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June 24, 1993

BY HAND DELIVERY

Mr. Steven C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: **Petition of Intermedia Communications of
Florida, Inc. for Expanded Interconnection
for AAVs within IFC Central Offices**
Docket No. [REDACTED]

Dear Mr. Tribble:

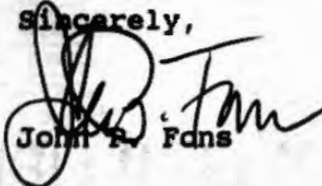
Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of United Telephone Company of Florida's Direct Testimony of F. Ben Poag.

Copies of the Direct Testimony are being served on all parties of record in accordance with the attached certificate of service.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

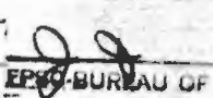
Sincerely,


John P. Fons

JPF/csu
6 Enclosures

cc: All Parties of Record (w/encl.)

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FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 24th day of June, 1993, to the following:

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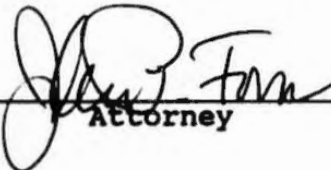
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 921074-TP

UNITED TELEPHONE COMPANY
OF FLORIDA

DIRECT TESTIMONY
OF
F. BEN POAG

06882-93

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **F. BEN POAG**

5
6 **Q. Please state your name, present position, and business**
7 **mailing address.**

8
9 **A. My name is F. Ben Poag. I am employed as Director-Tariff**
10 **and Regulatory Management for United Telephone Company of**
11 **Florida. My business mailing address is Post Office Box**
12 **165000, Altamonte Springs, Florida 32716-5000.**

13
14 **Q. What is your business experience and education?**

15
16 **A. I have over 25 years experience in the telecommunications**
17 **industry. I started my career with Southern Bell, where**
18 **I held positions in Marketing, Engineering, Training,**
19 **Rates and Tariffs, Public Relations, and Regulatory. In**
20 **May 1985, I assumed a position with United Telephone**
21 **Company of Florida as Director-Revenue Planning and**
22 **Services Pricing. I held the position until February**
23 **1988 at which time I was appointed to the position of**
24 **Director- Tariffs and Regulatory. In January 1990, the**
25 **pricing and tariffs organizations were combined and I was**

1 appointed Director-Revenue Planning and Regulatory. In
2 June 1993, in conjunction with a restructuring, I have
3 assumed new responsibilities and title. In my current
4 position, I am responsible for costing, tariffs and
5 regulatory matters. I am a graduate of Georgia State
6 University with a Bachelor's Degree in Business.
7

8 Q. What is the purpose of your testimony in this proceeding?
9

10 A. The purpose of my testimony is to provide United
11 Telephone Company of Florida's (hereinafter "United
12 Telephone" or the "Company") position with respect to the
13 principal policy and operational issues raised by the
14 proposed implementation of expanded interconnection.
15 More importantly, however, my testimony addresses how
16 implementation of expanded interconnection for special
17 access and private line services changes forever the
18 regulatory equation for the support of local exchange
19 residential rates. I also address how United Telephone
20 must be provided with pricing flexibility to meet the
21 competition for those services which historically have
22 been priced to provide the lion's-share of the
23 contribution to the support of local exchange residential
24 rates. Ultimately, the Commission and the
25 telecommunications industry will have to come to grips

1 with the issue of local exchange residential rates and
2 the mechanisms for addressing universal service concerns.
3 My testimony underscores the need for keeping these
4 matters in view as technology and regulatory changes are
5 rapidly increasing competition for traditionally LEC-
6 provided services. Such changes include the Federal
7 Communication Commission's (FCC's) approval of expanded
8 interconnection, the subject of this docket for
9 intrastate services.

10
11 Q. What exactly is expanded interconnection?

12
13 A. Currently customers and carriers obtain special access
14 and private line services from United Telephone for
15 intrastate and interstate telecommunications purposes on
16 terms and conditions and at rates prescribed or approved
17 by this Commission and the FCC. In addition, there are
18 other providers known either as alternative access
19 vendors (AAVs) or competitive access providers (CAPs)
20 that have been authorized to provide special access and
21 point-to-point private line services linking a customer's
22 premises with other locations of the same customer or
23 linking the customer with an interexchange carrier (IXC).
24 Until the recent FCC decisions on expanded
25 interconnection, the facilities provided by AAVs, IXCs or

1 the customers themselves were not required to be
2 interconnected with United Telephone's network and
3 facilities. Expanded interconnection simply means that
4 these previously stand-alone networks must be allowed to
5 be interconnected with the Company's network either
6 through physical collocation in the Company's central
7 office or through virtual collocation on or off the
8 Company's premises. Bottom line, it means that as
9 expanded interconnection is implemented, as surely it
10 will be, customers, AAVs and IXCs will be able, for
11 purely economic reasons, to replace certain United
12 Telephone facilities with their own facilities and still
13 be able to use the Company's network when it suits their
14 purposes to do so (i.e., it is not economic for them to
15 provide the facilities). In other words, expanded
16 interconnection begins the inevitable process of
17 "piecing-out" the Company's local exchange network for
18 the most desirable customers, with multiple suppliers
19 providing what was previously an end-to-end local
20 exchange service.

21
22 Q. If expanded interconnection is limited to special access
23 and private line services, how can it significantly
24 impact United Telephone's revenues and earnings?

1 A. The impact on United Telephone's revenues and earnings
2 from expanded interconnection for special access and
3 private line services will be dramatic. Any change in
4 regulatory policy which allows a customer to choose who
5 will provide piece-parts of the local exchange network
6 while at the same time requiring the Company to
7 interconnect with these piece-parts creates the
8 opportunity for significant revenue erosion. Clearly,
9 expanded interconnection principally will involve the
10 replacement of lower-cost United Telephone facilities
11 which have the higher profit margins. Even if the
12 Company is granted pricing flexibility to price these
13 "competitive" facilities at levels which allows the
14 Company to retain a portion of the business, the revenues
15 from these services will, nevertheless, be lower than
16 current revenues for these services.

17
18 Let me make one thing clear at this point: While
19 expanded interconnection will accelerate competition in
20 the local exchange market and thereby create pressure for
21 significant changes in regulatory policy relative to
22 local exchange pricing, United Telephone is not opposed
23 to expanded interconnection provided all parties are
24 given the same opportunities to compete on the basis of
25 price, quality and technology. Thus, the issue is not

1 whether or not there should be competition, but rather
2 whether the pace of competition should be accelerated by
3 allowing expanded interconnection and what will be the
4 terms of competition. For all practical purposes this is
5 a moot issue with regard to special access
6 interconnection. This Commission is already on record
7 with its comments to the Federal Communications
8 Commission in CC Docket No. 41-141, dated August 5, 1991.
9 In its comments, with regard to special access, the
10 Florida Commission states on page 4:

11 "In conclusion the FPSC believes that expanded
12 interconnection with LEC facilities will bring
13 substantial benefits to a large number of users.
14 Unlike in today's interstate access environment, the
15 benefits to interstate access competition will not
16 be limited to large volume customers."

17 However, with regard to switched access, the Florida
18 Commission's comments on pages 19 and 20 are as follows:

19 "We believe that the transition to switched access
20 competition may be inevitable, however, this change
21 should occur with great caution. The opening up of
22 the switched network could potentially have profound
23 effects on the local exchange companies and the
24 local service subscriber. Most of these impacts
25 will result from changes in historical pricing of

1 services and the change in local network usage as a
2 result. As regulators we created the economic
3 incentives that are currently present in the
4 telecommunications market, therefore, it is our
5 responsibility to mitigate any extreme effects to
6 the local exchange company or the local service
7 subscribers through prudent actions."

8
9 In its comments, this Commission correctly recognizes the
10 dilemma that results when competition is introduced for
11 services which historically have been priced to provide
12 contributions that support below cost basic residential
13 services. That is, as these historical price supports
14 are eroded by competition, the prices of subsidized
15 services, such as local dial tone, will necessarily have
16 to be increased. However, the true economic benefits of
17 competition will not be realized if pricing supports are
18 not removed and all competitors are not allowed to price
19 based on relative economic costs. Without pricing
20 flexibility, the Commission imposed artificially high
21 access rates serve as a pricing umbrella for inefficient
22 producers to enter the market and be profitable.

23
24 What is missing from the Florida Commission's comments is
25 the link between switched and special access services and

1 the non-jurisdictional nature of special access usage.
2 The Commission's comments indicate that special access
3 competition will benefit consumers with lower prices for
4 these services. United Telephone generally agrees with
5 this position. However, the missing link is that as
6 special access prices are reduced relative to switched
7 access prices, customers will migrate from switched
8 access to special access. Further, when a customer
9 installs a dedicated special access circuit to an IXC, it
10 is used for both intrastate and interstate services. In
11 addition, when a customer uses special access for toll
12 traffic, fewer local access lines or PBX trunks are
13 required. Schedule FBP-1 provides three examples of
14 United Telephone customers that installed interstate
15 special access services in lieu of both interstate and
16 intrastate switched access service. In one example, the
17 customer also reduced recurring local service charges by
18 \$200 per month.

19
20 Alfred E. Kahn appropriately identifies the cross
21 elasticity of demand between switched and special access
22 and the potential revenue impact on the local exchange
23 carriers at page 2 of his August 5, 1991, affidavit in
24 the FCC's Docket No. 91-141, wherein he states:

25 "While I will devote most of my attention to the

1 proposed rules affecting special access services, I
2 emphasize at the outset that the effects of adopting
3 them will not be confined to those services, but
4 will instead have repercussions on the demand for
5 switched services as well, on the much larger
6 revenues that they generate, on the viability of the
7 equal charge rules affecting switched access and
8 therefore on the conditions under which
9 interexchange services generally are provided. The
10 reason for this is that there is some cross-
11 elasticity of demand between switched and special
12 access. Since the proposed rules are likely to make
13 available to a wider range of customers services
14 that bypass the switched access services of the
15 LECs, they threaten ultimately to diminish the
16 ability of the LECs to generate the net revenues
17 from switched access necessary to cover their common
18 costs and contribute to other public policy
19 objectives."

20
21 Q. Please elaborate on how expanded interconnection for
22 special access and private line services will impact
23 switched access revenues.

24
25 A. From the very inception of interexchange access, there

1 has been the opportunity for IXC's and customers to use
2 special access as a substitute for switched access
3 whenever a customer has large enough volumes of
4 interexchange traffic to be delivered to a single IXC.
5 If the customer uses United Telephone's special access to
6 deliver switched traffic to the IXC, this is known as
7 service bypass. If the customer elects to provide the
8 facility himself or to use an AAV to link the customer
9 with an IXC, this is known as facilities bypass. The
10 implementation of expanded interconnection will only
11 intensify the pressure for both forms of bypass.

12
13 Likewise, competition for special access service will be
14 intensified with expanded interconnection. This
15 increased competition will drive special access rates
16 lower, thus more customers will migrate to special access
17 from "over-priced" switched access. This is the worst
18 form of competition because it drives customers to a less
19 efficient alternative because of the wrong economic
20 pricing signals, i.e., excessive switched access rates,
21 rather than for true economic reasons.

22
23 On the other hand, if switched access prices were to be
24 reduced to their economic costs, the opportunity for
25 bypass would be greatly diminished. But, as long as

1 switched access prices are maintained at such
2 astronomically high levels, regulatory exercises, such as
3 implementing expanded interconnection, without addressing
4 the underlying economics of access pricing, will only
5 place greater pressure on access customers to bypass.
6 This problem was identified as a major financial risk of
7 the Company by Duff and Phelps in its June 1992 financial
8 report on United Telephone Company of Florida. A copy of
9 the Duff and Phelps report is identified as Schedule FBP-
10 2.

11
12 It is my understanding that the Commission recognizes
13 there is a linkage between switched access rates and
14 special access and private line bypass and that the
15 Commission intends to address the issue of switched
16 access rates and expanded interconnection in Phase II of
17 this proceeding. Yet, these realities cannot be ignored
18 in Phase I of this proceeding. Granting United Telephone
19 pricing flexibility for special access and private line
20 services will at least allow the Company to remain a
21 viable player. In other words, expanded interconnection
22 makes the Company more vulnerable to bypass than ever
23 before, especially if switched access prices are not
24 reduced and if United Telephone is not granted pricing
25 flexibility to meet the bypass competitors.

1 Q. What evidence do you have to support the service bypass
2 problem and its impact on United Telephone?

3
4 A. Although quantification of the impact of bypass on an
5 aggregate basis would require extensive resources, the
6 Company has been able to identify several specific
7 customer service bypass examples. These examples
8 indicate that customers will migrate to special access
9 service in lieu of switched access service when switched
10 access costs and local exchange access line costs exceed
11 special access costs. As previously identified, Schedule
12 FBP-1 consists of three service bypass examples which
13 show the economics of service bypass and the revenue
14 effect on United Telephone.

15
16 In example Number 1, Customer A, in February 1992 was
17 paying a total of \$900 per month in intrastate and
18 interstate switched access and \$500 per month for local
19 service. By going to interstate special access in April
20 1992, Customer A was able to reduce his local service
21 expense by \$200 per month by eliminating PBX trunks that
22 were used primarily to haul toll traffic. Likewise, in
23 example Number 2, Customer B was able to reduce access
24 charges from \$1,100 to \$900 per month by replacing
25 interstate and intrastate switched access with an

1 interstate special access facility from United Telephone.
2 Finally, in example Number 3, Customer C was able to
3 reduce his access charges by \$1900 per month by
4 purchasing an interstate special access facility from
5 United Telephone.

6
7 There are three major points that this data demonstrates:

8
9 First, special access from a customer's perspective is
10 non-jurisdictional, that is, these customers all
11 installed jurisdictionally interstate access service, but
12 they are using it for both intrastate intraLATA toll and
13 interLATA access and interstate access.

14
15 Second, as special access rates decrease, customers have
16 a progressively greater economic incentive to buy special
17 access in place of switched access. Special access
18 competition will reduce special access rates and there
19 will be greater migration of switched access revenues to
20 special access.

21
22 Third, special access is an alternative to PBX trunks as
23 a transport facility for access and toll-type services.

24
25 Because of the first point above, points two and three

1 will occur regardless of what this Commission does in
2 this docket. That is, interstate special access rates
3 will be priced lower, hence, interstate special access
4 will become a more economic alternative to intrastate and
5 interstate switched access and local access lines such as
6 PBX trunks. Thus, the FCC's expanded interconnection
7 initiative will impact United Telephone's Florida
8 intrastate revenues.

9
10 To give some order of magnitude to the potential revenue
11 losses from implementing expanded interconnection, United
12 Telephone had \$197 million in interstate access revenues
13 during 1992. Of this amount, \$103 million is switched
14 access, \$29 million is transport, \$13 million is special
15 access and \$52 million comes from end user charges.
16 Similarly, United Telephone's intrastate access revenues
17 for 1992 were \$118 million. Of this amount \$5 million
18 came from special access, while \$20 million came from
19 transport and \$93 million came from other switched
20 access.

21
22 What is significant about this is the revenue impact of
23 implementing expanded interconnection is not limited just
24 to United Telephone's special access revenues. Because
25 of the cross elasticity of the services, all of the

1 Company's transport and switched access revenues are
2 subject to increased competition and associated revenue
3 reductions.

4
5 Q. Could you elaborate on the economic impact of reducing
6 intrastate switched access prices to the interstate
7 levels?

8
9 A. When a customer evaluates the economics of substituting
10 special access for switched access, both interstate and
11 intrastate access charges are included in the analysis.
12 This is why it is critical that United Telephone's
13 intrastate access rates, which are approximately twice
14 its interstate rates, be reduced. Subsidies from these
15 competitive services cannot continue to be sustained at
16 current levels. They will be lost - one way or another -
17 to competition or to service bypass. This ultimately
18 will force basic local service rate increases.
19 Unfortunately, if the situation is not corrected until
20 after-the-fact, the uneconomic investments and
21 inefficiencies in the network will have already occurred,
22 thereby further increasing the network cost burden that
23 eventually must fall primarily to local service
24 ratepayers.

25

1 Although there have been some reductions in United
2 Telephone's intrastate Busy Hour Minute of Capacity
3 (BHMOC) rate element, interstate switched access prices
4 have decreased much further than United Telephone's
5 intrastate switched access service prices during that
6 same period. A comparison of the Company's interstate
7 and intrastate switched access prices on a per minute of
8 use basis is detailed in Schedule FBP-3. This schedule
9 shows that for the period post July 1, 1993, the
10 interstate switched access amount, on a composite
11 originating and terminating basis, is 3.8 cents per
12 minute, while the intrastate switched access amount is
13 7.3 cents per minute on the same composite basis.

14
15 If intrastate switched access rates in Florida were to be
16 reduced to the current interstate switched access rate
17 levels, including the elimination of the BHMOC, the
18 annual revenue impact on United Telephone would be
19 approximately \$53 million, or about \$2.70 per month per
20 residential access line on average. Even with reducing
21 intrastate switched access prices to the interstate
22 switched access price levels, the Company's intrastate
23 switched access prices will remain above the economic
24 cost of providing switched access service, and local
25 exchange residential rates will remain below the

1 incremental cost of providing local exchange residential
2 service.

3
4 Q. In a previous answer you mentioned transport revenues.
5 Could you please explain the significance of the
6 transport revenues?

7
8 A. First let me tell you what transport is and how it will
9 be impacted by expanded interconnection. Switched access
10 consists of three principal rate elements: a
11 contribution rate element for the local loop, a switching
12 rate, and a transport rate. Transport consists of all
13 the facilities from the Company's end office to the IXC,
14 including the wire center serving the IXC, and in some
15 cases a tandem switch. Pursuant to FCC decisions
16 regarding the expiration of the provision in the Modified
17 Final Judgment (MFJ) that the access transport element be
18 charged to each IXC on an equal rate per unit of traffic
19 basis, the transport element can now be purchased on a
20 dedicated or per unit of capacity basis. United
21 Telephone's switched access revenues may be significantly
22 impacted by this change when interstate switched access
23 expanded interconnection is permitted - which is just a
24 matter of time. It is important that the Commission keep
25 this development in mind as it crafts the conditions,

1 terms and rates for expanded interconnection.

2
3 Q. What pricing flexibility is required for United
4 Telephone's access and private line services?

5
6 A. Access prices must be reduced, especially in areas where
7 the volumes are sufficient to attract competition.
8 First, as noted previously, because of the cross
9 elasticity of switched and special access, intrastate
10 switched access rates should be reduced significantly, at
11 a minimum to the current interstate level. Second, zone
12 density pricing for both switched and special access
13 should be implemented. The FCC has already addressed
14 pricing flexibility in Order No. 92-440, CC Docket No.
15 91-141, issued October 19, 1992, wherein the FCC
16 authorized the LECs to implement a system of traffic
17 density-related rate zones. The FCC requires that rates
18 for special access must be averaged within each zone, but
19 may differ between zones. Also, the Company may
20 establish a number of density pricing zones (up to three
21 zones without further justification) within each existing
22 study area, assigning each of the central offices to one
23 of the zones. Finally, the FCC insists that the
24 assignment of central offices to a zone must reflect
25 cost-related characteristics, such as traffic density,

1 although geographic contiguity may also be considered.

2
3 United Telephone has filed with the FCC for approval of
4 its density pricing zones with accompanying illustrative
5 tariff pages. This filing is identified as Schedule FBP-
6 4 to my direct testimony.

7
8 Q. With respect to the mechanics of expanded
9 interconnection, how should the Florida Commission
10 proceed?

11
12 A. Generally, the Florida Commission should adopt the terms
13 and conditions prescribed by the FCC for expanded
14 interconnection. In view of the user's ability to send
15 both intrastate and interstate traffic across the same
16 facility, the terms and conditions for use of the
17 facility should be the same, regardless of jurisdiction,
18 to avoid forum shopping. For example, only Tier 1 local
19 exchange companies ("LECs") should be required to offer
20 expanded interconnection, and only in those central
21 offices for which there is a bona fide request for
22 expanded interconnection. Expanded interconnection
23 should be available to any customer, IXC or AAV for the
24 interconnection of transmission and multiplexing
25 equipment only. In this regard, there should be no

1 requirement for expanded interconnection of non-fiber
2 optic transmission facilities.

3
4 However, because the FCC's pricing flexibility plan does
5 not provide adequate flexibility for appropriate Company-
6 competitive responses, the FCC's pricing flexibility
7 limitations should not be adopted. Instead, the price
8 floor for the Company's competitive services should be
9 incremental cost. This approach is similar to that
10 contained in the Company's intrastate tariff for contract
11 service arrangements, except this flexibility should be
12 based on the zone and not limited to an individual case-
13 by-case customer basis.

14
15 Q. In your previous answer, you made no mention of physical
16 and virtual collocation. In view of the fact that the
17 FCC has mandated physical collocation, shouldn't the
18 Florida Commission do the same for intrastate
19 collocation?

20
21 A. United Telephone is not opposed to providing physical
22 collocation to any qualified entity when it is
23 demonstratively appropriate to do so. The Company is,
24 however, opposed to being unconditionally required to
25 provide any specific form of collocation, either physical

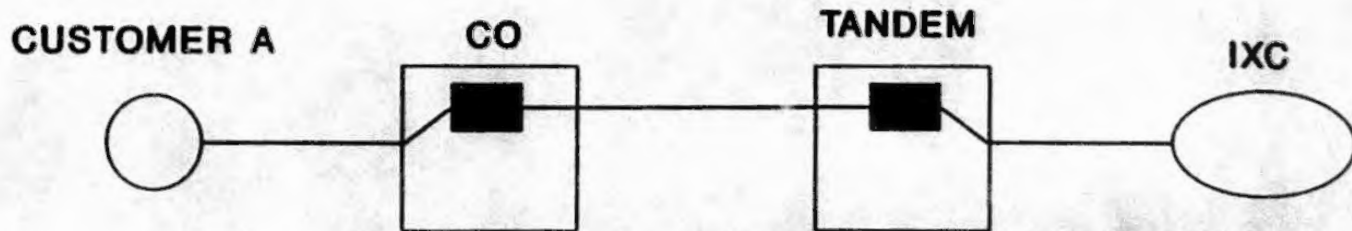
1 or virtual. Moreover, the FCC's imposition of mandatory
2 physical collocation is currently on appeal on the basis
3 of an unconstitutional taking of the LEC's property.
4 Until that appeal has been concluded, the imposition of
5 mandatory physical collocation is still an open issue.

6
7 In any event, United Telephone believes that physical and
8 virtual collocation can be treated as a line of business.
9 Today, United Telephone has customers/IXCs physically
10 collocated in a number of its central offices. These
11 collocations were negotiated on an arms-length basis with
12 terms and conditions which are mutually beneficial to
13 both parties. Based on this experience, the Company
14 believes that rather than mandating any form of
15 collocation, the Commission ought to adopt rules and
16 regulations which permit and encourage the parties to
17 negotiate physical or virtual collocation arrangements on
18 a case-by-case basis with the same terms and conditions
19 available to all interconnectors.

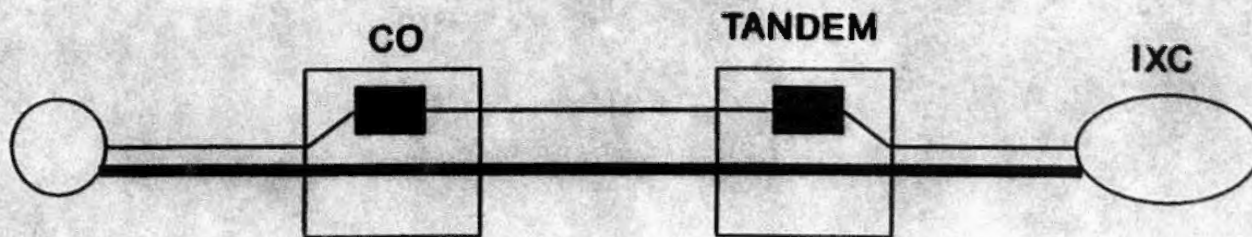
20
21 Q. Does this conclude your testimony?

22
23 A. Yes, it does.

SERVICE BYPASS CASE STUDY

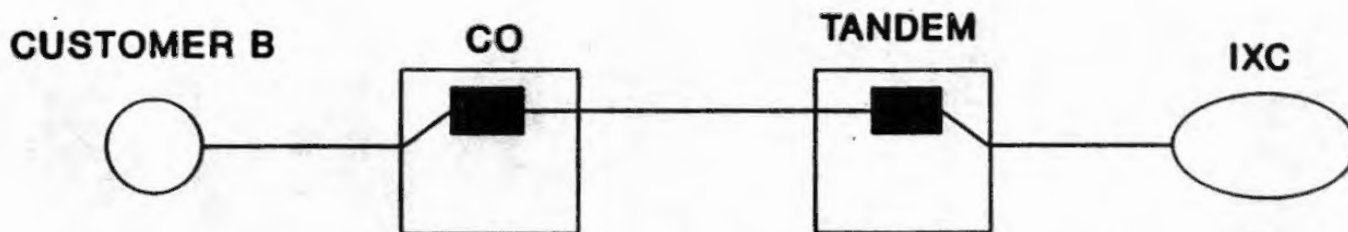


**FEBRUARY 1992: \$200/MONTH IN INTRASTATE SWITCHED ACCESS
\$700/MONTH IN INTERSTATE SWITCHED ACCESS
\$500/MONTH IN LOCAL SERVICE**

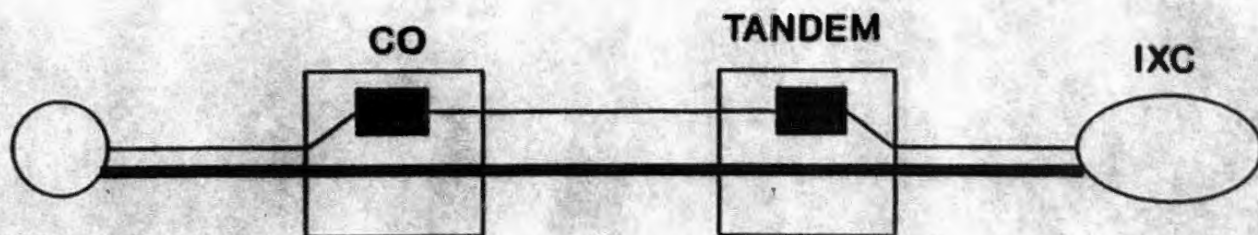


**APRIL 1992: \$900/MONTH IN INTERSTATE SPECIAL ACCESS
\$300/MONTH IN LOCAL SERVICE**

SERVICE BYPASS CASE STUDY

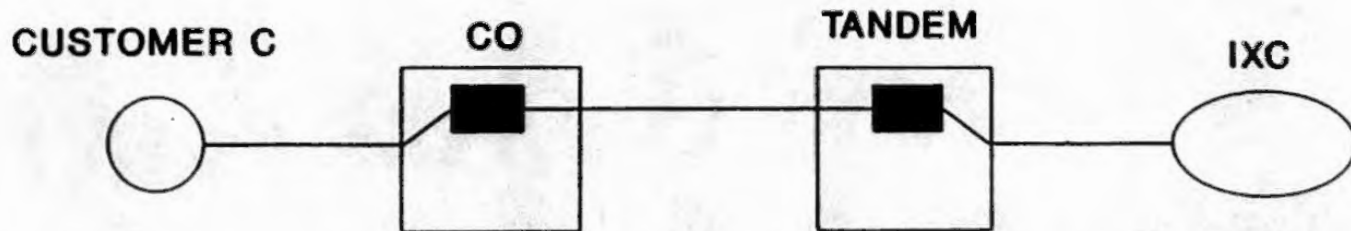


**MARCH 1992: \$800/MONTH IN INTRASTATE SWITCHED ACCESS
\$300/MONTH IN INTERSTATE SWITCHED ACCESS**

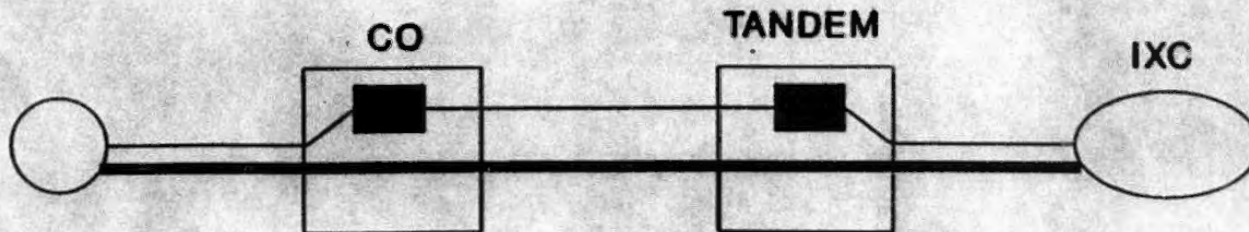


MAY 1992: \$900/MONTH IN INTERSTATE SPECIAL ACCESS

SERVICE BYPASS CASE STUDY



**OCTOBER 1991: \$1,700/MONTH IN INTRASTATE SWITCHED ACCESS
\$200/MONTH IN INTERSTATE SWITCHED ACCESS
\$1,000/MONTH IN INTRALATA TOLL**



NOVEMBER 1991: \$1,000/MONTH IN INTERSTATE SPECIAL ACCESS

Duff & Phelps Inc.

United Telephone Company of FL

A subsidiary of Sprint (FON)

Fixed Income Summary

June 8, 1992

Rebecca T. Hathhorn, CPA (312) 630-4627

Telephone Sector
 Telephone

Credit Rating Summary	D&P Ratings	Mdy's/S&P Ratings	D&P Latest Change	
			Date	From To
First Mortgage Bonds	AA	A2/A-	12/88	AA- AA
Preferred Stock	AA-	NR/NR	12/88	A+ AA-

Rating Watch	
D&P	No
S&P	Up

Key Ratios	1987	1988	1989	1990	1991	1992E	1993E
Total Capitalization (MM)	\$933	\$990	\$1100	\$1120	\$1137	\$1164	\$1191
All Debt (%)	42.2	39.7	41.2	39.0	38.8	39	40
Preferred (%)	1.3	1.1	1.0	0.9	0.9	1	1
Common (%)	56.5	59.2	57.9	60.1	60.4	60	59
Incr in Capital (%)	8.8	6.1	11.1	1.8	1.5	2.4	2.3
Avg Debt Int Cost (%)	9.1	8.8	9.0	9.1	8.7	9.3	9.3
Coverages and Ratios							
PreTx Int Cov ex AFC (X)	4.8	4.9	4.9	4.8	4.7	4.8	4.8
AltTx Int & Pfd Div (X)	3.4	3.6	3.6	3.5	3.4	3.5	3.5
Return on Avg Com Eq (X)	17.0	16.7	16.5	15.5	13.5	15.3	15.6

Projected Financing (MM)	1992: \$20	1993: \$15	1994: \$15	1995: \$15
--------------------------	------------	------------	------------	------------

Reasons for Rating United Telephone Company of Florida (UTF) continues to maintain strong interest coverages and good internal funds generation in an environment of above average growth. Pretax coverages will likely increase slightly to 4.8X in 1992, and could increase to 40% in 1993-94. The 13.5% ROE for 1991 reflects the recording of \$30MM of nonrecurring depreciation charges as ordered by the Florida Public Service Commission (FPSC). In January 1991, the FPSC determined that UTF exceeded its authorized ROE for 1990 by an amount in excess of \$7.6 million. UTF has appealed this decision to the Florida Supreme Court, but will record the amount as nonrecurring depreciation expense until the court rules. In November 1991, UTF filed for a revenue increase of \$54.3 million to recover future increased depreciation expense as well as other mandated accounting changes. A decision is expected in June 1992. On 5/27/92, Sprint Corp. (UTF's parent) and Centel Corp. announced a definitive agreement to merge the two companies. In the near-term, there is added risk associated with Sprint's entry into the cellular industry; the debt burden associated with this investment is high relative to current cellular cashflow. However, it is important to note that the debt of Sprint's subsidiaries must be serviced before funds are upstreamed to the parent. We believe the risk of pressure being exerted on UTF for infusions of cash to Sprint is minimal.

Major Risks Outcome of current rate case. Increased competition for intraLATA toll revenues now that toll monopoly areas have been eliminated, effective 12/31/91. A high proportion of revenues continue to be derived from network access charges.

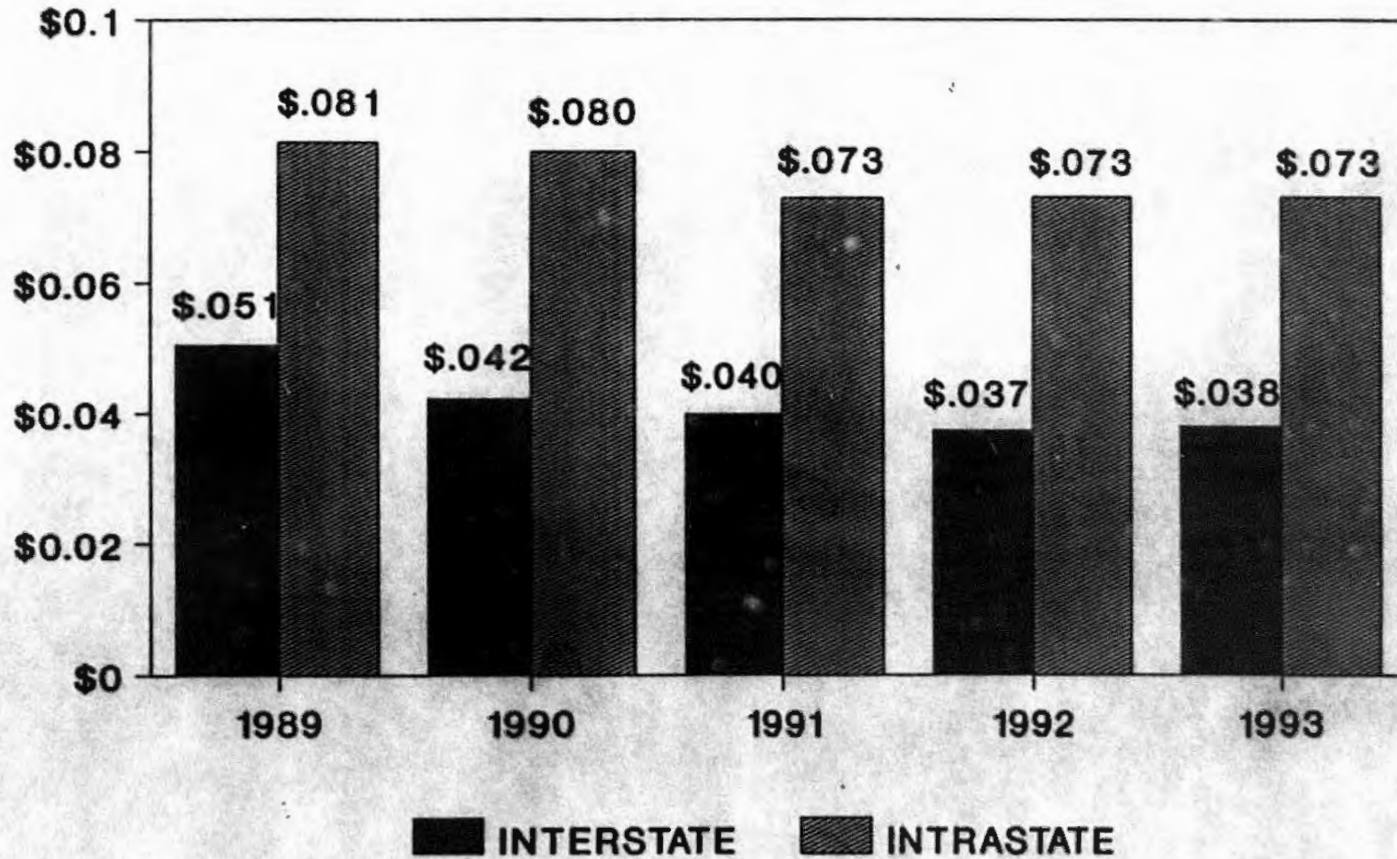
Fundamentals UTF, a wholly owned subsidiary of Sprint Corporation, is the largest operating telephone company in United's local telecommunications division, comprising about 26% of United's access lines. UTF serves approximately 1.1 million access lines, or about 13% of all access lines in Florida. UTF provides service in all or part of 24 counties in Central and Southwest Florida consisting of approximately 30% of the state's total land area. UTF was formed on December 31, 1982 as a result of a merger of several smaller United subsidiaries: the former United Telephone Company of Florida, the Winter Park Telephone Company, and the Orange City Telephone Company. The resulting company assumed the debt of the predecessors. In September 1990, the Federal Communications Commission (FCC) approved price cap regulation for local telcos. UTF and the other United local telephone companies voluntarily opted for price cap regulation. On 1/1/91, rates were set to reflect an 11.25% overall return, down from 12%. On 7/1/91, rates were adjusted to reflect inflation as measured by the GNP Deflator, a 3.3% productivity gain, and growth. Subsequently, earnings above a 12.25% ROE will be shared 50/50 with customers. Regulation by the FPSC is above average (D&P II) as evidenced by its recent orders. The FPSC has consistently allowed telephone companies to offset overearnings by increasing depreciation expense, resulting in no change in cash flow. Currently, UTF is authorized to earn a 13% ROE with an allowable range of 12% to 14%.

Earnings Sources Revenues of \$187MM for the three months ended 3/31/92 were 36% local service, 13% toll, 40% access charges and 11% other. Included in toll revenues are revenues from United Telephone Long Distance, an interexchange carrier that resells the long distance services of Sprint Corporation.

SUITE 3600 • 55 EAST MONROE STREET • CHICAGO, ILLINOIS 60603 • (312) 263-2610 • FAX (312) 263-2650

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COMPOSITE ACCESS RATES INTERSTATE VS. INTRASTATE



• 3rd quarter composite, projected 1993

Sprint/United Management Company
Local Telecommunications Division

Mailstop: KSWESB0212
2330 Shawnee Mission Parkway
Westwood, KS 66205
(913) 624-2482

February 16, 1993

Secretary
Federal Communications Commission
Washington, DC 20554

Attention: Common Carrier Bureau

Part 69.123 of the Federal Communications Commission's Rules provides local exchange carriers with the ability to establish, within each study area, density pricing zones for special access services. Part 61.49(k) of the Commission's Rules requires that a carrier, prior to filing a zone density tariff, must submit a density pricing zone plan to the Commission for approval.

The Commission's Report and Order and Notice of Proposed Rulemaking in CC Docket No. 91-141, adopted September 17, 1992 (Footnote 418), further requests that carriers submit their proposed zone density pricing plans to the Commission no later than the date for filing expanded interconnection tariffs.

The accompanying revised tariff pages and Description and Justification information, issued on behalf of the United Telephone companies, are being filed in compliance with the Commission requirements discussed above. Acknowledgment and date of receipt of this information are requested. A duplicate copy of this letter is provided for this purpose.

All correspondence and inquiries in connection with this material should be addressed to Mr. William F. Wardwell, Vice President - Service Costs and Pricing, for the Local Telecommunications Division of Sprint/United Management Company, Post Office Box 11315, Kansas City, Missouri 64112, (913/624-2482).


William F. Wardwell

Attachments

Duplicate Letter
Illustrative Tariff Pages
Illustrative Description and Justification

pc: Chief, Tariff Review Branch
Public Reference Copy
Downtown Copy Center

United Telephone System Tariff F.C.C. No. 5

Transmittal No. xxx

Zone Density

Illustrative Description and Justification

Introduction

Part 69.123 of the Federal Communications Commission's Rules provides local exchange carriers (LECs) with the ability to establish, within each study area, density pricing zones for special access services. The zone density tariffs provided for in the Commission's Rules cannot become effective until such time as the LEC has an operational interconnection arrangement in the relevant study area. However, Part 61.49(k) of the Commission's Rules requires that a carrier, prior to filing a zone density tariff, must submit a density pricing zone plan, and have that plan approved by the Commission.

In its Report and Order and Notice of Proposed Rulemaking in CC Docket No. 91-141, adopted September 17, 1992, at footnote 418, the Commission urged carriers to file their proposed density pricing zone plans no later than the date for filing expanded interconnection tariffs. In this transmittal, the Tier 1 United Telephone companies (United) submit their zone density pricing plan for the Commission's approval.

Methodology and Cost Support

Part 61.49 (k) requires that carriers filing a density pricing zone plan provide ". . . documentation sufficient to establish that the system of zones reasonably reflects cost-related characteristics, such as the density of total interstate traffic in central offices located in the respective zones. . . ." United fully concurs with the Commission that traffic density--that is, the volume of traffic originating and terminating in a central office or exchange--is the most relevant variable in determining transport costs.

Exhibit 1 demonstrates the relationship between traffic volume and unit costs. The Exhibit is derived from United's transport cost model based on fiber technology. Although United still utilizes copper, and to a lesser degree, microwave, technology in its transport network, fiber technology is the technology of choice in provisioning new, or replacing existing, transport routes. Thus, using a fiber transport cost model reflects the relative incremental or forward-looking economic costs of providing transport services.

As clearly shown in Exhibit 1, fiber technology evidences substantial economies of scale. For a route of a fixed distance (10 miles is used in the Exhibit), the unit costs, expressed as

monthly costs per DS1, decline as the total volume of traffic carried on that route increases. It^{is} this relationship that underlies United's proposed zone density plan, which categorizes United's central offices into three zones based on traffic density.

United utilized the following approach to the determination of its proposed zones, and the classification of each central office into one of the three zones:

1. For each Tier I study area, the total access traffic (state and interstate, switched and special access), based on actual 1992 level demand, was determined for each central office. Demand was expressed as DS1 equivalents. Switched access minutes were converted to DS1 equivalents by assuming that, on average, a DS1 carries 300,000 minutes of use per month.
2. In instances where an exchange area is served by two or more closely contiguous central offices, the demand for all central offices in the exchange was aggregated for the purposes of zone classification. That is, all central offices in such exchanges were classified in the same zone, based on the total of all access traffic into and out of those offices. In cases where an exchange

encompasses more than one central office, but the offices in that exchange are not geographically proximate or otherwise differ in characteristics such as volume, those central offices were treated separately in terms of their classification into zones.

3. The exchanges or offices in each study area were then ranked in terms of demand, and subdivided into three zones based on that demand. Since the purpose of the zones is to provide a framework wherein carriers can migrate rates, subject to the Commission's +5%/-10% annual pricing flexibility rules, toward relative cost levels, United has endeavored to adhere to standardized zones broadly reflective of the demand and cost characteristics of its transport routes. The predominant zone classification utilized in United's proposed plans are as follows:

Zone 3: Less than 1 DS3: Exchanges or offices in this zone comprise the lowest density, highest cost components of United's transport network. Many of these routes are copper. Those that are fiber experience high unit cost because of the low utilization due to low demand. (The United standard is to utilize 3 DS3 fiber

terminals and MUXs as the minimum volume configuration; consequently, routes in this zone are utilized one third or less of their potential capacity).

Zone 2: 1-3 DS3s: Exchanges or offices in this zone are, for United, relatively high volume routes, and are candidates for competitive entry. With demand in this range, United is able to achieve a high level of utilization, and correspondingly low unit costs.

Zone 1: More than 3 DS3s: Although United has few offices or exchanges with more than 3 DS3s demand, these comprise a substantial portion of United's total access demand, and are the most competitively vulnerable. On these routes, United is able to utilize even higher capacity fiber systems (typically, OC-12 systems) and achieve significantly lower unit costs.

In several United study areas, the use of broader definitions for Zones 1 and 2 is necessitated by the distribution of access traffic unique to those study areas. In particular, the concentration of traffic in exchanges above the 3 DS3 level required United to propose a higher break-point between the two higher density zones in order to more evenly distribute traffic across those zones.

MONTHLY REVENUE REQUIREMENT PER DS1 (TEN MILES OF FIBER)

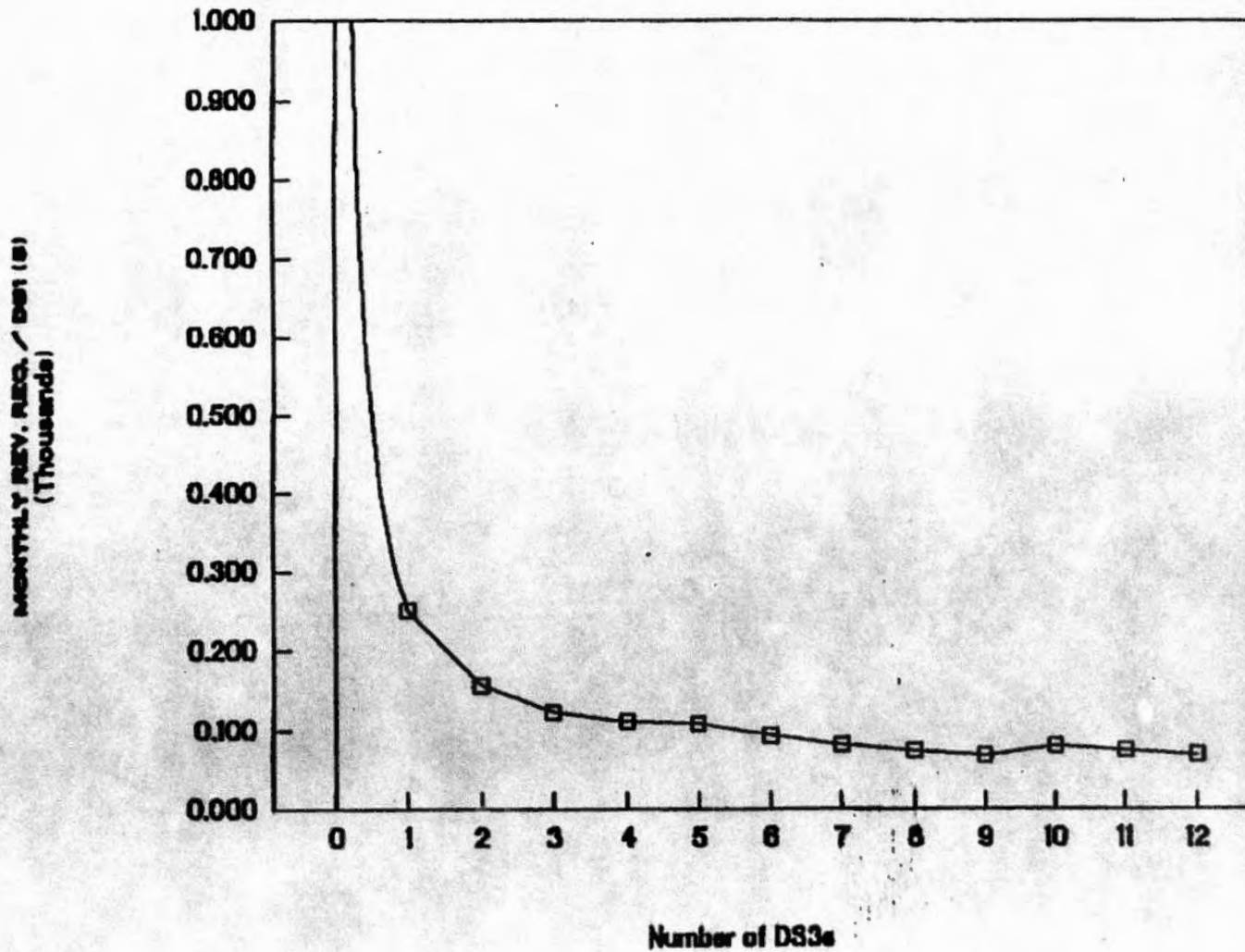


EXHIBIT 1

UNITED TELEPHONE SYSTEM

ILLUSTRATIVE

TARIFF F.C.C. NO. 5

Second Revised Page 504
Cancels First Revised Page 504

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations

This section contains the specific regulations governing the rates and charges that apply for Special Access Service.

7.4.1 Types of Rates and Charges

There are four types of rates and charges. These are monthly rates, daily rates, nonrecurring charges, and zone density charges. The rates and charges are described as follows:

(C)
|
(C)

(A) Monthly Rates

Monthly rates are flat recurring rates that apply each month or fraction thereof that a Special Access Service is provided. For billing purposes, each month is considered to have 30 days.

(B) Daily Rates

Daily rates are flat recurring rates that apply to each 24 hour period or fraction thereof that a Program Audio or Video Special Access Service is provided for part-time or occasional use. For purposes of applying daily rates, the 24 hour period is not limited to a calendar day.

The application of daily rates for Program Audio and Video Services during a consecutive 30 day period is as follows. Daily rates will be topped at an amount equal to the monthly rate.

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TARIFF F.C.C. NO. 5

Original Page 507.2

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations (Cont'd)

7.4.1 Types of Rates and Charges (Cont'd)

(D) Zone Density Charges

Zone charges are applicable only to 1.544 Mbps (DS1) and 44.736 Mbps (DS3) high capacity service provided at the Telephone Company designated exchanges set forth in Section 7.4.10 following. Zone density charges are flat recurring rates that apply each month or fraction thereof that a DS1 or DS3 special access service is provided. For billing purposes, each month is considered to have 30 days.

(N)

(N)

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Original Page 519.3

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations (Cont'd)

7.4.10 High Capacity Zone Density Plan

The High Capacity Zone Density Plan is applicable only to 1.544 Mbps (DS1) and 44.736 Mbps (DS3) high capacity services as set forth in Sections 7.2.9 and 7.4.9 preceding. The Zone Density Plan will become effective concurrent with the first operational Special Access Expanded Interconnection arrangement, as described in Section 17.1 following, in the relevant Telephone Company study area.

The service termination and channel mileage (fixed and per mile) rates applicable for high capacity services subject to the Zone Density Plan are dependent upon the zone in which the Telephone Company serving area is located. Specific Zone Density Charges are set forth in Section 7.5.9(F) following. The zones for each Telephone Company serving areas are identified following:

FLORIDA

Zone 1

Fort Myers
Winter Park

Zone 2

Apopka
Cape Coral
Kissimmee
Leesburg
Naples
North Naples
Ocala
Port Charlotte
West Kissimmee

Zone 3

All Other

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(N)

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TARIFF F.C.C. NO. 5

Original Page 519.4

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations (Cont'd)

7.4.10 High Capacity Zone Density Plan (Cont'd)

INDIANA

Zone 1

Warsaw

Zone 2

Decatur
Franklin
Plymouth

Zone 3

All Other

MISSOURI

Zone 1

Jefferson City

Zone 2

Ferrelview
Rolla
Warrensburg

Zone 3

All Other

NORTH CAROLINA

Zone 1

Fayetteville
Rocky Mount

Zone 2

Dunn
Elizabeth City
Greenville
Havelock
Henderson
Jacksonville
Kinston
New Bern
Southern Pines
Wilson

Zone 3

All Other

(N)

(N)

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TARIFF F.C.C. NO. 5

Original Page 519.5

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations (Cont'd)

7.4.10 High Capacity Zone Density Plan (Cont'd)

OHIO

Zone 1

Lima
Mansfield
Mason

Zone 2

Bellfontaine
Greenville
Lebanon
Mount Vernon
Sidney
Warren
Wooster

Zone 3

All Other

PENNSYLVANIA

Zone 1

Carlisle

Zone 2

Bedford
Butler
Chambersburg
Elizabethtown
Gettysburg
Hanover

Zone 3

All Other

TENNESSEE

Zone 1

Johnson City (Kingsport)

Zone 2

Bristol
Johnson City (Roan)
Kingsport
Midway

Zone 3

All Other

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TARIFF F.C.C. NO. 5

Original Page 519.6

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.4 Rate Regulations (Cont'd)

7.4.10 High Capacity Zone Density Plan (Cont'd)

VIRGINIA

Zone 1

None

Zone 2

Bristol
Wytheville

Zone 3

All Others

(N)

(N)

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 Cancels First Revised Page 772

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges

(1) Service Termination

(a) 1.544 Mbps

- Per Point of Termination

	USOC	Monthly Rates	Non-recurring Charges
<u>Florida</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx
<u>Indiana</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx
<u>Missouri</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx

(N)

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Sixth Revised Page 773
 Cancels Fifth Revised Page 773

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(1) Service Termination (Cont'd)

(a) 1.544 Mbps (Cont'd)

- Per Point of Termination

	USOC	Monthly Rates	Nonrecurring Charges
<u>North Carolina</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx
<u>Ohio</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx
<u>Pennsylvania</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx

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(N)
(N)

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TARIFF F.C.C. NO. 5

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 Cancels First Revised Page 774

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(1) Service Termination (Cont'd)

(a) 1.544 Mbps (Cont'd)

- Per Point of Termination

	USOC	<u>Monthly Rates</u>	<u>Nonrecurring Charges</u>
<u>Tennessee</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx
<u>Virginia</u>			
Zone 1	TMEZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$xxx.xx	\$xxx.xx

(N)

 (N)

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Second Revised Page 775
 Cancels First Revised Page 775

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(1) Service Termination (Cont'd)

(b) 44.736 Mbps

- Per Point of Termination

	<u>Monthly Rates</u>				<u>Nonrecurring Charges</u>
	<u>USOC</u>	<u>Fixed</u>	<u>USOC</u>	<u>Per 1/4 Mile</u>	
<u>Florida</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx
<u>Indiana</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx
<u>Missouri</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx

(N)

(N)

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(1) Service Termination (Cont'd)

(b) 44.736 Mbps (Cont'd)

- Per Point of Termination

		<u>Monthly Rates</u>			<u>Nonrecurring</u>
	<u>USOC</u>	<u>Fixed</u>	<u>USOC</u>	<u>Per 1/4</u>	<u>Charges</u>
				<u>Mile</u>	
<u>North Carolina</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx
<u>Ohio</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx
<u>Pennsylvania</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx

(N)
 (N)

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(1) Service Termination (Cont'd)

(b) 44.736 Mbps (Cont'd)

- Per Point of Termination

	<u>Monthly Rates</u>				<u>Nonrecurring Charges</u>
	<u>USOC</u>	<u>Fixed</u>	<u>USOC</u>	<u>Per 1/4 Mile</u>	
<u>Tennessee</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx
<u>Virginia</u>					
Zone 1	TMEZ1	\$x,xxx.xx	TUZZ1	\$xxx.xx	\$xxx.xx
Zone 2	TMEZ2	\$x,xxx.xx	TUZZ2	\$xxx.xx	\$xxx.xx
Zone 3	TMEZ3	\$x,xxx.xx	TUZZ3	\$xxx.xx	\$xxx.xx

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage

(a) 1.544 Mbps

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>Florida</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Indiana</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Missouri</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage (Cont'd)

(a) 1.544 Mbps (Cont'd)

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>North Carolina</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Ohio</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Pennsylvania</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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TARIFF F.C.C. NO. 5

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 Cancels First Revised Page 780

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage (Cont'd)

(a) 1.544 Mbps (Cont'd)

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>Tennessee</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Virginia</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage (Cont'd)

(b) 44.736 Mbps

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>Florida</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Indiana</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Missouri</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage (Cont'd)

(b) 44.736 Mbps (Cont'd)

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>North Carolina</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Ohio</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Pennsylvania</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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ACCESS SERVICE

7. Special Access Service (Cont'd)

7.5 Rates and Charges (Cont'd)

7.5.9 High Capacity Service (Cont'd)

(F) Zone Density Charges (Cont'd)

(2) Channel Mileage (Cont'd)

(b) 44.736 Mbps (Cont'd)

	USOC	Monthly Rates	
		Fixed	Per Mile
<u>Tennessee</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx
<u>Virginia</u>			
Zone 1	MZ1XX	\$xxx.xx	\$xxx.xx
Zone 2	MZ2XX	\$xxx.xx	\$xxx.xx
Zone 3	MZ3XX	\$xxx.xx	\$xxx.xx

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