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**CITIZENS**  
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OFFICE OF THE  
EXECUTIVE SECRETARY

July 19, 2000

VIA OVERNIGHT DELIVERY

Honorable David K. Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

RE: Docket No. 97-01181, Small Telephone Companies Tariff Filings  
Regarding Reclassification of Pay Telephone Service as Required  
by Federal Communications Commission (FCC) Docket 96-128

Dear Mr. Waddell:

In the July 12, 2000 Notice in the above-referenced proceeding, the hearing officer requested the parties to comment on three options for proceeding. Citizens Telecommunications of the Volunteer State (CTC-VS) hereby responds to that Notice.

CTC-VS supports the first option of combining this docket with Docket No. 97-00409 aimed at price cap companies and proceeding under the schedule established in that docket. The key issue in both dockets is likely to be whether payphone line rates should be set using the UNE pricing methodology as advocated by the Tennessee Payphone Owner's Association. Rate-of-return companies should have the same opportunity to address this issue in the first instance as will price cap companies in Docket No. 97-00409. While both the first and third options will enable rate-of-return companies to comment on this issue, the first option leads to greater efficiency and administrative economy.

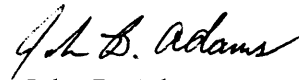
The usual differences in ratemaking between rate-of-return and price cap companies will not be present here because both kinds of companies will be setting cost-based rates. Thus, there is no reason to conduct separate proceedings based solely on the differing rate regulation schemes. Instead, it would be more efficient to set rates for both kinds of companies in the same proceeding after

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addressing the cost methodology issue. This is especially true with respect to the Citizens companies, one of which is a rate-of-return company while the other is a price cap company. It would be unduly burdensome for Citizens to have to participate in two separate proceedings on two separate schedules to address essentially the same issues. It would also be an unnecessary burden on the Authority and Staff to conduct two separate proceedings.

For the above reasons, Citizens Telecommunications Company of the Volunteer State urges the Authority to combine Docket Numbers 97-01181 and 97-00409 and to permit rate-of-return companies to file according to the procedural schedule adopted in Docket Number 97-00409.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Adams", written in a cursive style.

John B. Adams  
Senior Attorney