

# Step 1

## Verizon - Washington Calculation of Total Adjusted Direct Expenses

		<u>W/P</u> <u>Reference</u>
Total Operating Expenses	246,847,361 Attachment I, Column B	14-502 & 14-503
<b>Adjustments:</b>		
Remove NRC Expenses <sup>1</sup>	(18,425,720) Attachment I, Column F	14-502 & 14-503
Merger Savings <sup>2</sup>	(15,941,000) Attachment I.a.5, Column B	14-519
RTU Fees <sup>3</sup>	(7,360,736) Attachment I.a.5, Column A	14-519
AAIS Imple/ MARK Savings <sup>4</sup>	(1,026,177) Attachment I.a.5, Column C	14-519
OSS/OMT <sup>5</sup>	(1,350,641) Attachment I.a.5, Column D	14-519
Account Removal Adjustment	(132,236) See Supporting Schedule (See Page 2 of 2)	
General Support Capital Cost	49,217,016 Attachment K, Column I	14-621
Total Adjustments	4,980,506	
Total Operating Expenses before common	251,827,867	
Common Cost	70,472,268	Bench Request 14
Total Direct Expenses	181,355,599	

**Note:**

- 1) NRC expenses were removed because Verizon Northwest, Inc. recovers 100% of its common costs from recurring costs only. No common costs are recovered relating to non-recurring costs.
- 2) Bell Atlantic/GTE estimated merger savings for Verizon Northwest, Inc.
- 3) ICM treats all Right to Use (RTU) fees for switches as part of capital cost; therefore, all RTU fees are removed to avoid potential double counting.
- 4) The MARK (Mechanized Assignment and Record Keeping) system is scheduled to be replaced by the AAIS (Assignment, Activation and Inventory Services) system. Therefore, all MARK system costs are removed from the recurring cost study.
- 5) One-time local competition implementation costs incurred in 1998 for Verizon Northwest, Inc. were removed from the recurring cost study.

## Verizon- Washington Calculation of Account Removal Adjustment

Account	Attachment I Column B Amount	Amounts Removed by way of Other Adjustments AAIS					Net Amount to be Removed
		NRC	RTU Fee	Merger Savings	Impl/MARK Savings	OSS/OMT	
1) 6113	457,687	0	0	0	0	0	457,687
6211	287,362	23,592	0	0	0	0	263,770
6215	89,039	8,158	0	0	0	0	80,881
6431	19,863	378	0	0	0	0	19,485
2) 6512	1,109,603	0	0	1,428,000	0	0	(318,397)
6726	771,810	0	0	1,143,000	0	0	(371,190)
Reference stamp page	14-502,503	14-502,503	14-519	14-519	14-519	14-519	<u>132,236</u>

Note: 1. Accounts 6113, 6211, 6215, 6431 are eliminated due to not being forward looking technology.

2. To avoid double elimination, add back net amount of account (except those in note 1), where Adjustment 3 = 0 and the sum of columns F and G is > column B on Attachment I.

GTE Telephone Operations - Washington  
 1998 ARMIS Data - 6xxx, Operating Expenses

State	Account Code	Account Name	(A) 1998 ARMIS Amount	(B) Clearing Account Redistribution	(C) Normal Adjust	Adjusted ARMIS Amount
WA	6112	Motor Vehicle Expense	887,320	0	0	887,320
WA	6113	Aircraft Expense	457,687	0	0	457,687
WA	6114	Special Purpose Vehicles Expense	10,640	0	0	10,640
WA	6115	Garage Work Equipment Expense	16,370	0	0	16,370
WA	6116	Other Work Equipment Expense	317,923	0	0	317,923
WA	6121	Land & Building Expense	8,990,613	0	38,313	9,028,926
WA	6122	Furniture & Artworks Expense	1,189,602	0	0	1,189,602
WA	6123	Office Equipment Expense	1,613,036	0	0	1,613,036
WA	6124	General Purpose Computers Expense	18,752,322	0	0	18,752,322
WA	6211	Analog Electronic Expense	287,362	0	0	287,362
WA	6212	Digital Electronic Expense	18,662,656	0	325,997	18,988,653
WA	6215	Electromechanical Expense	89,039	0	0	89,039
WA	6220	Operator Systems Expense	265,533	0	0	265,533
WA	6231	Radio Systems Expense	117,624	0	0	117,624
WA	6232	Circuit Equipment Expense	5,108,237	0	60,053	5,168,290
WA	6351	Public Tel. Terminal Equip. Expense	0	0	0	0
WA	6382	Other Terminal Equipment Expense	1,067,109	0	0	1,067,109
WA	6411	Poles Expense	1,489,084	0	0	1,489,084
WA	6421	Aerial Cable Expense	5,167,362	0	287,876	5,455,238
WA	6422	Underground Cable Expense	2,068,153	0	31,923	2,100,076
WA	6423	Buried Cable Expense	11,833,431	0	411,457	12,244,888
WA	6424	Submarine Cable Expense	2,225	0	0	2,225
WA	6425	Deep Sea Cable Expense	24	0	0	24
WA	6426	Intrabuilding Network Cable Expense	75,145	0	0	75,145
WA	6431	Aerial Wire Expense	19,863	0	0	19,863
WA	6441	Conduit Systems Expense	255,888	0	0	255,888
WA	6512	Provisioning Expense	(879,976)	0	1,989,579	1,109,603
WA	6531	Power Expense	1,154,475	0	0	1,154,475
WA	6532	Network Administration Expense	6,886,635	0	265,027	7,151,663
WA	6533	Testing Expense	8,356,988	0	253,882	8,610,871
WA	6534	Plant Operations Admin. Expense	11,172,798	0	213,283	11,386,081
WA	6535	Engineering Expense	4,254,718	0	70,542	4,325,260
WA	6540	Access Expense	10,950,797	0	0	10,950,797
WA	6561	Depr. Exp. - Telecom Plant in Service	0	0	0	0
WA	6562	Depr. Exp. - Property Held for Future	0	0	0	0
WA	6563	Amortization Expense - Tangible	0	0	0	0
WA	6564	Amortization Expense - Intangible	0	0	0	0
WA	6611	Product Management	5,277,170	0	186,168	5,463,338
WA	6612	Sales	19,504,266	0	300,352	19,804,618
WA	6613	Product Advertising	4,407,075	0	0	4,407,075
WA	6621	Call Completion Services	2,911,498	0	69,845	2,981,343
WA	6622	Number Services	6,184,082	0	42,896	6,227,079
WA	6623	Customer Services	24,087,898	0	700,594	24,788,491
WA	6711	Executive	2,073,420	0	61,729	2,135,149
WA	6712	Planning	893,444	0	161,552	1,054,995
WA	6721	Accounting & Finance	4,698,722	0	568,822	5,267,544
WA	6722	External Relations	2,972,200	0	264,969	3,237,169
WA	6723	Human Resources	6,947,704	0	356,459	7,304,162
WA	6724	Information Management	23,901,886	0	294,024	24,195,910
WA	6725	Legal	1,744,231	0	104,720	1,848,951
WA	6726	Procurement	771,810	0	0	771,810
WA	6727	Research & Development	918,979	0	0	918,979
WA	6728	Other General & Administrative	11,087,390	0	193,637	11,281,027
WA	7240	Taxes Other Than Income	653,107	0	0	653,107
	<b>Total</b>		<b>239,613,563</b>	<b>0</b>	<b>7,233,798</b>	<b>246,847,361</b>

(A) Source: 1998 ARMIS 43-03 Data; See Attachment C.

(B) Represents an entry to redistribute the work centers associated with clearing accounts to the other work centers within each respective account for cost pool mapping purposes.

(C) See Attachment D.2

Note: See Attachment D.1 for a detailed listing of the above adjustments at a 6 digit account level.

State	Account Code	Type	Amount
WA	612130	OPEB TBO	38,313
WA	621210	OPEB TBO	325,997
WA	623221	OPEB TBO	60,053
WA	642110	OPEB TBO	267,876
WA	642210	OPEB TBO	31,923
WA	642310	OPEB TBO	384,714
WA	642319	OPEB TBO	26,743
WA	651210	Inv Obs	1,989,579
WA	653210	OPEB TBO	265,027
WA	653320	OPEB TBO	253,882
WA	653410	OPEB TBO	25,499
WA	653420	OPEB TBO	65,132
WA	653490	OPEB TBO	47,427
WA	653497	OPEB TBO	75,225
WA	653510	OPEB TBO	36,829
WA	653597	OPEB TBO	33,713
WA	661120	OPEB TBO	147,013
WA	661130	OPEB TBO	39,155
WA	661219	OPEB TBO	80,454
WA	661229	OPEB TBO	156,504
WA	661269	OPEB TBO	63,394
WA	662110	OPEB TBO	69,845
WA	662210	OPEB TBO	42,996
WA	662310	OPEB TBO	40,026
WA	662317	OPEB TBO	26,788
WA	662321	OPEB TBO	37,180
WA	662330	OPEB TBO	101,309
WA	662341	OPEB TBO	102,073
WA	662343	OPEB TBO	88,508
WA	662344	OPEB TBO	144,716
WA	662362	OPEB TBO	159,993
WA	671110	OPEB TBO	61,729
WA	671210	OPEB TBO	132,862
WA	671217	OPEB TBO	28,690
WA	672110	OPEB TBO	235,249
WA	672117	OPEB TBO	32,319
WA	672120	OPEB TBO	227,107
WA	672130	OPEB TBO	45,314
WA	672137	OPEB TBO	28,833
WA	672210	OPEB TBO	86,680
WA	672217	OPEB TBO	118,209
WA	672220	OPEB TBO	60,080
WA	672310	OPEB TBO	303,364
WA	672350	OPEB TBO	53,095
WA	672410	OPEB TBO	221,403
WA	672421	OPEB TBO	33,380
WA	672428	OPEB TBO	39,241
WA	672510	OPEB TBO	104,720
WA	672830	OPEB TBO	72,383
WA	672861	OPEB TBO	121,254

State	Account Code	Type	Amount
		Total	7,233,798

**Note:**

Normalizing amounts:

OPEB TBO - Represents a true-up of the "Other Post Employment Benefits Transition Benefit Obligation" (OPEB TBO) for severed employees recorded in a prior period.

Inv Obs - Represents a multi-year true-up to the inventory obsolescence reserve account for items identified as "slow moves or "no moves through GTE's material management system.

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
Account Code	Total Expenses	Avoided Percentage	Avoided Cost	B&C Amount	NRC Amount	Dir & Misc Adjust Amount	Wholesale Adjust1 Factor	Retail Adjust1 Factor	Whole/Retail Adjust2 Factor	Wholesale Adjust Factor	ICM Retail Adjust Factor	Wholesale Adjust3 Factor	Retail Adjust3 Factor
6112	867,320	0.000000	0	0.47	0.00	0.00	0	0.999999	0.990407	0.990407	0.990407	1.000000	1.000000
6113	457,687	0.000000	0	0.00	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000
6114	10,640	0.000000	0	0.00	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
6115	16,370	0.000000	0	0.00	0.00	0.00	0	1.000000	0.999816	0.999816	0.999816	1.000000	1.000000
6116	317,923	0.000000	0	0.62	0.00	0.00	0	0.999998	0.926445	0.926443	0.926443	1.000000	1.000000
6121	9,028,926	0.060700	548,056	5,216.38	0.00	542	0.938662	0.999362	0.997535	0.936198	0.996898	1.000000	1.000000
6122	1,169,802	0.060700	70,995	77,734.79	0.00	6,856	0.866978	0.927576	0.958189	0.825164	0.885864	1.000000	1.000000
6123	1,613,036	0.060700	97,911	147,452.68	0.00	6,407	0.843915	0.904615	0.888480	0.732404	0.793104	1.000000	1.000000
6124	18,752,322	0.060700	1,138,266	2,673,035.85	327,402.21	754,322	0.739071	0.798771	0.987004	0.726075	0.786775	1.000000	1.000000
6211	18,988,653	0.000000	0	273.16	1,392,278.96	7,368,251	0.917900	0.917900	0.743608	0.661508	0.661508	0.000000	0.000000
6212	287,362	0.000000	0	0.00	23,582.43	0	0.908381	0.908381	0.819549	0.358178	0.358178	1.000000	1.000000
6215	89,039	0.000000	0	0.00	8,157.69	0	1.000000	1.000000	0.986974	0.663803	0.663803	0.000000	0.000000
6220	265,533	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.986974	0.986974	0.986974	1.000000	1.000000
6231	117,624	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.850504	0.850504	0.850504	1.000000	1.000000
6232	5,166,290	0.000000	0	111.10	42,207.95	4,128	0.991010	0.991010	0.753957	0.744967	0.744967	1.000000	1.000000
6351	0	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
6362	1,067,109	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.819622	0.175632	0.175632	1.000000	1.000000
6411	1,469,084	0.000000	0	0.00	3,215.10	0	0.997811	0.997811	0.894189	0.992000	0.992000	1.000000	1.000000
6421	5,435,238	0.000000	0	0.00	759,013.79	3,546	0.859701	0.859701	0.841295	0.700996	0.700996	1.000000	1.000000
6422	2,100,076	0.000000	0	0.00	31,378.14	964	0.984600	0.984600	0.856728	0.841328	0.841328	1.000000	1.000000
6423	12,244,868	0.000000	0	1.37	2,315,509.05	11,979	0.809922	0.809922	0.756449	0.586371	0.586371	1.000000	1.000000
6424	2,225	0.000000	0	0.00	1,097.05	0	0.507030	0.507030	0.814084	0.321094	0.321094	1.000000	1.000000
6425	24	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
6426	75,145	0.000000	0	0.00	34,045.82	0	0.546933	0.546933	0.847517	0.394450	0.394450	1.000000	1.000000
6431	19,863	0.000000	0	0.00	377.93	0	0.980973	0.980973	0.898114	0.879087	0.879087	1.000000	1.000000
6441	265,888	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.853876	0.853876	0.853876	1.000000	1.000000
6512	1,109,603	0.000000	0	0.00	0.00	1,428,000	-0.286946	-0.286946	0.958430	-0.328516	-0.328516	0.000000	0.000000
6531	1,194,475	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.999738	0.999738	0.999738	1.000000	1.000000
6532	7,151,663	0.000000	0	0.00	1,616,465.13	0	0.773971	0.773971	0.936781	0.710762	0.710762	1.000000	1.000000
6533	8,610,871	0.000000	0	0.00	1,310,128.15	455,129	0.794987	0.794987	0.434587	0.229594	0.229594	1.000000	1.000000
6534	11,386,081	0.000000	0	41.72	0.00	3,244	0.999711	0.999711	0.708289	0.707881	0.707881	1.000000	1.000000
6535	4,325,260	0.000000	0	3.24	0.00	0	0.969969	0.969969	0.835760	0.835760	0.835760	1.000000	1.000000
6540	10,960,797	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
6561	0	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000
6562	0	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000
6583	0	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000
6584	0	0.000000	0	0.00	0.00	0	1.000000	1.000000	1.000000	1.000000	1.000000	0.000000	0.000000
6611	5,463,398	0.245000	1,338,518	0.00	0.00	319,431	0.666532	0.941532	0.376712	0.073244	0.318244	1.000000	1.000000
6612	19,804,618	0.730000	14,457,371	0.00	0.00	1,106,953	0.214106	0.944106	0.078371	-0.707523	0.022477	0.000000	1.000000
6613	4,407,075	0.920000	4,054,508	0.00	0.00	207,000	0.033030	0.953030	0.060693	-0.906277	0.013723	0.000000	1.000000
6821	2,981,343	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.999861	0.999861	0.999861	1.000000	1.000000
6822	6,227,079	0.115000	716,114	67.46	0.00	2,196,032	0.532331	0.647331	1.000118	0.532449	0.647449	1.000000	1.000000
6823	24,788,491	0.570000	14,129,440	7,711,425.65	9,566,213.91	3,143,922	-0.393429	0.176571	0.981053	-0.412376	0.157624	0.000000	1.000000
6711	2,135,149	0.060700	129,604	984.73	0.00	0	0.938639	0.999539	0.998895	0.938734	0.999434	1.000000	1.000000
6712	1,054,995	0.060700	64,038	1.51	0.00	0	0.939289	0.999999	0.999751	0.939050	0.999750	1.000000	1.000000

(A) Account Code	(B) Total Expenses	(C) Avoided Cost Percentage	(D) Avoided Cost	(E) B&C Amount	(F) NRC Amount	(G) Dir & Misc Adjust Amount	(H) Wholesale Adjust1 Factor	(I) Retail Adjust1 Factor	(J) Wholesale/Retail Adjust2 Factor	(K) iCM Wholesale Adjust Factor	(L) iCM Retail Adjust Factor	(M) Wholesale Adjust3 Factor	(N) Retail Adjust3 Factor
6721	5,267,544	0.060700	319,740	843.50	0.00	769,012	0.793149	0.853849	0.999986	0.793136	0.853836	1.000000	1.000000
6722	3,237,168	0.060700	196,498	940.10	0.00	459,000	0.797219	0.857919	1.000561	0.797780	0.858480	1.000000	1.000000
6723	7,304,162	0.060700	443,363	78,048.19	0.00	1,142,156	0.772518	0.833218	0.993419	0.765937	0.826637	1.000000	1.000000
6724	24,195,910	0.060700	1,468,892	3,395,109.19	318,729.61	4,648,689	0.593682	0.654392	0.994263	0.587945	0.648645	1.000000	1.000000
6725	1,848,951	0.060700	112,231	0.36	0.00	306,000	0.773801	0.834501	1.000000	0.773801	0.834501	1.000000	1.000000
6726	771,810	0.060700	46,849	0.00	0.00	1,143,000	-0.541634	-0.480934	0.999887	-0.541737	-0.481037	0.000000	0.000000
6727	918,979	0.060700	55,782	0.00	0.00	886,000	0.192820	0.253520	1.000000	0.192620	0.253520	1.000000	1.000000
6728	11,281,027	0.060700	684,758	503,379.34	0.00	1,702,685	0.743744	0.804444	0.843753	0.587497	0.648197	1.000000	1.000000
7240	653,107	0.000000	0	0.00	0.00	0	1.000000	1.000000	0.999999	0.999999	0.999999	1.000000	1.000000
				246,847,361	40,072,732	14,592,671.40	18,425,720.00	27,874,587					
				Total E - G		60,892,977.91							

**Note:**

Column (B) Represents 1998 Adjusted ARMIS Data adjusted for normalization entries and the redistribution of clearing account activities; See Attachment D.

Column (C) Per the GTE Avoided Cost Study, the percentage to be avoided in a wholesale environment; See Attachment I.d.

Column (D) Column (B) x Column (C)

Column (E) Billing & Collection costs excluded for wholesale and retail activities to avoid double counting; See Attachments I.a.1.

Column (F) Non-recurring charges excluded for wholesale and retail activities to avoid double counting; See Attachment I.a.2/I.a.3.

Column (G) Directory costs and Miscellaneous charges exclude/added for wholesale and retail activities;

Directory (662260); See Attachment D.1

RTU Fees (621214) and other Miscellaneous adjustments; See Attachment I.a.5 (if applicable)

Column (H) [1 - ((Column (D)+ Column (E)+ Column (F)+Column (G))/Column (B))]: The Adjust1 factor for wholesale activities that represents the adjusted amount after taking into account items in columns (D), (E), (F), & (G).

Column (I) [1 - (Column (E) + Column (F) + Column(G)) / Column (B)]: The Adjust1 factor for retail activities that represents the adjusted amount after taking into account items in Columns (E), (F), & (G).

Column (J) Adjust2 factor for both wholesale and retail activities. Represents Activity Based Costing (ABC) adjustments as computed on Attachment I.b.

Column (K) [1 - [1 - Column (H)] - [1 - Column (J)]]: Computation of the percentage of wholesale costs after taking into account items under Adjust1 and Adjust2. [ Note, this factor is not an input into ICM.]

Column (L) [1 - [1 - Column (I)] - [1 - Column (J)]]: Computation of the percentage of retail costs remaining after the elimination of items under Adjust1 and Adjust2. [Note, this factor is not an input into ICM.]

Columns (M) & (N) Adjust3 for wholesale and retail activities. The adjustment will appear as either a "1" or "0". A value of "1" indicates there is no Adjust3 required. Conversely, a "0" means that the total General Ledger amount for a specific account is eliminated. Types of transactions that would result in a "0" in Adjust3 include:

(1) Elimination of non-forward looking costs such as account(s) 6211 (Analog switch), 6215 (Electro-mechanical switch) and 6431 (aerial wire).

(2) Elimination of aircraft costs (account 6113).

(3) Elimination of account balances in which the combination of Adjust1 plus Adjust2, as computed in Columns (K) and (L), exceed 100%; i.e. a negative amount.

Column (L) [1 - [1 - Column (I)] - [1 - Column (J)]]: Computation of the percentage of retail costs remaining after the elimination of items under Adjust1 and Adjust2. [Note, this factor is not an input into ICM.]

Columns (M) & (N) Adjust3 for wholesale and retail activities. The adjustment will appear as either a "1" or "0". A value of "1" indicates there is no Adjust3 required. Conversely, a "0" means that the total General Ledger amount for a specific account is eliminated. Types of transactions that would result in a "0" in Adjust3 include:

(1) Elimination of non-forward looking costs such as account(s) 6211 (Analog switch), 6215 (Electro-mechanical switch) and 6431 (aerial wire).

(2) Elimination of aircraft costs (account 6113).

(3) Elimination of account balances in which the combination of Adjust1 plus Adjust2, as computed in Columns (K) and (L), exceed 100%; i.e. a negative amount.



GTE Telephone Operations - Washington  
1998 Miscellaneous Adjustments

Attachment I.a.5

Account	(a) RTU Fee	(b) Merger Savings	(c) AAIS Implem/ MARK Savings	(d) OSS/OMT	(a+b+c+d) Total Misc. Adjust
6112	0	0	0	0	0
6113	0	0	0	0	0
6114	0	0	0	0	0
6115	0	0	0	0	0
6116	0	0	0	0	0
6121	0	0	0	542	542
6122	0	0	0	6,856	6,856
6123	0	0	0	6,407	6,407
6124	0	0	754,322	0	754,322
6211	0	0	0	0	0
6212	7,360,738	0	0	7,515	7,368,251
6215	0	0	0	0	0
6220	0	0	0	0	0
6231	0	0	0	0	0
6232	0	0	0	4,128	4,128
6351	0	0	0	0	0
6362	0	0	0	1,319	1,319
6411	0	0	0	0	0
6421	0	0	0	3,546	3,546
6422	0	0	0	964	964
6423	0	0	0	11,979	11,979
6424	0	0	0	0	0
6425	0	0	0	0	0
6426	0	0	0	0	0
6431	0	0	0	0	0
6441	0	0	0	0	0
6512	0	1,428,000	0	0	1,428,000
6531	0	0	0	0	0
6532	0	0	0	0	0
6533	0	454,000	0	1,129	455,129
6534	0	0	587	2,657	3,244
6535	0	0	0	0	0
6540	0	0	0	0	0
6561	0	0	0	0	0
6562	0	0	0	0	0
6563	0	0	0	0	0
6564	0	0	0	0	0
6565	0	0	0	0	0
6611	0	310,000	0	9,431	319,431
6612	0	1,034,000	0	72,953	1,106,953
6613	0	207,000	0	0	207,000
6621	0	0	0	0	0
6622	0	0	0	0	0
6623	0	3,138,000	0	5,922	3,143,922
6711	0	0	0	0	0
6712	0	0	0	0	0
6721	0	785,000	0	4,012	789,012
6722	0	459,000	0	0	459,000
6723	0	1,071,000	0	71,156	1,142,156
6724	0	3,257,000	271,269	1,120,430	4,648,699
6725	0	308,000	0	0	308,000
6726	0	1,143,000	0	0	1,143,000
6727	0	686,000	0	0	686,000
6728	0	1,883,000	0	19,695	1,702,695
7240	0	0	0	0	0
<b>Total</b>	<b>7,360,738</b>	<b>15,941,000</b>	<b>1,028,177</b>	<b>1,350,841</b>	<b>25,678,554</b>

**GTE Telephone Operations - Washington  
1998 Miscellaneous Adjustments**

**Attachment I.a.5**

<u>Account</u>	<u>(a) RTU Fee</u>	<u>(b) Merger Savings</u>	<u>(c) AAIS Implem./ MARK Savings</u>	<u>(d) OSS/OMT</u>	<u>(a+b+c+d) Total Misc. Adjust</u>
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Notes: Miscellaneous adjustments include:

- (a) ICM treats all Right to Use (RTU) fees for switches as part of capital cost, therefore all RTU fees recorded to account 6212 are removed to avoid potential double counting.
- (b) Bell Atlantic/GTE estimated merger savings for GTE Washington
- (c) The MARK (Mechanized Assignment and Record Keeping) system is scheduled to be replaced by the AAIS (Assignment, Activation and Inventory Services) system. Therefore, all MARK system costs (booked in Work Centers 63S8 and 6D01) are removed from the recurring cost study.
- (d) One-time local competition implementation costs incurred in 1998 for GTE Washington were removed from the recurring cost study.

GTE Telephone Operations - Washington  
General Support Expense

Compliance

(A) Account Code	(B) ARMIS Investment	(C) Adjust1	(D) Adjust2	(E) Adjust3	(F) Adjusted Investment	(G) Composite Income Tax	(H) Depreciation Return	(H) Property Tax	(I) Annual General Support Expense
211100	8,915,931	1,000000	1,000000	1,000000	8,915,931	0.03367246	0.09758856	0.00767900	1,238,780
211200	15,790,884	1,111500	1,000000	1,000000	17,551,568	0.00224700	0.14610022	0.00000000	2,603,726
211300	3	1,000000	1,000000	0,000000	0	0.03367245	0.09758856	0.00767900	0
211400	0	1,000000	1,000000	1,000000	0	0.00237693	0.15427164	0.00767900	0
211500	689,050	1,149200	1,000000	1,000000	791,856	0.00371890	0.11892767	0.00767900	103,199
211600	24,188,198	1,134100	1,000000	1,000000	27,431,835	0.00370486	0.12646116	0.00767900	3,781,342
212100	154,807,104	1,575500	1,000000	1,000000	243,698,592	0.02346795	0.09940196	0.00767900	31,840,697
212200	7,602,429	1,298100	1,000000	1,000000	9,868,713	0.00537991	0.11373789	0.00767900	1,251,321
212300	17,535,514	1,020090	1,000000	1,000000	17,887,802	0.01626448	0.16580163	0.00767900	3,751,879
212400	35,281,072	0,663200	1,000000	1,000000	23,398,407	0.00949359	0.18139098	0.00767900	4,646,071
<b>Total</b>	<b>264,810,185</b>				<b>349,744,705</b>				<b>49,217,016</b>

Note:

Column (B) ARMIS Investment amount is a 13 month rolling average for the period 12/97-12/98  
 Column (C) Adjust1 - C.A. Turner indices for reproduction cost; See Attachment J.1.  
 Column (D) Adjust2 - Not currently used  
 Column (E) Adjust3 - Used to eliminate the investment for aircraft (account 2113)  
 Column (F) [Column (B) x Column (C) x Column (D) x Column (E)]  
 Column (G) Per ICM Calculation  
 Column (H) Per ICM Calculation  
 Column (I) Column (F) x (sum of (Column (G) + Column (H)). This amount is assigned to the appropriate cost pools on Attachment M.

GTE Telephone Operations - Washington  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

Attachment D

(A) Account Code	(B) Total	(C) Cable	(D) Aerial Non- Metallic	(E) Aerial Metallic	(F) Buried Non- Metallic	(G) Buried Metallic	(H) Underground- Metallic	(I) Underground Metallic	(J) Poles	(K) Conduit	(L) Transmission
2111	1,238,780	39,517	0	0	0	0	0	0	496	5,946	160,060
2112	2,803,726	106,926	0	0	0	0	0	0	0	0	0
2113	0	0	0	0	0	0	0	0	0	0	0
2114	0	0	0	0	0	0	0	0	0	0	0
2115	103,159	0	0	0	0	0	0	0	0	0	0
2116	3,781,342	123,502	0	0	0	0	0	0	0	0	0
2121	31,840,697	1,015,718	0	0	0	0	0	0	12,736	152,835	4,113,818
2122	1,251,321	81,709	0	0	0	0	0	0	1,089	11,991	25,569
2123	3,751,879	266,705	0	0	0	0	0	0	2,311	23,698	50,531
2124	4,646,071	1,150	0	0	0	0	0	0	51	0	0
6112	859,000	35,276	0	0	0	0	0	0	0	0	0
6113	0	0	0	0	0	0	0	0	0	0	0
6114	10,640	0	0	0	0	0	0	0	0	0	0
6115	16,367	0	0	0	0	0	0	0	0	0	0
6116	294,538	9,620	0	0	0	0	0	0	0	0	0
6121	8,452,860	269,646	0	0	0	0	0	0	3,381	40,574	1,092,109
6122	965,114	63,020	0	0	0	0	0	0	840	9,249	19,721
6123	1,181,384	63,981	0	0	0	0	0	0	728	7,462	15,911
6124	13,815,595	3,371	0	0	0	0	0	0	150	0	0
6211	0	0	0	0	0	0	0	0	0	0	0
6212	8,801,325	0	0	0	0	0	0	0	0	0	0
6215	0	0	0	0	0	0	0	0	0	0	0
6220	262,074	0	0	0	0	0	0	0	0	0	0
6231	100,040	0	0	0	0	0	0	0	0	0	100,040
6232	3,848,715	0	0	0	0	0	0	0	0	0	3,848,715
6351	0	0	0	0	0	0	0	0	0	0	0
6362	187,418	0	0	0	0	0	0	0	0	0	0
6411	1,457,332	0	0	0	0	0	0	0	1,457,332	0	0
6421	3,810,078	0	18,407	3,791,672	0	0	0	0	0	0	0
6422	1,766,852	0	0	0	0	0	52,812	1,714,041	0	0	0
6423	6,935,147	0	0	0	60,019	6,875,128	0	0	0	0	0
6424	715	0	0	0	554	161	0	0	0	0	0
6425	24	0	0	0	24	0	0	0	0	0	0
6426	29,641	0	19,262	10,379	0	0	0	0	0	0	0
6431	0	0	0	0	0	0	0	0	0	0	0
6441	244,086	0	0	0	0	0	0	0	0	244,086	0
6512	0	0	0	0	0	0	0	0	0	0	0
6531	1,154,172	0	0	0	0	0	0	0	0	0	0
6532	5,083,128	27,755	0	0	0	0	0	0	0	0	0
6533	1,977,004	0	0	0	0	0	0	0	0	0	0
6534	8,061,126	81,370	0	0	0	0	0	0	1,554	0	0
6535	3,614,877	245,830	0	0	0	0	0	0	0	0	0
6540	10,950,797	0	0	0	0	0	0	0	0	0	0
6561	0	0	0	0	0	0	0	0	0	0	0
6563	0	0	0	0	0	0	0	0	0	0	0
6564	0	0	0	0	0	0	0	0	0	0	0
											207,751

GTE Telephone Operations - Washington  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

(A) Account Code	(M) Switch	(N) IOT	(O) Direct Other	(P) Access	(Q) B & C	(R) Oper	(S) PUBCOM	(T) Consumer	(U) Business	(V) CXR	(W) Common
2111	275,876	89,564	248,747	1,115	1,734	80,845	8,176	0	0	188,970	157,944
2112	1,874	0	1,004,838	0	38	0	9,306	0	0	14,707	1,466,037
2113	0	0	0	0	0	0	0	0	0	0	0
2114	0	0	0	0	0	0	0	0	0	0	0
2115	0	0	4,532	0	0	0	0	0	0	0	98,667
2116	11,821	0	639,253	0	40	0	14,972	0	0	12,185	2,979,569
2121	7,090,923	2,302,082	6,393,612	26,657	44,577	2,072,829	210,149	0	0	4,343,071	4,059,689
2122	33,150	182,014	3,980	2,285	6,186	164,101	16,751	0	0	401,476	321,010
2123	73,889	359,703	1,055,191	4,515	37,129	324,525	34,235	0	0	885,054	534,383
2124	2,751	0	724,458	2	691,631	5,538	603	0	0	456,516	2,763,371
6112	618	0	331,508	0	13	0	3,070	0	0	4,852	483,663
6113	0	0	0	0	0	0	0	0	0	0	0
6114	0	0	10,640	0	0	0	0	0	0	0	0
6115	0	0	719	0	0	0	0	0	0	0	0
6116	921	0	49,793	0	3	0	1,166	0	0	0	15,648
6121	1,882,452	611,142	1,697,334	7,608	11,834	550,281	55,789	0	0	949	232,066
6122	25,588	140,383	3,077	1,762	4,771	126,567	12,920	0	0	1,152,970	1,077,740
6123	23,266	113,264	332,259	1,422	11,691	102,187	10,780	0	0	308,649	247,587
6124	8,063	0	2,123,069	8	2,026,868	18,229	1,767	0	0	278,686	199,758
6211	0	0	0	0	0	0	0	0	0	1,337,848	8,098,226
6212	6,801,325	0	0	0	0	0	0	0	0	0	0
6215	0	0	0	0	0	0	0	0	0	0	0
6220	0	0	0	0	0	262,074	0	0	0	0	0
6231	0	0	0	0	0	0	0	0	0	0	0
6232	0	0	0	0	0	0	0	0	0	0	0
6351	0	0	0	0	0	0	0	0	0	0	0
6362	0	187,416	0	0	0	0	0	0	0	0	0
6411	0	0	0	0	0	0	0	0	0	0	0
6421	0	0	0	0	0	0	0	0	0	0	0
6422	0	0	0	0	0	0	0	0	0	0	0
6423	0	0	0	0	0	0	0	0	0	0	0
6424	0	0	0	0	0	0	0	0	0	0	0
6425	0	0	0	0	0	0	0	0	0	0	0
6426	0	0	0	0	0	0	0	0	0	0	0
6431	0	0	0	0	0	0	0	0	0	0	0
6441	0	0	0	0	0	0	0	0	0	0	0
6512	0	0	0	0	0	0	0	0	0	0	0
6531	900,255	0	46,167	0	0	0	0	0	0	0	0
6532	69,980	0	4,961,597	0	-107	0	14,867	0	0	9,037	0
6533	0	0	1,977,004	0	0	0	0	0	0	0	0
6534	147,954	0	7,606,687	0	1,303	2	26,595	0	0	195,660	0
6535	236,708	0	3,097,447	0	0	0	0	0	0	34,892	0
6540	0	0	0	10,950,797	0	0	0	0	0	0	0
6581	0	0	0	0	0	0	0	0	0	0	0
6563	0	0	0	0	0	0	0	0	0	0	0
6564	0	0	0	0	0	0	0	0	0	0	0

GTE Telephone Operations - Washington  
 Attachment O  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

(A) Account Code	(B) Total	(C) Cable	(D) Aerial Non- Metallic	(E) Aerial Metallic	(F) Buried Non- Metallic	(G) Buried Metallic	(H) Undergd-Non Metallic	(I) Undergd Metallic	(J) Poles	(K) Conduit	(L) Transmission
6611	400,155	0	0	0	0	0	0	0	0	0	0
6612	0	0	0	0	0	0	0	0	0	0	0
6613	0	0	0	0	0	0	0	0	0	0	0
6621	2,980,928	0	0	0	0	0	0	0	0	0	0
6622	3,315,602	0	0	0	0	0	0	0	0	0	0
6623	0	0	0	0	0	0	0	0	0	0	0
6711	2,004,337	0	0	0	0	0	0	0	0	0	0
6712	990,693	0	0	0	0	0	0	0	0	0	0
6721	4,177,877	0	0	0	0	0	0	0	0	0	0
6722	2,582,549	0	0	0	0	0	0	0	0	0	0
6723	5,594,526	18,207	0	0	0	0	0	0	756	0	0
6724	14,225,866	1,684	0	0	0	0	0	0	-193	0	0
6725	1,430,719	0	0	0	0	0	0	0	0	0	0
6726	0	0	0	0	0	0	0	0	0	0	0
6727	177,197	0	0	0	0	0	0	0	0	0	0
6728	6,627,570	148,000	0	0	0	0	0	0	9,950	0	0
7240	653,107	0	0	0	0	0	0	0	0	0	0
Subtotal (2)	176,056,200	2,622,970	37,669	3,802,050	60,573	6,875,313	52,812	1,714,041	1,490,280	495,841	9,634,215
Dist of Other Dir Cost (3)		1,930,172	27,720	2,797,825	44,574	5,059,356	38,863	1,261,316	1,096,657	364,876	7,089,557
Subtotal	176,056,200	4,553,142	65,389	6,599,875	105,147	11,934,669	91,675	2,975,356	2,586,937	860,716	16,723,772
Dist of Cable (4)	0	-4,553,142	13,675	1,380,214	21,989	2,495,864	19,172	622,226			
Total Expense	176,056,200	0	79,063	7,980,089	127,136	14,430,534	110,846	3,597,584	2,586,937	860,716	16,723,772
Investment (5)	1,513,536,238	0	6,896,674	236,901,572	12,471,573	377,937,405	23,223,038	228,191,819	63,542,956	141,896,919	192,046,072
Dist of Cable Inv (6)	0	0	0	0	0	0	0	0	0	0	0
Total Investment	1,513,536,238	0	6,896,674	236,901,572	12,471,573	377,937,405	23,223,038	228,191,819	63,542,956	141,896,919	192,046,072
Expl/Inv Ratio (7)		0.011464	0.033685	0.010194	0.004773	0.0038182	0.004773	0.015766	0.040712	0.006066	0.087082

GTE Telephone Operations - Washington  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

Attachment O

(A) Account Code	(M) Switch	(N) IOT	(O) Direct Other	(P) Access	(Q) B & C	(R) Oper	(S) PUBCOM	(T) Consumer	(U) Business	(V) CXR	(W) Common
5611	48	0	269	0	1,785	27	47	0	0	54,462	343,517
5612	0	0	0	0	0	0	0	0	0	0	0
5613	0	0	0	0	0	0	0	0	0	0	0
5621	0	0	0	0	0	2,980,928	0	0	0	0	0
5622	0	0	0	0	0	3,315,602	0	0	0	0	0
5623	0	0	0	0	0	0	0	0	0	0	0
5711	0	0	12,935	0	7,276	0	0	0	0	65,464	1,918,663
5712	0	0	133,220	0	0	0	0	0	0	126	857,348
5721	0	0	135,725	0	1,085	0	0	0	0	99,020	3,942,047
5722	0	0	9,775	0	3	295	0	0	0	141,442	2,431,034
5723	8,511	0	281,748	0	128,393	9,744	10,645	0	0	215,011	4,921,511
5724	1,875	0	1,737,726	18,103	1,451,792	21,041	1,095	0	0	1,698,582	9,294,180
5725	0	0	566	0	-15,504	0	0	0	0	1,085	1,444,572
5726	0	0	0	0	0	0	0	0	0	0	0
5727	0	0	0	0	0	0	0	0	0	0	177,197
5728	50,352	0	1,006,718	0	6,765	29,465	24,531	0	0	444,171	4,908,517
7240	0	0	0	0	0	0	0	0	0	0	653,107
Subtotal (2)	17,648,182	3,985,569	35,630,603	11,016,270	4,419,305	10,062,080	457,463	0	0	12,325,884	53,727,080
Dist of Other Dir Cost (3)	12,986,817	2,932,872	-35,630,603								
Subtotal	30,634,999	6,918,441		11,016,270	4,419,305	10,062,080	457,463	0	0	12,325,884	53,727,080
Dist of Cable (4)											
Total Expenses	30,634,999	6,918,441		11,016,270	4,419,305	10,062,080	457,463	0	0	12,325,884	53,727,080
Investment (5)	208,438,648	21,989,562									
Total Investment	208,438,648	21,989,562									
Exp Inv Ratio (7)											
											0.146974

GTE Telephone Operations - Washington  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

Attachment O

(A) Account Code	(B) Total	(C) Cable	(D) Aerial Non- Metallic	(E) Aerial Metallic	(F) Buried Non- Metallic	(G) Buried Metallic	(H) Undergd-Non Metallic	(I) Undergd Metallic	(J) Poles	(K) Conduit	(L) Transmission
<b>Shared (8)</b>											
General Support & Plant Spec. Operations Costs											
OSP	2,373,880		X	X	X	X	X	X	X	X	X
Transmission	5,477,709										
Switch	9,431,173										
IOT	3,798,151										
Plant Non-Spec. Operations Costs											
OSP	356,509		X	X	X	X	X	X	X	X	X
Transmission	207,751										
Switch	1,354,897										
Cust. & Corp. Operations Costs											
OSP	177,484		X	X	X	X	X	X	X	X	X
Transmission	0										
Switch	60,787										
Network											
Network	32,697,731		X	X	X	X	X	X	X	X	X
IOT	2,932,872										
Total Shared Costs	58,668,744										

**Note:**

- (1) Account 2113 and 6113 (Aircraft) has been eliminated via Adjust3 on Attachment I.
- (2) The sum of Columns (C) through (W) equals the amounts as shown on Attachment N Column (W) which is the sum of direct expenses and general support expenses.
- (3) Distribution of Other Direct Cost in Column (O) to the Network Cost Pools shown in Columns (C) through (N). This computation is based on the proportion share of the individual Network Cost Pool components to the sum of all Network Cost Pool (i.e.- columns (C) through (N) multiplied by the total expense for Other Direct.
- (4) Distribution of adjusted cable cost to the aerial, buried, and underground cost pools for OSP Engineering/Construction. This computation is based on the proportionate share of the individual cable cost pool components to the total cable cost pools (i.e.- Columns (D) through (I) multiplied by the total expense for Cable (i.e.- Column (C)) .
- (5) Total Investment account excluding general support assets: See Attachment J.
- (6) Distribution of adjusted cable investment to the aerial, buried, and underground cost pools for OSP Engineering/Construction. This computation is based on the proportionate share of the individual cable investment pool components to the total cable cost pools (i.e.- Columns (D) through (I) multiplied by the total investment for Cable (i.e. - Column (C)).
- (7) Total Expense / Total Investment.
- (8) Detailed shared cost components included in total expenses.



GTE Telephone Operations - Washington  
 Development of Cost Pool Expense Assignment - Wholesale  
 Shared Cost Included in the Expense to Investment Calculation

Attachment O

(A) Account Code	(M) Switch	(N) IOT	(O) Direct Other	(P) Access	(Q) B & C	(R) Oper	(S) PUBCOM	(T) Consumer	(U) Business	(V) CXR	(W) Common
<b>Shared (8)</b>											
General Support & Plant Spec. Operations Costs											
OSP											
Transmission											
Switch	X										
IOT		X									
Plant Non-Spec. Operations Costs											
OSP											
Transmission											
Switch	X										
Cust. & Corp. Operations Costs											
OSP											
Transmission											
Switch											
Network											
IOT		X									

- Note:**
- (1) Account 2113 and 6113 (Aircraft) has been eliminated via Adjust3 on Attachment I.
  - (2) The sum of Columns (C) through (W) equals the amounts as shown on Attachment N Column (W) which is the sum of direct expenses and general support expenses.
  - (3) Distribution of Other Direct Cost in Column (C) to the Network Cost Pools shown in Columns (C) through (N). This computation is based on the proportion share of the individual Network Cost Pool components to the sum of all Network Cost Pool (i.e. - columns (C) through (N) multiplied by the total expense for Other Direct.
  - (4) Distribution of adjusted cable cost to the aerial, buried, and underground cost pools for OSP Engineering/Construction. This computation is based on the proportionate share of the individual cable cost pool components to the total cable cost pools [i.e. - Columns (D) through (I) multiplied by the total expense for Cable (i.e. - Column (C))].
  - (5) Total investment account excluding general support assets; See Attachment J.
  - (6) Distribution of adjusted cable investment to the aerial, buried, and underground cost pools for OSP Engineering/Construction. This computation is based on the proportionate share of the individual cable investment pool components to the total cable cost pools [i.e. - Columns (D) through (I) multiplied by the total investment for Cable (i.e. - Column (C))].
  - (7) Total Expense / Total Investment.
  - (8) Detailed shared cost components included in total expenses.