

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
1997 Annual Access) CC Docket No. 97-149
Tariff Filings)

To: Chief, Competitive Pricing Division, Common Carrier Bureau

Direct Case of Sprint Local Telephone Companies

The Sprint Local Telephone Companies ("Sprint") hereby submit their Direct Case in response to the Commission's Order Designating Issues for Investigation Memorandum Opinion and Order on Reconsideration in the 1997 annual Access Tariff proceeding, DA 97-149, released July 28, 1997 (the "Designation Order"). In that order, the Commission designated for investigation issues regarding common line costs for all price cap carriers who filed 1997 annual access tariffs. As discussed below, Sprint respectfully submits that its base factor portion (BFP) revenue requirement projections and end user common line (EUCL) demand forecasts submitted in its 1997 annual access tariff filing are just and reasonable and should be upheld.

Sprint's 1997 annual access tariff filing forecasts differed from the adjusted BFP and EUCL revenue requirement data calculated as ordered by less than one-half of one percent. This evidences the accuracy of Sprint's straight-line trending methodology and supports its assertion that the forecasts submitted in Sprint's 1997 annual access tariff filing are just and reasonable.

Data submitted by Sprint in annual access filings prior to 1997 and recalculated in accordance with the Designation Order, also reveal relatively minor differences between BFP and EUCL forecasts filed and recalculated BFP and EUCL forecasts. Furthermore, the data

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demonstrates that most years' costs exceeded the \$6.00 cap, rendering any forecasting variances that did arise inconsequential.

The Commission designated for investigation issues regarding common line costs for all price cap carriers, equal access exogenous cost changes for 13 carriers, and other billing and collection expenses for four price cap carriers. Sprint was only required to respond to the issue of common line costs designated for all price cap carriers.

The issue of common line costs focuses on whether the price cap LECs have justified the BFP revenue requirement and EUCL demand forecasts provided in their Annual Access Tariff filings. The Commission stated that "After conducting a preliminary analysis of the price cap LECs' current projections, we find that these projections are likely, in many cases, to be inconsistent with the recent trend of actual BFP revenue requirements."¹

The BFP and EUCL revenue requirements data submitted in Sprint's 1997 annual access filing was accurate and differed only minimally from the adjusted BFP and EUCL revenue requirement data calculated as ordered (0.4% on a tariff-year basis and -0.46% on a calendar-year basis. Nevertheless, Sprint agrees with the Commission's observation that, generally, BFP revenue requirement and EUCL demand forecasts are likely to be inconsistent with actual data. Sprint encourages the Commission to consider adopting the use of historical data for annual access tariff filings in the future.

In accordance with the Designation Order's instructions for calculating BFP Requirement and adjustments provided in Appendix B of the Commission's order, Sprint performed calculations as described below.

Sprint has calculated its actual BFP revenue requirements using ARMIS data 43-01, where available, for each calendar and tariff year, between the 1991-1996, and projected BFP revenue requirements filed in its 1997 annual filing. The results of these calculations

¹ Designation Order, Para 15

are shown in Exhibit 1, "Summary of BFP Revenue Requirement Analysis." Non-ARMIS companies' data was collected in an ARMIS-like format. Data is provided on a total Sprint Local Telephone Companies.

Sprint lists changes to its revenue requirements resulting from revisions to Commission rules and quantifies the effects of those changes in Exhibit 5, "Quantification of Exogenous Cost Changes Reflected in Prior Filings."

In developing its calendar and test year BFP revenue requirement series, Sprint adjusted for the effects that changes in Commission rules had on actual BFP revenue requirements. SPF phasedown to final 25% levels and Cat 3 factor phase down to final DEM level used the exogenous cost amount included in each year's filing multiplied by the years remaining in the phase down period. Part 69 GSF allocation change was calculated as the percentage of the 1993 exogenous cost amount to the 1993 BFP revenue requirement. These changes are shown in Exhibit 1, together with the impact of the change on the revenue requirement for the calendar year and test year, and the actual BFP requirement, adjusted for the changes. To compute the BFP revenue requirement projection for tariff year 1997-1998, each Sprint operating company used a straight -line trending method based on historical data. Sprint's forecasting methodology and results are described in Exhibit 2, "Documentation of Methodology for Computing BFP Revenue Requirement for Tariff Year '97-98." Sprint compares and explains the actual and projected BFP and total common line revenue requirements in Exhibit 3, "BFP and Total Common Line Revenue Requirement." As shown, Sprint's filed BFP revenue requirements are accurate and reasonable. Sprint is unable to provide detailed explanations of variances in projected and actual revenue requirements at this time; however, in light of the general accuracy of Sprint's forecasting methodology and lack of any significant and consistent over- and under-estimation of BFP revenue requirements, Sprint's forecasting methods and results should be deemed acceptable.

Sprint provides data underlying its computed revenue requirements and fully explains the data assumptions and methodology used in Exhibit 4, "Calculation of BFP Revenue Requirement Using ARMIS 43-01-like Data."

In the Designation Order, the Commission staff asked all price cap LECs to explain in detail "large" year-to-year changes that emerge in each adjusted series of actual BFP revenue requirements. Specifically, it asked all price cap LECs to justify inclusion of the highest and lowest percentage changes in BFP revenue requirements. Generally speaking, Sprint does not consider the variances in percentage changes shown in Exhibit 1 to be particularly large or outside of a consistent trend so as to be characterized as "outliers" or otherwise be unacceptable for trending purposes. Furthermore, the percentage changes that did occur over the tariff periods are certainly reasonable in light of the fact that, each year, the \$6.00 EUCL multi-line rate cap was achieved and the remaining revenue requirement, by the Commission's rules, was allocated to carrier common line. When Sprint's holding company actuals are compared to its forecast, understanding that Sprint has taken into account the impact of cost growth in services such as ISDN, the \$6.41 holding company weighted average is extremely reasonable and the appropriate step in a regression analysis for prior years.

As mentioned, although Sprint considers its projected BFP revenue requirements to be reasonable, it does not view forecasting as an accurate method of establishing BFP and encourages the Commission to consider using historical trending methodologies.

Exhibits 1 and 2 document the data, assumptions, and methodology used to derive BFP revenue requirement projections contained in its access tariff revisions that became effective July 1, 1997. As described, Sprint operating companies used a straight-line trending methodology based on historical data, resulting in a deviation of only .4% between the recalculated forecast and the forecast included in the 1997 filing.

Sprint shows adjustments to the 1997-1998 tariff year calculations for the *OB&C Order* in Exhibit 1². No adjustment for pay telephone lines was required, as the line cost associated with pay telephone has historically been included in Sprint's BFP revenue requirement. As described in detail in Exhibit 7, "Explanation of Historical Development of Projected BFP Revenue Requirement 1991 through 1997, Sprint used the same methodology for calculating revenue requirement during the 1991-1995 period as that used prior to Sprint's election of price cap regulation. For the last two tariff filings, the BFP revenue requirement was based on an historical trend of previous years' data. At an aggregate Sprint level, the 1997 tariff filing forecast is within one-half of one percent of both straight-line forecast of historical calendar year actuals (-0.46%) and tariff-year to tariff year straight-line forecast of 0.40%.

Sprint provides the past actual average number of total billable access lines, multi-line business lines, and residential and single-line business lines for the past 6 years, using ARMIS data where available, and the projections for these lines in Exhibit 6, "Comparison of Forecast to Historical End User Demand." The difference between Sprint's historical and projected end-user demand is less than 1% (or 0.77%). The lack of any appreciable variance demonstrates the accuracy of Sprint's projections.

Sprint's projection for the 1997-1998 tariff year is consistent with the value predicted by the historical trend of end-user demand. This is demonstrated by Exhibit 6.

Sprint provides actual and projected BFP revenue requirements on a per-line basis for each tariff year between 1991 and 1996 in Exhibit 8, "Comparison of Actual to Filed Monthly BFP Revenue Requirement Per Line."

As evidenced above, Sprint's straight-line trending methodology is historically very accurate. In particular, the projections for the 1997-1998 tariff year come within one-half of

² Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board Report and Order, 12 FCC Rcd 2697 (*OB&C Order*).

one percent of the projections calculated in accordance with the order. Thus, Sprint's 1997 Annual Access Tariff Filing is just and reasonable and should be affirmed.

Respectfully,

SPRINT LOCAL TELEPHONE COMPANIES

By



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September 2, 1997



Exhibit List

<u>Exhibit No.</u>	<u>Description</u>	<u>Responds to Paragraph(s)</u>	<u># of Pages</u>
1	Explanation and Summary of BFP Revenue Requirement Analysis	16(1),19,20,21,22, 24,26,27	2
2	Documentation of Methodology for Computing BFP Revenue Requirement for Tariff Year '97-'98	16(3)	2
3	Explanation and Comparison of BFP and Total Common Line Revenue Requirement	17	2
4	Calculation of BFP and Total Common Line Revenue Requirement Using ARMIS 43-01-Like Data	18, 23	9
5	Quantification of Exogenous Cost Changes Reflected in Prior Filings	16(2)	1
6	Explanation and Comparison of Forecast to Historical End User Demand	31, 32, 33	2
7	Explanation of Development Projected BFP Revenue Requirement, 1991 through 1997	27	1
8	Comparison of Actual to Filed Monthly BFP Revenue Requirement Per Line	34	1
9	Calculation of GSF Allocation Change Impact on 1st Half of 1993	App. B, GSF	1

Response to Paragraph 24

Explanation of BFP Revenue Requirement Analysis

With the regard to the request for explanation of BFP revenue requirement growth rates that appear to be outliers within the 1991-1996 time period, Sprint respectfully concludes that none of the growth rates displayed on exhibit 1, page 2 of 2, fit the outlier definition. During 1993 the Sprint United/Centel merger caused a one time event of higher costs (6.42%) which Sprint has utilized as a starting point for reducing costs within the business (to 2.71%). It was not possible to quantify the merger impact for this proceeding due to the age of the data and the time allowed for the response. Even though this merger occurred during this time frame as a one time event, there is no way of knowing that a similar event could not recur.

Response to Paragraph 16(3)

**Documentation of Methodology for Computing
BFP Revenue Requirement for Tariff Year '97-'98**

The development of the BFP revenue requirement for the tariff year was performed at the various Sprint locations by staff members responsible for the End User Common Line (EUCL) rate development. Each Sprint operating company utilized a straight-line trending method based on historical data. However, some companies used the historical actual calendar year BFP revenue requirement, while others used the historically filed (test year) data from previous annual filings.

The following page displays the data utilized by the individual Sprint operating company to trend the '97-'98 BFP revenue requirement. The "boxed" cells indicate the time periods used in the straight line forecast. As shown on the attached, a number of Sprint operating companies utilized data from 1993 through 1996 only, since the allocation rules have remained constant for that time period.

Forecast of Interstate Common Line BFP - Revenue Requirement @ 11.25%
for 7/97 through 6/98 Tariff Period

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	Actual 1992 (A)	Actual 1993 (B)	Actual 1994 (C)	Actual 1995 (D)	Actual 1996 (E)	SL Frst 1997 (F)	SL Frst 1998 (G)	SL Frst 7/97-6/98 (H)=(F+G)/2	Filed 7/97-6/98 (I)	Difference (J)=I-H	%Difference (K)=J/I
Sprint/United of Florida	93,955,710	94,010,930	101,162,850	102,967,603	102,325,167	106,593,128	109,162,687	107,877,907	107,877,944	37	0.00%
Sprint/Centel of Florida	19,771,206	22,844,176	25,123,402	28,609,898	29,031,590	31,914,451	34,119,325	33,016,888	33,016,848	(40)	0.00%
Sprint LTD - Florida	113,726,916	116,855,106	126,286,252	131,577,501	131,356,757	138,507,579	143,282,012	140,894,795	140,894,792	(3)	0.00%
Sprint LTD - Illinois	11,129,442	13,112,724	13,196,674	13,873,476	14,363,065	14,743,441	15,186,224	14,964,832	14,964,799	(33)	0.00%
Sprint LTD - Indiana	14,351,139	15,731,691	17,324,033	17,064,669	16,391,961	17,797,085	18,338,547	18,067,816	18,067,816	(0)	0.00%
Sprint LTD - Nevada	21,278,641	23,000,080	25,837,026	28,137,030	31,631,328	34,199,803	37,019,178	35,609,490	35,193,104	(416,386)	-1.18%
Sprint/Carolina Telephone	52,442,188	64,129,660	74,663,149	74,400,847	80,471,603	82,320,320	85,224,547	83,772,434	81,830,581	(1,941,853)	-2.37%
Sprint/Centel - North Carolina	12,260,880	15,152,535	16,717,206	17,161,566	19,294,333	20,296,849	21,585,824	20,942,336	19,663,897	(1,278,439)	-6.50%
Sprint LTD - North Carolina	64,703,068	79,282,195	91,380,355	91,562,413	99,765,936	102,619,169	106,810,371	104,714,770	101,494,478	(3,220,292)	-3.17%
Sprint LTD - Ohio	31,591,651	36,069,738	39,804,930	40,258,589	40,169,371	43,982,143	46,116,572	45,049,358	45,049,128	(230)	0.00%
Sprint LTD - New Jersey	10,982,038	11,681,554	13,072,550	13,766,186	14,090,021	14,660,390	15,169,126	14,914,758	14,623,684	(291,074)	-1.99%
Sprint LTD - Pennsylvania	18,701,639	22,414,727	24,289,037	26,486,804	25,977,785	27,273,290	28,117,664	27,695,477	26,592,440	(1,103,037)	-4.15%
Sprint LTD - Eastern	29,683,677	34,096,281	37,361,587	40,252,990	40,067,806	41,933,680	43,286,790	42,610,235	41,216,124	(1,394,111)	-3.38%
Sprint/United - Kansas (Contel Prop)	5,400,305	6,285,306	7,376,285	7,671,030	8,054,227	8,965,501	9,634,858	9,300,179	9,300,177	(2)	0.00%
Sprint/United of Kansas	6,214,119	6,724,367	8,663,129	8,642,476	9,251,321	10,296,836	11,096,088	10,696,462	10,696,475	13	0.00%
Sprint/United of Minnesota	8,676,926	9,786,765	11,262,204	11,689,013	11,940,524	13,199,920	14,042,864	13,621,392	13,621,408	16	0.00%
Sprint/United of Missouri	17,195,673	19,201,000	21,374,266	22,394,654	22,916,773	25,007,233	26,470,819	25,739,026	25,738,976	(50)	0.00%
Sprint/United of Nebraska	1,611,732	1,784,639	1,915,795	2,035,586	2,145,937	2,294,545	2,426,481	2,360,513	2,240,508	(120,005)	-5.36%
Sprint/United of Wyoming	604,196	659,754	709,643	747,644	783,070	834,553	879,117	856,835	856,835	0	0.00%
Sprint/United of Texas	12,359,442	16,199,335	16,714,045	17,443,064	17,535,807	18,157,672	18,631,515	18,394,593	18,109,008	(285,585)	-1.58%
Sprint/Centel of Texas	12,245,255	12,525,168	14,121,198	14,586,016	14,783,371	15,813,795	16,537,738	16,175,766	16,175,801	35	0.00%
Sprint LTD - Midwest	64,307,648	73,166,334	82,136,585	85,209,483	87,411,030	94,570,055	99,719,478	97,144,766	96,739,188	(405,578)	-0.42%
Sprint/United of Oregon	4,551,760	4,741,208	5,235,789	5,410,064	5,502,138	5,859,075	6,116,037	5,987,556	5,987,552	(4)	0.00%
Sprint/United of Washington	5,378,492	5,641,067	6,198,673	6,646,251	6,553,388	7,090,067	7,425,565	7,257,816	7,257,824	8	0.00%
Sprint LTD - Northwest	9,930,252	10,382,275	11,434,462	12,056,315	12,055,526	12,949,142	13,541,601	13,245,372	13,245,376	4	0.00%
Sprint/United of Tennessee	10,424,114	12,292,168	14,440,132	15,296,004	14,974,471	16,476,389	17,366,667	16,921,528	16,008,128	(913,400)	-5.71%
Sprint/United of Virginia	5,901,023	6,652,113	7,024,232	7,318,904	7,124,847	7,738,555	8,049,999	7,894,277	7,894,264	(13)	0.00%
Sprint/Centel of Virginia	18,384,116	21,073,683	24,997,855	25,390,028	24,843,631	27,001,804	28,172,005	27,586,904	27,586,808	(96)	0.00%
Sprint/United of South Carolina	5,535,397	6,660,104	6,752,971	7,644,767	7,880,177	8,372,509	8,827,710	8,600,109	8,505,765	(94,344)	-1.11%
Sprint LTD - Southeast	40,244,650	46,678,068	53,215,190	55,649,703	54,823,126	59,589,257	62,416,382	61,002,819	59,994,965	(1,007,854)	-1.68%
SPRINT Local Telephone Division	400,947,084	448,374,492	497,977,094	515,642,169	528,035,906	560,891,354	585,717,154	573,304,254	566,859,770	(6,444,484)	-1.14%
	Filed 7/92-6/93	Filed 7/93-6/94	Filed 7/94-6/95	Filed 7/95-6/96	Filed 7/96-6/97	SL Frst 7/97-6/98	Filed 7/97-6/98	Difference	%Difference		
Sprint/Carolina Telephone	49,985,712	58,770,292	66,766,766	70,423,561	74,391,440	82,206,972	81,830,581	(376,391)	-0.46%		
Sprint/Centel - North Carolina	-	15,566,176	16,042,264	16,693,867	18,207,312	19,146,196	19,663,897	517,701	2.63%		
Sprint LTD - North Carolina	49,985,712	74,336,468	82,809,030	87,117,428	92,598,752	101,353,167	101,494,478	141,311	0.14%		
Sprint/United of Tennessee	11,349,009	13,089,020	13,127,284	14,579,330	15,289,521	16,298,233	16,008,128	(290,105)	-1.81%		
Sprint LTD - New Jersey	11,226,321	12,075,442	11,642,639	12,455,773	13,111,560	13,347,590	14,623,684	1,276,094	8.73%		
Sprint LTD - Pennsylvania	18,262,328	22,059,963	22,337,877	23,829,771	24,577,056	26,533,178	26,592,440	59,262	0.22%		
Sprint LTD - Eastern	29,488,649	34,135,405	33,980,516	36,285,544	37,688,616	39,880,768	41,216,124	1,335,356	3.24%		
SPRINT Local Telephone Division						566,589,889	566,859,770	269,881	0.05%		
	Actual 1992 (A)	Actual 1993 (B)	Actual 1994 (C)	Actual 1995 (D)	Actual 1996 (E)	SL Frst 7/97-6/98 (F)	Filed 7/97-6/98 (G)	Difference (H)=G-F	%Difference (I)=H/G		
SPRINT Local Telephone Division	400,947,084	448,374,492	497,977,094	515,642,169	528,035,906	566,589,889	566,859,770	269,881	0.05%		

Response to Paragraphs 17 and 24

Explanation of BFP and Total Common Line Revenue Requirement

Sprint has demonstrated that its filed Base Factor Portion (BFP) revenue requirements for the 1997-1998 tariff period are extremely reasonable and better than most forecasting methodologies could hope to produce. Sprint does not have at its disposal the level of resources and time required gather the detailed information necessary to factually explain the variances demonstrated in Exhibit 3 following. Furthermore, Sprint considers the tight parameters imposed by the Commission Staff with respect to these variances to be unnecessarily stringent.

Over the tariff periods under analysis as shown in Exhibit 8 following, Sprint has allocated appropriate amounts of BFP revenue requirement to the carrier common line category. This is due mainly to the fact that each year the \$6.00 multi-line rate cap was achieved and the remaining revenue requirement, by the Commission's rules, was allocated to carrier common line. When Sprint's holding company actuals are compared to its forecast, in light of the fact that Sprint has taken account the impacts of cost growth in services such as ISDN, the \$6.41 holding company weighted average is extremely reasonable and the appropriate step in a regression analysis for prior years.

**CALCULATION OF BFP REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>Calculations</u>	<u>1/91-6/91</u>	<u>7/91-12/91</u>	<u>1/91-12/91</u>
FIT Rate		0.350000	0.350000	
SIT Rate		0.051687	0.053832	
GRT Rate		0.000796	0.000788	
1040 Miscellaneous		1,375,003	1,426,479	2,801,482
1060 Uncollectibles		425,135	481,037	906,172
1190 Total Operating Expenses		129,948,911	134,752,252	264,701,163
1340 AFUDC		6,000	(6,000)	-
1420 Other State and Local		7,101,326	7,437,006	14,538,333
1510 Fixed Charges		11,671,344	11,114,489	22,785,834
1520a IRS Income Adjustment-FIT		1,404,608	(1,216,941)	187,666
1520b IRS Income Adjustment-SIT		(92,653)	(2,266,513)	(2,359,166)
1540 ITC Amortization		2,425,567	2,268,115	4,693,682
1910 Average Net Investment		737,780,552	757,289,809	747,535,180
1915 Net Return	(1910 * .1125 * # Months / 12)	41,500,156	42,597,552	84,097,708
4000 FIT Base	(1915 - 1340 - 1510 - 1520a - 1540)	25,992,637	30,437,889	56,430,526
1590 Federal Income Tax	(4000 * (FIT Rate/(1-FIT Rate)) - 1540)	11,570,468	14,121,518	25,691,986
4010 SIT Base	(4000 + 1590 + 1540 + 1520a - 1520b)	41,485,932	47,877,094	89,363,026
1410a State Taxes	(4010 * (SIT Rate/(1-SIT Rate)))	2,261,146	2,723,978	4,985,124
4020 GRT Base	(1190+1420+1915-1340+1590+1410a)	192,376,008	201,638,307	394,014,314
1410b Local Income Taxes	(4020 * (GRT Rate/(1-GRT Rate)))	153,237	158,957	312,194
4030 Revenue Requirement	(4020 + 1410b + 1060 - 1040)	191,579,376	200,851,822	392,431,198
1915 Net Return	(4030+1040-1060-1190+1340-1420-1410a-1410b-1590)	41,500,156	42,597,552	84,097,708
1920 Annualized Rate of Return	(1915 / 1910 * 1200 / # Months)	11.25	11.25	11.25

Note: 4000 Range used above for reference purposes only, not actually used in ARMIS 43-01.

Filed Data

BFP Rev. Req.
Single Line Business
Lifeline
Residence
Multiline Business
Payphone
Total End User Lines
Cost / End User Line
Multiline Business Rate

**CALCULATION OF BFP REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>1/92-6/92</u>	<u>7/91-6/92</u>	<u>7/92-12/92</u>	<u>1/92-12/92</u>	<u>1/93-6/93</u>	<u>7/92-6/93</u>	<u>7/93-12/93</u>
FIT Rate	0.350000		0.350000		0.350000		0.350000
SIT Rate	0.052969		0.052681		0.053930		0.052553
GRT Rate	0.000503		0.000480		0.000485		0.000474
1040 Miscellaneous	1,451,128	2,877,607	1,535,303	2,986,430	1,586,237	3,121,539	2,004,764
1060 Uncollectibles	273,989	755,026	258,273	532,262	398,952	657,225	976,282
1190 Total Operating Expenses	131,649,165	266,401,417	145,392,992	277,042,156	152,928,688	298,321,680	161,748,508
1340 AFUDC	2,000	(4,000)	4,000	6,000	-	4,000	-
1420 Other State and Local	7,274,455	14,711,461	6,984,237	14,258,692	7,551,257	14,535,493	7,771,317
1510 Fixed Charges	11,038,103	22,152,592	10,128,465	21,166,568	10,990,382	21,118,847	10,857,878
1520a IRS Income Adjustment-FIT	1,177,120	(39,821)	(70,643)	1,106,478	996,310	925,667	(373,015)
1520b IRS Income Adjustment-SIT	(83,676)	(2,350,190)	(365,827)	(449,504)	(3,205,297)	(3,571,124)	(3,607,077)
1540 ITC Amortization	2,096,645	4,364,759	2,180,700	4,277,345	2,038,950	4,219,650	2,042,718
1910 Average Net Investment	726,706,306	741,998,057	736,363,779	731,535,043	733,130,018	734,746,898	801,664,828
1915 Net Return	40,877,230	83,474,781	41,420,463	82,297,692	41,238,564	82,659,026	45,093,647
4000 FIT Base	26,563,362	57,001,251	29,177,940	55,741,302	27,212,921	56,390,861	32,566,066
1590 Federal Income Tax	12,206,704	26,328,222	13,530,499	25,737,203	12,614,161	26,144,660	15,492,856
4010 SIT Base	42,127,507	90,004,601	45,184,324	87,311,831	46,067,639	91,251,963	53,335,702
1410a State Taxes	2,356,271	5,080,249	2,512,741	4,869,012	2,626,037	5,138,778	2,958,418
4020 GRT Base	194,361,824	396,000,131	209,836,930	404,198,755	216,958,706	426,795,637	233,064,745
1410b Local Income Taxes	97,727	256,684	100,760	198,487	105,212	205,972	110,600
4030 Revenue Requirement	193,282,412	394,134,234	208,660,660	401,943,073	215,876,634	424,537,294	232,146,864
1915 Net Return	40,877,230	83,474,781	41,420,463	82,297,692	41,238,564	82,659,026	45,093,647
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for refere

Filed Data

BFP Rev. Req.	399,974,600	404,381,649
Single Line Business	273,923	280,612
Lifeline	18,300	51,451
Residence	4,214,268	4,381,113
Multiline Business	916,456	999,384
Payphone	-	-
Total End User Lines	5,422,947	5,712,560
Cost / End User Line	\$ 6.15	\$ 5.90
Multiline Business Rate	\$ 6.00	\$ 5.90

**CALCULATION OF BFP REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>1/93-12/93</u>	<u>1/94-6/94</u>	<u>7/93-6/94</u>	<u>7/94-12/94</u>	<u>1/94-12/94</u>	<u>1/95-6/95</u>	<u>7/94-6/94</u>
FIT Rate		0.350000		0.350000		0.350000	
SIT Rate		0.054884		0.054596		0.053591	
GRT Rate		0.000484		0.000463		0.000459	
1040 Miscellaneous	3,591,000	2,483,460	4,488,224	2,696,986	5,180,446	2,673,425	5,370,411
1060 Uncollectibles	1,375,234	581,017	1,557,299	193,411	774,428	973,951	1,167,362
1190 Total Operating Expenses	314,677,196	169,546,186	331,294,694	186,015,877	355,562,063	180,861,186	366,877,063
1340 AFUDC	-	-	-	-	-	-	-
1420 Other State and Local	15,322,574	8,115,658	15,886,975	8,145,263	16,260,921	9,186,324	17,331,587
1510 Fixed Charges	21,848,260	10,824,270	21,682,148	11,850,470	22,674,740	12,169,515	24,019,985
1520a IRS Income Adjustment-FIT	623,294	903,587	530,571	(1,152,657)	(249,071)	(569,444)	(1,722,101)
1520b IRS Income Adjustment-SIT	(6,812,374)	(2,291,451)	(5,898,528)	(1,847,796)	(4,139,247)	(2,734,776)	(4,582,572)
1540 ITC Amortization	4,081,668	1,597,769	3,640,487	1,623,133	3,220,902	1,247,629	2,870,762
1910 Average Net Investment	767,397,423	808,107,731	804,886,279	819,586,659	813,847,195	825,024,187	822,305,423
1915 Net Return	86,332,210	45,456,060	90,549,706	46,101,750	91,557,809	46,407,611	92,509,360
4000 FIT Base	59,778,987	32,130,434	64,696,500	33,780,804	65,911,238	33,559,910	67,340,714
1590 Federal Income Tax	28,107,017	15,703,234	31,196,090	16,566,531	32,269,765	16,823,092	33,389,623
4010 SIT Base	99,403,341	52,626,475	105,962,177	52,665,606	105,292,081	53,795,964	106,461,570
1410a State Taxes	5,584,455	3,056,083	6,014,501	3,041,401	6,097,484	3,046,210	6,087,611
4020 GRT Base	450,023,452	241,877,221	474,941,966	259,870,822	501,748,043	256,324,422	516,195,244
1410b Local Income Taxes	215,813	117,007	227,608	120,338	237,345	117,817	238,154
4030 Revenue Requirement	448,023,498	240,091,786	472,238,650	257,487,585	497,579,370	254,742,764	512,230,349
1915 Net Return	86,332,210	45,456,060	90,549,706	46,101,750	91,557,809	46,407,611	92,509,360
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for refere

Filed Data

BFP Rev. Req.		449,691,309		468,438,748
Single Line Business		282,753		300,417
Lifeline		42,057		55,460
Residence		4,544,292		4,678,977
Multiline Business		1,073,348		1,183,887
Payphone		-		-
Total End User Lines		5,942,450		6,218,741
Cost / End User Line	\$	6.31		\$ 6.28
Multiline Business Rate	\$	6.00		\$ 6.00

**CALCULATION OF BFP REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>7/95-12/95</u>	<u>1/95-12/95</u>	<u>1/96-6/96</u>	<u>7/95-6/96</u>	<u>7/96-12/96</u>	<u>1/96-12/96</u>	<u>1/97-6/97</u>
FIT Rate	0.350000		0.350000		0.350000		0.350000
SIT Rate	0.052722		0.052216		0.052860		0.051231
GRT Rate	0.000453		0.000442		0.000412		0.000402
1040 Miscellaneous	2,753,366	5,426,791	3,437,827	6,191,193	3,926,741	7,364,568	3,542,334
1060 Uncollectibles	1,247,913	2,221,864	583,288	1,831,201	1,054,741	1,638,029	987,443
1190 Total Operating Expenses	187,803,455	368,664,641	188,023,858	375,827,313	202,349,052	390,372,910	195,050,871
1340 AFUDC	590,132	590,132	951,512	1,541,645	664,417	1,615,930	736,502
1420 Other State and Local	8,682,578	17,868,902	8,457,658	17,140,236	8,273,328	16,730,986	8,304,785
1510 Fixed Charges	12,841,481	25,010,995	12,235,140	25,076,621	12,018,336	24,253,476	11,599,074
1520a IRS Income Adjustment-FIT	(427,417)	(996,860)	(416,782)	(844,199)	(800,988)	(1,217,770)	325,919
1520b IRS Income Adjustment-SIT	(974,382)	(3,709,158)	(2,353,255)	(3,327,637)	(2,790,323)	(5,143,578)	1,045,179
1540 ITC Amortization	1,157,686	2,405,315	1,045,010	2,202,696	941,813	1,986,823	636,944
1910 Average Net Investment	831,269,043	828,146,615	808,773,203	820,021,123	807,245,818	808,009,511	805,205,593
1915 Net Return	46,758,884	93,166,494	45,493,493	92,252,376	45,407,577	90,901,070	45,292,815
4000 FIT Base	32,597,002	66,156,912	31,678,612	64,275,614	32,584,000	64,262,612	31,994,376
1590 Federal Income Tax	16,394,546	33,217,638	16,012,704	32,407,250	16,603,418	32,616,122	16,590,797
4010 SIT Base	50,696,199	104,492,163	50,672,799	101,368,998	52,118,565	102,791,364	48,502,856
1410a State Taxes	2,821,579	5,867,789	2,791,676	5,613,256	2,908,741	5,700,417	2,619,028
4020 GRT Base	261,870,910	518,195,332	259,827,876	521,698,786	274,877,699	534,705,575	267,121,793
1410b Local Income Taxes	118,666	236,483	114,968	233,634	113,428	228,396	107,440
4030 Revenue Requirement	260,484,123	515,226,887	257,088,304	517,572,428	272,119,128	529,207,432	264,674,342
1915 Net Return	46,758,884	93,166,494	45,493,493	92,252,376	45,407,577	90,901,070	45,292,815
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for refere

Filed Data

BFP Rev. Req.	485,200,490
Single Line Business	343,297
Lifeline	48,663
Residence	4,878,593
Multiline Business	1,262,851
Payphone	-
Total End User Lines	6,533,404
Cost / End User Line	\$ 6.19
Multiline Business Rate	\$ 6.00

**CALCULATION OF BFP REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>7/96-6/97</u>	<u>7/97-6/98</u>
FIT Rate		
SIT Rate		
GRT Rate		
1040 Miscellaneous	7,469,074	
1060 Uncollectibles	2,042,184	
1190 Total Operating Expenses	397,399,924	
1340 AFUDC	1,400,920	
1420 Other State and Local	16,578,113	
1510 Fixed Charges	23,617,410	
1520a IRS Income Adjustment-FIT	(475,070)	
1520b IRS Income Adjustment-SIT	(1,745,144)	
1540 ITC Amortization	1,578,757	
1910 Average Net Investment	806,225,706	
1915 Net Return	90,700,392	
4000 FIT Base	64,578,375	
1590 Federal Income Tax	33,194,215	
4010 SIT Base	100,621,421	
1410a State Taxes	5,527,769	
4020 GRT Base	541,999,492	
1410b Local Income Taxes	220,868	
4030 Revenue Requirement	536,793,470	
1915 Net Return	90,700,392	
1920 Annualized Rate of Return	11.25	

Note: 4000 Range used above for refere

<u>Filed Data</u>		
BFP Rev. Req.	509,550,951	566,859,770
Single Line Business	438,957	364,681
Lifeline	49,635	53,742
Residence	5,014,167	5,258,754
Multiline Business	1,370,139	1,650,184
Payphone	-	39,769
Total End User Lines	6,872,898	7,367,130
Cost / End User Line	\$ 6.18	\$ 6.41
Multiline Business Rate	\$ 6.00	\$ 6.41

**CALCULATION OF COMMON LINE REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>Calculations</u>	<u>1/91-6/91</u>	<u>7/91-12/91</u>	<u>1/91-12/91</u>	<u>1/92-6/92</u>
FIT Rate		0.340363	0.340349		0.340363
SIT Rate		0.051537	0.053738		0.052917
GRT Rate		0.000806	0.000773		0.000496
1040 Miscellaneous		1,451,214	1,478,929	2,930,142	1,481,075
1060 Uncollectibles		437,225	504,430	941,655	273,904
1190 Total Operating Expenses		139,374,564	143,115,316	282,489,880	137,616,989
1340 AFUDC		7,000	(7,000)	-	2,000
1420 Other State and Local		7,394,057	7,643,196	15,037,253	7,413,023
1510 Fixed Charges		12,139,903	11,422,282	23,562,185	11,233,932
1520a IRS Income Adjustment-FIT		1,435,255	(1,236,625)	198,629	1,192,590
1520b IRS Income Adjustment-SIT		(188,934)	(2,282,820)	(2,471,755)	(83,667)
1540 ITC Amortization		2,524,693	2,334,447	4,859,141	2,136,358
1910 Average Net Investment		753,894,284	771,321,545	762,607,914	736,772,195
1915 Net Return	(1910 * .1125 * # Months / 12)	42,406,553	43,386,837	85,793,390	41,443,436
4000 FIT Base	(1915 - 1340 - 1510 - 1520a - 1540)	26,299,703	30,873,733	57,173,435	26,878,556
1590 Federal Income Tax	(4000 * (FIT Rate/(1-FIT Rate)) - 1540)	11,045,547	13,594,942	24,640,489	11,732,601
4010 SIT Base	(4000 + 1590 + 1540 + 1520a - 1520b)	41,494,132	47,849,317	89,343,449	42,023,772
1410a State Taxes	(4010 * (SIT Rate/(1-SIT Rate))	2,254,690	2,717,336	4,972,026	2,348,023
4020 GRT Base	(1190+1420+1915-1340+1590+1410a)	202,468,412	210,464,627	412,933,039	200,552,071
1410b Local Income Taxes	(4020 * (GRT Rate/(1-GRT Rate))	163,360	162,751	326,111	99,454
4030 Revenue Requirement	(4020 + 1410b + 1060 - 1040)	201,617,783	209,652,879	411,270,662	199,444,354
1915 Net Return	(4030+1040-1060-1190+1340-1420-1410a-1410b-1590)	42,406,553	43,386,837	85,793,390	41,443,436
1920 Annualized Rate of Return	(1915 / 1910 * 1200 / # Months)	11.25	11.25	11.25	11.25

Note: 4000 Range used above for reference purposes only, not actually used in ARMIS 43-01.

**CALCULATION OF COMMON LINE REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>7/91-6/92</u>	<u>7/92-12/92</u>	<u>1/92-12/92</u>	<u>1/93-6/93</u>	<u>7/92-6/93</u>	<u>7/93-12/93</u>	<u>1/93-12/93</u>	<u>1/94-6/94</u>
FIT Rate		0.340375		0.350000		0.350000		0.350000
SIT Rate		0.052618		0.053969		0.052572		0.054915
GRT Rate		0.000479		0.000487		0.000477		0.000485
1040 Miscellaneous	2,960,003	1,560,387	3,041,462	1,602,630	3,163,017	2,017,023	3,619,652	2,499,575
1060 Uncollectibles	778,334	272,109	546,013	438,949	711,058	989,479	1,428,428	582,846
1190 Total Operating Expenses	280,732,305	150,857,749	288,474,738	157,179,976	308,037,725	165,277,814	322,457,790	173,106,696
1340 AFUDC	(5,000)	4,000	6,000	-	4,000	-	-	-
1420 Other State and Local	15,056,218	7,168,152	14,581,175	7,645,261	14,813,413	7,850,252	15,495,513	8,200,506
1510 Fixed Charges	22,656,215	10,350,116	21,584,049	11,126,341	21,476,457	10,969,612	22,095,952	10,932,916
1520a IRS Income Adjustment-FIT	(44,036)	(67,414)	1,125,175	1,008,558	941,144	(377,948)	630,611	912,648
1520b IRS Income Adjustment-SIT	(2,366,487)	(360,484)	(444,151)	(3,244,292)	(3,604,776)	(3,645,720)	(6,890,012)	(2,310,761)
1540 ITC Amortization	4,470,805	2,222,563	4,358,920	2,062,358	4,284,920	2,062,429	4,124,787	1,613,669
1910 Average Net Investment	754,046,870	745,142,039	740,957,117	737,647,635	741,394,837	805,163,302	771,405,468	812,228,768
1915 Net Return	84,830,273	41,914,240	83,357,676	41,492,679	83,406,919	45,290,436	86,783,115	45,687,868
4000 FIT Base	57,752,289	29,404,975	56,283,532	27,295,423	56,700,398	32,636,342	59,931,765	32,228,635
1590 Federal Income Tax	25,327,543	12,950,783	24,683,384	12,635,177	25,585,960	15,510,986	28,146,163	15,740,212
4010 SIT Base	89,873,089	44,871,390	86,895,162	46,245,808	91,117,199	53,477,530	99,723,338	52,805,925
1410a State Taxes	5,065,358	2,492,189	4,840,212	2,638,214	5,130,404	2,967,404	5,605,618	3,068,357
4020 GRT Base	411,016,698	215,379,113	415,931,184	221,591,308	436,970,421	236,896,892	458,488,200	245,803,638
1410b Local Income Taxes	262,204	103,206	202,660	108,072	211,278	113,003	221,075	119,389
4030 Revenue Requirement	409,097,233	214,194,041	413,638,395	220,535,699	434,729,740	235,982,351	456,518,050	244,006,298
1915 Net Return	84,830,273	41,914,240	83,357,676	41,492,679	83,406,919	45,290,436	86,783,115	45,687,868
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for r

**CALCULATION OF COMMON LINE REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>7/93-6/94</u>	<u>7/94-12/94</u>	<u>1/94-12/94</u>	<u>1/95-6/95</u>	<u>7/94-6/94</u>	<u>7/95-12/95</u>	<u>1/95-12/95</u>	<u>1/96-6/96</u>
FIT Rate		0.350000		0.350000		0.350000		0.350000
SIT Rate		0.054620		0.053610		0.052737		0.052217
GRT Rate		0.000463		0.000462		0.000454		0.000443
1040 Miscellaneous	4,516,597	2,715,064	5,214,639	2,689,903	5,404,967	2,770,440	5,460,343	3,459,739
1060 Uncollectibles	1,572,325	192,451	775,298	976,994	1,169,446	1,252,739	2,229,734	584,145
1190 Total Operating Expenses	338,384,510	190,145,549	363,252,244	184,637,745	374,783,294	191,454,050	376,091,795	191,425,879
1340 AFUDC	-	-	-	-	-	596,077	596,077	960,203
1420 Other State and Local	16,050,758	8,228,711	16,429,217	9,278,962	17,507,673	8,767,928	18,046,890	8,537,362
1510 Fixed Charges	21,902,528	11,967,937	22,900,853	12,289,330	24,257,267	12,966,458	25,255,789	12,349,467
1520a IRS Income Adjustment-FIT	534,700	(1,166,293)	(253,646)	(576,063)	(1,742,356)	(431,051)	(1,007,114)	(422,463)
1520b IRS Income Adjustment-SIT	(5,956,482)	(1,865,085)	(4,175,846)	(2,763,883)	(4,628,968)	(974,592)	(3,738,476)	(2,373,914)
1540 ITC Amortization	3,676,098	1,639,355	3,253,023	1,260,102	2,899,457	1,169,316	2,429,418	1,054,860
1910 Average Net Investment	808,696,035	824,413,381	818,321,075	830,221,355	827,317,368	836,708,978	833,465,166	813,697,917
1915 Net Return	90,978,304	46,373,253	92,061,121	46,699,951	93,073,204	47,064,880	93,764,831	45,770,508
4000 FIT Base	64,864,978	33,932,255	66,160,890	33,726,581	67,658,836	32,764,081	66,490,662	31,828,442
1590 Federal Income Tax	31,251,197	16,631,860	32,372,071	16,900,365	33,532,224	16,472,882	33,373,246	16,083,532
4010 SIT Base	106,283,455	52,902,261	105,708,186	54,074,869	106,977,129	50,949,819	105,024,688	50,918,284
1410a State Taxes	6,035,761	3,056,477	6,124,833	3,063,174	6,119,651	2,836,535	5,899,708	2,805,267
4020 GRT Base	482,700,530	264,435,848	510,239,487	260,580,196	525,016,045	266,000,197	526,580,393	263,662,345
1410b Local Income Taxes	232,392	122,538	241,927	120,485	243,024	120,948	241,433	116,934
4030 Revenue Requirement	479,988,650	262,035,774	506,042,073	258,987,773	521,023,547	264,603,445	523,591,217	260,903,685
1915 Net Return	90,978,304	46,373,253	92,061,121	46,699,951	93,073,204	47,064,880	93,764,831	45,770,508
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for r

**CALCULATION OF COMMON LINE REVENUE REQUIREMENT
USING ARMIS 43-01-LIKE DATA**

SPRINT Local Telephone Division

<u>ARMIS 43-01 Reference</u>	<u>7/95-6/96</u>	<u>7/96-12/96</u>	<u>1/96-12/96</u>	<u>1/97-6/97</u>	<u>7/96-6/97</u>
FIT Rate		0.350000		0.350000	
SIT Rate		0.052864		0.051221	
GRT Rate		0.000413		0.000405	
1040 Miscellaneous	6,230,179	3,949,750	7,409,489	3,555,357	7,505,107
1060 Uncollectibles	1,836,884	1,056,076	1,640,221	988,684	2,044,760
1190 Total Operating Expenses	382,879,928	205,974,502	397,400,381	197,040,814	403,015,316
1340 AFUDC	1,556,280	670,387	1,630,590	740,404	1,410,790
1420 Other State and Local	17,305,290	8,349,272	16,886,634	8,351,194	16,700,467
1510 Fixed Charges	25,315,925	12,129,689	24,479,156	11,660,453	23,790,142
1520a IRS Income Adjustment-FIT	(853,515)	(807,712)	(1,230,176)	326,706	(481,007)
1520b IRS Income Adjustment-SIT	(3,348,507)	(2,810,971)	(5,184,885)	1,060,026	(1,750,945)
1540 ITC Amortization	2,224,175	950,376	2,005,236	640,363	1,590,739
1910 Average Net Investment	825,203,447	812,160,262	812,929,089	808,074,338	810,117,300
1915 Net Return	92,835,388	45,684,015	91,454,523	45,454,181	91,138,196
4000 FIT Base	64,592,523	32,741,275	64,569,717	32,086,256	64,827,531
1590 Federal Income Tax	32,556,414	16,679,541	32,763,074	16,636,851	33,316,393
4010 SIT Base	101,868,104	52,374,452	103,292,736	48,630,151	101,004,602
1410a State Taxes	5,641,802	2,923,275	5,728,542	2,625,378	5,548,653
4020 GRT Base	529,662,542	278,940,219	542,602,564	269,368,015	548,308,235
1410b Local Income Taxes	237,883	115,311	232,246	109,146	224,458
4030 Revenue Requirement	525,507,130	276,161,856	537,065,542	266,910,489	543,072,346
1915 Net Return	92,835,388	45,684,015	91,454,523	45,454,181	91,138,196
1920 Annualized Rate of Return	11.25	11.25	11.25	11.25	11.25

Note: 4000 Range used above for r

Response to Paragraphs 31, 32 and 33

Explanation of Forecast to Historical End User Demand

As demonstrated in Exhibit 6, the difference between its forecast and historical end user demand is less than 1% (0.77%). The lack of any significant variance indicates Sprint's accuracy with its holding company level forecasts. Sprint has taken into account such impacts as the merger between its United Telephone and Central Telephone properties, unprecedented growth in medium and rural market areas and the tremendous influx in Internet traffic which has contributed greatly to the number of additional access lines in its network.

By way of Exhibit 6, Sprint has demonstrated that its projection for the 1997-1998 tariff year is extremely consistent with the historical trends of end user demand. Also, as requested in paragraph 33 of the Commission's Order, Sprint includes the ISDN access line impacts in its 1997-1998 tariff year by multiplying the number of ISDN channels by the Commission's mandated 5 equivalency lines; i.e. each ISDN channel equals 5 access lines.

Comparison of Forecast to Historical End User Demand

Sprint Local Telephone Division

	<u>CALENDAR YEAR</u>						<u>Straight Line Forecast</u>		<u>Filed</u>	<u>% Difference</u>	
	<u>1/91-12/91</u>	<u>1/92-12/92</u>	<u>1/93-12/93</u>	<u>1/94-12/94</u>	<u>1/95-12/95</u>	<u>1/96-12/96</u>	<u>1/97-12/97</u>	<u>1/98-12/98</u>			<u>7/97-6/98</u>
Single Line Business C. P. T.	264,159	267,995	275,748	286,909	304,266	337,646	338,194	352,120	345,157	364,681	5.66%
Residence	4,244,526	4,376,303	4,536,998	4,713,591	4,924,849	5,066,595	5,237,068	5,406,570	5,321,819	5,312,496	-0.18%
Multiline Business + Centrex & Like	898,203	970,658	1,064,792	1,177,039	1,233,391	1,398,407	1,463,895	1,561,080	1,512,487	1,650,184	
Semi Public Pay Phone	5,550	6,342	7,362	7,469	8,945	7,055	8,665	9,106	8,885		
Public Pay Phone	41,834	42,318	42,333	44,225	43,301	42,749	43,735	44,004	43,869	39,769	
Single Line Bus w/o Semi Public	258,609	261,653	268,386	279,440	295,321	330,591	329,530	343,014	336,272	364,681	8.45%
Multiline Business w Pay Phone	945,587	1,019,318	1,114,487	1,228,733	1,285,637	1,448,211	1,516,294	1,614,189	1,565,242	1,689,953	7.97%
Total Access Lines	5,448,722	5,657,275	5,919,870	6,221,764	6,505,807	6,845,396	7,082,892	7,363,774	7,223,333	7,367,130	1.99%

	<u>TARIFF YEAR</u>						<u>Straight Line Forecast</u>		<u>Filed</u>	<u>% Difference</u>
	<u>7/91-6/92</u>	<u>7/92-6/93</u>	<u>7/93-6/94</u>	<u>7/94-6/95</u>	<u>7/95-6/96</u>	<u>7/96-6/97</u>	<u>7/97-6/98</u>	<u>7/97-6/98</u>		
Single Line Business C. P. T.	267,784	270,157	281,673	291,516	326,779	341,957	351,702	364,681	364,681	3.69%
Residence	4,304,888	4,455,447	4,624,301	4,830,597	5,004,060	5,160,743	5,343,147	5,312,496	5,312,496	-0.57%
Multiline Business + Centrex & Like	933,429	1,013,526	1,120,818	1,200,597	1,334,705	1,500,830	1,572,016	1,650,184	1,650,184	
Semi Public Pay Phone	5,946	6,852	7,416	8,207	8,000	7,859	8,760	-		
Public Pay Phone	42,076	42,326	43,279	43,763	43,025	43,242	43,793	39,769	39,769	
Single Line Bus w/o Semi Public	261,838	263,305	274,257	283,309	318,779	334,098	342,942	364,681	364,681	6.34%
Multiline Business w Pay Phone	981,451	1,062,703	1,171,513	1,252,567	1,385,730	1,551,931	1,624,569	1,689,953	1,689,953	4.02%
Total Access Lines	5,548,177	5,781,455	6,070,071	6,366,473	6,708,569	7,046,772	7,310,658	7,367,130	7,367,130	0.77%