April 14, 1995

Fred Logan

GTE Northwest Inc.

P.O. Box 1003

Everett, WA  98206

Dear Fred:

In January of 1994 Walt Sorg asked me to describe the type of information that

I thought would be necessary for an adequate review of LCP.  My reply was the attached table.  The LCP report GTE provided on April 3, 1995, did not contain number of calls as

I had suggested to Walt.  Obviously, completion of these tables for each exchange would have required considerable data gathering.  I think it would have been well worth the effort, especially now that the Commission is showing interest in possibly expanding LCP-type options to exchanges outside of GTE's service area.  While revenue and customer perceptions are important to evaluation of LCP effects, the extent to which LCP has allowed increased communication is equally important.

It would be helpful if you could provide minutes of use and/or number of calls (preferably both) for both measured and flat-rated calls for all LCP exchanges for a month.

It would also be useful to have route-specific usage measurements for the same month.

To test my hypothesis that the customer perception of LCP differs by exchange, please send the results of your survey for each exchange.  My guess is that customers in exchanges like Spirit Lake and Bayview were more likely to respond to the survey but less likely to answer that LCP is "about the same as what they had before" compared to customers in exchanges like Coeur d'Alene and especially Sandpoint.

In getting GTE's original LCP compliance tariff approved in December of 1993, my decision memorandum to the Commission discussed two items of particular concern.  The first was questioning why LCP operator surcharges (which were the same as for toll and basic measured service) were higher than for public and semi-public services; GTE was supposed to research this difference.  The second concern was the requirement that FX service be restricted to LCP's Premium Calling option; GTE agreed to try to find a solution to this problem.  I would appreciate a written response from you on both these issues.

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We have received complaints about LCP detail billing or lack thereof.  One of the problems is that all LCP calls, both measured and flat rated, are included in the detail with no indication of which have discrete charges and which do not.  Another related problem is the

charge of $.50 per page even for pages which have few or no chargeable calls.  GTE was supposed to be working on solutions to these problems.  Please bring me up to date on GTE's progress.  Other complainants believe that bill detail should automatically, and at no charge, be provided for every chargeable LCP call; in other words they believe LCP calls should be billed similar to toll calls.  Please explain why this is or is not a good and reasonable idea.

Finally, please provide actual capital investments (as opposed to pre-implementation estimates) made exclusively for LCP implementation.  In describing these investments, please include physical locations, reason or need for investment, account codes, invoices and anything else that will assist our auditors.  Also, please provide support for GTE's assumption of a 40.35% carrying cost for LCP incremental investments.  Show how this differs from carrying costs for average investment and explain all differences (show calculations and data sources).  If the 40.35% carrying cost for LCP is the same as GTE's average, explain why it is the same and show all calculations and data sources for the average carrying cost.

In summary, I am requesting:

1.LCP usage data by exchange and by route for both measured and flat-rated calls.

2.Customer survey results by exchange.

3.Reason for operator surcharge levels different than for semi-public and public services.

4.Solution for problem of FX being restricted to Premium Calling.

5.Solutions for bill detail problems and customer dissatisfaction with lack of detail.

6.Detail of actual LCP capital investments and support for 40.35% carrying charge.

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You should also be made aware that I do not agree with GTE's proposal to automatically exclude interstate and interLATA routes from gaining LCP options.  The fact that such routes require more work on our parts to get implemented is not sufficient justification for their exclusion.  Any thoughts you have will be appreciated.

Beverly Barker just handed me a stack of two or three dozen complaints from GTE customers about LCP.   I've decided to go ahead and send you this letter now and then I'll begin reviewing the complaints.  I'll let you know if I spot any trends that require your attention.  Thanks in advance for your help.

Sincerely,

Lynn Anderson

Economist

Attachment

cc:Eileen Benner

Bev Barker

Karen Snyder

Working file (GTE-T-90-1, GTE-T-92-2, GTE-T-92-3, GTE-T-92-4)

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