

*Public Version*

Northeast Florida Telephone Company  
Supplemental Response to Commission Staff Data Requests: Section 2 of Chapter 98-277  
980000A-SP: UNDOCKETED SPECIAL PROJECT  
Fair and Reasonable Rates

Northeast Florida Telephone Company ("Northeast") has performed an analysis of its company-specific data to industry data that is currently available for the largest three LECs in Florida (BellSouth, GTE and Sprint) using a spreadsheet developed by ALLTEL Florida ("ALLTEL"). Northeast agrees with ALLTEL's position that an average of the large LECs Total Service Long Run Incremental Cost (TSLRIC) studies would represent the minimum economic cost that a small LEC in Florida would incur to provide similar services. As shown by ALLTEL in their responses to this data request, a comparison of the major cost drivers for Northeast to the same cost drivers for BellSouth, GTE and Sprint would be representative of the information used to develop a forward-looking economic cost study. The analysis that Northeast has performed lends support to ALLTEL's analysis that demonstrates why the small LECs in Florida (like Northeast) will have higher costs than those of the large LECs.

The results of the aforementioned analysis show that when compared to Northeast Florida Telephone Company, on an average basis, BellSouth, GTE and Sprint have:

- \* 115% less switching investment per line
- \* 158% less cable & wire facilities investment per line
- \* 128% less total investment per line
- \* 160% less total expenses & taxes per line
- \* 139% less total costs per line
- \* 9% higher business line ratio (29% vs. 20%)
- \* 6% lower residential line ratio (70% vs. 76%)
- \* 21,795 more lines per exchange (six times more)
- \* 290 more lines per average square mile (nineteen times more)
- \* 7.3 more lines per average square mile in the exchange with the most square miles
- \* 1,795 more lines per average square mile in the exchange with the least square miles

The above information may help ascertain the small LEC's relative economic cost of providing residential basic local telecommunications services in Florida for purposes of determining a fair and reasonable residential basic local telecommunications rate. This analysis should only be used to demonstrate that significant differences exist between the costs that would be inherent in providing similar services by the small LECs, when compared to the three large LECs in Florida. It should not be used as a surrogate for determining Northeast's (nor any of the other small LECs) actual service costs that may be currently contributing to universal service.

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FPSC-RECORDS/REPORTING

(g) Please provide a contribution analysis for PBX trunk service.

Response: See Attached Exhibit I

(h) Please provide the cost study and all associated work papers and related documentation, that results in the contribution analysis in (g).

Response: No further information available.

(i) Please provide a contribution analysis for all multi-line circuit-switched business services other than those indicated in (e) and (g).

Response: See Attached Exhibit I

(j) Please provide the cost study and all associated work papers and related documentation, that results in the contribution analysis in (i).

Response: No further information available.

2. (a) Please provide a contribution analysis for intrastate switched access charges.

Response: See Attached Exhibit I

(b) Please provide the cost study and all associated work papers and related documentation, that results in the contribution analysis in (a).

Response: No further information available.

3. (a) Please provide a contribution analysis for intraLATA toll (including common line WATS/800-type services).

Response: See Attached Exhibits I and II

(b) Please provide the cost study and all associated work papers and related documentation, that results in the contribution analysis in (a).

Response: No further information available.

NORTHEAST FLORIDA TELEPHONE COMPANY, INC.  
980000A-SP: UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Rates  
SUPPLEMENTAL FILING OF ADDITIONAL DATA RELATED TO QUESTION 3.(a)

	REVENUES		
	Minutes of Use/Mo.	Rate	Annual Revenue
IntraLATA Toll (MTS)		Variable Rates	

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Note: Information provided in this worksheet was developed from March 1998 Data.  
IntraLATA Toll (MTS) Revenues reflect only those revenues billed and retained by Northeast.  
There has been no netting of these revenues with any costs paid to other LEC's in the LATA.