

TENNESSEE REGULATORY AUTHORITY

REC'D TN
REGULATORY AUTH.

Melvin Malone, Chairman
Lynn Greer, Director
Sara Kyle, Director

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460 James Robertson Parkway
Nashville, Tennessee 37243-0505

OFFICE OF THE
EXECUTIVE SECRETARY

May 5, 1999

Ms. Katherine A. Rolph
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, D.C. 20007-5116

RE: TRA Docket 98-00597- NA Communications, Inc.: CLEC Application

Ms. Rolph,

In order to make the above application current, and to assist with the TRA's review, please provide responses, and 13 copies, to the following questions by May 12, 1999:

Technical Requirements

- 1) In regard to the telecommunications network that NA Communications, Inc. ("NA") proposes to provision in Tennessee, what is the proposed location of the equipment necessary to provide service to end-users (what cities)?
- 2) Please submit a 3 year capital budget for both the applicant and the applicant's parent company which addresses what specific equipment NA plans to deploy in Tennessee, and the cost of this equipment.

Financial Requirements

- 3) Please provide updated financial statements for the applicant and the applicant's parent company (including an income statement, balance sheet, and statement of cash flows, audited if available) for the most recent period.
- 4) Please provide 3 year projected financial statements for the applicant and the applicant's parent company (including an income statement, balance sheet, and statement of cash flows).

Miscellaneous

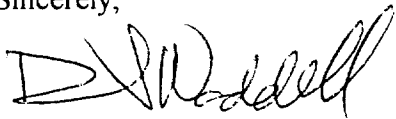
- 5) Please provide the name and contact information for a NA representative that the TRA may contact on a going-forward basis regarding NA's operations in Tennessee.

- 6) Please provide an organizational chart showing NA's corporate structure.
- 7) What steps has NA taken to ensure that their operations are Y2K compliant? If NA has a Y2K plan in place, please submit a copy.
- 8) Upon approval, and prior to offering service, CLECs must file tariffs for their services in Tennessee. Will NA comply with this requirement?
- 9) (a) Enclosed for your review is an example of an intralata toll dialing parity plan submitted by an ILEC in Tennessee. Provide NA's intralata toll dialing parity plan for customers in Tennessee.
(b) Indicate if the plan complies with the March 23, 1999 FCC Order in Docket No. 96-98, and the August 8, 1996 FCC Order in Docket No. 96-333.
(c) Indicate the procedures or steps NA will use to inform customers of their choices of providers of intralata long distance providers.
- 10) For the services NA plans to provide, will Tennessee customers be required to purchase customer premise equipment which is incompatible with ILEC systems, should the customer decide, for whatever reason, to go back to the ILEC for service?
- 11) Will Tennessee customers be required to incur any non-recurring charges to initiate service with NA? If so, list these charges.
- 12) It has been determined that prefiled, notarized testimony of an authorized company representative is needed for CLEC applications. This testimony needs to affirm that the information submitted in the original application, as well as information contained in the responses to the Staff data request is true and correct. Please submit the prefiled testimony with the responses to this data request.

State law requires that a hearing be held for CLEC applications. The applicant's witness should be familiar with all aspects of NA's Tennessee operations, including NA's financial planning, and should be prepared to answer questions about them at the hearing. Legal counsel, local or otherwise, is not required at the hearing. The TRA, however, strongly encourages the applicant to have counsel present.

Thank you for your cooperation in obtaining this information. If you have any questions please contact Scott Trout, at 615-741-7489, ext. 163.

Sincerely,



David Waddell
Executive Secretary

**Intralata Toll
Dialing Parity
Plan**

**United Telephone-Southeast, Inc.
Tennessee**

April 4, 1997

I. Purpose

As we promised during the hearing in the TRA Docket No. 96-01235 and in accordance with the TRA's order dated November 12, 1996, United Telephone-Southeast, Inc. (United) has described herein the process for implementing Intralata Toll Dialing Parity in the United exchanges located in the state of Tennessee in United's LATA (Plan). The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls.

II. IntraLATA Environment

United customers in Tennessee in the United LATA can currently dial seven digits to complete local exchange or intraLATA toll calls. The scheduled date for implementation of toll dialing parity should not change this dialing pattern. After upgrading switch technology and software configurations, seven-digit dialed numbers that are intraLATA toll calls should be prefixed with the area code before being transmitted to the carrier. This prefixing should allow carriers to receive a seven-digit dialed intraLATA toll number as a complete ten digit number.

In 1995, toll-free intraLATA county-wide calling was initiated for United via an order from the Tennessee Public Service Commission. United currently maintains tax-code billing tables to identify "free county-wide" intraLATA toll calls originated by United intraLATA toll customers and to ensure that billing does not occur on these calls. United will continue to process toll-free intraLATA county-wide calls in this manner for its intraLATA toll customers after implementation of intraLATA toll dialing.

III. Implementation Schedule

United will offer dialing parity for intraLATA toll in all of its Tennessee exchanges on July 21, 1997. Attachment A is a specific listing of all exchanges on record for the state of Tennessee.

IV. Carrier Selection Procedures

United will implement the full 2-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

United employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intralata toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

Existing Customers

Currently, United is the intraLATA toll provider for existing customers in United's local exchange area. On the date in which intraLATA toll presubscription is implemented in Tennessee, customers may presubscribe to United or any telecommunications carrier offering intraLATA toll service in their exchange. Customers will remain with United until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers directly to United, as their local exchange service provider, through the local Business Office or indirectly through their selected carriers.

Customers will be assessed a cost-based PIC change charge per United's tariff for changing their intraLATA carrier. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose the same carrier for both jurisdictions, only one charge will be assessed. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose different carriers for each jurisdiction, two charges will be assessed.

For a waiver period of 90 days from implementation, customers will not be assessed an intraLATA PIC change charge for their initial intraLATA toll carrier choice. During the 90-day waiver period, a charge of one-half of the interLATA PIC change charge will be assessed when the intraLATA and interLATA carriers are changed to the same carrier during one contact with the Business Office. Only the interLATA charge will be assessed when the intraLATA and interLATA carriers are changed to different carriers during one contact with the Business Office during the waiver period.

A charge will be established for "slamming" or unauthorized PIC changes submitted by carriers or United for end-user customers. United will be subject to the rules related to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Sections (2)-(6). [Section (1) defines the manner in which IXCs should confirm PIC change information prior to submitting the information to LECs. Because United is a LEC, the communication of information in the manner defined would not be applicable.]

New Installation Customers

Customers who contact United requesting new telephone exchange service are currently being provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers, including United, that provide intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within United's system as a "no-PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" within United's systems will be required to dial 10XXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

V. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. United anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

VI. Carrier Notification

Current interexchange carriers will be notified of United's intraLATA toll dialing parity implementation via letter approximately 90 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 60 days in advance of United's implementation date. United needs notification in advance to include the carrier on the list of participating carriers in each United exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying United.

United will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in a timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or for existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.

United will comply with Part 51, Sections 305, 307, 325, 327, 329, 331, 333 and 335 of the FCC Order in providing the required information and notice to the public of network changes. United plans to file a public notice with the FCC, with possible migration of the notice to the Internet process as described in Section 329. The notice will include network information as outlined in Section 327. The notice will be provided within the timeframes described in Sections 331-333.

VII. Access to Operator Services and Directory Assistance

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard has been established for access to Operator Services and Directory Assistance unique to the intraLATA carrier. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" in United's territory for accessing the local exchange Directory Assistance and customers dial "1-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

The local and interLATA Operator Services and Directory Assistance may be branded by the local and interLATA carriers, as appropriate, based on the dialing pattern of the end user. Since no unique intraLATA dialing pattern currently exists in the industry, United is not capable of identifying intraLATA calls to United's local or the IXC's interLATA operators or directory assistance representatives. As such, this procedure is considered in compliance with FCC Order No. 96-333, Rule 51-217(d).

VIII. Cost Recovery

As stated in section 51.215 of FCC Order 96-333, CC Docket No. 96-98, "a LEC may recover the incremental costs necessary for the implementation of toll dialing parity. The LEC must recover such costs from all providers of telephone exchange service and telephone toll service in the area served by the LEC, including that LEC."

The incremental costs associated with implementing toll dialing parity by United include:

- 1) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- 2) central office software upgrades
- 3) software translations
- 4) system programming/testing
- 5) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- 6) customer notification (bill message and bill insert)
- 7) implementation activity
- 8) PIC Change Charge Waiver

For items 1-7 above, United proposes to recoup the incremental cost of implementing intraLATA toll dialing parity over a period of 4 years beginning on the date of implementation. For items 1-7 above, a cost recovery per minute rate of \$0.000114 has been developed based on the identified cost divided by the total of all carrier's originating intraLATA minutes of use, which will include United's intraLATA toll minutes. Attachment B contains the total cost estimate based on the incremental costs identified above and the rate based on a recovery period of 4 years. The detailed cost study supporting this data is proprietary and provided under separate cover.

The incremental cost of the PIC Change Fee Waiver (item 8 above) will be calculated in December 1997 as follows:

- 1) Number of PIC Change Fees Waived during the waiver period
- 2) Multiplied by the cost of a PIC Change as reflected in the cost study information accompanying United's Tariff Filing to establish a PIC Change Charge.
- 3) Divided by the minutes-of-use forecasted for the remaining three-and-one-half years of the recovery period (using the same forecast as Attachment B).

The result will be an amount to be added to the IntraLATA Carrier Common Line Rate beginning on January 21, 1998 for the remaining three-and-one-half years of the recovery period in addition to the established rate of \$0.000114.

To minimize billing costs, United proposes to bill this cost recovery per minute rate as an adder to the IntraLATA Carrier Common Line originating minutes rate element. The components of the Carrier Common Line rate element will be identified separately in the tariff. Carriers who enter the market after implementation will be assessed the adder in the same manner as other competing carriers.

Attachment A

United Telephone-Southeast, Inc. IntraLATA Toll Dialing Parity Exchanges

Baileyton
Blountville
Bluff City - Piney Flats
Bristol, Tennessee
Butler
Church Hill - Mt. Carmel
Elizabethton
Erwin
Fall Branch
Greeneville
Hampton
Johnson City
Jonesborough - Sulphur Springs
Kingsport
Limestone
Midway (Sullivan County)
Midway (Washington County)
Mosheim
Mountain City
Roan Mountain
—Stoney Creek
Sullivan Gardens

Attachment B

United Telephone-Southeast, Inc. IntraLATA Toll Dialing Parity Cost Recovery

Note: Information supporting the calculation of the per minute addition is considered Proprietary Information by United and has been marked as such and forwarded under separate cover.

<u>Total Cost Based on Incremental Items</u>	<u>Total Intralata Minutes (4 yrs)</u>	<u>Time Period</u>	<u>Per Minute Addition to Carrier Common Line</u>
\$ 95,325.29	832,225,070	4 years	\$0.000114



Carolina Telephone
Cenel-North Carolina
Cenel-Virginia
United Telephone-Southeast

James B. Wright
Senior Attorney

April 4, 1997

Ms. Martha P. McMillin
MCI Dept. Loc Code 0347/943
780 Johnson Ferry Road, Sta. 700
Atlanta, GA 30342

RE: TRA Docket No. 96-01235

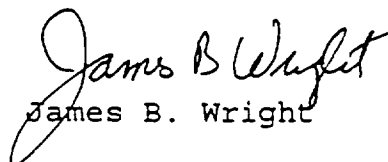
Dear Martha:

Per our discussion, enclosed is a copy of revised Section 5 of the current Business Office procedures of United Telephone-Southeast, Inc. for implementation of toll dialing parity (1+ intraLATA presubscription) in Tennessee. This replaces the Section 5 furnished to you previously.

A new subsection 5.01 d. has been added which addresses United's policy regarding marketing intraLATA services. In addition, a new subsection 5.02 has been added dealing with misdirected calls.

As with all of our Business Office Procedures, the enclosed represents current policy. United specifically reserves the right to change these procedures so long as they remain in compliance with the law.

Sincerely yours,


James B. Wright

JBW:er
Enclosure

CC: Director Melvin Malone
David Waddell
Jim Lamoureux

#10152

COLLECTIVE EXHIBIT B

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5. TALKING WITH THE CUSTOMER - Other inquiries

- 5.01 If an existing customer calls in with another type of contact and the customer conversation turns to intralata or the call is a generic inquiry about intralata/local toll, the following guidelines will apply.
- a. Make a generic explanation that the customer has a choice of who will carry their calls to nearby communities outside of their EAS and local calling scope.
 - b. Explain that we as the local company, currently carry those calls and bill for them.
 - c. Offer the explanation of intralata, LATAs, etc. in above Paragraph 4.
 - d. During the processing of such calls, United will not market its intraLATA services.
- 5.02 If a misdirected intraLATA call is received, the caller will be advised that United is not their intraLATA carrier and that the caller may reach their carrier by dialing a number provided by the carrier for that purpose. In handling such calls, United will not market its intraLATA services to the extent that other intraLATA carriers agree not to market misdirected calls from United's customers that they receive.

Revised April 4, 1997



James B. Wright
Senior Attorney

Carolina Telephone
Cenel-North Carolina
Cenel-Virginia
United Telephone-Southeast
'87 FEB 21 PM 3 27

EXECUTIVE SECRETARY

March 20, 1997

Ms. Martha P. McMillin
MCI Dept. Loc Code 0347/943
780 Johnson Ferry Road, Sta. 700
Atlanta, GA 30342

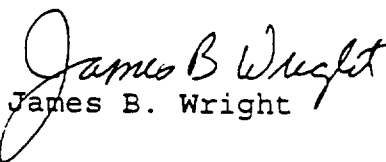
RE: TRA Docket No. 96-01235

Dear Martha:

Per our discussion, I represent that the enclosed is a copy of the current Business Office procedures of United Telephone-Southeast, Inc. for implementation of toll dialing parity (1+ intraLATA presubscription) in Tennessee.

The enclosed represents current policy under existing law. United specifically reserves the right to change these procedures so long as they remain in compliance with the law.

Sincerely yours,


James B. Wright

JBW:er

Enclosure

CC: David Waddell ✓

#10152

1 + INTRALATA PRESUBSCRIPTION DOCUMENTATION

1. GENERAL INFORMATION - The FCC has ordered that toll dialing parity be made available no later than August 8, 1997.
2. WHAT DOES 1+ INTRALATA MEAN TO THE CUSTOMER -
IntraLATA Toll Dialing Parity allows the end-user customer the ability to select a carrier of choice for intralata toll calls similar to interlata equal access. The Intralata carrier can be an Interexchange carrier (existing interlata carriers) or the local telephone company.

The customer may subscribe to their LEC, their current IXC, or other participating carriers to carry their intralata toll. Intralata toll may be referred to as local toll or local long-distance.

As we can understand, customers are confused. They neither understand nor care about; intra/interlata, intra/interstate, local/local toll, etc. so our biggest hurdle will be to help the customer understand what is intralata. (See Par. 4)

This requires that we as the LEC, be able to accept, process and maintain the same type of carrier /IXC information regarding the customers selection of an intralata carrier as we do for the interlata carrier.

There will NOT be any balloting process for existing customers to select an intralata PIC. All existing customers will automatically be defaulted to 0000 PIC, which is the Local Company and we will continue to carry and bill their intralata calls unless or until the customer requests to change to another Intralata IXC.

We expect that once the market is opened, other carriers will began marketing heavily as they did with equal access. As the Local Company, we will comply with requests for a PIC change.

3. RULES - The current rules for discussing long-distance carriers must be followed when discussing intralata toll.

3.01 Don't provide information about a particular carriers' services, rates or other information which could influence customer's choice.

3.02 Don't express preference for one carrier over another.

4. TALKING WITH THE CUSTOMER - Service Order Inquiry

4.01 New Connect - First discuss selecting a long-distance carrier as you do today, then proceed with --

"Mr./Mrs. Customer due to recent changes you now also need to select a carrier for your Intralata or local tolls. Do you know what carrier you want for your local toll calling area which is outside your current local and EAS calling scope?"

If customer does not know or asks assistance in selecting then proceed to explain ---

"The interlata long-distance equal access process allowed you to choose a long-distance company to process 1+ calls outside your local service-area. These calls go beyond the lata and, often— beyond the long-distance area code served by your local telephone company.

Expanding to intralata allows you to designate a long-distance company to handle 1+ calls that are within your LATA, but outside your local service area/calling scope. These calls will be billed rates determined by the company you select."

(We don't have access to the rates, they must be discussed directly with the carriers).

Should you need the definition of LATA —

A LATA is officially known as a Local Access and Transport Area. LATAs were established to create a geographic boundary between Regional Bell Operating Companies and long-distance companies. The idea was to create a boundary system that encouraged as much competition as possible for long-distance service and allowed competitors equal access into markets.

INTRALATA means that the long-distance service (local toll) originates and terminates within the boundaries of a single LATA. Our company, as an exchange carrier, is allowed to provide long-distance service only within LATA boundaries.

INTERLATA means that the long-distance service originates in one LATA and terminates in another. This is provided by an inter-exchange carrier.

- a. If the customer provides the carrier name or IXC then proceed with your order entries.
- b. If the customer does not know who he wants then offer to read the list of available carriers for intralata again. This list is in the on-line handbook.
- c. Every attempt should be made to get the customer to choose a carrier on their own. If the customer does not make a selection; explain that "no-pic" will mean they are unable to complete intralata toll calls without dialing a carrier code.
- d. We will need to refer the customer to his selected Intralata carrier on a new account, if he selects one different than his Interlata carrier and other than the local company.

4.02 Move Order or Adding Lines - Whatever verbiage works for you today when a customer places a move order or adds lines when you discuss Interlata PIC, should also be used to discuss Intralata PIC.

5. TALKING WITH THE CUSTOMER - Other inquiries

- 5.01 If an existing customer calls in with another type of contact and the customer conversation turns to intralata or the call is a generic inquiry about intralata/local toll, the following guidelines will apply.
- a. Make a generic explanation that the customer has a choice of who will carry their calls to nearby communities outside of their EAS and local calling scope.
 - b. Explain that we as the local company, currently carry those calls and bill for them.
 - c. Offer the explanation of intralata, LATAs, etc. in above Paragraph 4.

1 + INTRALATA QUESTIONS AND ANSWERS

Q. What is 1+ Presubscription?

A. The customer may now select who carries their IntraLATA (referred to as local toll or local long-distance) calls. The customer is allowed to have one carrier for their IntraLATA calls and another for their long-distance calls. The process is similar to a customer choosing a long distance carrier.

Q. Why is 1+ Presubscription necessary?

A. The FCC mandated that the local telephone companies would open their markets to competition no later than 8/8/97.

Q. What is a LATA?/How is Local Toll different from long-distance?

A. A LATA (Local Access Transport Area) is a geographic area established for the provision and administration of communication service, in which local exchange carriers are allowed to provide long distance service. Also see Par. 4 for additional description.

IntraLATA means that the long-distance service originates and terminates within the boundaries of a single LATA. Examples of intraLATA calls would be call from _____ to _____.

Q. How do I explain intraLATA to my customer?

A. IntraLATA calls are those placed beyond your EAS and local calling scope, but are still within the local LATA. These calls are not a part of your local service rate, but are carried by your local company (us) and billed on your bill as "United Telephone" long-distance. Refer to your current LATA map.

Q. How will this affect the customer's bill?/Where will the charges appear on the bill?

A. If United continues to handle the customer's intraLATA calls, the associated charges will continue to appear on the local portion of the customer bill, under the heading of "United Telephone" long distance. If the customer switches his intraLATA PIC to another carrier, charges for IntraLATA calls will appear on the separate carrier bill, unless we currently bill on behalf of the carrier.

Q. Why are there two choices?/Why not just have one carrier?

A. The customer is allowed to have a separate carrier for local toll and long-distance for the following:

To allow the customer more options and opportunities to customize their service and to subscribe to the right plan for their particular needs.

To allow the incumbent LEC to continue to offer local toll service to their customers.

Q. My friend has a choice for local toll, why don't I?

A. As each central office is converted to 1+ Presubscription, in accordance with the attached schedule, more and more customers will be able to choose who carries their local toll calls.

Q. Is the customer being notified? How?

A. Bill messages in advance of cutover.