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

In the Matter of)
)
Tariffs Implementing) CC Docket No. 97-250
Access Charge Reform)
)

DIRECT CASE OF GTE

GTE Telephone Operating Companies
and the GTE System Telephone
Companies

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February 27, 1998

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directed (at ¶17) to explain why its definitions for primary and non-primary lines are reasonable.

A. The Definition of Primary and Non-Primary Lines Used by GTE is Reasonable.

Although the Commission has not completed the rulemaking considering definitions of primary and non-primary residential lines,³ LECs were required to calculate primary and non-primary residential lines for the access reform filing. GTE implemented the "per account" definition to identify non-primary lines, consistent with definitions being considered in the *Primary Lines NPRM*. Since these definitions rely on criteria which are verifiable using official company data and supportable using systems, search criteria and quantities, GTE believes that the definitions are reasonable.

GTE defines the difference between primary and non-primary residence lines in its tariff as follows:

End user residence common line rates are applied as primary or non-primary. Primary residence end user common line rates will apply to only one line:

When the customer has more than one line billed on a single account for the same service name at the same service address.

Non-primary residence end user common line rates will apply to all residence lines which are not primary residence lines.⁴

³ *Defining Primary Lines*, Notice of Proposed Rulemaking, CC Docket No. 97-181, released, Sept. 5, 1997. ("*Primary Lines NPRM*").

⁴ GTOC Tariff FCC No. 1, §13.10(B).

GTE's definition considers primary lines per account, service name and address. Under GTE's definitions, since only one line can be treated as primary, all other all lines to an account, service name and address are considered as non-primary residential lines. By this definition, GTE has developed a method of identifying multi-line arrangements within a residence that come under the control of a single person or entity. As defined in GTE's tariff language, a second line is defined as non-primary when the line is billed to the same service name, at the same service address, on the same bill.

GTE believes that this suitably distinguishes between multi-line arrangements, and multiple primary lines at the same service address. The presence of more than one line at the same service address does not by itself indicate a multi-line arrangement. End users may have living arrangements that do not fit neatly into a predetermined definition of multi-line arrangements. For example, a second line may be installed under a different name at the same service address, but the billing is sent on a combined bill to the primary line end user for payment. Another variation may be the second line is used exclusively by a senior adult, but paid for by the primary line end user on a combined bill, under the primary line end user's name, at the same service address. These living arrangements are exclusively the business of the end users. Neither GTE nor the Commission has any right to inquiry about these living arrangements.

GTE has determined the initial number of primary vs. non-primary lines by identifying the lines through the Billing Telephone Number/Working Telephone

Number database search described *infra*. In the future, GTE will accept end user self-certification, through calls to its Customer Care Centers ("CCC").

B. GTE's Line Counts were Determined Properly.

The *Designation Order* (at ¶17) also requires each price cap LEC to identify the number of lines in each category and provide worksheets. Exhibit 1 shows GTE's line counts for both primary and non-primary services. It also includes single line business and ISDN BRI line counts by state. These average 1996 monthly line counts multiplied by twelve result in the 1996 annual line count used in the access reform filing. GTE also provides the information required in the Appendix B Worksheet set out in the *Designation Order* as Exhibit 2 herein.

GTE determined its primary and non-primary line counts based upon its tariffed definitions of primary and non-primary lines and in accordance with search criteria explained in Exhibit 2. GTE identifies the number of non-primary lines by searching its billing database for multi-line accounts having a Billing Telephone Number, and one or more Working Telephone Numbers. The Billing Telephone Number is considered the primary line, and the Working Telephone Number(s) are considered the non-primary lines. The end user determines which line is designated the Billing Telephone Number. By this methodology, GTE is confident that line counts extracted from GTE systems accurately portray actual non-primary line counts.

A superior method for application of the Single Line SLC would be to apply a uniform charge across all single line customers. Since the services are

the same, the SLC should be the same. Then any further reductions in the Carrier Common Line ("CCL") would affect all customers equally. Applying different SLCs to primary and non-primary lines is economically inconsistent, inordinately confusing and extremely unpopular with single line consumers. Artificial distinctions in rates and structures are simply incompatible with moving toward more competitive markets.

II. Adjustment of Common Line Revenue

The *Designation Order* (at ¶35) directs certain carriers, including GTE, to use a methodology proposed by AT&T to recalculate its maximum common line revenues in order to adjust for the Commission's prescription of the per line Base Factor Portion ("BFP") revenue requirement. GTE's adjustment of CCL revenue in the 1997 tariff investigation, using the required methodology, is shown in Exhibit 4. As demonstrated on Page 2, Column i of this Exhibit, GTE's actual revenue is approximately \$900 million less than the "recomputed" CCL revenue for the years 1991 to 1997. Moreover, GTE used the FCC prescribed BFP, which presumably included the historical behavior of BFP actuals to forecasts, in its December 17, 1997 Direct Case Restatement filings.

As the information in Exhibit 4 demonstrates, GTE's actual CCL charges were reasonable for the 1991-1997 period and no adjustments to GTE's maximum CCL rates are warranted. Although GTE prepared the information in Exhibit 4 as directed, GTE objects to the onerous and burdensome nature of responding to this particular issue. In adopting a price cap regime, the

Commission accepted the concept of moving away from actual costs and revenues. In developing its price cap filings, GTE has complied in good faith with the Commission's rules and procedures. To now require price cap LECs to retrace seven years of price cap calculations in order to validate the CCL requires substantial resources without any significant regulatory benefit.

III. Methodology for Calculating Exogenous Cost Changes for Line Ports and End Office Trunk Ports

The *Designation Order* (at ¶43) tentatively concludes that "revenues, and not Part 69 revenue requirements, are the best measure of the costs recovered through a particular price cap rate element." While GTE believes that this method may be appropriate in certain cases, it would not yield any measurable public benefits in this case. The end result would be to subject end users to additional rate increases at a time in which they are attempting to absorb not only increases in the SLC, but additional charges levied by IXCs as well.⁵ Further, the Commission should refrain from mandating any one specific methodology that would apply to all cases in which exogenous costs are shifted from one price cap basket to another.

In its access reform filing, GTE reassigned exogenous costs associated with End Office Trunk Ports to the common line basket based on revenue requirement. As depicted in Exhibit 5, an additional \$75,650,597 would be

⁵ To the extent that SLCs and PICCs are already at their respective dollar limits, the effect of allocating additional costs to the common line basket will be to increase the "residual" per-minute charge anyway.

designated to the common line baskets if GTE were to use revenue (as opposed to part 69 revenue requirements) as a method for allocating exogenous costs for line and end office trunk ports. The total for GTE Telephone Operating Companies is \$64,983,175; the total for GTE Systems Telephone Companies is \$10,667,422. Of this \$75,650,597, approximately seven million dollars would be recovered through the Multi-Line SLCs, with the remainder flowing through to the CCL. Exhibit 6 provides the supporting detail for the development of the allocation percentages which are applied to the Local Switching revenues.

As noted in the *Designation Order* (at ¶147), the Commission "has never adopted by rule-making a single methodology for computing exogenous cost changes that result from a reallocation of cost recovery among price cap service categories, baskets, or rate elements." GTE believes it is not necessary for the Commission to adopt a single method to be used. Instead, LECs should be required to justify their methodologies in tariff submissions that reflect the unique circumstances of each exogenous shift. For example, in previous price cap filings, GTE has followed a reasonable practice of calculating required exogenous cost shifts by utilizing revenues in situations in which affected rate elements are separately identifiable. However, in instances for which there were no separately identifiable rate elements, such as new rate elements resulting from restructuring, GTE used revenue requirement, *i.e.*, fully allocated costs, to apportion or target the dollars to the appropriate basket. GTE believes that legitimate differences among various types of exogenous cost adjustments warrant a more flexible approach.

Most importantly, GTE believes that the Commission must consider the policy and public interest implications of requiring LECs to re-adjust their access reform tariff filings so soon after access rate restructures have been allowed to take effect. As the Commission recognizes, calculating these exogenous cost changes based on revenues would take into account actual basket earnings. GTE is not necessarily opposed to this method, particularly when it is used to remove services from price caps or shift service elements from one basket to another when index and rate calculations within the affected baskets are treated essentially the same.⁶ However, in this case, revenues would be shifted to the common line category, and more specifically, used to adjust end user charges. In cases where earnings in the traffic sensitive basket exceed 11.25%, end users would be forced to bear a greater cost recovery burden than the current rules provide. By utilizing the revenue requirement method, the shift to end user rate elements of the port-related costs would be consistent with the manner in which SLC charges are calculated each year, *i.e.*, Part 69 BFP revenue requirement calculated based on 11.25% rate of return.

If the Commission orders LECs to shift line-side port costs based on revenue, any perceived impact on the end user would be short-lived, but it would

⁶ GTE is opposed, however, to the alternative method cited in the *Designation Order* that would require LECs to first calculate actual earnings by basket and incorporate the resulting rate of return in their Part 69 exogenous cost calculations. The Commission would, in effect, be needlessly re-introducing aspects of rate of return regulation into the price cap plan. Because the revenue method would essentially produce the same results, there is no need to adopt this more burdensome approach.

still prove to be disruptive. As price cap LEC's calculate their Part 69 BFP revenue requirements for use in their 1998 annual filing, they will again be incorporating line-side port costs at 11.25%. Thus, end users could experience increases in end user charges for a short period reflecting higher earnings factors (as revenues are shifted from the traffic sensitive basket), and thereafter realize additional changes to rates as LECs re-compute SLCs to the 11.25% revenue requirement. Given the fact that end users are currently attempting to deal with increases in both the SLC and new charges levied by some IXCs as well, GTE questions the public interest benefit in implementing this policy at this time.⁷

Additionally, if the Commission adopts a revenue allocation approach, IXCs should not be able to receive additional windfalls which could be achieved by the interaction of the revenue shift with the "g/2" factor. This aspect of the common line formula was designed to share the benefits with IXCs of the growth of minutes as compared to lines. Shifting additional revenues to the common line basket would result in multiplying the benefits to IXCs, *i.e.*, reducing local switching plus the effect of g/2, while penalizing end user customers. Therefore, GTE proposes that all line-side port costs shifted to the common line basket be

⁷ GTE has consistently taken the position that increases in end user charges should be adopted for all class of customers and not disproportionately levied on business customers and second residential lines. To the extent such increases result in local charges that are deemed unaffordable, additional support to keep local rates affordable should come from the universal service fund.

exempt from the $g/2$ calculation pending the eventual phase-out of the CCL rate elements.

Also, LECs are directed (at ¶51) to submit "a comprehensive list of all exogenous adjustments" previously made. Exhibit 7 displays GTE's comprehensive list of exogenous adjustments since the start of price cap regulation.

IV. Proper COE Maintenance and Marketing Cost Adjustments to the TIC

The Commission directed (*Designation Order* at ¶67) LECs to provide "supporting documentation justifying the amount that was removed from the TIC as COE maintenance and marketing expenses." GTE did not specifically target exogenous costs reductions to individual service categories within the Trunking basket related to the change in the allocation of COE Maintenance Expenses. Each Service Band Index ("SBI") upper limit was affected based on its respective "R" value revenue relative to the entire Trunking basket revenue based on July 1, 1997 rates. Although the *Designation Order* (at ¶68) tentatively concludes that LECs must allocate exogenous costs to the TIC as it existed before July 1, this would have been inconsistent with the Tariff Review Plan ("TRP") methodology for allocating "undesignated" exogenous costs.

With regard to marketing costs, GTE modified its exogenous marketing expense changes within the trunking basket, consistent with the Commission's

directive issued in the *Access Charge Reform Order*.⁸ The marketing adjustment was allocated based on the switched access revenue in each service category. Special access revenue was excluded from the allocation.

Exhibit 8 displays GTE's calculations of both the COE Maintenance and Marketing cost allocations to the Transport Interconnection Charge ("TIC").

V. Impact on the TIC Arising from Use of Actual Minutes of Use ("MOUs") Rather than Assumed 9000 MOUs

The *Designation Order* (at ¶79) concludes that price cap LECs must recalculate tandem-switched transport rates using 1993 data and make certain other calculations. GTE has recalculated its "Shared Muxes and TST Reinitialized" exogenous costs based on actual minutes of use as opposed to the assumed 9,000 minutes of use. Exhibit 9 (GTOC) and Exhibit 10 (GSTC) depict the recalculations based on the 1993 Local Transport Restructure ("LTR") methodology, which included multiplexer costs. Within these exhibits, only the minutes of use were changed in the recalculation of the Transport Facility and Transport Termination rate elements. The rates depicted in the GTE tariffs (December 30, 1993) differ from those rates displayed in these exhibits due to the 9.6/1 (DS-3/DS-1) "crossover" impact not being included. The impacts on exogenous costs associated with this recalculation are (\$197,927.02) (GTOC) and (\$125,314.28) (GSTC), as displayed in the exhibits. This results in an overall increase to the TIC. GTE believes this is a reasonable methodology for

⁸ *Access Charge Reform Order* at ¶323.

handling the adjustment, as impacts associated with minutes greater than 9,000 should be treated in a manner similar to those minutes less than 9,000.

VI. Whether Price Cap LEC's Correctly Recalculated the Residual and Facilities-Based TIC Amounts

The *Designation Order* (at ¶190) concludes that certain price cap LECs have not properly calculated residual and facilities-based TIC amounts. The Commission adopts AT&T's TIC recalculation format and directs LECs to recalculate the removal of TIC costs and facilities-based portion of the TIC using AT&T's method.

GTE already performed this analysis and submitted it as part of its December 29, 1997 Reply Comments. Exhibits 1 through 6 of the December 29 Reply Comments show these recalculations using the methodology provided in AT&T's December 23, 1997 Petition. GTE's recalculation shows there was an approximately \$9.5 million understatement in TIC revenues and a similar overstatement in its common line and traffic sensitive revenues, netting to a zero impact by total jurisdiction. These results could change depending on findings related to the TIC currently under investigation.

VII. Recovery of New Universal Support Obligations

The *Designation Order* (at ¶195) requires LECs to submit an explanation for the methodology used to allocate the universal service fund obligation amounts to individual price cap baskets. GTE used the second method based upon SUM-1 of the TRP and company records.

GTE identified the end user revenue in the common line, interexchange, and trunking baskets. Study area detail was provided in Exhibit 2 of GTE's support for its December 22, 1997 access reform filing. The SLC and interexchange revenue used was the proposed revenue from the SUM-1 of the Tariff Review Plan summarizing tariff which became effective July 1, 1997. In order to identify special access revenue billed to end users, GTE relied upon its billing system. Detail was obtained for the amount of Annual 1996 special access revenue billed directly to end users by service code. The dollar amounts were summarized to each price cap basket and sub-band based on the bill code. Where necessary, zone dollars were allocated based on relative percentage of dollars billed in each zone. GTOC and GSTC amounts by basket are as follows:

GTOC	<u>End User Revenue</u>	<u>USF Allocation</u>
End User Common Line	\$694 M	97.18 %
Total Interexchange	12 M	1.66 %
Trunking	<u>8 M</u>	<u>1.16 %</u>
	\$714 M	100.00 %

GSTC	<u>End User Revenue</u>	<u>USF Allocation</u>
End User Common Line	\$125 M	89.80 %
Total Interexchange	13 M	9.21 %
Trunking	<u>1 M</u>	<u>0.98 %</u>
	\$139 M	100.00 %

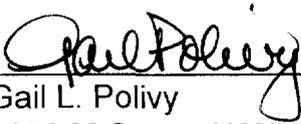
GTE believes that it has correctly computed the allocation of the USF contribution to the price cap baskets using the end user revenue billed in each basket.

VIII. Conclusion

For the foregoing reasons, GTE believes that the rates implementing access reform are reasonable and reflect a good faith effort to comply with a very complex set of regulations. Accordingly, the Commission should conclude this investigation and allow GTE's rates to remain in effect without adjustment.

Respectfully submitted,

GTE Service Corporation, on behalf of
its affiliated companies, the GTE
Telephone Operating Companies and
the GTE System Telephone Companies

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EXHIBIT 1

1996 SLC AVERAGE LINES				
State	Primary Res Units	SLB	Non Primary Res Units	BRI ISDN
ALABAMA	111,233	7,143	2,372	7
ALASKA (2)	9,179	965	228	
ARKANSAS	63,934	3,258	1,272	
CALIFORNIA	1,955,677	287,940	138,803	6,728
CALIFORNIA-WC	7,547	608	187	
FLORIDA	1,391,877	28,654	90,022	4,938
HAWAII	435,811	20,312	8,398	346
IDAHO	79,152	4,999	2,491	208
ILLINOIS	493,229	31,869	11,503	102
INDIANA	496,040	17,454	14,025	4,235
IOWA	89,560	6,203	1,599	
KENTUCKY	282,057	15,526	8,594	180
MICHIGAN	525,100	24,178	15,904	323
MINNESOTA	2,654	195	34	
MISSOURI	79,559	4,326	4,367	2
NEBRASKA	37,216	2,020	1,047	12
NEW MEXICO	28,445	1,778	1,447	
NORTH CAROLINA	105,392	4,900	5,430	811
OHIO	601,933	27,305	16,129	105
OKLAHOMA	74,727	3,719	5,830	
OREGON	283,015	10,819	12,612	1,307
PENNSYLVANIA	368,820	20,174	10,168	49
SOUTH CAROLINA	112,016	7,224	3,735	6
TEXAS	908,978	36,278	99,404	3,380
VIRGINIA	25,607	1,440	441	
WASHINGTON	444,076	16,852	36,838	2,536
WISCONSIN	345,964	20,448	8,413	4
CNMI (2)	8,983	5,603	173	
Total GTE	9,367,781	612,190	501,466	25,279
ALABAMA	87,527	4,690	1,316	
ARIZONA - WESTERN	5,181	204	36	
ARKANSAS	88,860	5,450	3,737	
CALIFORNIA	191,225	21,264	4,564	55
ILLINOIS	139,595	6,797	2,688	32
INDIANA	131,591	7,361	3,211	
IOWA	116,498	7,590	3,035	
KENTUCKY	72,037	3,336	1,234	
MINNESOTA	91,204	4,767	3,361	
MISSOURI	201,208	11,964	6,262	1
NEVADA	19,866	2,466	1,833	
NEW MEXICO	27,648	1,652	770	
NORTH CAROLINA	91,389	5,125	2,059	
PENNSYLVANIA	73,521	3,564	3,160	500
SOUTH CAROLINA	15,916	624	633	
TEXAS	156,176	7,460	9,047	8
VIRGINIA	333,641	11,852	20,344	304
WASHINGTON	56,100	2,784	2,210	3
Total Contel	1,899,183	108,950	69,500	903
Total GTE & Contel	11,266,964	721,140	570,966	26,182

1996 PICC AVERAGE LINES				
State	Primary Res Units	SLB	Non Primary Res Units	BRI ISDN
ALABAMA	111,240	9,635	2,372	7
ALASKA (2)	9,179	965	228	0
ARKANSAS	63,938	4,295	1,272	0
CALIFORNIA	1,955,720	318,313	138,803	7036
CALIFORNIA-WC	7,547	998	187	0
FLORIDA	1,391,892	52,217	90,022	5793
HAWAII	435,811	30,133	8,398	454
IDAHO	79,156	6,810	2,491	210
ILLINOIS	493,268	49,128	11,503	114
INDIANA	496,137	34,279	14,025	4272
IOWA	89,566	11,077	1,599	0
KENTUCKY	282,111	21,958	8,594	194
MICHIGAN	525,120	36,232	15,904	363
MINNESOTA	2,654	399	34	0
MISSOURI	79,564	6,154	4,367	2
NEBRASKA	37,220	3,650	1,047	12
NEW MEXICO	28,445	2,116	1,447	0
NORTH CAROLINA	105,421	8,295	5,430	889
OHIO	602,027	44,302	16,129	145
OKLAHOMA	74,732	4,522	5,830	0
OREGON	283,015	15,231	12,612	1455
PENNSYLVANIA	368,852	27,833	10,168	55
SOUTH CAROLINA	112,028	9,996	3,735	6
TEXAS	909,007	55,752	99,404	3443
VIRGINIA	25,607	1,945	441	0
WASHINGTON	444,076	24,228	36,838	3910
WISCONSIN	346,028	28,986	8,413	4
CNMI (2)	8,983	5,603	173	0
Total GTE	9,368,344	815,052	501,466	28364
ALABAMA	87,527	5,998	1,316	0
ARIZONA - WESTERN	5,181	322	36	0
ARKANSAS	88,860	6,842	3,737	0
CALIFORNIA	191,225	27,026	4,564	63
ILLINOIS	139,606	9,973	2,688	42
INDIANA	131,609	10,428	3,211	0
IOWA	116,502	10,723	3,035	0
KENTUCKY	72,043	3,981	1,234	0
MINNESOTA	91,204	6,143	3,361	0
MISSOURI	201,212	15,899	6,262	2
NEVADA	19,866	2,842	1,833	0
NEW MEXICO	27,650	2,109	770	0
NORTH CAROLINA	91,393	6,111	2,059	0
PENNSYLVANIA	73,530	4,812	3,160	837
SOUTH CAROLINA	15,916	736	633	0
TEXAS	156,178	9,440	9,047	8
VIRGINIA	333,661	17,164	20,344	320
WASHINGTON	56,100	3,854	2,210	4
Total Contel	1,899,263	144,403	69,500	1276
Total GTE & Contel	11,267,607	959,455	570,966	29640

EXHIBIT 2

Appendix B

Using the codes and worksheets provided on Pages 2 and 3, indicate the criteria used in determining line counts by following the examples on Page 4.

I. Line Count Data Formation
(Use All that apply.)

II. Line Count Data Identification
(Report in Classification Sequence.)

	<u>Data</u>				<u>Criteria</u>			
	Sources	Search	Collection	Time Period	First	Second	Third	Fourth
Primary Residential Lines	D1	S1	C2	T1 8/97	A0 *			
Single Line Business	D3	S1	C2	T2 1996				
Non-Primary Residential Lines	D1	S1	C2	T1 8/97	A0 *			
BRI - ISDN Lines	D3	S1	C2	T2 1996				

* GTE identifies the number of non-primary lines by searching its billing database for multi-line accounts having a Billing Telephone Number, and one or more Working Telephone Numbers. The Billing Telephone Number is considered the primary line, and the Working Telephone Number(s) are considered non-primary lines.

Appendix B

I. LINE COUNT DATA FORMATION - Include all that apply on Page 1.

Data Sources: Where did you get your information on line count data?

- (D1) Billing records.
- (D2) Account records other than billing.
- (D3) Specific USOC/CRIS Field Indicator (FID) or ADL designations.
- (D4) Inventory records.
- (D5) Maintenance records.
- (D6) Service order records.
- (D7) Plant or continuing property records.
- (D8) Results of estimates/projections based on study. (See below.)
- (D9) Provide full description of original source.
- (D0) Other: Explain source in detail.

Data Search: How did you calculate the totals reported for each of the line count categories?

- (S1) Counted individual lines.
- (S2) Counted on line type (e.g. PR Line) and subtracted from line count total.
- (S3) Counted lines from a sample of company records, then forecast/estimate. Explain methodology including: Means of choosing sample (e.g. Random, Systematic, etc.) Sample size, Forecast calculations and underlying assumptions including justification of sample representation.
- (S4) Results from formal model used to estimate Line Demand. Explain in detail including all Assumptions. Parameters, Factors, etc.
- (S0) Other: Explain in detail.

Data Collection: At what level of aggregation was the data available?

- (C1) Per Service Area (LATA or Marketing Area)
- (C2) Per State
- (C3) Per Administrative/Customer Service Office
- (C4) Per Billing Office
- (C5) Per Central Office
- (C6) Per Area Code
- (C7) Per Local Exchange
- (C8) Per Remote Office
- (C0) Other: Explain in detail.

Time Period of Data: What time frame does the line count represent?

- (T1) "Snapshot" - Specify Time Period.
- (T2) Average over time period. Specify time period.
- (T0) Other. Explain in detail.

Additional Data Categories: Did you use any other type of data collection criteria not mentioned above?

- (O1) Other. Fully define.

Appendix B

II. LINE COUNT DATA IDENTIFICATION - For each criteria used in determining your line counts, report in order or sequence of classification.

Location or Premise: How was location used to classify lines?

- (L1) Residential/commercial building where lines are located - main structure address only.
- (L2) Residential/commercial address where lines are located including those separated by units, apartment, room, suite or other sub-classification for multiple unit addresses.
- (L3) Billing address - Includes L2 and other addresses where phone lines are not located (e.g. PO Box, management company, administrative office.)
- (L0) Other location category. Explain in detail.

Customer Name: How was a name designation used to classify line count data?

- (B1) Customer/Subscriber - Full name.
- (B2) Customer/Subscriber - Last name only.
- (B3) Customer/Subscriber - Other. Identify criteria.

Number Codes for Single Line Business and BRI-ISDN Lines: How was number coding used to classify these types of lines?

- (N1) Billing Number identifies type of line.
- (N2) Account Number (if different than Billing Number) identifies type of line.
- (N3) Other Number such as Invoice/Work Order/Service Order/Inventory Number in Numerical Order identifies type of line.
- (N4) Phone Number identifies type of line.
- (N5) Field Indicator identifies type of line.
- (N0) Other. Provide definition.

Number Codes for Primary and Non-Primary Residential Lines: How was number coding used to classify these types of lines?

- (A1) Account or Billing Number - numerical order (cardinal ranking) of phone number prefix/suffix determines Primary Residential (PR) Line.
- (A2) Account or Billing Number - date of installation and then order of installation determines Primary Residential Line if multiple lines installed on same date. Explain in detail how order is determined and who/what determines order.
- (A3) Account or Billing Number -date of installation determines Primary Residential Line. Arbitrary determination of Primary Residential Line if multiple lines installed on same date.
- (A4) Assigned Number - Invoice/Work Order/Inventory Number - numerical order (cardinal ranking) of phone number prefix/suffix determines Primary Residential Line.
- (A5) Assigned Number - Numerical Invoice/Work Order/Inventory Number not determined by phone number - Date of installation and then order of installation determines Primary Residential Line if multiple lines installed on same date. Explain in detail how order is determined and who/what determines order.
- (A6) Customer designates Primary Residential Line.
- (A7) Each Phone Number/Line has an individual Account/Billing Number or Invoice/Work Order/Inventory Number.
- (A0) Other. Explain in detail.

Residential Lines Identifier (not categorized by Number) - If you used another criteria or sorting method for residential lines, please indicate.

- (R1) All Residential Lines: Numerical order of phone number prefix/suffix determines Primary Residential Line.
- (R2) All Residential Lines: Designation of one line as Primary Residential Lines where earliest date of installation then order of installation determines Primary Residential Line if multiple lines installed on same date. Explain in detail how order is determined and who/what determines order.
- (R3) All Residential Lines: Designation of Primary Residential Line is arbitrary.
- (R4) Field Identifier for Primary Residential Line.
- (R5) Other Residential Line classification. Please define fully.

Appendix B

Implementation of Definition - Based on your RESIDENTIAL LINE definitions, please classify the data in the last column below as a P for Primary Residential or NP for Non-Primary Residential lines. You may add columns and/or show additional criteria needed to illustrate the implementation of your line definitions.

<u>Customer</u>	<u>Billing/ Account No.</u>	<u>Line Location</u>	<u>Phone Numbers</u>	<u>Installation Date (Order)</u>	<u>Service/Inv. Work Order No.</u>	<u>Billing Address</u>	<u>P/NP Decision</u>
N. Adams	555-1111 6789	123 Elm #1	555-1111 555-1112	1/1/96 (1) 1/1/96 (2)	6789 - 1111 6789 - 1112	P.O. Box 123	P NP
P. Adams	555-2222 6789	123 Elm #1	555-2221 555-2222	5/5/96 4/5/96	6789 - 2221 6789 - 2222	P.O. Box 123	NP P
P. Adams	555-3333 4567	123 Elm #2	555-3333	3/3/96	4567 - 3333	P.O. Box 123	P
P. Boyd-Adams	555-4444 5678	123 Elm #2	555-4444 555-4448	4/5/96 7/5/96	5678 - 4444 5678 - 4448	P.O. Box 123	P NP
F. Boyd-Adams	555-4447 5678	123 Elm #2	555-4447	5/5/96	5678 - 4447	P.O. Box 123	P

EXHIBIT 3