

**BEFORE THE  
TENNESSEE REGULATORY AUTHORITY**  
Nashville, Tennessee

IN RE: All Telephone Companies Tariff Filings Regarding Reclassification of Pay Telephone Service as Required by FCC Docket 96-128

DOCKET NO. 97-00409

OFFICE OF THE  
EXECUTIVE SECRETARY

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**RESPONSE OF TENNESSEE PAYPHONE OWNERS ASSOCIATION TO UNITED  
TELEPHONE-SOUTHEAST, INC.'S SECOND SET OF DISCOVERY REQUESTS**

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**INTERROGATORIES**

1. The Supplemental Response of Tennessee Payphone Owners Association to Discovery Requests of United Telephone- Southeast, Inc. dated April 9, 2002 ("TPOA April 9, 2002 filing") includes a file entitled "TN Payphone Cost\_smart\_Drcomp-TPOA resultsl.xls" where a smart payphone loop cost of \$14.42 is provided at line one under the heading "Smart Payphone Non-Traffic Sensitive Rate". In support of its \$14.42 figure, the TPOA references another file "TNPayphonecost\_grid\_smartdumb\_DRcomp" and points to cell 0-9. However, the TPOA's filing does not include such a file. No other back-up materials detailing how the \$14.42 figure was calculated was included in the TPOA's filing. Sprint's April 1, 2002 filing includes a "TNPayphonecost\_grid\_smartdumb\_DRcomp" file and calculates at cell 0-9 a smart payphone loop cost of \$22.24.

(a) Please provide the "TNPayphonecost\_grid\_smartdumb\_DRcomp" file cited as support for the TPOA's \$14.42 figure.

(b) Please provide any and all workpapers that otherwise support the TPOA's \$14.42 figure.

(c) If no such file or workpapers exist, then please provide in a form substantially similar to "TNPayphonecost\_grid\_smartdumb\_Drcomp" the difference(s) between the TPOA's \$14.42 and Sprint's \$22.24 smart payphone loop cost. In addition,

explain the manner in which the \$14.42 cost figure is calculated in sufficient detail to enable a comparison or reconciliation between Sprint's \$22.24 and the TPOA's \$14.42.

(d) In any event, please provide in narrative form an explanation of the difference(s) between the TPOA's \$14.42 and Sprint's \$22.24 smart payphone loop cost.

**ANSWER:**

1.a. See Tab Grid Detail Cost Calcs (0306) of attached worksheet

TNPayphonecost\_grid\_smartdumbDRcompTPOA.xls.<sup>1</sup>

1.b. See TPOA response to 1a.

1.c. See TPOA response to 1.a.

1.d. A complete narrative describing the development of TPOA's proposed cost and rate was contained in TPOA's April 9, 2002 filing. As explained in that filing, the TPOA and Sprint costs differ because of the following: (1) the investment (material) inputs used, (2) the use of PTAS versus all payphone locations, and (3) that calculation of costs at the grid level.

2. The TPOA's April 9, 2002 filing includes a narrative entitled "TPOA-Sprint Mutually Agreed-Upon Cost Methodology". Under the "Methodology" heading at items 2 through 5, general reference is made to "the Service". Please explain how the TPOA is using this term.

**ANSWER:** The term "the Service" as used in this context refers to the cost object of the study. It is TPOA's position that cost-based rates for PTAS should be based on the costs of PTAS. For this reason, in TPOA's analysis "the Service" refers to PTAS. The methodology

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<sup>1</sup> This is a proprietary document. A paper copy of the file is attached.

described in TPOA's April 9, 2002 filing accommodates other definitions of the cost object, including but not limited to Sprint's proposed cost object of the combination of PTAS (dumb line) and smartline services.

3. The TPOA's April 9, 2002 filing states that it "believes that the network investments used by Sprint in its March and May 2001 cost studies are based on the most reliable material prices that would be charged in an arms-length transaction."

(a) What is the TPOA's basis for this assertion? Explain why the TPOA believes the March and May network investments are considered more reliable and provide all documents that the TPOA believes support its assertion.

(b) What leads the TPOA to believe that the material prices included in Sprint's October 2001 cost study would not be charged in an arms length transaction? State all factors the TPOA is relying upon to support its belief.

**ANSWER:**

3.a. It is TPOA's position that the material investments used to calculate Total Service Long Run Incremental Costs (TSLRIC) for the purpose of determining the level of cost-based rates should be consistent with (1) those used to calculate Total Element Long Run Incremental Costs (TELRIC) for the purpose of determining cost-based rates for network elements, and (2) those used to calculate TSLRIC for the purpose of quantifying an amount of universal service support that may be justified. TPOA believes that the material prices used by Sprint in its March and May 2001 studies are consistent with the material prices used by Sprint in UNE and USF proceedings. The material prices used by Sprint in its October 2001 study are significantly higher than the material prices used by Sprint in these previous studies.

3.b. The prices for several categories of material and equipment, including the prices for circuit and other electronic equipment, are assumed to by Sprint in its October 2001 study to have increased significantly over prices that were considered applicable in March and May 2001. Vendor quotes for this type of equipment show a consistent downward trend during this period. Given this decrease in market prices, it is TPOA's position that the prices quoted by a Sprint internal provisioning organization to United Telephone Southeast, Inc., which show a significant price increase, may represent unreliable information.

4. What material prices provided in Sprint's response to Question1 of the TPOA's 4th set of data requests does the TPOA believe unreliable? If any part is unreliable, provide all documentation and analyses supporting that belief. Provide all documentation related to the cost of cable, serving area interface, NGDLC, drop terminals, and the cost of labor the TPOA used to make the determination.

**ANSWER:** It is TPOA's position that the material prices used in the October 2001 study, to the extent they differ from the prices used in the March and May 2001 studies, should not be used. The supporting documentation is contained in Sprint's responses to TPOA data requests, including but not limited to the files containing a listing of all material prices used in the March/May 2001 studies and October 2001 study.

5. The TPOA's April 9, 2002 filing further states "Sprint believes that the characteristics of all voice grade loops should be studied, while TPOA advocates the use of only PTAS characteristics".

(a) Does the TPOA know of any regulatory, legal or engineering barriers that would prohibit its members from placing a payphone anywhere within Sprint's local service area in Tennessee? If so, describe those barriers and provide specific examples of where and when this has occurred.

(b) How often do the TPOA's members assess the locations of their payphones in Sprint's local service area in Tennessee?

(c) Have any TPOA members actively solicited new payphone locations in the past twelve months in Sprint's local service area in Tennessee? If so, please quantify the number of new payphone locations actually established.

(d) Have any TPOA members decommissioned a payphone location in the past twelve months in Sprint's local service area in Tennessee? If so, please quantify.

(e) For each TPOA member payphone location in Sprint's local service area in Tennessee, please provide information regarding the length of time that payphone service has been established at that location.

**ANSWER:**

5.a. There are no regulatory, legal, or engineering barriers to the location of payphones anywhere a payphone line is available. For historical and regulatory reasons, TPOA believes that Sprint/United has installed pay telephones in low traffic "public interest" areas and that many such telephones remain today. On the other hand, a private payphone owner would presumably not place a phone in an unprofitable location and would quickly remove a phone if it became unprofitable.

5.b. TPOA has no specific knowledge of the business operations of individual TPOA members other than the approximate number of phones of each member. Based on prior TRA rulings, TPOA is not required to respond to discovery questions on behalf of individual members but is only required to provide information that is within the possession of the agency and to provide information concerning TPOA's positions on the issues raised in this docket.

5.c. See response to Question 5(b).

5.d. See response to Question 5(b). Furthermore, TPOA believes that Sprint/United knows whenever a private payphone is attached to a Sprint/United line or disconnected from a Sprint/United line. Whether the payphone is owned by a TPOA member is irrelevant.

5.e. See response to Question 5(d).

6. Does the TPOA propose in its April 9, 2002 filing or is it otherwise the TPOA's position that the price for dumb payphones should be the same as that for smart payphones? If not, what rate for dumb phones does the TPOA propose? Please provide all supporting documentation and all workpapers supporting that rate.

**ANSWER:** TPOA is not proposing a rate for dumb payphone lines although that does not relieve Sprint/United of its obligations to price such lines consistent with state and federal law.

7. Provide the model and manufacturer of each payphone any TPOA member has in Sprint's Tennessee local service area and of those, identify the payphones which the TPOA considers to be smart payphones.

**ANSWER:** See response to Question 5(b). Furthermore, TPOA believes that Sprint/United is aware of whether a payphone is a smart phone or a dumb phone based on whether or not the phone utilizes central office billing and screening functions.

### **REQUEST FOR PRODUCTION OF DOCUMENTS**

1. Please provide copies on any documents you used or relied upon in responding to any interrogatory or request for admission.

**RESPONSE:** See Response to Interrogatory No. 1.

### **REQUEST FOR ADMISSION**

1. Admit or deny that the FCC's Wisconsin Order (*In the Matter of Wisconsin Public Service Commission: Order Directing Filings*, CCB/CPD No. 00-01, *Memorandum Opinion and Order released January 31, 2002*) ruled that 47 USC 276 and its new services test requirement only applies to payphone line services provided by RBOCs by stating at paragraph 42:

It is important to note that we require only BOCs, and not LECs generally, to provide payphone lines at cost-based rates. Because section 276(a) and (b)(1)(c) apply only to BOCs, we do not find that Congress has expressed with the requisite clarity its intention that the commission exercise jurisdiction over the intrastate payphone prices on non-BOC LECs. Since there are statutory provisions that empower us to apply the new services test to payphone line rates and grant us that authority only over BOCs, we do not have a Congressional grant of jurisdiction over non-BOC LEC line rates.

**RESPONSE:** TPOA denies that the new service test only applies to lines of Bell operating companies. The application of the new services test to non-Bell carriers has been left to the discretion of state regulatory commissions. The FCC has encouraged, but not required, state commissions to apply the test to all incumbent local exchange carriers. In Tennessee, the TRA has already applied the test to both a Bell carrier and a non-Bell carrier.

Submitted this 19<sup>th</sup> day of April, 2002.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I hereby certify that on this the 19<sup>th</sup> day of April, 2002, a copy of the foregoing document was served on the parties of record, via hand delivery or U.S. First Class Mail addressed as follows:

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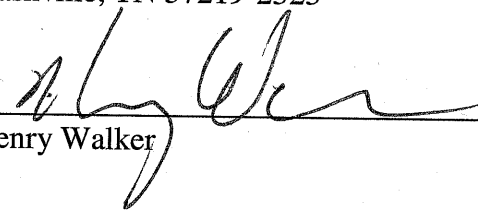
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**PROPRIETARY RESPONSE FILED UNDER SEAL**