

# TENNESSEE REGULATORY AUTHORITY

09/11/01  
8:39 AM

Sara Kyle, Chairman  
Lynn Greer, Director  
Melvin Malone, Director



460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

September 11, 2001

Mr. Kevin Allen, Manager-Regulatory Affairs  
VarTec Telecom, Inc.  
1600 Viceroy Drive  
Dallas, Texas 75235

RE: VarTec Telecom, Inc. (Docket No. 01-00760)

Dear Mr. Allen:

The Tennessee Regulatory Authority requests the following information regarding the application of VarTec Telecom, Inc. (hereafter "VarTec" or "Applicant") for a certificate to provide competing local telecommunications services within the State of Tennessee pursuant to TCA §65-4-201.

1. Please quantify any amounts included in the financial statements or projections relating to reciprocal compensation for terminating ISP traffic.
2. Why is the Telephone Electronics Corporation establishing a separate entity in Tennessee for the provisioning of telecommunications services?
3. Will the Applicant share officers, management, employees, accounting functions, operational functions, etc. with any of TEC's affiliated entities in Tennessee? If so, please provide a copy of all cost allocation manuals and procedures that will be used to prevent cross subsidization between the Tennessee affiliates.

Please submit the requested information by September 24, 2001. If your office may have any questions, please contact the Telecommunications Division's office at (615) 741-2904 (ext. 132) or (ext. 166).

Sincerely,

David Waddell  
Executive Secretary

C: Docket File