

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

REC'D TN
REGULATORY AUTH.

'99 JUL 9 PM 3 53

IN RE: Proceeding for the Purpose of)
Addressing Competitive Affects of Contract)
Service Arrangements Filed by BellSouth)
Telecommunications, Inc. In Tennessee)

Docket Nos. 99-00210, 99-00244

OFFICE OF THE
EXECUTIVE SECRETARY

CONSUMER ADVOCATE'S JULY 9, 1999 DISCOVERY REQUEST, REQUEST TO ADMIT
OR DENY, AND THE PRODUCTION OF DOCUMENTS FOR INSPECTION AND
COPYING

To: Mr. Charles B. Coe, President
BellSouth Telecommunications, Inc.
c/o Mr. Guy Hicks, General Counsel.
Suite 2101
333 Commerce Street
Nashville, Tennessee 37201-3300

Please reply to the discovery requests provided herein by: 1) answering under oath these discovery requests and serving your answers upon Consumer Advocate L. Vincent Williams or his designee at 2nd Floor, Cordell Hull Building, 425 5th Avenue North, Nashville, TN 37243; and 2) providing clear copies of the documents and things specified herein. The answer to each item should begin with the restatement of the question and should conclude with the signature and title of the person(s) responsible for answering that particular question.

Please be aware that this discovery is continuing in nature and requires BellSouth Telecommunications, Inc. to provide supplemental responses if additional or different information is obtained or as may be necessary from time to time to provide the Consumer Advocate with a full, complete and current answer or response until the hearing in this docket.

INSTRUCTIONS AND DEFINITIONS

The terms "you", "your" and "yours" as used herein refer to the addressee party of these Interrogatories as well as any and all agents, employees, representatives, experts, and other persons acting or purporting to act on your behalf.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy, or electronic or computer versions), each version shall be treated as a different document and each must be identified and produced.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. To assist you in providing full and complete discovery, Petitioner provides the following definitional guidelines:

1. The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served all responses must include the company's response. Moreover, the company's designated person for

responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.* The response is not to be limited to the knowledge of the individual responding.

2. The term "document" as used herein has the full extent of its possible meaning in accordance with law, including any written, printed, typed, drawn, filmed, taped, or recorded in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, photograph, tape recording, computer disk or record, or other data compilation in any form. This definition shall also mean all copies of documents by whatever means made including any nonidentical versions or drafts (whether different from the original because of handwritten notes, underlining, highlighting, or otherwise).

3. The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

4. References to the masculine shall include the feminine, the singular shall include the plural, and vice versa.

5. The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

6. Each discovery answer should begin by restating the item requested.

7. Where a number of sheets are required to fully answer an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 1 of 6.

8. If any information requested is not furnished as requested, please state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

9. Please respond fully to the request even if it has been partially requested or supplied in prior filings or dockets. The information and Rule 33 and 34 information shall be submitted to this office at 2nd Floor, Cordell Hull Building , 425 5th Avenue North, Nashville, TN 37243-0500. If there is a need for clarification of any attached request, please contact me at (615) 741-8700 before furnishing the response.

Consumer Advocate Division
Interrogatories of BellSouth Telecommunications, Inc.
Dockets 99-00210, 99-00244

July 9, 1999

1. For **each** of the two Contract Service Arrangements (“CSAs”) at issue in these dockets (“CSAs at issue” or “CSAs”) that BellSouth has filed with the Tennessee Regulatory Authority (“TRA”), identify all of the **specific characteristics** of the customer served under the CSA that BellSouth believes sets that customer apart from and results in that customer not being similarly situated to the class of customers who are purchasing the same service(s) from BellSouth under tariffs approved by the TRA.
2. In response to the Consumer Advocate’s September 30, 1997 Information Request Item 4, in Docket No. 97-01105 BellSouth stated that:

The characteristics that set the CSA customer apart from other customers who are purchasing similar services but who have not contracted for a “CSA” vary. However, these accounts are distinguished by three basic criteria: (1) BellSouth has reason to believe that the price of service under its existing tariff offering is not competitive for that particular customer; **(2) the customer has a competitive alternative available;** and (3) the customer is willing to sign a CSA with BellSouth and commit to the terms and conditions contained in the CSA. (Emphasis added.)

- A. For **each** CSA at issue, identify by name the specific competitor(s) who, **at the time the CSA was negotiated**, had or who BellSouth had reason to believe had facilities in place and was (were) capable of providing **each** location provided service under

the CSA with the same service(s) or service(s) that could be substituted for **each** service provided under the CSA.

- B. Produce for inspection and copying all analysis made by BellSouth to determine the competitive carrier who could provide the competitive service. Identify, by name and title, all the persons who made each such analysis.
 - C. Produce for inspection and copying, all information provided by the customer to show that the customer had a competitive alternative carrier.
3. For **each** location served under **each** CSA, identify for **each** service element provided under the CSA, the alternative provider(s), and the competitive price(s) that BellSouth had to meet in order to retain the customer. (As used here, the competitive price is the price that the same or a substitute service was available from a competitive carrier or the price of the same or a substitute service that BellSouth has reason to believe was available from a competitive carrier.) (Identify the source of the data provided.)
4. For **each** CSA, identify the competitive alternative available to the customer, if **at the time the CSA was negotiated**, BellSouth was unaware of a competitive carrier who had or who BellSouth had reason to believe had facilities in place and was capable of providing **each** location served under the CSA with the same service(s) or service(s) that could be substituted

for **each** service provided under the CSA.

5. For **each** CSA, identify the BellSouth employee who negotiated the CSA and state whether BellSouth first contacted the customer or if the customer first contacted BellSouth requesting the CSA.
6. Identify by name and title all individual(s) who reviewed and analyzed BellSouth's billing records to determine these Tennessee customers that should be considered as candidates for service under these two CSAs.
7. Please describe the Strategic Partnership Initiative, including a list of any participant/members, etc. in the initiative.
8. Please state whether there is any limit on persons/businesses who can receive discounts.
9. Please provide copies of all minutes, notes, or other documents from, presented to or by the Chairman's Commitment Council referring to or related to CSAs or similar contractual arrangements or customer retention. (The Chairman's Commitment Council was referred to in Document No. 627: "This compensation procedure seems to be in conflict with BBS's strategic goals of securing and growing revenue. In Dick Anderson's presentation to the Chairman's Commitment Council, securing MSA commitments is the first program listed

to address customer retention.”).

10. On page 9 of the CSA filed as TRA filing #99-00210 the following provision is included:

If _____ is offered a service proposal from an unauthorized carrier that is comparable both in rate and in level of support provided by BellSouth for any V&T Eligible Service which priced at least 15% less than those provided to _____ by BellSouth then these services may be considered for a price reduction. _____ shall provide BellSouth written notice of the service proposal, and sufficient information to validate the terms and rates of the offer and the option to respond to the alternative proposal.

BellSouth shall respond in writing within seven (7) calendar days as to whether or not BellSouth will pursue a new rate for _____. In the event BellSouth elects to respond to the offering from the alternative carrier and offers _____ a service proposal with rates that are within ten percent (10%) of the alternative carrier's competitive offering, this agreement shall continue in effect at the new customized rate and charges until the expiration of the V&T Agreement. The parties shall amend the Minimum Annual Revenue Base and the corresponding Discount Levels listed in Appendix II to reflect the rate reduction and any other portions of the Agreement necessary to effect this Rate Assurance Adjustment

If BellSouth elects not to respond to the offer from the alternative carrier or does not offer _____ a service proposal with rates that are within ten percent (10%) of the alternative carrier's offering, the parties shall amend Appendix IA, Appendix IB and Appendix II and any other pertinent provisions of this Agreement as necessary to reduce _____'s Minimum Annual Revenue Base, the Annual Revenue Base and the corresponding Discount Levels listed in Appendix II, if necessary, to permit _____ to purchase the services in question from the alternative carrier.

- A. Is this language anti-competitive? If not, please explain why it is not anti-competitive.

11. What prohibits BellSouth Telecommunications, Inc. from reducing the rates to all customers in the same class as those served under the CSAs to the level charged under the CSAs?

If the reason for not reducing rates to all other customers in the class is the fear of losing a subsidy to universal service, provide the analysis which identifies the amount of subsidy at risk for each service under the applicable CSA.

12. For **each** CSA at issue, identify the date that the CSA was signed, and for each location served under the CSA identify the central office through which service is being provided.
13. For **each** CSA at issue, state whether the CSA is specific to the customer's locations in Tennessee or if it also provides for service to the customer's locations in other states.
14. If the CSAs at issue are applicable to service provided in both Tennessee and other states, declare if the tariffed rates for the services provided under the CSAs are the same in each state, and declare if the resulting discounted rates for the services provided are the same in each state. Please explain any difference in the tariffed and/or discounted rates.
15. Please provide the computation and the business rationale used in determining the termination liability amounts for the two CSAs.

16. In TRA Docket #99-00210, BellSouth has provided the following contract language on page 7, Section E:

Accordingly, Customer agrees that in the event it transfers this Agreement to an alternative local service provider, such transfer shall be deemed a termination of this Agreement and BellSouth shall bill_____ all appropriate termination charges applicable to a termination of this Agreement.

Does this language preclude this CSA from being subject to resell? If not, please explain.

17. For each CSA, provide the percent discount from BellSouth's tariffed rates that a CLEC would have to offer the customer to offset the termination liability specified in the CSA.

Assume:

- A. Terminated in Year 1.
- B. Terminated in Year 2.
- C. Terminated in Year 3.

Consumer Advocate Division
Request for BellSouth Telecommunications, Inc. To Admit or
Deny
Dockets 99-00210, 99-00244
July 9, 1999

1. For **each** CSA:
 - A. Admit or deny that BellSouth can show that the difference in the cost of providing service to the customer served under **each** CSA and the class of customers provided the same service under tariff is equal to or greater than discount provided under the CSA.
 - B. If admitted, provide supporting documents for **each** CSA.
2. In response to the Consumer Advocate's September 30, 1997 Information Request Item 14, in Docket No. 97-01105 BellSouth stated that:

BellSouth is prepared to enter into a CSA with any similarly situated customer who meets the basic criteria outlined in response to Request No. 4.

The response to Request No. 4 states:

The characteristics that set the CSA customer apart from other customers who are purchasing similar services but who have not contracted for a "CSA" vary. However, these accounts are distinguished by three basic criteria: (1) BellSouth has reason to believe that the price of service under its existing tariff offering is not competitive for that particular customer; (2) the customer has a competitive alternative available; and (3) the customer is willing to sign a CSA with BellSouth and commit to the terms and conditions contained in the CSA.

- A. Admit or deny that the criteria used by BellSouth in determining that the customers served under the CSA at issue were:
- (1) BellSouth has reason to believe that the price of service under its existing tariff offering is not competitive for that particular customer
 - (2) the customer has a competitive alternative available; and
 - (3) the customer is willing to sign a CSA with BellSouth and commit to the terms and conditions contained in the CSA?

- B. If BellSouth denies the Request to Admit or Deny in item 3A, please explain each and every such additional criteria which BellSouth used to determine these customer location locations were subject to service under a CSA.
- C. Admit or Deny that BellSouth has no other specific criteria for offering CSAs other than the criteria stated in the Request to Admit or Deny in item 3A.
3. A. For **each** CSA and **each** service provided under the CSAs admit or deny that the service is available at BellSouth's tariffed rates in BellSouth's tariffs approved by the TRA under which BellSouth provides service to other ratepayers. .
- B. For **each** Contract Service Arrangement (CSA) and **each** service provided under the CSAs admit or deny that the service is available under terms and conditions covered by BellSouth's tariffs approved by the TRA under which BellSouth provides service to other ratepayers.
- C. For **each** CSA and **each** practice covered by the CSAs, admit or deny that each practice provided in the CSA is provided in BellSouth's tariffs approved by the TRA under which BellSouth provides service to other ratepayers.

4. Please admit or deny for **each** CSA that the termination charge provided in the CSA is not based on cost.

Consumer Advocate Division
Request for Production of Documents from BellSouth
Telecommunications, Inc.
Docket 99-00210, 99-00244

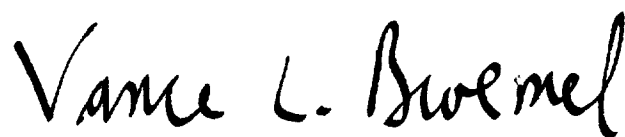
July 9, 1999

1. Produce for inspection and copying a copy of any and all analyses that show that the difference in the cost of providing service to the customer served under **each** CSA and the cost of providing service to the class of customers provided the same service under tariff is equal to or greater than discount provided under the CSA.
2. For **each** CSA produce for inspection and copying a copy of all studies, analysis, reports, correspondence, etc. prepared by or on behalf of BellSouth to determine that all similarly situated Tennessee customers have been made aware of or otherwise offered a comparable CSA.
3. For **each** CSA produce for inspection and copying a copy of all correspondence, notices, advertisements, etc. from which customers who are or may be similarly situated to the customer being served under the CSA could reasonably be expected to learn of the rates, terms, and conditions of the CSA.
4. Produce for inspection and copying a copy of all BellSouth directives, memorandums, operating procedures, scripts used by sales representatives, marketing procedures,

internal correspondence, etc. that address the offering of CSAs to BellSouth customers.

5. Please produce for inspection and copying any and all correspondence (letters, memoranda, e-mail, meeting notes, etc.) that address offers made to the customers served under these CSAs by competing, or potentially competing, local exchange companies (this includes offers made before or after the customer entered into the CSA).

Respectfully submitted,

A handwritten signature in black ink that reads "Vance L. Broemel". The signature is written in a cursive, slightly slanted style.

Vance L. Broemel

Assistant Attorney General

CERTIFICATE OF SERVICE

I hereby certify that this document was served on parties of record by U.S. Mail or
by facsimile this 9th day of July, 1999.

Guy M. Hicks
BellSouth Telecommunications, Inc.
333 Commerce St., Suite 2101
Nashville, TN 37201-3300

Carolyn Tatum Roddy
Sprint
3100 Cumberland Circle, N0802
Atlanta, GA 30339

Charles Welch
Farris, Mathews, et al.
511 Union St.
Nashville, TN 37219

Henry Walker
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, TN 37219-8062

James Lamoureux
AT&T
1200 Peachtree St., NE
Atlanta, GA 30309

John Hastings
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, TN 37219-8062

Richard Collier, Esq.
Tennessee Regulatory Authority
460 James Robertson Pkwy.
Nashville, TN 37243-0505

Dana Shaffer, Esq.
Nextlink
105 Malloy Street #300
Nashville, TN 37201

Vance L. Broemel
Vance L. Broemel