GTE North - Wisconsin	<u>\$202,310,986</u>	<u>\$37.48</u>	<u>\$52,307,351</u>
Saipan	Micronesia Telecom	N/A	N/A	N/A
Total Data Available		<u>\$8,471,674,121</u>	<u>\$41.74</u>	<u>\$2,163,633,192</u>
% of Companies Reported		99.82%		99.82%
Estimated GTE Corporation		<u>\$8,486,950,632</u>		<u>\$2,167,534,755</u>

**GTE TELEPHONE
UNIVERSAL SERVICE REQUIREMENT**

Per FCC Books

<u>STATE</u>	<u>STUDY AREA</u>	<u>Basic Local Actual Cost</u> (a)	<u>Actual Cost/Mo/Ln</u> (b)	<u>Res/Bus. Single Line USE Support</u> (c)
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Notes:

- 1) Costs compared to benchmark of \$30 for primary R-1 and \$45 for single-line B-1 Lines.
- 2) BCMP data was not available for Alaska and MTC.

TAB #5