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August 17, 2004

Chairman Pat Miller Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee 37243

Re:

Sprint's Response to Consumer Advocate and Protection Division's Fırst Set of

Discovery Requests Regarding Primary Rate ISDN Service

Docket No. 03-00391, Exemption of Certain Services

Dear Chairman Miller:

Enclosed for filing in the above-referenced proceeding are the original and thirteen (13) copies of United Telephone-Southeast, Inc.'s Response to Consumer Advocate and Protection Division's First Set of Discovery Requests Regarding Primary Rate ISDN Service.

Copies of United's Responses are being served upon all parties of record in this proceeding. If I can be of assistance, please call me at your convenience.

Sincerely yours,

Edward Phillips

Phillips

HEP:sm

Enclosures

cc:

R. Dale Grimes Timothy C. Phillips Melvin J. Malone

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of United Telephone-Southeast, Inc.'s Response to Consumer Advocate and Protection Division's First Set of Discovery Requests Regarding Primary Rate ISDN Service upon all parties of record to this Docket by depositing a copy addressed to each in the United States Mail, first-class postage prepaid.

This 17th day of August, 2004.

Henry Walker, Esquire Boult, Cummings, et al. 414 Union Street, #1600 Nashville, TN 37219-8062

Martha M. Ross-Bain, Esquire AT&T 1200 Peachtree Street, Suite 8100 Atlanta, GA 30309

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Office of the Attorney General
Consumer Advocate Division
425 Fifth Avenue
P. O. Box 20207
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Guilford Thornton, Esquire Stokes & Bartholomew 424 Church Street, #2800 Nashville, TN 37219

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333 Commerce Street, Suite 2101
Nashville, TN 37201-2200

Charles B. Welch, Esquire Farris, Mathews, et al. 618 Church St., #300 Nashville, TN 37219

Edward Phillips

United Telephone-Southeast, Inc.

Interrogatory No. 1

Identify each expert witness the Company intends to present in this docket and, for each, state

- a) the subject or subjects upon which the expert will testify;
- b) the basis for your assertion that the witness is qualified as an expert including but not limit to, a current curriculum vitae;
- c) all tests, studies, measurements, experiments, or other analysis or actions performed or observed by the expert relating to the expert's testimony;
- d) all opinions that the expert will present in this docket and the basis for each opinion; and
- e) all facts of which you or the expert are aware that support those opinions.

Response:

United Telephone-Southeast, Inc objects to this interrogatory on the grounds that it is not required to provide a witness list with summaries and that in accordance with the procedural schedule in this docket, Direct Testimony is not due until October 4, 2004. Without waiving its objection, United Telephone-Southeast, Inc. responds as follows: United Telephone-Southeast, Inc. is in the midst of its review and analysis of this docket and has not identified the persons who may present factual information relative to this matter.

Interrogatory No. 2

The Petition for Exemption of Certain Services states on page 3: "Within the context of this vigorously competitive environment, Tenn. Code Ann. § 65-5-208(b) requires the Authority to exempt these services from certain regulatory requirements contained in Tenn Code Ann. Title 65, Chapter 5, Part II." Set forth in detail all facts upon which the Company relies to support the proposition that there is a vigorously competitive environment for Primary Rate ISDN service in Tennessee.

Response:

The referenced petition was filed on behalf of BellSouth and Citizens Communications and the quotation cited is not Sprint's. Sprint notes that the standard set forth in Tenn. Code Ann. §65-5-208(b) requires the Tennessee Regulatory Authority (hereinafter "TRA") to exempt from regulation "a telecommunications service for which existing and potential competition is an effective regulator of the price of those services." No specific finding of a "vigorously competitive environment" is required under the statute.

Sprint's incumbent LEC in Tennessee competes with facility-based competitive LEC KMC for ISDN-PRI customers. Sprint also believes that XTN, MountaiNet and CityNet compete with it for ISDN-PRI customers. These competitive LECs own their own switching and transport facilities in Sprint's incumbent territory and generally only require the use of Sprint's last-mile facilities to provision their ISDN-PRI services. These competitive LECs compete with Sprint not just on the basis of offering competitive prices but also by offering expanded local calling areas and fractional PRIs.

Interrogatory No. 3

The Petition for Exemption of Certain Services states on page 3: "Within the context of this vigorously competitive environment, Tenn. Code Ann. § 65-5-208(b) requires the Authority to exempt these services from certain regulatory requirements contained in Tenn. Code Ann. Title 65, Chapter 5, Part II." Identify each and every "certain regulatory requirement" from which the Company seeks an exemption for Primary Rate ISDN service.

Response:

Tenn. Code Ann. §65-5-208(b) speaks in terms of "exempting a service or group of services from all or a portion of the requirements of this <u>part</u>." Thus, every regulatory requirement included in Title 65 "Public Utilities and Carriers", Chapter 5 "Regulation of Rates", Part 2 "Public Utilities" is subject to exemption as far as ISDN-PRI service.

However, Sprint can support applying to ISDN-PRI the four limited exceptions described in the July 23, 2004 BellSouth/Citizens brief in this docket concerning intraLATA toll regulatory exemption. Specifically, even though Sprint believes that existing and potential competition is an effective regulator of the price for its ISDN-PRI service, it can agree that informational tariffs be filed with TRA, that prices will not be below cost, that terms and conditions for the service will be included in the informational tariffs and that federal resale obligations remain unaffected.

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Interrogatory No. 4

Describe in detail how the proposed exemption of Primary Rate ISDN service from certain regulatory requirements would be implemented, including, but not limited to, the effect or potential effect of the exemption on: (a) interconnection and resale agreements, (b) contract service arrangements; (c) remaining, un-exempted federal and state statutory and regulatory requirements affecting Primary Rate ISDN service; and (d) the Company's pricing, tariffing, and provisioning of Primary Rate ISDN service in the post-exemption environment.

Response:

Regarding subpart (a), Sprint believes that its ISDN-PRI service remains a telecommunications service under federal law regardless of whether the exemption petition is granted or not and that its interconnection and resale agreements would be unaffected.

Regarding subpart (b), Sprint believes contract service arrangements will also remain unaffected.

Regarding subpart (c), all regulatory requirements not part of the exemption will remain and Sprint will continue to comply with them in its offering of ISDN-PRI services.

Regarding subpart (d), see Sprint's response to Interrogatory No. 3.

Interrogatory No. 5

The *Petition for Exemption of Certain Services* states on page 2 that "many telecommunications service providers offer PRI ISDN service." Identify the many telecommunications service providers that offer Primary Rate ISDN service that compete with the Company's Primary Rate ISDN service offerings in Tennessee.

Response:

Interrogatory No. 6

The *Petition for Exemption of Certain Services* states on page 2 that "the price for this [Primary Rate ISDN] service is effectively regulated by substantial competitive activity in Tennessee." Set forth in detail all facts upon which the Company relies to support the proposition that the price for Primary Rate ISDN service is effectively regulated by substantial competitive activity in Tennessee.

Response:

The referenced petition was filed on behalf of BellSouth and Citizens Communications and the quotation cited is not Sprint's. Sprint notes that the standard set forth in Tenn. Code Ann. §65-5-208(b) requires the TRA to exempt from regulation "a telecommunications service for which existing and potential competition is an effective regulator of the price of those services." No specific finding of "substantial competitive activity" is required under the statute. Otherwise, see Sprint's response to Interrogatory No. 2.

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Interrogatory No. 7

Identify each and every Primary Rate ISDN service tariff offering that would be affected by the exemption from regulation if the *Petition for Exemption of Certain Services* is approved as filed. In your response, include a description of the service and a reference to the associated tariff section number(s) in the Company's tariff(s).

Response:

Sprint's offering of ISDN-PRI service is tariffed in the *General Subscriber Services Tariff* of United Telephone-Southeast, Inc., at section U12.3. Every rate located at section U12.3.7 "Rate and Charges" of said tariff would be subject to regulatory exemption if the petition is approved as filed. Sprint's tariff is a public document available on the internet and a full description of Sprint's ISDN-PRI service is located at the section and subsection cited above.

Interrogatory No. 8

For each Primary Rate ISDN service identified in response to Interrogatory No. 7, set forth the price of service per the Company's tariff as of the following dates, as applicable: (1) January 1, 1999; (2) June 30, 1999; (3) January 1, 2000; (4) June 30, 2000; (5) January 1, 2001; (6) June 30, 2001; (7) January 1, 2002; (8) June 30, 2002; (9) January 1, 2003; (10) June 30, 2003; (11) January 1, 2004; and (12) June 30, 2004.

Response:

Effective December 20, 1999 Sprint's ISDN-PRI service was subject to a comprehensive price restructuring based on market conditions. All tariffs setting forth the past and present prices of Sprint's ISDN-PRI service have been and are publicly available.

Interrogatory No. 9

For each Primary Rate ISDN service identified in response to Interrogatory No. 7, set forth the quantity of service provisioned to Tennessee customers pursuant to the Company's tariff as of the following dates, as applicable: (1) January 1, 1999; (2) June 30, 1999; (3) January 1, 2000; (4) June 30, 2000; (5) January 1, 2001; (6) June 30, 2001; (7) January 1, 2002; (8) June 30, 2002; (9) January 1, 2003; (10) June 30, 2003; (11) January 1, 2004; and (12) June 30, 2004.

Response:

Sprint's Price Regulation filing in October each year includes June 30 units for all ISDN-PRI rate elements. The CAPD is copied on these filings.

Interrogatory No. 10

Since January 1, 1999, has the Company ever reduced the price of any Primary Rate ISDN service offering in response to a competitive offering of such service (or service substitute) by a competing company or person? If so, provide a summary of each such rate reduction, including a description of the competitive offering that prompted the rate reduction.

Response:

The ISDN-PRI rate restructure referenced in Response to Interrogatory 8 resulted in a revenue decrease in excess of \$350,000 annually as indicated in United Telephone-Southeast's December 20, 1999 filing with the TRA. In addition, Sprint maintains that off-tariff CSAs are usually the result of competition. The CSAs filed with the Tennessee Regulatory Authority by United Telephone-Southeast, Inc. include those for ISDN-PRI.

Interrogatory No. 11

The *Petition for Exemption of Certain Services* states on page 3 that "Tennessee consumers have great leverage when shopping for these services." Set forth in detail all facts upon which the Company relies to support the proposition that Tennessee consumers have great leverage when shopping for Primary Rate ISDN service.

Response:

Interrogatory No. 12

The Petition for Exemption of Certain Services states on page 3 that "Business customers desiring these services can look to the marketplace to find the best product within a price range." Set forth in detail all facts upon which the Company relies to support the proposition that business customers desiring Primary Rate ISDN service can look to the marketplace to find the best product within a price range.

Response:

Interrogatory No. 13

The Petition for Exemption of Certain Services states on page 3 that "Business customers desiring these services . . . can take their business to a competing product or provider should they become dissatisfied." Set forth in detail all facts upon which the Company relies to support the proposition that business customers desiring Primary Rate ISDN service can take their business to a competing product or provider should they become dissatisfied.

Response:

Interrogatory No. 14

The Petition for Exemption of Certain Services states on page 3 that "Business customers desiring these services . . . can take their business to a competing product or provider should they become dissatisfied." Identify the competing product(s) that the Company's business customers desiring Primary Rate ISDN service can take their business to should they become dissatisfied.

Response:

See Sprint's response to Interrogatory No 2. Sprint believes that competitive LECs' offerings of ISDN-PRI service is an effective regulator of the price of Sprint's ISDN-PRI service such that the issue of acceptable substitutes to ISDN-PRI service need not necessarily be addressed. However, it is true that individual business lines and Centrex service plus key and PBX trunks, as well as point-to-point T1s are all conceivable substitutes for ISDN-PRI service.

Interrogatory No. 15

The Petition for Exemption of Certain Services states on page 3 that "Business customers desiring these services ... can take their business to a competing product or provider should they become dissatisfied." Identify the competing provider(s) that the Company's business customers desiring Primary Rate ISDN service can take their business to should they become dissatisfied.

Response:

Interrogatory No. 16

The Petition for Exemption of Certain Services states on page 3 that "Business customers desiring these services can look to the marketplace to find the best product within a price range." Define and describe in detail the "marketplace" where the Company's business customers desiring Primary Rate ISDN service can look to in order to find the best product within a price range.

Response:

Existing or potential competition is an effective regulator of the price for Sprint's ISDN-PRI service throughout its entire incumbent LEC Tennessee service territory. Sprint believes that KMC now offers ISDN-PRI in an area nearly identical to Sprint's incumbent Tennessee service territory, and other competitors named in Response to Interrogatory No. 2 are offering ISDN-PRI service in Sprint's service territory.

Interrogatory No. 17

Provide the Company's definition of the Primary Rate ISDN service market in Tennessee.

Response:

Existing or potential competition is an effective regulator of the price for Sprint's ISDN-PRI service throughout its entire incumbent LEC Tennessee service territory.

Interrogatory No. 18

Provide the Company's market share (or best estimate of market share) of the Primary Rate ISDN service market defined in Interrogatory No. 17.

Response:

Sprint does not have a best estimate of its overall market share for ISDN-PRI service in its incumbent Tennessee territory. However, Sprint observes KMC aggressively competing for ISDN-PRI customers in terms of pricing and marketing/sales efforts such that Sprint estimates it loses more than 50% of head-to-head bids to KMC.

Interrogatory No. 19

Set forth and describe all factors, and facts in support thereof, demonstrating that competition would be an effective regulatory of price for Primary Rate ISDN service in Tennessee.

Response:

See Sprint's response to Interrogatory Nos. 2, 16 and 18.

Interrogatory No. 20

If the Petition for Exemption for Certain Services is granted as filed, will the Company increase the current rate for any Primary Rate ISDN service offering within the next year subsequent to the granting of the exemption?

Response:

Sprint has no plans to increase any ISDN-PRI rate elements in the next year regardless of whether the petition for exemption is granted or denied.

Interrogatory No. 21

If your response to Interrogatory No. 20 is anything other than an unqualified "no," set forth and explain in detail all reasons why the Company would increase the price of any of its Primary Rate ISDN service offerings within the next year subsequent to the granting of the exemption.

Response:

Not applicable

Interrogatory No. 22

Provide a list of all communications that the Company has had regarding the exemption of Primary Rate ISDN service from regulatory requirements, including, but not confined to. communications between or among the Company and other persons or companies and communications between or among the Company and federal and state regulatory officials, policymakers, legislators, or other public officials.

Response:

Sprint objects to Interrogatory No. 22 as it requires Sprint to disclose communications and related documents that are subject to the attorney-client privilege and were also made in anticipation of litigation. Nevertheless, without waiving its objection, Sprint states that it has not had any communications with federal and state regulatory officials, policymakers, legislators and other public officials, except those filed and publicly available in this docket.

Request for Production No. 1

Identify and produce a copy of all communications and documents pertaining to or referring to the subject of exemption of Primary Rate ISDN service from regulatory requirements. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or nonproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

Response: Reference Response to Interrogatory No 22

Request for Production No. 2

Identify and produce a copy of all communications and documents pertaining to referring to any study, survey analysis, review, summary, comment or report of any kind regarding the effect or potential effect of the exemption of Primary Rate ISDN service from regulatory requirements in Tennessee. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or nonproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

Response:

United Telephone-Southeast, Inc. 1s in the midst of review and analysis of this docket and 1s still determining factual information relative to this matter.

Request for Production No. 3

Identify and produce a copy of all communications and documents pertaining or referring to any study, survey, analysis, review, summary, comment or report of any kind regarding the competitive environment or state of competition in the Primary Rate ISDN service market in Tennessee. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or nonproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

Response: Reference Response to Request for Production No. 2

Request for Production No. 4

Identify and produce a copy of all communications and documents pertaining or referring to any study, survey, analysis, review, summary, comment or report of any king regarding the Company's market share and/or competitive position affecting the Primary Rate ISDN service market in Tennessee. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or nonproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

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Response: Reference Response to Interrogatory No. 18

Request for Production No. 5

Identify and produce a copy of all communications and documents that discuss, review, analyze, mention or refer to the subject of whether existing and/or potential competition is an effective regulator of price for Primary Rate ISDN service in Tennessee. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or nonproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

Response:

Sprint objects to Request for Production of Documents No 5 as it requires Sprint to disclose communications and related documents that are subject to attorney-client privilege and were made by Sprint and others in anticipation of litigation.

Request for Production No. 6

Identify and produce a copy of any and all communications and documents reviewed to prepare your response to these Interrogatories and Requests for Production. Consistent with the preceding preliminary matters, if the Company is aware of or in possession of such communications or documents but claims that it is not required to respond or produce on the basis of privilege, immunity, or otherwise, provide a complete explanation concerning the basis for any such nonresponse or noproduction, including a written statement evidencing sufficient information to allow the TRA to rule on any motion to compel.

Response:

Sprint objects to Request for Production of Documents No. 6 as it requires Sprint to disclose communications and related documents that are subject to the attorney-client privilege and were made by Sprint and others in the anticipation of litigation. Nevertheless, without waiving its objection, Sprint states that it has not had any communications with federal and state regulatory officials, policymakers, legislators and other public officials, except those filed and publicly available in this docket As to any other documents concerning the ISDN-PRI exemption request that are internal to Sprint or external with counsel of other parties, Sprint maintains that the privileges set-forth above are applicable and do not require disclosure.