



James B. Wright
Senior Attorney

January 14, 1997

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Carolina Telephone
Center North Carolina
Center-Virginia
United Telephone-Southeast

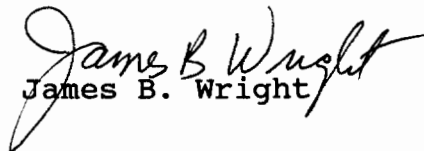
Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tenn. 37243-0505

Dear Mr. Waddell:

Attached is United Telephone-Southeast, Inc.'s responses to the January 3, 1997, Dated Discovery Requests of AT&T Communications of the South Central States, Inc. and the Consumer Advocate regarding United's proposed Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423. Proprietary information has been marked and should be handled accordingly.

If there are any questions regarding this information, please contact Steve Parrott at 919/554-7039.

Sincerely,


James B. Wright

Attachments

cc: Steve Parrott



Charles S. "Steve" Parrott
Director - State Regulatory Affairs

Mid-Atlantic Operations
14111 Capital Boulevard
Wake Forest, North Carolina 27587-5900
Telephone: (919) 554-7039
Fax: (919) 554-7595

January 14, 1997

Mr. L. Vincent Williams
Consumer Advocate
Office of the Attorney General
Consumer Advocate Division
Cordell Hull Building, 2nd Floor
426 Fifth Avenue North
Nashville, Tennessee 37243-0500

Dear Mr. Williams:

Attached is United Telephone-Southeast, Inc.'s response to the Consumer Advocate Discovery Request dated January 3, 1997 regarding United's proposed Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423. Proprietary Information has been marked and should be handled accordingly.

If there are any questions regarding this information, please contact me at 919-554-7039.

Sincerely,

C. Steve Parrott

Attachments

cc: David Waddell - Tennessee Regulatory Authority
Chris Klein - Tennessee Regulatory Authority
Dianne Neal - Tennessee Regulatory Authority
Richard M. Tettelbaum - Citizens Telecom (w/o Proprietary Information)
Guy Hicks - BellSouth Telecommunications (w/o Proprietary Information)
L. Vincent Williams - Consumer Advocate Division
James B. Wright - Sprint
Bob Wallace - Sprint
Laura Sykora - Sprint

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 1. On page 3 of the filing titled *Price Cap Annual Filing Methodology Revised, United Telephone-Southeast, Inc. Tennessee, December 20, 1996* it is stated that "Message Toll, Switched Access, Opportunity 800, WATS - revenues were derived from minutes of use for **each month** multiplied by the per minute rate." (Emphasis added) The price out presented on Attachment D, Page 1 of 4 of the September 12, 1996 filing and the supporting workpapers indicate that revenues were based on the month of June 1996. The information included in the December 6, 1996 filing also indicates that revenues were based on June 1996 volumes.

(a) Please explain this difference.

Response: The statement "Message Toll, Switched Access, Opportunity 800, WATS - revenues were derived from minutes of use for each month multiplied by the per minute rate" is a general description of the assumptions that were made concerning how revenues per category were derived. June 1996 rates and volumes were used in calculating the supporting information for the September 12 filing and the December 6 revised filing.

(b) For each month used to derive the revenues identify:

- (i.) the billed Message Toll minutes.
- (ii.) the billed Message Toll revenue,
- (iii.) the billed Switched Access minutes,
- (iv.) the Switched Access rate per minute (cross reference to Intrastate tariffs),
- (v.) Switched Access revenues,
- (vi.) the billed Opportunity 800 minutes,
- (vii.) the billed Opportunity 800 rate per minute,
- (viii.) the billed Opportunity 800 revenues,
- (ix.) the billed WATS minutes,
- (x.) the WATS rate per minute (cross reference to Intrastate tariffs), and
- (xi.) the billed WATS revenues.

Response: (b) The revenues for each of the categories listed were supported by Proprietary Information under the tab "Revenues Backup" that was included with the original filing. An additional copy of the appropriate page for each category is attached and marked as Proprietary Information.

Switch Access

Intrastate InterLATA Switched Access										Intrastate	
										Access	
Co	State	Jur	El	Year	Month	Ttl AMOU	MIN_MILE	BIP_MILE	Ttl Revenues	Tariff	Rate
										Section	
									459,558		
1804	TN	RA	CC	96	6	17,365,543	0	0	323,506 *	3.8	.009315(O) and .016112 (T)
1804	TN	RA	IS	96	6	17,326,818	0	0	3,361	6.8.6	0.000194
1804	TN	RA	LF	96	6	9,123,253	111,313,389	111,279,336	7,902	6.8.2	0.000071
1804	TN	RA	LS	96	6	17,333,164	0	0	128,334	6.8.3	0.007404
1804	TN	RA	QU	96	6	1,551,888	0	0	14,099	6.8.4	0.009085
1804	TN	RA	RC	96	6	17,361,316	0	0	60,417	6.8.1	0.00348
1804	TN	RA	TD	96	6	3,718,121	0	0	3,023	6.8.2	0.000813
1804	TN	RA	TT	96	6	9,117,568	0	0	1,823	6.8.2	0.0002
									542,465		
* Carrier Common Line has been adjusted to reflect the difference between customer billing and revenue adjustments per journal entry.											
Telecommunications Relay Services are billed via our system, but the revenues are forwarded to support the service. The											
Access Credit adjustment that appears on customer's bills is deducted from a reserve account and does not reduce actual revenues.											
The adjustment is as calculated below:											
						Originating Minutes	Terminating Minutes	Total Orig & Term			
			June	1996		7,125,233	10,240,310				
			Rate:			0.009315	0.025110				
			Total Revenue:			66,372	257,134	323,506			
<u>Month</u>					<u>Total Revenues</u>						
Jun-96					542,465						
Source: Demand/CA/MS											

Message Toll

UTSE - TN					
Intrastate/IntraLATA Toll MOU (incl. operator mou)					
	<u>MOU</u>	<u>Rate = .03</u>			
Jun-96	15,300,829	459,024.87			
Source: MIDAS					
DAK	Revenues				
Jun-96	452				
Region Call (71% of Local is moved per CRB Journal Generator 01124)					
	Revenues				
Jun-96	24,310				
Source: General Ledger					

Oppor 800

UTSE - TN			
Intrastate/IntraLATA Opportunity 800 REVENUES			
Jun-96	9,450		
Source: General Ledger			
	Note: Opportunity 800 information is not available on a per minute basis in the time requested for this response. The Opportunity 800 rates are found in Section U19.4 of the General Subscriber Services Tariff.		

WATS

UTSE - TN			
WATS MOU			Rate=\$3.00/Hr *
		<u>Hours</u>	<u>Revenue</u>
Jun-96	5,495	91.58	274.75
Source: IntraLata Demand System			
	* Used the \$3.00 per hour rate		
	to derive revenues.		
	The WATS rates are found		
	in Section U19.2 of the General		
	Subscriber Services Tariff.		

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 2. Also on page 3 it is stated: “**Switched Access** - Dedicated, Special Access - revenues were derived from the number of units per item multiplied by the **per unit revenue for each item.**” (Emphasis added.)

(a.) Explain why in one statement United Telephone - Southeast, Inc. reports that Switched Access-Dedicated revenues were derived from the number of units multiplied by the **per unit** revenue and in the other statement the Company reports that Switched Access revenues were derived from the **minutes of use** for each month multiplied by the **per minute rate**?

Response: Switched Access-Dedicated services are measured as units because they are dedicated facilities and are not billed on a per minute of use basis. Switched Access services are measured on a per minute basis.

(b.) For each month used to derive the revenues identify:

- (i.) The Switched Access - Dedicated units of service, the related revenue per unit, and the revenue. Please cross reference or link the revenue per unit to the rates specified in United Telephone-Southeast's approved Tennessee Intrastate Tariffs.
- (ii.) The Special Access units of service, the related revenue per unit, and the revenue. Please cross reference or link the revenue per unit to the rates specified in United Telephone-Southeast's approved Tennessee Intrastate Tariffs.

Response: June 1996 data was used in calculating the supporting information for the filing. Attached are spreadsheets containing the units, revenue, and tariff references and the information has been appropriately marked as Proprietary.

Special Access
1/12/97

Intrastate Special Access										
Revenues										
June 1996 Quantities with June 1996 Rates										
Class Code	USOC	STM CNTS	RATE	CMF CNTS	RATE	CMT CNTS	RATE	OFF CNTS	RATE	AMT
XDD3X	TMECS	18.000	47.70	0.000		0.000		0.000		858.60
	1L5XX	0.000		156.000	2.15	10.000	43.75	0.000		772.90
XDD4X	TMECS	21.000	77.00	0.000		0.000		0.000		1,617.00
	1L5XX	0.000		99.000	2.50	8.000	54.79	0.000		685.82
XDD64	TMECS	1.000	77.00	0.000		0.000		0.000		77.00
	1L5XX	0.000		28.000	2.50	1.000	54.79	0.000		124.79
XDH	MQ1	0.000		0.000		0.000		2.000	290.00	580.00
XDH1X	DLFDP	0.000		0.000		0.000		0.000		160.00
	DLFTN	0.000		0.000		0.000		0.000		420.00
	TMECS	6.000	178.36	0.000		0.000		0.000		1,070.16
	1L5XX	0.000		12.000	14.00	3.000	100.00	0.000		468.00
XDV	BCND4	0.000		0.000		0.000		60.000	8.70	522.00
	BCNV4	0.000		0.000		0.000		5.000	8.70	43.50
	S25	0.000		0.000		0.000		4.000	25.00	100.00
	TME2X	5.000	27.70	0.000		0.000		0.000		138.50
	TME4X	121.000	39.00	0.000		0.000		0.000		4,719.00
	UTM	0.000		0.000		0.000		0.000		31.25
	WWJ4X	0.000		0.000		0.000		0.000		30.75
	1L5XX	0.000		1041.000	1.75	71.000	39.70	0.000		4,640.45
	1RL4W	0.000		0.000		0.000		7.000	3.00	21.00
TOTAL										17,080.72
Reference: Intrastate Access Tariff, Sections 7.5.2, 7.5.3, 7.5.8, 7.5.9										

Switch Ded
1/12/97

[illegible]

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 3. On page 4 it is stated: "D. Intrastate Allocation factors as of May 31, 1996 used for Miscellaneous revenues - the intrastate allocation factors used are for the period ending May 31, 1996. Future years will be updated as necessary." Please state if it is United Telephone-Southeast, Inc.'s intention to utilize the May 31 Intrastate/Interstate factors in future annual filings?

Response: United's intention is to update the allocation percentages to reflect the most current percentages with each annual filing. Historically the allocation percentages have not varied significantly from period to period.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 4. Requests to Admit - Please admit or deny the following:

(a.) At the December 17, 1996 meeting attended by representatives of United Telephone-Southeast, Inc., BellSouth Telecommunications, Inc., AT&T Communications of the South Central States, Inc., the Consumer Advocate Division of the Office of the Attorney General and the Reporter for the State of Tennessee, the Tennessee Regulatory Authority Staff, and the Citizens Telecom (by telephone), United Telephone-Southeast, Inc. presented a comparison of its proposal and the wording relative to the computation of both the Price Regulation Index (PRI) and the Service Price Index (SPI) included in the Tennessee Public Service Commission (TPSC) Staff's proposed Local Competition Rule.

Response: Admit.

(b.) At that meeting, it was agreed that the wording addressing the computation of the SPI and PRI in the TPSC Staff's proposed rule was acceptable to United Telephone-Southeast, Inc., BellSouth Telecommunications, Inc., Citizens Telecom, the Consumer Advocate Division, and the Tennessee Regulatory Authority Staff representative.

Response: Deny. The parties agreed to United's proposed methodology except that the parties agreed to conform the calculation methodology for the Service Price Index (SPI) to the SPI calculation methodology contained in the final draft of the local competition rules considered by the Tennessee Public Service Commission in December 1995.

(c.) That it was agreed that the SPI would be computed by dividing the annual revenue under proposed rates (such revenue computed by pricing out the current volumes at the proposed rates) by the revenue resulting from pricing out the current volumes at the company's initial rates.

Response: Admit.

(d.) That it was agreed that for United Telephone-Southeast, Inc. the initial rates were the rates in effect June 1995.

Response: Deny.

(e.) That in response to Tennessee Regulatory Authority Staff's October 3, 1996 data request Item 1, the Company computed the annual revenue produced by pricing out the June 1996 annualized non-basic volumes at the June 1995 rates as \$41,490,406.82.

Response: Admit. The annual revenue computation is included as Attachment A.

(f.) That Attachment D of the Company's filing as revised by the December 6, 1996 letter to Dr. Klein from Mr. Parrott identifies the revenue produced by pricing out the June 1996 annualized non-basic volumes at proposed rates as \$42,199,566.54.

Response: Admit. United has revised its calculation as set forth in Attachment B. These revisions are based primarily on a portion of the Service Connection Charges associated with the revenue neutral tariff, effective June 24, 1996 not being appropriately reflected in the original information presented.

(g.) That revenue computed by pricing out the non-basic June 1996 volumes at proposed rates divided by the revenue computed by pricing out the non-basic June 1996 volumes produces a factor of 101.71% which is equivalent to an SPI of 101.71.

Response: Deny. See response to (f.).

(h.) That the PRI as computed on Attachment C, of United Telephone-Southeast, Inc.'s September 12, 1996 filing was 100.4.

Response: Admit.

(i.) That a 101.71 SPI is greater than the 100.4 PRI.

Response: Admit, but the result is not meaningful since it is based on an erroneous calculation of SPI for United. See response to (f.).

(j.) That the proposed non-basic rates produce revenues which exceed the maximum aggregate revenue for such services by \$543,188. ($\$41,490,406 \times 100.4\% = \$41,656,368$) and ($\$42,199,557 - \$41,656,368 = \$543,188$)

Response: Deny. See response to (f.) above.

June 1996 with June 1995 rates

Total Revenues by Category for Basic and Non-Basic Services

		<u>Base Revenues</u>	
	<u>Source of Revenues</u>	<u>June 1995 Rates June 1996 Volumes</u>	<u>June Annualized</u>
<u>Basic Services</u>			
Local	Billing Reports	3,791,353.60	45,496,243.20
Basic Service Connection Charges/NRCs*	General Ledger	162,957.50	1,955,490.00
Measured Service/OCC	General Ledger	87,818.00	1,053,816.00
Total Basic Services		4,038,008.58	48,505,549.20
<u>Non-Basic Services</u>			
Local	Billing Reports	1,405,482.81	16,865,793.72
Message Toll**	Billing Reports	483,787.00	5,805,444.00
Switched Access - Ded	Billing Reports	25,547.62	306,571.43
Switched Access	Billing Reports	542,464.73	6,509,576.75
Special Access	Billing Reports	15,896.20	190,754.40
Opportunity 800	General Ledger	9,450.00	113,400.00
WATS***	Billing Reports	274.75	3,297.00
Non-Basic Service Connection Charges/NRCs*	General Ledger	66,064.50	792,774.00
Billing and Collection	General Ledger	59,379.11	712,549.32
Public and Semi-Public Phone Revenue****	General Ledger	85,722.00	1,028,664.00
Cellular Interconnections	General Ledger	117,507.00	1,410,084.00
Directory Compensation	General Ledger	299,255.00	3,591,060.00
Miscellaneous*****	General Ledger	346,703.18	4,160,438.20
Total Non-Basic Services		3,457,533.90	41,490,406.82
TOTAL BASIC and NON-BASIC		7,495,542.48	89,995,956.02

* Basic-Local + Basic-Measured + Non-Basic-Local + Non-Basic Cellular Interconnection = Total to consider for Serv Conn/NRC allocation

** Includes Region Call adjustment and Deny All Knowledge (DAK) charges.

*** Includes MOU element. Monthly Recurring is included in Non-Basic Local.

**** Includes coins collected revenue. Monthly Recurring is included in Non-Basic Local

***** Includes pole attachments, floor space, returned check, E911 surcharge, etc. Intrastate allocation factors as of 5/96 were used.

June 1996 with June 1996 rates

Reconciliation

Total Revenues by Category for Basic and Non-Basic Services

			<u>Base Revenues</u>		<u>Reconciling Item</u> <u>(Annual Impact)</u>		<u>Revised</u> <u>Base Revenues</u>
			<u>June</u> <u>1996</u>	<u>June</u> <u>Annualized</u>			
<u>Source of Revenues</u>							
<u>Basic Services</u>							
	Local	Billing Reports	3,791,353.60	45,496,243.20			45,496,243.20
Basic Service Connection Charges/NRCs*		General Ledger	157,547.50	1,890,570.00	(324,664.00)	1	1,565,906.00
Measured Service/OCC		General Ledger	87,818.00	1,053,816.00			1,053,816.00
Total Basic Services			4,036,719.10	48,440,629.20	(324,664.00)		48,115,965.20
<u>Non-Basic Services</u>							
	Local	Billing Reports	1,454,709.00	17,456,508.00	(10,950.00)	2	17,445,558.00
	Message Toll**	Billing Reports	483,787.00	5,805,444.00			5,805,444.00
Switched Access - Ded		Billing Reports	22,439.21	269,270.52			269,270.52
Switched Access		Billing Reports	542,464.73	6,509,576.75			6,509,576.75
Special Access		Billing Reports	17,080.72	204,968.64			204,968.64
Opportunity 800		General Ledger	9,450.00	113,400.00			113,400.00
WATS***		Billing Reports	274.75	3,297.00			3,297.00
Non-Basic Service Connection Charges/NRCs*		General Ledger	63,853.50	766,242.00	(132,609.00)	1	633,633.00
Billing and Collection		General Ledger	59,379.11	712,549.32			712,549.32
Public and Semi-Public Phone Revenue****		General Ledger	85,722.00	1,028,664.00			1,028,664.00
Cellular Interconnections		General Ledger	117,507.00	1,410,084.00			1,410,084.00
Directory Compensation		General Ledger	299,255.00	3,591,060.00			3,591,060.00
Miscellaneous*****		General Ledger	346,703.18	4,160,438.20			4,160,438.20
Adjustment to Non-Basic Revenues					(324,664.00)	1	(324,664.00)
Total Non-Basic Services			3,502,625.20	42,031,502.44	(468,223.00)		41,563,279.44
TOTAL BASIC and NON-BASIC			7,539,344.30	90,472,131.64			89,679,244.64
Non-Basic Revenue Neutral Filings					(72,872.61)	3	(72,872.61)
Revised Non-Basic Revenue for SPI comparison							41,490,406.82
Grand Total: All Reconciling Items					(541,095.61)		

* Basic-Local + Basic-Measured + Non-Basic-Local + Non-Basic Cellular Interconnection = Total to consider for Serv Conn/NRC allocation

** Includes Region Call adjustment and Deny All Knowledge (DAK) charges.

*** Includes MOU element. Monthly Recurring is included in Non-Basic Local.

**** Includes coins collected revenue. Monthly Recurring is included in Non-Basic Local

***** Includes pole attachments, floor space, returned check, E911 surcharge, etc. Intrastate allocation factors as of 5/96 were used.

United Telephone-Southeast, Inc.

Reconciling Items

**Attachment B
Page 2 of 2**

Item 1

On June 24, 1996, United Telephone placed into effect a revenue neutral filing for Custom Calling Features, DID Rates, and Service Connection Charges. In reviewing the information associated with the filing, United has determined that a percentage of the reduction in Service Connection Charges more appropriately belongs in the Basic Service Category. Therefore, a portion of the increase in Non-Basic Service was made in error.

In addition, the reduction in Service Connection Charges was not reflected in the June 1996 rates as used in calculating the Total Non-Basic Revenues for the Annual Price Cap Filing. A breakdown of that impact is shown below:

Analysis of Service Connection/Non-Recurring Charges:

The estimated annual revenue reductions associated with elimination of Service Connection Charges are:

Eliminate Record Order Charge	(\$73,080)
Eliminate Complex Service Order Charge	(\$22,154)
Eliminate Access Line-Field Charge	(\$362,039)
TOTAL REDUCTION	(\$457,273)

The June 1996 annualized Base Revenue adjustments for United in the Service Connection Charges/NCRs Category based on the percentages for Basic and Non-Basic used in the Price Cap filing are:

(\$457,273)	Basic	0.71	(\$324,664)
	Non-Basic	0.29	(\$132,609)

The reduction has been reflected in revised totals for Basic and Non-Basic Service Connection Charges/NRCs and as a line item labeled "Adjustment to Non-Basic Revenues" in the Reconciling Items column.

Item 2

In the original Price Cap filing, five Translink SAE codes did not reflect their appropriate June 1996 rate due to SAE code revisions. The monthly impact of the adjustment is \$912.50 and the annual impact is \$10,950.

Item 3

For the revenue neutral filings that were made, the service quantities used to calculate the offsets for revenue increases or decreases varied depending upon the time of the filings. The differences are attributable to quantity variations between 1996 quantities and the quantities used to calculate the revenue neutral filings.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 5. Requests to Admit - Please admit or deny the following:

(a.) That United Telephone-Southeast, Inc. on September 12, 1996 filed proposed tariff pages with the Tennessee Regulatory Authority (Tariff Filing # 96-201) that included a provision for a \$.50 per call charge for Directory Assistance inquiries that exceeded an allowance of five (5) per month for residential access line, and three (3) per month for business access line.

Response: Admit.

(b.) That United Telephone-Southeast, Inc. published a public notice of its tariff filing setting forth the proposed allowances of five (5) such directory assistance inquiries per residential access line and three (3) per business line.

Response: Admit.

(c.) That United Telephone-Southeast, Inc. on December 6, 1996 filed a revised tariff that reduced the non-billable directory assistance call allowance per residential line from five (5) to three (3).

Response: Admit.

(d.) That United Telephone-Southeast, Inc. did not publish a public notice stating that in accordance with the December 6, 1996 tariff filing the proposed allowance for non-billable directory assistance calls per residential access lines was being reduced from five (5) to three (3).

Response: Admit.

(e.) That a residential customer who makes five (5) directory assistance inquiries per month under the proposed tariffs filed on September 12, 1996 would realize no increase in his/her phone bill as a result of the directory assistance charge.

Response: Admit.

(f.) That under the tariff as revised by the December 6, 1996 filing, a residential customer who makes five (5) directory assistance inquiries per month would realize a one dollar (\$1.00) per month increase in his/her phone bill as the result of the proposed directory assistance charge.

Response: Admit, assuming the customer does not qualify for full exemptions under the visual and physical limitations provisions in Section U3.9.2.B,1) in United's proposed tariff. In addition, each inquiry includes up to 2 number requests and, therefore, the customer, in this scenario, could have received up to 10 numbers.

(h1.) That although United Telephone - Southeast, Inc. filed new tariff sheets on December 6, 1996, the issue date reflected on the tariff sheets is September 12, 1996.

Response: Admit. Original issue and effective dates were used since the tariff was suspended and recognizing that the issue and effective dates would be revised upon tariff approval by the TRA.

(g.) That currently United Telephone-Southeast, Inc.'s residential and business customers who are charged the basic local exchange rate are provided usage of directory assistance at no additional charge.

Response: Admit, however, Directory Assistance is not part of basic local exchange service as defined in T.C.A. 65-5-208(a)(1), but is a separate service for which there is currently no charge.

(h2.) That the current cost of directory assistance usage is being recovered through rates charged to both business and residential customers.

Response: Deny. The current cost of Directory Assistance is being recovered through rates charged to business and residential customers and telecommunications service providers.

(i.) That the current cost of directory assistance usage is being recovered in part through rates charged to both business and residential customers.

Response: Admit.

(j.) That United Telephone-Southeast, Inc. estimates that, as the result of imposing the \$.50 directory assistance charge, residential customers' directory assistance usage by will be significantly reduced. (Suppression.)

Response: Admit.

(k.) That United Telephone-Southeast, Inc. estimates that, as the result of imposing the \$.50 directory assistance charge, business customers' directory assistance usage will be significantly reduced. (Suppression.)

Response: Admit.

(l.) That based on United Telephone-Southeast, Inc.'s determination of cost per call the reduction in directory assistance calls, will result in a \$482,923 annual cost saving for United Telephone-Southeast, Inc.

Response: Admit. However, the tax impact has not been reflected in this amount.

(m.) That the rates filed by United Telephone-Southeast, Inc., do not flow any of these savings to its business, residential customers, or Interexchange Carrier customers.

Response: Admit. United's proposed rates were filed in accordance with its price regulation plan as set forth in T.C.A. 65-5-209.

(n.) That United Telephone-Southeast, Inc.'s proposed directory assistance charges will produce and estimated \$1,006,089 in revenue collected from business and residential customers.

Response: Admit, based on the December 6, 1996 filing.

(o.) That United Telephone-Southeast, Inc. proposed to reduce the charges to Interexchange carriers such as Sprint, AT&T, MCI, etc. by \$838,034.94 but does not propose to reduce the rates to any of its business or residential customers.

Response: Admit, based on the December 6, 1996 filing.

(p.) That United Telephone-Southeast, Inc. does not recognize that the \$838,035 reduction in Access and Carrier Common Line charges will stimulate usage and revenues.

Response: Deny. United has no reason to believe that this amount will cause stimulation. In 1995, United was ordered to implement an access reduction of \$5.1 million per Tennessee Public Service Commission Docket No. 93-04818 and United did not see an increase in minutes due to price stimulation.

(q.) That no Local Exchange Telephone Company operating in Tennessee has placed into effect tariffs approved by the Tennessee Regulatory Authority or the Tennessee Public Service Commission that provide for residential or business customers who purchase basic local service to be charged separately for directory assistance usage.

Response: Admit.

(r.) That no Interexchange carrier operating in Tennessee has placed into effect tariffs approved by the Tennessee Regulatory Authority or the Tennessee Public Service Commission tariffs that provide for residential or business customers who purchase basic local service to be charged separately for directory assistance usage.

Response: Admit, to the best of our knowledge.

(s.) That as the result the proposed implementation of the directory assistance charge United Telephone-Southeast, Inc. will realize an increase in margin of \$1,489,002 from its business and residential customers. (Revenue from the Directory Assistance Charge \$1,006,089 + Cost Savings of \$489,922.72 = \$1,489,002)

Response: Admit. However, the tax impact has not been reflected in this amount.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 6. (a.) Please identify and list any and all cost studies, analysis, reports, etc. that United Telephone-Southeast, Inc. possesses, knows to exist, or reasonably believe to exist that identify, or attempts to identify rates through which the cost of United Telephone-Southeast, Inc.'s directory assistance service is recovered.

Response: It is impossible to perform a rates versus cost analysis to determine those specific services that provide subsidy support solely to Directory Assistance.

(b.) Provide copies of any and all items listed in (a.) above that are in the possession of United Telephone-Southeast, Inc. or that can be obtained by United Telephone Southeast, Inc.

Response: See response to (a) above.

(c.) For any item listed in (a.) above that is not in the possession of United Telephone-Southeast, Inc. and can not be obtained by United Telephone-Southeast, Inc. identify the company, individual, or agency that United Telephone-Southeast, Inc. believes may have possession of such items.

Response: See response to (a) above.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 7. Please explain why businesses which employ disabled individuals, who due to their disability cannot use a printed directory, should not receive an exemption from directory assistance charges for the telephone access lines used by those employees in the performance of their employment.

Response: The costs of ensuring that disabled employees can perform their job functions should be borne by the businesses that employ disabled individuals. United should not have to bear the costs of providing services to other businesses and in effect subsidize the rate for products and services produced by such businesses simply because United is responsible for providing telephone service to the business.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 8. Item 6 of the Consumer Advocates Discovery Request Dated November 18, 1996 asked:

Does the term disability apply to illiteracy? If yes, what type of confirmation will be required by the customer to receive the exemption?

United Telephone-Southeast responded:

The term disability is intended to be interpreted broadly so as not to deny customers access to needed services. However, the definition of disability per the Americans with Disabilities Act indicates that a disability is "...with respect to an individual (a) a physical or mental impairment that substantially limits one or more of the major life activities of such individual; (b) a record of such an impairment; or (c) being regarded as having such an impairment." This definition does not specify illiteracy as a disability.

(a.) Is it United Telephone-Southeast, Inc.'s position that "disability" should be interpreted broadly enough to include illiteracy as a disability?

Response: United's position is based on definitions in the Americans with Disabilities Act and regulations issued thereunder. United did not find any reference to illiteracy in the definition of disability found in the Americans with Disabilities Act or in the related regulations. If an individual's illiteracy is determined by a physician, group or agency to be a disability per the standards and tests for a disability as found in the Americans with Disabilities Act then United would accept that determination. However, United does not test individuals for the sake of determining an exemption for directory assistance.

(b.) Is it United Telephone-Southeast, Inc.'s position that an illiterate person does not have an impairment that substantially limits major life activities or is not regarded as having such an impairment?

Response: Reference response to (a.) above.

(c.) Please provide the list of disabilities that United Telephone-Southeast, Inc. believes are specifically included in the definition of disability included in the Americans with Disabilities Act.

Response: The Americans with Disabilities Act does not provide a specific list of disabilities but instead provides criteria to determine an individual's disability based on explanations of the terminology found in the definition of disability as referenced in United's response in (a.). United does not test individuals for the sake of determining an exemption for directory assistance. However, if an individual's illiteracy is found by a physician, group or agency to be a disability per the standards and tests for a disability as found in the Americans with Disabilities Act then United would accept that determination.

(d.) Please provide a list of disabilities which are not recognized as disabilities under the Americans with Disabilities Act but deny customers access to needed services.

Response: The question appears internally contradictory and thus cannot be answered.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 9. Item 8 of the Consumer Advocate Discovery Request Dated November 18, 1996, asked:

Please provide (with documentation) the number of United's Tennessee customers who are (a) blind; (b) disabled; and/or (c) illiterate.

United Telephone-Southeast, Inc. responded:

The information requested is not available. United does not keep records of blind, disabled or illiterate customers in our service area. Additionally, the Company contacted a number of agencies that deal with clients with disabilities with none of the agencies had comprehensive lists of individuals with the categories requested. The agencies contacted by United include the Upper East Tennessee Human Development Agency, the Department of Human Services, the Vocational Rehabilitation Department, Blind Services, the Division of Rehabilitation Services, the First Tennessee Development District, the East Tennessee Disability Network and the regional Census Bureau in Charlotte, N.C.

(a) Provide copies of all correspondence concerning the requested information, to and from United Telephone-Southeast, Inc. and the agencies listed in the Company's response.

Response: Due to the limited response time provided in the Consumer Advocate's November 18, 1996 Discovery Request, United's attempts to obtain the requested information occurred via telephone. There is no written information resulting from the telephone conversations. The conversations themselves revealed that the requested information is not available.

(b) The response indicated that the agencies listed were included in those contacted by United Telephone-Southeast, Inc. Provide a list of other agencies, individuals or organizations that were contacted and provide copies of all correspondence to and from those agencies that might address the requested information.

Response: The list United provided in the Consumer Advocate's November 18, 1996 Discovery Request is the complete list of agencies contacted by the Company.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 10. Item 10 of the Consumer Advocate Discovery Request Dated November 18, 1996 asked:

Please provide the average time lag for white and yellow page directories between the date information is provided to publisher and the date directories are distributed to ratepayers.

United Telephone-Southeast, Inc. responded:

The average lag time is two to three months from the date that directory listings are finalized and telephone directories are delivered to subscribers. The two to three month time period is dependent on the number of listings included in the directory.

(a) How many times per year are updated directories that include telephone numbers within the local calling area provided to each of United Telephone-Southeast's Tennessee ratepayers?

Response: Once per year.

(b) If directories are provided less frequently than annually, identify the average number of months between the issuance of updated directories:

Response: Directories are provided annually.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 11. Item 12 of the Consumer Advocate Discovery Request Dated November 18, 1996 asked:

What is the error rate for yellow page directory listings? (Errors may include but are not limited to: Incorrect numbers, misspelled names, incorrect addresses.)

United Telephone-Southeast, Inc. responded:

United contracts with a vendor for yellow page publication and therefore does not have information on the error rate for yellow page listings.

(a) Please identify the vendor that contracts with United Telephone-Southeast, Inc. for the publication of yellow pages.

Response: Sprint Publishing & Advertising (formerly named DirectoriesAmerica).

(b) Request to Admit

(i) Please admit or deny that the vendor is a subsidiary, a partner, or otherwise affiliated with Sprint, Sprint Mid-Atlantic, or United Telephone-Southeast, Inc.

Response: Admit.

(c) If the directory vendor is affiliated with Sprint, Sprint Mid-Atlantic, or United Telephone-Southeast, Inc., please explain the affiliation.

Response: The vendor is a subsidiary of Sprint Corporation. The vendor is an affiliate of Sprint Mid-Atlantic and United Telephone-Southeast, Inc.

(d) Provide a copy of the contract between United Telephone-Southeast, Inc. and the yellow page directory vendor.

Response: A copy is attached and has been marked Proprietary.

(e) Please explain the procedures that United Telephone-Southeast, Inc. has implemented or planned to implement to ensure that the yellow page directories published by the vendor do not include errors. Provide all existing and proposed documentation of such procedures.

Response: Ensuring that yellow page directory listings do not include errors is a service performed by United's vendor, Sprint Publishing and Advertising.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 12. (a) What is the error rate for white page directory listings? (Errors may include but are not limited to: Incorrect numbers, misspelled names, incorrect addresses.)

Response: There were approximately 190,900 listings in the white pages of the Tennessee directories in 1996. United had no documented white page errors that included incorrect numbers, misspelled names or incorrect addresses. The company and the TRA received one documented request from a customer who wanted his listing in another locality instead of the locality in which he resided; however, the customer's listing was not printed in error.

(b) If United Telephone-Southeast, Inc. contracts with a vendor for white page publication and therefore does not have information on the error rate for white page listings:

- (i) Please identify the vendor that contracts with United Telephone-Southeast, Inc. for white page publication.

Response: Not applicable.

- (ii) If the vendor is a subsidiary, a partner, or otherwise affiliated with Sprint, Sprint Mid-Atlantic or United Telephone-Southeast, Inc., please explain the affiliation.

Response: Not applicable.

- (iii) Provide a copy of the contract between United Telephone-Southeast, Inc. and the white page directory vendor.

Response: Not applicable.

- (iv) Please explain the procedures that United Telephone-Southeast, Inc. has implemented or plans to implement to ensure that the white page directories provided to its customers do not include errors? Provide all existing and proposed documentation of such procedures.

Response: Not applicable.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 13. The proposed tariff includes the following:

U3.9 LOCAL DIRECTORY ASSISTANCE SERVICE

U3.9.1 GENERAL

- A. The Company furnishes Local Directory Assistance Service whereby customers may obtain assistance in determining telephone numbers.*
- B. The charging application and rates set forth in U3.9.3 following apply to subscriber requests for Local Directory Assistance Service in determining, or attempting to determine, the telephone number of any customer served by or thought to be served by the Company.*
- C. Local Directory Assistance does not provide the telephone number for a non-published listing but does provide the telephone number for a non-listed listing.*
- D. The availability and rates for Local Directory Assistance for Mobile Service Providers are set forth in U16.10.1 (J) following.*

U3.9.2 APPLICATION OF CHARGES AND ALLOWANCES

- A. A charge is applicable for each inquiry for directory assistance except as noted below; each number requested constitutes an inquiry except that the first two numbers requested on any one call constitutes only one inquiry.*
- B. Charges for Directory Assistance are not applicable to:*
 - 1) Calls made by residence customers who are unable to use a telephone directory because of a visual or physical disability which can be confirmed by a physician, appropriate group or agency.*
 - 2) Calls made from Public and Joint Operated Coin telephone service locations and Customer Provided Public Phones.*

C. *An allowance of three (3) inquiries per residence customer and three (3) inquiries per business customer, per billing period, per access line shall apply. The allowance is not transferable between separate accounts, even for the same customer. An unused allowance will not be credited to the customer's account in any other billing period in which service is rendered.*

U3.9.3 RATES AND CHARGES

Rate

A. *Directory Assistance Service, each inquiry, .50
Residence and Business*

(a.) Under United Telephone-Southeast's proposed tariff, will there be a directory assistance charge when a customer's inquiry is for a new telephone number that has not been included in a published directory?

Response: A charge will not apply if the call is one of the first three inquiries made in a particular billing cycle.

(b.) Under United Telephone-Southeast, Inc.'s proposed tariff, will there be a directory assistance charge when a customer's inquiry is for a telephone number that is incorrectly listed in the published directory?

Response: As noted in item 12(a), United received no reports of incorrect listings from customers. If incorrect numbers are found subsequent to the publication of the directory, solutions such as intercept and referral of calls to a correct number, secretary recordings, or operator intercepts are used to provide customers with the most accurate and timely information. In the event that United is not notified of the incorrect number and an inquiry is made, a charge will apply when the customer has exceeded his allowances for the billing period.

(c1.) Under United Telephone-Southeast, Inc.'s proposed tariff, will there be a directory assistance charge when a customer makes an inquiry but is not provided the number because the requested number is non-published?

Response: A charge will not apply if the call is one of the first three inquiries made in a particular billing cycle.

(c2.) Since the tariff refers to LOCAL DIRECTORY ASSISTANCE SERVICE (Emphasis added.), will there be a charge by United Telephone-Southeast when the number requested is not within the requesting customers local calling area? For example: Could a customer in Johnson City Exchange be charged for obtaining, through United Telephone-Southeast, Inc.'s directory assistance, the telephone number of a customer in the Bristol, Tennessee exchange? Similarly could a customer in Kingsport be charged for obtaining, through United Telephone-Southeast, Inc.'s directory assistance, the telephone number of a customer in the Johnson City exchange?

Response: United's proposed tariff applies to all customers dialing 1-411 to request local and intraLATA numbers. This dialing pattern is currently utilized by United's customers and will not be changed by this tariff filing.

(d.) If the answer to (c.) is yes, provide a definition of "Local" as used in the Tariff section U3.9.

Response: Yes. See response to (c2.) above.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 14. (a) How many copies of the local white page directories will be provided at no additional charge to:

- (i) Residential Customers, and
- (ii) Business Customers?

Response: Each residential and business customer is provided one copy per access line. At the customer's request, as many replacements as needed are provided throughout the year. (White page and yellow page listings are published in a single directory book.)

(b) How many copies of the local yellow page directories will be provided at no additional charge to:

- (i) Residential Customers, and
- (ii) Business Customers?

Response: Each residential and business customer is provided one copy per access line. At the customer's request, as many replacements as needed are provided throughout the year. (White page and yellow page listings are published in a single directory book.)

(c) Does United Telephone-Southeast, Inc. or the vendor that provides directories charge or plan to charge residential customers for white page directories that list numbers outside the residential customers' local calling area as defined in Section U3.4 of United Telephone-Southeast, Inc.'s tariffs as approved by the Tennessee Regulatory Authority?

Response: There is no charge to a customer requesting a directory outside his local calling area but within United's service territory.

(d) If there is a charge for white page directories that list numbers outside the residential customers' local calling areas, identify the charge. If the charge varies identify all such charges.

Response: The only charge that applies is when a customer requests a directory outside United's service territory. The customer is referred to Sprint Publishing & Advertising at 1-800-487-6733, which provides the requested directory. The various rates are determined by Sprint Publishing & Advertising.

(e) Does United Telephone-Southeast, Inc. or the vendor that provides directories charge or plan to charge residential customers for yellow page directories that list numbers

outside the residential customers' local calling areas as defined in Section U3.4 of United Telephone-Southeast, Inc.'s tariffs as approved by the Tennessee Regulatory Authority?

Response: There is no charge to a customer requesting a directory outside his local calling area but within United's service territory.

(f) If there is a charge for yellow page directories that list numbers outside the residential customers' local calling areas, identify the charge. If the charge varies identify all such charges.

Response: The only charge that applies is when a customer requests a directory outside United's service territory. The customer is referred to Sprint Publishing & Advertising at 1-800-487-6733, which provides the requested directory. The various rates are determined by Sprint Publishing & Advertising.

(g) Does United Telephone-Southeast, Inc. or the vendor that provides directories, charge or plan to charge business customers for white page directories that list numbers outside the business customers' local calling area as defined in Section U3.4 of United Telephone-Southeast, Inc.'s tariffs as approved by the Tennessee Regulatory Authority?

Response: There is no charge to a customer requesting a directory outside his local calling area but within United's service territory. It should be noted that for several years, United Telephone-Southeast directories have included a comprehensive white-page Tri-Cities Business Section in its Bristol, Kingsport, Johnson City and Elizabethton directories, thus giving customers in these areas added convenience through access to thousands of additional business listings.

(h) If there is a charge for white page directories that list numbers outside the business customers' local calling areas, identify the charge. If the charge varies identify all such charges.

Response: The only charge that applies is when a customer requests a directory outside United's service territory. The customer is referred to Sprint Publishing & Advertising at 1-800-487-6733, which provides the requested directory. The various rates are determined by Sprint Publishing & Advertising. It should be noted that for several years, United Telephone-Southeast directories have included a comprehensive white-page Tri-Cities Business Section in its Bristol, Kingsport, Johnson City and Elizabethton directories, thus giving customers in these areas added convenience through access to thousands of additional business listings.

(i) Does United Telephone-Southeast, Inc. or the vendor that provides directories charge or plan to charge business customers for yellow page directories that list numbers outside

the business customers' local calling areas as defined in Section U3.4 of United Telephone-Southeast, Inc.'s tariffs as approved by the Tennessee Regulatory Authority?

Response: There is no charge to a customer requesting a directory outside his local calling area but within United's service territory.

(j) If there is a charge for yellow page directories that list numbers outside the business customers' local calling areas, identify the charge. If the charge varies, identify all such charges.

Response: The only charge that applies is when a customer requests a directory outside United's service territory. The customer is referred to Sprint Publishing & Advertising at 1-800-487-6733, which provides the requested directory. The various rates are determined by Sprint Publishing & Advertising.

United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 15. Item 2 of the Consumer Advocate Discovery Request Dated November 18, 1996 asked:

Please provide the detail information, i.e. a copy of the 1991 contract between Carolina Telephone and United, of the current cost study for DA call for Tennessee operations as provided in Item 4 of the proprietary information.

United Telephone-Southeast, Inc. responded:

A copy of the 1991 contract between Carolina Telephone and United and the relevant exhibits detailing service and pricing as well as the current cost study is considered "Proprietary Information" and as such has been included as Attachment A in the Proprietary Information provided under separate cover.

(a) Request to Admit:

- (i) Please admit or deny that Carolina Telephone and Telegraph Company ("CT&T") is a subsidiary of or otherwise affiliated with Sprint, Sprint Mid-Atlantic, and/or United Telephone-Southeast, Inc.

Response: Admit. See response to 15(b).

(b) If CT&T is affiliated with Sprint, Sprint Mid-Atlantic, or United Telephone-Southeast, Inc., explain the nature of those affiliations.

Response: CT&T, United Telephone-Southeast and Sprint Mid-Atlantic are all wholly-owned subsidiaries of Sprint Corporation. Sprint Mid-Atlantic serves as a management company for CT&T and United Telephone-Southeast, Inc.

(c) Exhibit F to the 1991 contract specifies the rate to be charged by CT&T for directory assistance calls but does not provide supporting calculations of the rate. Please identify the components of that rate and provide copies of workpapers, records, analysis, reports, or other documents that support the following:

- (i) The amount included in the rate required to provide a return on CT&T's investment used in providing such service.

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Response:

- (ii) The rate of return used in computing the return requirement, i.e., the weighted cost of debt, debt as a percent of capital structure, the weighted cost of equity, and the required return on equity.

Response:

- (iii) The amount included in the rate required to allow CT&T to recover salary and wage expense incurred in the provision of directory assistance service for United Telephone-Southeast, Inc.

Response:

- (iv) The amount included in the rate required to allow CT&T to recover payroll tax expense incurred in the provision of directory assistance service for United Telephone-Southeast, Inc.

Response:

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- (v) The amount included in the rate required to allow CT&T to recover other employee benefit expense incurred in the provision of directory assistance service for United Telephone-Southeast, Inc.

Response: [REDACTED]

- (vi) The amount included in the rate required to allow CT&T to recover capital costs of facilities used in the provision of directory assistance service for United Telephone-Southeast, Inc. (Depreciation).

Response: [REDACTED]

- (vii) The amount included in the rate required to allow CT&T to recover the cost of transmission facilities leased by CT&T from Sprint to transport traffic from United Telephone-Southeast, Inc.'s service to CT&T.

Response: [REDACTED]

- (viii) The amount included in the rate required to allow CT&T to recover other operating expenses incurred in the provision of directory assistance service for United Telephone-Southeast, Inc. (Please identify the other operating expenses)

Response: [REDACTED]

(d) For each year 1991, 1992, 1993, 1994, 1995 and 1996 identify CT&T's unrecovered capital investment incurred by CT&T solely for the purpose of meeting its obligation to United under the 1991 agreement, and provide copies of all cost studies, analysis, reports, financial records, memorandums, and other documents in the possession of United Telephone-Southeast, Inc., CT&T, Sprint, or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint that address or otherwise identify the unrecovered capital investment incurred by CT&T solely for the purpose of meeting its obligation to United under the 1991 agreement.

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Response:

[REDACTED]

(e) For 1996 identify the cost incurred by CT&T to provide directory assistance for United Telephone-Southeast, Inc. Tennessee broken down into the following components:

Response:

[REDACTED]

- (i) the amount to provide a return on CT&T's investment used in providing such service,

Response:

[REDACTED]

- (ii) the rate of return used in computing the return requirement, i.e. the weighted cost of debt, debt as a percent of capital structure, the weighted cost of equity, and the required return on equity,

Response:

[REDACTED]

- (iii) the salary and wage expense,

Response:

[REDACTED]

- (iv) payroll taxes,

Response:

[REDACTED]

- (v) other employee benefit expense,

Response:

[REDACTED]

- (vi) capital recovery costs (depreciation)

Response:

[REDACTED]

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- (vii) cost of transmission facilities leased by CT&T from Sprint to transport traffic from United Telephone-Southeast, Inc.'s service to CT&T, and

Response: [REDACTED]

- (viii) all other operating expenses.

Response: [REDACTED]

If the information is not available for 1996, provide the information for the most recent year that such information is available. Provide copies of all cost studies, analysis, reports, memorandums, financial records, and/or other documents in the possession of or prepared on behalf of United Telephone-Southeast, Inc., CT&T, Sprint or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint that address or identify CT&T's costs incurred in providing directory assistance service to United Telephone-Southeast, Inc.'s Tennessee customers.

(f) For 1996 identify the amount paid to CT&T by United Telephone-Southeast, Inc. Tennessee for the provision of directory assistance service. If such information is not available for 1996 identify the amount paid to CT&T by United Telephone-Southeast, Inc. Tennessee that coincides with the period used in (e) above.

Response: [REDACTED]

(g) For 1996 identify any and all other amounts incurred by United Telephone-Southeast, Inc. Tennessee in the provision of directory assistance service to its customer. Provide a detailed breakdown of such costs. If such information is not available for 1996 provide the information for the period that coincides with the period used in (e) above.

Response: [REDACTED]

(h) Exhibit F to the 1991 contract provides that the rate to be charged by Carolina Telephone and Telegraph for directory assistance calls to be adjusted periodically. The rate currently being charged for directory assistance calls is materially greater than the amount specified in Exhibit F. Identify each adjustment made to the rate from November 1991 through December 1996. Provide workpapers and other documentation supporting each adjustment.

Response: [REDACTED]

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[REDACTED]

(i) Identify and list copies of all cost studies, analysis, reports, memorandums, financial records, and/or other documents in the possession or prepared on behalf of United Telephone-Southeast, Inc., CT&T, Sprint, or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint that address or identify the costs incurred by CT&T and United Telephone-Southeast, Inc. in the provision of directory assistance to United Telephone-Southeast, Inc.'s business, residential and other customers.

Response:

[REDACTED]

(j) Provide copies of any and all cost studies, analysis, reports, memorandums, financial records, and/or other documents listed in (i) above that are in the possession of or can be obtained by United Telephone-Southeast, Inc., CT&T, Sprint, or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint. It is not necessary to provide additional copies of cost studies, analysis, reports, memorandums, financial records, or other documents that have been provided in response to other requests listed above.

Response:

[REDACTED]

(k) If any of the items listed in (i) above are not in the possession of United Telephone-Southeast, Inc., CT&T, Sprint, or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint, identify the company, individual, or

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agency that United Telephone-Southeast, Inc., CT&T, Sprint, or other subsidiaries, affiliates, or consultants of United Telephone-Southeast, Inc., CT&T, and/or Sprint believes may have possession of such items.

Response: [REDACTED]

(l) Based on the terms of the contract provided in response to Item 2 of the Consumer Advocate's November 18, 1996 Discovery Request, the contract expired in 1996. Please provide copies of any and all new or proposed contracts under which CT&T is or would be providing directory assistance service to United Telephone-Southeast, Inc. Provide copies of all draft contracts and draft contract provisions. Provide copies of all workpapers and other documentation supporting the charge for the provision of directory assistance service in accordance with any such new, proposed contract, and any and all draft contracts and draft contract provisions.

Response: [REDACTED]

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United Telephone-Southeast, Inc.
Consumer Advocate Discovery Request Dated January 3, 1997
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16. For the month of June 1996, please identify the number of Network Access Registers (NARs) associated the following:

<u>ABC Access Line Airline</u> <u>Measurement</u>	<u>S&E Code</u>	Number of NAR associated with this classification of <u>ABC Access Lines</u>
1/4 Mile	1FCY (-25)	
1/2 Mile	1FCY (-50)	
3/4 Mile	1FCY (-75)	
1 Mile	1FCY (1-0)	
1 1/2 Mile	1FCY (1-5)	
2 Miles	1FCY (2-0)	
2 1/2 Miles	1FCY (2-5)	
3 Miles	1FCY (3-0)	
3 1/2 Miles	1FCY (3-5)	
4 Miles	1FCY (4-0)	
4 1/2 Miles	1FCY (4-5)	
5 Miles	1FCY (5-0)	

Response: ABC Access Lines are provisioned with many different loop lengths in a particular customer group. NARs are not identifiable on a per line basis. Therefore, the requested information is not available.



Charles S. "Steve" Parrott
Director - State Regulatory Affairs

Mid-Atlantic Operations
14111 Capital Boulevard
Wake Forest, North Carolina 27587-5900
Telephone: (919) 554-7039
Fax: (919) 554-7595

January 14, 1997

Mr. John Knox Walkup, Esq.
Gullett, Sanford, Robinson & Martin
Attorneys at Law
230 Fourth Avenue North, 3rd Floor
Nashville, TN 37219-8888

Dear Mr. Walkup:

Attached is United Telephone-Southeast, Inc.'s response to the AT&T Communications of the South Central States, Inc. Discovery Request regarding United's proposed Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423. Proprietary Information has been marked and should be handled accordingly.

If there are any questions regarding this information, please contact me at 919/554-7039.

Sincerely,

A handwritten signature in black ink that reads "C. Steve Parrott". The signature is fluid and cursive, with the first name "C." and last name "Parrott" clearly visible.

C. Steve Parrott

Attachments

cc: David Waddell - Tennessee Regulatory Authority
Chris Klein - Tennessee Regulatory Authority
Dianne Neal - Tennessee Regulatory Authority
Richard M. Tettelbaum - Citizens Telecom (w/o Proprietary Information)
Guy Hicks - BellSouth Telecommunications (w/o Proprietary Information)
L. Vincent Williams - Consumer Advocate Division
James B. Wright - Sprint
Bob Wallace - Sprint
Laura Sykora - Sprint

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 1. Please provide any and all cost studies and supporting work papers conducted and compiled since January 1, 1990 that contain information relative to the costs to provide intrastate switched access charge elements in United Telephone-Southeast's territory.

Response: United has not performed any cost studies since January 1990 for intrastate switched access elements affected by the proposed tariffs in this docket.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 2. For any cost studies identified in item 1 above, please indicate the specific methodology for each individual cost study, e.g. embedded costs, long-run incremental costs (LRIC), total services long-run incremental costs (TSLRIC) or total element long-run incremental costs (TELRIC).

Response: Not applicable.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 3. If no cost studies have been produced in item 1 above, or if any of the produced cost studies are not of the TSLRIC or TELRIC type, please indicate the extent to which United has performed a TSLRIC or TELRIC study for any element or service and whether United anticipates the completion of these studies for switched access charge elements.

Response: United has plans to complete TELRIC studies in support of unbundled network service elements to be provided under local interconnection agreements.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 4. Please provide any and all cost studies and supporting work papers conducted and compiled since January 1, 1990 that contain information relative to the costs to provide intraLATA toll services in United Telephone-Southeast's territory in Tennessee.

Response:

No studies have been conducted on the costs to provide intraLATA toll services in United Telephone-Southeast's territory in Tennessee since January 1, 1990.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 5. With reference to United's reduction in the intraLATA message toll rate from \$0.05 per minute to \$0.03 per minute in Tennessee, please provide the revenue impact of this reduction on an average monthly basis.

Response: United objects to providing this information on the grounds that it is not relevant to this proceeding.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 6. For an average intraLATA message toll call in United's territory, what is the average billed rate per call and the average access charges assessed by United for the same average call? Please indicate the reasons for any differences in the toll rate and the access rate for the same call.

Response: United objects to providing this information on the grounds that it is not relevant to this proceeding.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 7. Please list the Sprint Corporation affiliated companies that operate in Tennessee and that require exchange access-like services from United-Southeast.

Response: Sprint Communications Company L.P. and United Telephone Long Distance are Sprint affiliated companies that operate in Tennessee and that require exchange access-like services from United-Southeast.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 8. For the Sprint Corporation affiliates listed in item 7, please provide the tariff reference that contains the terms, conditions and pricing applicable to the affiliate's purchase of the exchange access-like services from United-Southeast. If not purchased via tariff, please provide the financial and operational arrangements under which those companies obtain exchange access-like services from United-Southeast.

Response: The affiliates listed in Item 7 purchase their exchange access-like services from United-Southeast based on the terms, conditions and pricing found in United Telephone-Southeast, Inc.'s Intrastate Access Service Tariff.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 10. Please list any services offered by United in Tennessee that United considers to be currently experiencing competition from other providers.

Response: United objects to providing this information on the grounds that it is not relevant to this proceeding.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 11. In connection with Item 10 above, please list the names of any competing providers of the individual services listed, e.g., intraLATA toll services.

Response: United objects to providing this information on the grounds that it is not relevant to this proceeding.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 12. Given that United is currently operating under price regulation in Tennessee, is it United's position that it is still subject to the provisions of the 1988 capping plan instituted as a result of AT&T's Megacom filing?

Response: No.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 9. Please list any services offered by United in Tennessee that are priced below the costs to provide the service. Please indicate the cost standard, e.g., embedded, LRIC, TELRIC, etc., that was used as a basis for the response.

Response: Attached is United's Embedded Direct Analysis based on 1994 embedded cost information filed in the Universal Service Proceeding, Docket No. 95-02499. Based on this analysis, categories of services offered below their cost to provide the service are indicated as negative (preceded by -) in the "Net Operating Income, Post FIT" column. For example, residential Basic Local Exchange Service, residential and educational ISDN, IntraLATA Message Toll, Directory Assistance and Service Order and Line Connect Charges are all offered below their costs to provide the service.

Service Accounting Study

Tennessee

United Telephone - Southeast, Inc.

Response to Item 5
of TPSC Notice
Dated Dec. 5, 1995

Regulatory Staff Support
December, 1995

PROPRIETARY
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I. Study Summary

A. Purpose

B. Scope

C. Assumptions

D. Methodology

E. Service Category Definitions

F. Results

PROPRIETARY
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I. Study Summary

A. Purpose

The purpose of the Service Accounting Study is to produce the historical revenue and cost comparisons for the broad classes of telephone services offered for the Tennessee jurisdiction of Sprint/United Telephone-Southeast. The results of a service accounting study will show the user the profitability or unprofitability of its broad classes of telephone service. The service accounting study forms the beginning point in the judgmental process necessary for setting rates.

B. Scope

The study results were developed specific for the Tennessee jurisdiction of Sprint/United Telephone - Southeast. The embedded fully allocated cost study approach was used in this service accounting study. The study period was for the calendar year 1994.

C. Assumptions

1. The 1994 end-of-year listing of revenues, expenses and average investments by account provided by the Accounting Department are most current available and are appropriate for this study.
2. The 1994 Annual Part 36 Study with separate listing of Private Line categories provided by the Regulatory Staff Support Department and used for allocation of investments and expenses to toll jurisdictional buckets is the most current available and is appropriate for this study.
3. The June 1994 Station Data Report provided by the Regulatory Staff Support Department and used for mid-year access lines is appropriate for this study.
4. The June 1994 Service And Equipment/Revenue Account Cross Reference provided by Information Services is appropriate for this study.
5. The 1994 traffic factors for Subscriber Line Use (SLU) and Dial Equipment Minutes (DEM) provided by the Regulatory Staff Support Department is the most current available and is appropriate for this study.
6. The Accounting Procedures for Service Accounting (APSA) cost model is appropriate for this cost of service study. APSA is a mainframe based computer model used to produce a historical revenue, investment and expense comparison of broad classes or telephone services offered.

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D. Methodology

This study uses the service accounting or "cost of service" methodology. A cost of service study compares a telephone company's operating revenues with the investments and expenses needed to produce those operating revenues. One of the end results of such a study is the production of a net income or loss and a return on investment for each category of service. In addition, a revenue requirement for each service category is a product of a cost of service study.

There are two types of cost of service studies. One is an embedded direct study, and the other is a fully allocated study. An embedded direct study compares a company's operating revenues to those investments and expenses that can be specifically associated with the individual services offered. Any expenses or investments that cannot be specifically associated with a service will be assigned to a common cost category. A fully allocated study is one in which all costs, investments and revenues are assigned to a service category. The procedures followed in the completion of a fully allocated study should be identical to the embedded direct except for the treatment of investments and expenses assigned to Category 39 - Common Costs. To complete a fully allocated cost study, investments and expenses assigned to Common Costs are allocated across the other service categories. This allocation is handled internally within the model. Investment items are allocated to the service categories based on the total allocation of account 2001, Total Plant in Service. Expenses are allocated to the service categories based on the allocation of Total Expenses.

E. Service Category Definitions

1. Service order work (category 1) - The function of preparing service orders which results from a customer initiated change in service. Customer requests for connections, disconnections, moves and changes in service give rise to service order work. Revenues are the non-recurring revenues billed customers for the above services.
2. Line connection work (category 2) - The service of connecting a customer's line in the central office and at the drop which results from a customer initiated change in service. Requests for customer connections, disconnections and upgrades in service give rise to line connection work. Revenues are the non-recurring revenues billed customers for the above service.
3. Premise work (category 3) - All non-recurring work done inside of the protector at the initiation of the customer should be included in this category. This is the service of wiring a customer's premise, jack installation and station handling that results from a customer initiated change in service. Requests for customer connections, disconnections, moves or changes give rise to premise work. Revenues are the non-recurring revenues billed customers for the above services.

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4. Customer Access - Residence (category 4) - The service of providing a customer with access to the switched telephone network, not including terminal equipment or inside wire. This service is largely that of maintaining the customer's line and maintaining the customer's account. Revenues are those the customer pays monthly on a flat rate basis in order to have access to the network. Revenues included are the local flat rate charge to customers for local service.
5. Customer Access - Business (category 5) - The service of providing a customer with access to the switched telephone network, not including terminal equipment or inside wire. This service is largely that of maintaining the customer's line and maintaining the customer's account. Revenues are those the customer pays monthly on a flat rate basis in order to have access to the network. Revenues included are the local flat rate charge to customers for local service.
6. Customer Access - Trunk (category 6) - The service of providing a customer with access to the switched telephone network, not including terminal equipment or inside wire. This service is largely that of maintaining the customer's line and maintaining the customer's account. Revenues are those the customer pays monthly on a flat rate basis in order to have access to the network. Revenues included are the local flat rate charge to customers for local service.
7. Terminal equipment (category 7) - Revenues and expenses associated with company owned simple, complex and peripheral equipment located at the customer's premises. Paystation investment is not included in this category but will appear in category 34.
8. Inside wire (category 8) - Not applicable for this study.
9. Emergency 911 (category 9) - The cost of providing Emergency 911 equipment and data costs.
10. Extended area service access - Considered with customer access.
11. Carrier access and toll services (categories 11 to 30) - The cost and revenues associated with providing access to an interexchange carrier including non-traffic sensitive, switching and transport, billing and collection, interexchange and private line.
12. U-Touch service (category 31) - The costs include those of providing U-Touch service from the central office. Revenues are the additional recurring charges associated with a U-Touch line.
13. Basic custom calling service (category 32) - The costs and revenues for providing the following services are included in this category: 1. Call Forwarding 2. Call Waiting 3. Three-Way Calling 4. Speed Dialing capability.
14. Advanced custom calling service (category 33) - The identifiable costs and revenues of providing software driven services like Advanced Business Connection (ABC) and Virtual Private Line Network are included.

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15. Coin Service (category 34) - Includes all of the costs of providing access and local calling from a telephone company owned paystation. Paystation access costs include the instrument, the booth and the line to the central office and certain central office facilities. This category also will include the expense of collecting and counting local coins and billing semi-public customers. Local coin revenues are assigned to this category, along with the flat rate monthly billing to semi-public customers.
16. Local operator services (category 35) - Include costs of providing the following services: 1) Local directory assistance 2) Local dial assistance 3) Local emergency interrupt 4) Local busy verification and 5) All other local operator services provided to customers. All revenues received from customers for the above services should be included.
17. Local private line (category 36) - Includes all costs and revenues associated with a local private line circuit.
18. Other (category 37) - Includes all costs and revenues associated with services not assigned in the other 37 categories. Examples of those services are IMTS mobile and paging access and usage, additional directory listings, non-published numbers and time and temperature service.
19. Directory Services (category 38) - This category includes all directory advertising revenues for services provided on a non-tariffed basis. These services are the Yellow Pages and listings in the white pages of the directory. The costs include all of the costs associated with publishing a directory.

F. Results

See attached.

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SERVICE ACCOUNTING STUDY

UNITED TELEPHONE - SOUTHEAST, INC. - TENNESSEE ** Study Period : From 94/01 For 12 Months CO SA : 1804 Data File : /AP1804940112V02 Logic File : /APSAVO1 Version : 02 No Calc File Selected *** FULLY ALLOCATED ***										
A Customer Service Activity										
	Operating Revenue	Operating Expense	Net Operating Revenue	Operating Taxes	Net Operating Income Pre FIT	Federal Income Tax	Net Operating Income Post FIT	Net Investment	Return on Inv Pre FIT	Return on Inv Post FIT
1 Service Order	1292836	4162072	-2869236	68269	-2937505	-250561	-2686944	1054825	-278.48	-254.73
2 Line Connect	856180	2218621	-1362441	45380	-1407821	-114735	-1293086	712759	-197.52	-181.42
3 Premise Work	230581	7148	223433	6542	216891	26503	190388	1561	13894.48	12196.64
	2379597	6387841	-4008244	120191	-4128435	-338793	-3789642	1769145	-233.36	-214.21
B Customer Access										
4 Residence	22373254	33285921	-10912667	3002134	-13914801	-1033824	-12880977	93015856	-14.96	-13.85
5 Business	7238360	4218964	3019396	490415	2528981	391131	2137850	11210707	22.56	19.07
6 Trunk	12088477	3755076	8333401	575169	7758232	1018334	6739898	9180492	84.51	73.42
	41700091	41259961	440130	4067718	-3627588	375641	-4003229	113407055	-3.20	-3.53
C Customer Premises Equipment										
7 Terminal Equipment	27266	806008	-778742	12317	-791059	-80233	-710826	11166	-7084.54	-6366.00
8 Inside Wire										
	27266	806008	-778742	12317	-791059	-80233	-710826	11166	-7084.54	-6366.00
D Local Usage										
9 Enhanced 911 Svc (E911)	407552	393156	14396	28435	-14039	6918	-20957	607301	-2.31	-3.45
10 Extended Area Svc Access										
	407552	393156	14396	28435	-14039	6918	-20957	607301	-2.31	-3.45
E ST/Intralata-Toll Access										
ST/Intralata-Toll Access	10618900	7177421	3441479	554046	2887433	513979	2373454	9975602	28.94	23.79
F ST/Intralata-Toll Access	11353847	3107497	8246350	492862	7753488	1006933	6746555	7089885	109.36	95.16
G IS/Intralata-Toll Access	2446471	978263	1468208	58639	1409569	191776	1217793	2270672	62.08	53.63
H IS/Intralata-Toll Access	27412065	11656484	15755581	742451	15013130	2066129	12947001	29293755	51.25	44.20
I Advanced Services										
31 U-Touch Service	2301371	118797	2182574	65659	2116916	259922	1856994	27567	7679.10	6736.24
32 Basic CCF Service	2386817	679023	1707794	72356	1635438	215750	1419688	1696416	964.03	836.85
33 Advanced CCF Service	3362733	4603228	-1240495	267349	-1507844	-78231	-1429613	6665764	-22.62	-21.45
	8050921	5401048	2649873	405363	2244510	397441	1847069	6862977	32.70	26.91
J Miscellaneous Services										
34 Coin Telephone	1285176	1703258	-418082	94762	-512844	-25424	-487420	1923512	-26.66	-25.34
35 Local Oper Service	159238	4923	154315	4518	149797	18304	131493	1070	14003.73	12292.59
36 Local Pvt Line	1961155	1543874	417281	151911	265370	64107	201263	3986475	6.66	5.05
37 Other Misc Services	5438062	31400	-5469462	-224662	-5244800	-633465	-4611335	7168	-73174.12	-64336.18
	-2032493	3283455	-5315948	26529	-5342477	-576478	-4765999	5918224	-90.27	-80.53
38 Directory Services	4557401	428604	4128797	131684	3997113	495962	3501151	108777	3674.61	3218.66
Grand Total	106921610	80879738	26041980	6640235	19401645	4059275	15342370	177314359	10.94	8.65

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SERVICE ACCOUNTING STUDY

Actual vs. Authorized Rate of Return

(08.65% vs. 09.45%)

		Operating Expenses	Operating Taxes	Return & Income Taxes SIT & FIT	Revenue Requirement (Net Revs)	Operating Revenue	Revenue Contribution or Shortfall	Percent Oper Rev to Rev Req
A Customer Service Activity								
1	Service Order	4162072	265745	122728	4550545	1292836	-3257709	28.41
2	Line Connect	2218621	147592	82861	2449074	856180	-1592894	34.96
3	Premise Work	7148	1122	183	8453	230581	222128	2727.84
		6387841	414458	205773	7008072	2379597	-4628475	33.96
B Customer Access								
4	Residence	33285921	4943467	11350795	49580183	22373254	-27206929	45.13
5	Business	4218964	620921	1367423	6207308	7238360	1031052	116.61
6	Trunk	3755076	542689	1119619	5417383	12088477	6671094	223.14
		41259961	6107077	13837837	61204874	41700091	-19504783	68.13
C Customer Premises Equipment								
7	Terminal Equipment	806008	52807	-44981	813834	27266	-786568	3.35
8	Inside Wire							0.00
		806008	52807	-44981	813834	27266	-786568	3.35
D Local Usage								
9	Enhanced 911 Service (E911)	393156	43899	72843	509897	407552	-102345	79.93
10	Extended Area Service Access							0.00
		393156	43899	72843	509897	407552	-102345	79.93
E	State/Intralata-Toll Access	7177421	746508	1202214	9126143	10618900	1492757	116.36
F	State/Intralata-Toll Access	3107497	427717	868412	4403626	11353847	6950221	257.83
G	Istate/Intralata-Toll Access	978263	128697	277398	1384348	2446471	1062123	176.72
H	Istate/Intralata-Toll Access	11656484	1594834	3594203	16845522	27412065	10566543	162.73
I Advanced Services								
31	U-Touch Service	118797	14179	3209	136184	2301371	2165187	1689.89
32	Basic CCF Service	679023	49692	19738	748453	2386817	1638364	318.90
33	Advanced CCF Service	4603228	480312	810647	5894187	3362733	-2531454	57.05
		5401048	544183	833594	6778824	8050921	1272097	118.77
J Miscellaneous Services								
34	Coin Telephone	1703258	167289	206935	2077482	1285176	-792306	61.86
35	Local Oper Service	4923	773	124	5820	159238	153418	2735.99
36	Local Pvt Line	1543874	215949	488753	2248576	1961155	-287421	87.22
37	Other Misc Services	31400	-88563	21017	-36146	-5438062	-5401916	15044.89
		3283455	295448	716829	4295732	-2032493	-6328225	-47.31
38	Directory Services	428604	40467	12657	481729	4557401	4075672	946.05
	Grand Total	80879738	10396086	21576779	112852603	106921618	-5930985	94.74

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United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

Item 14. Please provide the annual price adjustment calculations using as the initial index prices, the prices in effect June 1996. Provide the spreadsheets, workpapers and documentation that support the requested calculations.

Response: Attached are the annual price adjustment calculations using as the initial index prices, the prices in effect June 1996. Note that the calculations are revised from previously submitted information.

United Telephone-Southeast, Inc.

June 1996 with June 1996 rates

Total Revenues by Category for Basic and Non-Basic Services

			<u>Base Revenues</u>		<u>Revision</u> <u>(Annual Impact)</u>		<u>Revised</u> <u>Base Revenues</u>
<u>Source of Revenues</u>			<u>June</u> <u>1996</u>	<u>June</u> <u>Annualized</u>			
<u>Basic Services</u>							
	Local	Billing Reports	3,791,353.60	45,496,243.20			45,496,243.20
Basic Service Connection Charges/NRCs*		General Ledger	157,547.50	1,890,570.00	(324,664.00)	1	1,565,906.00
Measured Service/OCC		General Ledger	87,818.00	1,053,816.00			1,053,816.00
Total Basic Services			4,036,719.10	48,440,629.20	(324,664.00)		48,115,965.20
<u>Non-Basic Services</u>							
	Local	Billing Reports	1,454,709.00	17,456,508.00	(10,950.00)	2	17,445,558.00
Message Toll**		Billing Reports	483,787.00	5,805,444.00			5,805,444.00
Switched Access - Ded		Billing Reports	22,439.21	269,270.52			269,270.52
Switched Access		Billing Reports	542,464.73	6,509,576.75			6,509,576.75
Special Access		Billing Reports	17,080.72	204,968.64			204,968.64
Opportunity 800		General Ledger	9,450.00	113,400.00			113,400.00
WATS***		Billing Reports	274.75	3,297.00			3,297.00
Non-Basic Service Connection Charges/NRCs*		General Ledger	63,853.50	766,242.00	(132,609.00)	1	633,633.00
Billing and Collection		General Ledger	59,379.11	712,549.32			712,549.32
Public and Semi-Public Phone Revenue****		General Ledger	85,722.00	1,028,664.00			1,028,664.00
Cellular Interconnections		General Ledger	117,507.00	1,410,084.00			1,410,084.00
Directory Compensation		General Ledger	299,255.00	3,591,060.00			3,591,060.00
Miscellaneous*****		General Ledger	346,703.18	4,160,438.20			4,160,438.20
Adjustment to Non-Basic Revenues					(324,664.00)	1	(324,664.00)
Total Non-Basic Services			3,502,625.20	42,031,502.44	(468,223.00)		41,563,279.44
TOTAL BASIC and NON-BASIC			7,539,344.30	90,472,131.64			89,679,244.64

Total Non-Basic Service Revenue 41,563,279.44

PRI of 100.4 X 100.4

Annual Price Adjustment 166,253.12

* Basic-Local + Basic-Measured + Non-Basic-Local + Non-Basic Cellular Interconnection = Total to consider for Serv Conn/NRC allocation

** Includes Region Call adjustment and Deny All Knowledge (DAK) charges.

*** Includes MOU element. Monthly Recurring is included in Non-Basic Local.

**** Includes coins collected revenue. Monthly Recurring is included in Non-Basic Local

***** Includes pole attachments, floor space, returned check, E911 surcharge, etc. Intrastate allocation factors as of 5/96 were used.

United Telephone-Southeast, Inc.

Revisions

Item 1

On June 24, 1996, United Telephone placed into effect a revenue neutral filing for Custom Calling Features, DID Rates, and Service Connection Charges. In reviewing the information associated with the filing, United has determined that a percentage of the reduction in Service Connection Charges more appropriately belongs in the Basic Service Category. Therefore, a portion of the increase in Non-Basic Service was made in error.

In addition, the reduction in Service Connection Charges was not reflected in the June 1996 rates as used in calculating the Total Non-Basic Revenues for the Annual Price Cap Filing. A breakdown of that impact is shown below:

Analysis of Service Connection/Non-Recurring Charges:

The estimated annual revenue reductions associated with elimination of Service Connection Charges are:

Eliminate Record Order Charge	(\$73,080)
Eliminate Complex Service Order Charge	(\$22,154)
Eliminate Access Line-Field Charge	(\$362,039)
TOTAL REDUCTION	(\$457,273)

The June 1996 annualized Base Revenue adjustments for United in the Service Connection Charges/NCRs Category based on the percentages for Basic and Non-Basic used in the Price Cap filing are:

(\$457,273)	Basic	0.71	(\$324,664)
	Non-Basic	0.29	(\$132,609)

The reduction has been reflected in revised totals for Basic and Non-Basic Service Connection Charges/NCRs and as a line item labeled "Adjustment to Non-Basic Revenues" in the Reconciling Items column.

Item 2

In the original Price Cap filing, five Translink SAE codes did not reflect their appropriate June 1996 rate due to SAE code revisions. The monthly impact of the adjustment is \$912.50 and the annual impact is \$10,950.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

15. Please provide the annual price adjustment calculations using as the initial index prices, the prices in effect June 1995. Provide the spreadsheets, workpapers and documentation that support the requested calculations.

Response: Attached are the annual price adjustment calculations using as the initial index prices, the prices in effect June 1995.

June 1996 with June 1995 rates

Total Revenues by Category for Basic and Non-Basic Services

			<u>Base Revenues</u>	
			<u>June 1995 Rates</u>	<u>June</u>
			<u>June 1996 Volumes</u>	<u>Annualized</u>
<u>Source of Revenues</u>				
<u>Basic Services</u>				
	Local	Billing Reports	3,791,353.60	45,496,243.20
	Basic Service Connection Charges/NRCs*	General Ledger	162,957.50	1,955,490.00
	Measured Service/OCC	General Ledger	87,818.00	1,053,816.00
	Total Basic Services		4,038,008.58	48,505,549.20
<u>Non-Basic Services</u>				
	Local	Billing Reports	1,405,482.81	16,865,793.72
	Message Toll**	Billing Reports	483,787.00	5,805,444.00
	Switched Access - Ded	Billing Reports	25,547.62	306,571.43
	Switched Access	Billing Reports	542,464.73	6,509,576.75
	Special Access	Billing Reports	15,896.20	190,754.40
	Opportunity 800	General Ledger	9,450.00	113,400.00
	WATS***	Billing Reports	274.75	3,297.00
	Non-Basic Service Connection Charges/NRCs*	General Ledger	66,064.50	792,774.00
	Billing and Collection	General Ledger	59,379.11	712,549.32
	Public and Semi-Public Phone Revenue****	General Ledger	85,722.00	1,028,664.00
	Cellular Interconnections	General Ledger	117,507.00	1,410,084.00
	Directory Compensation	General Ledger	299,255.00	3,591,060.00
	Miscellaneous*****	General Ledger	346,703.18	4,160,438.20
	Total Non-Basic Services		3,457,533.90	41,490,406.82
TOTAL BASIC and NON-BASIC			7,495,542.48	89,995,956.02

Annual Price Adjustment Calculation:

$$\text{SPI} = \frac{41,563,279.44}{41,490,406.82} \# = 100.18$$

$$\text{PRI} = 100.40$$

$$\text{Difference} = 100.22$$

Annual Price Adjustment:

$$41,490,406.82 \times .22\% = 91,278.90$$

Total Non-Basic Revenue from Attachment to Item 14.

* Basic-Local + Basic-Measured + Non-Basic-Local + Non-Basic Cellular Interconnection = Total to consider for Serv Conn/NRC allocation

** Includes Region Call adjustment and Deny All Knowledge (DAK) charges.

*** Includes MOU element. Monthly Recurring is included in Non-Basic Local.

**** Includes coins collected revenue. Monthly Recurring is included in Non-Basic Local

***** Includes pole attachments, floor space, returned check, E911 surcharge, etc. Intrastate allocation factors as of 5/96 were used.

United Telephone-Southeast, Inc.
Discovery Request of AT&T Communications of the South Central States, Inc.
Dated January 3, 1997
Tariff No. 96-201, Annual Price Cap Adjustment, Docket No. 96-01423

16. Please quantify the price changes resulting under each of the two previous questions and determine the differences by service. Provide the spreadsheets, workpapers and documentation that support the requested quantification.

Response: Per calculations reflected in Items 14 and 15, the price change results are \$166,253 and \$91,279 respectively, for a difference of \$74,974.