

Date Mailed June 29, 2000
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BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Administration of the Mechanisms of Price Regulation Pertaining to  
GTE North Incorporated on the Fifth Anniversary Date

2180-TI-133

**FINAL DECISION**

This decision establishes updated company-specific service quality benchmarks and performance ranges, determines prospective adjustments to the price cap index for GTE North Incorporated (GTE), and authorizes the amount by which GTE may increase its rates or mandating the amount it shall reduce them.

GTE is authorized to file tariffs that increase its rates by an average of 0.27 percent for price-regulated services. The quality of service benchmarks and performance ranges set forth in Appendix F shall be used in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001.

**Background**

On June 8, 2000, the Commission issued a Notice of Proceeding and Investigation and Assessment of Costs (Notice) in this docket. The Notice initiated an investigation to administer the mechanisms of price regulation pertaining to the amount that GTE may increase or must decrease its rates for price-regulated services. The price cap index is the mechanism established by the legislature in 1993 Wisconsin Act 496 (Act 496) for setting reasonable rates in lieu of rate-of-return regulation. The Commission applies Wis. Stat. § 196.196(1)(c), and Wis. Admin. Code § PSC 163.04 to determine prospective adjustments in the price cap index. Under Wis.

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Stat. § 196.196(1)(a), price-regulated services include basic local exchange service as defined in Wis. Stat. § 196.01(1g), and standard business access lines and usage by small businesses with no more than three access lines.<sup>1</sup>

In addition, the Commission initiated this proceeding to set new company-specific benchmarks for service quality to administer the mechanisms of price regulation pertaining to GTE's anniversary date in the year 2001. Industry-wide service quality standards for price regulated telecommunications utilities' anniversary dates in the year 2001 will be established in a future proceeding.

GTE and Commission staff have agreed, pursuant to Wis. Adm. Code PSC §163.04(1), to change the anniversary date to June 1. Pursuant to Wis. Admin. Code § PSC 163.04(8)(a), the Commission shall issue an order no later than 30 days after the utility's anniversary date authorizing the amount the utility may increase its rates or mandating the amount it shall reduce them. If a hearing is held, the time within which the Commission shall issue an order may be extended by 30 days.

A draft order was mailed to all parties listed on Appendix A. Any comments received have been considered in approving this final decision. No hearing was held in this docket and none was requested. As a result, this is not a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

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<sup>1</sup> In the order in docket 2180-TI-111, the Commission suspended the application of Wis. Stat. § 196.196(1)(a) to the extent that section regulates the provision of Basic Message Telecommunications Services.

### **Findings of Fact**

#### **THE COMMISSION FINDS:**

1. The gross domestic product price index for the fourth quarter of 1999 was 105.16. This represented a 1.59 percent increase over the index value of 103.51 for the fourth quarter of 1998.

2. GTE is a telecommunications utility, as defined in Wis. Stat. § 196.01, engaged in providing telecommunications service to the public.

3. GTE is a price-regulated telecommunications utility as defined in Wis. Stat. § 196.196.

4. The productivity offset for GTE is two percent.

5. The maximum increase in the productivity offset for quality of service for GTE's 2000 anniversary date is 0.40 percent. It is reasonable to give equal weight to each of the five service quality components specified in Wis. Admin. Code § PSC 163.04(2)(c)2., so that the maximum increase in the productivity offset for each component is 0.08 percent.

6. GTE's most recent actual performance for speed of repair fails to meet one of the dual industry-wide standards and fails to meet the company-specific three-year average performance. Its performance for percent repeat trouble reports fails to meet the industry-wide standard and fails to meet the company-specific three-year average performance. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)8.a., an adjustment equal to 100 percent of 0.08 percent shall be assessed for each of these components, increasing the productivity offset.

7. GTE's most recent actual performance for overall network quality fails to meet one of the dual industry-wide standards but meets or improves upon the company's most recent

three-year average performance. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)7.a., an adjustment equal to 50 percent of 0.08 percent, or 0.04 percent, shall be assessed for this component, increasing the productivity offset.

8. Based on evidence that GTE's performance for average employee answer time for repair calls partially met or exceeded customer expectations, 50 percent of the penalty otherwise assessable according to Wis. Admin. Code § PSC 163.04(2)(c)7.b. shall be waived, increasing the productivity offset by 0.02 percent.

9. GTE's most recent actual performance for average time interval for installation meets the industry-wide standard and the company-specific three-year average performance. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)6.a., no adjustment to the productivity offset shall be assessed for this component.

10. The total maximum increase in the productivity offset for infrastructure deployment for GTE's 2000 anniversary date is 0.40 percent and the total maximum decrease is 0.80 percent.

11. Based on GTE's cumulative actual dollar investment in enhancements and technological advancement as of December 31, 1999, an adjustment equal to 0.30 percent shall be granted for this component, decreasing the productivity offset.

12. Based on GTE's actual deployment of interoffice fiber and actual replacement of analog working channels of subscriber carrier with digital subscriber carrier as of December 31, 1999, an adjustment equal to 0.20 percent shall be granted for each component, decreasing the productivity offset.

13. Based on GTE's actual replacement of the VIDAR switch at Lyndon Station during 1999, an adjustment equal to 0.10 percent shall be granted for this component, decreasing the productivity offset.

14. Based on the level of actual Wisconsin Advanced Telecommunications Foundation (WATF) contributions, no adjustment to the productivity offset shall be assessed for this component.

15. Based on the factors set forth in Wis. Admin. Code § PSC 163.04(2)(f), GTE shall be granted a discretionary adjustment of 0.10 percent, decreasing the productivity offset.

16. The calculations of price cap and annual price indices as shown in Appendices D and E are reasonable.

17. Based on Appendix E, it is reasonable that GTE be allowed to increase its rates for price-regulated services by an average of 0.27 percent, so that its three-year maximum actual price index (API), presently equal to 100.00, is no more than the authorized three-year maximum price cap index (PCI) of 100.27.

18. The company-specific service quality benchmarks and performance ranges set forth in Appendix F are reasonable for use in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001.

19. It is reasonable to base a decrease in the productivity offset for WATF contributions on the WATF's calculated annual contribution plus 20 percent and an increase in the productivity offset on the WATF's calculated annual contributions less 10 percent.

### **Conclusion of Law**

#### **THE COMMISSION CONCLUDES:**

It has jurisdiction under Wis. Stat. § 196.196(1)(c) and Wis. Admin. Code ch. PSC 163 to issue an order establishing updated company-specific quality of service benchmarks and performance ranges, establishing infrastructure investment components together with benchmark ranges and component weights, determining prospective adjustments to the price cap index for GTE, and authorizing the amount by which GTE may increase its rates or mandating the amount it shall reduce them, pursuant to the findings of fact and opinion set forth herein.

### **Opinion**

Under Wis. Stat. §§ 196.196(1)(c) and (cm), in determining the amount the utility may increase its rates or mandating the amount it shall reduce them, the Commission shall consider: (1) the annual percentage change in the Gross Domestic Product Price Index (GDPPI); (2) a statutory productivity factor offset; (3) an increase in the productivity offset for inadequate service or insufficient investment; and (4) a decrease in the productivity offset to encourage infrastructure investment. In determining the increase or decrease to the productivity offset, the Commission shall consider the extent to which GTE has contributed to the WATF.

#### **Gross Domestic Product Price Index (GDPPI)**

According to Wis. Admin. Code § PSC 163.04(2)(a), the annual percentage change in GDPPI is calculated by using the most recent quarterly GDPPI index and the price index that was used in the calculation on the previous anniversary date. According to Wis. Admin. Code § PSC 163.02(4), GDPPI means the figure as reported by the U.S. Department of Commerce

(USDOC) in its Survey of Current Business. As reported in the USDOC's April 2000 Survey of Current Business, the GDPPI chain-type index for the fourth quarter of 1999 was 105.16. This represented a 1.59 percent increase over the restated index value of 103.51 for the fourth quarter of 1998, which was used in order to reflect the revised GDPPI series.

### **Productivity Factor Offset**

According to Wis. Stat. § 196.196(1)(c), the productivity offset is two percentage points for a telecommunications utility with less than 500,000 access lines at the time of electing to be price regulated. Since GTE had less than 500,000 access lines as of January 1, 1995, the productivity offset for GTE is two percent.

### **Increase in Productivity Offset for Inadequate Service**

The service quality mechanism set forth in Wis. Admin. Code § PSC 163.04(2)(c), is based on comparing actual results to industry-wide standards and company-specific benchmarks. For GTE's 2000 anniversary date, the maximum increase to the productivity offset for inadequate service specified in Wis. Admin. Code § PSC 163.04(2)(g) is 0.4 percent. The Commission finds that it is reasonable to give equal weight to each of the five service quality components specified in Wis. Admin. Code § PSC 163.04(2)(c)2., so that the maximum value for each component is 0.08 percent.

The calculation of the fifth-year increase to the productivity offset for inadequate service is shown in Appendix B. Actual performance is compared against industry-wide standards, as well as against GTE's most recent three-year average performance and performance ranges as approved in the Commission's order in docket 2180-TI-131, dated June 23, 1999, (2180-TI-131

June Order). The performance ranges for all components represent a 10-percent range above and below the three-year averages.

**Overall Network Quality.** The Commission's orders in dockets 05-TI-157 and 05-TI-248 established a two-part industry-wide standard for overall network quality. If a company fails to achieve either part of this standard, a full disincentive for this component shall be assessed. The first standard is that total company customer trouble reports for the calendar year may not exceed 20 troubles per 100 lines. This is equivalent to a monthly average of approximately 1.7 troubles per 100 lines. GTE's 1999 performance met this standard.

The other industry-wide standard for overall network quality is based on trouble reports in each of GTE's 192 exchanges. No exchange may have more than five troubles per 100 lines in any three or more months during the calendar year. Four of GTE's exchanges each had unadjusted trouble report ratios of more than five troubles per 100 lines in three months of 1999. Based on GTE's performance in these exchanges, and the fact that GTE's overall network quality performance improved upon its three-year average, according to Wis. Admin. Code § PSC 163.04(2)(c)7.a., an adjustment equal to 50 percent of 0.08 percent, or 0.04 percent, would be assessed for this component, increasing the productivity offset.

Wis. Admin. Code § PSC 163.04(2)(c)9. allows the Commission to waive all or a portion of any quality of service disincentive in the event of extraordinary circumstances which disrupt service, making it impossible for a company to achieve its benchmarks. GTE requests that the disincentive for this component be waived, due to such extraordinary circumstances. GTE contends that none of its exchanges would have exceeded the exchange-specific trouble standard, had it not been for damage to its facilities caused by lightning and a vehicle accident. GTE

proposes that, for purposes of determining whether this standard has been met, its trouble reports be adjusted to eliminate troubles out of its control caused by the customers themselves, weather (except moisture/wet), foreign workpersons (except GTE contractor), vandalism, and certain miscellaneous causes. If these causes were excluded, GTE would satisfy the standards for network quality in each of its exchanges.

The Commission finds that GTE has not supplied enough evidence to indicate that extraordinary circumstances in each of the four exchanges made it impossible for GTE to achieve its benchmarks. The exclusion of all weather-related troubles, or even all lightning-related troubles, does not fit the Commission's interpretation of extraordinary circumstances. While some of these troubles undoubtedly could not have been prevented by GTE, other troubles could have been prevented by such measures as replacement of air core cable and analog carrier. In addition, there has been a pattern of high trouble-report ratios at some of the same four exchanges since 1996. The Commission therefore finds that it is not reasonable to waive the disincentive for this component. Therefore, the productivity offset shall be increased by 0.04 percent.

**Average Employee Answer Time for Repair Calls.** GTE's performance for average employee answer time for repair calls met the industry-wide standard, but failed to meet the company-specific performance range. GTE requested that the disincentive for this component be waived. Wis. Admin. Code § PSC 163.04(7)(b) allows the Commission to waive a penalty in those circumstances where actual performance meets or exceeds customer expectations. GTE believes that it qualifies for such a waiver due to the extremely low average answer time. GTE also points out that, under the rules, it is held to a higher standard than other price-regulated

telecommunications utilities, and that setting a standard based on a three-year average may encourage utilities to purposely degrade service in one year to gain more lenient service standards. The Commission denied a similar waiver request by GTE in docket 2180-TI-131.

Staff's analysis of complaint records related to GTE for 1999 showed 12 complaints related to long hold time. Many of these related to business office answer time, which is currently not a disincentive component. This is not a high level of complaints compared to other telecommunications utilities. The Commission determines that GTE has not supplied enough evidence to determine whether or not customers' expectations are being met or exceeded. Complaints may not be a complete indicator of customers' expectations, since customers may not complain to the PSC, even though their expectations are not being met. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)7.b., a disincentive equal to 50 percent of the component value shall be assessed.

**Other Components.** For average time interval for installation, GTE's most recent performance meets the industry-wide standard and meets the company-specific three-year average performance. Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)6.a., no adjustment to the productivity offset shall be assessed for this component.

Speed of repair has a dual industry-wide standard. One of those dual standards is that 95 percent of all routine out-of-service troubles be cleared within 24 hours for at least 10 months in any calendar-year period. GTE has not met this standard. In addition, GTE's actual performance for speed of repair fails to meet the company-specific three-year average performance. GTE's performance for percent repeat trouble reports fails to meet the industry-wide standard, and fails to meet the company-specific three-year average performance.

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Therefore, according to Wis. Admin. Code § PSC 163.04(2)(c)8.a., an adjustment equal to 100 percent of 0.08 percent shall be assessed for each of these components, increasing the productivity offset.

### **Adjustment to Productivity Offset for Infrastructure Investment**

The calculation of the adjustment to the productivity offset for infrastructure investment applicable to GTE's fifth year of price regulation is set forth in Appendix C. The calculation is based on comparing actual performance against thresholds approved in the 2180-TI-131 June Order.

Based on GTE's cumulative actual dollar investment in enhancements and technological advancement as of December 31, 1999, an adjustment equal to 0.30 percent shall be granted for this component, decreasing the productivity offset. Based on GTE's actual deployment of interoffice fiber and actual replacement of analog working channels of subscriber carrier with digital subscriber carrier as of December 31, 1999, an adjustment equal to 0.20 percent, shall be granted for each component, decreasing the productivity offset. Based on GTE's actual replacement of the VIDAR switch at Lyndon Station during 1999, an adjustment equal to 0.10 percent, shall be granted for this component, decreasing the productivity offset.

### **Wisconsin Advanced Telecommunications Foundation (WATF)**

According to the Commission's order in docket 2180-TI-131 issued December 10, 1999, the productivity offset should be increased by 0.1 percent on GTE's anniversary date in the year 2000, if the annual amount of contributions to the WATF in 1999 is less than \$420,000. The

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productivity offset shall be decreased by 0.1 percent if the annual amount of contributions in 1999 is greater than \$560,000.

During 1999, GTE contributed \$466,971 to the WATF. Therefore, the Commission determines that no adjustment to the productivity offset shall be assessed for this component.

### **Discretionary Adjustment to the Productivity Offset**

According to Wis. Admin. Code § PSC 163.04(2)(f), in addition to the adjustments to the productivity offset for infrastructure investment, quality of service, and WATF as discussed previously, the Commission may also, at its discretion, increase or decrease the productivity offset by up to 0.1 percent for utilities with less than 500,000 access lines. To determine this discretionary adjustment, Wis. Admin. Code § PSC 163.04(2)(f) sets forth the factors the Commission may consider to the extent they relate to the utility's infrastructure investment and quality of service.

The Commission determines that GTE should be assigned a discretionary decrease to the productivity offset of 0.1 percent. The Commission's determination is based on the extent to which the utility has reasonably complied with its annual commitment defined in its infrastructure investment plan, the extent to which the utility has established customer assistance programs and the effectiveness of those programs, and the level of customer satisfaction.

GTE invested \$93.5 million in its infrastructure during 1999. This represents a 30 percent increase over the most recent five-year average. Of this amount, \$24.8 million was invested in enhancements and technology advancement, such as interoffice fiber, digital carrier, and Internet. Since electing price regulation in 1995, GTE has invested \$386 million in its

infrastructure. This exceeded the high end of the range included in its commitment plan by \$96 million.

GTE has taken positive steps to combat the cramming issue by adopting a tough anti-cramming policy to implement the best practices endorsed by the industry's anti-cramming task force. By doing this, GTE chose to forgo revenues from unscrupulous billing and collection clients to protect its customers.

Customer satisfaction is based on complaints received by the Commission. Complaints received from GTE customers decreased approximately 20 percent from 1998 to 1999. The first five months of 2000 show an additional decrease of approximately 10 percent over the first five months of 1999.

### **Calculation of Price Cap Index**

The calculation of the annual PCI based on the above determinations and Wis. Admin. Code § PSC 163.04 is shown in Appendix D. A summary of PCI and actual price index (API) values is shown in Appendix E.

It is reasonable, based on the calculations shown in Appendices D and E, that GTE be allowed to increase its rates for price-regulated services an average of 0.27 percent as a result of the order in this docket, so that its unadjusted cumulative API, presently equal to 100.00, is no more than the authorized unadjusted cumulative PCI of 100.27. This index, when applied to current rates, determines the level of rates that is reasonable on a prospective basis, pursuant to Wis. Stat. § 196.196(1)(c) and Wis. Admin. Code § PSC 163.04.

### **Benchmarks for Anniversary Date in the Year 2001**

**Service Quality.** Pursuant to Wis. Adm. Code § PSC 163.04(2)(c)10., on each anniversary date, the Commission, following an opportunity for hearing, shall compute new industry-wide standards and company-specific benchmarks for service quality. These updated benchmarks shall be used in calculating the adjustment to the productivity offset for service quality on the next anniversary date.

Appendix F contains company-specific quality of service benchmarks and performance ranges for the five service quality components specified in Wis. Adm. Code § 163.04(2)(c)2. These benchmark ranges are to be used in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001. The benchmarks were computed using a three-year average of data from 1997-1999. According to Wis. Admin. Code § PSC 163.04(2)(c)10.:

For purposes of computing the updated company-specific benchmarks and subject to a showing to the contrary, past performance for the most recent 3-year average shall meet or exceed past performance for the initial 3-year average.

For average time interval for installation, initial trouble reports, employee answer time for repair calls, and average time out of service, the most recent three-year average exceeded the initial three-year average. For percent repeat troubles, the most recent three-year average did not meet or exceed the initial three-year average. No showing was made as to why these lower levels of quality of service should be reflected in the updated benchmarks. The benchmark for this component, therefore, was set at the initial three-year average.

The Commission's order in docket 05-TI-248 established two new components, trunk blockage and answer time for business office calls, to be effective for 2001 anniversary dates. The three-year averages for these components are being initially set in this docket.

The performance ranges for all components represent a 10-percent range above and below the three-year averages. The Commission finds the benchmarks and performance ranges set forth on Appendix F to be reasonable for use in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001.

Industry-wide standards to be used in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001 will be established by the Commission in a future docket.

**Infrastructure and WATF.** The Commission's order dated May 19, 2000, in docket 2180-TI-131 established the following to be used in calculating the productivity offset on GTE's anniversary date in the year 2001:

1. Infrastructure investment components together with benchmark ranges, component weights, and measurement timeframes.
2. The methodology for determining an incentive or a penalty for contributions to the WATF.

### **Order**

#### **THE COMMISSION ORDERS:**

1. This order shall be effective on July 1, 2000.
2. GTE may file tariffs that increase its rates by an average of 0.27 percent for price-regulated services so that its three-year maximum actual price index is no more than the authorized three-year maximum price cap index of 100.27.

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3. The service quality benchmarks and performance ranges set forth in Appendix F shall be used in calculating the adjustment to the productivity offset on GTE's anniversary date in the year 2001.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission:

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Lynda L. Dorr  
Secretary to the Commission

LLD:CWL:lep:reb:g:\order\pending\2180-TI-133

See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

APPENDIX A

This proceeding is not a contested case under Wis. Stat. ch. 227. Therefore there are no parties to be listed or certified under Wis. Stat. § 227.47. However, an investigation was conducted, and the persons listed below participated.

Public Service Commission of Wisconsin  
*(Not a party but must be served)*  
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P.O. Box 7854  
Madison, WI 53707-7854

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Mr. Dan Matson  
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Ms. Mary Joanis  
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STATE OF WISCONSIN DEPARTMENT OF JUSTICE  
Mr. Edwin J. Hughes  
Assistant Attorney General  
123 West Washington Avenue, P.O. Box 7857  
Madison, WI 53707-7857

APPENDIX B

GTE North Incorporated  
 2180-TI-133  
 Disincentive for Inadequate Service  
 for Fifth Year of Price Regulation

Component	GTE Performance 1999	Industry-Wide Standard	3 Year Average Performance	Maximum of Performance Range	Disincentive
Average time interval for installation (days)	1.4	2.42	2.38	2.62	0.00%
Overall network quality: Trouble reports per 100 access lines Exchanges with more than 5 troubles per 100 lines for at least 3 months	17.00 4	20.00 0	17.97	19.76	0.04%
Speed of Repair: Average Time Out of Service (hours) Months with 95 or more percent of routine out-of-service troubles cleared within 24 hours	12.20 7	14.56 ≥10	11.47	12.62	0.08%
Percent repeat trouble reports	16.51%	15.10%	14.82%	16.30%	0.08%
Average employee answer time for repair calls (seconds)	11.19	20.00	8.82	9.70	0.02% <sup>1</sup>
Total disincentive for inadequate service					0.22%

<sup>1</sup> Based on evidence that GTE's performance for average employee answer time for repair calls partially met or exceeded customer expectations, 50 percent of the penalty assessable according to Wis. Admin. Code § PSC 163.04(2)(c)7.b. shall be waived.

## APPENDIX C

GTE North Incorporated  
2180-TI-133  
Adjustment to Productivity Offset for Infrastructure  
Investment for Fifth Year of Price Regulation

	Actual 12/31/99	Productivity Offset Benchmarks			Infrastructure Investment Productivity Offset	
		Disincentive	Target	Incentive	Disincentive	Incentive
Total Dollars of Enhancements and Technology Advancement	\$116,453,000	\$104 million	\$108 million	\$116 million		0.30%
Number of Central Offices Served with Interoffice Fiber	179	173	175	179		0.20%
Analog working channels of subscriber carrier replaced with digital	2,785	1,141	1,330	1,712		0.20%
Replacement of VIDAR switch at Lyndon Station	Yes	No		Yes		0.10%
Total Infrastructure Investment					0.00%	0.80%

## APPENDIX D

GTE North Incorporated  
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Calculation of Annual Price Cap Index

Annual Change in Gross Domestic Product Price Index		1.59%
Productivity Factor Offset	(2.00%)	
Adjustments to Productivity Offset:		
Service Quality (Appendix B)	(0.22%)	
Infrastructure Investment (Appendix C)	0.80%	
WATF	0.00%	
Commission Discretion	0.10%	(1.32%)
<b>Total</b>		0.27%
Annual Price Cap Index		100.27%
+[1+? GDPPI-PROD+INC-PEN]*100		

APPENDIX E

GTE North Incorporated  
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 Summary of PCI and API Values

Annual PCI	100.27
Unadjusted Cumulative PCI	100.05
Three-Year Maximum PCI	100.27
Annual API	100.00
Unadjusted Cumulative API	99.77
Three-Year Maximum API	100.00
Allowed Rate Increase or (Required Decrease) <sup>1</sup>	0.27%

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<sup>1</sup> Since the 3-year maximum PCI is greater than the 3-year maximum API, GTE may increase its rates for price-regulated services so that the 3-year maximum API does not exceed the 3-year maximum PCI.

## APPENDIX F

GTE North Incorporated  
2180-TI-133  
Company Specific Service Quality Benchmarks  
for Sixth Year of Price Regulation

Component	3-year Average Performance	Performance Range	
		Minimum	Maximum
Average Time Interval for Installation (days)	2.07	1.86	2.27
Trouble Reports per 100 Access Lines	17.07	15.37	18.78
Average Time Out of Service (hours)	11.87	10.68	13.05
Percent Repeat Trouble Reports	15.05%	13.55%	16.56%
Average Employee Answer Time for Repair Calls (seconds)	9.92	8.93	10.91
Average Employee Answer Time for Business Office Calls (seconds)	35.65	32.08	39.21
Percent of Trunks Exceeding Threshold 3 Months	0.073%	0.066%	0.080%

NOTE: In addition to the above company-specific service quality benchmarks, industry-wide standards also apply.