

**Rochester Telephone Corp.**  
 Direct Case in CC Docket 97-149  
 BFP Revenue Requirements for Tariff Years

Line	Description	Source / Comments	Quantity (\$000's)	Notes
1	BFP Revenue Requirement for 1991	Exhibit 7 Line 11	21,331	Rochester study area only
2	BFP Revenue Requirement for 1992	Exhibit 6 Line 11	23,186	Rochester study area only
3	BFP Revenue Requirement for 1993	Exhibit 5 Line 11	40,938	
4	BFP Revenue Requirement for 1994	Exhibit 4 Line 11	41,406	
5	BFP Revenue Requirement for 1995	Exhibit 3 Line 11	42,483	
6	BFP Revenue Requirement for 1996	Exhibit 2 Line 11	44,230	
7	Estimated BFP RRQ for 1st Half of 1997	Exhibit 1 Line 11	22,925	
8	BFP RRQ for 1991/1992	(Line 1 + Line 2) / 2	22,259	Rochester study area only
9	BFP RRQ for 1992/1993	(Line 2 + Line 3) / 2	32,062	Rochester study area only in 1992
10	BFP RRQ for 1993/1994	(Line 3 + Line 4) / 2	41,172	
11	BFP RRQ for 1994/1995	(Line 4 + Line 5) / 2	41,944	
12	BFP RRQ for 1995/1996	(Line 5 + Line 6) / 2	43,357	
13	BFP RRQ for 1996/1997	Line 6 / 2 + Line 7	45,040	
14	Projected BFP RRQ for 1991/1992	predecessor Trans. 143	32,033	
15	Projected BFP RRQ for 1992/1993	predecessor Trans. 166	33,636	
16	Projected BFP RRQ for 1993/1994	predecessor Trans. 196	40,755	
17	Projected BFP RRQ for 1994/1995	predecessor Trans. 222	40,710	
18	Projected BFP RRQ for 1995/1996	Trans. 9	44,234	
19	Projected BFP RRQ for 1996/1997	Trans. 16	45,205	
20	Projected BFP RRQ for 1997/1998	Trans. 23	47,266	

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Line	Description	Source / Comments	Quantity (\$000's)
21	Projected - Actual RRQ for 1991/1992	no Tier 2 Data for 1991-1992	#N/A
22	Projected - Actual RRQ for 1992/1993	no Tier 2 Data for 1991-1992	#N/A
23	Projected - Actual RRQ for 1993/1994	Line 16 - Line 10	(417)
24	Projected - Actual RRQ for 1994/1995	Line 17 - Line 11	(1,234)
25	Projected - Actual RRQ for 1995/1996	Line 18 - Line 12	877
26	Projected - Actual RRQ for 1996/1997	Line 19 - Line 13	165
<b>Percent Difference, Forecast vs. Actual</b>			
27	Projected vs. Actual 1991/1992	no Tier 2 Data for 1991-1992	#N/A
28	Projected vs. Actual 1992/1993	no Tier 2 Data for 1991-1992	#N/A
29	Projected vs. Actual 1993/1994	Line 23 / Line 10	-1.01%
30	Projected vs. Actual 1994/1995	Line 24 / Line 11	-2.94%
31	Projected vs. Actual 1995/1996	Line 25 / Line 12	2.02%
32	Projected vs. Actual 1996/1997	Line 26 / Line 13	0.37%

Line	Description	Source / Comments	Quantity (\$000's)
Actual Percent Growth from Base Year:			
33	Actual 1992/1993 vs Actual 1991	no Tier 2 Data for 1991-1992	#N/A
34	Actual 1993/1994 vs Actual 1992	no Tier 2 Data for 1991-1992	#N/A
35	Actual 1994/1995 vs Actual 1993	Line 11 / Line 3 - 1	2.46%
36	Actual 1995/1996 vs Actual 1994	Line 12 / Line 4 - 1	4.71%
37	Actual 1996/1997 vs Actual 1995	Line 13 / Line 5 - 1	6.02%
Projected Percent Growth from Base Year:			
38	Projected 1992/1993 vs Actual 1991	no Tier 2 Data for 1991-1992	#N/A
39	Projected 1993/1994 vs Actual 1992	no Tier 2 Data for 1991-1992	#N/A
40	Projected 1994/1995 vs Actual 1993	Line 17 / Line 3 - 1	-0.56%
41	Projected 1995/1996 vs Actual 1994	Line 18 / Line 4 - 1	6.83%
42	Projected 1996/1997 vs Actual 1995	Line 19 / Line 5 - 1	6.41%
43	Projected 1997/1998 vs Actual 1996	Line 20 / Line 6 - 1	6.86%
FCC Reasonableness Measure, Percent of Growth Error			
44	Proj. vs. Actual Growth, 1992/1993	no Tier 2 Data for 1991-1992	#N/A
45	Proj. vs. Actual Growth, 1993/1994	no Tier 2 Data for 1991-1992	#N/A
46	Proj. vs. Actual Growth, 1994/1995	Line 40 / Line 35 - 1	-122.67%
47	Proj. vs. Actual Growth, 1995/1996	Line 41 / Line 36 - 1	44.96%
48	Proj. vs. Actual Growth, 1996/1997	Line 42 / Line 37 - 1	6.45%

**Rochester Telephone Corp.**  
 Direct Case in CC Docket 97-149  
 Adjusted BFP Revenue Requirements

Exhibit 9

Line	Description	Source / Comments	Quantity (\$000's)	Notes
1	1991 RRQ Before Adjustment	Exhibit 7 Line 11	21,331	Rochester study area only
2	Add Back 92/93 SPF/DEM Change		296	Rochester study area only
3	Add Back 91/92 SPF/DEM Change		315	Rochester study area only
4	7/93 GSF		1,073	Rochester study area only
5	Total Adjusted 1991 RRQ	Sum of Lines 1..4	23,015	Rochester study area only
6	1992 RRQ Before Adjustment	Exhibit 6 Line 11	23,186	Rochester study area only
7	Add Back 92/93 SPF/DEM Change		2,460	Rochester study area only
8	7/93 GSF		355	Rochester study area only
9	Total Adjusted 1992 RRQ	Sum of Lines 6..8	26,001	Rochester study area only
10	1993 RRQ Before Adjustment	Exhibit 5 Line 11	40,938	
11	7/93 GSF		2,960	
12	Total Adjusted 1993 RRQ	Sum of Lines 10..11	43,898	
13	1994 RRQ--No Adjustments Needed	Exhibit 4 Line 11	41,406	
14	1995 RRQ--No Adjustments Needed	Exhibit 3 Line 11	42,483	
15	1996 RRQ--No Adjustments Needed	Exhibit 2 Line 11	44,230	

**Rochester Telephone Corp.**

Exhibit 10

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Trending Results for Adjusted BFP Revenue Requirements

Line	Description	Source / Comments	Quantity (\$000's)	Notes	Regression Index
1	Adjusted BFP RRQ for 1991	Exhibit 9 Line 5	23,015	Rochester study area only	1
2	Adjusted BFP RRQ for 1992	Exhibit 9 Line 9	26,001	Rochester study area only	2
3	Adjusted BFP RRQ for 1993	Exhibit 9 Line 12	43,898		3
4	Adjusted BFP RRQ for 1994	Exhibit 9 Line 13	41,406		4
5	Adjusted BFP RRQ for 1995	Exhibit 9 Line 14	42,483		5
6	Adjusted BFP RRQ for 1996	Exhibit 9 Line 15	44,230		6
7	Percentage Change, 1992 vs. 1991	no Tier 2 Data for 1991-1992	#N/A		
8	Percentage Change, 1993 vs. 1992	no Tier 2 Data for 1991-1992	#N/A		
9	Percentage Change, 1994 vs. 1993	Line 4 / Line 3 - 1	-5.68%		
10	Percentage Change, 1995 vs. 1994	Line 5 / Line 4 - 1	2.60%		
11	Percentage Change, 1996 vs. 1995	Line 6 / Line 5 - 1	4.11%		
12	Natural Log of Adj. BFP RRQ for 1991	no Tier 2 Data for 1991-1992	#N/A		1
13	Natural Log of Adj. BFP RRQ for 1992	no Tier 2 Data for 1991-1992	#N/A		2
14	Natural Log of Adj. BFP RRQ for 1993	Natural Log of Line 3	10.689630		3
15	Natural Log of Adj. BFP RRQ for 1994	Natural Log of Line 4	10.631171		4
16	Natural Log of Adj. BFP RRQ for 1995	Natural Log of Line 5	10.656856		5
17	Natural Log of Adj. BFP RRQ for 1996	Natural Log of Line 6	10.697162		6
18	Projection from Direct Regression 93-96	intercept+index*coefficient	43,616		7.5
19	Projection from Direct Regression 94-96	intercept+index*coefficient	46,237		7.5
20	Projection from Log Regression 93-96	exp(intercept+index*coeff)	43,606		7.5
21	Projection from Log Regression 94-96	exp(intercept+index*coeff)	46,361		7.5
22	Filed Projection	Exhibit 8 Line 20	47,266		
23	Impact of Payphones on Projection	Exhibit 13 Line 27	322		
24	Projection less Payphone Impact	Line 22 - Line 23	46,945		
25	Projected Growth absent Payphones		6.14%		
26	Projected Growth, Log Regression 94-96		4.82%		
27	FCC Reasonableness Check		27.38%		

Notes:

Intercept and coefficients used to calculate Lines 18 and 19 are found on Exhibit 11 Lines 9, 10, 19, and 20

Intercept and coefficients used to calculate Line 20 and 21 are found on Exhibit 12 Lines 9, 10, 19, and 20

Excel Regression for Adjusted BFP based on 1993-1996

SUMMARY OUTPUT

<i>Regression Statistics</i>	
1 Multiple R	0.19936222
2 R Square	0.039745295
3 Adjusted R Square	-0.440382058
4 Standard Error	1573.755078
5 Observations	4

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6 Regression	1	205023.4616	205023.4616	0.082780734	0.80063778
7 Residual	2	4953410.094	2476705.047		
8 Total	3	5158433.555			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9 Intercept	42096.97885	3263.407989	12.89969841	0.0059559	28055.65778	56138.29991	28055.65778	56138.29991
10 X Variable 1	202.4961538	703.8046671	0.287716412	0.80063778	-2825.73303	3230.725334	-2825.73303	3230.725334

Excel Regression for Adjusted BFP based on 1994-1996

SUMMARY OUTPUT

<i>Regression Statistics</i>	
1	Multiple R 0.990750589
2	R Square 0.98158673
3	Adjusted R Square 0.96317346
4	Standard Error 273.5499074
5	Observations 3

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6	Regression	1 3989063.079	3989063.079	53.30865922	0.086653772
7	Residual	1 74829.55184	74829.55184		
8	Total	2 4063892.63			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9	Intercept	35644.80449	979.9553979	36.37390494	0.017497694	23193.34391	48096.26506	23193.34391 48096.26506
10	X Variable 1	1412.278846	193.4289945	7.301277917	0.086653772	-1045.45903	3870.016723	-1045.45903 3870.016723

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Regression Results for Natural Logarithm of Adjusted BFP Revenue Requirements

Exhibit 12

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Excel Regression for Natural Log of Adjusted BFP based on 1993-1996

SUMMARY OUTPUT

<i>Regression Statistics</i>	
1 Multiple R	0.198973458
2 R Square	0.039590437
3 Adjusted R Square	-0.440614344
4 Standard Error	0.036748108
5 Observations	4

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6 Regression	1	0.000111336	0.000111336	0.082444904	0.801026542
7 Residual	2	0.002700847	0.001350423		
8 Total	3	0.002812182			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9 Intercept	10.64756118	0.076202498	139.7271933	5.12159E-05	10.31968806	10.97543429	10.31968806	10.97543429
10 X Variable 1	0.004718803	0.016434253	0.287132206	0.801026542	-0.06599213	0.075429738	-0.06599213	0.075429738

Excel Regression for Natural Log of Adjusted BFP based on 1994-1996

SUMMARY OUTPUT

<i>Regression Statistics</i>	
1	Multiple R 0.991916315
2	R Square 0.983897976
3	Adjusted R Square 0.967795953
4	Standard Error 0.005969433
5	Observations 3

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6	Regression	1 0.002177388	0.002177388	61.10399526	0.081001451
7	Residual	1 3.56341E-05	3.56341E-05		
8	Total	2 0.002213022			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9	Intercept	10.49675286	0.021384684	490.8537711	0.001296962	10.22503585	10.76846987	10.22503585 10.76846987
10	X Variable 1	0.032995363	0.004221027	7.816904455	0.081001451	-0.02063764	0.086628363	-0.02063764 0.086628363

**Rochester Telephone Corp.**  
 Direct Case in CC Docket 97-149  
 Method Used to Project 1997/1998 BFP

Exhibit 13

Line	Description	Source / Comments	(A)	(B)	(C)	(D)
			Estimated 96 BFP RRQ at time of projection (\$000's)	Estimated Payphone Line RRQ at time of projection (\$000's)	EUCL Growth Dec. 96 vs. Dec. 95	= [(A)+(B)] * (C) ^ 1.5 Projected 1997/1998 BFP RRQ (\$000's)
1	Rochester Telephone Corp.		27,365	152	1.029696	28,752
2	Frontier Communications of AuSable Valley		592	11	0.953907	561
3	Frontier Communications of New York		4,917	68	1.056922	5,417
4	Frontier Communications of Seneca Gorham		610	2	0.974793	589
5	Frontier Communications of Sylvan Lake		1,387	16	1.029005	1,465
6	Frontier Communications of Alabama		1,329	1	1.033212	1,397
7	Frontier Communications of Breezewood		371	6	1.033257	396
8	Frontier Communications of Canton		325	2	1.071069	362
9	Frontier Communications of Fairmount		349	1	1.058276	381
10	Frontier Communications of Illinois		300	1	1.021744	311
11	Frontier Communications-Lakeshore		118	0	1.048174	127
12	Frontier Communications of Lakeside		49	1	1.041617	53
13	Frontier Communications-Lakewood		90	1	1.035039	96
14	Frontier Communications of Michigan		1,241	6	1.037842	1,319
15	Frontier Communications-Midland		462	3	1.032834	488
16	Frontier Communications of Mondovi		167	1	1.041433	178
17	Frontier Communications of Mt. Pulaski		74	0	0.907692	64
18	Frontier Communications of Orion		69	0	1.027397	72
19	Frontier Communications-Oswayo River		194	1	1.039430	208
20	Frontier Communications of Pennsylvania		1,262	7	1.070539	1,406
21	Frontier Communications-Prairie		39	0	1.012536	40
22	Frontier Communications-Schuyler		312	0	1.017959	321
23	Frontier Communications of the South		1,727	13	1.046203	1,862
24	Frontier Communications of Thorntown		85	1	1.041199	91
25	Frontier Communications of Wisconsin		1,227	8	1.040698	1,311
26	Total Tariff Filing		44,661	304		47,266
27	Impact of Payphones on Projection	Ln 26, (Col B / Col A) * Col D		322		

Line	Description	Source / Comments	Total Lines	Multi Line Business	Residence & Single Line Business
Actual Total Billable Lines:					
1	Calendar 1991	5 Quarter Average	625,044	114,903	510,142
2	Calendar 1992	5 Quarter Average	640,178	115,817	524,361
3	Calendar 1993	5 Quarter Average	657,846	122,352	535,583
4	Calendar 1994	5 Quarter Average	678,129	133,169	544,982
5	Calendar 1995	5 Quarter Average	705,157	148,387	556,770
6	Calendar 1996	5 Quarter Average	723,370	154,450	568,920
7	Tariff Year 1991/1992	5 Quarter Average	631,475	114,870	516,605
8	Tariff Year 1992/1993	5 Quarter Average	648,117	117,952	530,210
9	Tariff Year 1993/1994	5 Quarter Average	667,846	127,900	540,012
10	Tariff Year 1994/1995	5 Quarter Average	694,059	143,875	550,184
11	Tariff Year 1995/1996	5 Quarter Average	710,318	147,615	562,703
12	Tariff Year 1996/1997	5 Quarter Average	735,912	162,928	572,984
Projected Total Billable Lines:					
13	Tariff Year 1991/1992	predecessor Trans. 143	632,691	120,082	516,068
14	Tariff Year 1992/1993	predecessor Trans. 166	644,503	120,639	523,400
15	Tariff Year 1993/1994	predecessor Trans. 196	662,227	125,570	536,657
16	Tariff Year 1994/1995	predecessor Trans. 222	684,392	134,323	550,066
17	Tariff Year 1995/1996	Trans. 9	709,929	#N/A	#N/A
18	Tariff Year 1996/1997	Trans. 16	733,234	#N/A	#N/A
19	Tariff Year 1997/1998	Trans. 23	765,384	#N/A	#N/A

Line	Description	Source / Comments	Total Lines	Multi Line Business	Residence & Single Line Business
<b>Actual Percent Growth from Base Year:</b>					
20	Actual 1992/1993 vs Actual 1991	Line 8 / Line 1 - 1	3.69%	2.65%	3.93%
21	Actual 1993/1994 vs Actual 1992	Line 9 / Line 2 - 1	4.32%	10.43%	2.98%
22	Actual 1994/1995 vs Actual 1993	Line 10 / Line 3 - 1	5.50%	17.59%	2.73%
23	Actual 1995/1996 vs Actual 1994	Line 11 / Line 4 - 1	4.75%	10.85%	3.25%
24	Actual 1996/1997 vs Actual 1995	Line 12 / Line 5 - 1	4.36%	9.80%	2.91%
<b>Projected Percent Growth from Base Year:</b>					
25	Projected 1992/1993 vs Actual 1991	Line 14 / Line 1 - 1	3.11%	4.99%	2.60%
26	Projected 1993/1994 vs Actual 1992	Line 15 / Line 2 - 1	3.44%	8.42%	2.34%
27	Projected 1994/1995 vs Actual 1993	Line 16 / Line 3 - 1	4.04%	9.78%	2.70%
28	Projected 1995/1996 vs Actual 1994	Line 17 / Line 4 - 1	4.69%	#N/A	#N/A
29	Projected 1996/1997 vs Actual 1995	Line 18 / Line 5 - 1	3.98%	#N/A	#N/A
30	Projected 1997/1998 vs Actual 1996	Line 19 / Line 6 - 1	5.81%	#N/A	#N/A
<b>Percent Difference, Forecast vs. Actual</b>					
31	Projected vs. Actual 1991/1992	Line 13 / Line 7 - 1	0.19%	4.54%	-0.10%
32	Projected vs. Actual 1992/1993	Line 14 / Line 8 - 1	-0.56%	2.28%	-1.28%
33	Projected vs. Actual 1993/1994	Line 15 / Line 9 - 1	-0.84%	-1.82%	-0.62%
34	Projected vs. Actual 1994/1995	Line 16 / Line 10 - 1	-1.39%	-6.64%	-0.02%
35	Projected vs. Actual 1995/1996	Line 17 / Line 11 - 1	-0.05%	#N/A	#N/A
36	Projected vs. Actual 1996/1997	Line 18 / Line 12 - 1	-0.36%	#N/A	#N/A
<b>FCC Reasonableness Measure, Percent of Growth Error</b>					
37	Proj. vs. Actual Growth, 1992/1993	Line 25 / Line 20 - 1	-15.66%	88.10%	-33.93%
38	Proj. vs. Actual Growth, 1993/1994	Line 26 / Line 21 - 1	-20.31%	-19.29%	-21.44%
39	Proj. vs. Actual Growth, 1994/1995	Line 27 / Line 22 - 1	-26.69%	-44.38%	-0.81%
40	Proj. vs. Actual Growth, 1995/1996	Line 28 / Line 23 - 1	-1.21%	#N/A	#N/A
41	Proj. vs. Actual Growth, 1996/1997	Line 29 / Line 24 - 1	-8.71%	#N/A	#N/A

**Rochester Telephone Corp.**  
 Direct Case in CC Docket 97-149  
 Trending Results from End User Demand Data

Exhibit 15

Line	Description	Source / Comments	Total Lines	Multi Line Business	Residence & Single Line Business	Regression Index
1	5 Quarter Average Lines for 1991	Exhibit 14 Line 1	625,044	114,903	510,142	1
2	5 Quarter Average Lines for 1992	Exhibit 14 Line 2	640,178	115,817	524,361	2
3	5 Quarter Average Lines for 1993	Exhibit 14 Line 3	657,846	122,352	535,583	3
4	5 Quarter Average Lines for 1994	Exhibit 14 Line 4	678,129	133,169	544,982	4
5	5 Quarter Average Lines for 1995	Exhibit 14 Line 5	705,157	148,387	556,770	5
6	5 Quarter Average Lines for 1996	Exhibit 14 Line 6	723,370	154,450	568,920	6
7	Natural Logarithm of Lines for 1991	Natural Log of Line 1	13.345578	11.651840	13.142444	1
8	Natural Logarithm of Lines for 1992	Natural Log of Line 2	13.369501	11.659763	13.169936	2
9	Natural Logarithm of Lines for 1993	Natural Log of Line 3	13.396726	11.714657	13.191112	3
10	Natural Logarithm of Lines for 1994	Natural Log of Line 4	13.427092	11.799377	13.208507	4
11	Natural Logarithm of Lines for 1995	Natural Log of Line 5	13.466176	11.907576	13.229908	5
12	Natural Logarithm of Lines for 1996	Natural Log of Line 6	13.491676	11.947624	13.251495	6
Trend Projections of 1997/1998 Average Lines:						
13	Regression of 1991-1996 Lines	intercept+index*coefficient	752,403	166,514	585,900	7.5
14	Regression of 1991-1996 Log of Lines	exp(intercept+index*coeff)	756,324	170,043	587,579	7.5
15	Impact of Public Payphones on Forecast		6,583			
16	Line Regression adjusted for Payphones	Line 13 + Line 14	758,986			
17	Log Regression adjusted for Payphones	Line 14 + Line 14	762,907			
15	Filed Forecast of Lines for 1997/1998	Exhibit 14 Line 19	765,384			
16	Percentage Growth of Filed Forecast	Line 15 / Line 6 - 1	5.81%			
17	Percentage Growth of Log Trend Forecast	Line 17 / Line 6 - 1	5.47%			
18	Difference between Filed Growth and FCC required trend methodology	Line 16 / Line 17 - 1	6.26%			

Notes:

Intercept and coefficients used to calculate Line 13 are found on Exhibit 16 Lines 9, 10, 19, 20, 29, and 30

Intercept and coefficients used to calculate Line 14 are found on Exhibit 17 Lines 9, 10, 19, 20, 29, and 30

Excel Regression for Total Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>		
1	Multiple R	0.996159244
2	R Square	0.99233324
3	Adjusted R Square	0.99041655
4	Standard Error	3713.00186
5	Observations	6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6	Regression	1 7137662243	7137662243	517.7327759	2.20988E-05
7	Residual	4 55145531.25	13786382.81		
8	Total	5 7192807774			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9	Intercept	600935.64	3456.616617	173.8508219	6.56672E-09	591338.5138	610532.7662	591338.5138 610532.7662
10	X Variable 1	20195.70286	887.57721	22.75374202	2.20988E-05	17731.38835	22660.01736	17731.38835 22660.01736

Excel Regression for Multi-Line Business Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>	
11	Multiple R 0.97148887
12	R Square 0.943790624
13	Adjusted R Square 0.92973828
14	Standard Error 4466.657351
15	Observations 6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
16	Regression 1	1339961003	1339961003	67.16250462	0.001207739
17	Residual 4	79804111.55	19951027.89		
18	Total 5	1419765114			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
19	Intercept 100886.4933	4158.231696	24.26187397	1.71219E-05	89341.36738	112431.6193	89341.36738	112431.6193
20	X Variable 1 8750.382857	1067.735331	8.195273309	0.001207739	5785.868184	11714.89753	5785.868184	11714.89753

Excel Regression for Residential and Single Line Business Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>		
21	Multiple R	0.998628527
22	R Square	0.997258936
23	Adjusted R Square	0.996573669
24	Standard Error	1254.867963
25	Observations	6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
26	Regression	1 2291631253	2291631253	1455.287077	2.82012E-06
27	Residual	4 6298774.417	1574693.604		
28	Total	5 2297930027			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
29	Intercept	500074.6267	1168.218497	428.0660064	1.78687E-10	496831.1254	503318.1279	496831.1254 503318.1279
30	X Variable 1	11443.35429	299.970818	38.14822509	2.82012E-06	10610.50005	12276.20852	10610.50005 12276.20852

Excel Regression for Natural Logarithm of Total Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>	
1 Multiple R	0.997351914
2 R Square	0.994710841
3 Adjusted R Square	0.993388551
4 Standard Error	0.004579521
5 Observations	6

<i>ANOVA</i>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
6 Regression	1	0.015776488	0.015776488	752.2638968	1.05093E-05
7 Residual	4	8.3888E-05	2.0972E-05		
8 Total	5	0.015860376			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
9 Intercept	13.3110366	0.004263302	3122.236388	6.31376E-14	13.29919975	13.32287344	13.29919975	13.32287344
10 X Variable 1	0.030025216	0.001094715	27.42742964	1.05093E-05	0.026985794	0.033064638	0.026985794	0.033064638

Excel Regression for Natural Logarithm of Multi-Line Business Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>		
11	Multiple R	0.975526272
12	R Square	0.951651507
13	Adjusted R Square	0.939564384
14	Standard Error	0.0310768
15	Observations	6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
16	Regression	1 0.076037454	0.076037454	78.7326718	0.000891116
17	Residual	4 0.00386307	0.000965767		
18	Total	5 0.079900524			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
19	Intercept	11.5494317	0.028930926	399.2071202	2.36233E-10	11.46910641	11.629757	11.46910641 11.629757
20	X Variable 1	0.065916594	0.007428776	8.873143287	0.000891116	0.045290963	0.086542226	0.045290963 0.086542226

Excel Regression for Natural Logarithm of Residential and Single Line Business Lines vs. Regression Index

SUMMARY OUTPUT

<i>Regression Statistics</i>	
21	Multiple R 0.998122458
22	R Square 0.996248441
23	Adjusted R Square 0.995310552
24	Standard Error 0.002723201
25	Observations 6

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
26	Regression	1 0.007877259	0.007877259	1062.223462	5.28444E-06
27	Residual	4 2.96633E-05	7.41582E-06		
28	Total	5 0.007906923			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>ower 95.000</i>	<i>pper 95.000%</i>
29	Intercept	13.12464351	0.002535162	5177.04383	8.35264E-15	13.11760475	13.13168226	13.11760475 13.13168226
30	X Variable 1	0.021216246	0.000650969	32.59176985	5.28444E-06	0.019408862	0.023023631	0.019408862 0.023023631

**Rochester Telephone Corp.**  
 Direct Case in CC Docket 97-149  
 Per Line BFP Revenue Requirements

Exhibit 18

Line	Description	Source / Comments	Quantity	Notes
<b>Actual BFP RRQ per Line:</b>				
1	Tariff Year 1991/1992	no Tier 2 BFP Data for 1991-1992	#N/A	
2	Tariff Year 1992/1993	no Tier 2 BFP Data for 1991-1992	#N/A	
3	Tariff Year 1993/1994	Exhibit 8 Ln 10 / Exhibit 14 Ln 9	61.65	
4	Tariff Year 1994/1995	Exhibit 8 Ln 11 / Exhibit 14 Ln 10	60.43	
5	Tariff Year 1995/1996	Exhibit 8 Ln 12 / Exhibit 14 Ln 11	61.04	
6	Tariff Year 1996/1997	Exhibit 8 Ln 13 / Exhibit 14 Ln 12	61.20	
<b>Projected BFP RRQ per Line:</b>				
7	Tariff Year 1991/1992	Exhibit 8 Ln 14 / Exhibit 14 Ln 13	50.63	
8	Tariff Year 1992/1993	Exhibit 8 Ln 15 / Exhibit 14 Ln 14	52.19	
9	Tariff Year 1993/1994	Exhibit 8 Ln 16 / Exhibit 14 Ln 15	61.54	
10	Tariff Year 1994/1995	Exhibit 8 Ln 17 / Exhibit 14 Ln 16	59.48	
11	Tariff Year 1995/1996	Exhibit 8 Ln 18 / Exhibit 14 Ln 17	62.31	
12	Tariff Year 1996/1997	Exhibit 8 Ln 19 / Exhibit 14 Ln 18	61.65	
<b>Overforecast (Underforecast) of BFP RRQ per Line</b>				
13	Tariff Year 1991/1992	Line 7 - Line 1	#N/A	no Tier 2 BFP Data for 1991-1992
14	Tariff Year 1992/1993	Line 8 - Line 2	#N/A	no Tier 2 BFP Data for 1991-1992
15	Tariff Year 1993/1994	Line 9 - Line 3	(0.11)	
16	Tariff Year 1994/1995	Line 10 - Line 4	(0.95)	
17	Tariff Year 1995/1996	Line 11 - Line 5	1.27	
18	Tariff Year 1996/1997	Line 12 - Line 6	0.45	
<b>Percent Overforecast (Underforecast) of BFP RRQ per Line</b>				
19	Tariff Year 1991/1992	Line 13 / Line 1	#N/A	no Tier 2 BFP Data for 1991-1992
20	Tariff Year 1992/1993	Line 14 / Line 2	#N/A	no Tier 2 BFP Data for 1991-1992
21	Tariff Year 1993/1994	Line 15 / Line 3	-0.17%	
22	Tariff Year 1994/1995	Line 16 / Line 4	-1.57%	
23	Tariff Year 1995/1996	Line 17 / Line 5	2.08%	
24	Tariff Year 1996/1997	Line 18 / Line 6	0.73%	

**Rochester Telephone Corp.**

Direct Case in CC Docket 97-149

Traffic Sensitive Basket Revenues from Initial Price Cap Filing

Exhibit 19

Line	Description	Source / Comments	Base Year 1990 Demand x init. Rates
1	Local Switching Band Revenues	predecessor Trans. 143	\$19,326,662
2	Information Band Revenues	predecessor Trans. 143	\$10,418,279
3	Transport Band Revenues	predecessor Trans. 143	\$401,819
4	Total Traffic Sensitive Revenues	predecessor Trans. 143	\$30,146,760

# **ATTACHMENT B**

INVESTIGATION IN THE MATTER OF 1997 ANNUAL ACCESS TARIFF FILINGS, DA 97-1609

Frontier Communications of Minnesota and Frontier Communications of Iowa (the Frontier Companies or Frontier) submits herewith its direct case in response to the Order Designating Issues for Investigation, Memorandum Opinion and Order on Reconsideration In the Matter of 1997 Annual Access Tariff Filings (CC Docket No. 97-149), DA 97-1609 released July 28, 1997 (Order). This Order requires Frontier to provide extensive backup in support of its end user common line rate development for the tariff periods 1991-1992 through 1997-1998.

Background on Frontier Communications of Minnesota and Frontier Communications of Iowa

Rochester Telephone Corporation (now Frontier Corporation) acquired Central Telephone Company's Minnesota local telephone properties on July 1, 1991 and its Iowa local telephone properties on August 7, 1991. Two new companies, Vista Telephone Company of Minnesota and Vista Telephone Company of Iowa, were formed. On January 1, 1995, the companies were renamed Frontier Communications of Minnesota and Frontier Communications of Iowa. The Frontier Companies operate as indirect, wholly owned subsidiaries of Frontier Corporation and are the issuing carriers of Frontier companies Tariff F.C.C. No. 1. This tariff entity converted to price cap regulation on July 1, 1992.

Frontier continues to operate under a waiver of the Commission's requirements that exchange carriers amortize non-capital equal access conversion costs over an eight year period, previously granted by the Commission to Central Telephone and extended to Vista Telephone Companies. Accordingly, as stated in Paragraphs 77 and 90 of the Order, the Commission declines to investigate the equal access expense issue in relation to Frontier.

Actual and Projected BFP Revenue Requirements

Per paragraph 17 of the Order, Frontier is submitting its actual BFP revenue requirements for calendar years 1991 through 1996, shown in Exhibit 1. Calendar year 1990 is also being reported for comparison purposes of the 1991-1992 tariff year projection and actuals. Frontier is a Tier 2 company and therefore is not required to file ARMIS data. Therefore, Frontier is using separated, interstate data from company records to develop actual BFP revenue requirements, in compliance with Paragraph 17. Frontier is following the methodology found in Appendix B of the Order to calculate the BFP revenue requirements. Another requirement of paragraph 17 is to provide the actual tariff year BFP revenue requirements for the 1991-1992 through 1995-1996 tariff periods. These tariff periods are derived by taking the average of the two annual years, as identified in Exhibit 2. For the July 1, 1996 through June 30, 1997 tariff period, Frontier prepared cost studies using actual company data for that time frame (as required in Footnote 44 of the Order), shown in Exhibit 3.

Projected BFP revenue requirements filed in each year's TRP since tariff year 1991-92 can be found in Exhibit 4. Frontier went to price cap regulation effective July 1, 1992; however, the Order requires the 1991-1992 tariff year projections.

Exhibit 5 shows the comparison of prospective and actual tariff year's BFP versus the prior calendar year.

#### Adjusted BFP Revenue Requirements

Exhibit 6 identifies the dollar impact that each rule change would have had on BFP revenue requirement if the revised rule had been in effect back in 1991. General Support Facilities (GSF) rule changes which became effective July 1, 1993 and the phase-in Subscriber Plant Factor and dial equipment minutes of use (SPF/DEM) transitioned until January 1, 1993.

#### Justification of Proposed BFP Revenue Requirements

Exhibit 7, page 1, restates the 1997-1998 proposed BFP Revenue Requirement provided in Frontier's 1997 interstate annual tariff filing. Exhibit 7, page 2 of 2, details the formulas used to calculate BFP. The base amounts on the exhibit are directly from the respective 1996 annual cost studies. These 1996 base amounts were adjusted to reflect 1997-1998, based on forecasted assumptions and historical trends of the various elements.

The proposed BFP revenue requirements through the 1994/1995 prospective period were based on the tariff period's forecasted budget, and Part 36 and Part 69 cost studies were run based on these numbers. All prospective BFP revenue requirements since the 1994/1995 tariff period have been based on historical trends and miscellaneous assumptions, because the budget numbers are no longer available in time for the filing.

#### End-User Demand

Per Paragraph 31, Frontier is providing in Exhibit 8 the actual average number of total billable access lines, multi-line business lines, residential and single-line business lines for the past six tariff years, using footnote 52's Method 1. The projected tariff year to actual prior calendar year growth percent is compared to the actual tariff year to actual prior calendar year growth percent in Exhibit 9. The 1991/1992, 1993/1994 and 1996/1997 tariff periods showed significant projected vs. actual growth percent variances (projected line growth was greater or less than 10 percent over actual line growth.) In 1991/1992, projection was overstated by 606 lines, due to actual residential/single line business lines not growing at the historical trend. The 1993/1994 projection was understated by 792 lines due to a slightly conservative forecast and higher actual residential line growth than historical. The 1996/1997 projection was understated by 1743 lines due to the higher than historical growth in multi-line business, partially resulting from the impact of the Payphone Order.

#### Per-Line BFP Revenue Requirement

Exhibit 10 shows the comparison of actual and projected BFP revenue requirements on a per-line basis for each tariff year between 1991 and 1996. Frontier's projected BFP per-line revenue requirement was within 10% of its actual BFP per-line revenue requirement for all tariff periods.

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1991/1992 - Decline from projection was primarily the result of actual rate base being less than projected. Changes in capital expenditures and deferred tax levels during the sale of the properties primarily accounted for this variance.

1992/1993 - Increase from projection was primarily due to unexpectedly large increase in customer operation expenses associated with the Vista companies in creating a stand alone operations group following the termination of these functions being performed by Centel for an interim period following the sale of the properties.

1993/1994 - Increase from projection due to unexpectedly large increases in General Support expenses as the company expanded its computer network and computer operations.

1994/1995 - Increase from projection was largely due to expense overruns from projection in General Support expenses.

1995/1996 - Decrease from projection was largely due to no payment of employee bonus for 1996 and reduction in employee headcount during 1995 and 1996. Lack of bonus payment was not anticipated and employee headcount was lower than projection.

1996/1997 - Decrease from projection was largely due to unanticipated curtailment of employee pension and elimination of employee bonus for 1996. Employee bonus accrual for first half of 1997 was less than projected.