1/26/96

To:Fred, Gwen, Dave @ GTE

From:Lynn @ IPUC

Following this cover sheet is a worksheet showing current residence rates, GTE's proposed LCP rates and differences between our % take estimates by rate group, and my final (I hope) staff alternative rates with estimated take rates.

The staff alternative rates are usually, but not always, quarter rounded.  In addition to the underlying rate design that I have previously faxed to you, these final rates consider existing rates, changes in flat rate areas, changes in the area to which reduced usage rates apply, and GTE's proposed rates.  I kept rate decreases to a minimum and tried to eliminate rate increases in situations where there was no LCP benefit.  I also reduced considerably the number of distinct rates.  I think the results, while far from theoretically pure, are quite reasonable and should please many customers without displeasing most.  In other words, I think these rates will work.

I know GTE prefers "premium" rates that contain a penalty premium, but I hope you'll find these rates less objectionable than my earlier attempts (perhaps the Company might even want to support them).

Thanks for your consideration.  On Monday, we can either fax our testimonies or Fed-Ex them, or both, I suppose.  Let us know your preference.