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BellSouth Telecommunications, Inc. Fax 904 222-8640
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150 South Monroe Street
Tallahassee, Florida 32301

Nancy H. Sims
Director - Regulatory Relations

March 7, 1997

970285-TC

Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

RE: Independent Pay Telephone Certificate No. 4287

Dear Mrs. Bayo:

BellSouth Telecommunications, Inc. is requesting per this letter a change in the name on the Florida Pay Telephone Certificate No. 4287. The name should be changed from BellSouth Telecommunications, Inc. to BellSouth Public Communications, Inc. All other information on the certificate should remain the same.

The change is needed as part of BellSouth's compliance with the provisions regarding local exchange pay telephone activities contained in the Telecommunications Act of 1996 and, more specifically, in FCC Report and Order No. 96-388 released on September 20, 1996, and FCC Order of Reconsideration No. 96-439 released on November 8, 1996. The Act requires the local exchange companies to assign their payphone assets from regulated telephone company accounts to separate unregulated accounts. The FCC "Orders" require the deregulation of all payphone equipment and the elimination of intrastate and interstate payphone subsidies.

On February 26, 1997, BellSouth filed a tariff revision to reflect the elimination of the intrastate payphone subsidy from the Company's regulated rates and accounts. A copy of this filing is attached for your reference and use.

The effective date of this name change should be April 1, 1997, which is the anticipated effective date of the transfer of the pay telephone assets from the regulated to the unregulated operation. If the effective date of the transfer is different from April 1, 1997, then the name change should be effective concurrent with the transfer date.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OTH _____

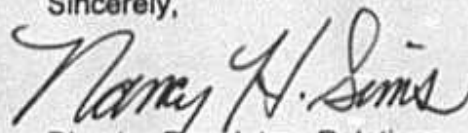
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DOCUMENT NUMBER-DATE
02502 MAR-75
FPSC-RECORDS/REPORTING

Mrs. Blanca S. Bayo
March 7, 1997
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Thank you for your prompt attention to this matter. If you have any questions or need any additional information, please give me a call.

Sincerely,


Director-Regulatory Relations

Attachments

cc: James B. Hawkins - BellSouth Public Communications, Inc.
Tommy Williams - FPSC Staff

#1248

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BellSouth Telecommunications, Inc. 904 224-7798
Suite 400 Fax 904 224-5073
150 South Monroe Street
Tallahassee, Florida 32301-1556

A. M. Lombardo
Regulatory Vice President

February 26, 1997

Mr. Walter D'Haeseleer
Director, Division of Communications
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald L. Gunter Building, Room 270
Tallahassee, FL 32399-0850

Dear Mr. D'Haeseleer:

Pursuant to Florida statute 364.051 we are filing herewith revisions to our General Subscriber Service Tariff. The affected page is:

General Subscriber Service Tariff
Section A3 - Second Revised Page 35

The enclosed tariff package reflects BellSouth's calculation of the intrastate subsidy of its payphone operations, and its proposal to reduce intrastate rates to remove that subsidy in accordance with recent Orders by the Federal Communications Commission. BellSouth is aware that MCI has filed a complaint which contains MCI's calculation of the intrastate subsidy and the proposal that access charges be reduced in that amount. MCI's calculation of the subsidy is incorrect and BellSouth disagrees that rate reductions associated with the removal of subsidy, in whatever amount, should be applied to access charges.

If, as a result of the MCI complaint or other action, the Commission determines that the amount of the subsidy is different than that calculated by BellSouth or determines that rate elements other than those proposed by BellSouth should be adjusted, BellSouth reserves the right to readjust the rates affected by this tariff package accordingly.

DOCUMENT NUMBER-DATE

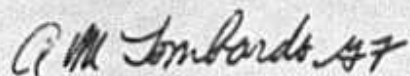
02502 MAR-76

FPSC-RECORDS/REPORTING

Acknowledgement, date of receipt, and authority number of this filing are requested. A duplicate letter of transmittal is attached for this purpose.

Your consideration and approval will be appreciated.

Yours very truly,

A handwritten signature in cursive script that reads "C. M. Lombardo" followed by a stylized number "47".

Regulatory Vice President

EXECUTIVE SUMMARY

The purpose of this tariff is to bring BellSouth Telecommunications into compliance with those provisions of the Telecommunications Act of 1996 (the "Act") relating to pay telephones. The Act requires local exchange companies ("LECs") like BellSouth Telecommunications to transfer their pay telephone assets to separate unregulated accounts and to file tariffs removing the recovery of the cost of pay telephone operations from their regulated rates. The Federal Communications Commission ("FCC") has issued orders implementing these provisions. Specifically, as it relates to intrastate rates, the FCC orders "require, pursuant to the mandate of Section 276 (b)(1)(B), incumbent LECs to remove from their intrastate rates any charges that recover the costs of payphones. Revised intrastate rates must be effective no later than April 15, 1997. ...States must determine the intrastate elements that must be removed to eliminate any intrastate subsidies within this timeframe." FCC Order 96-388, paragraph 188, September 20, 1996.

This tariff filing reduces intrastate rates by \$6.5 Million. The attached cost study shows the calculation of the intrastate subsidy. BellSouth Telecommunications performed an analysis of the revenues and expenses associated with public, semi-public and the regulated portion of intrastate services on data for a 1995 test year. The study reflects the following assumptions:

- (1) Revenues are limited to local message revenue,
- (2) Payphone access is provisioned using Smartline, and
- (3) Average net investment is equal to total capital.

The payphone investment base was developed by identifying the payphone station portion of intrastate total investment. FCC Part 69 principles were followed to allocate investment which could not be directly assigned.

Once these revised rates are effective, BellSouth will be in compliance with the Act and the FCC Orders.

A3. BASIC LOCAL EXCHANGE SERVICE

A3.6 Rotary Service (Cont'd)

A3.6.1 General (Cont'd)

- A. Rotary or hunting service is an arrangement via central office equipment which allows completion of an incoming call to any of the lines (i.e. individual lines, PBX Trunks or NARS) in a group from a line (in the group) that is called but is in use. A rotary charge as specified below applies to each of the lines in the group that are equipped for rotary service. This rotary charge will not be applicable for Business Message Rate individual lines, Message Rate PBX Trunks and Message Rate Network Access Registers. Rotary service is not required with the "call forwarding" feature of Custom Calling Service unless the line is part of a rotary service line arrangement. Specifically, the rotary charges in A3.6.2 will apply to Flat Rate individual lines (residence and business); Residence Message Rate individual lines; auxiliary lines; Flat Rate Incoming or Combination PBX Trunks and Flat Rate Incoming or Combination NARS in a hunting arrangement.
- B. Residence service lines at private residence locations shall be limited to five (5) lines in rotary or hunting. If more than five lines are required in rotary or hunting at a private residence, business service rates shall apply for all lines in rotary. Effective August 20, 1996, existing residence service subscribers with more than five lines in rotary or hunting will retain their service as specified in Section A103. of this Tariff.

A3.6.2 Rates

A. Rotary Service Associated With Flat Rate Lines, PBX Trunks and NARS

(1) Residence, Rate Groups 1-6

| | Group | | | | | | USOC |
|---------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | HTG |
| (a) Per line or PBX Trunk made rotary | \$3.65 | \$3.85 | \$4.05 | \$4.20 | \$4.40 | \$4.58 | HTG |

(2) Residence, Rate Groups 7-12

| | Group | | | | | | USOC |
|---------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 7 | 8 | 9 | 10 | 11 | 12 | HTG |
| (a) Per line or PBX Trunk made rotary | \$4.75 | \$4.90 | \$5.03 | \$5.15 | \$5.23 | \$5.33 | HTG |

(3) Business, Rate Groups 1-6

| | Group | | | | | | USOC |
|--------------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | HTG |
| (a) Per line, PBX Trunk or NAR made rotary | \$6.50 | \$6.83 | \$7.19 | \$7.52 | \$7.83 | \$8.17 | HTG |

(4) Business, Rate Groups 7-12

| | Group | | | | | | USOC |
|--------------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 7 | 8 | 9 | 10 | 11 | 12 | HTG |
| (a) Per line, PBX Trunk or NAR made rotary | \$8.45 | \$8.73 | \$9.00 | \$9.19 | \$9.39 | \$9.55 | HTG |

**FLORIDA PAYPHONE SUBSIDY STUDY
AND SUPPORTING WORKPAPERS**

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Workpapers Supporting Subsidy Study

Exhibit No. 2

BellSouth Telecommunications, Inc.
FPSC
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FLORIDA PAYPHONE SUBSIDY STUDY

FEBRUARY 20, 1997

FLORIDA PAYPHONE SUBSIDY STUDY

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FLORIDA PAYPHONE SUBSIDY STUDY

Introduction and Overview

The Telecommunications Act of 1996, Section 276, requires the Federal Communications Commission (FCC) to establish a level playing field for the payphone industry. In return for giving LEC payphone units the freedom to pursue new business opportunities, the Act requires LECs to assign their payphone assets from regulated telephone company accounts to separate unregulated accounts and prohibits any subsidy of payphone operations by regulated telephone operations.

On September 20, 1996, the FCC released its Report and Order FCC 96-388, In the Matter of Implementation of the Pay Telephone Reclassification and Compensation provisions of the Telecommunications Act of 1996, CC Docket No. 96-128. This Order was subsequently modified by the FCC in the ORDER OF RECONSIDERATION, FCC 96-439, released November 8, 1996 ("ORDERS"). Among other things, the "ORDERS" require the deregulation of all payphone equipment, elimination of intrastate and interstate payphone subsidies, and require Local Exchange Carriers (LEC) to provide the same tariffed payphone services to other payphone service providers as they provide to their own payphone operations.

As it relates to the termination of intrastate subsidies, FCC Order 96-388, paragraph 186, states:

"We require, pursuant to the mandate of Section 276(b)(1)(B), incumbent LECs to remove from their intrastate rates any charges that recover the costs of payphones. Revised intrastate rates must be effective no later than April 15, 1997. ... States must determine the intrastate rates elements that must be removed to eliminate any intrastate subsidies within this time frame."

FLORIDA PAYPHONE SUBSIDY STUDY

Study Assumptions

Assumes revenues to cover cost of payphone access line service and payphone station cost is limited to local message revenue.

Assumes payphone access is provisioned using SmartLine® functionality.

Assumes average net investment is equal to total capital.

FLORIDA

Payphone Subsidy Calculation
Summary of Results

(\$000)

| COL 1 | COL 2 | COL 3 |
|--------------------------------------------------|-----------------|----------------|
| <u>1988 Intrastate Financial Data</u> | | |
| Payphone Revenue | | |
| Public Revenue | 56,262 | |
| Semi Public Revenue | 7,060 | |
| Set Use Fee Revenue | 5,176 | |
| Exclude Operator Services Revenue | <u>(16,004)</u> | |
| Total Revenue | | 352,494 |
| Access Line Expense | | 14,803 |
| All Other Payphone Expense | | |
| Commission Expense | 10,088 | |
| Collection Expense | 6,430 | |
| Maintenance Expense | 12,285 | |
| Depreciation | 3,113 | |
| Other Expense | <u>9,275</u> | |
| Total Payphone Expense | | 41,189 |
| Total Expense | | 55,993 |
| Taxes | | (1,648) |
| Net Operating Income | | (1,851) |
| Payphone Investment Base | | 19,048 |
| Return on Investment Base | | -9.72% |
| Return on Investment at 11.25% | | 2,143 |
| Additional NOI required to achieve 11.25% | | 3,993 |
| Revenue Subsidy at 11.25% | | \$6,501 |
| (Gross up to Revenue Requirement (3,993/61.42%)) | | |

Expenses are associated with provisions of combined services (interstate and intrastate). Expenses are accounted for on a combined basis. This study develops the intrastate expense related to SmartLine[®] access expense and payphone station expense.

SmartLine[®] access expense, shown on Exhibit No. 2, page 4, was developed from embedded cost studies comparable to cost underlying SmartLine[®] tariffs plus fixed usage equivalent cost. SmartLine[®] tariffs are tariffs charged to independent payphone providers for network and operator services coin signaling functions, e.g., coin relay, coin collection, coin return, and coin recall. Inmate service does not require coin functionality. Therefore, the inmate "SmartLine[®]" cost is basically access line cost plus a fixed usage equivalent cost. Intrastate access line expense was developed by taking SmartLine[®] cost times average public, semi public, and inmate lines.

Other payphones expense (station expense), shown on Exhibit 2, page 5, was developed by identifying the payphone station portion of intrastate total expenses. FCC Part 69 principles were used to allocate expenses which could not be directly assigned.

Payphone investment base (station investment) shown on Exhibit 2, pg. 9-10, was developed by identifying the payphone station portion of intrastate total investment. FCC Part 69 principles were used to allocate investment which could not be directly assigned.

FLORIDA PAYPHONE SUBSIDY STUDY

Description of Study Procedures

The Telecommunications Act requires elimination of all interstate and intrastate payphone subsidy. Interstate carrier common line charges must be reduced by an amount equal to the interstate allocation of payphone station costs currently recovered through those charges. Intrastate allocation of payphone station costs are not recovered through any specific charge. This study develops intrastate payphone station costs based on the principles set forth in the Separation Manual codified as Part 36 and Access Charge rules, Part 69 of the FCC Rules and Regulations. This study is based on 1995 data.

The intrastate revenue subsidy shown on Exhibit No. 1, page 8 was developed based on earned local message net operating income derived from public, semi public and the regulated portion of inmate services. Earned net income was compared to net income at an 11.25% return on average net investment. The difference in the net income was then grossed up to a revenue amount.

Revenues basically are directly associated with services rendered and are therefore identified as such from accounting records. Revenues detailed on Exhibit No. 2, page 3 are intrastate revenues derived from providing local message services less operator service revenue. The revenues used in the study basically represent revenue received from the \$.25 local coin message charge.

BellSouth Telecommunications, Inc.
FPSC
Exhibit No. 2
Page 1 of 11

**FLORIDA WORKPAPERS SUPPORTING
PAYPHONE SUBSIDY STUDY**

FEBRUARY 20, 1997

FLORIDA WORKPAPERS SUPPORTING PAYPHONE SUBSIDY STUDY

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FLORIDA
PAYPHONE REVENUE DETAIL
 (\$000)

| COL. 1 | COL. 2 | COL. 3 | COL. 4 | COL. 5 |
|--------------------------|---------------------------------------------|--------------------|--------------------------|---------------|
| <u>Account</u> | <u>Description</u> | <u>Source</u> | <u>Intrastate Amount</u> | |
| | <u>Public</u> | | | |
| 5010.1100 | Msg Chgs Sent Paid | MA4 YTD Col. | 38,283 | |
| 5010.1200 | Msg Chgs Non Sent Paid | MA4 YTD Col. | <u>17,976</u> | |
| | Total Public | | | 56,262 |
| | <u>Semi Public</u> | | | |
| 5001.3100 | Recurring Charges | MA4 YTD Col. | 1,808 | |
| 5010.5100 | Msg Chgs Sent Paid | MA4 YTD Col. | 3,538 | |
| 5010.5200 | Msg Chgs Non Sent Paid | MA4 YTD Col. | <u>1,714</u> | |
| | Total Semi Public | | | 7,060 |
| 5060.4310 | Set Use Fee | MA4 YTD Col. | | 5,176 |
| 5010.1200 & 5010.5200 | Exclude Operator Services Revenue | Subsidiary Records | | (16,004) |
| | TOTAL REVENUE LESS OPERATOR SERVICES | | | 52,494 |

**FLORIDA
 ACCESS LINE EXPENSE DETAIL
 (\$000)**

| COL. 1 | COL. 2 | COL. 3 | COL. 4 | COL. 5 |
|-----------------|----------------------------------------------|------------------|------------------|---------------|
| <u>Line No.</u> | <u>Description</u> | <u>Source</u> | <u>Amount</u> | |
| | <u>Fixed Usage Equivalent Smart Line</u> | | | |
| 1 | SmartLine Monthly Cost | Cost Study | \$39.03 | |
| 2 | Inmate Monthly Line Cost | Cost Study | \$39.04 | |
| 3 | Average Public Lines | Customer Records | 28,067 | |
| 4 | Average Semi Public Lines | Customer Records | 9,017 | |
| 5 | Average Inmate Lines | Customer Records | 4,895 | |
| 6 | Average Payphone Lines | L3+L4+L5 | | 41,979 |
| 7 | Public & Semi Expense | L1*(L3+L4) | 1,447 | |
| 8 | Inmate Expense | L2*L5 | <u>191</u> | |
| 9 | Total Expense | L7+L8 | | 1,638 |
| 10 | Annual Access Line Expense | L9*12 | | 19,662 |
| 11 | Intrastate Allocation (1 less Interstate) | Part 36.154 | | 0.75 |
| 12 | Intrastate Annual Access Line Expense | | | 14,746 |
| 13 | Adjustment for State Specific Depreciation | | | 57 |
| 14 | INTRASTATE ANNUAL ACCESS LINE EXPENSE | | | 14,803 |

FLORIDA
ALL OTHER PAYPHONE EXPENSE DETAIL
 (\$000)

| | COL 1 | COL 2 | COL 3 | COL 4 (Exclude) | COL 5 (C3 - C4) | |
|---------------------------------------|----------------|-------|--------------------------------|-------------------------------|----------------------------|-----------------------------------|
| Expense | | | Expense Worksheet Reference | Interstate Per Separations | Interstate Line Expense | Interstate Payphone Expense |
| 1 Network Support | L3 | | | 34 | 15 | 19 |
| 2 General Support | L6 | | | 1,593 | 666 | 907 |
| 3 COE | L11 | | | 344 | 344 | 0 |
| 4 IOT | L16 | | | 12,285 | 0 | 12,285 |
| 5 Cable & Wire Exchange Line | L21 | | | 1,452 | 1,452 | 0 |
| 6 Other Property, Plant and Equipment | L26 | | | 6 | 6 | 0 |
| 7 Network Operations | L28 | | | 2,290 | 2,290 | 0 |
| 8 GSF Depreciation | L32 | | | 684 | 295 | 369 |
| 9 Subscriber Common Line Depr. | L34 | | | 292 | 292 | 0 |
| 10 Transmission Depr. | L36 | | | 463 | 463 | 0 |
| 11 IOT Depr. | L38 | | | 2,724 | 0 | 2,724 |
| 12 Cable & Wire Exchange Line Depr. | L40 | | | 1,364 | 1,364 | 0 |
| 13 Capital Leases Amort. | L42 | | | 45 | 0 | 45 |
| 14 Marketing | L47 | | | 1,166 | 0 | 1,166 |
| 15 IC Switching | L48 | | | 144 | 144 | 0 |
| 16 Payphone Collection & Adm. | L50 | | | 6,430 | 0 | 6,430 |
| 17 Customer Services | L66 | | | 934 | 403 | 532 |
| 18 Payphone Commission | L67 | | | 10,066 | 0 | 10,066 |
| 19 Corporate Operations | L75 | | | 10,525 | 4,535 | 5,990 |
| 20 Other Taxes | L79 | | | 1,081 | 466 | 615 |
| 21 ALL OTHER PAYPHONE EXPENSE | Column Total | | | | | 41,169 |
| 22 INTEREST EXPENSE | ARMIS L8010e-3 | | | 1,362 | 568 | 774 |

FLORIDA
ALL OTHER PAYPHONE EXPENSE WORKSHEET
 (\$000)

| COL 1 | COL 2 | COL 3 |
|-----------------------------------------------|-----------------------|----------------------------|
| Description | Source | Intrastate Per Separations |
| 1 TOTAL NETWORK SUPPORT EXPENSE | ARMIS 43-04, L5000 | 2,829 |
| 2 Allocation Based on Asoc. Invest. | Investment Detail L28 | 1.21% |
| 3 Payphone Network Support Expense | L1*L2 | <u>34</u> |
| 4 TOTAL GENERAL SUPPORT EXPENSE | ARMIS 43-04, L5010 | 131,746 |
| 5 Allocation Based on Asoc. Invest. | Investment Detail L28 | 1.21% |
| 6 Payphone General Support Expense | L4*L5 | <u>1,593</u> |
| 7 TOTAL COE EXPENSE | ARMIS 43-04, L5022 | 118,166 |
| 8 COE Investment | ARMIS 43-04, L5023 | 2,855,595 |
| 9 Payphone COE Investment | Investment Detail L9 | 8,320 |
| 10 Allocation Based on Asoc. Invest. | L9/L8 | 0.29% |
| 11 Payphone COE Expense | L7*L10 | <u>344</u> |
| 12 COINLESS IOT EXPENSE | ARMIS 43-04, L5032 | 291 |
| 13 OTH IOT EXPENSE (EXCLDS COINLESS) | ARMIS 43-04, L5030 | 33,318 |
| 14 Allocation Based on Asoc. Invest. | Investment Detail L17 | 36.00% |
| 15 Payphone Oth IOT Expense (Excl'd Coinless) | L13*L14 | 11,994 |
| 16 Payphone Coin and Coinless Expense | L12+L15 | <u>12,285</u> |
| 17 CABLE AND WIRE EXCHANGE LN EXP | ARMIS 43-04, L5072 | 201,957 |
| 18 C&W Investment | ARMIS 43-04, L5073 | 3,638,768 |
| 19 Payphone C&W Investment | Investment Detail L25 | 26,163 |
| 20 Allocation Based on Asoc. Invest. | L19/L18 | 0.72% |
| 21 Payphone C&W Exchange Line Expense | L17*L20 | <u>1,452</u> |
| 22 OTH PROP, PLANT AND EQUIP. EXP | ARMIS 43-04, L6000 | 607 |
| 23 COE, IOT, C&W Investment | ARMIS 43-04, L6001 | 7,627,470 |
| 24 Payphone COE, IOT, C&W Invest | Investment Detail L27 | 60,036 |
| 25 Allocation Based on Asoc. Invest. | L24/L23 | 1.05% |
| 26 Payphone Oth Prop, Plant and Equip. Exp. | L22*L25 | <u>6</u> |

FLORIDA
ALL OTHER PAYPHONE EXPENSE WORKSHEET
 (\$000)

| COL 1 | COL 2 | COL 3 |
|--------------------------------------------------|-----------------------|----------------------------|
| Description | Source | Intrastate Per Separations |
| 27 TOTAL NETWORK OPERATIONS EXP | ARMIS 43-04, L6010 | 189,343 |
| 28 Allocation Based on Asoc. Invest. | Investment Detail L28 | 1.21% |
| 29 Payphone Network Operations Expense | L27*L28 | 2,290 |
| 30 DEPRECIATION & AMORTIZATION | | |
| 31 GSF | ARMIS 43-04, L6020 | 65,982 |
| 32 GSF Depreciation | L31*L5 + JD Depr | 684 |
| 33 Switching | ARMIS 43-04, L6030 | 100,328 |
| 34 Subscriber Common Line Depreciation | L33*L10 | 292 |
| 35 Transmission | ARMIS 43-04, L6050 | 158,938 |
| 36 Transmission Depreciation | L35*L10 | 483 |
| 37 IOT | ARMIS 43-04, L6060 | 11,378 |
| 38 IOT Depreciation | L37*L14 + JD Depr | 2,724 |
| 39 C&W | ARMIS 43-04, L6070 | 192,525 |
| 40 Cable and Wire Exchange Line Depreciation | L39*L20 | 1,384 |
| 41 Amort. GSF | ARMIS 4304, L6100 | 3,734 |
| 42 Capital Lease Amortization | L41*L5 | 45 |
| 43 MARKETING EXPENSE | ARMIS 43-04, L7000 | 96,295 |
| 44 Total TPIS | ARMIS 43-04, L1540 | 7,815,136 |
| 45 Payphone TPIS | Investment Detail L35 | 92,243 |
| 46 Allocation Based on Combined Invest. | L45/L44 | 1.21% |
| 47 Payphone Marketing Expense | L43*L46 | 1,166 |
| 48 PAYPHONE IC SWITCHING EXPENSE | ARMIS 43-04, 7211e*3 | 144 |
| 49 LOCAL BUSINESS OFFICE EXPENSE | | |
| 50 Intrastate Coin Collection and Administration | ARMIS 43-04, L7200 | 8,430 |
| 51 Inward Movement Public Telephone | MR7 | 3,878 |
| 52 Service Order Tariff Rate | Service Order Tariff | 58.00 |
| 53 Payphone Local EU SO Proc | L51*L52/1000 | 217 |

FLORIDA
ALL OTHER PAYPHONE EXPENSE WORKSHEET
 (\$000)

| COL 1 | COL 2 | COL 3 |
|--------------------------------------------------|---------------------|----------------------------|
| Description | Source | Intrastate Per Separations |
| 54 Local EU SO Processing | ARMIS 43-04, L7089 | 87,083 |
| 55 Coin Collection and Administration | ARMIS 43-04, L7200 | 6,743 |
| 56 Total Commissions | FC 8160 & 8161 | 16,989 |
| 57 Total Customer Services Expense | L54+L55+L56 | 110,795 |
| 58 Intrastate EU SO Processing | L53 | 217 |
| 59 Intrastate Coin Collection and Administration | ARMIS 43-04, L7200 | 6,430 |
| 60 Local Intrastate Commissions | FC 8160 & 8161 | 10,086 |
| 61 Intrastate Customer Services Expense | L58+L59+L60 | 16,733 |
| 62 Allocation Based on Expense | L61/L57 | 15.10% |
| 63 Other Customer Services Expense | ARMIS 43-04, L7300 | 21,738 |
| 64 Oth Customer Serv Exp Less Commissions | L63-L66 | 4,749 |
| 65 Payphone Customer Services Excl. Comm | L64*L62 | 717 |
| 66 Payphone Customer Services Expense | L53+L65 | 934 |
| 67 PAYPHONE COMMISSIONS | L60 | 10,086 |
| 68 INTER BIG 3 CORP OPERATIONS EXP | ARMIS 43-04, L7333d | 304,399 |
| 69 Interstate Corporate Operations Expense | ARMIS 43-04, L7331d | 91,088 |
| 70 Interstate Payphone Allocation | L73/L68 | 2,39% |
| 71 Interstate Payphone Corporate Oper Expense | L69*L70 | 2,176 |
| 72 Intra Big 3 Exp Accts. 6110-6620 excl 6560 | Part 69.409 | 35,172 |
| 73 Inter Big 3 Exp Accts. 6110-6620 excl 6560 | Part 69.409 | 7,273 |
| 74 Allocated to Payphone | L72/L73 | 5 |
| 75 Payphone Corporate Operations Expense | L74*L71 | 10,525 |
| 76 OTHER TAXES | ARMIS 43-04, L8003 | 89,394 |
| 77 Allocated to Payphone TPIS | ARMIS 43-04, L8004 | 7,627,470 |
| 78 Allocation Based on Assoc. Invest. | L45/L77 | 1.21% |
| 79 Payphone Other Taxes | L76*L78 | 1,081 |

FLORIDA
 INVESTMENT DETAIL
 (\$000)

| | COL 1 | COL 2 | COL 3 | COL 4 (Excluded) | COL 5 (C3 - C4) |
|--------------------------------------------------------|-------|----------------------------|--------------------------------|----------------------------------|--------------------------------------|
| | | | Interstate Per Reservations | Interstate Line Investment | Interstate Payphone Investment |
| COE-EXCHANGE LINE CIRCUIT EQUIP | | | | | |
| 1 Avg. Cost per Loop | | ARMIS 43-04, L12730 | 284.26 | | |
| 2 Number of Public Lines | | Customer Records | 28,087 | | |
| 3 Same Public Lines | | Customer Records | 9,017 | | |
| 4 Inmate Lines | | Customer Records | 4,880 | | |
| 5 Total Payphone Loops | | L2-L3-L4 | 41,979 | | |
| 6 Total Payphone Exchange Line Circuit Equipment | | (L1-L5)/1000 | 11,083 | | |
| 7 Interstate Allocation (BAF-Part 36.126)(C3) | | ARMIS 43-04, L12764 | 25,00% | | |
| 8 Interstate Allocn | | L6-L7 | 2,773 | | |
| 9 Intrastate Direct to Payphone Element of CCL | | L8-L8 | 8,320 | 8,320 | |
| Information Originator/Termination Equip. (IOT) | | | | | |
| 10 Coinless | | ARMIS 43-04, L14220 | 1,983 | | |
| 11 Interstate Alloc Totl Minutes of Use-Part 36.142(a) | | ARMIS L14230/14230 | 15,67% | | |
| 12 Intrastate | | L10-L11 | 308 | | |
| 13 Intrastate | | L10-L12 | 1,658 | | 1,658 |
| 14 Coin | | ARMIS L14200 | 162,580 | | |
| 15 Interstate Alloc BAF-Part 36.142(e) | | ARMIS L14214 | 22,00% | | |
| 16 Interstate | | L14-L15 | 40,648 | | |
| 17 Interstate Direct to Payphone Element | | ARMIS (L14244-14220)/14204 | 36,00% | | |
| 18 Interstate to Payphone | | L16-L17 | 14,632 | | |
| 19 Intrastate to Payphone | | L18-L9 | 43,887 | | 43,887 |
| Cable & Wire Exchange Line | | | | | |
| 20 Avg Cost Per Loop-Part 36.154(e) | | ARMIS L14530 | 530.98 | | |
| 21 Total Payphone Loops | | L5 | 41,979 | | |
| 22 Exchange CAW Payphone Investment | | (L30-L31)/1000 | 34,884 | | |
| 23 Interstate Alloc BAF-Part 36.154(e) | | ARMIS L14584 | 23,00% | | |
| 24 Interstate to Payphone | | L27-L23 | 8,721 | | |
| 25 Interstate to Payphone | | L23-L24 | 28,163 | 28,163 | |
| 26 Interstate Total COE, IOT, CAW | | ARMIS 43-04, L60116 | 6,817,881 | | |
| 27 Interstate Payphone COE, IOT, CAW | | Sum L8, 13, 18, 25 | 80,028 | 34,483 | 45,542 |
| 28 Interstate Payphone Allocation Ratio | | L27/L28 | 1,21% | | |
| 29 Dist Comb. Investment | | L27 CA/C3, L27 CA/C3 | 100,00% | 43,08% | 56,92% |

FLORIDA
INVESTMENT DETAIL
 (\$000)

| COL 1 | COL 2 | COL 3 | COL 4 (Excluded) | COL 5 (C3 - C4) |
|-------------------------------------------------------|------------------------------|----------------------------|----------------------------|--------------------------------|
| Investment | Source | Intrastate Per Separations | Intrastate Line Investment | Intrastate Payphone Investment |
| 30 General Support | | | | |
| 31 Interstate Alloc Big 3 Exps. - Part 36.111(a) | ARMIS L1000d/1000b | 21.31% | | |
| 32 Intrastate | ARMIS L1000c | 994,952 | | |
| 33 Intrastate to Payphone | L32*L28 | 12,033 | 5,184 | 6,848 |
| 34 Intrastate Capital Leases & Leasehold Improvements | ARMIS L2150c*(L33/L32) | 178 | 178 | |
| 35 Total Telephone in Service - Intrastate | Sum 27, 33, 34 | 92,243 | 39,643 | 52,400 |
| 36 Inventories - Intrastate | ARMIS L2221e*3 | 840 | 382 | 478 |
| 37 Accumulated Depr. Intrastate | Sum L38...L42 | 50,380 | 17,930 | 32,430 |
| 38 General Support | ARMIS L3010c*(L33/L32) | 2,985 | 1,288 | 1,699 |
| 39 SUBSCRIBER COMMON LINE | # ARMIS L3020e,3030e,3040e*3 | 3,913 | 3,913 | 0 |
| 40 IOT | ARMIS L3050e*3+JD | 30,731 | 0 | 30,731 |
| 41 Cable & Wire Exchange Line | # ARMIS L3080e*3 | 12,638 | 12,638 | 0 |
| 42 Capital Leases | ARMIS L3230c*(L33/L32) | 98 | 98 | 0 |
| 43 Deferred Taxes Intrastate | Sum L44...L47 | 4,759 | 3,359 | 1,400 |
| 44 General Support | ARMIS L3350c*(L33/L32) | 1,787 | 770 | 1,017 |
| 45 SUBSCRIBER COMMON LINE | # ARMIS L3380e,3370e,3380e*3 | 1,100 | 1,100 | 0 |
| 46 IOT | ARMIS L 3380e*3+JD | 384 | 0 | 384 |
| 47 Cable & Wire Exchange Line | # ARMIS L3400e*3 | 1,488 | 1,489 | 0 |
| 48 INTRASTATE AVERAGE NET INVESTMENT | L38+L39-L37-L43 | | | 19,048 |

Adjusted to exclude investment associated with provision of independent payphone service.

ALLOCATION RULE REFERENCES:
 PART 32 ACCOUNT & PART 69 ALLOCATION RULES

| COL 1 FCC RULE REFERENCE | COL 2 PRIMARY PART 32 ACCOUNTS | COL 3 DESCRIPTION | COL 4 PART 69 ALLOCATION RULE |
|-----------------------------|--------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Revenues | | | |
| 32.5010 | 5010.1100 | Public Telephone - Mag Chgs Sent Paid | Direct Assignment |
| 32.5010 | 5010.1200 | Public Telephone - Mag Chgs Non Sent Paid | Direct Assignment |
| 32.5001 | 5001.3100 | Basic Area Revenue - Semi Public Recurring Charges | Direct Assignment |
| 32.5010 | 5010.5100 | Semi-Public Revenue - Mag Chgs Sent-Paid | Direct Assignment |
| 32.5010 | 5010.5200 | Semi-Public - Mag Chgs Non Sent Paid | Direct Assignment |
| 32.5060 | 5060.4310 | Other Local Exchanges - Set Use Fee | Direct Assignment |
| 32.5010 | 5010.1200&.5200 | Operator Surcharge Revenue | Direct Assignment |
| Expenses | | | |
| 32.6110 | 6110 | Network Support Accts. 6112-6116 | 69.401(a1) Allocated Based on COE,IOT,C&W |
| 32.6120 | 6120 | General Support Accts 6121- 6124 | 69.401(a2) Allocated Based on COE,IOT,C&W |
| 32.6230 | 6230 | Central Office Transmission Equip - Acct.6232 | 69.401(b) Allocated Based on COE Investment |
| 32.6361 | 6361 | Public Telephone Terminal equipment - IOT | 69.401(c) Allocated Based on IOT Investment |
| 32.6410 | 6410 | Cable & Wire Facilities Accts.6411-6426 | 69.401(c) Allocated Based on C&W Investment |
| 32.6510 | 6512 | Other Property, plant and equipment | 69.401(d) Allocated Based on COE,IOT, C&W |
| 32.6530 | 6530 | Network Operations - Accts. 6531-6533 | 69.401(d) Allocated Based on COE,IOT, C&W |
| 32.6560 | 6561 | General Support Depreciation Expense | 69.401(f) Associated Investment |
| 32.6560 | 6561 | Central Office Switching Depreciation Expense | 69.401(f) Associated Investment |
| 32.6560 | 6561 | Central Office Transmission Depreciation Expense | 69.401(f) Associated Investment |
| 32.6560 | 6561 | Information Origination and Termination Depr. Expense | 69.401(f) Associated Investment |
| 32.6560 | 6561 | Cable & Wire Depreciation Expense | 69.401(f) Associated Investment |
| 32.6560 | 6563 | Capital Leases Amort. Expense | 69.401(f) Associated Investment |
| 32.6610 | 6610 | Marketing | 69.403 Allocated Based on Telephone Plant in Service |
| 32.6620 | 6623 | IC Switching | 69.406 Allocated Based on Investment |
| 32.6620 | 6623 | Payphone Collection & Adm. | 69.406(9) Direct to Payphone |
| 32.6620 | 6623 | Customer Services | 69.406 Combined Expenses Account 6620 |
| 32.6620 | 6623 | PayPhone Commission | 69.406 Combined Expenses Account 6620 |
| 32.6720 | 6720 | Corporate Operations | 69.409 Sig 3 Expense Factor |
| 32.7240 | 7240 | Other Taxes | 69.402 Allocated Based on Telephone Plant in Service |

ISSUED: ~~August 5, 1996~~ *FEBRUARY 26, 1997*
BY: Joseph P. Lacher, President - FL
Miami, Florida

A3. BASIC LOCAL EXCHANGE SERVICE

A3.6 Rotary Service (Cont'd)

A3.6.1 General (Cont'd)

- A. Rotary or hunting service is an arrangement via central office equipment which allows completion of an incoming call to any of the lines (i.e. individual lines, PBX Trunks or NARS) in a group from a line (in the group) that is called but is in use. A rotary charge as specified below applies to each of the lines in the group that are equipped for rotary service. This rotary charge will not be applicable for Business Message Rate individual lines, Message Rate PBX Trunks and Message Rate Network Access Registers. Rotary service is not required with the "call forwarding" feature of Custom Calling Service unless the line is part of a rotary service line arrangement. Specifically, the rotary charges in A3.6.2 will apply to Flat Rate individual lines (residence and business); Residence Message Rate individual lines; auxiliary lines; Flat Rate Incoming or Combination PBX Trunks and Flat Rate Incoming or Combination NARS in a hunting arrangement.
- B. Residence service lines at private residence locations shall be limited to five (5) lines in rotary or hunting. If more than five lines are required in rotary or hunting at a private residence, business service rates shall apply for all lines in rotary. Effective August 20, 1996, existing residence service subscribers with more than five lines in rotary or hunting will retain their service as specified in Section A103. of this Tariff.

A3.6.2 Rates

A. Rotary Service Associated With Flat Rate Lines, PBX Trunks and NARS

(1) Residence, Rate Groups 1-6

| | Group | | | | | | USOC |
|---------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | HTG |
| (a) Per line or PBX Trunk made rotary | \$3.65 | \$3.85 | \$4.05 | \$4.20 | \$4.40 | \$4.58 | |

(2) Residence, Rate Groups 7-12

| | Group | | | | | | USOC |
|---------------------------------------|--------|--------|--------|--------|--------|--------|------|
| | 7 | 8 | 9 | 10 | 11 | 12 | HTG |
| (a) Per line or PBX Trunk made rotary | \$4.75 | \$4.90 | \$5.03 | \$5.15 | \$5.23 | \$5.33 | |

(3) Business, Rate Groups 1-6

| | Group | | | | | | USOC |
|--------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------|
| | 1 | 2 | 3 | 4 | 5 | 6 | HTG |
| (a) Per line, PBX Trunk or NAR made rotary | \$7.00 \$6.50 | \$7.40 \$6.85 | \$7.84 \$7.19 | \$8.00 \$7.52 | \$8.54 \$7.83 | \$8.75 \$8.17 | |

(4) Business, Rate Groups 7-12

| | Group | | | | | | USOC |
|--------------------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------|
| | 7 | 8 | 9 | 10 | 11 | 12 | HTG |
| (a) Per line, PBX Trunk or NAR made rotary | \$9.00 \$8.45 | \$9.50 \$8.78 | \$9.96 \$9.00 | \$10.00 \$9.19 | \$10.54 \$9.59 | \$10.40 \$9.55 | |