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EX PARTE OR LATE FILED

September 18, 1997

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Ex Parte: 1997 Annual Access Tariffs - Direct Case of GTE,
CC Docket No. 97-149**

Dear Mr. Caton,

Attached are responses to questions raised by the Common Carrier Bureau staff regarding GTE's support for its Other Billing and Collection expense exogenous cost as outlined in our Direct Case. Please call me at (202) 463-5293 if there are any questions or need additional information.

Sincerely,

W. Scott Randolph
Director - Regulatory Matters

Attachment

c: Cynthia Schieber - 2000 L Street, Room 248
Chuck Needy - 2000 L Street, Room 812
ITS

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GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

Provide additional information on the increase in Category 3 expenses of customer service expense in response to ¶53. (Reference pages 27 and 28 of the Direct Case of GTE, filed September 2, 1997.)

RESPONSE:

The category 3 expenses increased primarily due to an increase in customer services administration and, with a smaller yet significant, increase in public telephone commissions.

A) **Customer Service Administration**

- 1) The centralization of the management of the contact care centers and the consolidation of contact care centers resulted in one customer care center representative handling multiple functions during one contact. Therefore, GTE standardized time reporting to the Customer Service Administration account which was mapped to category 3.

Also, the opening of the National Multilingual Telecommunications Center in Santa Monica, CA, which handles all GTE customers needing service in Spanish or Asian language, has added to the company official telecommunications and labor costs.

- 2) Internal communications increased due to development of consolidated care centers which required additional company official telecommunication charges for calls.

B) **Public Telephone Commissions**

The increase in public telephone commissions is consistent with the increase in competition where the Company is paying commissions when they were not previously required to pay a commission or paying higher commissions to retain existing public telephone locations.

GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

Explain the difference between the 1994 message counts on Exhibit C-2 and those counts reported on the 1994 ARMIS 43-04 Report. Also explain the difference between the user counts on Exhibit C-1 and those counts on the 1994 ARMIS 43-04 Report.

Total GTE message Exhibit amount of 4,315,315 and ARMIS amount of 4,336,310.
Total GTE user Exhibit amount of 27,788,766 and ARMIS amount of 27,735,918.

RESPONSE:

Refer to Reconciliation Exhibit C-1 (attached) for the differences and explanations on 1994 user counts and to Reconciliation Exhibit C-2 for the differences and explanations on 1994 message counts.

GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

Do you provide toll service functions for independent LECS? If so, are the associated billing and collection expenses directly assigned?

RESPONSE:

We have received responses from the following states in response to our inquires as follows:

For the California, Florida, North Carolina, and South Carolina study areas, no toll service functions have been provided to another independent LEC.

In the state of Washington, we do provide some toll functions for Pend Orielle Telephone, an independent LEC, as a result of their acquisition of three GTE exchanges in March 1997. GTE is the Primary Toll Carrier for them, paying them originating and terminating access for their traffic, which is booked to account 6540. Per an agreement between the two companies, GTE performs recording, assembly, editing, and rating. Pend Oreille renders bills to their end users, collects the toll, and remits the toll to GTE which is booked to revenue account 5100.

Another example of a toll service function being provided is in Idaho, where GTE is the Primary Toll Carrier for Midvale Telephone's Lakeview exchange. Midvale does their own recording, rating, end user billing and collection. They remit toll collected to GTE and bill GTE for originating and terminating access.

In the states of Missouri and Arkansas, GTE is the Primary Toll Carrier for several independent LECs and provides the same types of service as in the Idaho example above.

At this point, our investigation has found no cases where GTE provides or has provided Billing and Collection associated with toll services, for any independent LEC.

GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

Explain what is included in Sent Paid Receive Collect message counts. How do these counts relate to the B&C message counts used to allocated B&C Revenues?

RESPONSE:

The message counts include the following:

	SPRC Messages	B&C Messages
End User messages	Yes	No
Recorded on behalf of IXC	Yes	Yes
Recorded on behalf of LEC's (If any)	Yes	No
Invoice Ready/Print Ready	No	Yes

GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

How was the data in Exhibit C-3 collected, what was the source and time period?

RESPONSE:

Data was collected using the Mechanized Ancillary Billing System (MABS), which is further described on page 24 of the Direct Case. The specific periods are January through December for 1995 and 1996.

Question:

Are invoice-ready messages included in the message counts displayed in Exhibit C-3, as well as those messages recorded on behalf of the IXC carriers?

RESPONSE:

Invoice-ready messages and messages recorded on behalf of the IXC carriers are included in the message counts.

GTE RESPONSES TO SEPTEMBER 15, 1997 INQUIRIES

Question:

Are the message counts provided in Exhibit C-3 the complete message counts used to separate Billing and Collecting revenues between the state and interstate jurisdiction? If so, why is the message allocation different from the allocation of revenues as reported in ARMIS?

RESPONSE:

The message counts provided in Exhibit C-3 are the complete messages used for Message Bill Processing, which contains invoice data. The revenues are pulled from the same file, but do not contain Surcharges, Interstate offset dollars or any below the line adjustments.

There cannot be a true message to revenue comparison in the numbers represented with regard to the allocation ratios. Revenues have items such as bill rendering (i.e., \$.39 per bill, a charge associated with the printing and mailing of a bill) as a separate element, in addition to the per message element. Since the MABS system is tied to the financial systems on a monthly basis, the outcome of the message counts and related revenues are deemed accurate.

RECONCILIATION EXHIBIT C-1

GTSC - Contel
 USER COUNTS
 Study Year = 1994

COSA	Description	ARMIS Total Company	Exhibit Total Company	Difference	Footnotes
COAL	Alabama CONTEL	178,605	176,837	1,768	(1)
COAR	Arkansas CONTEL	0	158,327	(158,327)	(2)
COAZ	CONTEL Calif Arizona CONTEL	11,275	10,812	463	(1)
COCA	California CONTEL	606,899	588,068	18,831	(1)
COCM	Missouri - CONTEL Systems	89,408	87,818	1,590	(1)
COEM	CONTEL of East Missouri	13,640	13,422	218	(1)
COIA	CONTEL of IOWA	140,383	140,383	0	(1)
COIL	Illinois CONTEL	319,384	314,264	5,120	(1)
COIN	Indiana CONTEL	293,240	288,306	4,934	(1)
COKY	Kentucky CONTEL	140,120	140,120	0	(1)
COMN	Minnesota CONTEL	0	197,098	(197,098)	(2)
COMO	CONTEL of Missouri	383,459	376,730	6,729	(1)
CONC	North Carolina CONTEL	183,722	180,716	3,006	(1)
CONM	New Mexico CONTEL	0	62,312	(62,312)	(2)
CONV	Nevada CONTEL	46,202	44,827	1,375	(1)
COOR	Oregon CONTEL	56,014	55,429	585	(1)
COPA	Pennsylvania CONTEL	96,336	94,821	1,515	(1)
COQS	Pennsylvania Quaker State	61,024	60,059	965	(1)
COSA	Arkansas Systems	0	35,222	(35,222)	(2)
COSC	South Carolina CONTEL	31,741	31,269	472	(1)
COSI	IOWA - KS DBA CONTEL	122,128	122,128	0	(1)
COTX	Texas CONTEL	357,029	352,336	4,693	(1)
COVA	Virginia CONTEL	711,402	701,099	10,303	(1)
COWA	Washington CONTEL	130,233	127,477	2,756	(1)
COWZ	West Arizona CONTEL	0	49,828	(49,828)	(2)
	GTSC Total	3,972,244	4,409,708	(437,464)	

Footnotes:

- (1) Directory Advertising was inadvertently doubled on ARMIS 43-04 Report.
- (2) Tier 2 company and not ARMIS subject.

RECONCILIATION EXHIBIT C-1
GTOC - GTE
USER COUNTS
Study Year = 1994

COSA	Description	ARMIS Total Company	Exhibit Total Company	Difference	Footnotes
GLIL	Illinois ALLTEL	70,005	69,191	814	(1)
GLIN	Indiana ALLTEL	17,482	17,295	187	(1)
GLMI	Michigan ALLTEL	85,248	84,520	728	(1)
GNCA	California (West Coast)	23,722	22,555	1,167	(1)
GTAL	Alabama	244,762	240,614	4,148	(1)
GTAR	Arkansas	140,160	138,470	1,690	(1)
GTCA	California	7,332,191	7,244,748	87,443	(1)
GTFL	Florida	2,933,476	2,883,829	49,647	(1)
GTHI	Hawaii	944,288	914,497	29,791	(1)
GTIA	IOWA	205,803	202,456	3,347	(1)
GTID	Idaho	171,421	165,749	5,672	(1)
GTIL	Illinois	1,015,546	999,026	16,520	(1)
GTIN	Indiana	1,034,908	1,017,773	17,135	(1)
GTKY	Kentucky	634,375	619,990	14,385	(1)
GTMI	Michigan	1,039,482	1,024,424	15,058	(1)
GTMN	Minnesota	1,050,185	1,023,690	26,495	(1)
GTMO	Missouri	5,963	5,963	0	(1)
GTMT	Montana	185,518	182,173	3,345	(1)
GTNC	North Carolina	14,179	13,799	380	(1)
GTNE	Nebraska	224,571	220,996	3,575	(1)
GTNM	New Mexico	84,087	82,389	1,698	(1)
GTOH	Ohio	76,763	75,062	1,701	(1)
GTOK	Oklahoma	1,277,427	1,256,665	20,762	(1)
GTOR	Oregon	740,427	726,170	14,257	(1)
GTPA	Pennsylvania	206,584	203,709	2,875	(1)
GTSC	South Carolina	595,140	583,301	11,839	(1)
GTTX	Texas	793,585	781,771	11,814	(1)
GTVA	Virginia	252,098	246,489	5,609	(1)
GTWA	Washington	2,304,770	2,273,045	31,725	(1)
GTWI	Wisconsin	59,508	58,699	809	(1)
GTOC Total		23,763,674	23,379,058	384,616	
GTOC and GTSC Total		27,735,918	27,788,766	(52,848)	

Footnotes:

(1) Directory Advertising was inadvertently doubled on ARMIS 43-04 Report.

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RECONCILIATION EXHIBIT C-2

GTSC - Contel
 SPRC COUNTS
 Study Year = 1994

COSA	Description	ARMIS Total Company	Exhibit Total Company	Difference	Footnotes
COAL	Alabama CONTEL	28,209	28,209	0	
COAR	Arkansas CONTEL	0	33,223	(33,223)	(1)
COAZ	CONTEL Calif Arizona CONTEL	1,898	1,898	0	
COCA	California CONTEL	129,225	129,225	0	
COCM	Missouri - CONTEL Systems	15,481	15,481	0	
COEM	CONTEL of East Missouri	2,779	2,779	0	
COIA	CONTEL of IOWA	25,908	25,908	0	
COIL	Illinois CONTEL	74,044	74,044	0	
COIN	Indiana CONTEL	43,972	43,972	0	
COKY	Kentucky CONTEL	19,882	19,882	0	
COMN	Minnesota CONTEL	0	30,965	(30,965)	(1)
COMO	CONTEL of Missouri	105,269	105,269	0	
CONC	North Carolina CONTEL	23,160	23,065	95	(2)
CONM	New Mexico CONTEL	0	10,569	(10,569)	(1)
CONV	Nevada CONTEL	8,360	8,360	0	
COOR	Oregon CONTEL	12,027	12,027	0	
COPA	Pennsylvania CONTEL	22,572	22,572	0	
COQS	Pennsylvania Quaker State	22,572	22,572	0	
COSA	Arkansas Systems	0	6,911	(6,911)	(1)
COSC	South Carolina CONTEL	4,407	4,407	0	
COSI	IOWA - KS DBA CONTEL	22,126	22,126	0	
COTX	Texas CONTEL	86,992	86,992	0	
COVA	Virginia CONTEL	114,179	114,179	0	
COWA	Washington CONTEL	25,549	25,549	0	
COWZ	West Arizona CONTEL	0	7,814	(7,814)	(1)
	GSTC Total	788,610	877,998	(89,387)	

Footnotes:

- (1) Tier 2 company and not ARMIS subject.
- (2) SPRC Message counts displayed in ARMIS 43-04 Report were incorrect; however, the OBC expense was calculated properly.

RECONCILIATION EXHIBIT C-2
GTOC - GTE
SPRC COUNTS
Study Year = 1994

COSA	Description	ARMIS Total Company	Exhibit Total Company	Difference	Footnotes
GLIL	Illinois ALLTEL	1,263	15,157	(13,894)	(1)
GLIN	Indiana ALLTEL	270	3,237	(2,967)	(1)
GLMI	Michigan ALLTEL	1,823	21,875	(20,052)	(1)
GNCA	California (West Coast)	3,536	3,536	0	
GTAL	Alabama	33,090	33,090	0	
GTAR	Arkansas	23,555	23,555	0	
GTCA	California	1,364,981	1,217,684	147,297	(2)
GTFL	Florida	302,073	302,073	0	
GTHI	Hawaii	76,502	76,502	0	
GTIA	IOWA	38,118	38,118	0	
GTID	Idaho	25,436	25,436	0	
GTIL	Illinois	201,985	201,985	0	
GTIN	Indiana	137,078	137,078	0	
GTKY	Kentucky	69,588	69,588	0	
GTMI	Michigan	194,500	194,500	0	
GTMN	Minnesota	1,296	1,296	0	
GTMO	Missouri	28,189	28,189	0	
GTMT	Montana	1,858	1,858	0	
GTNC	North Carolina	23,236	23,236	0	
GTNE	Nebraska	12,873	12,873	0	
GTNM	New Mexico	8,617	8,617	0	
GTOH	Ohio	188,528	188,528	0	
G TOK	Oklahoma	30,513	30,513	0	
GTOR	Oregon	74,671	74,671	0	
GTPA	Pennsylvania	95,957	95,957	0	
GTSC	South Carolina	29,791	29,791	0	
GTTX	Texas	283,834	283,834	0	
GTVA	Virginia	10,176	10,176	0	
GTWA	Washington	172,358	172,358	0	
GTWI	Wisconsin	112,004	112,004	0	
GTOC Total		3,547,700	3,437,317	110,383	
GTOC + GTSC Total		4,336,310	4,315,315	20,996	

Footnotes:

- (1) Amount displayed on 43-04 ARMIS Report was not annualized.
- (2) SPRC Message counts displayed in ARMIS 43-04 Report were incorrect; however, the OBC expense was calculated properly.