

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT  
NASHVILLE, TENNESSEE**

**March 19, 2008**

<b>IN RE:</b>	)	
	)	
<b>CITIZENS TELECOMMUNICATIONS COMPANY OF</b>	)	<b>DOCKET NO.</b>
<b>TENNESSEE, LLC D/B/A FRONTIER</b>	)	<b>08-00021</b>
<b>COMMUNICATIONS OF TENNESSEE, LLC TO</b>	)	
<b>ESTABLISH DIRECTORY ASSISTANCE RATES</b>	)	
	)	

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**ORDER SUSPENDING TARIFF AND APPOINTING A HEARING OFFICER**

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This matter came before Chairman Eddie Roberson, Director Tre Hargett, and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on February 25, 2008 for consideration of Tariff No. 08-00024 to establish Directory Assistance (“DA”) rates filed by Citizens Telecommunications Company of Tennessee, LLC d/b/a Frontier Communications of Tennessee, LLC (“Citizens” or “Company”) on January 17, 2008. On February 5, 2008, the Consumer Advocate Division of the Office of the Attorney General for the State of Tennessee filed a *Complaint and Petition to Intervene* (“*Petition to Intervene*”).

**HISTORY OF DIRECTORY ASSISTANCE CHARGES IN TENNESSEE**

Prior to 1997, Directory Assistance (“DA”) was free to all consumers in Tennessee. The majority of the Directors<sup>1</sup> initially approved directory assistance charges at the request of UTSE in 1997 in Docket No. 96-01423, based on the majority’s decision that directory assistance is a

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<sup>1</sup> Director Kyle concluded that directory assistance service was appropriately classified as an essential basic service and did not vote with the majority.

non-basic service under state law.<sup>2</sup> Following a contested case proceeding, the Authority approved UTSE's tariff for a \$0.29 DA charge and required UTSE to amend its tariff to provide six free DA inquiries per month rather than three as proposed by UTSE, based upon the finding that many telephone numbers were not published in the printed telephone directory.<sup>3</sup>

The TRA's decision in Docket No. 96-01423 was appealed to the Tennessee Court of Appeals by the Consumer Advocate. While UTSE agreed with the TRA's decision that DA is a non-basic service, UTSE pursued its own appeal, arguing before the Court that the TRA had exceeded its authority by requiring UTSE to amend its tariff. The Court issued its opinion on July 18, 2002, finding that the TRA had correctly determined that DA is a non-basic service and that UTSE could charge for DA. The court rejected UTSE's argument and held that the TRA acted within its statutory authority in requiring UTSE to file an amended tariff to provide for six DA inquiries per month and free unlimited DA for disabled customers and residential subscribers age sixty-five or older. The Court affirmed that the TRA had acted within its power to establish such requirements citing Tenn. Code Ann. § 65-4-117 which provides that the Authority has the power to:

(3) after hearing, by order in writing, fix just and reasonable standards, classifications, regulations, practices and services to be furnished, imposed, observed and followed thereafter by any public utility.

In sum, the Court held that while DA is a non-basic service and ILECs can set rates accordingly, the TRA retains the power to establish the appropriate safeguards and requirements that it deems necessary.

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<sup>2</sup> Tenn. Code Ann. § 65-5-108(a), passed as a part of the Tennessee Telecommunications Act of 1995, prohibits a basic service from being increased during the initial four years after an incumbent local exchange company elects to fall under price regulation.

<sup>3</sup> See *United Telephone Southeast, Inc. Tariff No. 96-201 to Reflect Annual Price Cap Adjustment*, Docket No. 96-01423, *Order Approving in Part and Denying in Part Tariff 96-201* (September 4, 1997).

## **TARIFF 2008-00024**

The Company currently provides unlimited free DA to its customers. Citizens' proposed tariff would establish a DA rate of 95 cents per request. Residential customers will receive two free DA calls per month and physically or visually impaired customers will receive unlimited free DA calls. There are no call allowances proposed for Citizens' business customers.

## **FINDINGS AND CONCLUSIONS**

The panel considered the tariff filing at its regularly scheduled Authority Conference on February 25, 2008. The panel initially noted that the Authority has recently convened other contested cases involving similar tariff provisions to consider the impact of reducing call allowances.<sup>4</sup>

The panel found that because there is no existing call allowance in Citizens' tariff, meaning that all DA calls are currently free, that suspension of the tariff's provision regarding the call allowance is in the public interest. A majority of the panel further found that because the rate may impact what constitutes an appropriate number of call allowances, a suspension of the tariff provision regarding the proposed rate was also in the public interest.

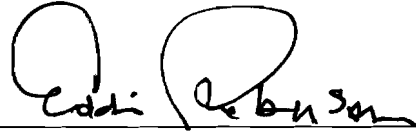
In light of these findings, the panel voted unanimously to suspend the portion of the tariff regarding the call allowance, and a majority of the panel further voted to suspend the portion of the tariff regarding the proposed rate, pursuant to Tenn. Code Ann. § 65-5-101(c)(3)(iii)(B) for sixty days; to convene a contested case proceeding to evaluate Citizens' proposed DA rate and call allowances; and to appoint the General Counsel or his designee as Hearing Officer to prepare the matter for hearing before the panel.

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<sup>4</sup> See *In re: Tariff Filing by AT&T Tennessee to Increase Rates for Directory Assistance ("DA") and Eliminate the Monthly DA Call Allowance*, Docket No. 07-00188; *In re: United Telephone-Southeast, Inc. d/b/a Embarq Corporation Tariff Filing to Increase Rates in Conjunction with the Approved 2007 Annual Price Regulation Filing*, Docket No. 07-00269.

**IT IS THEREFORE ORDERED THAT:**

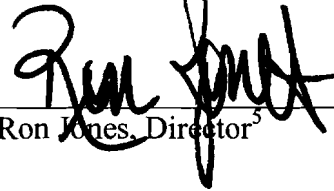
1. Tariff No. 2008-00024 filed by Citizens Telecommunications Company of Tennessee, LLC d/b/a Frontier Communications of Tennessee, LLC is suspended for sixty days.
2. A contested case is convened to address the Directory Assistance issues raised in Tariff No. 2008-00024, and the General Counsel or his designee is appointed as hearing officer to prepare this matter for hearing before the panel.



Eddie Roberson, Chairman



Tre Hargett, Director



Ron Jones, Director<sup>5</sup>

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<sup>5</sup> Director Jones did not vote in favor of suspending the rate increase. However, it is his opinion, that before the proposed rate could go into effect, Citizens would have to file tariff language allowing for call allowances in the manner approved by the Authority in Docket No. 96-01423.