BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of	**DOCKET NO. 990149-TP**
Petition by MediaOne Florida Telecommunications, Inc. for arbitration of an interconnection agreement with BellSouth Telecommunications, Inc. pursuant to Section 252(b) of the Telecommunications Act of 1996.	

VOLUME 2

Pages 212 through 376

PROCEEDINGS: **HEARING**

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER SUSAN F. CLARK
COMMISSIONER E. LEON JACOBS, JR.

DATE: **Friday, July 9, 1999**

TIME: Commenced at 9:30 a.m.
Concluded at 4:20 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
FPSC Chief, Bureau of Reporting
(850) 413-6732

APPEARANCES:

(As heretofore noted.)

I N D E X

WITNESSES

EXHIBITS

P R O C E E D I N G S

(Transcript follows in sequence from Volume 1.)

W. KEITH MILNER

continues his testimony on behalf of BellSouth Telecommunications, Inc. and, having been previously sworn, testified as follows:

CROSS EXAMINATION

BY MR. KARRE:

Q Mr. Milner, to clarify something again, you mentioned that finding the first jack was a matter of pulling the faceplate off the wall and seeing if the network terminating wire comes in and inside wire goes out, or something like that?

A Yes, sir.

Q Is network terminating wire visibly distinguishable from inside wire?

A In some cases, yes. In other cases, no. It depends on the type of wire that BellSouth chose to use between the garden terminal or the wiring closet, let's say, and the individual apartment.

Q Well, do you have any idea how often it would be possible to determine this just by looking at the wire?

A It's possible that that could happen quite a

lot. Property owners sometimes have their own contractors, for example, install what is inside wire. In other cases BellSouth installs inside wire.

Q But you don't know if it's half the time, three-quarters?

A No, sir, I don't know.

Q When Mr. Beveridge was on the stand Mr. Carver was asking him some questions about BellSouth's -- I think I've got this right -- BellSouth's proposal for MediaOne to interconnect at the apartment unit. Is that part of BellSouth's proposal?

A Well, BellSouth, obviously, would allow an ALEC such as MediaOne to run its own facilities to each individual apartment, let's say. But the proposal we have been talking about is MediaOne's use of the BellSouth facility network terminating wire.

Q And when Mr. Carver was referring to interconnecting at the apartment unit, was that your understanding of what he meant, that MediaOne would run its own facilities to the unit?

A I believe that's what he meant when he said interconnecting at the network interface device, yes.

Q Thank you. You indicate, I believe it's in your rebuttal testimony, that network terminating wire

is a noninventoried item. What does that mean?

A That means that BellSouth generally does not use its mechanized inventory systems, the largest of which is referred to as TIRKS. T-I-R-K-S. Trunk Inventory and Recordkeeping System. We don't use mechanized systems to inventory which pairs are in use, which are defective, that sort of thing.

Q Do you keep track of that information in some other manner?

A Generally by notes on the devices themselves, that is. The terminal blocks or something like that.

Q Do those notes also indicate which NTW pairs go to which units within a MDU?

A They generally do.

Q They generally do?

A Yes, sir.

Q And when a BellSouth technician goes out to the MDU to install service or disconnect service or add service, can he or she rely on those notes to determine which NTW pairs are involved?

A Not entirely, no. The stenciling or the notes that may be there show that to someone's best knowledge that's the way the pairs are arranged. It does not show, for example, whether the pair is

defective or not; it has been reserved for some other purpose. For example, perhaps a second ALEC has already said to BellSouth, "We'll take you up on your offer to have a NTW pair to each apartment unit." We may have already reserved that third pair, let's say, for that new ALEC.

Q Well, in that circumstance, when the technician can't rely on those notes out there, what does he or she do?

A Then the technician does what MediaOne has said it will do, that is, go to the apartment unit, use a tone supply and determine the integrity of the recordkeeping that way.

Q So if a -- if MediaOne were to choose to pre-wire to some number or all of the units in a MDU, the BellSouth technician might need to get into some or all of the individual units to tone the wires?

A Yes, that's possible. My point earlier about the technician not needing to get into the individual apartment was for the purpose of rearranging jacks and making certain lines appear on certain jacks.

Q In your testimony you refer several times to BellSouth's carrier of last resort obligation. Do you know the source of that obligation?

A Not by rule number. I know that it's Commission rule.

Q Commission rule?

A Yes, sir.

Q Is it your understanding that that obligation requires BellSouth to provision service without dispatching a technician?

A No, sir. I believe it requires BellSouth to provide service to any requesting customer within BellSouth's franchise area, even if no other local service provider is so willing to provide service.

Q It doesn't require BellSouth to provide that service using any particular network configuration or technology, does it?

A I'm not sure I know what --

Q Well, let me rephrase it. That wasn't a very good question.

Does it require BellSouth to have a hardwired cable pair all the way through from the CO to the end user?

A Well, I mean, yes, it would. I mean, obviously to provide service -- unless we use some other means of transmission, then obviously we'd use that.

Q Does it require it to have that hardwired

cable pair prior to the service being turned up for the customer?

A No, sir. And that's why we're willing to relinquish our BellSouth's NTW pair if it's needed to provide service from MediaOne, for example.

Q And would I be correct in assuming that the carrier of last resort obligation does not require BellSouth to retain use of the first pair, exclusive use?

A I don't believe it does. But obviously, if a customer said, "I want BellSouth service," we'd have to have some means of providing that service. It would mean either reclaiming an unused network terminating wire pair from a CLEC that was not using it or placing new.

Q So when BellSouth retains the use of the first pair until no other pairs are available for the ALECs, that's a matter of BellSouth preference?

A I'm not sure that's a good way to characterize it. We've not claimed that that's -- we've not claimed that we want that pair for reasons of carrier of last resort. In the event that customers come back to BellSouth at some point, then our ability to use our own facilities, just as MediaOne could do, is important to us. So it's an

operational efficiency.

I'd also point out that, for example, if MediaOne were to request that BellSouth pre-wire NTW pairs, MediaOne can attach those to its facilities and then on to its switch, and then can effectively market to end users by saying, "Would you like MediaOne service? All you need to do is to plug your phone into that second jack and we'll have service there right away."

COMMISSIONER CLARK: I'm sorry, Mr. Milner, I did not understand your answer to the question of why you want to reserve the first line. Did it boil down to simply a matter of efficiency?

WITNESS MILNER: It is one of operational efficiency.

COMMISSIONER CLARK: And how is it more efficient to have that first line?

WITNESS MILNER: Because that first pair of NTW stays connected to our loop facilities and perhaps even to our switch, such that if a customer wants to come back to us, then it's a matter -- we don't have to dispatch to turn up service for that customer. By like token, to the extent that MediaOne takes up BellSouth's offer to pre-wire certain NTW pairs, it doesn't have to dispatch either.

COMMISSIONER CLARK: Now, under what circumstances have you indicated you'll let that first wire go? When all the other ones are taken; is that correct?

WITNESS MILNER: Yes. Exactly.

COMMISSIONER CLARK: How are you going to know that for a particular location it's going to require you to go out -- how are you going to know that that particular line is not still hardwired into your system?

WITNESS MILNER: That's exactly our point. That if we don't retain control over who is using which pair, we have no way of knowing. So we don't know in what cases it's right for us to relinquish pairs. We don't know in what cases those pairs have been taken from us or from other CLECs.

COMMISSIONER CLARK: I guess -- suppose you have a setup like you have there and you have had lots of ALECs in there and you have had to relinquish some of your first pairs.

WITNESS MILNER: Yes.

COMMISSIONER CLARK: If you want to move somebody's service within that building that wasn't on your -- left you and went with somebody else, you're going to have to go and look to see if that customer,

in fact, still had his first line hardwired into you or not. So the minute you give it up for one, you lose your efficiencies; is that right?

WITNESS MILNER: That's exactly right. Further, we don't think it ought to be a free-for-all, but that there's no organization to what's available, what's in use and who can -- you know, who can have access to it. For example, if another ALEC called and said, "We'd like a NTW pair in each building. Have you got it or not?" Under MediaOne's proposal we'd have to say, "We don't know if we do or not. We'll have to go out to that apartment complex and see if anybody is using our network terminating wire without our knowledge, or if they are using someone else's, either MediaOne's or another ALEC's still.

So that's at the root of our concern, is that we would effectively lose all control of our network by not knowing who was using it and in what matter.

COMMISSIONER CLARK: Let me ask you this: Is that a problem for you in Georgia and elsewhere where your network services terminate at the closet?

WITNESS MILNER: By "at the closet" do you mean at a minimum point of entry?

COMMISSIONER CLARK: Yes.

WITNESS MILNER: Well, again, this issue is avoided by that. I'll be quick to add, though, that in all of BellSouth's region, there are very, very few -- meaning probably 30 or less -- properties where we are -- where our demarcation point is at the MPOE rather than at the end user, customer's premises. Our preference is to be -- for the demarcation point to be at the end-user customer premise such that we can guarantee the quality of our service all the way to the customer without third parties being interposed.

COMMISSIONER CLARK: Let me ask you it this way: In those 30 properties where your demarcation point is at the minimum point of entry, then you have that problem, because anyone can go into that closet and make the changes in the wire.

WITNESS MILNER: Well, we don't have that problem because we don't guarantee our service beyond that MPOE. In other words, if the customer calls and says, "My phone doesn't work." We would go to the MPOE. We would test for dial tone. If we had dial tone there, we'd say, "We're real sorry, but the problem is not in BellSouth's network. Your phone doesn't work but it's somewhere between this remote -- this MPOE and your telephone set."

COMMISSIONER CLARK: Let me ask it different

way. You have a customer in a building where the demarcation point is at the minimum point of entry. They have gone to somebody else. Now they want to come back to you. You will have to go out to see which wire is currently -- see if you still have a wire currently connected to them. Or would you just simply connect it up and see if it works and then go out?

WITNESS MILNER: Well, more of the latter. But, again, let me try this a different way. If our demarcation point is at the MPOE, that's where our service stops.

COMMISSIONER CLARK: I understand that.

WITNESS MILNER: So we don't make the connection forward beyond that point.

COMMISSIONER CLARK: Yeah. But I'm talking about the physical work you have to do, not with respect to whether it is part of your service or part of inside wire.

WITNESS MILNER: Okay. In that case we'd rely on, you know, whatever records are there and hope for the best.

Q **(By Mr. Karre)** When MediaOne --

COMMISSIONER DEASON: Excuse me. But in response to that -- but you had -- would you actually

have to physically dispatch someone to go to that closet to reconnect that customer to your network?

WITNESS MILNER: Yes, sir, we would. We'd have to make a connection between the -- what then would be the inside wire rather than the network terminating wire and BellSouth's loop which terminated at the MPOE. Yes. We'd have to dispatch to make that connection.

COMMISSIONER DEASON: And if you reserve that first pair and always have it available, do you have to physically dispatch to have a customer come back to you?

WITNESS MILNER: Let me make sure I don't mix and match.

In our proposal where we have retained use of the first pair not in the MPOE environment, then we would not have to dispatch in such a case.

Q **(By Mr. Karre)** Just to clarify something that came up earlier today, when an ALEC purchases a NTW pair, that pair goes to a specific unit, does it not?

A Yes, it does.

Q So if we were to buy, say, 25 pairs in a 50-unit building, we could not use those 25 pairs to serve just any unit?

A No, that's right. You choose which units, I presume, thought you had a high probability of selling to the customer and would choose those units, and then those NTW pairs would be for your exclusive use, meaning another ALEC could not come along and say, "I, likewise, would like to have a NTW pair to those same units. Why don't you give me MediaOne's?"

Q In your Direct Testimony, at Page 7, I believe it is, at the top of the page you have a couple of sentences there, and I'll read them, if I may, "Note that the arrangement shown is one in actual use by another ALEC. Thus, other ALECs have agreed to, and are using, the form of access discussed above." And I guess it jumped out at me in the first sentence you used singular "ALEC" and in the second sentence you used the plural, "ALECs." How many are there?

A In Florida, I believe, there's only one. But there are other ALECs in other states that BellSouth does business that use the same arrangement. I apologize for any confusion.

Q Is the ALEC that -- this Florida ALEC that's using NTW, is that a facilities-based carrier?

A Yes, it is.

Q When BellSouth provides an unbundled local

loop to an ALEC, does that include NTW?

A Yes, it does.

Q When an ALEC chooses to resell BellSouth's local telephone service, would it have any need to purchase NTW?

A No, sir.

Q Isn't it a fact that NTW would be useful only to a facilities-based ALEC?

A Well, I mean, it's useful to any service provider whether on a resale basis or not. Even in a resell mode, I'm sure the reseller would want to make sure that all of the components that were necessary to provide service were, in fact, in use and operational. I'd say it's important to both.

Q But only a facilities-based carrier would have a need to purchase unbundled network terminating wire separately from BellSouth; is that correct?

A Yes. And more specifically, only those facilities-based carriers that have chosen to use BellSouth's network rather than some alternative form, such as providing, you know, NTW themselves or using an alternative form of access, such as wireless.

Q Could that explain why there's only one ALEC in Florida that's using your NTW?

A I won't speculate why ALECs have made their

choices of whether to use BellSouth's facilities or not.

Q Tell me if you know how many facilities-based ALECs are there in Florida, if you know.

A I don't know the exact number. I can probably name eight or ten.

Q In your rebuttal testimony at Page 2 -- strike that.

A couple of times in your testimony you mention that MediaOne has refused or refuses to pay BellSouth for pre-wired connections or to install the NID. By that do you mean that MediaOne has not requested pre-wired connections or has not asked BellSouth to install NIDs?

A That's fair to say.

Q I'm sorry?

A That's fair to say, yes. For whatever its reason, MediaOne is not using the form of access that we're talking about here nor has it asked BellSouth to do inside wiring for them.

Q So it's not a matter that we asked you to do the work and didn't pay you for it?

A Not to my knowledge, no, sir.

Q Thank you. You indicate in your testimony

that the FCC identified six technically feasible interconnection points in the local competition order I believe it was?

A If by that you mean the First Report and Order from August of '96?

Q Right.

A Yes, sir.

Q Is it your understanding that that list was exclusive or was it a minimum?

A I don't recall.

MR. KARRE: That's all.

COMMISSIONER DEASON: Staff.

MR. FORDHAM: No questions, Commissioner.

COMMISSIONER DEASON: Redirect?

COMMISSIONER CLARK: I have some questions.

COMMISSIONER DEASON: I'm sorry.

COMMISSIONER CLARK: Mr. Milner, did you respond to Mr. Beveridge's comment with respect to the interconnection, I guess it's with Comcast?

WITNESS MILNER: I'm sorry, I don't understand your question.

COMMISSIONER CLARK: Would you give him Page 2 of -- maybe it's rebuttal testimony -- maybe that's it. Let me ask you the question then. Are you aware of any Interconnection Agreement BellSouth has

with Comcast Telephone Communications of Florida which provides for a different interconnection to a multitenant building than is being offered to MediaOne?

WITNESS MILNER: My understanding is that the serving arrangement for the other ALEC in Florida I referred to is the same offer that BellSouth has made to MediaOne. I don't know that we've made a different proposal other than the one that's in use by the one ALEC. Was my answer thoroughly confusing?

COMMISSIONER CLARK: Do you all talk about this? I mean, you have rebuttal testimony saying that interconnection is fine. Are you all talking past each other?

WITNESS MILNER: Perhaps we are. The form of interconnection that we have provided to that other ALEC uses the access terminal that we propose, and, thereby, secures our network sufficiently.

COMMISSIONER CLARK: I don't think we're going to resolve it here, but certainly I would suggest that the parties look at it. I mean, on one hand your witness -- MediaOne's witness indicated what's in another agreement is fine with him.

Mr. Milner, are you willing to offer that -- what you've offered Comcast to MediaOne?

WITNESS MILNER: We certainly are. And I'm not speaking for MediaOne, but I believe they've not agreed to accept the same terms as we've offered that other ALEC.

COMMISSIONER CLARK: Okay. Just to be clear, would you look on Page 4 of your testimony.

WITNESS MILNER: Was that in rebuttal, ma'am?

COMMISSIONER CLARK: I believe it is, yes. And your quoting Mr. Beveridge as saying "When BellSouth provisions service for one of its own retail MDU customers, it has no need to call out a CLEC technician, even if it is disconnecting the CLEC's service. Do you agree?" And you say "No," you don't agree. Isn't this only -- you only have to ask for a CLEC technician to come out if you have given up your first pair; is that right?

WITNESS MILNER: That's right. Or if the CLEC was the first to serve a property and had installed the NTW themselves, whereby it's offering it to BellSouth rather than the contrary.

COMMISSIONER CLARK: Where you are the one who installed it in a building, when a customer goes back, you don't need the CLEC technician to come out unless all of the pairs -- let me state it

differently -- unless the first pair has been given to another CLEC.

WITNESS MILNER: That's generally true unless we had to go there for some other reason like rewiring jacks, second lines or something of that nature.

COMMISSIONER CLARK: But then you don't need the CLEC person to go out.

WITNESS MILNER: No. That's right.

COMMISSIONER CLARK: Let me ask a question on the charges for those pre-wired pairs. When you did your -- I'm really not sure how to ask this, so I'm just going to sort of give an idea of a question.

When we did the total service or TELRIC or whatever we did in terms of trying to set the price for UNEs, we did not use that to set the price for retail; is that correct?

WITNESS MILNER: Well, I'm not sure. You might ask that question of Ms. Caldwell.

COMMISSIONER CLARK: Well, let me just ask you this one: Do you know when -- for lack of a better term, when the model was developed for determining what plan you would deploy, as I recall the argument was made that you, in affect, do 1.5 lines to each house and that was what was included in

the cost.

WITNESS MILNER: I recall the factor, and, again, I'm way out of my territory here -- but I believe I recall that the factor of 1.5 referred to the quantity of distribution pairs that BellSouth might provide to gain on average one customer. In fact, that distribution pair ends at that connector block that MediaOne labeled the ILEC loop facilities. So what is customary is that the closer to the central office you might be, the closer you are to an one-to-one relationship between the number of pairs provided and the number of customers. And the reason for that is that that part of the loop is more reusable. The closer you get to a specific customer, generally the more often you'll see more pairs being provided than there are customers. And for the reason that MediaOne's counsel rose, and that is, the NTW pair for Apartment A can't be used to serve Apartment B. Whereas, the feeder pair, which is the closest to the central office, can be used for either of those. So I recall the multiple of 1.5 dealt with feeder and with distribution pairs rather than with network terminating wire.

COMMISSIONER CLARK: Okay.

COMMISSIONER DEASON: Let me ask you a

question about the intermediate connecting block. That's part of your proposal as an option?

WITNESS MILNER: Yes, it is.

COMMISSIONER DEASON: The other option being that they could just put in their own network terminating wire. But if they are going to use your network terminating wire, there has to be an intermediate connecting block.

WITNESS MILNER: Yes, we believe there should be one. And it serves a number of different purposes. One is that it sort of uncouples the coordination required between BellSouth and MediaOne.

COMMISSIONER DEASON: Unless the customer is going to be without service for a period of time.

WITNESS MILNER: That's a possibility. If there are excess -- let me say it this way: If there are unused network terminating wire pairs, then BellSouth can pre-wire one of those out, and we might do that on Monday. The customer is still working on let's call it the BellSouth NTW pair. MediaOne comes out on Tuesday. BellSouth need not be present on Tuesday, so MediaOne can do its work to connect its service to the second NTW pair. So that's why it helps uncouple the coordination that's required between BellSouth's technicians and MediaOne's

technicians. If MediaOne wants a NTW pair in each of the apartment units, then the BellSouth technician can pre-wire all of those at once and whenever MediaOne wants on come back out. So that's the biggest advantage.

Secondly, it clearly separates the two service provider's networks. If MediaOne wanted, under BellSouth's proposal, it could put some sort of cover over its terminal block and its network terminating wire pairs and thereby protect them from a third party tampering with those. So by physically separating these, there are a number of different advantages.

COMMISSIONER DEASON: It's not common practice, though, to cover those.

WITNESS MILNER: Not in wiring closets but in some commercial buildings you'll find that lexan -- which is a clear plastic -- covers are put on over certain kinds of connections. I wouldn't say it's commonplace, but it's --

COMMISSIONER DEASON: That's to prevent unauthorized access to those facilities?

WITNESS MILNER: Yes, sir.

COMMISSIONER DEASON: But in a typical wiring closet in a multidwelling unit facility, is it

commonplace for those wiring closets to contain telephone connecting boxes as well as equipment that cable television people have to have access to or alarm company people have to have access to? Is that commonplace?

WITNESS MILNER: That happens, sure. That's commonplace. And I have not seen as often cable television equipment in that same room, although there certainly are occasions. Alarm monitoring companies often have their equipment there because they use the same pairs; you know, they acquire pairs from BellSouth, for example, to provide that alarm service over. So generally the people that need to be in that room have access to the room.

COMMISSIONER DEASON: Do you -- for an alarm service company, when they want to connect a pair to activate an alarm service, what procedure do they follow?

WITNESS MILNER: It's analogous to the procedure we're proposing to MediaOne, and that is, we will provide the facility. We will provide it at the demarcation point and they can attach whatever equipment to the end of that they like. But we do not allow them to make and remove connections on the BellSouth side of that demarcation point.

COMMISSIONER DEASON: And in Florida that would be at the end-use premise there?

WITNESS MILNER: Yes, sir. Well, no, it may be at a point similar to the wiring closet. But in other words, we make certain pairs available to them that go to the Apartment A or B or C. In other words, we don't say go to the connector block and figure out which pair you'd like to use and connect to it. We designate it and make it available to them.

COMMISSIONER DEASON: So they have so many available to them. And then when they want to connect, say, the customer who lives in Apartment C, they know that there's going to be a facility there that they can connect to to activate that service.

WITNESS MILNER: That's right.

COMMISSIONER DEASON: Do they pay you a monthly recurring charge to have that ability to do that?

WITNESS MILNER: Yes, sir, they do. I don't know the rate, but yes, they pay us a monthly rate.

COMMISSIONER DEASON: Redirect?

MS. WHITE: No redirect.

COMMISSIONER DEASON: Exhibits?

MS. WHITE: BellSouth moves Exhibit 14.

COMMISSIONER DEASON: Without objection,

show Exhibit 14 admitted.

(Exhibit 14 received in evidence.)

MS. WHITE: May Mr. Milner be excused?

COMMISSIONER DEASON: Yes, he may.

(Witness Milner excused.)

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COMMISSIONER DEASON: We're going to recess for lunch. We'll reconvene at 2:00.

(Whereupon, a lunch recess was taken.)

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COMMISSIONER DEASON: Call the hearing back to order. Ms. White.

MS. WHITE: BellSouth calls Al Varner to the stand.

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ALPHONSO J. VARNER

was called as a witness on behalf of BellSouth Telecommunications, Inc. and, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. WHITE:

Q Mr. Varner, would you please state your name, address and place of employment for the record.

A Yes. My name is Alfonso Varner. I'm employed by BellSouth Telecommunications, and my

business address is 675 West Peachtree Street, Atlanta, Georgia.

Q Have you previously caused to be prepared and prefiled in this case Direct Testimony consisting of 19 page and Rebuttal Testimony consisting of 12 pages?

A Yes.

Q Do you have any changes to that testimony at this time?

A No.

Q If I were to ask you the same questions that are posed in your prefiled Direct and Rebuttal Testimony today, would your answers to those questions be the same?

A Yes.

MS. WHITE: I'd like to have the Direct and Rebuttal Testimony of Mr. Varner inserted into the record as though read.

COMMISSIONER DEASON: Without objection, it shall be so inserted.

Q **(By Ms. White)** Mr. Varner, did you prepare four exhibits in connection with your direct testimony?

A Yes, I did.

Q Do you have any changes to those exhibits?

A No, I do not.

MS. WHITE: I'd like to have the exhibits that are attached to Mr. Varner's Direct Testimony marked for identification.

COMMISSIONER DEASON: Exhibit 15.

(Exhibit 15 marked for identification.)

Q **(By Ms. White)** Mr. Varner, did you prepare one exhibit associated with your Rebuttal Testimony?

A Yes.

Q And do you have any changes to that exhibit?

A No, I do not.

MS. WHITE: I'd like to have the exhibit attached to Mr. Varner's Rebuttal Testimony marked for identification.

COMMISSIONER DEASON: Exhibit 16.

(Exhibit 16 marked for identification.)

BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF ALPHONSO J. VARNER

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990149-TP

APRIL 1, 1999

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I graduated from Florida State University in 1972 with a Bachelor of Engineering Science degree in systems design engineering. I immediately joined Southern Bell in the division of revenues organization with the responsibility for preparation of all Florida investment separations studies for division of revenues and for reviewing interstate settlements.

Subsequently, I accepted an assignment in the rates and tariffs organization with responsibilities for administering selected rates and tariffs including

preparation of tariff filings. In January 1994, I was appointed Senior Director of Pricing for the nine-state region. I was named Senior Director for Regulatory Policy and Planning in August 1994, and I accepted my current position as Senior Director of Regulatory in April 1997.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony provides BellSouth's policy position on several issues raised by MediaOne Florida Telecommunications, Inc. ("MediaOne") in its Petition for Arbitration filed with the Florida Public Service Commission ("Commission") on February 9, 1999. Specifically, I will address issues 2 through 4, issues 7 through 9, and portions of issues 11 and 13.

Issue 2: Should calls originated from or terminated to Internet Service Providers ("ISPs") be defined as "local traffic" for purposes of the MediaOne/BellSouth Interconnection Agreement?

Q. PLEASE DISCUSS WHAT IS MEANT BY "ORIGINATED FROM OR TERMINATED TO" ISPs.

A. Use of the Internet is exploding precisely because it allows individuals quickly to interact with computers located all over the nation and, indeed, the world. Most individuals connect to the Internet through an Internet Service Provider such as America Online or AT&T Worldnet. When a BellSouth customer logs on to the Internet, he generally uses a modem to dial a seven-digit telephone

number to connect his computer to the ISP's facilities located in his local telephone exchange.

Crucially, however, the call does not terminate at the ISP. A recent FCC decision confirmed that the customer uses the ISP as a conduit – an intermediary – to receive and transmit information between end users and Internet sites located all over the country and the world. See Declaratory Ruling in CC Docket Nos. 96-98 and 99-68, FCC 99-38, (rel. Feb. 26, 1999) ("Declaratory Ruling"). The ISP connects the customer to the Internet site he wants to visit and routes information from that site all the way back to the customer. Through the use of "caching" or website "mirroring" techniques, ISPs may choose to store the contents of popular websites in multiple servers. This enables the ISP to obtain the contents of these websites without needing to access the actual website. In these instances, the content of the "mirrored" website resides at the ISP's server. However, the ISP is still acting as a conduit between the end user and the information.

Q. SHOULD A CALL PLACED TO AN ISPs SEVEN-DIGIT NUMBER BE CONSIDERED A LOCAL CALL? PLEASE EXPLAIN.

A. No. End users gain access to the Internet through an ISP. The ISP location, generally referred to as an ISP point of presence ("POP"), represents the edge of the Internet and usually consists of a bank of modems. ISPs can use the public switched network to collect their subscribers' calls to the Internet. In this case, ISP subscribers access the ISP by dialing a seven (7) digit or ten (10)

digit local telephone number via their computer modem to connect to the ISP. As was the case prior to the implementation of Equal Access, end users dialed seven digit telephone numbers in order to access to an IXC's long distance network utilizing Feature Group A or Feature Group B service. The end user was then connected to the IXC's network for completion of the long distance call. Dialing of the seven-digit number in this case was not considered a local call, just as dialing the seven-digit number to access an ISP is not a local call.

This issue has been a subject of considerable debate with CLECs claiming that connections to the Internet consisted of two calls. One call that terminated at the ISP and another call that exists between the ISP and end user. The FCC recently settled this debate by rejecting the two call model and confirming that the call to the website is one call from the end user through the ISP to the website. The FCC stated in its Declaratory Ruling, "We disagree with those commenters that argue that, for jurisdictional purposes, ISP-bound traffic must be separated into two components: an intrastate telecommunications service, provided in this instance by one or more LECs, and an interstate information service, provided by the ISP. Thus, we analyze ISP traffic for jurisdictional purposes as a continuous transmission from the end user to a distant Internet site." (See Declaratory Ruling, paragraph 13)

At the direction of the FCC, the ISP typically purchases business service lines from local exchange company end offices and physically terminates those lines at the ISP's modem banks that connect to the Internet. The ISP converts the signal of the incoming call to a digital signal and routes the call, through its

modems, over its own network to a backbone network provider, where it is ultimately routed to an Internet-connected host computer. In short, an ISP transmits a portion of a call to and from the communications network of the Internet backbone providers whereupon it is ultimately delivered to Internet host computers, almost all of which are not located in the state PSC defined local serving area of the end user.

Q. WHAT HAS THE FCC DETERMINED REGARDING THE DEFINITION OF LOCAL TRAFFIC?

The FCC has once again confirmed that ISP traffic is subject to interstate jurisdiction rather than local traffic. In its Declaratory Ruling, the FCC declared that Internet traffic is jurisdictionally mixed and appears to be largely interstate in nature. The FCC noted in its decision that it traditionally has determined the jurisdiction of calls by the end-to-end nature of the call. Ultimately, the FCC concluded the calls at issue do not terminate at the ISPs' location, but rather continue to their ultimate destination, specifically at websites in other states or countries. The FCC found a substantial portion of Internet traffic is interstate; thus, such traffic is subject to federal jurisdiction. As stated in paragraph 12 of the FCC's Declaratory Ruling, "As the Commission stated in *BellSouth MemoryCall,* this Commission has jurisdiction over, and regulates charges for, the local network when it is used in conjunction with the origination and termination of interstate calls."

The FCC has made similar rulings for more than a decade. The FCC has consistently ruled that ISP traffic is interstate traffic and not local. See Memorandum Opinion and Order, MTS and WATS Market Structure, 97 F.C.C.2d 682, 715 ¶ 83(1983); Amendment of Part 69 of the Commission's Rules Relating to Enhanced Service Providers, 3 FCC Rcd 2631, ¶ 2 (1988) (describing companies that provide such services as "providers of interstate services"); and Notice of Proposed Rulemaking, Amendments of Part 69 of the Commission's Rules Relating to Enhanced Service Providers, 2 FCC Rcd 4305, 4306, ¶ 7 (1987) ("enhanced service providers . . . use the network to provide interstate services").

Under the FCC's order, "[Internet] traffic is non-local interstate traffic." See Declaratory Ruling, n.87. In paragraph 12 of this same order, the FCC concluded "that the communications at issue here do not terminate at the ISP's local server, as CLECs and ISPs contend, but continue to the ultimate destination or destinations, specifically at a Internet website that is often located in another state." The FCC's decision makes plain that no part of an Internet communication terminates at the facilities of an ISP. Once it is understood that Internet traffic "terminates" only at distant websites, which are nearly always not in the same exchange as the end-user, it is evident that these calls are not local.

Q. IS BELLSOUTH'S POSITION REGARDING JURISDICTION OF ISP TRAFFIC CONSISTENT WITH THE FCC'S FINDINGS AND ORDERS?

A. Absolutely. BellSouth's position is supported by, and is consistent with the FCC's findings and Orders, which state that for jurisdictional purposes, traffic must be judged by its end-to end nature, and not in looking at individual legs of a call. Therefore, for purposes of determining jurisdiction for ISP traffic, the originating location and the final termination must be looked at from end-to-end basis. This is consistent with long-standing FCC precedent.

Q. HOW DOES THE ISP ACCESS CHARGE EXEMPTION AFFECT THIS ISSUE?

A. The FCC concluded in its Declaratory Ruling that their determination that ISP-bound traffic is interstate does not alter the current ISP exemption. ISPs continue to be entitled to access the public switched telecommunications network by paying business service line rates rather than by paying interstate switched access tariff rates.

Issue 3: Should calls that originate from or terminate to ISPs be included in the reciprocal compensation arrangements of the Interconnection Agreement?

Q. ARE CALLS THAT ORIGINATE FROM OR TERMINATE TO ISPs ELIGIBLE FOR RECIPROCAL COMPENSATION?

A. No. As I discussed in response to Issue 2, calls utilizing ISPs to access information do not originate from or terminate to ISPs. The ISPs are an intermediary, which provides a portion of such calls. As such, it is not

appropriate to include these calls in the reciprocal compensation arrangements of the Interconnection Agreement.

In accordance with the FCC's recent Declaratory Ruling and prior Orders, it has always been BellSouth's position that reciprocal compensation only applies when local traffic is terminated on either party's network. One of the Telecommunications Act of 1996's ("the Act's") basic interconnection rules is contained in 47 U.S.C. § 251(b)(5). That provision requires all local exchange carriers "to establish reciprocal compensation arrangements for the transport and termination of telecommunications." Section 251(b)(5)'s reciprocal compensation duty arises, however, only in the case of local calls. The FCC has specifically ruled that "section 251(b)(5) reciprocal compensation obligations should apply only to traffic that originates and terminates within a local area." First Report and Order in CC Docket No. 96-98, ¶ 1034. This interpretation is consistent with the Telecommunications Act of 1996, which establishes a reciprocal compensation mechanism to encourage local competition. The payment of reciprocal compensation for ISP traffic would impede local competition. The FCC, in its August 1996, Local Interconnection Order (CC Docket No. 96-98), paragraph 1034, made it perfectly clear that reciprocal compensation rules did not apply to interstate or interLATA traffic such as interexchange traffic:

> We conclude that Section 251(b)(5), reciprocal compensation obligation, should apply only to traffic that originates and terminates within a local area assigned in the following paragraph. We find that reciprocal compensation provisions of Section

> 251(b)(5) for transport and termination of traffic do not apply to the transport and termination of interstate or intrastate interexchange traffic.

In Paragraph 1037 of that same Order, the FCC stated:

> We conclude that section 251(b)(5) obligations apply to all LECs in the same state-defined local exchange areas, including neighboring incumbent LECs that fit within this description.

Therefore, because Internet traffic is not local traffic it is not subject to the reciprocal compensation obligations contained in Section 251 of the Act.

Q. IS COMPENSATION FOR TRAFFIC BETWEEN END USERS AND ISPs SUBJECT TO ARBITRATION UNDER SECTION 252?

A. No. As previously discussed, this traffic is not local. Only local traffic is subject to reciprocal compensation obligations. Since the FCC determined that traffic discussed here is defined as interstate, reciprocal compensation under Section 251 is not applicable. Consequently, compensation for such traffic is not subject to arbitration under Section 252. Nor, is payment of such compensation a requirement under Section 271.

Q. CAN A STATE COMMISSION ARBITRATE THE ISSUE OF COMPENSATION FOR TRAFFIC FROM END USERS TO ISPs?

A. It is unclear whether states can arbitrate this issue. Even if states could arbitrate this issue, such arbitration would not be subject to Section 252 of the Act. In addition, it appears fruitless for states to deal with this issue at this time.

The FCC apparently authorized state commissions to arbitrate compensation matters for ISP traffic for a temporary period. However, it's unclear whether the FCC could delegate this undertaking. Even if states could do this, the delegation is only valid until the FCC completes its rulemaking on the subject. If states actually arbitrated, the FCC could overturn any state ruling when the FCC's rulemaking is completed. Consequently, states don't appear to have any real authority to resolve this issue. They can simply issue interim rulings that may only be applicable until the FCC's rulemaking is complete.

Nonetheless, any arbitration of ISP compensation issues would be separate from Section 252 arbitration, which is the subject of this proceeding. Since ISP traffic is not subject to reciprocal compensation, there is no basis for including the compensation determination for such traffic as a subject of arbitration under Section 252 of the Act. Although the FCC's Order authorizes states to arbitrate the issue of inter-carrier compensation for ISP traffic, the FCC cannot simply expand the scope of Section 252 to cover such arbitrations.

Issue 4: What is the appropriate price for Calling Name ("CNAM") database queries?

Q. IS THIS ISSUE APPROPRIATE FOR ARBITRATION?

A. No. Because the CNAM agreement is not governed by the requirements of Section 251 or Section 252 of the Act, the rates BellSouth charges for its CNAM database service is not an issue appropriate for arbitration. In addition, MediaOne already has an agreement with BellSouth for this service and is inappropriately seeking to be relieved of its contractual obligations. BellSouth is honoring that agreement and MediaOne should be required to do so as well. Therefore, the Commission should not consider this issue.

Q. PLEASE DESCRIBE THE EXISTING CNAM AGREEMENT BETWEEN MEDIAONE AND BELLSOUTH.

A. In March 1997, MediaOne entered into a separate agreement with BellSouth to provide MediaOne with CNAM database service throughout the BellSouth region. This agreement enables MediaOne to store their end-user names and access name and number information in the BellSouth Calling Name database. When the agreement with MediaOne was executed, BellSouth was developing the capability to measure the queries into its CNAM database. Therefore, all CNAM agreements with companies storing their names in BellSouth's CNAM database were negotiated at a flat rate per month based on the volume of names stored. The terms and conditions of these agreements (including MediaOne's agreement) contain a provision for the recurring flat rate to convert to a per query usage rate once query usage measurement capability becomes available (See AJV-1: CNAM Agreement – Annex 314, Exhibit A). The flat rate pricing

structure is no longer being offered in new CNAM agreements. BellSouth plans to implement the capability to measure CNAM queries and convert all existing CNAM agreements to per query billing beginning July 1, 1999.

Q. WHAT IS CNAM DATABASE SERVICE?

A. BellSouth's CNAM Database Storage service allows ALECs, independent companies, wireless providers and paging companies to store and access name and number information in the BellSouth Calling Name Database. With BellSouth's CNAM service, customers have access to a large volume of names – from the extensive BellSouth customer database plus sharing agreements with other large database owners. When an end user initiates a call to another end user subscribed to Calling Name Service (e.g. Caller ID Deluxe), call setup information is passed to the called party's switch. The called party's switch then queries the BellSouth Signal Transfer Point ("STP") for Calling Name Information. If necessary, this connectivity can be accomplished through a third party STP. The BellSouth STP then passes the query to the BellSouth CNAM Service Control Point ("SCP") for resolution. Calling Name Information is then passed back through the BellSouth STP to the called party's switch and the subscriber's Caller ID display unit. For out-of-region callers, the BellSouth STP passes the query to an out-of-region CNAM SCP for resolution. Calling Name Information is returned through the BellSouth STP to the called party's switch and display unit. BellSouth provides information regarding its CNAM database offering on its Interconnection

Services website (www.interconnection.bellsouth.com). A copy of this CNAM product information is attached as Exhibit AJV-2.

Q. IS CNAM AN UNBUNDLED NETWORK ELEMENT?

A. No. BellSouth began offering its CNAM database services to Independent Telephone Companies ("ICOs") several years prior to implementation of the Act. As the CLEC market developed, the benefits of BellSouth's CNAM service could naturally be extended to facilities-based CLECs. As such, BellSouth began offering CNAM to CLECs under the same terms and conditions that were being provided to ICOs.

In some instances, BellSouth may have included rates, terms and conditions for CNAM service as a part of an interconnection agreement. Including CNAM service in the agreement is simply a matter of administrative ease. Such action does not imply that CNAM is a UNE. As a practical matter, interconnection agreements may include terms and conditions for services or capabilities that BellSouth is not obligated or required to provide under Section 251 or Section 252 of the Act. In no case should Section 251 or Section 252 obligations be extended to these functions merely because of its association with an interconnection agreement.

The FCC's Rule 51.319 defines call-related databases "as databases, other than operations support systems, that are used in signaling networks for billing and collection or the transmission, routing, or other provision of a

telecommunications service." (§51.319(e)(2)(i)) Access to BellSouth's CNAM database is not a necessary component for billing and collection, transmission, or routing of an end user's call. An end user's call will complete whether or not a query is made to a CNAM database.

Q. WHAT RATE DOES BELLSOUTH PROPOSE TO CHARGE MEDIAONE FOR CNAM DATABASE SERVICE?

A. The rate BellSouth intends to charge MediaOne is one cent ($0.01) per query. This is the same rate charged to any company that stores their end-user names in BellSouth's calling name database. Because CNAM is not an unbundled network element ("UNE"), it is not subject to the pricing standards of Section 252(d) of the Act. As I discussed earlier, MediaOne is asking to have this Commission interfere with a properly executed agreement in an attempt to be relieved of its contractual obligations. Such action is inappropriate and unjustified.

Issue 7: What, if anything, should BellSouth be permitted to charge MediaOne for access to Network Terminating Wire ("NTW")?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. BellSouth proposes to charge MediaOne the rates for access to Network Terminating Wire contained in Exhibit AJV-3 attached to my testimony. These proposed rates are appropriate and necessary to cover the cost of

installing an access terminal as well as the maintenance of the NTW facilities. As discussed by Mr. Milner, NTW is a part of BellSouth's network. Specifically, NTW is a sub-element of the unbundled loop network element. As this Commission is aware, the specific list of network elements that must be provided will not be known until the FCC completes its proceeding on remand of Rule 51.319. As an accommodation to MediaOne, BellSouth is willing to provide the NTW capability prior to completion of that proceeding. However, BellSouth reserves the right to reconsider whether it will continue to offer NTW upon completion of the FCC's proceeding. BellSouth's NTW cost study, which is supported and presented by BellSouth witness Ms. Daonne Caldwell, is consistent with the Commission-approved cost methodology.

Issue 8: How many call paths should BellSouth be required to provide to MediaOne, at no cost to MediaOne, for customers who are porting telephone numbers through interim number portability?

Issue 9: What rate, if any, should BellSouth be allowed to charge for additional call paths provided to MediaOne for customers who are porting telephone numbers through interim number portability?

Q. WHAT IS BELLSOUTH CURRENTLY CHARGING MEDIAONE FOR INTERIM NUMBER PORTABILITY VIA REMOTE CALL FORWARDING?

A. In accordance with the current BellSouth/MediaOne Interconnection Agreement, BellSouth charges MediaOne $1.25 per line per month per

residential customer for one path and $1.50 per line per month per business customer for one path. Additional paths are provided at a rate of $.50 per path per month.

Q. WHAT IS THE STATUS OF THE IMPLEMENTATION OF LOCAL NUMBER PORTABILITY?

A. In compliance with the Telecommunications Act of 1996 ("Act"), and as directed by the Federal Communications Commission ("FCC"), BellSouth has deployed Local Number Portability ("LNP") in 21 Metropolitan Statistical Areas ("MSAs") in the BellSouth region. In these 21 MSAs, INP arrangements are no longer necessary and no further INP orders are accepted. The INP to LNP conversion schedule for the Florida MSAs requires all existing INP lines to be converted to LNP by the end of March 1999. Furthermore, BellSouth has developed a schedule to implement LNP in its remaining central offices (See Exhibit AJV-4). This "office by office" schedule calls for the remaining MSAs in Florida to be converted to LNP by the end of first quarter 2000.

Q. WHAT RATE DOES BELLSOUTH PROPOSE TO CHARGE MEDIAONE FOR INTERIM NUMBER PORTABILITY PROVIDED VIA REMOTE CALL FORWARDING?

A. BellSouth recognizes that long-term number portability is not available to every ALEC in the state of Florida and that during the transition to long term

number portability some ALECs may continue to use interim number portability methods. However, because the demand for such service from MediaOne is relatively small, BellSouth has put forth a proposal to no longer charge MediaOne for interim number portability for up to six call paths for business lines and three call paths for residence lines upon implementation of the new interconnection agreement.

Issue 11: Should BellSouth be required to provide a point of contact to intervene in the execution of LNP orders when changes or supplements are necessary for customer-related reasons, and, if so, what charge, if any, should apply?

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. As BellSouth witness Mr. Keith Milner discusses in his direct testimony, a point of contact is not necessary since MediaOne is in control of when end-user calls are routed to MediaOne's switch. At the present time, BellSouth has not conducted a cost study to determine the price for this service. However, the provision of such a service is not a requirement under Section 251 and would not be subject to the FCC's pricing rules. Any price for this "point of contact" service should be negotiated under a professional service agreement that would be outside the scope of this arbitration proceeding.

Issue 13: Should the Florida Public Service Commission arbitrate performance incentive payments and/or liquidated damages for purposes of the MediaOne/BellSouth Interconnection Agreement?

Q. WHAT DOES MEDIAONE MEAN BY THE TERM "PERFORMANCE INCENTIVE PAYMENTS"?

A. As used in the context of MediaOne's Arbitration Petition, performance incentive payments are nothing more than another term for financial penalties for non-performance. Although I am not a lawyer, I have been informed that, under Florida law, provisions of a contract that constitute penalties (as opposed to liquidated damages) are not legally valid and are unenforceable. At the same time, provisions that do appropriately provide for liquidated damages require a reasonable assessment of the damages that will likely occur in the event of a breach. The Florida Public Service Commission, however, lacks the statutory authority to award damages, liquidated or otherwise. Thus, MediaOne is simply employing the misnomer "incentive payment" to attempt to extract either a legally impermissible penalty or liquidated damages that this Commission can not legally award.

Q. HAS THIS COMMISSION PREVIOUSLY ADDRESSED THIS ISSUE?

A. Yes. This Commission has previously determined that the issue of "incentive payments" and/or liquidated damages is not subject to arbitration under Section 251 of the Act. In the AT&T/MCI Arbitration proceeding, the Commission concluded, "we should limit our consideration in this arbitration proceeding to the items enumerated to be arbitrated in Sections 251 and 252 of the Act, and matters necessary to implement those items. A liquidated damages provision

does not meet that standard." (Order No. PSC-96-1579-FOF-TP, dated December 31, 1996, page 74). The Commission further concluded "it is not appropriate for us to arbitrate a liquidated damages provision under state law." (Id.)

Even if a penalty or liquidated damage award could be arbitrated, it is completely unnecessary. Florida law and Commission procedures are available, and perfectly adequate, to address any breach of contract situation should it arise.

Q. WHAT IS BELLSOUTH'S POSITION ON THIS ISSUE?

A. Nothing has changed that makes the Commission's previous determination invalid. The Commission should not arbitrate this issue.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

154498

BELLSOUTH TELECOMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF ALPHONSO J. VARNER

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990149-TP

MAY 4, 1999

Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH") AND YOUR BUSINESS ADDRESS.

A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director for State Regulatory for the nine-state BellSouth region. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes. I filed direct testimony and four exhibits on April 1, 1999.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony rebuts portions of the direct testimony filed by MediaOne witness Gary Lane with the Florida Public Service Commission ("Commission") on February 9, 1999 and received by BellSouth on February 25, 1999.

Q. ON PAGE 11, MR. LANE DISCUSSES THE OBLIGATIONS FOR RECIPROCAL COMPENSATION FOR LOCAL TRAFFIC IN THE CURRENT STIPULATION AND PROPOSED INTERCONNECTION AGREEMENT. IS HIS UNDERSTANDING CORRECT?

A. Yes. BellSouth and MediaOne are obligated to compensate one another for the termination of one carrier's local traffic over the network of the other. However, the pertinent part of this obligation is that reciprocal compensation applies only to the termination of **local** traffic. ISP traffic is not local traffic; and therefore, is not covered by this obligation.

Q. MR LANE ALSO STATES (PAGE 11) THAT THE 1996 ACT REQUIRES INTERCONNECTED CARRIERS TO COMPENSATE ONE ANOTHER FOR TERMINATING TRAFFIC. DOES THIS REQUIREMENT APPLY TO INTERSTATE TRAFFIC?

A. No. The portion of the Act that Mr. Lane alludes to in his testimony is contained in Section 251(b)(5). Since ISP traffic is interstate traffic, the requirements of this section of the Act would not apply. Neither Section 251 nor Section 252 governs interstate inter-carrier compensation arrangements. The duty to negotiate under Section 251 pertains only to fulfilling the duties set forth in subsections (b) and (c) of Section 251. Section 251(b) relates to local exchange carriers' obligations regarding resale, number portability, dialing parity, access to rights-of-way, and reciprocal compensation. Inter-carrier

compensation for jointly provided interstate services is unrelated to any of these Section 251(b) obligations. The FCC concluded in its Declaratory Ruling that "section 251(b)(5) of the Act and our rules promulgated pursuant to that provision concern inter-carrier compensation of interconnected local telecommunication traffic. We conclude in this Declaratory Ruling, however, that ISP-bound traffic is non-local interstate traffic. Thus, the reciprocal compensation requirements of section 251(b)(5) of the Act and Section 51, Subpart H (Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic) of the Commission's rules do not govern inter-carrier compensation for this traffic." *Declaratory Ruling* at n.87.

Likewise, there is no link between Section 251(c) and interstate inter-carrier compensation. The duty to negotiate under Section 251(c) pertains to the terms and conditions that relate to interconnection, access to unbundled network elements, resale, and collocation. There is nothing in Section 251(c) that would govern interstate inter-carrier compensation.

Q. WHAT AUTHORITY DO THE STATE COMMISSIONS HAVE TO ARBITRATE COMPENSATION FOR ISP TRAFFIC?

A. A state commission's arbitration authority under Section 252 extends only to agreements negotiated pursuant to the requirements of Section 251. Because inter-carrier compensation for interstate services is not governed by Section 251, state commissions are without the statutory authority to arbitrate disputes over such matters.

Q. IS IT APPROPRIATE FOR THE FCC TO DELEGATE ITS AUTHORITY REGARDING ISP COMPENSATION ISSUES TO STATE COMMISSIONS?

A. No. The FCC does not have the authority to rewrite the Communications Act and vest the state commissions with the power to regulate matters relating to interstate communications that, under the Act, are specifically reserved to the FCC. As I indicated in my direct testimony, the FCC apparently authorized state commissions to arbitrate compensation matters for ISP traffic for a temporary period. However, it's unclear whether the FCC could delegate this undertaking. If the FCC were to delegate, such delegation would only be valid until the FCC completes its rulemaking on the subject. If states actually arbitrated the issue, the FCC could overturn any state ruling when the FCC's rulemaking is completed. Consequently, states don't appear to have any real authority to resolve this issue. They can simply issue interim rulings that may only be applicable until the FCC's rulemaking is complete.

Nonetheless, any arbitration of ISP compensation issues would be separate from Section 252 arbitration, which is the subject of this proceeding. Because it is not appropriate to pay local reciprocal compensation for ISP traffic, there is no basis for including the compensation determination for such traffic as a subject of arbitration under Section 252 of the Act. Although the FCC's Order authorized states to arbitrate the issue of inter-carrier compensation for ISP traffic, the FCC cannot simply expand the scope of Section 252 to cover such

arbitrations. BellSouth's comments and reply comments filed with the FCC relating to these issues are attached as Exhibits AJV-1 and AJV-2.

Q. BEGINNING ON PAGE 11, MR. LANE ADDRESSES MEDIAONE'S POSITION REGARDING RECIPROCAL COMPENSATION FOR ISP TRAFFIC. IS MEDIAONE'S POSITION CONSISTENT WITH THE FCC'S RECENT RULING?

A. No. Mr. Lane's testimony was filed prior to the FCC's recent Declaratory Ruling, in which it declared that Internet traffic is jurisdictionally mixed and appears to be largely interstate in nature. Contrary to MediaOne's position that the call is completed when it connects to the ISP's equipment, the FCC concluded the calls at issue do not terminate at the ISPs' location, but rather continue to their ultimate destination, specifically at websites that may reside in other states or countries. As stated in my direct testimony, the FCC's decision makes plain that no part of an Internet communication terminates at the facilities of an ISP. Once it is understood that Internet traffic "terminates" at distant websites, which rarely reside in the same exchange as the end-user, it is evident that these calls are not local.

Q. ON PAGE 12, MR. LANE ADDRESSES BELLSOUTH'S POSITION REGARDING ISP TRAFFIC. IS HIS UNDERSTANDING CORRECT?

A. Yes. BellSouth's position has always been that ISP traffic is interstate traffic and as such, would not be included in the reciprocal compensation arrangement

in the proposed Interconnection Agreement. The language BellSouth put forth during negotiations with MediaOne pertaining to the definition of "Local Traffic" specifically excludes "traffic that originates from or terminates to an Enhanced Service Provider (ESP) or Information Serviced Provider (ISP) until the Commission, FCC or a court of competent jurisdiction determines in a final and nonappealable order that such traffic is Local Traffic." See Proposed Agreement, General Terms and Conditions – Part B, Page 2. The FCC has resolved this matter – ISP traffic is not local. Furthermore, it's apparent from this language that BellSouth has never had any intention of including ISP traffic in the definition of local traffic in the MediaOne Interconnection Agreement.

Q. IS ISP-BOUND TRAFFIC ANALOGOUS TO OTHER ACCESS SERVICES?

A. Yes. For ISP-bound traffic, the ISP is purchasing an access service to receive communications from its subscribers and recovers its costs through fees charged to those subscribers. For dial-up connections, the ISP is obtaining a service that is analogous to a Feature Group A access service.

Q. PLEASE DESCRIBE HOW ISP-BOUND TRAFFIC IS ANALOGOUS TO FEATURE GROUP A ACCESS SERVICE.

A. As I discussed in my direct testimony, Feature Group A access service was predominately used by Interexchange Carriers prior to the implementation of

Equal Access. Feature Group A access service enabled end users of an Interexchange Carrier to dial a seven digit telephone number in order to access the IXC's long distance network. The end user was then connected to the IXC's network of completion of the long distance call. ISP service is analogous to Feature Group A access service in that it obtains a dial tone service that has a 7/10 digit local number associated with it. The primary difference between Feature Group A and the ISP dial-up connection is that Feature Group A is based on two-way usage sensitive prices, whereas the FCC has limited the price for a one-way ISP dial-up connection to the equivalent business exchange service rate. Notwithstanding the pricing differences, the Feature Group A and the ISP dial-up services provide the customers of these services with the ability to communicate with their subscribers, and the fees paid by these customers (e.g., IXCs or ISPs) are supposed to compensate the LEC(s) for providing the service.

Q. HOW DOES TREATING ISP TRAFFIC AS INTERSTATE ACCESS SERVICE AFFECT THE ACCESS CHARGE EXEMPTION?

A. Further, the FCC has correctly found that the preponderance of ISP communications is jurisdictionally interstate. There is no practical means of distinguishing intrastate and interstate components of ISP communications. As such, the dial-up connection obtained by the ISP should be considered jurisdictionally interstate. Such jurisdictional assignment does not implicate the access charge exemption for enhanced service providers. An interstate dial-up access connection for ISPs can be provided by simply adding a

regulation for ISP dial-up connections to the interstate access tariff that cross-references the applicable business exchange rates that ISPs obtain from intrastate tariffs. Thus, ISPs would retain the current rate treatment of paying a rate that is no higher than a business exchange rate, but the service revenues and costs would properly be assigned to the interstate jurisdiction. Use of a cross-reference would have the further beneficial effect of making the jurisdictional alignment of service, revenues and costs transparent to the ISPs.

Q. BEGINNING ON PAGE 12, MR. LANE DISCUSSES COMPENSATION FOR INTERSTATE TRAFFIC BETWEEN LOCAL EXCHANGE CARRIERS AND LONG DISTANCE PROVIDERS. MR. LANE'S POSITION IS THAT THE CURRENT INTER-CARRIER COMPENSATION MODEL IS NOT APPROPRIATE FOR ISP TRAFFIC. DO YOU AGREE?

A. No. Mr. Lane incorrectly concludes that the FCC does not allow a compensation mechanism for ISP-bound traffic that is similar to the inter-carrier compensation mechanism used for other interstate traffic. To the contrary, the FCC's Notice of Proposed Rule Making (NPRM) in CC Docket No. 99-68 regarding inter-carrier compensation for ISP-bound traffic seeks comments to do just that.

Q. WHY IS AN INTER-CARRIER COMPENSATION ARRANGEMENT APPROPRIATE FOR ISP TRAFFIC?

A. The interstate connection that permits an ISP to communicate with its subscribers falls within the scope of exchange access and, accordingly, constitutes an acccess service as defined by the FCC:

> *Access Service* includes services and facilities provided for the origination or termination of any interstate or foreign telecommunications. (Emphasis added)

The fact that the FCC has exempted enhanced service providers, including ISPs, from paying interstate access charges does not alter the fact that the connection an ISP obtains is an access connection. Instead, the exemption limits the compensation that a LEC in providing such a connection can obtain from an ISP. Further, under the access charge exemption, the compensation derived by a LEC providing the service to an ISP has been limited to the rates and charges associated with business exchange services. Nevertheless, the ISP's service involves interstate communications. The ISP obtains a service that enables a communications path to be established by its subscriber. The ISP, in turn, recovers the cost of the telecommunications services it uses to deliver its service through charges it assesses on the subscribers of the ISP's service.

Where two or more carriers are involved in establishing the communications path between the ISP and the ISP's subscriber, the access service to the ISP is jointly provided. Such jointly provided access arrangements are not new or unique nor are the associated mechanisms to handle inter-carrier compensation. The services ISPs obtain for access to their subscribers are technically similar to the line side connections available under Feature Group A. For such line

side arrangements, the FCC has relied on revenue sharing agreements for the purpose of inter-carrier compensation. The long history and precedent regarding inter-carrier compensation for interstate services are instructive and relevant to the FCC's determinations in this proceeding.

Q. WHAT WOULD BELLSOUTH PROPOSE TO BE A PROPERLY CONSTRUCTED ISP COMPENSATION PLAN?

A. With regard to inter-carrier compensation for jointly-provided Internet access service, the LEC providing dialtone to the ISP is the primary LEC and receives the interstate equivalent of a business exchange rate. The non-dialtone LEC, or secondary LEC, receives no interstate revenues other than the subscriber line charge. Nevertheless, the secondary LEC incurs switching and trunking costs associated with the provision of this interstate service. Consistent with FCC precedent, the primary LEC, which has the relationship with the ISP, should compensate or share revenues with the secondary LEC.

Any adopted inter-carrier compensation approach should: (1) recognize that ISP traffic is interstate; (2) call for negotiations between the carriers jointly providing the Internet access service; (3) be based on revenue sharing with the primary carrier sharing revenue with the secondary carrier; and (4) use negotiation to determine the amount of inter-carrier compensation. Such an inter-carrier compensation approach promotes FCC goals and objectives. First and foremost, the approach does not disrupt the enhanced service providers access charge exemption. Next, while the enhanced service provider

exemption remains intact, the mechanism crafted by BellSouth follows the same path that the FCC has unwaveringly pursued over the last fifteen years when it addressed LEC inter-carrier compensation matters. Finally, but equally important, the approach is procompetitive. It avoids creating regulatory incentives that artificially reward carriers that only serve selected customers. It promotes efficient networks and encourages carriers to compete across a broad range of services and customers because it ensures that carriers are compensated fairly. For example, the mechanism proposed by BellSouth would share the revenues derived from the services provided to ISPs. If such services are flat-rated, then the inter-carrier compensation would not be usage based.

Q. IN LIGHT OF YOUR COMMENTS WHAT ACTION ARE YOU RECOMMENDING TO THE FLORIDA PSC?

A. The FCC has determined that ISP-bound traffic is interstate and has asserted jurisdiction. Consistent with this Commission's comments with the FCC,

> If the Commission determines that federal rules are necessary, then the Commission should also be responsible for enforcement of those rules. This would include arbitrating, or arranging for independent arbitration of, any disputes regarding this traffic. The states should not be obligated to enforce FCC rules on this matter. [FPSC Comments in CC Docket No. 96-98 and CC Docket No. 99-68, p. 6.]

This issue is not arbitrable under Section 252 of the Act and it would serve no purpose for this Commission to enter an interim ruling subject to the whims of

the FCC. Parties should be instructed to negotiate a revenue sharing arrangement for this traffic just as has been done for jointly-provided access service since divestiture. If those negotiations are not fruitful (however, this has not occurred in the past) they should be referred to the FCC.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Q **(By Ms. White)** Mr. Varner, would you please give your summary, and in connection with that summary, I believe Mr. Carver has handed out some charts that Mr. Varner will use to assist in his summary.

MR. GRAHAM: Excuse me, Commissioner Deason. We've not seen these charts, as they are called, before. Could we have an explanation of what they are, and give us a chance to consider whether we're going to have any objection to the use of these?

MS. WHITE: Sure. All they are, they are really diagrams -- charts is not the right word there -- diagrams of ISP, various scenarios of ISP traffic and reciprocal compensation that are taken from the testimony in Mr. Varner's, I believe, Direct and Rebuttal Testimony. They do not contain anything that's outside either his Direct or Rebuttal Testimony.

MR. GRAHAM: Well, I don't have support for it, but it would certainly take me quite a bit of time to go through these diagrams and then cross-reference them to the Direct and Rebuttal Testimony.

MS. WHITE: I'm not planning on entering this as an exhibit for the record, but -- and I don't know if that will make any difference to your opinion.

MR. GRAHAM: I'm just curious as to what they are intended for. If they are not going to become part of the record, are we going to dispose of them at the conclusion of his testimony or what's the intent?

MS. WHITE: These are intended simply as an aide to the Commissioners with regard to Mr. Varner's summary of his Direct and Rebuttal Testimony.

COMMISSIONER DEASON: I'm going to reserve ruling if there is an objection until we get into the summary and utilization of this document becomes apparent. At that time, if it appears to be outside the scope of the prefiled Direct or if there are matter in here which counsel feels he's had inadequate time to prepare for, I'll entertain an objection at that time.

MR. GRAHAM: Thank you.

COMMISSIONER DEASON: Do you wish to have this identified, Ms. White?

MS. WHITE: No, I do not.

Q **(By Ms. White)** Mr. Varner, would you proceed with your summary.

A Yes.

Good afternoon. I'm going to talk about three issues, two of them very briefly. The first one

is the issue, obviously, should ISP-bound traffic be subject to reciprocal compensation? The other one is the appropriate price for calling name database service, and the third one is the appropriate price to charge MediaOne for access to network terminating wire. I'll go to the first one that I discussed first, which is the issue of ISP traffic.

The first thing I want to point out about this is you've heard, I guess, cases involving ISP traffic before. This is not the same as those cases. The previous cases all dealt with existing agreements and interpreting the language of those agreements. Here what we're dealing with is how ISP traffic should be handled going forward. What is the policy that the Commission wants to implement with respect to the treatment of this traffic. There is no existing agreement to interpret. It's a matter of establishing the language that will be in the agreement as we go forward.

Now, as far as the policy is concerned, I believe that reciprocal compensation really does two things: It ends up subsidizing the ISPs and it burdens end users. That's really the result of having reciprocal compensation for this traffic. And I do not believe it would be sound public policy to incent

the development of this industry based on a subsidy. The FCC did that and they've tried twice to undo it and have been enable to do so. Once an industry is established on that basis, it's proved virtually impossible to undo it at a later point in time.

Now, the FCC has already determined that ISP-bound traffic is local, and only local traffic is subject to reciprocal compensation under the obligations of the Act and the FCC's rules, and I don't believe there's any dispute on those two points.

COMMISSIONER CLARK: Mr. Varner, I think you just misspoke.

WITNESS VARNER: What's that?

COMMISSIONER CLARK: You said it was local traffic. ISP-bound is local.

WITNESS VARNER: ISP-bound traffic is not local and it's only local traffic that's subject to reciprocal comp. I'm glad you pointed that one out.

Now, payments from ISPs to the carrier who serves them, be it a CLEC or BellSouth, is supposed to cover the cost of the facilities that's used to serve that ISP. Now, since that traffic is not local, then those payments, whatever they are, are not subject to arbitration. The FCC has clearly asserted that they have jurisdiction over this traffic and they've

exercised that jurisdiction. This is really an FCC issue. And as a result of that, any ruling that this Commission does make on this issue is really going to be temporary until the FCC issues their rules. The FCC was very clear about that in their order. That in saying at this point state commissions may apply or deal with this in 252-type arbitrations. However, at some point the FCC will issue their rules and whatever comes out of the rules is what will have to apply.

Now, next I'd like to go to the diagrams we talked about and sort of explain what ISP traffic is and why it should not be subject to reciprocal compensation.

What I'd like to call your attention to first is the Diagram A, which is in the third page back. And all Diagram A does, A and B -- what I'm trying to show there is what was reciprocal compensation intended to do? Diagram A is just simply a plain old local call made by an end user, carried by BellSouth to another end user on BellSouth's network. Prior to the Telecom Act, that's the way local service was typically provided. What happens is the end user paid their 1-FR, 1-FD rate. They got unlimited calling. They paid that price to their local telephone company for that. It covered the cost of

facilities up to the terminating end office.

Now, with the Telecom Act you obviously introduce competition for local telephone service. So then you'd have the situation which is depicted in Diagram B. You'd have an end user -- let's say it was BellSouth's end user on the left-hand side. They made a call. The call went through the tandem switch. It was going to a CLEC's end user so it went through the CLEC's end office and to the CLEC's end user.

What's happening there is that the customer on the left-hand side is still paying the same price he was paying before; he's still paying the 1-FR, 1-FD rate. But you have a CLEC now that's incurring a cost and it's providing part of the facilities to handle that call. But they've got nobody to bill. They can't bill BellSouth's end user. They can't bill their end user and they are incurring a cost and they don't have anybody to bill for it. So that's what reciprocal compensation was designed to do: For the local traffic that got generated by either incumbent LECs or CLECs -- because it works both ways -- to have the company who does not have the end user and is not billing the end user a way to recover some of their cost that they are incurring for providing facilities to terminate those local calls. And that's what

reciprocal compensation was designed to do.

Next, I'd like to turn to Diagram C. And what Diagram C does --

COMMISSIONER DEASON: Mr. Varner, let me ask you a question. The rate which is applied to terminate traffic as part of your reciprocal compensation, is that part of arbitration?

WITNESS VARNER: Yes. The price to be charged for reciprocal compensation, yes -- for local calls?

COMMISSIONER DEASON: Yes.

WITNESS VARNER: Yes, of course. And the Commission has set those prices in previous arbitration.

COMMISSIONER DEASON: Are parties free to negotiate that price themselves?

WITNESS VARNER: Oh, yes.

COMMISSIONER DEASON: Does that occur?

WITNESS VARNER: Yes, it does.

COMMISSIONER DEASON: Okay. Have you all -- for this particular -- have you negotiated a price? There's a disagreement on what traffic qualifies for the compensation but do you agree as to what the price is?

WITNESS VARNER: I don't believe we do. If

my recollection is correct, we have not. I think we have a price somewhere in the range of half a cent and they're looking for a price in the range of a penny and a half, if I remember correctly.

COMMISSIONER DEASON: I don't recall this was an issue in this proceeding; is that correct?

MS. WHITE: No. From what I understand -- and I may need some help here -- but I believe the issue of what is the price for reciprocal compensation rate for local traffic has been agreed to by the parties.

MS. KEESON: That's correct. We're only taking issue with what traffic is included in the definition -- what traffic is subject to reciprocal compensation, not the price to be charged.

WITNESS VARNER: I misspoke then.

What I turn to next on Diagram C is a situation involving access service. And this is traditional plain old access service. And this is what happens when an end-user customer makes a long distance call.

When an end-user customer makes a long distance call they are a customer of the interexchange carrier. They are not a customer of the local exchange company for that call. BellSouth doesn't

provide interstate service or intraLATA service, so they get that service from the interexchange carrier. They pick up their phone and they get their dial tone. They dial their numbers. We take the call and deliver it to IXC. The IXC takes the call and sends it on to wherever it goes. What happens then is that BellSouth bills the IXC for the costs of those facilities that's utilized to gather up the traffic and send it to that IXC. That's the way access service is traditionally worked.

The bottom diagram, Diagram D, as you can see is the same as the top one, except instead of an IXC it's an ISP at the end. And what that depicts is the same situation.

The FCC was very clear in their declaratory ruling. ISPs get access service. They're not getting local service, they are getting access service. Now, for that access service they pay the business exchange price for it. They don't pay the same switched access charges that IXCs pay. They pay the business exchange price but the service that they get is access service.

Now, the key point there is that for access service it is the carrier, in this case the ISP, who is supposed to pay the cost for the service that is provided to them. That end user on the left when they

call an ISP not a customer of BellSouth; they are a customer of the ISP. They pay the ISP for that service.

COMMISSIONER CLARK: Let me ask a question, Mr. Varner. If, in fact, they're getting access service as a business rate are they being subsidized, the ISPs?

WITNESS VARNER: I believe that yes, they would be.

COMMISSIONER DEASON: Are they being subsidized or are they just avoiding paying a subsidy to support other services?

WITNESS VARNER: I think they are being subsidized. The volume of traffic that you have to terminate, that typically terminates over one of those ISP lines is pretty high. And for $30 a month, you're not going to cover, you know, those levels of traffic.

COMMISSIONER CLARK: Would you explain to me why requiring reciprocal compensation has the effect of subsidizing ISPs but charging them a business rate doesn't?

WITNESS VARNER: Oh, they both do. What happens is -- and you'll see this in the last diagram -- having the business rate already creates a subsidy. If you go to the reciprocal comp, you just

increase the level of the subsidy beyond what's already being provided. Because at least now the business rate -- to the extent that rate is below cost they are receiving a subsidy. Now, not only are they going to get the access service at that price, but they are going to have the ILEC defray part of the cost that they are incurring that that price is supposed to cover. So you actually increase the level of subsidy when you go to reciprocal comp over what already exists.

The next thing I wanted to do was go to the Diagrams E and F. And, again, Diagram E, all it is is Diagram C and D put together. And what it says is regardless of whether there is an ISP or IXC is the carrier, they get access service and they're supposed to pay the cost of facilities that gather up the traffic and deliver it to them.

Diagram F, though, is the typical situation that you have with access service when there's more than one local carrier involved. Sometimes we typically would have that with an independent company.

Let's say there's an end user on the left. They are going through BellSouth's wire center to the tandem switch, the interexchange carrier, the ISP is served by a CLEC or an independent company; it could

be either one.

The way that works with access is the two companies do one or two things: Either the two companies individually bill the carrier, you know, the IXC, for the part of the access service they provide, or one company bills the carrier and they settle up with the other company on some sort of a revenue sharing intercompany settlement-type arrangement. So those are the two methods that happen with respect to access. And what I submit to you is that's the same thing that should happen with respect to traffic to ISPs because it's access service. And if there are two companies involved in the provision of access service, there's no reason to treat this access service any differently than any other access service.

COMMISSIONER DEASON: So how are you compensated if your customer makes a call, a long distance call that's routed to an IXC and the IXC is receiving its access service from a competitive LEC.

WITNESS VARNER: Okay. One or two ways it will happen. And the part we're talking about is the part down there on Diagram F where I say "CLEC should reimburse LEC for this cost," that part of the facilities. We'll do that either one or two ways. Either we would bill directly to the carrier -- the

IXC or the ISP, we bill them directly for those, and we do that all the time with interexchange carriers. That's usually the way it's done with them. So you can do it that way. Just bill them directly and then the CLEC, or C-LEC, would bill for their piece. Or the CLEC would bill all of the access service, and there would be a revenue sharing arrangement between them and the -- and us to cover our part of the provision of the service like there is with access.

COMMISSIONER DEASON: So you're saying the way, in a ideal situation, an ISP should be required to pay for the costs they impose on the system are just as IXCs are required to pay for those costs for service which is unquestionably interstate or interLATA; is that correct?

WITNESS VARNER: That's correct. Now, the one thing that makes this one a little different is the fact that those IXCs do pay usage sensitive charges. So it's a very simple matter for the two companies to bill them individually.

COMMISSIONER DEASON: I'm sorry, the ISP --

WITNESS VARNER: IXC.

COMMISSIONER DEASON: Oh, the IXC.

WITNESS VARNER: IXC. ISPs don't pay usage sensitive charges; they pay a flat rate charge. So

some sort of a usage sensitive-type billing arrangement --

COMMISSIONER DEASON: When you say -- I'm sorry. When you say flat rate charge, you're talking about the 1-FB?

WITNESS VARNER: The 1-FB price or business exchange. Typically what they buy is what we call a PRI, which is a DS-1 type service.

COMMISSIONER DEASON: Mr. Varner, what I hear you saying is that the problem is that ISPs don't pay access charges, and that's the reason then that you should not have reciprocal compensation.

WITNESS VARNER: No. That's not the issue. That's not correct.

COMMISSIONER DEASON: Explain to me how that's incorrect.

WITNESS VARNER: The reason you should not have reciprocal compensation is because they are receiving access service. The fact they don't pay access charges for it causes some other problems, but that's not the issue with respect to reciprocal comp. The reason it shouldn't be reciprocal comp is because it's access service and with the access service, it is the carrier, the access service, the--

COMMISSIONER DEASON: It's got to be one or

the other. It's either got to be access or it's got to be local, and you're saying it's not local so it should be access, so there should be access charges. But access charges are not being collected.

WITNESS VARNER: That's correct.

COMMISSIONER DEASON: Who dropped the ball?

WITNESS VARNER: Well, the FCC obviously set up that arrangement.

COMMISSIONER DEASON: It's the same entity that says it's interstate traffic.

WITNESS VARNER: That's correct.

COMMISSIONER DEASON: It seems to be that they're talking out both sides of their mouth.

WITNESS VARNER: Well, and again, sort of in their defense, they've tried twice to fix it. They have tried twice to remove the exemption and apply the usage sensitive charges, and in both cases they weren't able to do it.

COMMISSIONER DEASON: Well, it seems that because of a failure of the FCC that means that reciprocal compensation is invalid, is what I hear you saying.

WITNESS VARNER: Is what?

COMMISSIONER DEASON: Is invalid. Reciprocal compensation is invalid because of a

failure of the FCC to treat this traffic in a appropriate way.

WITNESS VARNER: Not because of a failure by them but because that's the nature of the traffic. And whatever compensation arrangement should apply to this traffic I believe is a compensation arrangement that the FCC ought to decide, because, in fact, they have said the traffic is under their jurisdiction, this is their pricing arrangement, so they ought to deal with the intercompany compensation issue.

COMMISSIONER DEASON: Well, tell me this, do you agree with this statement: Even if we decline to impose reciprocal compensation for this traffic, that does not solve the ultimate problem?

WITNESS VARNER: It depends on which ultimate problem you're referring to.

COMMISSIONER DEASON: The fact that ISPs should be paying access charges and they are not.

WITNESS VARNER: That's correct. That's exactly right. That's a problem only the FCC can solve.

COMMISSIONER DEASON: Okay.

COMMISSIONER JACOBS: Can I ask you a question? How are you doing?

WITNESS VARNER: All right. How are you?

COMMISSIONER JACOBS: If you would go over to your Diagram B. Now, here you agree that this is a scenario where, indeed, it is reciprocal comp that's appropriate.

WITNESS VARNER: That's correct.

COMMISSIONER JACOBS: Okay. And the reason that is so is that the CLEC over here is terminating your call and he can't bill back.

WITNESS VARNER: He's terminating a local call.

COMMISSIONER JACOBS: He's terminating a local call. The argument that has been raised is that whoever is in this same position in an ISP scenario is simply terminating a local call. Now, I understand that that local call has a life that goes on. But how do you respond to that?

WITNESS VARNER: Okay. That's where I differ. It is not a local call in that case. And that's what the FCC has said, it is not a local call because it's access service. That means that it's no longer a local call. And the basic difference between that, what makes those two different, is that if it's a local call, it's the end user that's paying for it. The end user is paying for that local call that's part of their bill. When it's access service, it's whoever

the carrier is, be it an IXC or an ISP, who is paying the cost of those facilities and is supposed to be paying the cost of those facilities; not the end user that originates it.

COMMISSIONER JACOBS: Okay. So the end user over here on -- to the left of your diagram, according to your statements, is not paying for the full delivery of this call. Once it gets to the ISP's point of presence, there are -- someone else is picking up some charges there other than this end user.

WITNESS VARNER: Even before that. The end user, when it's a call that goes to a carrier, either ISP or IXC, the end user pays the carrier their bill. IXC bills for a toll call. ISP bills for Internet access service whatever charges they charge to end users. That end user is their customer for that service. BellSouth is not providing, you know, the Internet access service -- except we do in some cases when we're the ISP -- but when we are not, we're not providing the Internet access service and we're not providing the long distance service.

What happens then is they are the party that's collecting the money. It is their customer. BellSouth is a supplier of access service to that

party and is entitled to be paid for that access service by that third party, be it an IXC or an ISP. If that ISP or IXC happens to be behind a CLEC, the CLEC is billing them for the access service. And BellSouth and that CLEC should work out an arrangement by which BellSouth would get reimbursed for the costs they are incurring since they don't have the access service customer to bill, just like it would be if it was an interexchange carrier.

Now, the fact that the ISP doesn't pay access charges doesn't change the way that this ought to be treated. You still need an intercompany settlement arrangement to settle up the revenues that are being charged to that ISP for the access service they are receiving. In this case they get charged business rates. That's what they get charged for the access service. So the two companies that's involved in the provision of that access service should both have a claim, if you will, on those revenues because they are both incurring a cost.

COMMISSIONER JACOBS: The thing that strikes me is that -- and I'm not prepared to go into this and I don't think this proceeding does that -- it doesn't appear costs are driving that, it's just a matter of different tariffs and higher revenue that's coming out

of that tariff. It's not so much cost driven.

WITNESS VARNER: I didn't quite follow you.

COMMISSIONER JACOBS: The latter transaction, the transaction between the ISP and it's -- the company it's buying access from -- which is not you, you agree.

WITNESS VARNER: Is not whom?

COMMISSIONER JACOBS: Is not the ILEC you agree.

WITNESS VARNER: That's right.

COMMISSIONER JACOBS: What I see happening there is -- your claim, if I can call it that, is not something that's really necessarily cost driven, it's the idea that over here this other guy is getting a higher level of revenue, and arguably, you know, maybe getting the benefit -- maybe having the opportunity to get that revenue because you're there. I understand that. But I'm not seeing that --

WITNESS VARNER: There's a cost issue.

COMMISSIONER JACOBS: Yeah.

WITNESS VARNER: Okay. Let's go to Diagram F. Let's assume that on the left side of the tandem switch is BellSouth and the right side is MediaOne. When the end user calls that ISP, they are going to use BellSouth's wire center on the left side;

going to use the facilities that go to the tandem switch, and the tandem switch then they'll use MediaOne facilities to get to the ISP.

When they've done that, down there at the bottom where I've got the brackets, CLECs reimburse LEC for this cost.

COMMISSIONER JACOBS: Right.

WITNESS VARNER: We're incurring that cost. That's a cost that we're incurring to provide service to that ISP on the right-hand side. And we have no way of recovering that cost unless the CLEC, who billed that ISP for the access service reimburses us for that cost that we're incurring.

Now, if you make this reciprocal comp, you actually go to Diagram G. It's really the same diagram as you had before. Those facilities on the left-hand side where it says "These are BST's facilities. BST has no means to recover this cost." Okay. That's the same problem that existed before. It's the same facility. But in addition to that, we will be paying the CLEC for some of their costs on the right-hand side. That's what reciprocal comp does. And that's why I was making the point that under reciprocal comp you actually increase the level of subsidy. Because not only do we not get reimbursed

for the cost we incur, we end up defraying a part of the cost that they incur that rightfully they should collect from the ISP customer.

COMMISSIONER JACOBS: Okay.

COMMISSIONER DEASON: But it works in reverse, does it not? You provide local service to an ISP and a customer of MediaOne places a call to that ISP, then the subsidy flows your way.

WITNESS VARNER: No, it does not, because we exclude that from any reciprocal comp billings. We don't bill for those minutes.

COMMISSIONER DEASON: You don't bill for that?

WITNESS VARNER: No, we do not.

COMMISSIONER DEASON: Is that under your arbitration agreement? Have you interpreted your arbitration agreement that you cannot bill for that?

WITNESS VARNER: Yes, as far as the Interconnection Agreement is concerned, because it's not local traffic. We understand that our Interconnection Agreement applies to local traffic. We don't bill for that traffic.

COMMISSIONER DEASON: But if we rule that it is, you're still not going to bill for it?

WITNESS VARNER: No. Because we don't

believe it's local traffic.

COMMISSIONER CLARK: Let me ask you this: In those cases where we have made a decision that ISP traffic is subject to reciprocal compensation, are you saying that BellSouth does not charge the CLECs for that?

WITNESS VARNER: That's correct.

Q **(By Ms. White)** I think you were in the middle of your summary. Could you wrap that up?

WITNESS VARNER: Yes. I think that was about all I had to say on the ISP issue.

COMMISSIONER DEASON: Okay. Before you leave that then, let me ask you another question. How long have we had ISPs in existence?

WITNESS VARNER: You have had ISPs at least 30 years that I know of.

COMMISSIONER DEASON: So we had ISPs when the only possible diagram in existence was Diagram A.

WITNESS VARNER: That's correct. What happened is back then --

COMMISSIONER DEASON: Well, you're anticipating -- let me ask the question before you answer it, okay.

If we had ISPs back then, before there were the possibility of there being a multicarrier network,

where was the subsidy then? And why was it not a problem then?

WITNESS VARNER: I think there are two reasons for that. I think one, what generated the subsidy was the volume of traffic and the volume of traffic was not that great then.

COMMISSIONER DEASON: But in principle, even who -- in principle the problem was that you weren't getting access charges when the ISP took that call and connected it to someone else. Here again --

WITNESS VARNER: Yes, at the time access charges were established, that's correct. But if I could give you one thing that might make it clear about it, how you got to that point.

The existence of these type of entities actually preceded access charges. They were called value added networks. The one I remember was called Compuserve, was the name of it, and it was back during the days when you had time-share computers. And you had, you know, carriers that you could sign up that would take data, you know, and go back and forth to time-share computers. There were like two of them. And if you recall back during that time nobody could resell service. In order for these -- they called them data carriers -- to be able to provide service at

all they had to get a resale exemption. So, the FCC said yes, this stuff is interstate so they can resell it, and they let them access the local network at business rates.

Back during that time the volume of traffic they were generating was not that great. And when the FCC looked at it they said, "Look, the business rate probably covers the cost of the traffic they are putting on the network, so everybody ought to be happy. There's no problem here." Okay.

Then they came along with access charges. And at the time they established access charges the FCC attempted to take these carriers and put them on switched access. But there was a good deal of pressure from Congress not to do that, so they left them with the business exchange price that they historically had. About three years ago the FCC attempted to do it again and they, for whatever reason, decided not to do it again. So you had that situation continually.

So it started out in a situation where I really believe that you had a reasonably good match between revenues and cost because the volume of traffic just wasn't great enough to cause a problem. But what's happened is that the volume of traffic has

exploded such that that price really is no longer compensatory and the FCC has been unable to fix the problem.

COMMISSIONER DEASON: So then because of that problem, that makes reciprocal compensation an invalid concept.

WITNESS VARNER: No. No, I think reciprocal compensation would be an invalid concept even if, in fact, you did have switched access charges. What happened, that problem creates a situation where there is a subsidy. When you add reciprocal compensation to it, it actually makes it worse because -- the Diagram G, I guess, is the best place to kind of illustrate that.

The facilities sort of on the left, where it says "These are BST facilities and BST has no means to recover this cost." All right.

COMMISSIONER DEASON: Why don't you recover those costs in your end user rates?

WITNESS VARNER: Because it is not the end user service. That's not service that the end user is purchasing. That's the service the IXC is purchasing.

COMMISSIONER DEASON: The end user is not getting any benefit out of making that call?

WITNESS VARNER: Yes, he is, but he's paying

the ISP for that benefit. See, he's the ISP's customer, just like if he was making a long distance call and he's an interexchange carrier customer. This is access service. And when it's access service, it's the carrier that's supposed to pay the cost of those facilities, not the end user.

COMMISSIONER DEASON: That's fine.

WITNESS VARNER: So when you -- the problem that's generated by having the flat rate charge is, is that the cost of the facilities to serve that ISP, the price isn't high enough to cover the cost of those facilities. What happens is, in reciprocal comp, is that in addition to those costs not being great enough, you're asking the ILEC in this case to defray a part of the cost that the CLEC is incurring for which they ought to be getting recovery from the ISP. So you already have a subsidy problem. You've taken the subsidy problem and taken the part of it that should be the CLEC's and shifted it to the ILEC when you go to reciprocal comp.

COMMISSIONER DEASON: Does that conclude your summary?

WITNESS VARNER: On the ISP issue. The other one is mercifully a lot shorter. And they have to do with CNAM. And the only point I want to make

there is that we're providing them the service under an existing agreement. The only issue is what the price should be; what the per query price should be. The existing agreement provides for going to a per query price.

COMMISSIONER CLARK: I'm sorry, but also the issue is whether or not it's something we can arbitrate, right?

WITNESS VARNER: On CNAM?

COMMISSIONER CLARK: Yes.

WITNESS VARNER: I was going to get to that.

COMMISSIONER CLARK: All right. Well, I thought you said the only issue --

WITNESS VARNER: That's the issue that's before the Commission is what's the price.

My belief goes to your point is that CNAM is not an UNE. It's not an unbundled network element. There are numerous alternatives for this. There's no possible way it can pass the necessary and impaired test. So since it's not an UNE, the price for it is not subject to arbitration; it's not a 251 obligation, and it doesn't have -- the price doesn't have to comport with the FCC's rules, which I think that was the issue we're getting to. Is that we don't believe it's a UNE because there's no possible way it can pass

the necessary and impaired standard. For that reason it's not even a subject for arbitration.

The price that we've proposed, however, is a price that essentially simulates a make-versus-buy decision.

COMMISSIONER DEASON: Simulates what?

WITNESS VARNER: Make-versus-buy decision. We've looked around the market. This is -- several providers offer this service. We've looked at the marketplace, seen what the prices are that generally prevail, and we've come in with a price that's competitive. In fact, I think our price tends to be a little bit to the low end. We charge a penny; other provider tend to charge 1.4, 1.5, 1.6 cents.

COMMISSIONER DEASON: So you're not obligated to provide the service because it's not a UNE, and you're not obligated to price it under some type of incremental cost basis, but you've priced it such that someone subscribing to it would, perhaps, be indifferent as to whether they provided the service themselves or obtained it from someone else.

WITNESS VARNER: Or got it from us. That's what we were trying to simulate. We believe that way we'll get the optimum price in the marketplace. And our price is in range. It's actually, I think, is a

little bit towards the low end of what prevails in the marketplace.

The last one I had was the NTW issue. And my issue is just the price. The price that we proposed in this case is, in fact, the price from the TELRIC cost study and we set the price equal to the cost that the cost study produced.

And that concludes my summary.

MS. WHITE: Mr. Varner's available.

CROSS EXAMINATION

BY MR. GRAHAM:

Q My name is Bill Graham. I've got some questions for you.

First of all, we're dealing with Issues 2 and 3 concerning the ISP traffic.

The handout that we received a few minutes ago has Diagrams A through G on it. In your rebuttal testimony you propose a compensation plan for ISP traffic. Propose it to BellSouth. Is that proposal -- does it correspond with Diagram F in your handout?

A Yes.

Q Has BellSouth offered that proposal, Diagram F, to any other CLEC?

A No, I don't believe that we have. Because

what we have said to CLECs is that we've been willing to simply just not -- to forgo our cost recovery on those up until now. Up until the FCC's declaratory ruling that finally put this matter to rest, we've been willing to forgo our cost recovery and simply being content with not having to subsidize the CLEC's facilities.

Q Does our proposal represent a departure from how BellSouth treated its ISP traffic in the past?

A No.

Q It's been consistent straight through; Diagram F?

A That's correct.

Q Has BellSouth ever paid reciprocal compensation for ISP traffic that terminated with another carrier?

A We have. We have been ordered to. And when we have been ordered to, we have had to make payments.

Q How does BellSouth charge for ISP calls under its local tariffs?

A Charge for --

Q For such ISP calls under its local tariff?

A We don't charge for -- I'm just not following you.

Q All right. Has BellSouth ever treated ISP

traffic as local traffic in any of its state rate cases?

A For purposes of billing, yes, because that's what the FCC required. They required the price for that access service to be priced at local service prices so those were the prices that applied, but other than that, no.

Q How do you explain -- to me I view that as an inconsistency. How do you explain that away?

A I don't. The FCC set up that inconsistency. I mean, that's the way they decreed that it was to be done. I agree with you that it's an inconsistency that you have an interstate access service that's being paid for at local service rates. That is an inconsistency that the FCC mandated.

Q Okay. Let's go on to CNAM, if we can.

One last question on the ISP traffic. It's your opinion, and I guess you've testified, that ISP traffic is interstate.

A Yes. I call it access service. I would agree with the FCC, it's largely interstate.

Q Largely interstate?

A Virtually entirely interstate. There may be an intrastate component to it; it would be very minor.

Q If that traffic is interstate, or largely

interstate, wouldn't it also be interLATA?

A Yes.

Q And is BellSouth authorized to provide interLATA service in Florida?

A No, we're not.

Q Again, I see an inconsistency there.

A No. Because that's exactly the point I was making. We're not authorized to provide interLATA service. But yet and still we provide connections to interexchange carriers who do. The service we're providing to these ISPs is the same type service we provide to interexchange carriers. In that case we're not providing interLATA service, we're providing the access service to the carrier who does provide the interLATA or interstate service. The situation with the IXC and ISP is -- they are comparable situations. They're both getting the same service. They're both getting access service from us.

Q Okay. Does BellSouth market Internet access to end users under the name BellSouth Technology?

A BellSouth --

Q Or any business name? Do you market direct to end users?

A Oh, yes. We have an Internet service, BellSouth.Net, that we sell to end users.

Q Let's talk about CNAM now, if we can.

In your Direct Testimony there was attached an exhibit, the first exhibit -- it's AJV-1 and it's the contract that currently exists between MediaOne and BellSouth?

A Yes.

Q Have you had a chance to look at that?

A Yes.

Q Okay. On Page 11 of your testimony you claim that MediaOne -- and I'm quoting -- "*inappropriately* seeking to be relieved of its contractural obligations." I want to follow up on that, please.

A Yes.

Q In that contract there's approximately, I guess, five pages that deal with the delivery of the CNAM database, and in the last page of that exhibit is a compensation or a price sheet?

A Yes.

Q Let me find my copy here.

And currently -- and I'm looking at the last page of that exhibit -- it says that currently there's a recurring flat rate of $50 per 1,000 access lines per month, correct?

A That's correct. That was the rate at the

time that this amendment was signed.

Q Correct. Okay. And then it goes on to say below that, that the price will convert to a per query usage at a later time when BellSouth was capable of tracking that per query usage.

A When the measurement capability becomes available.

Q Okay. So do you agree with me that it states no price on this document for the per query usage rate?

A That's correct.

Q And do you agree that it left that item or that price unresolved and I guess it would be determined at a later time?

A That's correct.

Q Well, do you think that it was reasonable, or is reasonable to expect MediaOne to just agree to any price that BellSouth came up with after you had that measurement capability?

A No, I do not. Absolutely not. But it's not necessary for MediaOne to do that. There are several providers -- in fact, MediaOne already uses at least two other providers to provide this service themselves. BellSouth competes with those.

Q Okay, we'll get into that. But I guess I'm

just going back, it seems inaccurate to claim that MediaOne is seeking to be relieved of its contractural obligation when, as I read the document, there is no obligation in here; there's no price stated.

A Oh, there is an obligation. And what I was referring to is that my understanding is MediaOne wants to continue to pay the $50 per thousand access lines per month. And this agreement clearly says that once the measurement capability is available, it will convert to a per query rate. And MediaOne is unwilling to do that.

Q But it doesn't give what the rate is.

A But it says it will convert to a per query rate. It certainly says MediaOne is not entitled to continue to get the service at $50 per thousand access lines per month.

Q One minute, please (Pause)

Okay. If we can, let's move forward and look at some of your answers to Staff interrogatories. Do you have them?

A I don't have them.

Q Okay. I can read it to you or maybe your counsel can bring you -- a copy. I'm going to ask you a question about your answer to Staff Interrogatory No. 11.

A 11?

Q Yeah.

A All right. I have that.

Q In 11-D you state that CNAM is appropriately priced at market rates. And my question is, which price do you believe is market rate: The flat rate of $50 per 1,000 access line or the proposed rate of one penny per query?

A One penny per query.

Q Would you agree with me that you can't have two market rates when one of them is approximately 30 times greater than the other one?

A That's correct. The one penny per query, I believe, is the market rate. I mean, that's in line with what other people are providing; in fact, other people that MediaOne purchases its service from.

Q Okay. Would you agree that for either a CLEC or an ILEC the inability to provide a CNAM service to a customer would be a significant competitive disadvantage?

A I couldn't say one way or the other.

Q You don't have an opinion --

A No.

Q -- on that?

A I mean, that depends on the CLEC, on what

they want to do and what they are offering.

Q Is the CNAM database capability that BellSouth has, do you regard that as an important aspect of customer service?

A Yes. We think it's a valuable offering. That's why we offer it.

Q Okay. You stated earlier in your summarization that -- and correct me if I say this incorrectly -- but that you had priced -- or you believe that CNAM is priced at a make price. Is that the phrase you used?

A No. We were trying to simulate a make versus buy.

Q Make-versus-buy price. How would a company such as MediaOne build a database without access to the information contained in BellSouth's CNAM database?

A The same way other people do it. I mean, BellSouth is not the only provider. Illuminet, for example, is a provider. They contract to get the information, the data, to build a database, and they have sharing arrangements with other database providers who have data that they don't acquire and install in their own database.

Q Okay.

A GTE does it. SBC, Ameritech, Bell Atlantic. I mean, there are a number of people that offer that service nationwide and that's the way to do it. And you could do the same thing.

Q I'll ask you about the sharing aspect shortly. We'll get there.

COMMISSIONER CLARK: Mr. Varner, let me ask you a question. Is directory service -- access to directory information considered an UNE?

WITNESS VARNER: DA?

COMMISSIONER CLARK: Yes.

WITNESS VARNER: Yes, it is.

COMMISSIONER CLARK: Then why isn't this a UNE?

WITNESS VARNER: Okay. Well, I probably spoke too soon on that.

DA is a UNE -- was defined as a UNE back when the FCC set up their original list. So, technically right now none of them are. We don't believe DA would pass a necessary and impaired test neither. Because if you look at it and you compare it to this service, there are a lot of similarities. There are a number of providers, there are a number of sources by which you can get that kind of information.

COMMISSIONER CLARK: You need to -- you've

confused me. Did you say the FCC included DA service on its list of those things that were UNEs?

WITNESS VARNER: Right. Originally.

COMMISSIONER CLARK: Originally.

WITNESS VARNER: Yes.

COMMISSIONER CLARK: That has changed now.

WITNESS VARNER: Yes. That list was vacated by the Supreme Court.

COMMISSIONER CLARK: Okay. And we're waiting for the FCC to put out a new list.

WITNESS VARNER: That's correct.

COMMISSIONER CLARK: Let's assume DA is on that list.

WITNESS VARNER: Yes.

COMMISSIONER CLARK: What distinction would you make in why DA should be considered an UNE but CNAM shouldn't?

WITNESS VARNER: I really can't make one. I do not believe either one of them would be. I don't think either one of them pass the necessary and impaired test. If the FCC decided to put DA on the list, I'd be curious to see how they could distinguish between the two myself, because I don't see how they'll be able to.

COMMISSIONER CLARK: Would it be your

position that if it's on the list, then CNAM should also be considered an UNE?

WITNESS VARNER: As long as you have an effective order out of the FCC, yes, that would be correct. Subject, obviously, to whatever challenges that may have.

COMMISSIONER CLARK: Well, if DA is finally on it, you won't contest that CNAM should be a UNE.

WITNESS VARNER: I didn't hear you. I heard you but it was garbled.

COMMISSIONER CLARK: If DA service is on a final unappealable order from the FCC, then you would concede that CNAM should likewise be treated as a UNE.

WITNESS VARNER: No. It would depend on why they put DA on there.

COMMISSIONER CLARK: But -- all right.

Q **(By Mr. Graham)** Mr. Varner, can you please now go to your response to Staff Interrogatory 19; 19, Page 3 of that response.

A Okay. I have it.

Q At the top of Page 19 you state, and I'll paraphrase slightly, it says the market for the provision of signalling and databases is a national one, and that -- in the next sentence -- MediaOne is free to link its switches to any signalling network to

obtain access to call-related databases. I want to talk to you about that word "access."

A Where -- I see. I'm with you.

Q The first and second sentence on the top.

A I see it.

Q I want to focus on access as opposed to owning an actual database.

A Yes.

Q Would you agree with me that there's only one BellSouth CNAM database housed in a BellSouth building somewhere?

A Yes.

Q And I'll concede that MediaOne can access that database. You were speaking earlier about Illuminet, for instance. They have access capability to the BellSouth database; is that right?

A That's right, which they can sell to MediaOne.

Q Right.

A Or anybody else they want to sell it to.

Q Would you agree with me that there's a per query charge every time that that BellSouth database is accessed?

A By --

Q By Illuminet --

A -- the purchaser of the CNAM database service, that's correct.

Q Okay. And if MediaOne were to access it under your proposed cost, it would be a penny per access?

A Penny per query.

Q Per query, rather. And I don't know what the price is for Illuminet, but I guess it's somewhere around a penny?

A I don't know what it is for Illuminet. It's a sharing arrangement. Because what we have with other providers who have databases is we have a reciprocal arrangement with them wherein they get access to our database, we get access to their database, and you work out the financial arrangement based on the fact that you have this reciprocal access arrangement as well.

Q That brings me to my question: Is it true that if MediaOne has to go through some other database provider, then that other provider is going to tack on its charge to help offset the charge that MediaOne has already imposed upon it? In other words, if MediaOne goes through Illuminet, for instance, isn't there going to be another cost layer in order to get the same information that could be obtained directly from

the BellSouth CNAM database?

A I don't see why it would be. I do know this, the easiest way to avoid that is just to buy the -- if you're concerned about that, you just buy the service directly from BellSouth. We charge a penny a minute. Illuminet charges 1.4 cents. So if you want access to the BellSouth data at a penny a minute you can get it directly from BellSouth. I guess if you want it for 1.4 cents a minute, you can get it from Illuminet.

Q Well, I'll go back to my question. Do you know, yes or no, whether -- if MediaOne goes through another person, such as Illuminet, will that other provider add on another layer of cost? Or do you not know?

A No, they won't add on an another layer of cost. What they will charge is whatever their price is. You'll get charged their price for access to the CNAM database; their CNAM database.

COMMISSIONER CLARK: Let me sort of ask a question. Suppose MediaOne chose to use Illuminet, was that the other --

WITNESS VARNER: Illuminet.

COMMISSIONER CLARK: Illuminet. Is Illuminet always going to have to go to your database

in order to answer the query from MediaOne?

WITNESS VARNER: That's correct. And we have a sharing arrangement with them that allows them to do that.

COMMISSIONER CLARK: Well, then it strikes me nobody can provide CNAM service without using the mother computer of BellSouth. Is that true?

WITNESS VARNER: Not for the BellSouth data, that's correct. Just like BellSouth can't provide it for calls in SBC's territory, let's say, without their data. Or Illuminet could, in fact, buy the data. What they've chosen to do in our case is have a sharing arrangement to access our database. They could, in fact, buy data and put it in their own database and not access ours.

COMMISSIONER CLARK: Yeah. But they'd have to update that data daily, wouldn't they?

WITNESS VARNER: Or some degree of frequency.

COMMISSIONER CLARK: If they didn't do it daily, they wouldn't have changes that day.

WITNESS VARNER: That's probable -- yeah, that's probably right.

COMMISSIONER CLARK: Let me ask it maybe a different way.

In order to get CNAM information for the phone numbers or end users within BellSouth's territory, anyone who wants to provide that service is going to have to access your CNAM computer.

WITNESS VARNER: During the sharing arrangement, that's true. If they build their own database it's not.

COMMISSIONER CLARK: But if they build their our databases, they have to update it daily.

WITNESS VARNER: That's correct.

COMMISSIONER CLARK: Okay.

WITNESS VARNER: And what happens with these people like Illuminet, what they do is they build their own databases for some part and they share in others. You know, they have sharing arrangements to get to other data. So they make the decision about which part they want to maintain and try to keep updated and which part -- which people they want to do the sharing arrangements with.

COMMISSIONER CLARK: Well, would it be fair to say in order to maintain a complete database, you will always have to access, either on a per query basis or downloading the data, you'll always have to access BellSouth's computer?

WITNESS VARNER: Not CNAM. You could get

the data from -- when you purchase the data you don't get CNAM. CNAM is the live database.

COMMISSIONER CLARK: Okay.

WITNESS VARNER: You can purchase the data and download it --

COMMISSIONER CLARK: But you would purchase the data from BellSouth.

WITNESS VARNER: Yes, you would.

COMMISSIONER CLARK: There's no place else you can go for data or CNAM services.

WITNESS VARNER: Ultimately, that's right. You may purchase it from that third party who purchased it from BellSouth, like you do a DA, but at some point it originated in BellSouth.

COMMISSIONER CLARK: I think that's what I wanted to clarify.

Q **(By Mr. Graham)** Mr. Varner, in your answer to Interrogatory 20 you stated that BellSouth had done a TSLRIC cost study.

A To interrogatory number --?

Q 20.

MS. WHITE: I'm going to object to the extent that Interrogatory No. 20 is not a response that was provided by Mr. Varner. It was a response provided from a director in our cost organization.

Now possibly Ms. Caldwell --

MR. GRAHAM: I withdraw the question. It's not important.

Q (By Mr. Graham) Let's go on to 21, answer 21, please. If you could, please -- after you have had a chance to look at that. (Pause)

A Yes.

Q Just yes or no. Is BellSouth's LNP database similar to its CNAM database?

A I think Item A answers that. They are both databases but the structure of the query is different for the two.

Q I thought maybe you qualified that a bit in A that's why I asked it yes or no. So the answer would be yes?

A No. Because the way that you query them is different. The way you have to go about accessing them is different.

Q All right. I'll take that.

Is it easier or simpler to accomplish a CNAM query than it is to accomplish a LNP query?

A I don't believe it is. You launch a query to the database that returns a response. It's just the structure of how it asks the question electronically is what's different.

Q So there's no distinction in the ease with which the query is accomplished?

A I'm not sure I follow you. You mean from the standpoint of an end user who is getting service or from the standpoint of how the computer operates?

Q The latter.

A I don't know. I don't know the answer to that.

Q Okay. Would it follow that the CNAM per query cost to the BellSouth is less than the LNP per query cost to the BellSouth?

A I've never compared the two costs so I can't tell you.

Q So you don't know how much -- you don't know the differential between the cost of a LNP query and a CNAM query?

A I haven't compared them.

Q If you look at your answer B, please, to No. 21, maybe I'm misreading?

A "Per query cost for BellSouth's CNAM per query billing database service is approximately 27 --" yes, I read that. My understanding that's the price, not the cost.

Q Okay.

A Price as charged for the services.

Q Okay. All right. Maybe I'm confused and maybe you can clarify that. If that is the case, then why is the price charged to MediaOne for CNAM not also 27% of the LNP query price? It seemed like that would be symmetrical?

A I would think it would be. The CNAM per query price is a penny.

Q Do you know what the LNP per query rate is?

A Not off the top of my head, but I thought the tariff was attached to --

Q It is attached and I thought it was quite a bit different than what you just reflected. The difference between .01 and .0005.

A No, it's 1.3 -- no, it's .01 -- let me see if I can say this right. .0013 is the per query LNP charge.

Q Okay. And the per query CNAM charge is .01?

A No. I spoke too soon. Because there's another charge -- another half a cent charge -- I really can't tell from here without adding them up.

Q Okay. Let's move on to your answer to the next interrogatory, which is No. 22.

A All right.

Q In your answer you state that CNAM is

appropriately priced at market rates. And later in B you state that "the per query rate was determined by considering the cost a customer would incur if they built their own database."

A Yes.

Q Is that the same methodology that would be used in a TSLRIC cost study?

A No.

Q Okay. Can you tell me which method the TSLRIC cost study, or the method described in this interrogatory, which was how much it would cost the customer to build their own database, which of those methods did you use in coming to the decision to charge one cent per query?

A It's the method described here. That's not a TELRIC price or a price set equal to TELRIC cost.

Q Okay. Do you agree with me there's a difference between having the information on your own database as opposed to having the ability to access that same information on someone else's database?

A Yes.

Q Okay. Do you agree that the CNAM database has a retail benefit to it? In other words, that BellSouth earns a profit off of the database?

A I believe your question is do we think the

database -- the price for the CNAM database, is it priced above cost?

Q No. I'm asking a more simple question than that. I'm just assuming that the existence of the CNAM database is of -- has a retail benefit; that the company makes money off of it in a broad sense?

A Yes. That's why we provide it is so that we can --

Q Right. It's not a hard question. I just wanted to make sure of that. And my question then is, is there a similar retail benefit to BellSouth for the LNP database?

A I don't think so.

Q Okay. I'll try to ask this in a simple manner. Bear with me.

Does BellSouth pay out to other CNAM database providers when it queries those databases proximately the same amount of money that it receives from those same other database providers when they query BellSouth for BellSouth information?

A I don't know. I don't know the details of those sharing agreements between us and other providers. I know we have them. I just don't know what the details are of the rates.

Q So you don't know if it's just a wash dollar

for dollar or if -- you know, maybe a two-to-one ratio or you don't have any idea?

A I don't have any idea.

Q Would you agree with me that there would be far less chance that it would be an even wash between a new entrant in the market and an established company, like BellSouth, that has a very significant CNAM database?

A I'm sorry, I just am completely lost there. What would be a wash?

Q The money changing hands between the two databases I think would be greatly uneven between an established database and one for a new entrant to the market.

A Oh, no, not at all. Not at all. It depends on what the size of the two databases are. Just because somebody is new doesn't mean that their database is smaller. Illuminet is obviously a lot newer than some of the others, than some of the RBOCs.

Q But if -- in this case if MediaOne was to create their own database, and they have a smaller universe of customers than does BellSouth, then my example would hold, would you agree?

A No, not necessarily, because MediaOne is free to put in whatever listings or information they

want to put into their database. For example, if MediaOne were to create a database that had the listings of SBC's customers in it, we might enter into a sharing agreement with MediaOne to get access to SBC listings and drop SBC.

Q But in my example I'm thinking only of customers who live within the MediaOne service area, not the fact that MediaOne could choose to buy information from SBC or Ameritech or otherwise.

A Okay. Would you ask the question again?

Q Okay. In that case, would you agree that there would be a large differential between the flow coming in and the flow going out in terms of who needs the information?

A You mean in terms of which database gets access more?

Q Correct.

A I would suspect, yes, if MediaOne has -- you know, just say a database that has let's say a thousand names in it and BellSouth has one that has a million names in it, well, the likelihood is that the MediaOne database is going to get accessed less than the BellSouth database. That's the question you're asking.

Q That's what I'm trying to ask. Thank you.

Okay.

MR. GRAHAM: I have no further questions.

COMMISSIONER DEASON: Staff.

MR. FORDHAM: Thank you, Commissioner Deason.

CROSS EXAMINATION

BY MR. FORDHAM:

Q Mr. Varner, several times in your earlier testimony on the subject of ISPs you referred to, quote, "the ruling, the FCC ruling." Is that Declaratory Ruling FCC 99-38 issued in February of this year, sir?

A Yes it is.

Q That's the one you're referring to?

A Yes.

Q Going back to the question that Commissioner Deason asked earlier on longevity, if that ruling traced the history of sorts of the ESPs and ISPs correctly, it indicates that the first time the FCC acknowledged and dealt with ESP traffic was in 1983, would that seem right to you, sir?

A Well, that's the first time that they dealt with it with respect to access charges because that's when they established access charges. They actually dealt with them as entities prior to that but they

didn't have access charges before that.

Q Okay. At that time, in 1983, would it be fair to say that they recognized the unique nature of ESP traffic and carved out an exception, if you will, for it at that time in 1983?

A No, actually the exception predated 1983. What they did was they continued the exception in 1983 when they established access charges. The exception had already been established long before 1983.

Q So does that mean that the ruling is in error if it states the first time that they dealt with it at all was 1983? Would that be in error?

A No, because what the ruling says was the first time that they dealt with it with respect to access charges was 1983. That is a correct statement because access charges didn't exist prior to 1983.

Q Can you tell us, sir, whether they have continuously, since 1983, maintained the same policy of treating it as local traffic without any interruption in that philosophy or policy?

A I disagree slightly with the characterization. The FCC has historically treated it as access service and they said that several times in their ruling. What they have done and have continued to do is require that the billing for that access

service be at local service prices. They have never said that it was local traffic or that it was local service. They've consistently said it's access service but it's to be billed as local service prices.

Q I understand what you're saying, sir. We may be having a semantical problem here. Acknowledging that they say it technically is interstate traffic, have they not said it should be treated as if it were local traffic?

A Only for purposes of the charge that applies; for no other purpose. And they were very clear about that in the ruling.

Q In Ruling 99-38, would it be fair to say that they made it very clear in that ruling that at this time it still should be subject to the control of the state commissions until such time as they promulgated a rule to supersede that?

A No. No, I didn't see it that way at all.

Q May I just read one sentence from that ruling to you, sir, and see how you will interpret that?

A Yeah. I have it here if you want to refer me to it.

Q Well, Paragraph 24, Page 16.

A Paragraph 24.

Q Correct.

A I have it.

Q Toward the end of the paragraph. "Nothing in this Declaratory Ruling, therefore, necessarily should be construed to question any determination a state commission has made, or may make in the future, that parties have agreed to treat ISP-bound traffic as local traffic under existing interconnection agreements."

A That's right. That's dealing with voluntary arrangements between party. That's what they're talking about there. Nothing about this ruling would vacate any voluntary arrangements the parties may have agreed to.

Q Does not the ruling also say that it would appropriately be the subject of arbitrations before state commissions?

A It gives the state commissions the ability to do it. It says that until they deal with it in their rules, that the mere fact that it's largely interstate does not necessarily remove it from the Section 251-252 negotiation arbitration process. It never says that it should be in that process or be part of it. It just says that that fact just doesn't necessarily remove it. So it's a qualified, I guess,

capability for permission, I guess, for the states to deal with it, subject to whatever the FCC later decides.

MR. FORDHAM: No further questions.

COMMISSIONER CLARK: Let me follow up on that. As I understand your position, you question the FERC's authority to find or to authorize --

COMMISSIONER DEASON: Not FERC.

COMMISSIONER CLARK: Yes. I'm sorry. The FCC -- you question their authority to say it can be arbitrated under 252; is that right?

WITNESS VARNER: Yes.

COMMISSIONER CLARK: What?

WITNESS VARNER: Yes.

COMMISSIONER CLARK: Okay. And then you're saying even assuming that they can delegate it or they can let us do it under 252, we shouldn't do it because FERC -- the FCC is going to adopt rules on the subject so just let them do it?

WITNESS VARNER: The second part of that, yes. The first part I have a slightly -- a slightly different view on it.

It's not clear to me that the FCC has definitively said that it is the subject of 252. What they have said is they haven't made a finding that

it's not. But they never did say certainly that they would agree that it is.

COMMISSIONER CLARK: Okay. And your position is it can't be part of a 252 arbitration.

WITNESS VARNER: That's right. Because it's not local. Because that same -- one of the very clear things that's in that ruling, it says however -- when it talks about 251-252 process, in fact it's the sentence after the one I just read, it says "However, any such arbitration must be consistent with governing federal law." It's very clear about that.

When you go to Footnote 87 of the Order it says their interpretation of what federal law. It says "It's noted Section 251(b)(5) of the Act and our rules promulgated pursuant to that provision concern intercarrier compensation for interconnected local telecommunications traffic. We conclude in this declaratory ruling, however, that ISP-bound traffic is nonlocal interstate traffic. Thus, the reciprocal compensation requirements of Section 251(B)(5) of the Act, Section 52, sub Part A to the Commission's rules, do not govern intercarrier compensation for this traffic." That's their view of what governing federal law is right now. And they are very clear in this Order. It says anything that's done has to be

consistent with governing federal law.

COMMISSIONER CLARK: So what you're saying is that the FCC has said it's not local. Therefore, they are being a little inconsistent when they say that they are not making a ruling on whether it can be arbitrated under 252.

WITNESS VARNER: Just a little. I think what they're doing is they're saying, "Okay, we're not going to tell the states it's not a 252." They can't do it. We're not go to tell them that they can either. We won't prohibit them from doing it, but we won't say that it's okay.

COMMISSIONER CLARK: But they are also saying it's not local.

WITNESS VARNER: That's right. And also saying that only local is subject to reciprocal compensation.

COMMISSIONER CLARK: Thanks.

WITNESS VARNER: If that's confusing, it's --

COMMISSIONER DEASON: It's confusing.

(Laughter)

COMMISSIONER DEASON: Redirect.

REDIRECT EXAMINATION

Q **(By Ms. White)** Mr. Varner, could you turn

to Paragraph 25 of the FCC's Order on ISP.

A Yes.

Q In the middle, if you'd look at the first sentence, if you'd read the first sentence, please?

A "Even where parties to Interconnection Agreements do not voluntarily agree on an intercarrier compensation mechanism for ISP-bound traffic, state commissions, nonetheless, may determine in their arbitration proceedings at this point that reciprocal compensation should be paid for this traffic."

Q What is your interpretation of "at this point"?

A Until they issue their rules.

Q And then what happens when the FCC issues their ruling?

A Then whatever their rules say, that's what will govern this traffic. The FCC is very clear in its order they have jurisdiction over this traffic and they will make rules about how the intercarrier compensation will work.

And what they have said here is that if state commissions want to deal with this now until they make the rules, that's fine. But once we make the rules, those are the rules that's going to apply.

COMMISSIONER DEASON: Would it have just

effect for prospective arbitrations or would it have a retroeffect on existing arbitrations?

WITNESS VARNER: I don't think it can predict that. They'll probably address that when they issue the rules. But I don't have a way of predicting which way that would go.

MS. WHITE: Thank you. I have nothing further.

COMMISSIONER DEASON: Exhibits.

MS. WHITE: BellSouth would move Exhibits 15 and 16.

COMMISSIONER DEASON: Without objection, show then Exhibits 15 and 16 are admitted.

Thank you Mr. Varner. We'll take a 15-minute recess at this time.

(Exhibits 15 and 16 received in evidence.)

(Brief recess taken.)

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COMMISSIONER DEASON: Call the hearing back to order. Ms. White.

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D. DOANNE CALDWELL

was called as a witness on behalf of BellSouth Telecommunications, Inc. and, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MS. WHITE:

Q Ms. Caldwell, could you please state your name and address for the record, as well as by whom you're employed?

A Doanne Caldwell, 675 West Peachtree Street, Atlanta, Georgia. BellSouth Telecommunications.

Q And in what capacity are you employed by BellSouth?

A I'm a director in the Finance Department.

Q And have you previously caused to be prepared and prefiled in this case Direct Testimony consisting of six pages?

A Yes, I have.

Q Do you have any changes to make to that testimony at this time?

A No, I do not.

Q If I were to ask you the same questions that are posed in your prefiled Direct Testimony today would your answers to those questions be the same?

A Yes.

BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF D. DAONNE CALDWELL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990149-TP

APRIL 1, 1999

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

A. My name is D. Daonne Caldwell. My business address is 675 W. Peachtree St., N.E., Atlanta, Georgia. I am a Director in the Finance Department of BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth" or "the Company"). My area of responsibility relates to economic costs.

Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. I attended the University of Mississippi, graduating with a Master of Science Degree in mathematics. I have attended numerous Bell Communications Research, Inc. (Bellcore) courses and outside seminars relating to service cost studies and economic principles.

My initial employment was with South Central Bell in 1976 in the Tupelo, Mississippi, Engineering Department where I was responsible for Outside Plant Planning. In 1983, I transferred to BellSouth Services, Inc. in Birmingham, Alabama, and was responsible for the Centralized Results System Database. I

moved to the Pricing and Economics Department in 1984 where I developed methodology for service cost studies until 1986 when I accepted a rotational assignment with Bellcore. While at Bellcore, I was responsible for development and instruction of the Service Cost Studies Curriculum including courses such as "Concepts of Service Cost Studies", "Network Service Costs", "Nonrecurring Costs", and "Cost Studies for New Technologies". In 1990, I returned to BellSouth and was appointed to a position in the cost organization, which is now a part of the Finance Department, with the responsibility of managing the development of cost studies for transport facilities, both loop and interoffice. My current responsibilities encompass witnessing in cost-related dockets, cost methodology development, and the coordination of cost study filings.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. MediaOne Florida Telecommunications, Inc. (MediaOne) requested access to network terminating wire (NTW) in their Petition for Arbitration filed February 9, 1999. The purpose of my testimony is to present the cost study results for NTW. Additionally, I describe the underlying cost methodology used in this study. The study is filed both in paper form and on a CD-ROM, with this testimony as Exhibit DDC-1. Included in Exhibit DDC-1 are an executive overview, a summary of results, element descriptions, factor development, TELRIC Calculator© input and outputs, and investment development work papers.

Q. WHAT COST METHODOLOGY IS USED IN THE COST STUDY?

A. The cost study is based on the cost study methodology accepted by this Commission in Order No. PSC-98-0604-FOF-TP in Docket Nos. 960757-TP, 960833-TP and 960846-TP dated April 29, 1998. This Order established rates for numerous network capabilities, ranging from 2-Wire Analog Loop Distribution to Physical Collocation. On page 12 of the Order, the Commission ordered rates that "cover BellSouth's Total System (Service) Long-run Incremental Costs (TSLRIC) and provide some contribution toward joint and common costs." [1]

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[1] The Florida Public Service Commission initially set the foundation for cost methodology in its December 31, 1996 Order PSC-96-1579-FOF-TP. This Order established Total Service Long Run Incremental Cost (TSLRIC) as the appropriate methodology for determining the costs associated with network capabilities. However, this Order also states that the Commission does not "believe there is a substantial difference between the TSLRIC cost of a network element and the TELRIC cost of a network element." (Page 24) In fact, this Order further allows the consideration of joint and common costs in setting rates. (Page 33) By the definitions outlined in Order PSC-96-1579-FOF-TP, the combination of TSLRIC plus shared (joint) and common costs equates to the Federal Communication Commission's (FCC) definition of economic costs (TELRIC plus a reasonable allocation of forward-looking joint and common costs). BellSouth's cost study filed in this docket develops TSLRIC plus shared and common costs.

Q. PLEASE PROVIDE SOME BACKGROUND TO ORDER NUMBER PSC-98-0604-FOF-TP.

A. On November 13,1997, BellSouth filed cost studies to support prices for network capabilities for which this Commission had previously established interim rates. The studies were filed electronically with complete documentation. With these studies, BellSouth introduced a new cost model, the TELRIC Calculator©. The TELRIC Calculator© converts material prices and labor work times to cost. The Commission accepted the TELRIC Calculator© as a viable model to determine the TSLRIC plus shared and common costs associated with network capabilities. However, the Commission did make adjustments to the inputs filed by BellSouth.

Q. ARE THE ADJUSTMENTS TO BELLSOUTH'S INPUTS ORDERED BY THE COMMISSION IN ORDER NO. PSC-98-0604-FOF-TP INCORPORATED IN THE COST STUDY RESULTS FILED IN EXHIBIT DDC-1?

A. Yes. Even though BellSouth does not necessarily agree with the input adjustments, the relevant modifications to the cost elements in this proceeding, are included. The cost studies in Exhibit DDC-1 include the Commission-ordered cost of money, tax factors, and shared and common factors. Exhibit DDC-1 follows the intent of each Commission adjustment. However, where appropriate, the input has been updated to reflect the study period, 1998-2000.

Cost of Capital – On page 29 of the Order, the Commission states that

"BellSouth's overall cost of capital is 9.9%. This number falls out from the capital structure of 60% equity and 40% debt, a forward-looking cost of debt of 6.7% and a cost of equity of 12%". The 9.9% overall cost of capital was utilized in this filing.

Taxes – The Order stated that Florida-specific tax factors are to be applied when they are available.[2] This filing included the following Florida-specific tax factors: a combined state and federal income tax factor of 38.57%, a gross receipts factor of 1.37%, and an ad valorem factor of .85%. These values reflect an update to the 1998-2000 time frame.

Shared and Common Costs – The Commission established the wholesale common cost factor as 5.12%[3] and recalculated the shared cost factors, Table VII. These values were based on a reduction in the network operating expenses as discussed on pages 59-60 of the Order. Additionally, the Commission felt it appropriate to exclude the shared component from the labor rate. The values determined by the Commission are reflected in this filing, both in the factors and in the labor rates. In the study, BellSouth used the version of BellSouth's Shared and Common model that the Florida Staff adjusted in Order No. PSC-98-0604-FOF-TP.

The Commission also made adjustments to depreciation lives, drop lengths, fill factors, and disconnect costs. However, these items aren't involved in developing

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[2] Order at page 44.

[3] Order at page 45.

the costs of network terminating wire.

Additionally, Order No.PSC-98-0604-FOF-TP instructed BellSouth to recalculate the work time estimates used to determine the nonrecurring costs associated with provisioning the network capabilities. Since the elements presented in this filing are new items, the time estimates considered in BellSouth's study reflect BellSouth expert estimates. This order also removed all Local Carrier Service Center (LCSC) costs associated with order processing. Thus, BellSouth's NTW study does not include the cost associated with the LCSC.

It is important to remember that even though the Commission made a number of input modifications; they accepted the TELRIC Calculator© as an appropriate means of determining BellSouth's costs associated with making an investment and with provisioning a network capability.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The cost study filed in this proceeding determines the total service long run incremental costs plus shared and common costs specific to Florida for network terminating wire. The costs were developed using the basic study methodology and approved input values previously authorized by this Commission.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Q **(By Ms. White)** Ms. Caldwell, would you please give a summary of your testimony.

A Yes. Good afternoon.

The purpose of my testimony is to present the cost study results for unbundled network terminating wire, often referred to as UNTW, and to also describe the underlying cost methodology used in this study.

This Commission, in its April 29th, 1998, order, laid the foundation for the methodology to be used to develop cost in support of unbundled network elements. That methodology was total service long run incremental cost, or TSLRIC methodology. This Commission also recognized that consideration must be given to an appropriate level of shared and common cost. Additionally, this Commission determined that the appropriate modeling technique and set of basic inputs that should be utilized were identified in that order.

BellSouth has incorporated the Commission's recommendations into the cost study submitted here as DDC-1, which is the cost study for unbundled network terminating wire. Specifically, let me just cover the major categories of where the Commission's adjustments were included.

First of all, for the cost of capital we used a 9.9%. For taxes we used Florida-specific. For the shared cost, we excluded them from the TELRIC labor rate as had been ordered, and we also reduced the network operating expense by the amount ordered. The common cost equalled 5.12% and, in fact, what we did was used the shared and common model that the Florida Staff made changes to and submitted back to BellSouth as a result of the docket on unbundled network elements. So it is the exact same model.

The Commission also determined that ordering costs should be established in a separate and future docket. Thus it was recommended that the local carrier service center, or the LCSC, cost should be eliminated from the cost study. This is one area where BellSouth has deviated slightly from the Commission's order and it's based on our interpretation of that order.

BellSouth removed all LCSC cost from any ordering function for unbundled network terminating wire. However, associated with unbundled network terminating wire there is, prior to any order being established, functions for service inquiry. And that does include some LCSC time, so we did include only that service inquiry time in these studies and is

identified as such. Otherwise, we followed all of the recommendations in exact numbers, et cetera.

Basically, in conclusion, the studies that I've submitted here follow the methodology that this Commission has already adopted with their recommendations. Thank you.

MS. WHITE: Ms. Caldwell is available for cross examination.

MR. GRAHAM: We have no questions.

COMMISSIONER DEASON: Staff.

MR. FORDHAM: Thank you, Commissioner.

CROSS EXAMINATION

BY MR. FORDHAM:

Q Ms. Caldwell, you just stated in your summary that the cost study is based on the methodology of PSC Order 980604 of April 29, 1998; is that correct?

A That is correct.

Q Okay. If you would, do you have your exhibit DDC-1 in front of you?

A Yes.

Q If you would turn, please, to Page 32, is that the cost study for network terminating wire, NTW site survey per MDU/MTU complex?

A Page 32. Correct.

Q Now, included in the activities for the site survey is a category "Service Inquiry." Do you find that?

A Yes.

Q Now, the Service Inquiry category includes the account team, installation and maintenance and the LCSC; is that correct?

A That is correct.

Q Now, if you'd turn, please, to the next page, Page 33 of that same exhibit, and that page details the components of the nonrecurring cost study for NTW site setup for access terminal at the same MDU/MTU complex, right?

A Correct.

Q Now, included in the activities for the site survey is the category "Service Inquiry," correct?

A Correct.

Q Would you agree that the LCSC is the only function listed under Service Inquiry?

A Yes, for this one.

Q Now, turn, please, on over to Page 37 of that same exhibit. This page details the components of the nonrecurring cost study for a service visit charge associated with provisioning same MDU/MTU complex per LSR; is that correct?

A Correct.

Q Now, included in the activities for the service visit charge is the category "Service Order." Do you find that?

A Yes, I do.

Q Okay. Service Order includes the work management center and the installation and maintenance, does it not?

A Yes, it does.

MR. FORDHAM: Now, with Commissioner Deason's permission I'd like to hand each of the Commissioners and the attorneys pages from that Order that I'd like to cite to. (Documents handed out.)

Q **(By Mr. Fordham)** If you would, Ms. Caldwell, read the highlighted portion on Page 90.

A "We eliminate service inquiry and service order from consideration for the reasons set forth in Part 4 below."

Q Okay. Now, if I can hand you next an excerpt -- you probably already have that, it was handed out the same time -- Page 165. If you'd read the highlighted portion of 165, please.

A "Upon consideration, we find that BellSouth's LCSC costs are components of its OSS and, therefore, they must be excluded from recovery in

these proceedings. Indeed, all ordering charges, manual or electronic, shall be excluded from the nonrecurring rates in these proceedings."

Q Okay. Ms. Caldwell, now if your cost study is based on the Order that we mentioned earlier, I'm having trouble understanding why the Service Inquiry and Service Order categories are included in the cost studies for the three rate elements we just discussed.

A Yes. I think I mentioned this in my summary. The way we looked at this is we interpret this is in terms of firm order, and if you look at in particular the first item, I believe that was on Page 32, which was the site survey per MDU/MTU complex. What we're doing there is we do not have an order at this time. We're just surveying the particular site where the NTW would be ordered. So our interpretation was that was a specific type activity that would be handled by the LCSC that was not as a result of an ordering.

Q Okay. I had read that Order to totally eliminate that category.

A I guess it's in terms of just how we interpreted it. It is identified in the study separately, so it could be handled in any way the Commission sees fit. We can do that.

Q Okay.

MR. FORDHAM: No further questions.

COMMISSIONER DEASON: Commissioners.

COMMISSIONER JACOBS: On your page -- I want to figure out what the exact amount of that is. And I'm looking at your exhibit that's labeled Page 1, but there are several Page 1s. I guess this is right after the introduction and summary of your exhibit, and this is the Summary Report. Unbundled Network Cost Element Summary Report.

WITNESS CALDWELL: Yes, sir.

COMMISSIONER JACOBS: Is that amount included in one of these categories here?

WITNESS CALDWELL: Yes, sir. In particular, the item that's labeled 15.2, the survey per MDU/MTU complex.

COMMISSIONER JACOBS: Okay.

WITNESS CALDWELL: That $171 is a result of the calculations on Page 32. It's not all of it but it is a portion. For instance, I believe the account team is like five minutes.

COMMISSIONER JACOBS: Okay. Thank you.

COMMISSIONER DEASON: Redirect.

REDIRECT EXAMINATION

Q **(By Ms. White)** Ms. Caldwell, on Page 32 of

your exhibit, under Service Inquiry.

A Yes.

Q How much time do you have down there for the LCSC?

A The LCSC has -- that would be Item 2300. It has half an hour.

Q What about the -- how much total time for the service inquiry?

A An hour and five minutes.

Q On Page 37 of your exhibit, how much time is there for the Service Order?

A Half hour.

Q And under that Service Order on Page 37, the work that is being accomplished under that description, Service Order, does that have to do with putting the order together itself?

A No, it does not. The order has already been passed through the LCSC. That time was excluded. The only thing included here is the time to dispatch the technician, and then for the I&M gentlemen that's being dispatched to set up their records.

Q Thank you.

MS. WHITE: I have nothing further.

COMMISSIONER DEASON: Exhibits.

MS. WHITE: BellSouth would move Exhibit 17.

COMMISSIONER DEASON: Without objection, Exhibit 17 is admitted.

(Exhibit 17 received in evidence.)

COMMISSIONER DEASON: Ms. Caldwell, you may be excused.

(Witness Caldwell excused.)

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MR. GRAHAM: Thank you, Commissioner Deason. MediaOne would call its last witness, Mr. Jim Maher.

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JIM MAHER

was called as a witness on behalf of MediaOne Florida Telecommunications, Inc. and, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. GRAHAM:

Q Good afternoon, Mr. Maher. For the record, please, could you state your name and address, please?

A My name is Jim Maher and my address is 188 Inverness Drive West, Englewood, Colorado 80112.

Q Could you describe your current position with MediaOne and give a short description of your employment background?

A My current position with MediaOne, I am an Access Product Manager and responsible for our access

services arrangements, as well as contractural arrangements with other carriers. I have had 22 years experience in the telecommunications industry working in product management and product development, associated with database and AIN SS7 services, as well as network planning, and have worked for U.S. West Communications, Qwest Communications and now MediaOne.

Q And what's the purpose of your prefiled testimony today?

A The testimony I filed regarding CNAM database queries was filed to demonstrate the following points: One, that MediaOne intends to honor its existing calling name delivery contract with BellSouth and migrate to a per query usage rate.

Two, BellSouth has proposed a CNAM rate of one cent per query. We believe that rate is exorbitant compared to the rates under the existing BellSouth MediaOne calling name contract, and far in excess of the cost and prices of similar services such as local number portability database.

BellSouth is the only database provider of CNAM for BellSouth telephone numbers, and MediaOne's Caller ID service is extremely dependent upon BellSouth's CNAM data. And also CNAM should potentially be considered an unbundled network element

and the price based on cost.

BellSouth and MediaOne currently have a calling name contract that provides for calling name delivery at $50 per month for every 1,000 MediaOne telephone lines, about five cents per line per month. That contract allows BellSouth to implement a per query rate once measurement capability is available. That measurement availability is there now and BellSouth is proposing a rate of one cent per CNAM query.

Based on BellSouth's suggested average 225 queries per line per month, that equates to $2.25 per line, a 40 fold increase over the existing price.

BellSouth has similar database services that are priced at a query rate far below the CNAM rate proposed by BellSouth. One such service, the local number portability service, is priced at approximately 5% to 13% of the proposed CNAM rate, depending on volume.

The BellSouth CNAM database should have significantly more volume that the LNP database because it is used by BellSouth for providing its own Caller ID retail service offering. If anything, CNAM queries should be priced below the LNP rate.

For purposes of this proceeding, the

Commission should determine the CNAM database is an unbundled network element and it should require BellSouth to submit an appropriate cost study so the Commission can determine a cost base rate. In the interim, the Commission should allow BellSouth to charge no more than its highest per query rate for LNP database. Thirteen hundredths of a cent per query.

Q Thank you. Is that an accurate summarization of the Rebuttal Testimony that you have previously filed with the Commission?

A Yes, it is.

Q If I asked you any of the questions today that are contained within your rebuttal testimony, would you change any of those answers?

A No, I wouldn't.

MR. GRAHAM: At this time I'd ask that Mr. Maher's testimony be submitted into the record as though read.

COMMISSIONER DEASON: Without objection, it shall be inserted into the record.

1Q: Please state your name and business address.

2A: My name is Jim Maher. My business address is 188 Inverness Drive West, Englewood,
3 CO.

4Q: Please identify your employer and your current position.

5A: I am employed by MediaOne as Product Manager , Access Services. In that position, I
6 manage access and interconnection agreements and arrangements between MediaOne and
7 other carriers.

8Q: Please describe your employment history.

9A: I have twenty years experience in the telecommunications industry with U S WEST,
10 Qwest and MediaOne, including work in product management and product development,
11 network engineering, and carrier account management.

12Q: What is the purpose of your rebuttal testimony?

13A: The purpose of my rebuttal testimony is to rebut the testimony of Alphonso J. Varner of
14 BellSouth Telecommunications (BST) on the pricing of Calling Name (CNAM) database
15 queries.

16Q: What is the CNAM database?

17A: The CNAM database contains telephone numbers and the associated customer names.
18 When a MediaOne customer with Caller ID receives a call, the calling party's carrier will
19 transmit the calling party's telephone number. When the call reaches MediaOne's switch,
20 the switch launches a query to the CNAM database; the database matches the calling
21 party's telephone number to a customer name and transmits the name back to the switch.
22 The switch then transmits the telephone number and the name to the called party, where
23 the information shows up on the called party's Caller ID display.

1Q: Who provides CNAM databases?

2A: The incumbent LECs. In Florida, BST provides the competitive LECs, including
3 MediaOne, with access to its CNAM database. BST also stores MediaOne's customers'
4 names and telephone numbers in its CNAM database.

5Q: Can any other supplier provide MediaOne with access to BST's CNAM data?

6A: No. Each ILEC's CNAM database includes only its subscribers and the subscribers of
7 other LECs who store their subscribers' names and telephone numbers there. We can get
8 CNAM access from, say, Bell Atlantic in Massachusetts and Virginia, but not in Florida or
9 Georgia. BST is our only option here.

10Q: Does MediaOne need CNAM access to provide Caller ID?

11A: Yes. MediaOne customers who get Caller ID, and nearly all of them do, have come to
12 expect that they will receive both the calling number and calling name. If MediaOne could
13 not get access to calling-name information, we would be at a tremendous competitive
14 disadvantage. Indeed, in Exhibit AJV-2 attached to Mr. Varner's testimony, BellSouth
15 argues that its carrier-customers should purchase its CNAM service because, in "a
16 competitive environment," carriers must "ensure they offer the features customers want . .
17 ."

18Q: Mr. Varner claims (at page 14, lines 13-16) MediaOne is attempting to be relieved of its
19 obligations under its existing CNAM agreement with BST. Is that true?

20A: No. MediaOne fully intends to live up to its obligations under the existing agreement (Ex.
21 AJV-1). That agreement provides that BST will charge MediaOne fifty dollars per 1,000
22 access lines per month for CNAM service (see Exhibit A to the agreement). It further
23 states that this rate will "convert to a per query usage rate" once BST has the necessary

system capabilities, but it does not establish what that rate will be. MediaOne has not agreed to pay whatever rate BST might wish to charge.

Q: Do you agree with Mr. Varner's contention that CNAM is not an unbundled network element?

A: I am not aware that any regulatory commission (including the FCC) has ruled one way or the other on this issue. The Communications Act defines a "network element" to include "databases . . . used in the transmission, routing, or other provision of a telecommunications service" (47 USC, 153(29)). Mr. Varner contends that CNAM cannot be a network element because it plays no role in the completion of a call. His argument overlooks the fact that the FCC has ruled that Calling Name Delivery is "adjunct-to-basic" (CC Docket No. 91-281, 10 FCC Rcd. 11700, para. 131) and thus itself a telecommunications service (see, CC Docket No. 96-149, 11 FCC Rcd. 21905, para. 107). Because BST's CNAM service is essential to MediaOne's delivery of calling name to its Caller ID customers, the Public Service Commission can and should determine that it is an unbundled network element.

Q: What would be an appropriate rate for CNAM?

A: I cannot say precisely because I do not know what it costs BST to provide the service. I can suggest three comparative benchmarks. First, the current flat-rate price ($50 per 1,000 access lines per month) equates to about six cents per line per month for MediaOne. Assuming an average line generates 225 queries per month (see Ex. AJV-2), BST's proposed price (one cent per query) equates to a charge of $2.25 per line per month, more than a thirty-fold increase.

Second, the PSC should also consider BST's charges for local number portability (LNP)

database queries; the LNP database is similar to the CNAM database and has similar costs. BST charges for LNP queries on a sliding scale based on volumes. At very low volumes, BST charges $.0013 per query; at the highest volumes, it charges $.0005 per query. Finally, BST charges $.00383 for 800 database queries. The 800 database also has similar costs to CNAM. BST's CNAM database will, however, receive many more queries because its primary use is to provide calling name to BST's own Caller ID customer. The CNAM rate should thus be much lower than the 800 database rate.

BST's proposed rate is far too high when compared to other similar services. Until BST can submit a proper cost study, the PSC should allow BST to charge no more than its highest rate for LNP query service, $.0013 per query. That equates to about 30 cents per month per Caller ID line, which still represents a five-fold increase over current rates.

Q: Does that conclude your testimony?

A: Yes.

COMMISSIONER DEASON: The witness is tendered.

MR. GRAHAM: Oh, yes.

COMMISSIONER DEASON: Mr. Carver.

MR. CARVER: Thank you.

CROSS EXAMINATION

BY MR. CARVER:

Q Good afternoon, Mr. Maher.

A Good afternoon.

Q Any name is Phil Carver and I represent BellSouth.

You mentioned in your summary the current CNAM contract between BellSouth and MediaOne. That earlier agreement is a stand-alone agreement, is it not?

A That's my understanding.

Q So in other words, it was not part of the prior Interconnection Agreement between MediaOne and BellSouth, correct?

A Correct.

Q Does MediaOne have an Interconnection Agreement with any ILEC in the entire country that includes access to CNAM databases?

A That I don't know.

Q If they do, you're not aware of it, in other

words.

A That's right.

Q Now, I believe you said in your summary that -- just to confirm -- that the rate that BellSouth has proposed is per query rate of one cent per query, correct?

A Correct.

Q Now, the access to the CNAM database, regardless of where you get it from, is used by MediaOne to provide the caller name portion of Caller ID, correct?

A That's correct.

Q You did not use that to provide any other service, do you?

A No, we don't.

Q And Caller ID is a vertical service, correct?

A Yes.

Q So in other words, you do not need access to the CNAM database to complete the telephone call itself, correct?

A That's correct.

Q Okay. Now, MediaOne has contracted to obtain caller name databases or access to databases with other companies around the country, correct?

A Correct.

Q And I believe you have contracted with Bell Atlantic, with Ameritech and with a company called Illuminet; is that right?

A We don't have a contract with Bell Atlantic for CNAM database at this point I believe. In the deposition I misstated it and thought that in Richmond, Virginia we had CNAM database capability with Bell Atlantic, but in fact that is with Illuminet. We signal, through our signalling network, to Bell Atlantic in Richmond, but we don't have a arrangement with Bell Atlantic.

Q So if I understand your correction accurately, then in Virginia you use Illuminet to provide you with access to CNAM databases, correct?

A We provide access to the Bell Atlantic database, that's correct.

Q So in other words, you're ultimately accessing the Bell Atlantic data base but you get that service from Illuminet?

A That's correct.

Q And I believe you also use Illuminet in California; is that correct?

A Yes.

Q So Illuminet in that case is giving you

access to whose database?

A To Pac Bell and GTE.

Q And are you using Illuminet anywhere else to get access to ILEC databases?

A No, we're not.

Q Now, if you wanted to you certainly could enter into an arrangement with Illuminet to get access to BellSouth's CNAM database in Florida, could you not?

A We could do that, yes. It would be -- as was pointed out earlier, it would be the BellSouth per query charge in addition to an additional rate, a hubbing charge, that Illuminet would charge us.

Q Well, have you actually talked to Illuminet to ask them what they would charge you for Florida?

A For Florida, yes, we have.

Q You have?

A Yes. We also have a contract with Illuminet. It's under a nondisclosure, but it does demonstrate that we would pay a higher charge to go through Illuminet to go to BellSouth, and verbally they've even quoted us a rate that's high than the contract specified. So we would need to get that clarified.

COMMISSIONER DEASON: What do you say --

contract rate with BellSouth?

WITNESS MAHER: No. It's a contract rate with Illuminet.

COMMISSIONER DEASON: That rate is higher than what?

WITNESS MAHER: That it is higher than the BellSouth proposed rate of one cent per query. The language is that basically they will charge the query rate plus a transport charge.

In addition to that, we do have a proposal from another source to get CNAM data from BellSouth for Florida, but that, too, would be much more expensive because they charge a higher price than BellSouth, plus a transport charge. Because obviously they have a cost in providing that service and then the penny per query charge from BellSouth to them.

Q I'm a little confused. Do you recall being deposed three days ago?

A Yes.

Q Now, at that time do you recall telling me that MediaOne had not investigated to determine what other carriers -- or I'm sorry, what other companies would charge it for access to BellSouth database?

A That's true. So if this -- if you're asking me on my deposition what I stated, that's true. What

we immediately did, and what I went out and verified was what our contractural arrangements were and then immediately got in touch with Illuminet to find out what they would charge us, as well as verifying that we had any other alternative proposals in front of MediaOne.

Q Okay. So at the time you filed your arbitration petition, you had made no effort at all to investigate what other companies would charge you?

A At that time I didn't know what they would charge us, no. The reason is I just assumed it would be the same charge of BellSouth's per query rate plus their hubbing charge.

Q And if I understand your testimony, what you're telling us is that in the last three days you have investigated that and you found that these other companies will charge you a higher amount, but you can't tell us what the amount would be. Is that correct?

A I'm not clear -- it's under contract and nondisclosure and I'm not clear on whether this is a forum for providing that information.

Q So, I'll just ask you the question. Can you tell me what they quoted you?

A Oh, yes. We were quoted 1.8 cents to query

the BellSouth database.

Q Okay. So, for example, if you wanted -- was this from Illuminet?

A Yes.

Q Okay. So Illuminet told you that if you wanted to use them to query the BellSouth database it would cost you 1.8 cents?

A That's correct.

Q And that's what you actually pay Illuminet to query the database of PacTel in California, correct?

A Yes.

Q Okay. And in Bell Atlantic territory, what do you pay Illuminet there to query their database?

A Bell Atlantic is also 1.8 cents. Through Illuminet.

Q I just want to clarify one thing about technically the way this works. The access to the CNAM database is tied in to the customer who initiates the call, correct?

A It's tied into the -- say that again, please.

Q Okay. Let me try to give you an example. Let's see if I can make it a little more concrete.

Let's assume that MediaOne is providing

service in Florida and one of your customers gets a call from a customer in, say, Maryland, okay. Then the information that you would utilize would come from Bell Atlantic's database, even though you're providing the service in Florida, right?

A Right.

Q Okay. So for purposes of serving customers in Florida, you're actually going to be drawing on all of these different databases that you've contracted for around the country, right?

A But we don't contract with the database providers themselves, it's a contract through Illuminet.

Q Right. But my point is that part of your providing service in Florida, you'll be drawing on the Illuminet contract, the contract with Ameritech that I believe you have; is that correct? You have a contract with Ameritech?

A That -- I'm not clear on our arrangements with Ameritech.

Q Well, you will be drawing on databases from Illuminet or other carriers from other parts of the country even though you're providing telephone service in Florida correct?

A Right.

Q Okay.

COMMISSIONER CLARK: Mr. Maher, have you requested this service be included in any other of your negotiated interconnection agreements?

WITNESS MAHER: I can't speak to that. I know that we've only -- the only other arbitration we have is in Massachusetts and it wasn't part of our Massachusetts agreement because we're using Illuminet. I don't know if we've -- I don't know the relationship into our other interconnection agreements.

COMMISSIONER CLARK: Well, let me ask it this way: Why didn't you ask it be part of the arbitration if you're asking that it be priced a certain way? Why didn't you ask it -- as I understand what you're asking here, you're saying it should be an UNE.

WITNESS MAHER: Right.

COMMISSIONER CLARK: And because it should be an UNE, there are certain pricing guidelines that BellSouth has to adhere to.

WITNESS MAHER: Right.

COMMISSIONER CLARK: If those were important to you, why didn't you negotiate the same things with the incumbent local exchange companies rather than Illuminet?

WITNESS MAHER: The only arbitration we have been involved in, again, is Massachusetts, and Bell Atlantic does not have the capacity at this point to store our data. And that's why in both Richmond and in Boston we have chosen to store our data, or have had to store our data with Illuminet and BellSouth -- and I don't want to mix up the storage issue with the per query price that the ILECs are charging. But this was the real first opportunity that we had to have a contract and then arbitrate on behalf of the per query price.

COMMISSIONER CLARK: Let me see if I can understand it clearly. The reason you're saying you did not -- who is in Massachusetts?

WITNESS MAHER: Bell Atlantic.

COMMISSIONER CLARK: Bell Atlantic. And they did not have the capability to store your data in addition to their data and you wanted it had located in one query area?

WITNESS MAHER: No. It just wasn't part of our Interconnection Agreement so we didn't arbitrate it at that point. And I would have to defer to counsel on some of the specifics.

COMMISSIONER CLARK: Well, I'm just questioning, if it is important here to be a UNE and

part of your Interconnection Agreement, I'm curious as to why it was not important in Bell Atlantic to be part of your Interconnection Agreement.

WITNESS MAHER: And I think this is our first real opportunity to arbitrate the CNAM rate. Our intention with MediaOne nationwide will be going forward at any opportunity to arbitrate the CNAM rate because we think it's at market rates that are excessive and are a hindrance to a new entrant. But --

COMMISSIONER CLARK: Well, I guess you're saying this is your first opportunity to arbitrate it. Why wasn't it included in your initial interconnection charges, I mean in your initial interconnection agreements with all local incumbent telephone companies?

WITNESS MAHER: I don't know if that's because as MediaOne opted into existing agreements or not, I can't answer that.

COMMISSIONER CLARK: Okay.

COMMISSIONER JACOBS: Do you know if in those other areas it was available as a UNE?

WITNESS MAHER: Pardon?

COMMISSIONER JACOBS: Do you know if in those other areas it was available as a UNE?

WITNESS MAHER: I don't know that it is available as UNE anywhere else, no. I would say that the pricing that we've seen would suggest that it's not -- if a UNE dictates a pricing level, it's definitely not an UNE based on the pricing that's out there in the market today.

MR. GRAHAM: Commissioner Deason, this might be a little out of line, but Mrs. Keesen has been the person at MediaOne that's been involved in the situation in Massachusetts that would answer the question that Commissioner Clark has, if you'd like to hear from the attorney.

MR. CARVER: No, I object to their attorney presenting testimony as to what's occurred in other states. There's a witness on the stand under oath and he's the person who should answer if anyone answers.

MR. GRAHAM: Well, the witness didn't cover that in his direct, or rather in his rebuttal testimony. It's just an ability to get an answer across.

COMMISSIONER CLARK: Mr. Chairman, I don't see any need for an attorney to testify. It strikes me that it would be part of the witness's testimony to corroborate why he thinks it should be a UNE, and to the extent it wasn't covered and he doesn't have

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V

OFFICIAL RECOGNITION LIST

STATE COMMISSION ORDERS & DOCUMENTS

1. Florida Public Service Commission - Order No. PSC-98-1216-FOF-TP
2. Florida Public Service Commission - Order No. PSC-99-0658-FOF-TP
3. Florida Public Service Commission - Order No. PSC-98-0604-FOF-TP
4. Florida Public Service Commission - Order No. PSC-96-1579-FOF-TP
5. Florida Public Service Commission - *Report on Access by Telecommunications Companies to Customers in Multitenant Environments*

FCC ORDERS & DOCUMENTS

6.	FCC Order No. 86-513 (DN 79-105)	-	Detariffing the Installation and Maintenance of Inside Wire
7.	FCC Order No. 95-187 (DN 91-281)	-	Policies Regarding Calling Number Identification Service
8.	FCC Order No. 96-286 (DN 95-116)	-	1st Report and Order and Further NPRM (Number Portability)
9.	FCC Order No. 96-325 (DN 96-98)	-	Interconnection Order
10.	FCC Order No. 96-394 (DN 96-98)	-	Order on Reconsideration
11.	FCC Order No. 96-489 (DN 96-149)	-	Implementation of the Non-Accounting Safeguards of Sections 271 and 272
12.	FCC Order No. 97-209 (DN 88-57)	-	Review of Sections 68.104 & 68.213- Connection of Simple Inside Wiring
13.	FCC Order No. 99-38 (DN 96-98)	-	Declaratory Ruling: Inter-Carrier Compensation for ISP Bound Traffic

COURT DECISIONS

14. AT&T Corp., et al. v. Iowa Utils. Bd. et al., 119 S.Ct. 721 (1999)

TARIFFS

15. BellSouth's FCC Tariff No. 1
16. BellSouth's Florida General Subscriber Services Tariff

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 1
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Stip - 1

PARTY: BellSouth

DESCRIPTION:

1. **Responses to Staff's 1st Set of Interrogatories Items 11, 15-17 - Page 1**

2. **Responses to Staff's 2nd Set of Interrogatories Items 19, 21-23 - Page 7**

3. **Responses to Staff's 4th Set of Interrogatories Items 26-32, 34-43 - Page 18**

4. **Responses to Staff's 5th Set of Interrogatories Item 44 - Page 42**

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 2
COMPANY/ WITNESS: FPSC Staff
DATE: 1-9-9900

I.D. # Stip-1

REQUEST: On page 13, lines 10-24, and page 14, lines 1-9, witness Lane discusses CNAM database queries.

(a) What does BellSouth currently charge MediaOne for CNAM database queries?
(b) What are BellSouth's proposed rates to MediaOne for CNAM database queries?
(c) If the current and proposed CNAM rates are different, please explain in detail why they are different.
(d) Are either the current CNAM rates or the proposed CNAM rates based on a cost study?
(e) If the answer to (d) is yes, what are the results from the cost study?
(f) If the answer to (d) is yes, when was the cost study prepared?

RESPONSE:

(a) Because the ability to bill on a per query basis is not currently available, BellSouth bills its CNAM database storage customers on a flat rate basis. The current flat rate billed to MediaOne is $50 per month per 1000 names stored. Per query billing capability will be implemented beginning July 1, 1999.
(b) The per query rate for companies that store their end user names in BellSouth's CNAM database is $.01 (one cent per query).
(c) The current flat rate being charged to MediaOne is different from the proposed rate due to the inability to bill on a per query basis.
(d) No. CNAM is appropriately priced at market rates.
(e) N/A
(f) N/A

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: On page 8, Attachment 2, Agreement, Section 6.1, it is stated that "Where facilities permit and necessary to comply with an effective Commission order, BellSouth shall offer access to its Unbundled Sub-Loop (USL), Unbundled Sub-Loop Concentration (USLC) System and Unbundled Network Terminating Wire (UNTW) elements."

(a) Please describe the facility conditions or characteristics that would permit access to UNTW in a multi-tenant building (MTB).
(b) Please describe the facility conditions or characteristics that would not permit access to UNTW in a multi-tenant building (MTB).
(c) Please provide an estimate of the total number of MTBs at issue in this arbitration.
(d) Of the total number identified in (c), how many MTBs have the necessary conditions or characteristics that would permit access to the UNTW?

RESPONSE:

(a) BellSouth initially offers access to UNTW through the offering of any spare pairs that are available to an end-user's premises. Available spare pairs are defined as pairs that are not being utilized by BellSouth or by a third party to provide an end-user with working service at the time of an ALEC's request for UNTW. BellSouth will retain the first pair of UNTW going into each end-user premises. If no spare pairs are available and the end-user is no longer using BellSouth's local service, BellSouth will relinquish the first pair to the ALEC. If, after BellSouth has relinquished the first pair to the ALEC, the end-user decides to reinstate BellSouth as its local service provider, the ALEC will relinquish the first pair back to BellSouth.

(b) BellSouth does not offer UNTW in a MTB in which BellSouth does not own the wiring to the end-user demarcation point. Additionally, UNTW will not be available in situations where all pairs are being used to provide service to the end-user and the end-user has expressed no plans to disconnect service.

RESPONSE: (Cont.)

(c) BellSouth does not know the total number of MTBs in which MediaOne will request access to UNTW. Furthermore, BellSouth has no basis upon which to make an estimate of such a number.

(d) Each MTB in which MediaOne requests access to UNTW would have to be judged on a case by case basis to determine if the conditions described in part (a) preceding exist to provide UNTW. Therefore, the total number is not known and can not readily be determined.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: As provided on page 10, Attachment 2, Agreement, Section 6.4, MediaOne's preferred NTW arrangement is a common cross-connect arrangement at a single Minimum Point of Entry (MPOE) location. Assuming MediaOne's preferred NTW arrangement is incorporated in the agreement:

(a) Which party (MediaOne or BST) would be responsible for providing the hardware and performing the installation of the common cross-connect in qualifying multi-tenant buildings (MTBs)?
(b) If the responsible party identified in (a) is BellSouth, what rate(s) would be assessed for establishing the common cross-connect?
(c) If the responsible party identified in (a) is not BellSouth, would BellSouth anticipate a charge from MediaOne for providing the common cross-connect? Please explain your response.
(d) If a price is provided in response to (b), please itemize each cost element and explain the rationale for each cost element.

RESPONSE: BellSouth believes its response will be more clearly understood if the opening sentence of the request is reworded as follows:

As set forth on page 10, Attachment 2, Agreement, Section 6.4, MediaOne's position statement supporting its suggested changes to this section, MediaOne states that its preferred NTW arrangement is a common cross-connect arrangement at a single Minimum Point of Entry (MPOE) location.

Background Information

As BellSouth understands the Florida PSC's rules regarding demarcation points, the MediaOne concept of a Minimum Point of Entry (MPOE) is not in accordance with those rules. According to Florida PSC rules, BellSouth must extend its network facilities into each end-user's premises in a multi-tenant building (MTB). The MPOE referred to by MediaOne would require that a central demarcation point be established for each building or complex in violation of the PSC demarcation rule.

RESPONSE: (Cont.)

The following responses are provided for the hypothetical situation where the Florida PSC's demarcation rules would not apply.

(a) BellSouth will always be the party that performs or otherwise provides for any work associated with its network. Therefore, BellSouth would perform or have performed this work if the Commission so required such an arrangement.

(b) The rates would be established based on a time & materials charges associated with moving the demarcation point from the end-user premises to a central point. The cost would include installing the common cross-connect, installing outside network interface points to replace the inside network interfaces in each premises, and re-terminating the necessary wiring. No such cost analysis has been conducted to date.

(c) Not Applicable

(d) Not Applicable

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: On page 10 of Attachment 2, Agreement, Section 6.4, it is stated "BellSouth would be free to terminate the disconnection wire pairs on the carrier side of the MPOE in any fashion it so chooses."

(a) Does termination of the disconnection wire pairs require dispatch of a BellSouth technician to the MTB?
(b) If the response to (a) is no, please explain why dispatch of a BellSouth technician is not necessary.
(c) If the response to (a) is yes, please explain why dispatch of a BellSouth technician is necessary.
(d) If the response to (a) is yes, would BellSouth anticipate billing MediaOne for the dispatched technician? Explain.
(e) Please identify any charges that would be incurred by MediaOne for the dispatch of a BST technician.

RESPONSE: BellSouth does not know the meaning of "disconnection wire pair" as used by MediaOne and is thus unable to answer this interrogatory.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: Please refer to BellSouth witness Varner's direct testimony, page 11, lines 1-9. Please identify all FCC and FPSC orders and other documents which support witness Varner's statement that the CNAM "is not governed by the requirements of Section 251 or Section 252 of the Act, (therefore) the rates BellSouth charges for its CNAM database service is not an issue appropriate for arbitration.

RESPONSE: Section 251(d)(2) of the Telecommunications Act of 1996 contains the access standards for determining what network elements should be made available to CLECs. In making this determination, the FCC was to "consider, at a minimum, whether – (A) access to such network elements as are proprietary in nature is necessary; and (B) the failure to provide access to such network elements would impair the ability of the telecommunications carrier seeking access to provide the services that it seeks to offer."

In the Supreme Court's decision in AT&T Corp., et al v. Iowa Utilities Board, et al, issued January 25, 1999, the Supreme Court vacated the FCC's Rule 51.319 regarding the specific unbundling requirements. The Supreme Court found that

> "the FCC did not adequately consider the "necessary and impair" standards when it gave blanket access to these network elements, and others, in Rule 319". (Sup. Ct. Order, at pg. 20)

The Supreme Court also found that,

> "the Act requires the FCC to apply some limiting standard, rationally related to the goals of the Act, which it has simply failed to do." (Sup. Ct. Order, at pg.21)

On page 22 of the Supreme Court's decision, the Court concluded,

> "The Commission cannot, consistent with the statute, blind itself to the availability of elements outside the incumbent's network. That failing alone would require the Commission's rule to be set aside. In addition, however, the Commission's assumption that any increase in cost (or decrease in quality) imposed by denial of a network element renders access to that element "necessary", and causes the failure to provide that element to "impair" the entrant's ability to furnish its desired services is simply not in accord with the ordinary and fair meaning of those terms".

RESPONSE: (Cont.)

The Supreme Court has sent the FCC back to the drawing board with some specific instruction on how to approach Section 251(d)(2). Those instructions require the FCC to draw from Section 251(d)(2) a rational limiting standard on network element unbundling. The Supreme Court also instructed the FCC that in applying its limiting standard it *must* look beyond incumbent LEC networks in assessing the availability of present alternatives and the ability of CLECs to create alternatives through self-provisioning. The Supreme Court's instructions were informed by the fact that forced sharing may in fact displace competition with regulation rather than the reverse.

The FCC, as well as this Commission, must focus its test on maximizing benefits to customers. Creating entitlements for competitors to unbundled network elements under the FCC's current TELRIC pricing scheme cannot be the focus of a rational limiting standard on network element unbundling. The FCC could take an important initial step towards this goal by adopting a test it has already applied to network elements as the standard. Thus, the test under Section 251(d) should relate to whether an element is necessary to, or whether the failure to unbundle would impair, and efficient CLEC's meaningful opportunity to compete.

Until the FCC concludes its efforts to determine the elements that must be made available to CLECs on an unbundled basis, which will probably be several months, there is no minimum list of UNEs that BellSouth is required to offer. As an interim measure, BellSouth is proposing to provide CNAM database service although, technically, it is not a UNE, until the FCC's new rules become final. Because the required list of UNEs is unknown, it would not be appropriate to require application of FCC rules that apply to UNEs to BellSouth's CNAM database service during this interim period. When the FCC rules become finalized, BellSouth should be permitted to modify its CNAM database service offering to conform to the FCC's rules.

RESPONSE: (Cont.)

The market for the provision of signaling and databases is a national one. A CLEC that deploys its own switches, as MediaOne does, is free to link them to any signaling network it chooses in order to obtain access to call-related databases. CLECs may deploy their own signaling networks, or instead link to the signaling network of a third party. Many CLECs already use one or the other of these two options. CLECs do not need to replicate the ILEC architecture to provide ubiquitous signaling and database services. As noted in the response to Item No. 23, there are many CNAM database providers available that enable CLECs to provide their end users with deluxe caller ID services (name and number delivery). Thus, a CLECs ability to obtain access to an ILEC's CNAM database service is not necessary and as such, the CLEC would not be impaired without access to BellSouth's CNAM database service on an unbundled basis.

RESPONSE PROVIDED BY:

Alphonso J. Varner
Senior Director
675 W Peachtree Street
Atlanta, GA 30375

REQUEST: Please refer to MediaOne witness Maher's rebuttal testimony, beginning on page 3, line 23 and continuing through page 4, line 7.

a. Is BellSouth's LNP database "similar" to the CNAM database? Please explain your answer.

b. Are the costs of BellSouth's LNP database "similar" to those of the CNAM database? Please explain your answer.

c. What are the rates that BellSouth charges for each LNP database query?

d. Are the costs of the 800 database "similar" to those of the CNAM database? Please explain your answer.

e. What are the rates that BellSouth charges for each 800 database query?

RESPONSE: a. While both LNP and CNAM databases are stored on BellSouth's Advanced Intelligent Network ("AIN") platform, the structure of the query to each of these databases is different.

b. The per query cost for BellSouth's CNAM per Query Billing Database Service is approximately 27% of the per query cost for BellSouth's LNP Query Database Service. Differences are due primarily to differences in architecture and demand for the services. Though the services require the same type Signal Control Points (SCPs), the quantities of SCP pairs and service demand vary.

c. The rates BellSouth charges for each LNP database query are contained in BellSouth's FCC Tariff No. 12, Section 6.8.12. A copy of the tariff page containing the rates for LNP query is attached.

RESPONSE: (Cont'd)

d. BellSouth's 800 Access 10-Digit Screening Cost Study develops the cost per call (query) for 800 database service. BellSouth's CNAM cost per query is approximately 9% of the TSLRIC per query cost for BellSouth's 800 database service filed in Florida. Differences are due primarily to the differences in architecture, SCP vendors and service demand.

e. The rates BellSouth charges for each 800 database query are contained in BellSouth's FCC Tariff No. 1, Section 6.8.11 for interstates access and in BellSouth's Florida Access Services Tariff, Section E6.8.4. A copy of the tariff pages containing the query rates for 800 database is attached.

RESPONSE PROVIDED BY: Al Varner
Reg Starks
Directors
675 W. Peachtree St.
Atlanta, GA 30375

BELLSOUTH TELECOMMUNICATIONS, INC.
BY: Operations Manager - Pricing
29G57, 675 W. Peachtree St., N.E.
Atlanta, Georgia 30375
ISSUED: April 30, 1999

TARIFF F.C.C. NO. 1
1ST REVISED PAGE 6-178.2
Cancels ORIGINAL PAGE 6-178.2

EFFECTIVE: May 15, 1999

ACCESS SERVICE

6 - BellSouth SWA Service (Cont'd)

6.8 Rates and Charges (Cont'd) (S)(x)

6.8.12 BellSouth Local Number Portability Database Services (S)(x)

(A) BellSouth LNP Query Service (S)(x)

	Per Query	
(1) Month to Month Plan	$0.0013	(S)(x)

(2) Volume and Term Plan based on a monthly commitment of: (S)(x)

Monthly Query Volume	Rate per Query 3 Years	5 Years	7 Years	
16,500,000	$0.00126000	$0.00120000	$0.00114000	(S)(x)
18,500,000	$0.00110000	$0.00105000	$0.00100000	(S)(x)
21,500.000	$0.00095000	$0.00090000	$0.00086000	(S)(x)
25,500,000	$0.00084000	$0.00080000	$0.00076000	(S)(x)
29,500,000	$0.00074000	$0.00070000	$0.00067000	(S)(x)
35,000,000	$0.00063000	$0.00060000	$0.00057000	(S)(x)
100,000,000	-	-	$0.00050000	(S)(x)

	Per Query	
(B) BellSouth LNP Call Routing Service - per call delivered to the Telephone Company requiring a query and subsequently completed to the end user	$0.0050	(S)(x)

(x) Issued under authority of and in compliance with FCC Order DA 98-2534.

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BELLSOUTH TELECOMMUNICATIONS, INC.
BY: Operations Manager - Pricing
29G57, 675 W. Peachtree St., N.E.
Atlanta, Georgia 30375
ISSUED: OCTOBER 21, 1998

TARIFF F.C.C. NO. 1
6TH REVISED PAGE 6-178.1
CANCELS 5TH REVISED PAGE 6-178.1
EFFECTIVE: NOVEMBER 5, 1998

ACCESS SERVICE

6 - BellSouth SWA Service (Cont'd)

6.8 Rates and Charges (Cont'd)

6.8.11 Toll Free Dialing Database

BellSouth SWA Toll Free Dialing Ten Digit Screening Service

	Per Query
- Per Toll Free Dialing Call Utilizing BellSouth SWA 8XX Toll Free Dialing Ten Digit Screening Service with Toll Free Dialing Number Delivery	$.00421
- Per Toll Free Dialing Call Utilizing BellSouth SWA 8XX Toll Free Dialing Ten Digit Screening Service with Toll Free Dialing Number Delivery for Toll Free Dialing Numbers with Optional Complex Feature, i.e., Call Handling and Destination Features	$.00431
- Per Toll Free Dialing Call Utilizing BellSouth SWA 8XX Toll Free Dialing Ten Digit Screening Service with POTS Number Delivery	$.00383
- Per Toll Free Dialing Call Utilizing BellSouth SWA 8XX Toll Free Dialing Ten Digit Screening Service with POTS Number Delivery for Toll Free Dialing Numbers with Optional Complex Feature, i.e., Call Handling and Destination Features	$.00431

(D)
(D)
(D)

Certain material previously appearing on this page now appears on Original Page 6-178.2.

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E6. BELLSOUTH SWA SERVICE (T)

E6.8 Rates and Charges (Cont'd)

E6.8.3WATS Access Line (a.k.a. BellSouth SPA WATS Line) Service (Cont'd) (T)

B. Installation Charges (Cont'd)

4. Conversion to a Four-Wire Termination Arrangement (T)

	Nonrecurring Charge	USOC	
(a) Each arrangement[1]	$85.75	NA	(T)

E6.8.4 BellSouth SWA 8XX Toll Free Dialing Ten Digit Screening Service (T)

A. ***BellSouth SWA 8XX Toll Free Dialing*** Ten Digit Screening Service (T)

1. Per 800 Call Utilizing ***BellSouth SWA 8XX Toll Free Dialing*** Ten Digit Screening Service with 800 Number Delivery

	Monthly Rate	USOC
(a) Per query (all companies except Vista-United)	$.004	NA
(b) Per query (Vista-United)	.0081	NA

2. Per 800 Call Utilizing ***BellSouth SWA 8XX Toll Free Dialing*** (T)
Ten Digit Screening service with 800 Number Delivery for 800 Numbers with Optional Complex Feature, i.e., Call Handling and Destination Features[3]

(a) Per query (all companies except Vista-United)	.0045	NA
(b) Per query (Vista-United)	.0094	NA

3. Per 800 Call Utilizing ***BellSouth SWA 8XX Toll Free Dialing*** (T)
Ten Digit Screening service with POTS Number Delivery

(a) Per query (all companies except Vista-United)	.004	NA
(b) Per query (Vista-United)	.0081	NA

4. Per 800 Call Utilizing ***BellSouth SWA 8XX Toll Free Dialing*** (T)
Ten Digit Screening Service with POTS Number Delivery for 800 Numbers with Optional Complex Feature, i.e., Call Handling and Destination Features[2]

(a) Per query (all companies except Vista-United)	.0045	NA
(b) Per query (Vista-United)	.0094	NA

Note 1: Central Office Work Charge is applicable for all access lines connected.

Note 2: This element cannot be billed prior to July 1, 1993. Prior to July 1, 1993, the applicable query rate element, with 800 number delivery or with POTS number delivery, will be applied.

SWITCHED ACCESS FGD

	AL	FL	GA	KY	LA	MS	NC	SC	TN	FCC
OCCL	0.004212	0.01000	0.00333	0.00000	0.00441	0.01000	0.000000	0.01000	0.011400	0.014127
TCCL	0.004212	0.01767	0.00333	0.00000	0.0006830*	0.000352	0.04300*	0.02639	0.020800	0.000056
TRANSPORT										
DS1 LOCAL CHANNEL - ZN1 ***	0.000765	0.000765	0.000765	0.000857	0.000765	0.000765	0.000765	0.000765	0.000765	0.000857
INTERCONNECTION	0.00000	0.00000	0.000101	-	0.00000	0.001066	0.007772	0.005750	0.004937	-
Originating	-	-	-	0.000518	-	0.000000	-	-	-	0.000518
Terminating	-	-	-	0.000000	-	0.000000	-	-	-	0.000000
DS1 INTEROFFICE CHANNEL - ZN1 ***	0.001566	0.001107	0.001589	0.001566	0.001107	0.001566	0.001566	0.001566	0.001566	0.001566
LS2	0.007460	0.008760	0.00787	0.004773	0.007550	0.006953	0.010880	0.010950	0.01316	0.004773
DS1 Direct End Office Trunk	-	-	-	0.000803	-	0.000803		-	-	0.000803
Information Surcharge	0.000322	-	-	0.000321	-	-	-	0.000374	-	0.000321
Composite FGD Originating - ZN1 **	0.014325	0.020632	0.013655	0.008838	0.013832	0.020087	0.020983	0.029405	0.031828	0.022965
Composite FGD Terminating - ZN1 **	0.014325	0.028302	0.013655	0.008320	0.016252	0.010439	0.064383	0.045795	0.041228	0.008376
NTSRRR	-	-	-	0.030800	-	-	-	-	-	-
FGD Orig & Term - ZN1 **	0.028650	0.048934	*0.027310*	0.047958	0.030084	0.030526	*0.085366*	0.075200	0.073056	0.031341
FGD Orig & Term - ZN2 **				0.048028						0.031503
FGD Orig & Term - ZN3 **				0.048084						0.031651
PICC	-	-	-	-	-	-	-	-	-	0.004017
SLC	-	-	-	-	-	-	-	-	-	0.001564
LNA - Listed Name and Address, Per Record	0.060	0.060	0.060	0.060	0.060	0.060	-	0.060	0.060	-
CAR - Change Activity Register, Per Record	0.062	-	0.062	0.062	0.062	0.062	-	0.062	0.062	-
800 Data Base										
Per 800 call with 800 Delivery	0.00365	0.004	0.00365	0.00421	0.004	0.00365	0.004	0.004	0.004	0.00421
Per 800 call with 800 Delivery for 800 numbers with complex features	0.00431	0.0045	0.00431	0.00431	0.0045	0.00431	0.0045	0.0045	0.0045	0.00431
Per 800 call with POTS Delivery	0.00383	0.004	0.00383	0.00383	0.004	0.00383	0.004	0.004	0.004	0.00383
Per 800 call with POTS Delivery for 800 numbers with complex features	0.00431	0.0045	0.00431	0.00431	0.0045	0.00431	0.0045	0.0045	0.0045	0.00431
500 Access Service, Per Call	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.10	0.010

* The NC High Cost Fund of $0.0001 and the LA Exchange Association Fund Surcharge if $0.000242 are included in the [illegible]

** Composite rates include Carrier Common Line, Local Transport 8-16, DS1 Switched Transport, Local Switching 2 [illegible] (Per 100 MOU)

*** Reflects 7,290 minutes of use per voice grade equivalent, DS1 Switched Transport and Interoffice Switched Transport [illegible]

FCC - Access Reform Adjustments - Filed: 12/17/98 Effective: 1/1/99

GA - Access Reduction - ($15m) - Filed: 12/22/98 Effective: 1/1/99

MS - Annual Price Regulation and Access Reform adjustments - Filed: 12/2/98 Effective 1/1/99

TN - Telecommunications Relay Services adjustment - Filed 10/1/98 Effective 1/1/99

KY - Access Reform Adjustments - Filed 1/15/99 Effective: 1/18/99

Legend: ZN1 = Zone 1 ZN2 = Zone 2 ZN3 = Zone 3

Betty Byrd (404) 927-7504

xx/xx/99

5/12/99

REQUEST: Please refer to BellSouth's response to Staff's First Set of Interrogatories, Item No. 11 (d). This response states that "CNAM" is appropriately priced at market rates."

a. How did BellSouth determine the market, e.g., what other services/database queries did BellSouth consider to be in the CNM market?

b. What are the rates of the services that BellSouth considered to be in the CNAM market?.

RESPONSE: a. BellSouth considered the CNAM market to consist of any provider of a Calling Name database service offering. For example, most RBOCs, Illuminet, GTE and Sprint/United are all providers of calling name database services, and comprise the CNAM market. These providers would market their calling name database service to any CLEC or Independent Telco that offers a caller id/calling name display service to their end users.

b. Prior to July 1999, BellSouth charged a flat monthly rate of $50/1000 names stored for those companies that stored their names in BellSouth's calling name database. This rate structure was established when the database was initially created since the ability to measure on a per-query basis was not available. Beginning July 1999, BellSouth will begin measuring queries to its calling name database and convert all CNAM storage agreements from flat rate billing to per-query billing. The per-query rate was determined by considering the cost a customer would incur if they built their own database. Such costs would include purchasing the necessary hardware and software to support the database and providing query access to the database. BellSouth is not aware of the specific pricing arrangements other companies charge for storing names in their CNAM database. However, based on customer response to BellSouth's rates, BellSouth believes that other provider's rates are comparable to BellSouth's.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: Is BellSouth aware of any other provider of a CNAM database with BellSouth information in its database?

a. If the answer to Interrogatory No. 5 is yes, what are the name and address of the providers?

b. If the answer to Interrogatory No. 5 is yes, what are the prices for queries to the database?

RESPONSE: Yes. BellSouth provides access to the information contained in its CNAM database on a reciprocal basis with other companies that have maintained a CNAM database. This "sharing" arrangement enables any company which stores their end user names in a CNAM database to have access to the names in the databases of the sharing agreement companies. For instance, BellSouth currently has sharing agreements with several RBOCs, ILLUMINET, Sprint/United and GTE. Any CLEC that stores their end user's names in these company's CNAM database would have access to all of the names in BellSouth's CNAM database. In addition, any CLEC that stores their end user names in BellSouth's CNAM database would hve access to the names in the sharing company's CNAM database.

(a) BellSouth is aware of the following companies that offer a comparable service to BellSouth's CNAM service:

⇒ **ILLUMINET** – Information obtained from ILLUMINET's website regarding their Calling Name Database and Calling Name Delivery Access and Transport services are attached. (www.illuminet.com/local/localdb.htm)

⇒ **Sprint United** – Information regarding Sprint United's Calling Name Database service can be obtained by contacting Greg Simmons, 2330 Shawnee Mission Parkway, Mailstop KSFRWB0301, Westwood, Kansas 66205

⇒ **US West** – Offers comparable service to store names in US West's Line Information Database (LIDB). A copy of the information regarding US West's LIDB Data Storage offering, which was obtained from the US West Internet website, is attached. (www.uswest.com/carrier/guides/interconnect/html/LIDB4-H.html)

RESPONSE: (Cont.)

⇒ **Bell Atlantic** – Offers comparable service to store names in Bell Atlantic's Line Information Database (LIDB). Information regarding Bell Atlantic's LIDB is contained in BellAtlantic's CLEC Handbook Volume III, Section 3.0 (Database Interconnection). The attached information was obtained from BellAtlantic's Internet website (www.Bellatlantic.com/tis/clec_hndbks.htm)

⇒ **GTE** – Information regarding GTE's Calling Name Database Storage service can be obtained by contacting the CLEC's designated Account Representative.

(b) BellSouth is not aware of the pricing arrangements of other companies for storing names in their CNAM database.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peactree Street
Atlanta, GA 30375

REQUEST: For these questions, please refer to page 4, lines 22-23.

(a) Which inputs have been updated to reflect the 1998-2000 study period?
(b) What are the old and new values for each of the updated inputs?
(c) How have these inputs been updated? Please explain your answer.
(d) Which inputs have not been updated to reflect the 1998-2000 study period? Please explain why they have not been updated.

RESPONSE: (a) The gross receipts tax factor, labor rates, labor inflation rates, and levelized inflation factors/investment were updated to reflect the 1998-2000 study period.

(b) The old factors/rates are provided in the locations identified below in BellSouth's cost study filed on November 13, 1997 in Florida Docket Nos. 960833-TP, 960846-TP and 960916-TP:

Input	Appendix	Page No(s).
Gross receipts tax factor	E	1404
Labor rates	E	1445 to 1519
Labor inflation rates	E	1458
Levelized inflation factors/investment	E	1355

The new factors/rates are provided in the locations identified below in BellSouth's cost study filed on April 1, 1999 in Florida Docket No. 990149-TP:

Input	Appendix	Page No(s).
Gross receipts tax factor	A	44
Labor rates	A	46 to 122
Labor inflation rates	A	62
Levelized inflation factors/investment	*	*

*Note: See POD Item No. 14.

RESPONSE: (Continued)

(c) The factors and rates are calculated annually using the latest available data. The updated gross receipts tax factor was based on actual booked tax expense data as of 12/31/97. The updated labor rates were based on actual 1996 labor costs and hours, which were then inflated to the 1998-2000 study period. The labor inflation rates and levelized inflation factors were based on the latest plant indexes and forecasts provided in the BellSouth Region Telephone Plant Indexes dated 11/97.

(d) Common Cost and Cost of Capital were not updated. These items were adjusted and adopted in the Florida Order for Docket Numbers 960833-TP, 960846-TP and 960619-TP and were used in this filing.

RESPONSE PROVIDED BY:

Robert McKnight & Charles Lee
Directors
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For these questions, please refer to page 5, lines 7-10.

(a) What are the old and new values for each of the updated inputs (combined state and federal income tax factor, gross receipts factor, and ad valorem factor)?
(b) How are the new values calculated?

RESPONSE: (a) The old and new values and their associated references in the BellSouth cost study filings cited in the response to Item No. 26(a) are:

Input	Old Value	Reference	New Value	Reference
Combined income tax	38.71%	Section 3, Page 20	38.57%	Not used*
Gross receipts tax	1.50%	Appendix E, Page 1404	1.37%	Appendix A, Page 44
Ad valorem tax	1.20%	Appendix E, Page 1404	0.85%	Not used*

*NOTE: The Florida Commission Order states that Florida-specific tax factors are to be applied when they are available. In BellSouth's cost study filing in Docket No. 990149-TP, the combined state and federal income tax and ad valorem tax were not necessary inputs required to calculate costs.

(b) See response to Item No. 26(c).

RESPONSE PROVIDED BY:

Charles Lee
Director
3535 Colonnade Parkway
Birmingham, Alabama 35243

REQUEST: For this question, please refer to page 5, beginning at line 21, and continuing through page 6, line 1. Please explain why depreciation lives "aren't involved in developing the costs of network terminating wire."

RESPONSE: Network Terminating Wire (Account No. 6362) is reported on the books of the Company as an expensed item. Expenses carry a one-year life on the books of the Company. Since no capital dollars are reported, a depreciation life is not applicable.

RESPONSE PROVIDED BY: Robert McKnight & Charles Lee
Directors
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For the following questions, please refer to page 6, lines 6-7.

(a) Who developed the time estimates (e.g., outside plant managers)?
(b) How were the estimates developed (e.g., average of survey results)?
(c) Was any actual data used in developing the time estimates? Please explain your answer.
(d) Were the estimated developed using Florida-only experts or data, or were other states, experts or data included?

RESPONSE: (a) Subject Matter Experts (SMEs) in each work group (i.e. Installation and Maintenance, Outside Plant Engineering, Assignment Facilities Inventory Group, Work Maintenance Center) developed the time estimates.

(b) Time estimates were provided based on knowledge and experience about the specific work functions.

(c) No. Please see response to (b).

(d) The estimates are regional values as work functions are consistent across the BST region, and are not based on Florida specific data.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

Robert Green
Manager
100 Perimeter Center Place
Atlanta, GA 30346

REQUEST: For this question, please refer to Section 5, page 16. What is amphenal cable?

RESPONSE: The term amphenal cable refers to the cables of various sizes (for example, 25 pair cables) used inside buildings, which have connectors on each cable end. The term amphenal denotes the type of connector found on the ends of the cable. These connectors allow the connection or disconnection of all pairs in the cable at once rather than by connecting or disconnecting individual pairs.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: For this question, please refer to Bates-stamped pages 17 and 18, as examples. Why is the gross receipts tax factor applied before the common cost factor? Please explain your answer.

RESPONSE: By the Commutative Law of Multiplication, that is (a)(b)=(b)(a), mathematically, it does not matter which value is applied initially, the same answer will result. However, it is appropriate to apply the common factor last because it should be applied across all costs of the cost element.

RESPONSE PROVIDED BY:

Daonne Caldwell
Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: For this question, please refer to Bates-stamped page 32. Is the I&M Svr" the Installation and Maintenance Supervisor? If the answer is no, what is the actual job title?

RESPONSE: Yes.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For these questions, please refer to Bates-stamped pages 34-36, Assumptions 4 and 6, and page 37, Assumption 2. These assumptions refer to separate charges for a Manual Service Charge (4), Incremental Manual Order Coordination, and Incremental time associated with handling CLEC Specified Conversion time.

(a) What are these charges?
(b) When are they imposed?
(c) Are they based on cost studies?

RESPONSE: (a) The Manual Service Charge is not applied in Florida as instructed in the Florida Public Service Commission Order dated April 29, 1998, in Docket Nos. 960757, 960833, 960846-TP, stating that the LCSC expenses should not be reflected in the UNE prices. The Incremental Manual Order Coordination Charge is recommended at $75.00 per pair, and the CLEC Specified Conversion Time is recommended at $55.00 per order.

(b) These charges are imposed based on request by the CLEC.

(c) No.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

Karen Fields
Manager
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For this question, please refer to Bates-stamped page 37, Service Order, I&M handles service request per order. What tasks or duties are contained in "handles?" Please explain your answer.

RESPONSE: This refers to the service order related activities of an installation and maintenance technician which may include time for all or part of the following:

CAT (Craft Access Terminal) and/or telephone with work center to obtain data about order

Analysis of order and resolution of discrepancies

Ordering equipment in connection with order

These activities begin when the technician receives the order and ends when the technician is ready to proceed with the field visit.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

Robert Green
Manager
100 Perimeter Center Place
Atlanta, GA 30346

REQUEST: For this question, please refer to Bates-stamped page 62, Inflation Rate. Are these inflation factors applied only to labor rates? Please explain your answer.

RESPONSE: Yes, the inflation rates on page 62 are only applied to labor rates in order to inflate the basic hourly labor rates to the study period of 1998-2000.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For the following question, please refer to pages 15-17 and 31.

(a) Is the $.5641 value shown on page 17 under Direct Cost the same value derived on page 31, shown on line 34?
(b) If the response to (a) is affirmative, please explain in detail how the derivation on page 31 reflects and accounts for the two types of installation, and their associated components as shown on page 16.
(c) If the response to (a) is not affirmative, please explain in detail precisely how and where the value on line 34 of page 31 enters into the derivation of the recurring cost of Network Terminating Wire.

RESPONSE: (a) Yes. The values as shown on Page 17 and Page 31 are the same. The value shown on Page 17 ($.5641) represents a four-digit display and the value shown on Page 31, Line 34 ($.56) represents a two-digit display.

(b) The derivation of $.5641 is based on the books of the company for the maintenance dollars reported in Account No. 6362-Other Terminal Equipment Expense. Since this value is derived from booked data, the two access terminal scenarios (garden terminal and wiring closet) do not impact the development of network terminating wire maintenance expense.

(c) Not applicable.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

REQUEST: For the following questions, please refer to pages 15-16.

(a) Referring to page 15, please describe the differences between the various types of "cross-connect panel designed for ALEC access to the NTW....."
(b) Referring to page 16, please identify the unit cost used in the study for each of the components reflected in the Garden Terminal scenario.
(c) Referring to page 16, please identify the unit cost used in the study for each of the components reflected in the Wiring Closet scenario.
(d) Referring to page 16, please describe what constitutes an access terminal housing."
(e) Referring to page 16, please identify the percentage of occurrence values used to meld the material prices of the equipment investment.
(f) To the extent not indicated in response to (b) and (c), please identify the sources for the material prices of each component included in the recurring cost study.
(g) Please explain why the same length of cable is assumed in both the Garden Terminal and the Wiring Closet scenarios.

RESPONSE: (a) Only one type of cross-connect panel is recommended at the access point. This is a 25-pair, 66 type block protector also known as an RJ21X. The same cross-connect panel is required in a garden terminal and a wiring closet scenario.

(b) The 1998 material prices of the components reflected in the Garden Terminal scenario are provided in Attachment 1 to Interrogatory Item No. 33.

(c) The 1998 material price of the components reflected in the Wiring Closet scenario are provided in Attachment 1 to Interrogatory Item No. 33.

RESPONSE: (Continued)

(d) The access terminal housing is a weatherproof housing typically mounted on the side of a building.

(e) The probability of a garden terminal application is 60% and a wiring closet application is 40%.

(f) Material prices are not used in development of the recurring cost study.

(g) The cable used to connect two terminals is available in 10', 15', 30', 60' or 100' lengths. The typical application for side-by-side terminals requires no more than 15' of cable.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: For this question, please refer to Bates-stamped pages 34 and 35, Material Cost. How is the total weighted material cost developed? Please provide a detailed explanation.

RESPONSE: See response to Item No. 38 and documents provided in response to POD Item No. 14.

RESPONSE PROVIDED BY:

Robert McKnight
Director
3535 Colonnade Parkway
Birmingham, AL 35243

For the following questions, please refer to BellSouth witness Milner's rebuttal testimony.

REQUEST: Please refer to page 4, lines 16-25. Witness Milner's testimony addresses conditions when BellSouth's technician requires dispatch, but does not address witness Beveridge" claim regarding a CLEC technician.

(a) Will BellSouth call out a CLEC technician when it is disconnecting CLEC service to provision BellSouth service?
(b) If the answer to (a) is no, please explain.
(c) If the answer to (a) is yes, please explain and provide rationale for compensating or not compensating the CLEC for the technician's service.
(d) Describe all circumstances that would require BellSouth to call out a CLEC technician and require BellSouth to Compensate the CLEC?

RESPONSE: (a) In a situation in which BellSouth wins back an end-user customer in a MDU in which the previous occupant had a CLEC's local service, BellSouth has no need to call out a CLEC technician.

(b) Assuming the premise of this question is that BellSouth had to earlier surrendered its first pair on which it initially provided working service to an end-user customer, then BellSouth would dispatch its own technician to retrieve that pair from the access terminal/cross-connect panel assuming that the pair would no longer be needed by the CLEC for service provision. The BellSouth technician would then reconnect that pair to BellSouth's Garden Terminal/Wiring Closet connection point. Since BellSouth used its resources to initially provide the network terminating wire and garden terminal/wiring facilities, BellSouth does not need to call out a CLEC service technician to provision BellSouth's services on its own facilities

(c) NA

REQUEST: (Cont.)

(d) BellSouth is not aware of any circumstances that would require BellSouth to call out a CLEC technician for which BellSouth would be required to compensate the CLEC.

RESPONSE PROVIDED BY:

W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: For these questions, please refer to page 6, lines 14-20.

(a) Are all BellSouth provisioned MDU complex end user units' jacks configured to allow use of a "splitter jack"? If the answer is no, what percent are configured to all use of a "splitter jack"?
(b) If a "second pair" is already provisioned on the end user's unit jacks, will this arrangement result in the NID being a mute point relative to wiring changes? Please explain.
(c) Under what circumstances will BellSouth deny MediaOne access to the second pair on the end user's unit jacks?
(d) Will MediaOne's use of a "splitter jack" to access the second pair preclude any need for MediaOne's technician to reconfigure wiring within a tenant's unit for a single line installation? If the answer is no, explain.
(e) If BellSouth lost all accounts in a MDU unit, would BellSouth have an objection to relinquishing the primary and secondary pair to MediaOne for a two-line installation? What are the objections?
(f) If the COLR requirement is an objection issue in (e), how many cases has BellSouth historically experienced where the COLR requirement has been subject to undue risk? Please provide specific examples.

RESPONSE: (a) No. BellSouth does not have records by which the percentage requested might be determined. Property owners typically install the jacks, not BellSouth; and typically they are 2 pair, 2 line (4 conductor, 4 pin) jacks. BellSouth believes the great majority of jacks are wired for 2 lines. Any typical 4 pin, 2-line jack can accommodate a splitter.

(b) If the end user customer is already using both the first and second pair, then changes to the inside wiring and jacks would be required.

(c) BellSouth assumes Staff's question to mean denying access to the second NTW pair since BellSouth cannot deny access to anything on any end user jacks. The end user is totally in control of the jacks within the unit. Regarding NTW, BellSouth would deny access if there was a working BellSouth line on the second NTW pair.

RESPONSE: (Cont.)

(d) Conditionally yes; if the second pair of the inside wire is already wired to all of the unit jacks, and the second pair of NTW is already connected to the second pair of the inside wire of the network interface, then a MediaOne visit to the unit would not be required. This assumes that an additional network interface was not placed for the MediaOne-leased NTW pair. If a network interface was placed for MediaOne and, when placing it, BellSouth wired the leased NTW pair to the second pair of inside wire at the MediaOne network interface, then a MediaOne visit would not be required. Also, a MediaOne visit would not be required if BellSouth wired the NTW pair provided to the CLEC to the first pair of the inside wire.

(e) BellSouth would want to retain the first pair assuming there were two or more other NTW pairs for MediaOne to use. The reason is that BellSouth maintains a CT (Connect Through or hard wired cable pair) on the first pair all the way back to the BellSouth central office. That way, if the customer changed service back to BellSouth, BellSouth could provide dialtone at the BellSouth network interface without a technician dispatch. If there were only two pairs of NTW, then BellSouth would relinquish both to MediaOne.

(f) BellSouth does not object to relinquishing the first and second pair to MediaOne based on BellSouth's Carrier of Last Resort (COLR) obligations.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

For the following questions, please refer to MediaOne witness Beveridge's rebuttal testimony.

REQUEST: For these questions, please refer to page 2, line 8 through page 3, line 16.

(a) Explain why an access terminal was not required for the Garden Terminal Interconnection in the interconnection agreement between BellSouth and Comcast.
(b) Explain why an access terminal was required for the Wiring Closet Interconnection in the interconnection agreement between BellSouth and Comcast.
(c) Explain the conditions or circumstances that require a Garden Terminal Interconnection.
(d) Explain the conditions or circumstances that require a Wiring Closet Interconnection.
(e) Which interconnection arrangement is most cost effective for a requesting party? Please explain why.
(f) Did BellSouth allow Comcast to extend an interconnect cable from its cross-connect block to BellSouth's Garden Terminal without using an Access Terminal?
(g) If the answer to (f) is yes, what objection does BellSouth provide for not allowing MediaOne the same access?

RESPONSE: (a) This is not accurate. Pursuant to Section 5(a)(2) of the BellSouth/Comcast agreement, for access to BellSouth's network terminating wire at a Garden Terminal, Comcast is required to install a Garden Terminal or equivalent at the relevant MDU.
For Comcast, BellSouth will also install an access terminal with cross-connect panel for the purpose of attaching the requested UNTW pairs. The Garden Terminals in most cases are not large enough to accommodate additional cross-connect panels thereby requiring a terminal outside the Garden Terminal.

(b) BellSouth requires a "Common Connecting Block" to be placed at a mutually agreeable location within the wiring closet to (1) enable the requesting party to obtain access to the spare pairs terminating on it without a premises visit by the other party and (2) ensure security of its own network.

RESPONSE: (Cont.)

(c) When a CLEC elects to interconnect at an end user's premises for which access to BellSouth's network terminating wire is obtained via a Garden Terminal. This condition generally occurs with single or separate living units.

(d) When the CLEC elects to interconnect at an end user customer's premises at which access to BellSouth's network terminating wire is obtained via a wiring closet. This condition generally occurs with high rise and multi-tenant buildings.

(e) The cost effectiveness would depend on the particular needs of the CLEC .

(f) To date, there have been no requests for installation of UNTW at a Garden Terminal site. However, when there is a request for UNTW at a Garden Terminal site, BellSouth will allow an interconnect cable to be extended to the Access Terminal in which the requested UNTW pairs will be terminated rather than the Garden Terminal itself. This is due to lack of space in most Garden Terminals for additional equipment to be installed. The use of an access terminal is part of the standard provisioning procedures for interconnection in a garden terminal situation.

(g) See answer to (f)

RESPONSE PROVIDED BY:

W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: For these questions, please refer to page 6, lines 1-13 and Attachment A1, page 40.

(a) Did BellSouth install multiple initial pairs in either or both Garden Terminals and Wiring Closets during the site preparation as specified in the interconnect agreement between it and Comcast? Please explain your response.
(b) Does BellSouth charge Comcast monthly recurring charges for spare pairs only upon activation as provided in the interconnect agreement between it and Comcast? If the answer is yes, what are the monthly recurring charges?
(c) Does BellSouth propose to charge MediaOne for spare pairs that are not activated? Please explain your response.

RESPONSE:

(a) If multiple pairs were requested and were available, BellSouth provisioned the pairs during the "site preparation". The site preparation in the Interconnection Agreement refers to the provisioning party's work efforts associated with actual installation of the requested UNTW pairs.

(b) BellSouth charges a recurring charge for activated spare pairs. The monthly charge is $.49 per pair per month

(c) Yes. BellSouth will charge for requested spare pairs that BellSouth has provisioned to MediaOne since these pairs would no longer be available to BellSouth or other CLECs.

RESPONSE PROVIDED BY: Pat Finlen
Manager
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: All information requested by MediaOne's First Set of Interrogatories (All) filed May 12, 1999, in this proceeding.

RESPONSE: See attached.

RESPONSE PROVIDED BY: Evelyn P. Peters
Manager
675 West Peachtree Street
Atlanta, GA 30375

Legal Department

J. PHILLIP CARVER
General Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(404) 335-0710

June 14, 1999

Via Hand Delivery

William B. Graham, Esq.
Graham & Moody, P.A.
101 N. Gadsden Street
Tallahassee, Florida 32301

Re: Docket No. 990149-TP

Dear Mr. Graham:

Enclosed are BellSouth Telecommunications, Inc.'s Responses and Objections to MediaOne's First Set of Interrogatories, Nos. 1-18, and Responses and Objections to MediaOne's First Request for Production of Documents and Motion for Protective Order.

Sincerely,

J. Phillip Carver

Enclosures

cc: All parties of record
Marshall M. Criser, III
Nancy B. White
William J. Ellenberg II (w/o enclosures)

Legal Department

J. PHILLIP CARVER
General Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(404) 335-0710

June 14, 1999

Ms. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 990149-TP

Dear Ms. Bayó:

Today, BellSouth Telecommunications, Inc. served its Responses to MediaOne's First Set of Interrogatories, Nos. 1-18, dated May 10, 1999.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

Sincerely,

J. Phillip Carver

Enclosures

cc: All parties of record
Marshall M. Criser, III
Nancy B. White
William J. Ellenberg II (w/o enclosures)

REQUEST: State whether the "garden terminal" referred to in witness Milner's testimony (beginning at page 5) is the same device or facility that is defined in section 2(a) of the Comcast Agreement.

RESPONSE: Yes.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: If the answer to the foregoing question is in the negative, define "garden terminal" as that term is used in witness Milner's testimony.

RESPONSE: N/A

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State whether BST utilized one or more cost studies in establishing the prices set forth in Attachment A1 to the Comcast Agreement. If so, please identify and describe all such studies.

RESPONSE: Cost studies were not utilized.

RESPONSE PROVIDED BY: Daonne Caldwell
Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: If BST did not utilize any cost studies in establishing the prices set forth in Attachment A1 to the Comcast Agreement, explain in detail how BST established those prices.

RESPONSE: The prices set forth in Attachment A1 to the Comcast were based on the rates that were provided to MediaOne in the network terminating wire amendment to the MediaOne Interconnection Agreement, dated April 7, 1997.

The rates used in the MediaOne network terminating wire amendment were based on the special assembly cost study done for MediaOne GA-case number GA96-5993-00.

RESPONSE PROVIDED BY: Jerry Hendrix
Room 34S91
675 W. Peachtree, N.E.
Atlanta, GA 30375

REQUEST: State, as a percentage of all MDUs served by BST in the State of Florida, the percentage of such MDUs in which BST utilizes one or more garden terminals to interconnect its distribution plant with NTW. If precise figures are not available, please provide an estimate and so note in your response.

RESPONSE: Precise figures are not available, as BellSouth does not track such data.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: State, as a percentage of all MDUs served by BST in the State of Florida, the percentage of such MDUs in which BST utilizes one or more "wiring closets" (as that term is defined in section 2 (h) of the Comcast Agreement) to interconnect its distribution plant with NTW. If precise figures are not available, please provide an estimate and so note in your response.

RESPONSE: Precise figures are not available, as BellSouth does not track such data.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: State, as a percentage of all residential MDUs served by BST in the State of Florida, the percentage of such MDUs in which BST utilizes one or more garden terminals to interconnect its distribution plant with NTW. If precise figures are not available, please provide an estimate and so note in your response.

RESPONSE: Precise figures are not available, as BellSouth does not track such data.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: State, as a percentage of all residential MDUs served by BST in the State of Florida, the percentage of such MDUs in which BST utilizes one or more "wiring closets" as that term is defined in section 2(h) of the Comcast Agreement) to interconnect its distribution plant with NTW. If precise figures are not available, please provide an estimate and so note in your response.

RESPONSE: Precise figures are not available, as BellSouth does not track such data.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

BellSouth Telecommunications, Inc.
FPSC Docket No. 990149-TP
MediaOne's First Set of Interrogatories
May 10, 1999
Item No. 7

REQUEST: Identify the ALEC referred to on page 7, line 2 of witnesses Milner's testimony.

RESPONSE: BellSouth objets to this interrogatory because it calls foı the disclosure of customer specific, proprietary information that cannot be disclosed without violating Section 364.24, Florida Statutes.

General Attorney

REQUEST: Identify each ALEC with whom BST has a PSC-approved interconnection agreement that addresses the provision of NTW by either party or both parties.

RESPONSE: Exhibit A to this response list all of the agreements that BellSouth has with competitive local exchange carriers that address network terminating wire.

RESPONSE PROVIDED BY: Jerry D. Hendrix
Director
675 West Peachtree Street
Atlanta, GA 30375

BellSouth Telecommunications, Inc.
FPSC Docket No. 990149-TP
MediaOne's First Set of Interrogatories
May 10, 1999
Item No. 8
Exhibit A

1. Access Integrated Networks
2. ACI Corp
3. Advance Phone System, Inc.
4. Advent Consulting and Technology, Inc.
5. AL-CALL, Inc.
6. ALLL-PRO Communications, Inc.
7. American MetroComm Corporation
8. Arrow Communications
9. AXSYS, Inc.
10. Bayou Telephone Company
11. Columbia Telecommunications
12. Comcast Telephony Communicatios of Florida, INC.
13. Community Telecommunications Corporation (Wright Business, INC.)
14. COMPASS Telecommunications, INC.
15. Computer Business Science, INC.
16. Dakota Services, Limited
17. Daytona Telephone Company
18. Diamond Telephone Services
19. DIECA Communications, INC., d/b/a Covad Communications Company
20. Eastland of Orlando Telephone Corporation
21. Electric Power Board of Chattanooga
22. Frontier Local Services, INC.
23. Gainesvill Regional Utilities, d/b/a GRU Communications
24. GulfPines Communication, LLC
25. IDS Long Distance, INC.
26. International Telecom LTD
27. Kexa, d/b/a Capitol Explorations Communications
28. Mebtel Integrated Comm Solutions LLC. d/b/a Integrated Comm Solutions (ICS)
29. MGC Communications, INC
30. National Comm Link, LLC
31. NationNet Communications Corporation
32. Navigator Telecommunications, LLC
33. Network Telephone Corporation
34. New Millinium Comm Corporation
35. NEXTLINK Florida INC
36. North American
37. North Point Communications, INC.
38. Palm Beach Telephone Company

39. Philacom, INC.
40. Supra Telecommunications and Information Systems, INC.
41. Telepak, INC.
42. Teligent, INC.
43. Access One Communications, INC.
44. Touchtone Communications, INC.
45. Tricom, INC.
46. Tristar Communications (Satcom Systems)
47. Utilicore Corporation
48. Winstar Telecom, INC.
49. E-spire Communications, INC. (ACSI)
50. Orlando Business Telephone System, INC.
51. Interprise America

REQUEST: Referring to witness Milner's testimony, page 1, lines 19-23, identify each company referred to and list the period of time (month and year) that witness Milner was employed by each of them.

RESPONSE: Mr. Milner was hired by Southern Bell Telephone Company (now BellSouth Telecommunications, Inc.), a local telephone company, on June 1970 and was continuously employed by Southern Bell in various assignments in North Carolina, Georgia and Florida until March 16, 1983, at which time Mr. Milner was transferred to AT&T in Basking Ridge, New Jersey.

Mr. Milner was continuously employed by AT&T, a local and long distance telephone company, until January 1984 at which time he was transferred to Bell Communications Research, Inc., a research and development company in Morristown, New Jersey.

Mr. Milner was continuously employed by Bell Communications Research until May 1986, at which time he was transferred to BellSouth Telecommunications, Inc. in Atlanta, Georgia.

Mr. Milner was continuously employed by BellSouth Telecommunications, Inc. until September 1993, at which time he was transferred to BellSouth International and assigned to BellSouth Chile, a long distance company doing business in South America. Mr. Milner was continuously employed by BellSouth International until May 1994, at which time he was transferred to BellSouth Telecommunications, Inc.

Mr. Milner has been continuously employed by BellSouth Telecommunications, Inc. to the present.

RESPONSE PROVIDED BY:

W. Keith Milner
Senior Director – Interconnection Services
675 West Peachtree Street, NE
Atlanta, Georgia 30375

REQUEST: Referring to witness Milner's testimony, page 9, lines 13-14:

a. State whether, in establishing the demarcation point for an MDU in Florida, BST typically confers with the owner or manager of the MDU to ascertain their wishes on the location of the demarcation point.

b. If the answer to the preceding question is in the negative, state whether, in establishing the demarcation point for an MDU in Florida, BST ever confers with the owner or manager of the MDU to ascertain their wishes on the location of the demarcation point.

c. State whether BST, at the request of the owner or manager of an MDU in Florida, would locate the demarcation point for the MDU at the MPOE.

d. State whether BST, at the request of the owner or manager of an MDU in Florida, would move the demarcation point for the MDU to the MPOE.

e. If the response to any of the foregoing questions (10.a through 10.d) is in the affirmative, describe how BST documents and records its interactions and agreements with MDU owners and/or managers on the subjects covered by those questions.

RESPONSE: a) Yes.

b) N/A

c) BellSouth would not establish a MPOE demarcation point without authorization by the Florida Public Service Commission and known end users. The Florida Public Service Commission Rules require demarcation at the customer premises.

RESPONSE: (Cont.)

d) BellSouth would not move existing demarcation points to the MPOE without authorization by existing end users and the Florida Public Service Commission.

e) BellSouth typically confirms, in writing, the results of negotiations with property owners for owner-provided support structures. The owner's agreement to provide structures to end user locations indicates the owner's acknowledgement that BST will establish the demarcation point for its services at end users' premises.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: Describe in detail the methodology utilized by BST to establish its price for CNAM database service.

RESPONSE: To develop the per query price for customers that store their end user's names in BellSouth's Calling Name Database, BellSouth considered the costs a customer would incur if they built their own database. Such costs would include purchasing the necessary hardware and software to support the database and providing query access to the database.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State whether BST has performed a TSLRIC or TELRIC cost study (as those terms are used in witness Caldwell's testimony) for its CNAM database service. If so, please identify and describe all such studies.

RESPONSE: The following TSLRIC studies were used to develop the regional cost of provisioning CNAM per Query Billing Database Service:

Calling Name (CNAM) per Query Billing Database Service
SS7 Fundamentals
Unbundled Interoffice Transport – Dedicated (DS0)
BellSouth AIN SMS Access Service
Operational Support Systems – Billing (CNAM)

RESPONSE PROVIDED BY:

Reginald Starks
Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State the price(s) charged by BST for access or queries to its 800 database.

RESPONSE: The prices BellSouth charges for interstate queries associated with Toll Free Dialing Ten Digit Screening Service are contained in BellSouth's FCC Tariff No. 1, Section 6.8.11. Intrastate query rates for Toll Free Dialing Ten Digit Screening Service are contained in each state's General Subscriber Services Tariff, Section E6.8.4.

BellSouth's tariffs containing the requested information can be obtained from the following Internet website:
http://cpr.bst.bellsouth.com/index2.html

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State the number of queries processed by BST's 800 database (for all states served by BST) for the most recent 12-month period for which data are available.

RESPONSE: BellSouth objects to producing information that is not specific to Florida. The number of queries processed by BellSouth's 800 database for the most recent 12-month period (Jan. 98 – Dec. 98) for Florida is attached.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

BellSouth Telecommunications, Inc.
FPSC Docket No. 990149-TP
MediaOne's 1st Set of Interrogatories
May 10, 1999
Item No. 11d.
Attachment 1 of 1

1998 Query Volumes for BellSouth Toll Free Dialing Service

Interstate Toll Free Dialing Queries

Entity	1998 Jan	1998 Feb	1998 Mar	1998 Apr	1998 May	1998 Jun	1998 Jul	1998 Aug	1998 Sep	1998 Oct	1998 Nov	1998 Dec	1998 Ann
FL - NORTH	56,760,807	57,969,392	67,474,251	66,642,894	58,201,010	72,228,857	69,690,463	67,934,250	65,848,773	64,750,988	71,603,011	73,832,560	792,937,276
FL - SOUTH	76,480,524	78,108,993	90,916,010	89,795,824	78,421,080	97,322,450	93,902,173	91,535,821	88,725,811	87,246,637	96,479,174	99,483,335	1,068,417,831

Intrastate Toll Free Dialing Queries

Entity	1998 Jan	1998 Feb	1998 Mar	1998 Apr	1998 May	1998 Jun	1998 Jul	1998 Aug	1998 Sep	1998 Oct	1998 Nov	1998 Dec	1998 Ann
FL - NORTH	23,288,781	23,704,131	27,148,448	23,547,576	20,260,560	25,382,145	24,022,353	22,367,237	21,737,928	30,289,026	14,374,412	23,432,556	279,555,152
FL - SOUTH	31,379,719	31,939,369	36,580,303	31,728,424	27,299,440	34,200,355	32,368,147	30,138,014	29,290,072	40,811,974	19,368,339	31,573,444	376,677,599

69

REQUEST: State the price(s) charged by BST for access or queries to its local number portability (LPN) database.

RESPONSE: The prices BellSouth charges for queries to its LNP database are available in BellSouth's Tariff FCC No. 1, Section 6.8.12.

BellSouth's tariffs containing the requested information can be obtained from the following Internet website:
http://cpr.bst.bellsouth.com/index2.html

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State the number of queries processed by BST's LNP database (for all states served by BST) for the most recent 12-month period for which data are available (if data for 12 months are not available, provide the requested data for the longest period for which data are available).

RESPONSE: Although BellSouth generally objects to producing information not related to Florida, BellSouth does not maintain the requested information on a state-by-state basis. Therefore, BellSouth will provide regional information in response to this interrogatory, but does not waive its objection to producing regional information when Florida-specific information is available.

The number of queries processed by BellSouth's LNP Query Service, for the period of mid-November 1998 and April 1999, is attached.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

BellSouth Telecommunications, Inc.
FPSC Docket No. 990149-TP
MediaOne's 1st Set of Interrogatories
May 10, 1999
Item No. 11f
Attachment 1 of 1

LNP QUERY DATA

QUERY TYPE	NOV 98	DEC 98	JAN 99	FEB 99	MARCH 99	APRIL 99
CALL ROUTING	30,223,765*	42,567,339*	54,910,913*	67,254,487	78,336,386	91,941,635
QUERY SVC	3,085,821*	5,674,974*	8,264,126	1,559,477	13,442,431	

* ESTIMATED QUERY COUNTS DUE TO UNAVAILABILITY OF ACTUAL DATA

69

REQUEST: State the number of queries processed by BST's CNAM database (for all states served by BST) for the most recent 12-month period for which data are available (if data for 12 months are not available, provide the requested data for the longest period for which data are available).

RESPONSE: BellSouth objects to producing information that is not specific to Florida. However, without waiving this objection, BellSouth states that information regarding the number of queries processed by BellSouth's CNAM database is not available as BellSouth currently bills at a flat rate. BellSouth is scheduled to migrate from flat rate billing to per query billing on July 1, 1999 for customers that store their end user's names in BellSouth CNAM database.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peactree Street
Atlanta, GA 30375

REQUEST: Identify by name, address and location, any and all alternative sources by which MediaOne may obtain services comparable or equivalent to BST's CNAM service.

a. Describe how such alternative CNAM services are provided.

RESPONSE: BellSouth is aware of the following companies that offer a comparable or equivalent service to BellSouth CNAM service:

⇒ **ILLUMINET** – Information obtained from ILLUMINET's website regarding their Calling Name Database and Calling Name Delivery Access and Transport services are attached. (www.illuminet.com/local/localdb.htm)

⇒ **Sprint United** – Information regarding Sprint United's Calling Name Database service can be obtained by contacting Greg Simmons, 2330 Shawnee Mission Parkway, Mailstop KSFRWB0301, Westwood, Kansas 66205

⇒ **US West** – Offers comparable service to store names in US West's Line Information Database (LIDB). A copy of the information regarding US West's LIDB Data Storage offering, which was obtained from the US West Internet website, is attached. (www.uswest.com/carrier/guides/interconnect/html/LIDB4-H.html)

⇒ **Bell Atlantic** – Offers comparable service to store names in Bell Atlantic's Line Information Database (LIDB). Information regarding Bell Atlantic's LIDB is contained in BellAtlantic's CLEC Handbook Volume III, Section 3.0 (Database Interconnection). The attached information was obtained from BellAtlantic's Internet website (www.Bellatlantic.com/tis/clec_hndbks.htm)

⇒ **GTE** – Information regarding GTE's Calling Name Database Storage service can be obtained by contacting the CLEC's designated Account Representative.

RESPONSE PROVIDED BY: Alphonso J. Varner
Senior Director
675 West Peactree Street
Atlanta, GA 30375

REQUEST: Identify any and all marketing and/or service studies conducted by BST on the provision of telecommunications services to MDUs, and as to each state:

a. The date on which such study was conducted and/or prepared.
b. The purpose for the study.
c. The identity of each person responsible for the conduct and/or preparation of the study.

RESPONSE: BellSouth has not conducted any marketing and/or service studies on the provisioning of telecommunications services to MDUs. BellSouth, as an incumbent Local Exchange Carrier, LEC, is obligated to provision telecommunications services when requested to do so.

RESPONSE PROVIDED BY: Larry Manning
Manager
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: Identify any and all documents maintained by or in the possession of BST regarding the manner in which incumbent local exchange carriers other than BST establish the demarcation point.

RESPONSE: BellSouth has no documents describing the manner in which other carriers establish demarcation points.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: As to NTW installed by BST in MDUs in Florida state:

a. The book cost new of such NTW

b. The accumulated book depreciation on such NTW.

c. The net book value of such NTW.

RESPONSE: Costs for NTW are not separately identified on BST - Florida's books.

RESPONSE PROVIDED BY:

T. F. Lohman
Director
675 West Peachtree St.
Atlanta, Georgia 30375

REQUEST: Identify any study or report conducted or prepared by BST, or in its possession, that discusses in any manner the effect on local exchange competition of locating the demarcation point at a particular point, or the relative effects on local exchange competition of locating the demarcation point at alternative locations. For purposes of this question, "local exchange competition" means competition for the provision of local exchange telecommunications service.

RESPONSE: BellSouth has no such studies or reports.

RESPONSE PROVIDED BY: W. Keith Milner
Senior Director
675 W. Peachtree St., N.E.
Atlanta, Georgia 30375

REQUEST: State the number of minutes of use of traffic originated by BST customers and terminated by MediaOne to Internet service providers or enhanced service providers in the State of Florida during the period beginning January 1, 1998, and ending with the date for which the most current data are available.

RESPONSE: Beginning January 1, 1998 through April 30, 1999, an estimated 1,045,247,120 MOUs of traffic were originated by BellSouth customers and terminated by MediaOne to Internet service providers.

RESPONSE PROVIDED BY: Alphonso J.Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

REQUEST: State the amount of reciprocal compensation that would be due to MediaOne from BST if the traffic identified in response to question number 17 were treated as local traffic for purposes of determining reciprocal compensation.

RESPONSE: In order to respond to this request, the parties must have agreed upon a rate for reciprocal compensation. Since there is no contract to set a rate, BellSouth is unable to respond to this request.

RESPONSE PROVIDED BY: Alphonso J.Varner
Senior Director
675 West Peachtree Street
Atlanta, GA 30375

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Stip - Con1

PARTY: BellSouth

DESCRIPTION:

1. Confidential Response to Staff's 2nd Set of Interrogatories Item 20 - Page 1

2. Confidential Response to Staff's 4th Set of Interrogatories Item 33 -Page 3

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 3
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # Stip-con1

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Stip - 2

PARTY: BellSouth

DESCRIPTION:

1. **Responses to Staff's 1st Set of Productions of Documents Items 1,3, & 4 - Page 1**

2. **Responses to Staff's 2nd Set of Production Of Documents Items 5, 7-8 - Page 2**

3. **Responses to Staff's 4th Set of Production Of Documents Items 11-13 & 15-20 - Page 390**

4. **Responses to Staff's 5th Set of Production Of Documents Item 21 - Page 398**

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 4
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # Stip-2

SPECIFIC RESPONSES

4. With respect to Request No. 1, BellSouth has no responsive documents in its possession, custody, or control.

6. With respect to Request No. 3, BellSouth has no responsive documents in its possession, custody, or control.

7. With respect to Request No. 4, BellSouth has no responsive documents in its possession, custody, or control.

BELLSOUTH TELECOMMUNICATIONS, INC.

FL DKT. NO. 990149-TP

STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS

POD NO. 5

SUPREME COURT OF THE UNITED STATES

Nos. 97–826, 97–829, 97–830, 97–831, 97–1075, 97–1087, 97–1099, AND 97–1141

AT&T CORPORATION, ET AL., PETITIONERS
97–826 *v.*
IOWA UTILITIES BOARD ET AL.;

AT&T CORPORATION, ET AL., PETITIONERS
v.
CALIFORNIA ET AL.

MCI TELECOMMUNICATIONS CORPORATION, PETITIONER
97–829 *v.*
IOWA UTILITIES BOARD ET AL.;

MCI TELECOMMUNICATIONS CORPORATION, PETITIONER
v.
CALIFORNIA ET AL.

ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES, ET AL., PETITIONERS
97–830 *v.*
IOWA UTILITIES BOARD ET AL.

FEDERAL COMMUNICATIONS COMMISSION AND UNITED STATES, PETITIONERS
97–831 *v.*
IOWA UTILITIES BOARD ET AL.;

FEDERAL COMMUNICATIONS COMMISSION AND UNITED STATES, PETITIONERS
v.
CALIFORNIA ET AL.

AMERITECH CORPORATION, ET AL., PETITIONERS
97–1075 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

GTE MIDWEST, INCORPORATED, PETITIONER
97–1087 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

U S WEST, INC., PETITIONER
97–1099 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

SOUTHERN NEW ENGLAND TELEPHONE COMPANY, ET AL., PETITIONERS
97–1141 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

[January 25, 1999]

JUSTICE SCALIA delivered the opinion of the Court.

In this case, we address whether the Federal Communications Commission has authority to implement certain pricing and nonpricing provisions of the Telecommunications Act of 1996, as well as whether the Commission's rules governing unbundled access and "pick and choose" negotiation are consistent with the statute.

I

Until the 1990s, local phone service was thought to be a natural monopoly. States typically granted an exclusive franchise in each local service area to a local exchange carrier (LEC), which owned, among other things, the local loops (wires connecting telephones to switches), the switches (equipment directing calls to their destinations), and the transport trunks (wires carrying calls between switches) that constitute a local exchange network. Technological advances, however, have made competition among multiple providers of local service seem possible, and Congress recently ended the longstanding regime of state-sanctioned monopolies.

The Telecommunications Act of 1996, Pub. L. 104–104, 110 Stat. 56, (1996 Act or Act) fundamentally restructures local telephone markets. States may no longer enforce laws that impede competition, and incumbent LECs are subject to a host of duties intended to facilitate market entry. Foremost among these duties is the LEC's obligation under 47 U. S. C. §251(c) (1994 ed., Supp. II) to share its network with competitors. Under this provision, a requesting carrier can obtain access to an incumbent's network in three ways: It can purchase local telephone services at wholesale rates for resale to end users; it can lease elements of the incumbent's network "on an unbundled basis"; and it can interconnect its own facilities with the incumbent's network.[1] When an entrant seeks access

[1] 47 U. S. C. §251(c) (1994 ed., Supp. II) provides as follows:
"Additional Obligations of Incumbent Local Exchange Carriers.

"In addition to the duties contained in subsection (b) of this section, each incumbent local exchange carrier has the following duties:

"(1) Duty to Negotiate

"The duty to negotiate in good faith in accordance with section 252 of this title the particular terms and conditions of agreements to fulfill the duties described in paragraphs (1) through (5) of subsection (b) of this section, and this subsection. The requesting telecommunications carrier also has the duty to negotiate in good faith the terms and conditions of such agreements.

"(2) Interconnection

"The duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network—

"(A) for the transmission and routing of telephone exchange service and exchange access;

"(B) at any technically feasible point within the carrier's network;

"(C) that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection; and

"(D) on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, in accordance with the terms and conditions of the agreement and the requirements of this section and section 252 of this title.

through any of these routes, the incumbent can negotiate an agreement without regard to the duties it would otherwise have under §251(b)[2] or (c). See §252(a)(1). But if

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"(3) Unbundled Access

"The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252 of this title. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.

"(4) Resale

"The duty—

"(A) to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers; and

"(B) not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of such telecommunications service, except that a State commission may, consistent with regulations prescribed by the Commission under this section, prohibit a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such service to a different category of subscribers.

"(5) Notice of Changes

"The duty to provide reasonable public notice of changes in the information necessary for the transmission and routing of services using that local exchange carrier's facilities or networks, as well as of any other changes that would affect the interoperability of those facilities and networks.

"(6) Collocation

"The duty to provide, on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, for physical collocation of equipment necessary for interconnection or access to unbundled network elements at the premises of the local exchange carrier, except that the carrier may provide for virtual collocation if the local exchange carrier demonstrates to the State commission that physical collocation is not practical for technical reasons or because of space limitations."

[2]Section 251(b) imposes the following duties on incumbents:

private negotiation fails, either party can petition the state commission that regulates local phone service to arbitrate open issues, which arbitration is subject to §251 and the FCC regulations promulgated thereunder.

Six months after the 1996 Act was passed, the FCC issued its First Report and Order implementing the local-competition provisions. *In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd 15499 (1996) (First Report & Order). The numerous challenges to this rulemaking, filed across the country by incumbent LECs and state utility commissions, were consolidated in the United States Court of Appeals for the Eighth Circuit.

The basic attack was jurisdictional. The LECs and state commissions insisted that primary authority to implement the local-competition provisions belonged to the States

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"(1) Resale

"The duty not to prohibit, and not to impose unreasonable or discriminatory conditions or limitations on, the resale of its telecommunications services.

"(2) Number Portability

"The duty to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission.

"(3) Dialing Parity

"The duty to provide dialing parity to competing providers of telephone exchange service and telephone toll service, and the duty to permit all such providers to have nondiscriminatory access to telephone numbers, operator services, directory assistance, and directory listing, with no unreasonable dialing delays.

"(4) Access to Rights-of-Way

"The duty to afford access to the poles, ducts, conduits, and rights-of-way of such carrier to competing providers of telecommunications services on rates, terms, and conditions that are consistent with section 224 of this title.

"(5) Reciprocal Compensation

"The duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications."

rather than to the FCC. They thus argued that many of the local-competition rules were invalid, most notably the one requiring that prices for interconnection and unbundled access be based on "Total Element Long Run Incremental Cost" (TELRIC)—a forward-looking rather than historic measure.[3] See 47 CFR §§51.503, 51.505 (1997). The Court of Appeals agreed, and vacated the pricing rules, and several other aspects of the Order, as reaching beyond the Commission's jurisdiction. *Iowa Utilities Board* v. *FCC*, 120 F. 3d 753, 800, 804, 805–806 (1997). It held that the general rulemaking authority conferred upon the Commission by the Communications Act of 1934 extended only to interstate matters, and that the Commission therefore needed specific congressional authorization before implementing provisions of the 1996 Act addressing intrastate telecommunications. *Id.*, at 795. It found no such authorization for the Commission's rules regarding pricing, dialing parity,[4] exemptions for rural LECs, the proper procedure for resolving local-competition disputes, and state review of pre-1996 interconnection agreements. *Id.*, at 795–796, 802–806. Indeed, with respect to some of these matters, the Eighth Circuit said

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[3]TELRIC pricing is based upon the cost of operating a hypothetical network built with the most efficient technology available. Incumbents argued below that this method was unreasonable because it stranded their historic costs and underestimated the actual costs of providing interconnection and unbundled access. The Eighth Circuit did not reach this issue, and the merits of TELRIC are not before us.

[4]Dialing parity, which seeks to ensure that a new entrant's customers can make calls without having to dial an access code, was addressed in the Commission's Second Report and Order. See *In re Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, 11 FCC Rcd 19392 (1996). In a separate opinion that is also before us today, the Eighth Circuit vacated this rule insofar as it went beyond the FCC's jurisdiction over interstate calls. *People of California* v. *FCC*, 124 F. 3d 934, 943 (1997).

that the 1996 Act had affirmatively given exclusive authority to the state commissions. *Id.*, at 795, 802, 805.

The Court of Appeals found support for its holdings in 47 U. S. C. §152(b) (§2(b) of the Communications Act of 1934), which, it said, creates a presumption in favor of preserving state authority over intrastate communications. 120 F. 3d, at 796. It found nothing in the 1996 Act clear enough to overcome this presumption, which it described as a fence that is "hog tight, horse high, and bull strong, preventing the FCC from intruding on the states' intrastate turf." *Id.*, at 800.

Incumbent LECs also made several challenges, only some of which are relevant here, to the rules implementing the 1996 Act's requirement of unbundled access. See 47 U. S. C. §251(c)(3) (1994 ed., Supp. II). Rule 319, the primary unbundling rule, sets forth a minimum number of network elements that incumbents must make available to requesting carriers. See 47 CFR §51.319 (1997). The LECs complained that, in compiling this list, the FCC had virtually ignored the 1996 Act's requirement that it consider whether access to proprietary elements was "necessary" and whether lack of access to nonproprietary elements would "impair" an entrant's ability to provide local service. See §251(d)(2). In addition, the LECs thought that the list included items (like directory assistance and caller I.D.) that did not meet the statutory definition of "network element." See §153(29). The Eighth Circuit rebuffed both arguments, holding that the Commission's interpretations of the "necessary and impair" standard and the definition of "network element" were reasonable and hence lawful under *Chevron U. S. A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U. S. 837 (1984). See 120 F. 3d, at 809–810.

When it promulgated its unbundling rules, the Commission explicitly declined to impose a requirement of facility ownership on carriers who sought to lease network ele-

ments. First Report & Order ¶¶328–340. Because the list of elements that Rule 319 made available was so extensive, the effect of this omission was to allow competitors to provide local phone service relying solely on the elements in an incumbent's network. The LECs argued that this "all elements" rule undermined the 1996 Act's goal of encouraging entrants to develop their own facilities. The Court of Appeals, however, deferred to the FCC's approach. Nothing in the 1996 Act itself imposed a requirement of facility ownership, and the court was of the view that the language of §251(c)(3) indicated that "a requesting carrier may achieve the capability to provide telecommunications service completely through access to the unbundled elements of an incumbent LEC's network." 120 F. 3d, at 814.

Given the sweep of the "all elements" rule, however, the Eighth Circuit thought that the FCC went too far in its Rule 315(b), which forbids incumbents to separate network elements before leasing them to competitors. 47 CFR §51.315(b) (1997). Taken together, the two rules allowed requesting carriers to lease the incumbent's entire, preassembled network. The Court of Appeals believed that this would render the resale provision of the statute a dead letter, because by leasing the entire network rather than purchasing and reselling service offerings, entrants could obtain the same product—finished service—at a cost-based, rather than wholesale, rate. 120 F. 3d, at 813. Apparently reasoning that the word "unbundled" in §251(c)(3) meant "physically separated," the court vacated Rule 315(b) for requiring access to the incumbent LEC's network elements "on a bundled rather than an unbundled basis." *Ibid.*

Finally, incumbent LECs objected to the Commission's "pick and choose" rule, which governs the terms of agreements between LECs and competing carriers. Under this

rule, a carrier may demand that the LEC make available to it "any individual interconnection, service, or network element arrangement" on the same terms and conditions the LEC has given anyone else in an agreement approved under §252—without its having to accept the other provisions of the agreement. 47 CFR §51.809 (1997); First Report & Order ¶¶1309–1310. The Court of Appeals vacated the rule, reasoning that it would deter the "voluntarily negotiated agreements" that the 1996 Act favored, by making incumbent LECs reluctant to grant quids for quos, so to speak, for fear that they would have to grant others the same quids without receiving quos. 120 F. 3d, at 801.

The Commission, MCI, and AT&T petitioned for review of the Eighth Circuit's holdings regarding jurisdiction, Rule 315(b), and the "pick and choose" rule; the incumbent LECs cross-petitioned for review of the Eighth Circuit's treatment of the other unbundling issues. We granted all the petitions. 521 U. S. ___ (1998).

II

Section 201(b), a 1938 amendment to the Communications Act of 1934, provides that "[t]he Commission may prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this Act." 52 Stat. 588, 47 U. S. C. §201(b). Since Congress expressly directed that the 1996 Act, along with its local-competition provisions, be inserted into the Communications Act of 1934, 1996 Act, §1(b), 110 Stat. 56, the Commission's rulemaking authority would seem to extend to implementation of the local-competition provisions.[5]

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[5]JUSTICE BREYER says, *post*, at 10, that "Congress enacted [the] language [of §201(b)] in 1938," and that whether it confers "general authority to make rules implementing the more specific terms of a later enacted statute depends upon what that later enacted statute contemplates." That is assuredly true. But we think that what the later

Respondents argue, however, that §201(b) rulemaking authority is limited to those provisions dealing with purely *interstate and foreign* matters, because the first sentence of §201(a) makes it "the duty of every common carrier engaged in interstate or foreign communication by wire or radio to furnish such communication service upon reasonable request therefor . . . ." It is impossible to understand how this use of the qualifier "interstate or foreign" in §201(a), which limits the class of common carriers with the duty of providing communication service, reaches forward into the last sentence of §201(b) to limit the class of provisions that the Commission has authority to implement. We think that the grant in §201(b) means what it says: The FCC has rulemaking authority to carry out the "provisions of this Act," which include §§251 and 252, added by the Telecommunications Act of 1996.[6]

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statute contemplates is best determined, not by speculating about what the 1996 Act (and presumably every other amendment to the Communications Act since 1938) "foresees," *ibid.*, but by the clear fact that the 1996 Act was adopted, not as a freestanding enactment, but as an amendment to, and hence *part of*, an Act which said that "[t]he Commission may prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this Act." JUSTICE BREYER cannot plausibly assert that the 1996 Congress was unaware of the general grant of rulemaking authority contained within the Communications Act, since §251(i) specifically provides that "[n]othing in this section shall be construed to limit or otherwise affect the Commission's authority under section 201."

[6]JUSTICE BREYER appeals to our cases which say that there is a "'presumption against the pre-emption of state police power regulations,'" *post*, at 10, quoting from *Cipollone* v. *Liggett Group, Inc.*, 505 U. S. 504, 518 (1992), and that there must be "'clear and manifest' showing of congressional intent to supplant traditional state police powers," *post*, at 10, quoting from *Rice* v. *Santa Fe Elevator Corp.*, 331 U. S. 218, 230 (1947). But the question in this case is not whether the Federal Government has taken the regulation of local telecommunications competition away from the States. With regard to the matters addressed by the 1996 Act, it unquestionably has. The question is

Our view is unaffected by 47 U. S. C. §152(b) (§2(b) of the 1934 enactment), which reads:

> "Except as provided in sections 223 through 227 . . . , inclusive, and section 332 . . . , and subject to the provisions of section 301 of this title . . . , nothing in this chapter shall be construed to apply or to give the Commission jurisdiction with respect to . . . charges, classifications, practices, services, facilities, or regulations for or in connection with intrastate communication service . . . ."

The local-competition provisions are not identified in §152(b)'s "except" clause. Seizing on this omission, respondents argue that the 1996 Act does nothing to displace the presumption that the States retain their traditional authority over local phone service.

Respondents' argument on this point is (necessarily) an extremely subtle one. They do not contend that the "nothing . . . shall be construed" provision prevents all "appl[ication]" of the Communications Act, as amended in 1996, to intrastate service, or even precludes all "Commission jurisdiction with respect to" such service. Such an

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whether the state commissions' participation in the administration of the new *federal* regime is to be guided by federal-agency regulations. If there is any "presumption" applicable to this question, it should arise from the fact that a federal program administered by 50 independent state agencies is surpassing strange.

The appeals by both JUSTICE THOMAS and JUSTICE BREYER to what might loosely be called "States' rights" are most peculiar, since there is no doubt, even under their view, that if the federal courts believe a state commission is not regulating in accordance with federal policy they may bring it to heel. This is, at bottom, a debate not about whether the States will be allowed to do their own thing, but about whether it will be the FCC or the federal courts that draw the lines to which they must hew. To be sure, the FCC's lines can be even more restrictive than those drawn by the courts—but it is hard to spark a passionate "States' rights" debate over that detail.

interpretation would utterly nullify the 1996 amendments, which clearly "apply" to intrastate service, and clearly confer "Commission jurisdiction" over some matters. Respondents argue, therefore, that the effect of the "nothing . . . shall be construed" provision is to require an *explicit* "appl[ication]" to intrastate service, *and in addition an explicit conferral of "Commission jurisdiction" over intrastate service*, before Commission jurisdiction can be found to exist. Such explicit "appl[ication]," they acknowledge, was effected by the 1996 amendments, but "Commission jurisdiction" was explicitly conferred only as to a few matters.

The fallacy in this reasoning is that it ignores the fact that §201(b) *explicitly* gives the FCC jurisdiction to make rules governing matters to which the 1996 Act applies. Respondents argue that avoiding this *pari passu* expansion of Commission jurisdiction with expansion of the substantive scope of the Act was the reason the "nothing shall be construed" provision was framed in the alternative: "nothing in this Act shall be construed to apply *or to give the Commission jurisdiction*" (emphasis added) with respect to the forbidden subjects. The italicized portion would have no operative effect, they assert, if every "application" of the Act automatically entailed Commission jurisdiction. The argument is an imaginative one, but ultimately fails. For even though "Commission jurisdiction" always follows where the Act "applies," Commission jurisdiction (so-called "ancillary" jurisdiction) *could* exist even where the Act does *not* "apply." The term "apply" limits the substantive reach of the statute (and the concomitant scope of primary FCC jurisdiction), and the phrase "or give the Commission jurisdiction" limits, in addition, the FCC's *ancillary* jurisdiction.

The need for both limitations is exemplified by *Louisiana Pub. Serv. Comm'n* v. *FCC*, 476 U. S. 355 (1986), where the FCC claimed authority to issue rules governing

depreciation methods applied by local telephone companies.[7] The Commission supported its claim with two arguments. First, that it could regulate intrastate because Congress had intended the depreciation provisions of the Communications Act to bind state commissions—*i.e.*, that the depreciation provisions "applied" to intrastate ratemaking. *Id.*, at 376–377. We observed that "[w]hile it is, no doubt, possible to find some support in the broad language of the section for respondents' position, we do not find the meaning of the section so unambiguous or straightforward as to override the command of § 152(b) . . . " *Id.*, at 377. But the Commission also argued that, even if the statute's depreciation provisions did not apply intrastate, regulation of state depreciation methods would enable it to effectuate the federal policy of encouraging competition in interstate telecommunications. *Id.*, at 369. We rejected that argument because, even though the FCC's broad regulatory authority normally would have been enough to justify its regulation of intrastate depreciation methods that affected interstate commerce, see *id.*, at 370; cf. *Shreveport Rate Cases*, 234 U. S. 342, 358 (1914), §152(b) prevented the Commission from taking intrastate action solely because it furthered an interstate goal. 476 U. S., at 374.[8]

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[7] We discuss the *Louisiana* case because of the light it sheds upon the meaning of §152(b). We of course do not agree with JUSTICE BREYER's contention, *post*, at 11, that the case "raised a question almost identical to the one before us." That case involved the Commission's attempt to regulate services over which it had not explicitly been given rulemaking authority; this one involves its attempt to regulate services over which it *has* explicitly been given rulemaking authority.

[8] Because this reasoning clearly gives separate meanings to the provisions "apply" and "give the Commission jurisdiction," we do not understand why JUSTICE THOMAS asserts, *post*, at 9-10, that we have not given effect to every word that Congress used. Nor do we agree with JUSTICE THOMAS that our interpretation renders §152(b) a nullity. See

The parties have devoted some effort in this case to debating whether §251(d) serves as a jurisdictional grant to the FCC. That section provides that "[w]ithin 6 months

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post, at 9. After the 1996 Act, §152(b) may have less practical effect. But that is because Congress, by extending the Communications Act into local competition, has removed a significant area from the States' exclusive control. Insofar as Congress has remained silent, however, §152(b) continues to function. The Commission could not, for example, regulate any aspect of intrastate communication *not* governed by the 1996 Act on the theory that it had an ancillary effect on matters within the Commission's primary jurisdiction.

JUSTICE THOMAS admits, as he must, that the Commission has authority to implement at least some portions of the 1996 Act. See *post*, at 7. But his interpretation of §152(b) confers such inflexibility upon that provision that he must strain to explain where the Commission gets this authority. A number of the provisions he relies on plainly read, not like conferrals of authority, but like references to the exercise of authority conferred elsewhere (we think, of course, in §201(b)). See, *e.g.*, §251(b)(2) (assigning State commissions "[t]he duty to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission."); §251(d)(2) (setting forth factors for the Commission to consider "[i]n determining what network elements should be made available for purposes of subsection (c)(3)"); §251(g) (requiring that any pre-existing "regulation, order, or policy of the Commission" governing exchange access and interconnection agreements remain in effect until it is "explicitly superseded by regulations prescribed by the Commission"). Moreover, his interpretation produces a most chopped-up statute, conferring Commission jurisdiction over such curious and isolated matters as "number portability, . . . those network elements that the carrier must make available on an unbundled basis for purposes of §251(c), . . . numbering administration, . . . exchange access and interconnection requirements in effect prior to the Act's effective date, . . . and treatment of comparable carriers as incumbents . . . ." *post*, at 7, but denying Commission jurisdiction over much more significant matters. We think it most unlikely that Congress created such a strange hodgepodge. And, of course, JUSTICE THOMAS's recognition of *any* FCC jurisdiction over intrastate matters subjects his analysis to the same criticism he levels against us, *post*, at 10: Just as it is true that Congress did not explicitly amend §152(b) to exempt the entire 1996 Act, neither did it explicitly amend §152(b) to exempt the five provisions he relies upon.

after [the date of enactment of the Telecommunications Act of 1996,] the Commission shall complete all actions necessary to establish regulations to implement the requirements of this section." 47 U. S. C. §251(d) (1994 ed., Supp. II). The FCC relies on this section as an alternative source of jurisdiction, arguing that if it was necessary for Congress to include an express jurisdictional grant in the 1996 Act, §251(d) does the job. Respondents counter that this provision functions only as a time constraint on the exercise of regulatory authority that the Commission has been given in the six subsections of §251 that specifically mention the FCC. See §§251(b)(2), 251(c)(4)(B), 251(d)(2), 251(e), 251(g), 251(h)(2). Our understanding of the Commission's general authority under §201(b) renders this debate academic.[9]

The jurisdictional objections we have addressed thus far pertain to an asserted lack of what might be called underlying FCC jurisdiction. The remaining jurisdictional argument is that certain individual provisions in the 1996

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[9] JUSTICE THOMAS says that the grants of authority to the Commission in §251 would have been unnecessary "[i]f Congress believed . . . that §201(b) provided the FCC with plenary authority to promulgate regulations." *Post*, at 9. We have already explained that three of the five provisions on which JUSTICE THOMAS relies are not grants of authority at all. See n. 9, *supra*. And the remaining two do not support his argument because they are not redundant of §201(b). Section 251(e), which provides that "[t]he Commission shall create or designate one or more impartial entities to administer telecommunications numbering," *requires* the Commission to exercise its rulemaking authority, as opposed to §201(b), which merely authorizes the Commission to promulgate rules if it so chooses. Section 251(h)(2) says that the FCC "may, by rule, provide for the treatment of a local exchange carrier . . . as an incumbent local exchange carrier for purposes of [§251]" if the carrier satisfies certain requirements. This provision gives the Commission authority beyond that conferred by §201(b); without it, the FCC certainly could not have saddled a nonincumbent carrier with the burdens of incumbent status.

Act negate particular aspects of the Commission's implementing authority. With regard to pricing, the incumbent LECs and state commissions point to §252(c), which provides:

> "(c) Standards for Arbitration
>
> "In resolving by arbitration under subsection (b) any open issues and imposing conditions upon the parties to the agreement, a state commission shall—
>
> "(1) ensure that such resolution and conditions meet the requirements of section 251, including the regulations prescribed by the Commission pursuant to section 251;
>
> "(2) establish any rates for interconnection, services, or network elements according to subsection (d); and
>
> "(3) provide a schedule for implementation of the terms and conditions by the parties to the agreement."

Respondents contend that the Commission's TELRIC rule is invalid because §252(c)(2) entrusts the task of establishing rates to the state commissions. We think this attributes to that task a greater degree of autonomy than the phrase "establish any rates" necessarily implies. The FCC's prescription, through rulemaking, of a requisite pricing methodology no more prevents the States from establishing rates than do the statutory "Pricing standards" set forth in §252(d). It is the States that will apply those standards and implement that methodology, determining the concrete result in particular circumstances. That is enough to constitute the establishment of rates.

Respondents emphasize the fact that §252(c)(1), which requires state commissions to assure compliance with the provisions of §251, adds "including the regulations prescribed by the Commission pursuant to section 251,"

whereas §252(c)(2), which requires state commissions to assure compliance with the pricing standards in subsection (d), says nothing about Commission regulations applicable to subsection (d). There is undeniably a lack of parallelism here, but it seems to us adequately explained by the fact that §251 specifically *requires* the Commission to promulgate regulations implementing that provision, whereas subsection (d) of §252 does not. It seems to us not peculiar that the mandated regulations should be specifically referenced, whereas regulations permitted pursuant to the Commission's §201(b) authority are not. In any event, the mere lack of parallelism is surely not enough to displace that explicit authority. We hold, therefore, that the Commission has jurisdiction to design a pricing methodology.

For similar reasons, we reverse the Court of Appeals' determinations that the Commission had no jurisdiction to promulgate rules regarding state review of pre-existing interconnection agreements between incumbent LECs and other carriers, regarding rural exemptions, and regarding dialing parity. See 47 CFR §§51.303, 51.405, and 51.205–51.215 (1997). None of the statutory provisions that these rules interpret displaces the Commission's general rulemaking authority. While it is true that the 1996 Act entrusts state commissions with the job of approving interconnection agreements, 47 U. S. C. §252(e) (1994 ed., Supp. II), and granting exemptions to rural LECs, §251(f), these assignments, like the rate-establishing assignment just discussed, do not logically preclude the Commission's issuance of rules to guide the state-commission judgments. And since the provision addressing dialing parity, §251(b)(3), does not even mention the States, it is even clearer that the Commission's §201(b) authority is not superseded.[10]

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[10] JUSTICE THOMAS notes that it is well settled that state officers may interpret and apply federal law, see, *e.g.*, *United States* v. *Jones*, 109

Finally (as to jurisdiction), respondents challenge the claim in the Commission's First Report and Order that §208, a provision giving the Commission general authority to hear complaints arising under the Communications Act of 1934, also gives it authority to review agreements approved by state commissions under the local-competition provisions. First Report & Order ¶¶121–128. The Eighth Circuit held that the Commission's "perception of its authority . . . is untenable . . . in light of the language and structure of the Act and . . . operation of section [152(b)]." 120 F. 3d, at 803. The Court of Appeals erred in reaching this claim because it is not ripe. When, as is the case with this Commission statement, there is no immediate effect on the plaintiff's primary conduct, federal courts normally do not entertain pre-enforcement challenges to agency rules and policy statements. *Toilet Goods Assn., Inc.* v. *Gardner*, 387 U. S. 158 (1967); see also *Lujan* v. *National Wildlife Federation*, 497 U. S. 871, 891 (1990).

U. S. 513 (1883), which leads him to conclude that there is no constitutional impediment to the interpretation that would give the States general authority, uncontrolled by the FCC's general rulemaking authority, over the matters specified in the particular sections we have just discussed. *Post*, at 12–13. But constitutional impediments aside, we are aware of no similar instances in which federal policymaking has been turned over to state administrative agencies. The arguments we have been addressing in the last three paragraphs of our text assume a scheme in which Congress has broadly extended its law into the field of intrastate telecommunications, but in a few specified areas (ratemaking, interconnection agreements, etc.) has left the policy implications of that extension to be determined by state commissions, which—within the broad range of lawful policymaking left open to administrative agencies—are beyond federal control. Such a scheme is decidedly novel, and the attendant legal questions, such as whether federal courts must defer to state agency interpretations of federal law, are novel as well.

ory, see generally 3A P. Areeda & H. Hovenkamp, Antitrust Law ¶¶771–773 (1996), opening up only those "bottleneck" elements unavailable elsewhere in the marketplace. We need not decide whether, as a matter of law, the 1996 Act requires the FCC to apply *that* standard; it may be that some other standard would provide an equivalent or better criterion for the limitation upon network-element availability that the statute has in mind. But we do agree with the incumbents that the Act requires the FCC to apply *some* limiting standard, rationally related to the goals of the Act, which it has simply failed to do. In the general statement of its methodology set forth in the First Report and Order, the Commission announced that it would regard the "necessary" standard as having been met regardless of whether "requesting carriers can obtain the requested proprietary element from a source other than the incumbent," since "[r]equiring new entrants to duplicate unnecessarily even a part of the incumbent's network could generate delay and higher costs for new entrants, and thereby impede entry by competing local providers and delay competition, contrary to the goals of the 1996 Act." First Report & Order ¶283. And it announced that it would regard the "impairment" standard as having been met if "the failure of an incumbent to provide access to a network element would decrease the quality, or increase the financial or administrative cost of the service a requesting carrier seeks to offer, compared with providing that service *over other unbundled elements in the incumbent LEC's network*," *id.*, ¶285 (emphasis added)—which means that comparison with self-provision, or with purchasing from another provider, is excluded. Since any entrant will request the most efficient network element that the incumbent has to offer, it is hard to imagine when the incumbent's failure to give access to the element would not constitute an "impairment" under this standard. The Commission asserts that it deliberately limited its inquiry

to the incumbent's own network because no rational entrant would seek access to network elements from an incumbent if it could get better service or prices elsewhere. That may be. But that judgment allows entrants, rather than the Commission, to determine whether access to proprietary elements is necessary, and whether the failure to obtain access to nonproprietary elements would impair the ability to provide services. The Commission cannot, consistent with the statute, blind itself to the availability of elements outside the incumbent's network. That failing alone would require the Commission's rule to be set aside. In addition, however, the Commission's assumption that *any* increase in cost (or decrease in quality) imposed by denial of a network element renders access to that element "necessary," and causes the failure to provide that element to "impair" the entrant's ability to furnish its desired services is simply not in accord with the ordinary and fair meaning of those terms. An entrant whose anticipated annual profits from the proposed service are reduced from 100% of investment to 99% of investment has perhaps been "impaired" in its ability to amass earnings, but has not *ipso facto* been "impair[ed] . . . in its ability to provide the services it seeks to offer"; and it cannot realistically be said that the network element enabling it to raise its profits to 100% is "necessary."[11] In a world of perfect

[11] JUSTICE SOUTER points out that one can say his ability to replace a light bulb is "impaired" by the absence of a ladder, and that a ladder is "necessary" to replace the bulb, even though one "could stand instead on a chair, a milk can, or eight volumes of Gibbon." True enough (and nicely put), but the proper analogy here, it seems to us, is not the absence of a ladder, but the presence of a ladder tall enough to enable one to do the job, but not without stretching one's arm to its full extension. A ladder one-half inch taller is not, "within an ordinary and fair meaning of the word," *post*, at 4, "necessary," nor does its absence "impair" one's ability to do the job. We similarly disagree with JUSTICE SOUTER that a business can be impaired in its *ability* to provide serv-

competition, in which all carriers are providing their service at marginal cost, the Commission's total equating of increased cost (or decreased quality) with "necessity" and "impairment" might be reasonable; but it has not established the existence of such an ideal world. We cannot avoid the conclusion that, if Congress had wanted to give blanket access to incumbents' networks on a basis as unrestricted as the scheme the Commission has come up with, it would not have included §251(d)(2) in the statute at all. It would simply have said (as the Commission in effect has) that whatever requested element can be provided must be provided.

When the full record of these proceedings is examined, it appears that that is precisely what the Commission *thought* Congress had said. The FCC was content with its expansive methodology because of its misunderstanding of §251(c)(3), which directs an incumbent to allow a requesting carrier access to its network elements "at any technically feasible point." The Commission interpreted this to "impos[e] on an incumbent LEC *the duty to provide all network elements for which it is technically feasible to provide access*," and went on to "conclude that we have authority to establish regulations that are coextensive" with this duty, First Report & Order ¶278 (emphasis added). See also *id.*, ¶286 ("[w]e conclude that the statute does not require us to interpret the 'impairment' standard in a way that would significantly diminish the obligation imposed by section 251(c)(3)"). As the Eighth Circuit held, that was undoubtedly wrong: Section 251(c)(3) indicates "*where* unbundled access must occur, not *which* [network] elements must be unbundled." 120 F. 3d, at 810. The

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ices—even impaired in that ability "in an ordinary, weak sense of impairment," *ibid.*, at 4—when the business receives a handsome profit but is denied an even handsomer one.

Commission does not seek review of the Eighth Circuit's holding on this point, and we bring it into our discussion only because the Commission's application of §251(d)(2) was colored by this error. The Commission began with the premise that an incumbent was obliged to turn over as much of its network as was "technically feasible," and viewed (d)(2) as merely permitting it to soften that obligation by regulatory grace:

> "To give effect to both sections 251(c)(3) and 251(d)(2), we conclude that the proprietary and impairment standards in section 251(d)(2) grant us the authority to refrain from requiring incumbent LECs to provide all network elements for which it is technically feasible to provide access on an unbundled basis." First Report & Order ¶279.

The Commission's premise was wrong. Section 251(d)(2) does not authorize the Commission to create isolated exemptions from some underlying duty to make all network elements available. It requires the Commission to determine on a rational basis *which* network elements must be made available, taking into account the objectives of the Act and giving some substance to the "necessary" and "impair" requirements. The latter is not achieved by disregarding entirely the availability of elements outside the network, and by regarding *any* "increased cost or decreased service quality" as establishing a "necessity" and an "impair[ment]" of the ability to "provide . . . services."

The Commission generally applied the above described methodology as it considered the various network elements *seriatim*. See *id.*, ¶¶388–393, 419–420, 447, 481–482, 490–491, 497–499, 521–522, 539–540. Though some of these sections contain statements suggesting that the Commission's action might be supported by a higher standard, see, *e.g.*, ¶¶521–522, no other standard is consistently applied and we must assume that the Commission's

expansive methodology governed throughout. Because the Commission has not interpreted the terms of the statute in a reasonable fashion, we must vacate 47 CFR §51.319 (1997).

C

The incumbent LECs also renew their challenge to the "all elements" rule, which allows competitors to provide local phone service relying solely on the elements in an incumbent's network. See First Report & Order ¶¶328–340. This issue may be largely academic in light of our disposition of Rule 319. If the FCC on remand makes fewer network elements unconditionally available through the unbundling requirement, an entrant will no longer be able to lease every component of the network. But whether a requesting carrier can access the incumbent's network in whole or in part, we think that the Commission reasonably omitted a facilities-ownership requirement. The 1996 Act imposes no such limitation; if anything, it suggests the opposite, by requiring in §251(c)(3) that incumbents provide access to "any" requesting carrier. We agree with the Court of Appeals that the Commission's refusal to impose a facilities-ownership requirement was proper.

D

Rule 315(b) forbids an incumbent to separate already-combined network elements before leasing them to a competitor. As they did in the Court of Appeals, the incumbents object to the effect of this rule when it is combined with others before us today. TELRIC allows an entrant to lease network elements based on forward-looking costs, Rule 319 subjects virtually all network elements to the unbundling requirement, and the all-elements rule allows requesting carriers to rely only on the incumbent's network in providing service. When Rule 315(b) is added to

these, a competitor can lease a complete, preassembled network at (allegedly very low) cost-based rates.

The incumbents argue that this result is totally inconsistent with the 1996 Act. They say that it not only eviscerates the distinction between resale and unbundled access, but that it also amounts to Government-sanctioned regulatory arbitrage. Currently, state laws require local phone rates to include a "universal service" subsidy. Business customers, for whom the cost of service is relatively low, are charged significantly above cost to subsidize service to rural and residential customers, for whom the cost of service is relatively high. Because this universal-service subsidy is built into retail rates, it is passed on to carriers who enter the market through the resale provision. Carriers who purchase network elements at cost, however, avoid the subsidy altogether and can lure business customers away from incumbents by offering rates closer to cost. This, of course, would leave the incumbents holding the bag for universal service.

As was the case for the all-elements rule, our remand of Rule 319 may render the incumbents' concern on this score academic. Moreover, §254 requires that universal-service subsidies be phased out, so whatever possibility of arbitrage remains will be only temporary. In any event, we cannot say that Rule 315(b) unreasonably interprets the statute.

Section 251(c)(3) establishes:

> "The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252 . . . . An in-

> cumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service."

Because this provision requires elements to be provided in a manner that "allows requesting carriers to combine" them, incumbents say that it contemplates the leasing of network elements in discrete pieces. It was entirely reasonable for the Commission to find that the text does not command this conclusion. It forbids incumbents to sabotage network elements that *are* provided in discrete pieces, and thus assuredly contemplates that elements *may* be requested and provided in this form (which the Commission's rules do not prohibit). But it does not say, or even remotely imply, that elements *must* be provided only in this fashion and never in combined form. Nor are we persuaded by the incumbents' insistence that the phrase "on an unbundled basis" in §251(c)(3) means "physically separated." The dictionary definition of "unbundled" (and the only definition given, we might add) matches the FCC's interpretation of the word: "to give separate prices for equipment and supporting services." Webster's Ninth New Collegiate Dictionary 1283 (1985).

The reality is that §251(c)(3) is ambiguous on whether leased network elements may or must be separated, and the rule the Commission has prescribed is entirely rational, finding its basis in §251(c)(3)'s nondiscrimination requirement. As the Commission explains, it is aimed at preventing incumbent LECs from "disconnect[ing] previously connected elements, over the objection of the requesting carrier, not for any productive reason, but just to impose wasteful reconnection costs on new entrants." Reply Brief for Federal Petitioners 23. It is true that Rule 315(b) could allow entrants access to an entire preassembled network. In the absence of Rule 315(b), however,

incumbents could impose wasteful costs on even those carriers who requested less than the whole network. It is well within the bounds of the reasonable for the Commission to opt in favor of ensuring against an anticompetitive practice.

IV

The FCC's "pick and choose" rule provides, in relevant part:

> "An incumbent LEC shall make available without unreasonable delay to any requesting telecommunications carrier any individual interconnection, service, or network element arrangement contained in any agreement to which it is a party that is approved by a state commission pursuant to section 252 of the Act, upon the same rates, terms, and conditions as those provided in the agreement." 47 CFR §51.809 (1997).

Respondents argue that this rule threatens the give-and-take of negotiations, because every concession as to an "interconnection, service, or network element arrangement" made (in exchange for some other benefit) by an incumbent LEC will automatically become available to every potential entrant into the market. A carrier who wants one term from an existing agreement, they say, should be required to accept *all* the terms in the agreement.

Although the latter proposition seems eminently fair, it is hard to declare the FCC's rule unlawful when it tracks the pertinent statutory language almost exactly. Section 252(i) provides:

> "A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement."

"access to such network elements as are proprietary in nature is necessary," §251(d)(2)(A), and whether "the failure to provide access" to network elements "would impair the ability of the telecommunications carrier seeking access to provide the services that it seeks to offer," §251(d)(2)(B). The Commission interpreted "necessary" to mean "prerequisite for competition," in the sense that without access to certain proprietary network elements, competitors' "ability to compete would be significantly impaired or thwarted." *In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, ¶282, 11 FCC Rcd 15,499, 15641–15642 (1996) (First Report & Order). On this basis, it decided to require access to such elements unless the incumbent LEC could prove both that the requested network element was proprietary and that the requesting competitor could offer the same service through the use of another, nonproprietary element offered by the incumbent LEC. *Id.*, ¶283, at 15642.

The Commission interpreted "impair" to mean "diminished in value," and explained that a potential competitor's ability to offer services would diminish in value when the quality of those services would decline or their price rise, absent the element in question. *Id.*, ¶285, at 15643. The Commission chose to apply this standard "by evaluating whether a carrier could offer a service using other unbundled elements within an incumbent LEC's network," *ibid.*, and decided that whenever it would be more expensive for a competitor to offer a service using other available network elements, or whenever the service offered using those other elements would be of lower quality, the LEC must offer the desired element to the competitor, *ibid.*

In practice, as the Court observes, *ante*, at 18, the Commission's interpretation will probably allow a competitor to obtain access to any network element that it

wants; a competitor is unlikely in fact to want an element that would be economically unjustifiable, and a weak economic justification will do. Under *Chevron*, the only question before us is whether the Commission's interpretation, obviously favorable to potential competitors, falls outside the bounds of reasonableness.

As a matter of textual justification, certainly, the Commission is not to be faulted. The words "necessary" and "impair" are ambiguous in being susceptible to a fairly wide range of meanings, and doubtless can carry the meanings the Commission identified. If I want to replace a light bulb, I would be within an ordinary and fair meaning of the word "necessary" to say that a stepladder is "necessary" to install the bulb, even though I could stand instead on a chair, a milk can, or eight volumes of Gibbon. I could just as easily say that the want of a ladder would "impair" my ability to install the bulb under the same circumstances. These examples use the concepts of necessity and impairment in what might be called their weak senses, but these are unquestionably still ordinary uses of the words.

Accordingly, the Court goes too far when it says that under "the ordinary and fair meaning" of "necessary" and "impair," *ante*, at 18, "[a]n entrant whose anticipated annual profits from the proposed service are reduced from 100% of investment to 99% of investment . . . has not *ipso facto* been 'impair[ed] . . . in its ability to provide the services it seeks to offer'; and it cannot realistically be said that the network element enabling it to raise profits to 100% is 'necessary,'" *ante*, at 18–19. A service is surely "necessary" to my business in an ordinary, weak sense of necessity when that service would allow me to realize more profits, and a business can be said to be "impaired" in delivery of services in an ordinary, weak sense of impairment when something stops the business from getting the profit it wants for those services.

service began in 1877 until the expiration of key patents in 1893 and 1894, Alexander Graham Bell's telephone company—which came to be known as the American Telephone and Telegraph Company—enjoyed a monopoly. J. Brooks, Telephone: The First Hundred Years 59, 67, 71–72 (1976). In the decades that followed, thousands of independent phone companies emerged to fill in the gaps left by the telephone giant and, in most larger markets, to build rival networks in direct competition with it. *Id.*, at 102–111. As competition developed, many municipalities began to adopt ordinances regulating telephone service. See, *e.g.*, K. Lipartito, The Bell System and Regional Business 177–186 (1989).

During the 1900's, state legislatures came under increasing pressure to centralize the regulation of telephone service. See, *e.g.*, *id.*, at 185–207. Although the quasi-competitive system had significant drawbacks from the consumers' standpoint—principally the refusal of competing systems to interconnect—perhaps the strongest advocate of state regulation was AT&T itself. *Ibid.* The company's arguments that telephone service was naturally monopolistic and that competition was resulting in wasteful duplication of facilities appealed to Progressive-era legislatures. Cohen, The Telephone Problem and the Road to Telephone Regulation in the United States, 3 J. Policy Hist. 42, 55–57 (1991); see generally, Lipartito, *supra*, at 185–207. By 1915, most States had established public utility commissions and charged them with regulating telephone service. Brooks, *supra*, at 144. Over time, the Bell Companies' policy of buying out independent providers coupled with the state commissions' practice of prohibiting competitive entry led back to the monopoly provision of local telephone service. See R. Garnet, The Telephone Enterprise: The Evolution of the Bell system's Horizontal Structure, 1876–1909, 146–153 (1985).

Early federal telecommunications regulation, which

began with the Mann-Elkins Act of 1910, did not displace the States' fledgling efforts to regulate intrastate telephone service. To the contrary, the Mann-Elkins Act extended the jurisdiction of the Interstate Commerce Commission (ICC) to cover *only* interstate and international telecommunications services.[2] As a result, state and federal agencies were required to meticulously separate the intrastate and interstate aspects of telephone services. Accordingly, in *Smith* v. *Illinois Bell Telephone Co.*, 282 U. S. 133 (1931), this Court invalidated an Illinois Commerce Commission order establishing rates for the city of Chicago because it failed to distinguish between the intrastate and interstate property and business of the telephone company. In so doing, the Court emphasized that "[t]he separation of the intrastate and interstate property, revenues and expenses of the Company is . . . essential to the appropriate recognition of the competent governmental authority in each field of regulation." *Id.*, at 148.

In the Communications Act of 1934, 48 Stat. 1064, as amended, 47 U. S. C. §151 *et seq.*, Congress transferred authority over interstate communications from the ICC to the newly created Federal Communications Commission (FCC or Commission). As in the Mann-Elkins Act, Congress chose not to displace the States' authority over intrastate communications. Indeed, Congress took care to preserve it explicitly in §2(b), which provides, in relevant part, that "nothing in this chapter shall be construed to apply to or give the Commission jurisdiction with respect

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[2]The Mann-Elkins Act provided, in relevant part, that "the provisions of this Act shall apply to . . . telegraph, telephone, and cable companies . . . engaged in sending messages from one State, Territory, or District of the United States, to any other State, Territory or District of the United States, or to any foreign country, who shall be considered and held to be common carriers within the meaning and purpose of this Act." Act of June 18, 1910, ch. 309, §7, 36 Stat. 544–545.

to . . . charges, classifications, practices, services, facilities, or regulations for or in connection with intrastate communication service." 47 U. S. C. §152(b). We have carefully guarded the historical jurisdictional division codified in §2(b). See *Louisiana Pub. Serv. Comm'n* v. *FCC*, 476 U. S. 355 (1986). In *Louisiana*, we held that §2(b) precluded the FCC from pre-empting state depreciation regulations. In so doing, we rejected the FCC's argument that §220 of the Communications Act of 1934 provided it with authority to displace state regulations that were inconsistent with federal depreciation standards. We instead concluded that §2(b) "fences off from FCC reach or regulation intrastate matters—indeed, including matters 'in connection with' intrastate service," *id.*, at 370, and we further indicated that the FCC could breach §2(b)'s jurisdictional "fence" only when Congress used "unambiguous or straightforward" language to give it jurisdiction over intrastate communications. *Id.*, at 377.

Congress enacted the Telecommunications Act of 1996 (Act), Pub. L. 104–104, 110 Stat. 56, against this backdrop. To be sure, the 1996 Act marked a significant change in federal telecommunications policy. Most important, Congress ended the States' longstanding practice of granting and maintaining local exchange monopolies. See 47 U. S. C. §253(a) (1994 ed., Supp. II). It also required incumbent local exchange carriers to allow their competitors to access their facilities in three different ways. As the majority describes more completely, *ante*, at 3, n. 1, incumbents must: interconnect their networks with requesting carriers' facilities and equipment, §251(c)(2); provide nondiscriminatory access to network elements on an unbundled basis at any technically feasible point, §251(c)(3); and offer to resell at wholesale rates any telecommunications service that they provide to subscribers who are not telecommunications carriers, §251(c)(4). The Act sets forth additional obligations applicable to all

telecommunications carriers, §251(a), and all local exchange carriers, §251(b). To facilitate rapid transition from monopoly to competitive provision of local telephone service, Congress set forth a process to ensure that the incumbent and competing carriers fulfill these obligations in §252.

Section 252 sets up a preference for negotiated interconnection agreements. §252(a). To the extent that the incumbent and competing carriers cannot agree, the Act gives the state commissions primary responsibility for mediating and arbitrating agreements. Specifically, Congress directed the state commissions to mediate disputes between carriers during the voluntary negotiation period, §252(a)(2), and—after the negotiations have run their course—to arbitrate any "open issues," §252(b)(1). In conducting these arbitrations, state commissions are directed to ensure that open issues are resolved in accordance with the requirements of §251, "establish . . . rates for interconnection, services, or network elements" according to the standards that Congress set forth in §252(d), and to provide a schedule for implementing the agreement reached during arbitration. §252(c). The state commissions are also to approve or reject any interconnection agreement, whether adopted by negotiation or arbitration, §252(e)(1), guided by the standards set forth in §252(e)(2). The 1996 Act permits the FCC to intervene in this process only as a last resort, when "a State commission fails to act to carry out its responsibilit[ies]." §252(e)(5). In that event, "the Commission shall issue an order preempting the State commission's jurisdiction . . . and shall assume the responsibility of the State commission . . . and act for the State commission." *Ibid.*

To be sure, the Act directs the state commissions, in conducting arbitrations, to ensure that open issues are resolved in accordance with the "regulations prescribed by the [FCC] pursuant to section 251," §252(c)(1), and pro-

vides that the state commissions may reject an arbitrated agreement if it does not meet the requirements of §251, "including the regulations prescribed by the Commission pursuant to section 251," §252(e)(2)(B). But the scope of the FCC's rulemaking authority under the Act is quite limited. Section 251(d)(1) directs the Commission to "complete all actions necessary to establish regulations to implement the requirements of this section" within a certain time period. I believe that this subsection is a time limitation upon, and a mandate for, the exercise of rulemaking authority conferred elsewhere. The source of that authority, as I describe below, is not §201(b), but rather, §251 itself. Section 251 specifically identifies those subjects upon which the FCC may regulate. The FCC has authority to regulate on the subject of number portability, §251(b)(2); those network elements that the carrier must make available on an unbundled basis for purposes of §251(c), §251(d)(2); numbering administration, §251(e); exchange access and interconnection requirements in effect prior to the Act's effective date, §251(g); and treatment of comparable carriers as incumbents, §251(h)(2).

II

The regulations that are the subject of respondents' jurisdictional challenge contravene the division of authority set forth in the 1996 Act and disregard the 100-year tradition of state authority over intrastate telecommunications. In the introduction to its First Report and Order, the FCC peremptorily declared that §§251 and 252 "*require* [it] to establish implementing rules to govern interconnection, resale of services, access to unbundled network elements, and other matters, and direct the states to follow the Act and those rules in arbitrating and approving arbitrated agreements under sections 251 and 252." In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, 11 FCC Rcd

15544–15545 (1996) (emphasis added). In fulfilling its perceived statutory mandate, the FCC promulgated painstakingly detailed regulations dictating to the state commissions how they must implement §§251 and 252. I agree with the Eighth Circuit that the FCC lacked jurisdiction to promulgate the regulations challenged on jurisdictional grounds.[3]

A

In endorsing the FCC's claim that it has general rulemaking authority to implement the local competition provisions of the 1996 Act, the majority relies upon a general grant of authority that predates the Act, 47 U. S. C. §201(b). The last sentence of that provision, upon which the majority so heavily relies, provides that "[t]he Commission may prescribe such rules and regulations as may be necessary in the public interest to carry out the provisions of this chapter." This grant of authority, however, cannot be read in isolation. As the first Justice Harlan once observed: "[I]t is a familiar rule in the interpretation of . . . statutes that 'a passage will be best interpreted by reference to that which precedes and follows it.'" *Neal* v. *Clark*, 95 U. S. 704, 708 (1878). Section 201(a) refers exclusively to "interstate or foreign communication by wire or radio," and the first sentence of §201(b) refers to "charges, practices, classifications, and regulations for and in connection with such communication service." "Under the principle of *ejusdem generis*, when a general term follows a specific one, the general term should be understood as a reference to subjects akin to the one with spe-

[3]I agree with the majority, *ante*, at 18, that respondents' challenge to the FCC's assertion that it has authority under 47 U. S. C. §208 to consider complaints arising under the 1996 Act is not ripe for review. It appears to me, however, that the Court of Appeals conclusion that the FCC lacks such authority carries considerable force.

cific enumeration." *Norfolk & Western R. Co.* v. *Train Dispatchers*, 499 U. S. 117, 129 (1991). Applying this principle here, it is clear that the last sentence of §201(b) only gives the FCC authority to promulgate regulations governing interstate and foreign communications. By failing to read §201(b)'s grant of rulemaking authority in light of the limitation that precedes it, the majority attributes to the provision "a meaning so broad that it is inconsistent with its accompanying words, thus giving 'unintended breath to the Acts of Congress.'" *Gustafson* v. *Alloyd Co.*, 513 U. S. 561, 575 (1995) (quoting *Jarecki* v. *G. D. Searle & Co.*, 367 U. S. 303, 307 (1961)).

That Congress apparently understood §201(b) to be so limited is demonstrated by the fact that the FCC is specifically charged, under the 1996 Act, with issuing regulations that implement particular portions of §251, as I have described, *supra*, at 7. If Congress believed, as does the majority, that §201(b) provided the FCC with plenary authority to promulgate regulations implementing all of the 1996 Act's provisions, it presumably would not have needed to make clear that the FCC had regulatory authority with respect to particular matters.

B

Moreover, I cannot see how §201(b) represents an "unambiguous" grant of authority that is sufficient to overcome §2(b)'s jurisdictional fence. In my view, the majority's interpretation of §201(b) necessarily implies that Congress *sub silentio* rendered §2(b) a nullity by extending federal law to cover intrastate telecommunications. That conclusion is simply untenable in light of the fact that §2(b) is written in the disjunctive. Section 2(b), 47 U. S. C. §152(b), provides that "nothing in this chapter shall be construed to apply to *or to give the Commission jurisdiction with respect to*" intrastate telecommunications service (Emphasis added.) Contrary to the majority's suggestion,

ante, at 12, there is nothing "subtle" or "imaginative" about the principle that "[i]n construing a statute we are obliged to give effect, if possible, to every word Congress used. Canons of construction ordinarily suggest that terms connected by a disjunctive be given separate meanings, unless the context dictates otherwise . . . ." *Reiter* v. *Sonotone Corp.*, 442 U. S. 330, 339 (1979) (citation omitted). Nor is the majority correct that *Louisiana* supports its reading of §2(b). Indeed, the disjunctive structure of the provision led us to conclude in *Louisiana Pub. Serv. Comm'n* v. *FCC*, 476 U. S. 355 (1986), that §2(b) contains both "a rule of statutory construction" and a "substantive jurisdictional limitation on the FCC's power." *Id.*, at 372–373. It follows that we should give independent legal significance to each. Thus, it is not enough for the majority simply to demonstrate that the 1996 Act "appl[ies] to" intrastate services; it must also point to "unambiguous" and "straightforward" evidence that Congress intended to eliminate §2(b)'s "substantive jurisdictional limitation."

This they cannot do. Nothing in the 1996 Act eliminates §2(b)'s jurisdictional fence. Congress has elsewhere demonstrated that it knows how to exempt certain provisions from §2(b)'s reach; indeed, it has done so quite recently. For example, in 1992, Congress enacted legislation providing that §2(b) shall apply "except as provided in sections 223 through 227"of the Communications Act of 1934. Pub. L. 102–243. The following year, Congress also exempted §301 from §2(b)'s purview. Pub. L. 103–66. With the 1996 Act, Congress neither eliminated §2(b) altogether nor added §§251 and 252 to the list of provisions exempted from its jurisdictional fence. I believe that we are obliged to honor that choice.

C

Even if the rulemaking authority granted by §201(b) was not limited to interstate and international communi-

cations *and* the 1996 Act rendered §2(b) a nullity, the FCC's argument would still fail with respect to its pricing rules and its rules governing the state commissions' approval of interconnection agreements. We have made it clear that "[w]here there is no clear intention otherwise, a specific statute will not be controlled or nullified by a general one." *Crawford Fitting Co.* v. *J. T. Gibbons, Inc.*, 482 U. S. 437, 445 (1987) (emphasis omitted; internal quotation marks omitted). Section 201(b) at best gives the FCC general rulemaking authority. But the 1996 Act gives the state commissions the primary responsibility for conducting mediations and arbitrations and approving interconnection agreements. Indeed, as I have described, Congress set forth specific standards that the state commissions are to adhere to in setting pricing, §252(d), and in approving interconnection agreements, §252(e). The majority appears to believe that Congress expected that the FCC would promulgate rules to "guide the state-commission judgments." *Ante*, at 18. I do not agree. It seems to me that Congress consciously designed a system that respected the States' historical role as the dominant authority with respect to intrastate communications. In giving the state commissions primary responsibility for conducting mediations and arbitrations and for approving interconnection agreements, I simply do not think that Congress intended to limit States' authority to mechanically apply whatever methodologies, formulas, and rules that the FCC mandated. Because Congress set forth specific provisions giving primary responsibility in certain areas to the States, and because the subsections setting forth the standards that the state commissions are to apply make no mention of FCC regulation, I believe that we are obliged to presume that Congress intended the specific

grant of primary authority to the States to control.[4]

D

My interpretation, of course, would require the state commissions to interpret and implement the substantive provisions of the 1996 Act in those instances where the 1996 Act gave the state commissions primary authority. Several parties have suggested that it is inappropriate for the States to do so. One of the many petitioners in this case goes so far as to suggest that under our decision in *Printz* v. *United States*, 521 U. S. 898 (1997), the "legitimacy of any such delegation of federal substantive authority [to the States] would be suspect." Brief for Petitioner in No. 97–829, p. 40. To be sure, we held in *Printz* that the Federal Government may not commandeer state executive agencies. But I do not know of a principle of federal law that prohibits the States from interpreting and applying federal law. Indeed, basic principles of federalism compel us to presume that States are competent to do so. As Justice Field observed over 100 years ago in a decision upholding a federal law delegating to the States the authority to determine compensation in takings cases:

> "[I]t was the purpose of the Constitution to establish a general government independent of, and in some respects superior to, that of the State governments—one which could enforce its own laws through its own officers and tribunals . . . . Yet from the time of its establishment that government has been in the habit of using, with the consent of the States, their officers, tribunals, and institutions as its agents. Their use

[4]My conclusion applies with equal force to other FCC regulations that trump the state commissions' responsibilities, including exemptions, suspensions, and modification, §251(f); approval of agreements predating the Act, §252(a); and pre-emption of state access regulations that are inconsistent with FCC dictates, §251(d)(3).

> has not been deemed violative of any principle as in any manner derogating from the sovereign authority of the federal government; but as a matter of convenience and as tending to a great saving of expense." *United States* v. *Jones*, 109 U. S. 513, 519–520 (1883).

When, in 1996, Congress decided to attempt to introduce competition into the market for local telephone service, it deemed it wise to take advantage of the policy expertise that the state commissions have developed in regulating such service. It is not for us—or the FCC—to second-guess its decision.

* * *

Contrary to longstanding historical practice, this Court's precedents respecting that practice, and the 1996 Act's adherence to it, the majority grants the FCC unbounded authority to regulate a matter of state concern. Because I do not believe that Congress intended such a result, I respectfully dissent from Part II of the majority's opinion.

SUPREME COURT OF THE UNITED STATES

Nos. 97–826, 97–829, 97–830, 97–831, 97–1075, 97–1087, 97–1099, AND 97–1141

AT&T CORPORATION, ET AL., PETITIONERS
97–826 *v.*
IOWA UTILITIES BOARD ET AL.;

AT&T CORPORATION, ET AL., PETITIONERS
v.
CALIFORNIA ET AL.

MCI TELECOMMUNICATIONS CORPORATION, PETITIONER
97–829 *v.*
IOWA UTILITIES BOARD ET AL.;

MCI TELECOMMUNICATIONS CORPORATION, PETITIONER
v.
CALIFORNIA ET AL.

ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES, ET AL., PETITIONERS
97–830 *v.*
IOWA UTILITIES BOARD ET AL.

FEDERAL COMMUNICATIONS COMMISSION AND UNITED STATES, PETITIONERS
97–831 *v.*
IOWA UTILITIES BOARD ET AL.;

FEDERAL COMMUNICATIONS COMMISSION AND UNITED STATES, PETITIONERS
v.
CALIFORNIA ET AL.

AMERITECH CORPORATION, ET AL., PETITIONERS
97–1075 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

GTE MIDWEST, INCORPORATED, PETITIONER
97–1087 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

U S WEST, INC., PETITIONER
97–1099 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

SOUTHERN NEW ENGLAND TELEPHONE COMPANY, ET AL., PETITIONERS
97–1141 *v.*
FEDERAL COMMUNICATIONS COMMISSION ET AL.

ON WRITS OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

[January 25, 1999]

JUSTICE BREYER, concurring in part and dissenting in part.

A statute's history and purpose can illuminate its language. When read in light of history, purpose, and precedent, the Telecommunications Act of 1996 (1996 Act or Act), Pub. L. 104–104, 110 Stat. 56, is not the "model of ambiguity" or "self-contradiction" of which the majority complains. *Ante*, at 29. Neither does it permit the Federal Communications Commission to promulgate the pricing and unbundling rules before us.

I

The FCC's pricing rules fall outside its delegated authority because both (1) a century of regulatory history establishes state authority as the local telephone service ratemaking norm and (2) the 1996 Act nowhere changes, or creates an exception to, that norm. JUSTICE THOMAS' opinion describes the history that has created the norm. *Ante*, at 2–5. In my view, the Act's purposes, its language, relevant precedent, and the nature of the FCC's rules provide added support for his conclusion.

A

The Act's purposes help explain why its language and structure foresee, not national rate uniformity, but tradi-

tional local ratemaking—FCC views to the contrary notwithstanding. See *In re Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, ¶113, 11 FCC Rcd 15499, 15558 (1996) (First Report & Order). To understand those purposes, one must recall that AT&T once dominated the national telecommunications industry. It controlled virtually all long-distance telephone service, most local telephone service, and a substantial amount of all telephone equipment manufacturing. See generally *United States* v. *American Tel. & Tel. Co.*, 552 F. Supp. 131, 165 (DC 1982) (describing AT&T's "commanding position" in the Nation's telecommunications business), aff'd *sub nom. Maryland* v. *United States*, 460 U. S. 1001 (1983). In 1982, however, AT&T entered into an antitrust consent decree, which ended its industry dominance. See 552 F. Supp., at 160–170.

The decree split AT&T from its local telephone service subsidiaries. By doing so, the decree sought to encourage new competition in long-distance service by firms such as MCI and Sprint. And it also encouraged new competition in telephone equipment markets. But the decree did not introduce new competition into the local telephone service markets. Rather, it left each local market in the hands of a single state-regulated local service supplier, such as NYNEX in New York, or Bell Atlantic in Washington, D.C. That circumstance may have reflected the belief, current at the time, that local service competition could prove wasteful, leading to the unwarranted duplication of expensive physical facilities by requiring, say, the unnecessary digging up of city streets to install unneeded wires connecting each house with a series of new but redundant local switches. See, *e.g.*, *United States* v. *Western Elec. Co.*, 673 F. Supp. 525, 537–538 (DC 1987); P. Huber, M. Kellogg, & J. Thorne, The Geodesic Network II: 1993 Report on Competition in the Telephone Industry pp. 2.3–2.5 (1992).

At the same time, the decree forbade most such local service suppliers from entering long-distance markets.

United States v. *American Tel. & Tel. Co., supra,* at 186–188. That prohibition, by preventing entry by local firms willing and able to supply long-distance service, risked less long-distance competition. Cf. P. MacAvoy, The Failure of Antitrust and Regulation to Establish Competition in Long-Distance Telephone Services 179–183 (1996). But the decree reflected a countervailing concern. Local firms might enjoy special long-distance advantages not available to purely long-distance companies. See *United States* v. *American Tel. & Tel., supra,* at 186–188. Perhaps a local service company would find it unusually easy to attract local customers to its long-distance service; perhaps it could use its control of local service to place its long-distance competitors at a disadvantage. See T. Krattenmaker, Telecommunications Law and Policy 411–412 (2d ed. 1998) (explaining rationale of the decree). And though some argued that any such special advantages were innocent, rather like those enjoyed by a transcontinental airline that dominates a local hub, others claimed they were unfair, like those that had once helped AT&T (through its control of local service) maintain long-distance dominance. See *United States* v. *American Tel. & Tel., supra,* at 165; see generally A. Kahn, Letting Go: Deregulating the Process of Deregulation, or: Temptation of the Kleptocrats and the Political Economy of Regulatory Disingenuousness 37–38 and n. 53 (1998) (discussing the debate). Whether the decree's trade-off made sense—*i.e.*, whether the existence of some such local-firm/long-distance-service advantage warranted the decree's prohibition limiting the number of potential long-distance competitors—became a fertile source for later argument. See, *e.g.*, MacAvoy, *supra,* at 171–177 (arguing that oligopolistic conditions in long-distance markets have produced supranormal profits that would not be sustainable with increased competition); Robinson, The Titanic Remembered: AT&T and the Changing World of Telecommunications, 5 Yale J. Reg.

517, 537 (1988) (arguing that the rationale for the decree's restrictions on local service companies was "just as persuasive" as that underlying the decree).

The Act before us responds to this argument by changing the postdecree status quo in two important ways. First, it creates a legal method through which local telephone service companies may enter long-distance markets, thereby providing additional long-distance competition. See 47 U. S. C. §271(c)(2)(B) (1994 ed., Supp. II) (listing 14 conditions that, if met, permit incumbent local firms to enter long-distance market). Second, it conditions that long-distance entry upon either (1) the introduction of competition into local markets, *or* (2) the failure of a competing carrier to request access to or interconnection with the local service supplier (or the competing carrier's failure to engage in "good faith" negotiations). §§271(c)(1)(A), (B). The existence of these two alternatives is important. In setting forth the first alternative, actual local competition, the statute recognizes that local service competition would diminish any special long-distance advantages that the local firm has, thereby lessening the need for the decree's long-distance-market entry prohibition. See *supra*, at 4; Krattenmaker, The Telecommunications Act of 1996, 49 Fed. Comm. L. J. 1, 15–16 (1996). In setting forth the second alternative, the Act recognizes that actual local competition might not prove practical; in some places, to some extent, local markets may not support more than a single firm, at least not without wasteful duplication of resources. See Note, The FCC and the Telecom Act of 1996: Necessary Steps to Achieve Substantial Deregulation, 11 Harv. J. L. & Tech. 797, 810, n. 57 (1998).

These alternatives raise a difficult empirical question. To what extent is local competition possible without wasteful duplication of facilities? The Act does not purport to answer this question. Rather, it creates a set of

legal rules which, through interaction with the marketplace, aims to produce sensible answers. In particular, the Act *permits* new local entry by dismantling existing legal barriers that would otherwise inhibit it. 47 U. S. C. §253(a) (1994 ed., Supp. II). Equally important, the Act *promotes* new local entry by requiring incumbents (1) to "interconnect" with new entrants (thereby allowing even a partial new entrant's small set of subscribers to call others within an entire local area), §251(c)(2); (2) to sell retail services to new entrants at wholesale rates (thereby allowing newly entering firms to become "resellers," competing in retailing), §251(c)(4); and (3) to provide new entrants "access to network elements," say, house-to-street telephone lines, "on an unbundled basis" (thereby allowing new entry in respect to *some* aspects of the local service business without requiring wasteful duplication of the *entire* business), §251(c)(3). The last mentioned "unbundling" requirement does not specifically state which elements must be unbundled, a difficult matter that I shall discuss below. See *infra*, at 18–21. But one can understand the basic logic of "unbundling" by imagining that Congress required a sole incumbent railroad providing service between City A and City B to share certain basic facilities, say, bridges, rights-of-way, or tracks, in order to avoid wasteful duplication of those hard-to-duplicate resources while facilitating competition in the *remaining* aspects of A-to-B railroad service. Indeed, one might characterize the Act's basic purpose as seeking to bring about, without inordinate waste, greater local service competition both as an end in local markets and as a means towards more competition, and fair competition, in long-distance markets.

For the present cases, the most important characteristic of the Act's purposes is what those purposes do *not* require. Those purposes neither require nor suggest reading the Act's language to change radically the scope of local

regulators' traditional rate-setting powers. A utility's rate structure consists of complex sets of typically interdependent individual rates, the determination of which depends upon numerous considerations, many of which are local in nature and fall outside the Act's purview. The introduction of competition into a particular locality does not diminish the importance of place-specific factors, such as local history, geography, demands, and costs. And local regulators are likely more familiar than are national regulators, for example, with a particular utility's physical plant, its cost structure, the pattern of local demand, the history of local investment, and the need for recovery of undepreciated fixed costs.

Moreover, local regulators have experience setting rates that recover both the immediate, smaller, added costs that demand for additional service imposes upon a local system and also a proper share of the often huge fixed costs (of local loops, say, or switches) and overhead needed to provide the dial tone itself. Indeed, local regulators would seem as likely, if not more likely, than national regulators to know whether, when, or the extent to which, particular local charges or systems of charges will lead new entrants to abandon efforts to use a local incumbent's elements, turning instead to alternative technologies. And local regulators would seem as likely as national regulators to know whether or when use of such alternative technologies in the local circumstances will prove more beneficial than wasteful. It is the local communities, and, hence, local regulators, that will directly confront the problems and enjoy the benefits associated with local efforts to integrate new and old communications resources and communications firms. These factors, along with the fact that the relevant technology changes rapidly, argue in favor of, not against, local rate-setting control, including local rate-setting differences, for those differences can amount to the kind of "experimentation" long thought a strength of our federal system.

At most, the Act's purposes argue for a grant to the FCC of authority to set federal limitations preventing States from adopting forms of ratemaking that would interfere with the Act's basic objectives. The Act explicitly grants the FCC a particular pre-emption tool, not here invoked, which is apparently suited to that job. 47 U. S. C. §253(d) (1994 ed., Supp. II) (permitting the FCC to pre-empt, after notice and comment, any state legal requirement that has the effect of prohibiting entry into local service). Such a grant could not help the FCC here, however, for, as I discuss below, *infra*, at 13–17, the FCC's rules do not just create an outer envelope or simply prevent the States from going too far. Rather, they effectively supplant much of a local regulator's local rate-setting work.

B

Read in light of its purposes, the Act's language more clearly foresees retention, not replacement, of the traditional allocation of state-federal rate-setting authority. *Ante*, at 6–7 (THOMAS, J., concurring in part and dissenting in part). Sections 251 and 252, which establish and provide for implementation of new local service obligations, contain the relevant language.

Section 251 lists basic obligations that the Act imposes upon local incumbents. These include obligations to interconnnect, to unbundle, to sell at wholesale rates, to provide "number portability," to assure "dialing parity," to negotiate with potential entrants in good faith, and generally to encourage local competition. Section 251 also refers to the FCC, but only in respect to *some* of these obligations. See, *e.g.*, §251(d)(2) ("[T]he Commission shall consider" certain standards in determining which network elements must be unbundled); §251(b)(2) (local firms have duty to provide "number portability in accordance with requirements prescribed by the Commission"); see *ante*, at 7 (THOMAS, J., concurring in part and dissenting in part).

It makes no mention of a regulator in respect to other matters, *which others include ratemaking*. Thus, §251's language leaves open the relevant question—which regulator has the authority to set rates.

Section 252, which specifically describes how §251's obligations are to be implemented, is less ambivalent. Its implementation system consists of negotiation between incumbents and new entrants, followed by *state* regulatory commission arbitration if negotiations fail. §§252(a), (b). Certain of §252's language, I concede, can be read to favor the majority—in particular its statement that the results of state arbitration must be consistent with §251 and with "regulations prescribed by the [FCC] pursuant to section 251." §252(c)(1). But the word "regulations" here might or might not include rate regulations. *Ante*, at 13–14. And the immediately following language indicates that it does not.

That immediately following language, beginning with the immediately subsequent subsection and including nine paragraphs, speaks separately, and specifically, of rates. §§252(c)(2), (d). And that language expressly says that the "*State commission[s]*" are to "establish any rates." It adds that they are to do so "according to" a further subsection, "subsection (d)." And this further subsection (d), headed by the words "Pricing standards" and focusing upon "charges," sets forth the pricing standards for use by the *state commissions*. It speaks of "[d]eterminations by a [S]tate commission of the just and reasonable rate" (which, it adds, must be "nondiscriminatory" and "based on . . . cost"), but it says nothing about a role for the FCC. § 252's references to the state commissions, its rate-setting detail, and its silence about the FCC's role all favor a reading of the earlier word "regulations" that excludes, rather than includes, FCC rate regulations.

Thus, §251 is silent about local rate-setting power. Section 252 speaks of state, not federal, ratemaking. As

most naturally read, the structure and language of those sections foresee the traditional allocation of ratemaking authority—an allocation that within broad limits assumes local rates are local matters for local regulators.

I recognize that the majority finds the relevant rulemaking authority, not in §§251 and 252, but in a different section containing a general grant of rulemaking authority. *Ante*, at 9–10 (citing 47 U. S. C. §201(b)). But Congress enacted that language in 1938, see 52 Stat. 588. The scope of the FCC's legal power to apply an explicit grant of general authority to make rules implementing the more specific terms of a later enacted statute depends upon what that later enacted statute contemplates. Cf. *Louisiana Pub. Serv. Comm'n* v. *FCC*, 476 U. S. 355, 376–377, n. 5 (1986). And here, as just explained, the 1996 Act foresees the reservation of most local rate-setting authority to local regulators.

C

The most the FCC can claim is linguistic ambiguity. But such a claim does not help the FCC, for relevant precedent makes clear that, when faced with ambiguity, we are to interpret statutes of this kind on the assumption that Congress intended to preserve local authority. See, *e.g.*, *Cipollone* v. *Liggett Group, Inc.*, 505 U. S. 504, 518 (1992) ("presumption against the pre-emption of state police power regulations"); *Rice* v. *Santa Fe Elevator Corp.*, 331 U. S. 218, 230 (1947) (requiring "clear and manifest" showing of congressional intent to supplant traditional state police powers). Moreover, the Communications Act itself, into which Congress inserted the provisions of the 1996 Act with which we are here concerned, comes equipped with a specific instruction that courts are *not* to "construe" the FCC's statutory grant of authority as

> "giv[ing] the Commission jurisdiction with respect to . . . charges . . . for or in connection with intrastate communication." 47 U. S. C. §152(b).

Thus, as JUSTICE THOMAS points out, *ante*, at 10, it is not surprising to find that this Court has interpreted the Communications Act as denying the FCC authority to determine local rate-related practices in the face of statutory language far more helpful to the FCC than anything present here. *Louisiana Pub. Serv. Comm'n* v. *FCC*, *supra*. That precedent requires a similar result here.

Louisiana raised a question almost identical to the one before us: Does a statute granting the FCC authority to set certain *general* rate-related rules (there, depreciation rules) also grant the FCC authority to set *primarily local* rate-related rules (*i.e.*, local depreciation rules)? Writing for the Court, Justice Brennan stated that the basic "rule of statutory construction" contained in §152(b) and just quoted above requires interpretations that favor the reservation of ratemaking authority to the States. *Louisiana*, *id.*, at 373. Hence, the statute did not permit the FCC to write depreciation rules that would apply to equipment insofar as it was used for local service. *Ibid.*

Consider the similarities between *Louisiana* and the present cases. The relevant rules of statutory construction—the general and explicit presumptions favoring retention of local authority—are the same. See *id.*, at 369 (asking whether "Congress intended that federal regulation supersede state law" and citing *Rice* v. *Santa Fe Elevator Corp.*, *supra*); 476 U. S., at 371–373 (relying on §152(b)). The subject matter is highly similar—both cases involve the way in which local rates will be set for equipment used for both intrastate and interstate calls. Compare Brief for Federal Petitioners 36–38, with *Louisiana*, *supra*, at 374–376. And both cases involve intrastate charges that could affect interstate rates, here because of local competition's interstate impact, see First Report & Order ¶84, 11 FCC Rcd, at 15544, in *Louisiana* because more (or less) stringent local depreciation rules would affect the rate of replacement of equipment used for interstate calls, 476 U. S., at 362–363.

Consider, too, the differences. The language of the relevant statute here explicitly refers to "*State commission[s],*" which, it says, will "establish any rates." 47 U. S. C. §252(c)(2) (1994 ed., Supp. II) (emphasis added). The language of the relevant statute in *Louisiana,* by contrast, was far more easily read as granting the FCC the authority it sought. That statute said that the FCC would "prescribe" depreciation practices for the relevant local telephone companies, and it prohibited "any depreciation charges . . . other than those prescribed by the [FCC]," §220(b); it made it "unlawful . . . to keep any other [depreciation] accounts . . . than those so prescribed or . . . approved" by the FCC, §220(g); it ordered the FCC to hear from state commissions before establishing its own rules, §220(i); and it authorized the FCC to exempt state-regulated companies from its depreciation rules, §220(h). See *Louisiana, supra,* at 366–367. These differences, of course, make the argument for local ratemaking in these cases stronger, not weaker, than in *Louisiana.*

The majority says its view is "unaffected" by §152(b). *Ante,* at 11. But Congress' apparently was not, for when it enacted the 1996 Act, it initially considered amending §152(b) to make it inapplicable to the provisions that we here consider, thereby facilitating an interpretation, like the majority's, that would give the FCC the local rate-setting power it now seeks to exercise. See S. 652, 104th Cong., 1st Sess., §101(c)(2) (1995); H. R. 1555, 104th Cong., 1st Sess., §101(e)(1) (1995). The final legislation, however, rejected that proposed language. See 47 U. S. C. §152(b). It cannot be thought that Congress "intend[ed] *sub silentio* to enact statutory language that it ha[d] earlier discarded in favor of other language." *INS* v. *Cardoza-Fonseca,* 480 U. S. 421, 442–443 (1987) (internal quotation marks and citation omitted).

D

The FCC's strongest argument, in my view, is that its rate rules do not actually supplant local rate-setting authority; they simply set forth limits, creating a kind of envelope marking the outer bounds of what would constitute a reasonable local rate-setting system. The majority may accept a version of this argument, for it says the FCC has prescribed a "requisite pricing methodology" that "no more prevents the States from establishing rates than do the statutory 'Pricing standards' set forth in §252(d)." *Ante*, at 16. That, however, is not what the FCC has done.

The FCC's rate regulations are not at all like §252(d)'s pricing standards. The statute sets forth those standards in general terms, using such words as, "based on . . . cost," "nondiscriminatory," and "just and reasonable." Terms such as these give rate-setting commissions broad methodological leeway; they say little about the "method employed" to determine a particular rate. *FPC* v. *Hope Natural Gas Co.*, 320 U. S. 591, 602 (1944). The FCC's rules, on the other hand, are not general. The dozens of pages of text that set them forth are highly specific and highly detailed. See First Report & Order ¶¶672–715, *supra*, at 15844–15862. They deprive state commissions of methodological leeway. Their rate-setting instructions grant a state commission little or no freedom to choose among reasonable rate-determining methods according to the State's policy-related judgments, assessing local economic circumstance or community need. I grant the fact that the rules leave it to the state commissions to fix the actual rate, but that is rather like giving a restaurant chef the authority to choose a menu while restricting him to one dish, an omelette, and to one single favorite recipe.

Nor can the FCC successfully argue that the Act requires the particular rate-setting system that its regulations contain. The FCC's system, which the FCC calls "forward-looking," bases the charge for the use of an un-

bundled element (say, a set of local wires connecting a subscriber to a local switch) upon a hypothetical set of costs—the costs of providing that service using the incumbent's actual wire center, but otherwise assuming use of the most efficient technology that the incumbent *could* use (not the equipment the incumbent actually *does* use). See First Report & Order ¶¶682, 685, *supra*, at 15847–15849. The FCC does not claim that the statute's language (though ruling out certain kinds of rate-of-return proceedings, 47 U. S. C. §252(d)(1)(A)(i) (1994 ed., Supp. II)) forces use of this forward-looking cost determination system. Moreover, I have explained above why I do not believe the Act's purposes demand what its language denies, namely, a single nationwide rate-setting system. *Supra*, at 7–8; compare First Report & Order ¶114, *supra*, at 15558–15559 (arguing that a single pricing methodology is needed to assure uniform administration of the Act).

The FCC does argue that the Act's purpose, competition, favors its system. For competition, according to the FCC, tends to produce prices that reflect forward-looking replacement costs, not actual historical costs. *E.g.*, *id.*, ¶672, 11 FCC Rcd, at 15844. But this argument does not show that the Act compels the use of the FCC's system over any other. How could it? The competition that the Act seeks is a process, not an end result; and a regulatory system that imposes through administrative mandate a set of prices that tries to mimic those that competition would have set does not thereby become any the less a regulatory process, nor any the more a competitive one.

Most importantly, the FCC's rules embody not an effort to circumscribe the realm of the reasonable, but rather a policy-oriented effort to choose among several different systems, including systems based upon actual costs or price caps, which other systems the FCC's rules prohibit. A few examples, focusing upon some of the claimed weaknesses of the FCC's preferred system, will illustrate, how-

ever, how easily a regulator weighing certain policy considerations (for example administrative considerations) differently might have chosen a different set of reasonable rules:

—Consider the FCC's decision to deny state commissions the choice of establishing rates based on actual historic, rather than hypothetical forward-looking, costs. See First Report & Order ¶705, 11 FCC Rcd, at 15857–15858. Justice Brandeis, joined by Justice Holmes, pointed out the drawback of using a forward-looking, rather than an actual historic, cost system many years ago. They wrote that whatever the theoretical economic merits of a "reproduction cost" system (a system bearing an uncanny resemblance to the FCC's choice), the hypothetical nature of the regulatory judgments it required made such a system administratively unworkable. See *Missouri ex rel. Southwestern Bell Telephone Co.* v. *Public Serv. Comm'n of Mo.*, 262 U. S. 276, 292–296 (1923) (Brandeis, J., dissenting).

The passage of time has not outdated the Brandeis and Holmes criticism. Modern critics question whether regulators can accurately determine the "efficient" cost of supplying telephone service, say, to a particular group of Manhattan office buildings, by means of hypothetically efficient up-to-date equipment connected to a hypothetically efficient New York City network built to connect with NYNEX's existing (nonhypothetical) wire center. See, *e.g.*, Kahn, Letting Go, at 93, and n. 135. The use of historic costs draws added support from one major statutory aim—expeditious introduction of competition. That is because efforts to determine hypothetical (rather than actual) costs means argument, and argument means delay, with respect to entry into both local and long-distance markets. See *supra*, at 4–5. Though the FCC disfavors actual or historic costs, it does not satisfactorily explain why their

use would be arbitrary or unreasonable.

—Consider the FCC's decision to prohibit use of an "efficient component pricing rule." See First Report & Order ¶708–711, *supra*, at 15859–15860. Where an incumbent supplies an element to New Entrant B that it otherwise would have provided Old Customer A, that rule, roughly speaking, permits the incumbent to charge a price measured by either (1) the element's market price, if it is sold in the marketplace, or (2), if it is not, the incumbent's actual costs (including the net revenue the incumbent loses from foregoing the sale to Old Customer A). See generally, *e.g.*, W. Baumol & J. Sidak, Toward Competition in Local Telephony 95–97 (1994). This pricing system seeks to assure the incumbent that it will obtain from B the contribution, say, to fixed costs or to overhead, that A had previously made. Many experts prefer such a system. See, *e.g.*, Sidak & Spulber, The Tragedy of the Telecommons: Government Pricing of Unbundled Network Elements Under the Telecommunications Act of 1996, 97 Colum. L. Rev. 1081, 1111–1113, and nn. 75–85 (1997); Kahn & Taylor, The Pricing of Inputs Sold to Competitors: A Comment, 11 Yale J. Reg. 225, 228–230 (1994). The FCC rejected that system, but in doing so it did not claim, nor did its reasoning support the claim, that the use of such a system would be arbitrary or unreasonable. See Sidak & Spulber, *supra*, at 1095–1098.

—Consider the FCC's decision to forbid the use of what regulators call "Ramsey pricing," see First Report & Order ¶696, *supra*, at 15852–15853. Ramsey pricing is a classical regulatory pricing system that assigns fixed costs in a way that helps maintain services for customers who cannot (or will not) pay higher prices. See generally, *e.g.*, 1 A. Kahn, The Economics of Regulation: Principles and Institutions 137–141 (reprint 1988). Many experts strongly prefer the use of such a system. See, *e.g.*, Sidak & Spulber, *supra*, at 1109 (arguing that the FCC's prohibition of

Ramsey pricing will "minimize rather than maximize consumer welfare"). The FCC disfavors Ramsey pricing, but it does not explain why a contrary judgment would conflict with the statute or otherwise be arbitrary or unreasonable.

These examples do not show that the FCC's rules themselves are unreasonable. That question is not now before us, and I express no view on the matter. The examples simply help explain why the FCC's rules could not set forth the *only* rate-setting system consistent with the Act's objectives. The FCC's regulations do not set forth an outer envelope surrounding a set of reasonable choices; instead, they constitute the kind of detailed policy-related rate-setting that the statute in respect to local matters leaves to the States.

* * *

Two Terms ago the Court held that Congress could not constitutionally require a state sheriff to fill out a form providing background information about a buyer of a gun. *Printz* v. *United States,* 521 U. S. 898, 935 (1997). Dissenters in that case noted that the law deprived the States of a power that had little practical significance. See *id.,* at 961 (STEVENS, J., dissenting); *id.,* at 977 (BREYER, J., dissenting). Today's decision does deprive the States of practically significant power, a camel compared with *Printz*'s gnat. The language of the statute nowhere reveals any "clear and manifest purpose," *Rice,* 331 U. S., at 230, that such was Congress' intent. History, purpose, and precedent all argue to the contrary. I would hold that, in respect to local ratesetting, the FCC's reach has exceeded its legal grasp.

II

I agree with the Court's disposition of the FCC's "unbundling" rules. As earlier explained, the Act seeks to

introduce competition into local markets by removing legal barriers to new entry, by requiring interconnection, by requiring incumbents to sell to potential retail competitors at wholesale rates, and by requiring the sharing, or "unbundling," of certain facilities. *Supra,* at 6; see 47 U. S. C. §§251(c)(2)–(4), 253(a) (1994 ed., Supp. II). The Act expresses this last-mentioned sharing requirement in general terms, reflecting congressional uncertainty about the extent to which compelled use of an incumbent's facilities will prove necessary to avoid waste. Will wireless technology or cable television lines, for example, permit the efficient provision of local telephone service without the use of existing telephone lines that now run house to house?

Despite the empirical uncertainties, the basic congressional objective is reasonably clear. The unbundling requirement seeks to facilitate the introduction of competition where practical, *i.e.*, without inordinate waste. *Supra,* at 6–7. And although the provision describing which elements must be unbundled does not explicitly refer to the analogous "essential facilities" doctrine (an antitrust doctrine that this Court has never adopted), the Act, in my view, does impose related limits upon the FCC's power to compel unbundling. In particular, I believe that, given the Act's basic purpose, it requires a convincing explanation of why facilities should be shared (or "unbundled") where a new entrant could compete effectively without the facility, or where practical alternatives to that facility are available. §251(d)(2); see generally Areeda, Essential Facilities: An Epithet in Need of Limiting Principles, 58 Antitrust L. J. 841, 852–853 (1989).

As the majority points out, the Act's language itself suggests some such limits. *Ante,* at 20–25. The fact that compulsory sharing can have significant administrative and social costs inconsistent with the Act's purposes suggests the same. Even the simplest kind of compelled sharing, say, requiring a railroad to share bridges, tun-

nels, or track, means that someone must oversee the terms and conditions of that sharing. Moreover, a sharing requirement may diminish the original owner's incentive to keep up or to improve the property by depriving the owner of the fruits of value-creating investment, research, or labor. And as one moves beyond the sharing of readily separable and administrable physical facilities, say, to the sharing of research facilities, firm management, or technical capacities, these problems can become more severe. One would not ordinarily believe it practical, for example, to require a railroad to share its locomotives, fuel, or workforce. Nor can one guarantee that firms will undertake the investment necessary to produce complex technological innovations knowing that any competitive advantage deriving from those innovations will be dissipated by the sharing requirement. The more complex the facilities, the more central their relation to the firm's managerial responsibilities, the more extensive the sharing demanded, the more likely these costs will become serious. See generally 1 H. Demsetz, Ownership, Control, and the Firm: The Organization of Economic Activity 207 (1988). And the more serious they become, the more likely they will offset any economic or competitive gain that a sharing requirement might otherwise provide. The greater the administrative burden, for example, the more the need for complex proceedings, the very existence of which means delay, which in turn can impede the entry into long-distance markets that the Act foresees. See *supra*, at 5.

Nor are any added costs imposed by more extensive unbundling requirements necessarily offset by the added potential for competition. Increased sharing by itself does not automatically mean increased competition. It is in the *un*shared, not in the shared, portions of the enterprise that meaningful competition would likely emerge. Rules that force firms to share *every* resource or element of a business would create, not competition, but pervasive

regulation, for the regulators, not the marketplace, would set the relevant terms.

The upshot, in my view, is that the statute's unbundling requirements, read in light of the Act's basic purposes, require balance. Regulatory rules that go too far, expanding the definition of what must be shared beyond that which is essential to that which merely proves advantageous to a single competitor, risk costs that, in terms of the Act's objectives, may make the game not worth the candle.

I believe the FCC's present unbundling rules are unlawful because they do not sufficiently reflect or explore this other side of the unbundling coin. See *Motor Vehicle Mfrs. Assn. of United States, Inc.* v. *State Farm Mut. Automobile Ins. Co.*, 463 U. S. 29, 43 (1983). They do not explain satisfactorily why, for example, an incumbent must share with new entrants "call waiting," or various operator services. Nor do they adequately explain why an incumbent should be forced to share virtually every aspect of its business. As the majority points out, *ante*, at 22–23, they seem to assume, without convincing explanation, that the more the incumbent unbundles, the better. Were that the Act's objective, however, would Congress have seen a need for a separate wholesale sales requirement (since the "unbundling" requirement would have led to a similar result)? Indeed, would Congress have so emphasized the importance of competition? A totally unbundled world—a world in which competitors share every part of an incumbent's existing system, including, say, billing, advertising, sales staff, and work force (and in which regulators set all unbundling charges)—is a world in which competitors would have little, if anything, to compete about.

I understand the difficulty of making the judgments that the statute entrusts to the FCC and the short time that it gave the FCC in which to make them. 47 U. S. C. §251(d)(1) (1994 ed., Supp. II). I also understand that the

law gives the FCC considerable leeway in the exercise of its judgment. *E.g.*, R. Pierce, S. Shapiro, & P. Verkuil, Administrative Law and Process §7.4, p. 353 (2d ed. 1992). But, without added explanation, I must conclude that the unbundling rules before us go too far. They are inconsistent with Congress' approach. They have not been adequately justified in terms of the statute's mandate, read in light of its purposes. See 5 U. S. C. §706(2). For this reason, as well as the reasons set forth in the majority's opinion, I agree with its conclusion that Rule 319 must be vacated.

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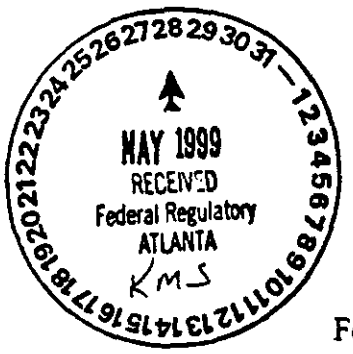

PLEASE DATE-STAMP AND RETURN

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
	)	

BELLSOUTH'S COMMENTS

BELLSOUTH CORPORATION
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Date: May 26, 1999

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SUMMARY

The Supreme Court has sent the Commission back to the drawing board with some specific instructions on how to approach section 251(d)(2). Those instructions require the Commission to draw from section 251(d)(2) a rational limiting standard on network element unbundling. The Court also instructed the Commission that in applying its limiting standard it *must* look beyond incumbent LEC networks in assessing the availability of present alternatives and the ability of CLECs to create alternatives through self-provisioning. The Court's instructions were informed by the fact that forced sharing may in fact displace competition with regulation rather than the reverse.

The Commission must focus its test on maximizing benefits to consumers. Creating entitlements for competitors to unbundled network elements under the Commission's current TELRIC pricing scheme cannot be the focus of a rational limiting standard on network element unbundling. The Commission could take an important initial step towards this goal by adopting a test it has already applied to network elements as the standard. Thus, the test under section 251(d) should relate to whether an element is necessary to, or whether the failure to unbundle would impair, an efficient CLEC's meaningful opportunity to compete.

The presence of competitive alternatives, the possibility of entry through self-provisioning and whether an efficient CLEC has a meaningful opportunity to compete can only be assessed by looking at properly defined product and geographic markets. The Commission practice when assessing competitive alternatives has been to define markets as the first step in its analysis. This proceeding requires the same approach.

When markets are defined and examined, one inescapable fact emerges -- local conditions vary to the extent that no single one-size-fits-all national list can reflect this variation. Constructing a one-size regulatory straight-jacket would be contrary to the Commission's own attempts to "move away from 'one size fits all' regulation and reduce the regulatory requirements on incumbent carriers as competition develops in discrete geographic areas," *Local Competition Survey* at 4, let alone Congress's pro-competitive de-regulatory goals for the 1996 Act.

The Commission has adopted a three zone approach to aggregating local markets in its *Special Access* and *Switched Transport* orders discussed below. These zones were drawn by the Commission to reflect competition and underlying economic forces that influence competition in local markets. This three zone approach provides one way to develop national lists for local elements that adequately reflect the presence of alternatives to incumbent LEC facilities and the ability of CLECs to self-provision.

CLECs have raised billions of dollars of capital and have invested that capital in alternative facilities. Thousands of miles of local fiber and hundreds of switches have been deployed in the last two years. CLECs have concentrated on using these facilities to serve the business market. The Commission has recognized that competition for larger businesses has been a fact for some time, and that CLEC competition for those customers continues to grow rapidly. Cable telephony presents a rapidly growing direct and complete substitute for residential local exchange servie delivered over incumbent LEC networks. The Commission must account for the role of cable telephony facilities as an alternative to incumbent LEC networks.

The Commission's lists must reflect the market realities set out in great detail below. The facts show that for many incumbent LEC network elements in many geographic areas there are

more than adequate alternatives to incumbent LEC elements. The ease of self-provisioning some elements means that CLECs could create alternatives in sufficiently short order that unbundling would not meet section 251(d)(2)'s standards.

The Commission should simply disclaim any interest in unbundling new network elements that incumbent LEC's are investing in to provide advanced services. Advanced services competition and competitive alternatives come from other networks as well the current ability of CLECs to compete effectively using incumbent local loops and collocation. There are no "incumbents" in this market and there is no incumbent LEC network to unbundle. Because incumbents have just begun deploying the new equipment necessary for them to provide advanced services, any unbundling requirement would unbundle incumbent LEC investment dollars rather than existing equipment. The Commission should be encouraging investment in advanced services equipment, not handicapping it. Any requirement that incumbent LECs invest in new equipment only to turn it over to CLECs once a profit opportunity has been established would create a substantial investment disincentive.

Heeding the Court's advice to develop and apply a rational, limiting unbundling will result in a list that reflects the many alternatives available to CLECs in the market.

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
	)	

BELLSOUTH'S COMMENTS

BellSouth Corporation, on behalf of itself and BellSouth Telecommunications (BellSouth), hereby files these Comments in connection with the Commission's Second FNPRM in CC Docket Nos. 96-98 and 95-185.[1]

I. INTRODUCTION

The Commission's *First Report and Order* misapplied section 251(d)(2)'s standards for unbundling network elements. The Supreme Court has required the Commission to begin entirely anew.[2] BellSouth's comments set out a framework for implementing the Court's directive that the Commission develop and apply section 251(d)(2)'s necessary and impair standard in a way that creates a rational "limiting standard" on unbundling network elements. In applying this limiting standard, the Commission must look to the availability of competitive alternatives outside incumbent networks and to the ability of competitive local exchange carriers (CLECs) to self-provision network elements. Assessing competitive alternatives for particular

[1] *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket Nos. 96-98. *Second Further Notice of Proposed Rulemaking*, FCC 99-70, released April 16, 1999 ("*Second FNPRM*").

[2] *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, *First Report and Order*, 11 FCC Rcd 15499 (1996)("*First Report and Order*"), *modified on reconsideration*, 11 FCC Rcd 13042

elements will require the Commission to define product and geographic markets for network elements and to identify all sources of alternative facilities. BellSouth proposes a single approach the Commission can use to assess whether incumbent LEC network elements meet section 251(d)(2)'s standard.

Although a single national standard is appropriate, a single national list of unbundled elements is not. As Commissioner Powell points out in his statement attached to the *Second FNPRM*, the results of applying a national standard to local markets will yield results that depend on local conditions. Providing local exchange service is a local business. The Commission cannot blind itself to the fundamental fact that local competitive and economic conditions vary widely across the country. The Commission's desire for a national list is achievable only if the list reflects the great variation in local conditions. A one-size fits all list would be inherently arbitrary, anti-consumer and contrary to the Court's instructions. Any such list would conflict with the Commission's goal, consistent with the Telecommunications Act of 1996 (Act) and the Court's opinion, "to move away from 'one size fits all' regulation and reduce the regulatory requirements on incumbent carriers as competition develops in discrete geographic areas." *Local Competition Survey* at 4.

The Commission has, in the past, grouped geographic markets based on the competitive similarity of choices available to consumers in each of the markets. BellSouth believes that for elements supplied in local geographic markets, such as loops and transport, the Commission should apply its national standard to the three zone approach it has used to grant incumbent's special access and switched transport pricing flexibility. These zones reflect competition and the

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(1996), *vacated in part, Iowa Utilities Bd v. FCC*, 120 F.2d 753 (8th Cir. 1997), *aff'd in part and rev'd in part sub nom. AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999).

basic economics that influence construction of competitive facilities. The zones reflect a basic distinction between large cities, smaller urban areas and rural areas. For local market elements, the Commission could easily establish a three zone national list. For elements that are provided in national markets, like operator services and directory assistance, a single national decision is appropriate.

This approach would allow the Commission to develop a workable list of network elements that must be provided at cost-based prices. The list will reflect local conditions for local elements. State commissions would then be free to apply the Commission's national analytic approach to assessing whether peculiar local market features are significant enough to warrant a change in the Commission's list. Based on a thorough fact-based record that reflects local market conditions, a state commission could add to or subtract from the Commission's list.

II. SUPREME COURT'S OPINION

The Supreme Court singled out two overarching mistakes in the Commission's original approach to unbundling network elements. First, the Commission mistakenly presumed that Congress intended that network elements were to be unbundled wherever technically feasible. This mistaken presumption was the linchpin for the *First Report and Order's* analysis of unbundling. By removing this linchpin, the Court's ruling requires the Commission to start entirely afresh and approach unbundling and the necessary and impair standard with a blank slate. The Court's second lesson is its conclusion that the Commission had failed to draw from the Act's necessary and impair language the rational limiting standard on unbundling that Congress intended. Unbundling without *meaningful* limits is contrary to Congress's basic pro-competitive, deregulatory goal for the Act.

A. Technical Feasibility and Unbundling

The Court identified a fundamental mistake underlying the Commission's entire original approach to network element unbundling. In the section of its *First Report and Order* addressing unbundling, the Commission began "with the premise that an incumbent was obliged to turn over as much of its network as was 'technically feasible,' and viewed [the statutory necessary and impair language] as merely permitting it to soften that obligation." *Id.* This incorrect premise led the Commission to misinterpret the Act as imposing a general duty on incumbent local exchange carriers (LECs) to unbundle whenever technically feasible. The Court held that the Commission's "premise was wrong." Rather, the Act's "technically feasible" language in section 251(c)(3) relates to "*where* unbundled access must occur, not *which* [network] elements must be unbundled." *Id.* quoting 120 F. 3d, at 810 (emphasis in original).

Correcting this flaw will require the Commission to reverse its presumptions on unbundling and reconsider the basic competitive wisdom of regulatory unbundling. *Iowa Utilities Board*, 119 S. Ct. 736. This will require the Commission to justify unbundling requirements on an element-by-element basis. Doing so will put the Commission back in touch with Congress's pro-competitive intent. Reversing course will also put the Commission on the same pro-competitive wavelength as the antitrust law, and will put it in accord with economic thinking on regulation.

The Act requires the Commission to assess whether network elements should be unbundled on an element-by-element basis. Unbundled access to an element may be required *only* if the element meets section 251(d)(2)'s standard. The Act creates no general presumption in favor of unbundling as the Commission mistakenly concluded. The Court has required the Commission to reverse its mistaken course of presuming that the Act mandates unbundling unless proven otherwise. *Id. Compare First Report and Order*, ¶¶ 281("a determination of

technical feasibility would then create a presumption in favor of requiring an incumbent LEC to provide the element"); 286 ("we conclude that the statute does not require us to interpret the 'impairment' standard in a way that would significantly diminish the obligation imposed by section 251(c)(3)"). Similarly, the Act can not be read to suggest that more unbundling is better than less, as the Commission's original approach seemed to read it. *Iowa Utilities Board*, 119 S. Ct. 754 (Breyer, J.).

Unbundling is permissible only where it furthers Congress's intent, and Congress intended unbundling to occur only when the facts demonstrate that section 251(d)(2)'s necessary and impair standard is satisfied.

B. The Court's Requirement That "Necessary and Impair" Serve As A Limiting Principle

The Court also held that the meaning the Commission gave to the necessary and impair standard in the *First Report and Order* did not match the terms of the statute or Congress's intent.. The Court explained that "if Congress had wanted to give blanket access to incumbents' networks on a basis as unrestricted as the scheme the Commission has come up with, it would not have included § 251(d)(2) in the statute at all." *Iowa Utilities Board*, 119 S. Ct. at 735. The Court then held that section 251(d)(2) was intended to impose a limiting standard on unbundling, and that the Commission must "apply *some* limiting standard, rationally related to the goals of the Act, which it has simply failed to do." *Id.* at 734-735 (emphasis in original).[3]

The Court singled out two of the Commission's positions on necessary and impair for discussion. Each independently supplied grounds for the Court's holding that the Commission's

[3] The Commission's freedom to consider "other factors" in addition to the necessary and impair tests is discussed below. Whatever "other factors" the Commission may choose to consider, they must be consistent with the Court's instruction that section 251(d)(2) provide a limiting standard.

approach conflicted with the basic thrust of the Act's limits on unbundling. First, the Commission refused to consider the availability of elements outside incumbent networks in assessing whether unbundling was necessary or the failure to unbundle would impair the ability to provide service. The Court held that the "Commission cannot, consistent with the statute, blind itself to the availability of elements outside the incumbent's network." *Id.* at 735. Echoing the antitrust laws, the Court specifically pointed to self-provisioning as an additional source of competitive supply that the Commission must evaluate. *Id.* at 734-735.

Second, the Court held that the Commission's conclusion that *any* increase in cost (or decrease in quality) from failing to unbundle an element of an incumbent's network was sufficient to support an unbundling requirement was contrary to the plain language of the statute. *Id.* at 735. The Commission's approach is "simply not in accord with the ordinary and fair meaning of " necessary and impair. Taking a cost increase (or quality decrease) that simply reduces a new entrant's profits as creating an impairment does not supply the rational limiting standard that the Act requires. *Id.*, n. 11.

III. DEFINING AN APPROACH TO THE NECESSARY AND IMPAIR STANDARD

The Commission must now articulate a reasoned approach to implementing section 251(d)(2)'s necessary and impair standard that resonates with Congress's pro-competitive deregulatory goals for the Act. As the Court made very clear, the Commission's prior approach did not do so.

A. The Court's Rules For Necessary and Impair

Other factors that would expand unbundling beyond that available under the necessary and impair standard would conflict with the Court's opinion and the Act, as discussed below.

The Court has supplied the Commission with guidance on how to properly approach the necessary and impair standard. First, section 251(d)(2)'s necessary and impair standard must supply a limiting principle on network unbundling that is rationally related to the Act's pro-competitive goals. This will require the Commission to give the statute's words -- "necessary" and "impair" -- the weight their "ordinary and fair meaning" requires. *Id.* at 735. "Necessary" and "impair" are strong words. Second, the Commission must look outside incumbent networks when assessing whether unbundling a network element meets the standard. This examination of competitive alternatives must include the ability of carriers to self-provision facilities. Third, the Commission may not order unbundling based on any increase in cost (or decrease in quality). It must articulate some rational standard for assessing the importance of the costs involved. At a minimum, the Commission's approach must include each of these requirements set out by the Court.

1. Necessary and Impair Must Supply A Limiting Principle

The Court provided an essential insight by establishing that necessary and impair must supply a limiting standard on unbundling. *Id.* at 734-735. The essential reason for Congress's limiting standard is that the blanket sharing of incumbent networks is fundamentally inconsistent with Congress's "pro-competitive, de-regulatory" Act.

Justice Breyer supplied the reasoning behind the Court's requirement that section 251(d)(2)'s necessary and impair language limit the sharing of elements of incumbent networks.

> Increased sharing by itself does not automatically mean increased competition. It is in the *un*shared, not in the shared, portions of the enterprise that meaningful competition would likely emerge. Rules that force firms to share *every* resource or element of a business would create, not competition, but pervasive regulation, for the regulators, not the marketplace, would set the relevant terms.

Id. at 754 (Breyer, J.).[4] Pervasive unbundling, as previously ordered by the Commission, limits the potential for competition and maximizes the need for regulation. Both directly conflict with Congress's basic goal for the Act. "A totally unbundled world ... is a world in which competitors would have little, if anything, to compete about. Such a world is not what the Act envisions." *Id.*[5]

The principal cost of forced unbundling will spring from reduced investment by incumbents and new entrants alike, and therefore reduced real competition.[6] *Id.* at 31 (Breyer, J.). These costs are discussed in more detail below.

Justice Breyer also spelled out that unbundling carries with it "significant" administrative costs. *Id.* at 753. These costs increase as the complexity of the elements and their importance to the incumbent firm increase. *Id.* at 753-754. One reason for this is the need for increasingly complex administrative proceedings to set the terms and conditions for sharing.[7] For example,

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[4] The unbundled network element platform nicely illustrates Justice Breyer's point. As envisioned by at least some CLECs, the platform would have the incumbent supply all the elements for CLECs to provide service in a single bundle. This bundle would be provided at TELRIC prices without CLEC investment or risk. This platform would reduce or eliminate the need for CLECs to build competitive facilities, and thus reduce competition. Although it provides for some form of retail arbitrage, this arbitrage hinders competition by sacrificing normal, unregulated market incentives to invest in competitive facilities. The platform is sharing every resource and leads to exactly Justice Breyer's result -- pervasive regulation substituting for competition. The platform and other combinations are discussed in more detail below.

[5] The *Jorde, Sidak and Teece* affidavit, discussed in more detail below, expands upon Justice Breyer's thinking. As Justice Breyer explained, a sharing requirement reduces incentives to invest. The affidavit spells out just how serious a reduction in investment by both incumbent ILECs and CLECs can occur. Mandatory unbundling is not itself a route to competition.

[6] The Commission's TELRIC pricing methodology maximizes the disincentives from cost-based unbundling by minimizing the potential for obtaining market-based rewards for investment.

[7] One example of how administrative complexity rapidly increases is the requirement that local switching be unbundled. Although the Commission may view this requirement as creating a single required element offering, in fact it has spawned many. BellSouth's price lists include 8 different unbundled switch port offerings. Each much be separately priced and administered. BellSouth's unbundled element price list includes 61 primary offerings. The regulatory literature does not support the notion regulators can set prices in such detail across such a broad range of technologically complex products and services without harming consumer welfare. The

BellSouth's unbundled network element price list contains 18 densely packed pages of prices. These regulatory proceedings create the delay and uncertainty that the Commission hopes to avoid. *Second FNPRM* at ¶ 13. A rational limiting principle will account for both the competitive and administrative costs of unbundling and the unnecessary delay and dependence on regulatory proceedings that it occasions.

> Regulatory rules that go too far, expanding the definition of what must be shared beyond that which is essential to that which merely proves advantageous to a single competitor, risk costs that, in terms of the Act's objectives, may make the game not worth the candle.

119 S.Ct. 754 (Breyer, J.).

These cautions against pervasive unbundling underlie Congress's choice of "necessary" and "impair" as the measures of its standard. Both are strong words that were intended to create a high threshold that parties must satisfy to claim an entitlement to unbundled elements. They must be interpreted and applied consistent with the Court's requirement that section 251(d)(2) supply a limiting standard. Congress created less restrictive standards for mandating incumbent LEC actions where it judged them, *e.g.* broad interconnection and resale requirements. Congress's desire for "rapid deployment" of advanced services provides another illustration of a standard not inserted into section 251(d)(2).

Congress's sharp distinction between resale and unbundling obligations, and the establishment of a high standard for unbundling, reflects a reasoned decision based on the economic realities set out by Justice Breyer that mandatory unbundling at prices set by regulators has substantial, concrete costs that can easily outweigh any supposed consumer welfare benefits. The Court's opinion makes it clear that Congress's procompetitive, deregulatory plan requires

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rapid pace of change in the industry, both technological and in corporate alliances, magnifies the potential harm of the Commission's previous central-planning approach.

that section 251(d)(2) be applied to create opportunities for competition rather than opportunities for regulation.

2. The Commission Must Look Outside Incumbent Networks To Alternative Facilities And Self-Provisioning

The Commission's original approach to the necessary and impair standards concluded that the availability of network elements outside incumbent networks was irrelevant to the need for a sharing requirement. The Court rejected this and required the Commission to weigh the ability of new entrants to self-provision an element or purchase access to it from a provider other than the incumbent LEC. *Id.* at 735. In doing so, the Court discussed and dismissed the Commission's underlying reasoning that "'requiring new entrants to duplicate unnecessarily even a part of the incumbent's network'" justified imposing an unbundling requirement. *Id.* quoting *First Report and Order*, ¶283.

The Court's message is that having new entrants duplicate incumbent networks is to be sought rather than avoided. Certainly the Commission's prior approach of requiring unbundling at cost-based prices in order to minimize CLEC investment in local facilities makes little policy sense. Investment in local facilities by CLECs and incumbents benefits consumers. By providing CLECs risk-free access to elements at TELRIC prices, the Commission's policy provides a substantial disincentive to CLEC investment in facilities.

Limiting unbundling so that free-riding does not interfere with normal incentives to invest in competitive facilities is a fundamental goal of section 251(d)(2)'s limiting principle and should be a fundamental goal of the Commission. Where competitive facilities can coexist with incumbent facilities, the Commission should not be providing incentives to CLECs to depend on

regulation rather than their own investment.[8] Simply put, the Commission may not justify an unbundling requirement because it saves CLECs from constructing network facilities. Sacrificing competition in the unshared portions of the network for sharing would contravene the Act and the Court's opinion.

3. Any Increase In Cost Must Be Substantial To Meet The Necessary And Impair Standard

The Court explicitly rejected the notion that any increase in cost justifies a sharing requirement. *Id.* The Court found that an increase in cost from obtaining an alternative to an incumbent element that only reduces a CLECs profit could not justify an unbundling requirement. Any cost increase must be material enough to have some ultimate effects on consumers, as discussed below.

The Court's analogy was that as long as the light bulb could still be changed, the incumbent's longer ladder was neither necessary nor would its absence impair the CLEC. By encouraging CLECs to substitute an incumbent's ladder when their own could be made to work, the Commission tipped the balance away from CLECs investing in their own facilities, and the resulting competition in the unshared facilities, to pervasive regulation of the shared facilities. The Court's opinion requires the Commission to base an unbundling requirement only on meaningful cost increases.

Comparing the costs of CLEC facilities to incumbent facilities must be done on an apples-to-apples basis. TELRIC prices set under the Commission's rules cannot be the standard

[8] Following through on the Court's mandate to look outside incumbent LECs' networks will give the Commission information on where, and what type of, CLEC facilities are currently operating and what capabilities CLECs have for self-provisioning. For example, during the three years since passage of the Act, CLECs have installed many switches and miles of transport. Commission examination of CLEC build-out plans would doubtless magnify this trend and remove any factual basis for unbundling of advanced services, transport and switching elements.

for comparison. For example, a CLEC claim that the costs of its own element so substantially exceeds the costs of an incumbent element priced at TELRIC that it cannot offer service is not probative of anything. TELRIC is a hypothetical price and does not reflect the incumbent's actual costs. As long as the CLEC seeks to compare its actual cost to something, that something must be the incumbent's actual cost. The Court did not appear interested in comparing hypothetical ladders.

IV. SOURCES OF PRACTICAL GUIDANCE FOR DEVELOPING A FRAMEWORK FOR APPLYING THE NECESSARY AND IMPAIR STANDARD

The Commission need not reinvent the wheel to develop a framework for applying the necessary and impair standards in a way that meets the Act's requirements. Although the necessary standard creates a higher hurdle, the analytical approach outline below applies to both. There is a large body of precedent at the Commission and developed under the antitrust laws that addresses how to implement Congress's procompetitive goal for the Act. Whether under the necessary or the impair standard, the ultimate goal of creating entitlements to network elements at cost-based prices is to maximize competition and the consumer welfare benefits competition creates. *See generally*, 3A P. Areeda and H. Hovenkamp, *Antitrust Law*, ¶¶ 771-77 (1996); *Hausman and Sidak Affidavit*, ¶¶ 45-47 attached to USTA Comments filed in this proceeding. (*Hausman and Sidak Affidavit*). Creating benefits for particular competitors alone will not benefit competition or consumers, and thus can never meet Congress's procompetitive goals for the Act.

Commission and antitrust precedent set out below outline a clear and well-established approach to evaluating competitive alternatives and the ability of firms to self-provision, as required by the Act and the Court. These precedents create a logical process for assessing

competitive alternatives and competition. The process requires that markets be defined, competitors identified and the possibility for new entry and expansion be assessed. The final assessment of competition also requires examination of alternative avenues to compete for end user customers.

A. Defining Product And Geographic Markets

Competition occurs within markets and it is only within properly defined markets that the competitive effects of business and policy choices can be evaluated. Providing local exchange and exchange access is fundamentally a *local* business, and the network elements used to provide local service are often tied to these local markets. In order to determine whether unbundling a network element would benefit competition and consumers, the Commission must understand local market conditions. Antitrust analysis of essential facility claims is always performed within a defined market.[9] This can only be done within the context of properly defined economic markets.[10]

The Commission has adopted the market definition principles set out in the *Merger Guidelines*. *LEC Regulatory Treatment Order* at 15773-15774. The *Merger Guidelines* require that both a product market and a geographic market be defined. Product markets are defined by assessing whether a hypothetical monopolist of a particular product or service could profitably raise price above competitive levels. If enough consumers would shift to an alternative product

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[9] *See, e.g., Blue Cross & Blue Shield United of Wisconsin v. Marshfield Clinic*, 65 F.3d 1406-10 (7th Cir. 1995); 3A P. Areeda & H. Hovenkamp, *Antitrust Law*, ¶ 773 (1996).

[10] *See, e.g., In the Matter of Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC's Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace*, CC Docket Nos. 96-149 and 96-61, *Second Report and Order in CC Docket No. 96-149 and Third Report and Order in CC Docket No. 96-61*, 12 FCC Rcd 15756 (1997) (LEC Regulatory Treatment Order) at 15800 ("a relevant geographic market must be defined in order to conduct an accurate assessment of market power").

or service to make the price increase unprofitable, the alternative must be included in the market, and the analytic process repeated. *Id.* at 15775-6, 15782 (demand-side considerations determine product market definition).

Geographic markets are defined similarly by assessing whether a hypothetical monopolist in a narrow geographic area could profitably raise prices above competitive levels. If enough consumers would shift to suppliers in other areas to make the price increase unprofitable, the alternative areas must be included in the geographic market, and the analytic process repeated. *Id.*

The Commission must place each network element it is evaluating in a defined product and geographic market. It is only within properly defined markets that competitive alternatives to a particular network element, or any other competitive asset, can be assessed. Geographic markets for some elements like loops and transport are likely to be local. However, geographic markets for other elements -- operator services and directory assistance as examples -- are likely to be national.

Some network element markets are likely to be provided on an essentially point-to-point basis.[11] The Commission has established criteria for grouping individual point-to-point markets into larger geographic markets. Where consumers in a larger area face "the same competitive alternatives for a product," that entire area can be treated as a single geographic market. *Bell Atlantic/NYNEX* Order at 20016-7. Thus, the Commission has used LATAs and MSAs as geographic markets for local exchange and exchange access. *Id.* at 20017-8. The Commission

[11] *In the Application of NYNEX Corporation, as transferor, and Bell Atlantic Corporation, as Transferee, For Consent to Transfer Control of NYNEX Corporation and Its Subsidiaries*, File No. NSD-L-96-10, *Memorandum Opinion and Order*, 12 FCC Rcd 19985, 20016-7 (1997) (*Bell Atlantic/NYNEX Order*).

may similarly group point-to-point-type network elements and other elements delivered in local geographic markets.

In the sections below, dealing with individual network elements, BellSouth suggests appropriate product and geographic market definition and market groupings.

B. Identifying Market Participants And Their Significance

Once a market for a particular network element is defined, the Commission can identify the competitors in that market and the competitive alternatives available to the network element under consideration. Competitors include all those currently producing or selling in the market. *Merger Guidelines* § 1.31. This includes the output of vertically integrated firms, *id.*, and firms that have committed to enter the market. *Id.* at n. 27. Firms or facilities not currently in the market but which could enter within a year without the expenditure of significant sunk costs are counted as current market participants.[12] *Id.* The Commission has recognized the importance of supply substitution responses. *LEC Regulatory Treatment Order* at 15782, n. 121 ("supply substitutability identifies all productive capacity that can be used to produce a particular good, whether it is currently being used to produce that good or to produce some other, even unrelated, good"); *AT&T Reclassification Order,* 11 FCC Rcd 3271, 3303-05.

In assessing competitive alternatives, self-provisioning or ease of entry may trump any seeming limits on competitive alternatives. *Merger Guidelines* § 3; *Areeda & Turner.* The government's expert competition agencies have set a two year time horizon for assessing the competitive benefits of entry. *Merger Guidelines* § 3.2. The judgment is that entry within two

[12] This may be particularly relevant to the consideration of competition in switching. The evidence indicates that switches may be installed in well under a year. Switch capacity already in the market may be substantially expanded in that time. Wireless and long distance may be converted at least partially to local use within a year through software upgrades. Sunk costs vary among these different routes, but may not be "substantial" under any of them.

competitor with a meaningful opportunity to compete."[20] *First Report and Order* at 15660. By using an "efficient competitor" as the standard, the Commission properly focused the test on competition instead of particular competitors. The Commission also avoided the quagmire of a CLEC-by-CLEC opportunity test that would have set an incumbent's provisioning requirements by the ability or inability of each CLEC to manage its own business.

The Commission's test also properly stressed that the measure is "meaningful opportunity" to compete rather than some guarantee of competitive success. This test well serves consumer welfare and Congress' pro-competitive deregulatory goals by providing efficient competitors the opportunity to compete, and then letting the market decide success or failure.

If failing to unbundle a network element takes away an "efficient" competitor's "meaningful opportunity to compete," the impairment standard is properly met because competition and consumer welfare may well suffer.[21] As noted above, the Commission has already used this standard to determining *how* network elements must be provided. The standard fits equally well for defining *which* elements must be unbundled. This standard also meets the Court's requirement that the Commission assess competitive alternatives and the relative costs of those alternatives. These are best measured by determining if an efficient competitor has a meaningful competitive opportunity to compete without those facilities.

Assessing whether a meaningful opportunity to compete has been impaired requires a point of comparison, a norm or baseline situation against which to measure. AT&T presents one

[20] No objection to this interpretation has been lodged at the Commission or with the courts.

[21] The reduction in investment, and consequent consumer harm, from cost-based unbundling mandates must also be considered before unbundling is ordered. BellSouth suggests that this is best done as proposed below.

extreme at which the baseline could be located. *AT&T Ex Parte*, Docket No. 96-98 "Remand Proceeding on Rule 319" at 37. In essence, AT&T argues that the baseline should be a universal, instant, problem-free rollout of the broadest possible line of local service at maximum convenience to the CLEC. *AT&T Ex Parte* at 11. If failing to unbundle a network element would have a negative effect measured against that benchmark, AT&T would have the Commission declare the impair standard met and require unbundling at cost-based prices. (For whatever reason, the prospect of unbundling the other wireline network into the home draws from AT&T a radically different answer. Apparently, AT&T believes that no degree of impairment of the breadth, timing or convenience of competitors rolling out competitive advanced services over the cable network could even begin to justify an unbundling requirement.)

Of course, AT&T's suggested benchmark is ludicrous. It certainly violates the Court's requirement of a rational, limiting standard and the goal of the Court's requiring the Commission to decide whether unbundling meets the requirements of section 251(d)(2) rather than essentially delegating that decision to CLECs. *Iowa Utilities Board*, 119 S.Ct. 736. Creating some other worldly CLEC utopia where work, risk and investment are reduced to a minimum by entitlements to incumbent network elements was not Congress' goal.

Congress specified that impairment results from the inability to offer service, *not* the inability to roll out service in a way that no business ever has. The proper standard against which to measure impairment is a realistic business plan for service rollout that would create competitive benefits for consumers. BellSouth has substantial experience rolling out service, whether it involves enhancements to its wireline network or construction from the ground-up of

new cellular, PCS networks and networks in foreign countries. No business plan for creating a new service offering is built on universal, instant, problem-free rollout of the broadest possible line of local service at maximum convenience.

2. Applying The Impair Standard

Determining whether the lack of access to a particular element would impair an efficient CLEC's meaningful opportunity to compete requires a fact-based analysis of competitive alternatives and the possibility of entry or self-provisioning. As noted above, the Commission must also analyze end user competition to determine if unbundling would create competition that benefits consumers or that just benefits particular firms. Mandatory unbundling at cost-based prices will always create potentially lucrative possibilities for arbitrage, especially given the historical end user pricing of local service. The Commission's goal should be to determine that impairment relates to "meaningful opportunities to compete" instead of to opportunities to profit from arbitrage that creates no real consumer benefits.

The Commission and the antitrust agencies analyze competition by defining markets, identifying the competitors and the competitive facilities in the market and then assessing entry possibilities. Then the competitive situation can be meaningfully assessed. *Bell Atlantic/NYNEX Order* at ¶ 37; *LEC Regulatory Treatment Order*, 12 FCC Rcd 15756; *Merger Guidelines*. The Commission should follow those same steps in applying the impair standard. That analysis will require facts on competitive facilities and competitive options, including installation of new facilities and expansion of old, and the costs and benefits to CLECs from investing in alternative facilities. Facts about alternatives routes to competition for end users must be gathered to assess the potential consumer benefits or harms from unbundling.

C. Other Factors

Section 251(d)(3) allows the Commission to "consider" other factors. Fidelity to Congress's intent and basic rules of statutory construction require that any other factors that the Commission considers be consistent with those Congress wrote into this section and the "limiting" standard on unbundling that the Court held Congress intended.

Congress's inclusion of the phrase "at a minimum" in Section 251(d)(2) indicates that the Commission may establish principles for unbundling that go beyond the necessary and impair standards. But because "agency discretion . . . does not encompass the authority to contravene statutory commands," any additional factors that the Commission considers may not override the necessary and impair tests expressly set forth in Section 251(d)(2).[22]

Specifically, the Commission permissibly might determine that a network element should not be subject to mandatory unbundling even if it passes the necessary and impair standards. Such a determination might be based on a judgment that requiring cost-based unbundling would, on balance harm consumer welfare due to the disincentives it creates to investment, or simply because of the administrative burden it may create. But the Commission may not require unbundling of an element that fails the necessary or impair tests. Otherwise – if the Commission could use additional factors to trump the necessary and impair tests – it could nullify the Supreme Court's command that the Commission must "giv[e] some substance to the 'necessary' and 'impair' requirements." AT&T Corp. v. Iowa Utils. Bd., 119 S. Ct. 721, 736 (1999). Indeed, the Supreme Court made clear that the statutory necessary and impair tests are "standard[s] [that

[22] Farmworker Justice Fund, Inc. v. Brock, 811 F.2d 613, 622 (D.C. Cir. 1987); see also Robbins v. Reagan, 780 F.2d 37, 48 (D.C. Cir. 1985) (per curiam) (Congress intends agencies to make decisions "based on factors solely related to the goal of implementing the stated statutory purposes in a reasonable fashion, rather than taking irrelevant or impermissible factors into account").

must] be[] met," not simply considerations that might be relevant to the Commission's analysis. See 119 S. Ct. at 735.

Reducing the statutory tests to subordinate "considerations" also would violate the dictate that the Commission should "tak[e] into account the objectives of Act" when applying Section 252(d)(2). Id. at 736. Section 251(d)(2) implements Congress's judgment that efficient, facilities-based entry is the key to local telecommunications competition.[23] To encourage that competition, Congress placed a "limitation upon network-element availability." 119 S. Ct. at 734. Congress designed the 1996 Act to maximize incentives for investment and the welfare of consumers, not the profits of competitors. Thus, Congress did not want new entrants to have a mandatory right of access to the incumbent's network when they are able to compete without such access. Any attempt to evade this statutory limitation, and thereby extend regulation to areas where Congress wanted unfettered competition, would slow or stop the deployment of new facilities by incumbents and CLECs alike.

The social costs of creating a CLEC entitlement to incumbent LEC assets at cost-based prices set by regulators must be considered in the Commission's analysis. Otherwise, no reasoned judgment on the consumer welfare effects of forced unbundling could be made. Although this essential analytical factor could be considered within the necessary and impair

[23] See, e.g., AT&T Corp. v. Iowa Utils. Bd., 119 S. Ct. at 753 (Breyer, J., concurring in part, dissenting in part) ("[t]he unbundling requirement seeks to facilitate the introduction of competition where practical, i.e., without inordinate waste"); S. Conf. Rep. No. 104-230, at 1 (1996) (Act "designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies"); id. at 148 (drafters contemplated that Act would promote facilities-based, "local residential competition"); Notice of Proposed Rulemaking, Order on Remand, and Waiver Order, Amendment of the Comm'n's Rules to Establish Competitive Serv. Safeguards for Local Exchange Carrier Provision of Commercial Mobile Radio Servs., 11 FCC Rcd 16639, 16678-79, ¶ 80 (1996) ("[t]he interconnection provisions of the Act, Section 251 and 252, are designed to promote facilities-based local exchange competition").

analysis, the Commission and consumers would be best served by making it a third, explicit factor.

The substance of this third factor is to require the introduction of facts concerning, and explicit analysis of how, unbundling and access under whatever the Commission's then-current pricing standard is likely to affect CLEC investment in competitive facilities and incumbent LEC investment in new and improved facilities. This factor should be a necessary component of any evaluauon of mandatory unbundling because forcing unbundling at cost-based prices has substantial and far-reaching affects on competition and consumers.

Unbundling an incumbent LEC network element and requiring its provision at cost-based prices creates disincentives to CLEC investment in competing facilities. *Jorde, Sidak and Teece Affidavit* at ¶¶ 47-54; *Hausman and Sidak Affidavit* at ¶¶ 78, 86-88. Potential access to unbundled incumbent facilities at cost-based price introduces a new element into any CLEC's investment decision. Access to those elements "substantially decreases a CLEC's incentives to make a sunk investment." *Jorde, Sidak and Teece Affidavit* at ¶ 47. Where risky investments are involved, unbundling "tips the balance of the CLEC's calculus in favor of waiting" because the CLEC can simply wait until the ILEC makes the investment to see if the investment will succeed. The CLEC can then use the incumbent asset at a cost-based price. *Id.* at ¶ 49.

Mandatory unbundling at cost-based prices will obviously reduce incumbent LECs' investment incentives. Justice Breyer explained that "[n]or can one guarantee that firms will undertake the investment necessary to produce complex technological innovations knowing that any competitive benefits deriving from those innovations will be dissipated by the sharing requirement." *Iowa Utilities Board*, 119 S. Ct. at 753 (Breyer, J.).

> Regulatory use of cost-based rates (such as TELRIC) creates negative economic incentives for new investment and for innovation in telecommunications. If the new investment succeeds, the CLEC can purchase the ILEC's unbundled element at cost, as set by TELRIC. If the new investment does not succeed, the CLEC competitor does not bear any of the cost.... If the cost-based rate of the unbundled elements corresponding to the new service were set exactly at the cost of providing the new service, with no return to R&D costs and no reward to uncertainty, then regulation would completely eliminate the economic incentive to provide the new service, because the expected return to the ILEC would *always* be negative.

Hausman and Sidak Affidavit at ¶¶ 75, 77 (footnotes omitted, emphasis in the original).

The results of analyzing this factor may lead the Commission to refrain from unbundling particular elements that it might otherwise have ordered unbundled. Such a result would be consistent with consumer welfare and the Court's insistence that Congress intended a limiting standard rather than an expansive one.

D. The Burden Of Proof

Unbundling is not always, or even usually likely to increase consumer welfare. *Jorde, Sidak and Teece Affidavit*. Mandatory unbundling, particularly at cost-based prices, will always have social costs, by reducing investment and imposing administrative costs on society. It may have social benefits (and will have, if done properly) in a narrower set of circumstances. As Justice Breyer explained in his opinion in *Iowa Utilities Board*, competition will occur in the *un*shared parts of the network, not in the shared parts. The social costs of unbundling suggest that the burden of proof be placed on the parties seeking unbundling.

Section 251(d)(2) contemplates placing the burden of proof on the same parties. It requires a positive demonstration that a network element is necessary or that failure to unbundle it would impair before unbundling the element can be justified.

Finally, the burden of proof should also be placed on CLECs because the information is most directly in their hands and they may have little incentive otherwise to produce it. BellSouth does not have direct access to internal CLEC information and the Commission has not gathered the information from CLECs that would support a conclusion that any network element meets section 251(d)(2)'s standard for unbundling.[24]

E. The Role Of The State Commissions

The Commission can and should articulate a single national approach to defining a section 251(d)(2) test and a methodology for applying it. The Commission can and should determine a list of unbundled network elements that reflects the diversity in local conditions. As described in detail below, BellSouth believes that local markets can be grouped into three zones. The Commission's national list of these local markets would simply distinguish unbundling obligations among the zones, as required by market facts.

State commissions, applying the Commission's national test and methodology, would then play two important roles where they could bring their knowledge of local market conditions to bear. First, carefully applying the Commission's standards for applying section 251(d)(2), they could modify the Commission's three-zone national list where local market peculiarities require. This would be limited to adding or removing network elements previously identified by the Commission from the list of unbundled elements in a particular zone. As discussed above, the burden of proof must ultimately be borne by the party seeking entitlement to an element

[24] *Local Competition Survey* at 1, 6("[t]he voluntary surveys do not provide comprehensive information about the number of switched lines CLECs provide to their customers solely over their own facilities. This is the missing piece of information that is required"). Even as to unbundling local loops, the Commission cannot simply assume that unbundling meets the statutory standard given the dynamism inherent in today's market. Cable telephony, fixed wireless loops and cellular and PCS offerings require, at a minimum, careful consideration as alternatives to the local telephony loop.

under section 251(d)(2).[25] The party would have to show that the local market is substantially different from other markets in its geographic grouping and that the element met the Commission's section 251(d)(2) standard. Given the rapid pace at which CLECs are deploying competitive facilities, the Commission should mirror market realities and establish a strong presumption against modifying its list through additions of elements it has not included on its list of unbundled elements While reducing the list is consistent with Congress's de-regulatory goals, adding to it is not. A party seeking to add an element should be required to demonstrate by clear and convincing evidence that section 251(d)(2) is satisfied.

Second, state commissions would consider CLEC requests for creating new network elements -- that is, requests for elements that have not previously been defined as such by this Commission. Such requests will fall into two categories, only one of which should be open to consideration. Requests in the other category should be precluded by Commission rule.

Some requests will be for elements that are present in incumbent LEC networks, but which CLECs have not sought to unbundle yet. As set out above, given the rapid pace at which CLECs are deploying competitive facilities and Congress's de-regulatory intent, requests for new elements should be required to demonstrate by a clear and convincing margin that the new element meets section 251(d)(2)'s requirements.

The Commission should adopt a rule precluding the unbundling of elements that are new to incumbent LEC networks. Such elements can be deployed effectively by CLECs. The investment disincentives created by the possibility of unbundling new investment are very substantial.

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[25] The ultimate burden of proof must remain on the party seeking entitlement to unbundled element even where removing an element is at issue. However, when an incumbent seeks to remove an element from the list, it should bear the initial burden of going forward.

VI. ANALYSIS OF SPECIFIC NETWORK ELEMENTS

The following sections analyze whether the Commission should order that particular elements be unbundled and provided at cost-based prices. The best place to look for evidence of the possibility that an efficient CLEC's meaningful opportunity to compete may have been impaired is the market. CLECs are competing successfully across the country without using incumbent LEC network elements. Much of the existing marketplace evidence is presented below.

A key common thread that emerges is that because the competitive situation for elements varies so enormously by geographic market, the Commission must examine specific markets (or groups of markets) in order to properly apply the necessary and impair standards. A single national treatment of transport or loops, for example, could never be justified under the Commission's well-established market definition precedents because the alternatives to network elements and the overall competitive situation in major urban areas differs so greatly from rural areas.

The elements analyzed below include all of the elements the Commission subjected to unbundling under its original analysis as well as "new" elements discussed in the *Second FNPRM*.[26] Operations support systems should be provided to support network elements that must be unbundled. Where an element is not subject to unbundling, unbundling of OSS for that element is not required by the section 251(d)(2).

Consistent with the approach outlined above, and the Commission's traditional approach to competitive analysis, each of the following sections defines a product and geographic market

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[26] The Commission must approach each of these elements with a blank slate. *Iowa Utilities Board*, 119 S.Ct. 736-737.

(and, where appropriate, sets out the proper way to aggregate individual geographic markets across the country to make analysis both accurate and manageable). Each section then describes the current competitive facts. Next, the analysis compares facts to the Act's standards, and includes a specific discussion of the likely consumer effect of mandatory unbundling at cost-based prices. Finally, each section includes a conclusion as to whether a particular element can legally be unbundled.

A. Network Elements Used In The Provision Of Advanced Services

The *Second FNPRM* seeks comment on whether network elements used in the provision of advanced services should be unbundled. *Second* FNPRM, ¶ 35 (citing the *Advanced Services NPRM*). The Commission singles out the incumbent LEC digital subscriber line access multiplexer (DSLAM) and packet switch in particular for comment. *Id.* As described below, both these elements are used to provide advanced service over the networks of incumbent LECs. The Commission has previously defined advanced services by their speed, rather than their method of delivery -- transmission at speeds in excess of 200 kbps are, at least today, considered to be advanced services whether delivered over cable, wireless, satellite or traditional wireline telephony facilities.[27]

It would be extraordinary for the Commission to order unbundling in the advanced services arena. This is a market that is just being created. An unbundling requirement here would apply essentially to investment dollars, not existing networks or equipment. BellSouth has deployed fewer than 150 DSLAMs. For perspective, BellSouth has about 1,600 central

[27] *In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, CC Dkt. No. 98-146, Report FCC 99-5, released February 2, 1999, ¶ 20 (*Advanced Services Report*).

offices. CLECs have installed more DSLAMs than "incumbents," and there is no shortage of capital that would stop them from continuing to do so. The Commission should be encouraging investment by all parties in this market. Unbundling incumbent LEC investment dollars does not do this, as AT&T has so vigorously, and successfully argued concerning the directly analogous investment it is making in upgrading its cable networks. C. Michael Armstrong, *Telecom and Cable TV: Shared Prospects for the Communications Future,* delivered to the Washington Metropolitan Cable Club (Nov. 2, 1998) available at <<www.att.com/speeches/98/981102.maa.html.

Unbundling is doubly unnecessary because the market facts demonstrate competitive advanced services may be provided equally well, or better, over other networks. In fact, both cable and wireless providers are ahead of incumbent LECs in rolling out advanced services.[28] As discussed more fully below, competition from alternative networks "opens the possibility of intermodal competition, like that between trucks, trains, and planes in transportation." *Advanced Services Report,* ¶ 48 (footnotes omitted). Competition between networks promises a "competitive 'broadband market.'" *Id.* ¶ 48 n. 46.

Unbundling the wireline network while leaving directly competing networks free of unbundling obligations would be a short-sighted, fundamentally anti-consumer and anti-Congress act because it would substitute regulation for competition instead of the reverse. Ignoring "intermodal" competition is exactly the shortsighted regulatory mistake that led to the deterioration of the nation's railroads, which labored under regulatory burdens not imposed on competitive forms of transportation. The Commission's analysis of unbundling in the advanced

[28] *Advanced Services Report,* ¶¶ 53-58.

services area must specifically account for the competitive discipline imposed by competing methods of delivering advanced services.

1. DSLAMs and Packet Switches in the Wireline Network

As detailed in the *UNE Fact Report: Advanced Services*,[29] high-speed services can be delivered over traditional wireline networks. Doing so requires a digital modem at the subscriber's premises and a DLSAM at the end of the subscriber's copper loop, generally the nearest central office. The DSLAM separates the xDSL subscriber's voice and data traffic.[30] Voice traffic is routed to a traditional circuit switch while data traffic is routed to its destination through a packet switch.[31] The transport media used between the subscriber and the central office is the same twisted pair loop as that used for today's purely voice service.

To offer xDSL service to a particular subscriber, an incumbent LEC and a CLEC must go through exactly the same steps. First, a DSLAM must be purchased and located in the particular central office at which the subscriber's copper loop terminates. Because xDSL is a copper loop technology, the DSLAM cannot be located beyond the central office. Traffic beyond the central office is generally digitized and transported on fiber facilities. xDSL technology will not function in those circumstances. This technological fact means that enhanced extended links, for

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[29] P. Huber and E. Leo *UNE Fact Report*, Prepared for Ameritch, Bell Atlantic, BellSouth, GTE, SBC, and US West, attached to the comments of the United States Telephone Association, filed in this proceeding (May 26, 1999).

[30] *In the Matter of Deployment of Wireline Services offering Advanced Telecommunications* Capability, CC Docket No. 98-147, *First Report and Order and Further Notice of Proposed Rulemaking*, FCC 99-48, released March 31, 1999, ¶¶ 11-12 (*Advanced Services Order*).

[31] The packet switch can be a frame relay or ATM switch. Both provide the same basic functionality. The choice between them is driven by economics and quality of service needs. Both switches are also used for a broad array of other data services.

example, cannot be used by any carrier to provide xDSL service. All carriers, CLECs and incumbents alike, have to place DSLAMs at the end of the copper loop.[32]

As far as purchasing, DSLAMs are available equally to incumbents and CLECs from several vendors. *UNE Fact Report: Advanced Services* at 24-26. There are no standards or manufacturer relationships that advantage Bell companies over CLECs. *Id.* To date, CLECs have purchased more DLSAMs than Bell companies, making CLECs the larger buyers. *Id.* CLEC relationships with well funded strategic partners, including the major IXCs, show that they are very unlikely to be at any disadvantage to incumbent LECs when it comes to purchasing DSLAMs.[33] *Id.*

DSLAMs are essentially modular. Once purchased, they can be installed in racks as demand warrants. Each central office DSLAM installed by BellSouth serve 576 lines. Remote terminal DSLAMs serve 192 lines. This allows both CLECs and incumbents to tailor deployment based on demand. Large start-up investments or traffic volumes are not necessary to cost-effectively deploy DSLAMs, and service can be efficiently added in relatively small increments. No CLEC has introduced evidence in any of the Commission's proceedings suggesting that they were at any disadvantage in purchasing DSLAMs.

Once purchased, by either a CLEC or an incumbent, a DSLAM must be installed. Installation of a CLEC DSLAM in an incumbent LEC's central office hardly impairs a CLEC's ability to offer services. There are about 1,000 CLEC collocation arrangements completed or

[32] Current xDSL technology is designed to provide advanced service over copper facilities. In order to provide service to a particular subscriber, the DSLAM must connect directly to the copper loop serving the subscriber. Where a subscriber's copper loop is connected through digital loop carrier to fiber facilities before the central office, a DSLAM must be located in the field where the digital cross connect is made. A DSLAM must be located where subscriber copper facilities end. BellSouth provides CLECs the ability to locate DSLAMs in the field.

underway in BellSouth facilities. A cost analysis of CLEC collocation under the Commission's previous rules is attached. Attachment A. This analysis supports the market reality that collocation expenses are not impairing efficient CLECs' meaningful opportunities to compete.

The Commission's recent *Advanced Services Order* provides a broad new range of advantageous collocation opportunities for CLECs, further reducing their costs. The *Advanced Services Order* provides CLECs with, among many other things, claims to shared and cageless collocation in incumbent central offices, which provide opportunities to reduce collocations expenses.[34] BellSouth provides all these options. In addition, BellSouth provides CLECs and state commissions with detailed performance data on its provision of collocation. State commissions closely monitor BellSouth's provision of collocation.

Next, subscriber loops must be individually tested to determine if the loop can support advanced service. If the loop can support service, a modem must be available at the subscriber's premises.[35] In some cases, the local loop may need to be "conditioned" for service by removing equipment that would interfere with an xDSL signal.[36] BellSouth will condition loops for CLECs in a nondiscriminatory manner for a fee. In fact, under the Commission's rules, incumbents must "take affirmative steps to condition existing loop facilities to enable" CLEC provision of xDSL service. *Advanced Services Order*, ¶ 53. However, in some cases, the loop

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[33] If any particular CLEC did not have sufficient purchase volumes to justify lower prices, it could pool its volume with other CLECs to get the lowest prices.

[34] A CLEC-to-CLEC market for shared collocation expense will quickly emerge if collocation does in fact represent a financial burden. If no market develops, that would suggest that CLECs with current collocation arrangements do not view the expense as substantial, otherwise they would seek to share the expense and the space.

[35] *Advanced Services Order* at ¶ 10.

[36] Standard equipment to provide voice service such as bridge taps and load coils may have to be removed to provide xDSL service.

simply cannot support the technology, and xDSL service cannot be provided by any carrier over the incumbent LEC network.[37]

The next task is to connect the potential xDSL subscriber's loop to the DSLAM. This process is identical, whether the DSLAM is a CLEC's or an incumbent's. If voice service is being provided by the incumbent before xDSL service is initiated, the incumbent will disconnect the subscriber's loop from the MDF and provide a cross-connect to the DSLAM. The loop must then be connected to the DSLAM.

Transport facilities to the CLEC voice and packet switches are available from numerous CLECs in urban areas as set out in the Transport section below. BellSouth transport facilities will be available under 251(d)(2) where that standard is met, or under section 271 at market rates.

Finally, any CLEC offering xDSL service must be able to route data traffic to a packet switch to provide data service. Packet switches are available from several manufacturers. CLECs have deployed many packet switches. Because BellSouth cannot provide service across LATA boundaries, BellSouth must locate packet switches within each of its LATAs. CLECs are under no such obligation, and can locate switches to maximize network efficiency. Transport costs for data traffic are very low, and packet switches can effectively serve a very broad area. The provision of data services using packet switching is a new and rapidly growing market. *UNE Fact Report: Switching at 32*-34. Incumbent local providers trail the interexchange carriers by a very substantial margin in this market, in large part because this market demands national, not local, service. *See* Frost & Sullivan, U.S. Markets for ATM, Frame Relay, SMDS and X.25 Public Data Services, at 1-5 (1998) (AT&T, MCI and Sprint account for about 75% of

[37] For example, loops over 18,000 feet long generally cannot support xDSL technology. Of course, cable, wireless or satellite networks are not restrained by xDSL limitations, and can provide advanced service.

business data services and over 90% of more advanced ATM and frame relay services); *UNE Fact Report: Switching* at 32-34.

2. Competitive Provision of Advanced Service

As set out in Commission reports and orders and the *UNE Fact Report: Advanced Services*, advanced services are provided over competing cable, wireless, satellite and telephony networks.[38] The Commission has suggested that cable providers are farthest ahead in the race to provide advanced services, followed by wireless providers and CLECs. *Advanced Services Report*, ¶¶ 53, 57, 58. Incumbent LECs and satellite providers follow. *Id.* The Commission's conclusions were informed by market and technological facts. Incumbent LECs are not incumbents in the advanced services market. Inter-network competition in this market promises to be vigorous. "Numerous companies in virtually all segments of the communications industry are starting to deploy, or plan to deploy in the near future, broadband to the consumer market." *Advanced Services Report*, ¶ 12. These plans include enormous investment in facilities to provide service over the last mile to the home. *Id.*, ¶ 34.

a. Cable Providers

Cable providers are perceived to enjoy three key advantages over incumbent LECs in the advanced service race. These advantages may translate into permanent control of the advanced services market. As detailed in the *UNE Fact Report: Advanced Services*, advanced services are now available over cable networks to over 20 million homes, roughly 20 percent of the U.S. market. *UNE Fact Report: Advanced Services* at 7. Comparing the maps of cable and

[38] Advanced services are sometimes delivered over local elements like telephone or cable company wires to houses, and sometimes delivered over elements that can serve the entire nation, like satellites. Defining a geographic market for advanced services would be complex. Given the newness of the market and the fact that consumers are expected to face the same types

incumbent LEC advanced service deployment makes cable's present lead clear. *Id.* at 4, Maps 1 and 2. Cable providers add to this present advantage aggressive deployment plans. Cable advanced service will be available to over 30 million homes by the end of this year, while xDSL service is predicted to be available over no more than 1 million lines. *Id.* at 9.

Cable's broader rollout and other advantages has allowed it to develop a commanding lead. Industry observers predict that cable's "first mover" advantage is likely to translate into a commanding long-term position. *See, e.g.* Paul Kagan Associates, Inc., Cable TV Technology, *U.S. High-Speed Access Cable & ADSL Projection Model*, 1997-2006 (Feb. 28, 1998) (predicting three quarters of U.S. households using advanced services will obtain service over cable networks); *UNE Fact Report: Advanced Services* at 11, n. 49 (collecting other citations).

Cable's perceived second advantage is the fact that its "broadband platform makes cable an optimal medium for transmitting large amounts of digital information - data, graphics, and video - at high speeds. *See*, B. Esbin, Office of Plans and Policy, FCC, *Internet Over Cable: Defining the Future in Terms of the Past* at 76, OPP Working Paper No. 30 (Aug. 1998); *see also UNE Fact Report: Advanced Services* at 11, n.49. That is, cable's last mile hybrid-coaxial cable infrastructure is generally perceived to be superior for advanced service to the twisted pair of the telephony network.[39]

Cable's perceived third key advantage is its freedom from FCC imposed restrictions that hamper incumbent LEC investment in providing advanced services. Cable providers reject even the prospect of allowing competitors access to their network, through unbundling or otherwise.

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of competitive choices in essentially every market, no particular geographic market is defined here.

[39] Of course, cable also has substantial advantages in constructing the long distance part of their networks because they are free of interLATA prohibitions.

"No company would invest billions of dollars ... if competitors which have not invested a penny of capital nor taken an ounce of risk can come along and get a free ride in the investments and risks of others." C. Michael Armstrong, *Telecom and Cable TV: Shared Prospects for the Communications Future,* delivered to the Washington Metropolitan Cable Club (Nov. 2, 1998) available at <<www.att.com/speeches/98/981102.maa.html.

b. Wireless Providers

Advanced services are also being provided over wireless networks. *UNE Fact Report: Advanced Services* at 11-15. Providers are using a variety of spectrum allocations to provide service and have aggressive rollout plans. *Id.* Wireless spectrum serves as a complete substitute for incumbent LEC last mile facilities. In fact, the Commission has ranked wireless providers ahead of incumbent LECs in the deployment of broadband facilities that serve the last mile. *Advanced Services Report* at ¶¶ 53, 57, 58. MCI WorldCom and Sprint have been investing in wireless providers to provide advanced services. *UNE Fact Report: Advanced Services* at 13. Wireless providers have forged alliances with many major firms and have access to substantial capital to fund additional service rollouts. *Id.* at 13-14 and Table 4.

c. Satellite Providers

Satellite networks are already providing advanced services nationwide. *Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Tele-Communications, Inc. to AT&T Corp.*, Memorandum Opinion and Order, CS Dkt. No. 98-178, FCC 99-245, ¶ 74 (rel. Feb. 18, 1999)(Direct TV provides nationwide Internet access at speeds up to 400 kbps). Satellite service avoids the incumbent LEC network completely. Satellite providers are rapidly deploying and upgrading facilities. *UNE Fact Report: Advanced Services*

at 15-16. AOL has recently signed with Direct TV to offer satellite access to AOL's huge subscriber base.

d. CLECs

The market facts set out in the *UNE Report: Advanced Services* at pp. 18-24 show that the process for CLECs to deliver advanced services over incumbent networks is working. CLEC business plans predict that it will continue to work. CLECs have used incumbent loops and central office collocation to provide advanced service using their own DSLAMs and packet switches to such an extent that the Commission recently ranked CLECs ahead of "incumbents" in providing xDSL service.[40] *Advanced Services Report* ¶ 53, 56, 58. ALTS claims, on behalf of facilities-based CLECs, that CLECs using incumbent loops and collocation are leading incumbents in providing advanced services. *UNE Report: Advanced Services* at 20. In fact, these CLECs offered advanced services to over five million homes as of December, 1998, and expect that number to quadruple by the end of 1999. *Id.* A CLEC study claims that CLECs have also used the current process to outstrip incumbent deployment of DSLAMs to provide advanced services in rural areas. Economics and Technology, Inc., "*Building a Broadband America: The Competitive Keys To The Future Of The Internet*," at iv. Aggressive CLEC service rollout suggests that the process is working.[41]

[40] It is misleading to suggest that there are "incumbents" in the race to provide advanced services. Incumbent LECs do have local loop and central office assets that CLECs may not have. But these assets are available on a nondiscriminatory basis to CLECs as ordered by the Commission. Thus, no incumbency advantage remains, and, if any did, the Commission could remedy directly. In the other areas, there is no advantage. Incumbent LECs are not "incumbents" in the deployment of DSLAMs and packet switching. Instead, they are behind other providers of advanced services.

[41] To the extent collocation or other issues are raised as handicapping CLEC rollout of xDSL service, the Commission should address the issues directly, consistent with the Act and Commission rules on such concerns, rather than bootstrap an unbundling requirement.

3. Will An Efficient CLEC's Meaningful Opportunity To Compete Be Impaired Without Access to Incumbent LEC DSLAMs and Packet Switches at Cost-Based Prices?

Efficient advanced services competitors have more than meaningful opportunities to compete in the provision of advanced services without the Commission creating investment disincentives for both CLECs and incumbents by mandating cost-based access to incumbent LEC DSLAMs and packet switches. The answer to the question of whether consumers are likely to benefit from forced unbundling of incumbent LEC advanced services network elements is hardly theoretical. To-date, there has been no requirement that incumbents unbundle DSLAMs or packet switches and "there are, or likely will soon be, a large number of actual participants and potential entrants in this market." *Advanced Services Report*, ¶ 48 (footnotes omitted). As the Commission has noted, competition among cable, wireless, satellite and telephony networks mean that "the preconditions for monopoly appear absent in the 'last mile' of the advanced services market.... There is no indicat[ion] that the consumer market is inherently a natural monopoly." *Id.* If the last mile for advanced services is not subject to monopoly, DSLAMs and packet switches readily available for purchase can hardly be an impediment to competition. Competition is serving consumers today without unbundling.

Advanced services competition comes from several sources. Cable networks appear to have the lead and are predicted to translate their earlier start, network topography into a long-term commanding lead in subscribers. The Commission has also ranked wireless providers ahead of incumbent LECs in deploying service. Today's market leaders have no need for incumbent LEC elements to provide advanced services over their networks. The lack of availability of those elements has not impaired, and could not impair, their opportunity to compete.

The Supreme Court's requirement that the Commission look outside incumbent LEC networks when considering whether not making an element available would impair competition dictates that the Commission give great weight to this evidence of actual competition between networks. This competition guarantees consumer welfare. By rights, the Commission should go no further. Antitrust precedent would end the analysis once it became apparent that firms could successfully compete without the facility. Requiring access to a facility that is "essential" or important simply to benefit one set of competitors bound to a particular business plan will not create any consumer benefits when competition already exists. Unbundling in these circumstances will have only negative consequences -- reduced investment and administrative cost burdens.

Even should the Commission seek to turn the impair test into a test of whether a particular sort of competitive strategy should be favored over competition-- by substituting a test of whether a "CLEC using an incumbent LEC's loops has a meaningful opportunity to compete without the incumbents DSLAMs and packet switches" test, the evidence shows that such CLECs are competing successfully today, without unbundled DSLAMs and packet switching.

CLECs have been collocating their own DSLAMs and using their own packet switches to provide advanced services over incumbent local loops. CLECs have been so successful at doing this that the Commission has ranked them ahead of incumbents in deploying advanced services. *Advanced Services Report*, ¶¶ 53, 56, 58. CLECs themselves claim that they provide advanced services to over five million homes, that they lead the incumbents in providing advanced services, and that their services will continue to be rolled out on an aggressive schedule. *UNE Fact Report: Advanced Services* at 20 (collecting citations).

In effect, the Commission has conducted an experiment and the results are in. CLECs have very successfully competed using their own DSLAMs and packet switching. Announced CLEC plans for continued aggressive service roll out, in both urban and rural areas, show that lack of access to unbundled DSLAMs and packet switches is not impairing tomorrow's CLEC advanced service. Without competitive impairment, there is no justification for unbundling these elements.

4. What Effect On Investment In DSLAMs And Packet Switches Will An Unbundling Obligation Have?

Given advanced service competition from other networks and from CLECs using basic elements of incumbent networks, there is no competitive or consumer benefit to be entered on the positive side of the ledger from unbundling incumbent DSLAMs and packet switches. However, unbundling these particular elements would give rise to some especially substantial negatives. As set out in the *Jorde, Sidak and Teece Affidavit*, unbundling reduces investment. Given a no-risk no-cost option to use incumbent DSLAMs and packet switches at cost-based prices, CLECs will exercise that option and forego investing in their own equipment in at least some circumstances. This effect will be especially pronounced in areas where CLECs can avoid risky investments in new technology by relying on incumbent LEC investments.

In addition, as set out in the *Jorde, Sidak and Teece Affidavit*, incumbent LEC investment in advanced services technology will suffer from imposing obligations to share the technology at cost-based prices. This effect will be especially pronounced in this innovative, relatively risky technology.[42] That the reduction in investment is likely to be major is supported not just by

[42] This results from the relatively high risks of deploying facilities to offer untried advanced services. Consumers may not accept the technology or may select alternative network providers, so incumbent LEC investments may not prove profitable in the market. If the investments are successful, forced unbundling at cost-based prices limits the investor's returns to a

academic analysis. AT&T, which is engaged in similarly upgrading its cable networks warns that "no company will invest billions of dollars to become a facilities-based ... services provider if competitors who have not invested a penny of capital nor taken an ounce of risk can come along and get a free ride on the investments and risks of others." Remarks of C. Michael Armstrong, Chairman and CEO, AT&T, delivered to Washington Metropolitan Cable Club, Washington, D.C. (Nov. 2, 1998).

5. Loop Spectrum May Not Be Unbundled Under Section 251(d)(2)

The Commission has raised the prospect of requiring unbundling of spectrum on incumbent LEC loops in another proceeding.[43] *Second Advanced Services Order* at ¶ 99. The Commission appears to be interested in spectrum unbundling based on the interests of a particular subset of CLECs. These CLECs would prefer to pay for only a "part of the loop to deliver advanced services, rather than the entire loop, as incumbents and CLECs now do. Spectrum unbundling may not be ordered under section 251(d)(2).

The Commission has rejected similar proposals on their merits in the past because they were not in the interests of competition. In rejecting those proposals, the Commission concluded correctly that "[g]iving competing providers exclusive control over network facilities dedicated to particular end users provides such carriers the maximum flexibility to offer new services to such end users." *First Report and Order*, 11 FCC Rcd at 15,693 ¶ 385.

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governmentally-set cost of capital. The investment examples presented in the *Jorde, Sidak and Teece Affidavit* demonstrate how incumbent LEC investment in new technology will be reduced.

[43] Initially, loop spectrum is not likely to qualify as a network element under the Act. And, providing access to unbundled spectrum is unlikely to prove technically feasible. The operational problems alone of managing different carriers using the same loop are likely to rise to the level of technical infeasibility. BellSouth will detail the technical and operational issues with spectrum unbundling in its comments in the Commission's advanced services docket.

Loop spectrum will not pass section 251(d)(2)'s impair test because there are alternative facilities to unbundled spectrum on the local loop that are being used to compete in the provision of advanced services. As set out above, these alternative facilities include cable loops, wireless and satellite access and the use of the incumbent's local loop. Cable and wireless providers, using their own facilities, lead incumbents in deploying advanced services. As described above, CLECs have been able to provide advanced services over incumbent loops to the extent that they can also claim to be ahead of incumbents in rolling out service. The availability of these alternative facilities precludes a finding that failure to unbundle spectrum could impair an efficient CLEC's meaningful opportunity to compete.

Unbundling incumbent loop spectrum can have no consumer benefits because the advanced services market is already competitive.[44] Even CLECs that wish to provide only advanced services over the telephone local loop have competitive options open to them -- they can ally with CLECs that offer voice services and offer voice and data separately or in a bundle over a loop. In this case, the loop would be taken in its entirety, then shared depending on the responsible CLEC's plans. Thus, CLECs have the same competitive options open to them as do the incumbent LECs. Forcing the incumbent to unbundle loop spectrum would create only a special advantage for particular CLECs.[45] Consumers benefit from rules that benefit competition not from rules that benefit only particular competitors.

Although there are no consumer benefits from spectrum unbundling, it would have substantial real costs. Unbundling under the Commission's TELRIC pricing scheme would

[44] Any benefit that could be advocated at this stage would be premature until after the industry and the Commission have gained experience with the Commission's recently changed collocation rules.

[45] Pricing unbundled spectrum under the Commission's TELRC pricing scheme, given the cost allocation issues, is certain to create a fertile field for profitable arbitrage. The Commission should not mistake requests to create the potential for arbitrage based on regulated prices with competition.

create a significant disincentive to incumbent LEC and CLEC investment in advanced services. *Jorde, Sidak and Teece* at ¶ 57, 65 (calculating no net public benefits from spectrum unbundling). The operational and regulatory costs to administer a spectrum unbundling scheme would also be extremely high.

6. Conclusion

Failure to unbundle incumbent LEC DSLAMs and packet switches would not impair the opportunities for efficient competitors to compete in the provision of advanced services. Cable, wireless and satellite providers have rolled out service broadly and successfully without these elements. In fact, incumbent LEC DSLAMs and packet switches have no place in these alternative networks. CLECs have competed successfully to-date without unbundled DSLAMs and packet switches and continue to publicly announce their future success. Thus, the impairment standard is not satisfied. On the other hand, forced unbundling of those elements would reduce investment in the provision of advanced services by incumbents and CLECs alike.

Similarly, the unbundling of loop spectrum cannot be justified under section 251(d)(2).

B. Interoffice Transmission Facilities

The Commission's *First Report and Order* recognized that "there are alternative suppliers of interoffice facilities in a few areas." *First Report and Order* at 15718. Although there have been competing providers of local transport for years,[46] the Commission ordered that these incumbent facilities be unbundled and provided at cost-based prices throughout the entire United States because it felt that competitors would be better off with more rather than fewer options. *Id.* The closer attention to competitive alternatives required by the Court and the

[46] *UNE Fact Report: Interoffice Transport Section* at 1. In fact, both MCI and Sprint argued at divestiture that local transport was not part of the local monopoly and should be opened to competition. *Id.* at 2.

passage of three years during which CLECs have been installing fiber at a tremendous pace will reveal that competitive interoffice transport is readily available in many areas. At least in these areas, the failure to unbundle incumbent LEC interoffice transport facilities could not impair meaningful opportunities to compete.[47]

1. The Market For Interoffice Transmission Facilities

Interoffice transmission facilities provide transmission paths among end offices, tandem switches and interexchange carrier Points of Presence (POP). *First Report and Order* at 15718. Of course, transport is also provided between end offices and CLEC premises. Transport facilities may be dedicated to the traffic of a particular carrier, or shared among a group. *Id.* Transport facilities are inherently local. They connect particular local points. Transport in one city cannot be substituted for transport in another city, thus the geographic market in which to assess transport competition and the availability of alternative facilities is local.

In similar circumstances (involving local service) the Commission has aggregated point-to-point markets based on the similarity of the competitive situation facing consumers. *See, e.g., Bell Atlantic/NYNEX Order* at 20016-7 (Commission found it appropriate to treat as a separate relevant geographic market "an area in which all customers in that area will likely fact the same competitive alternatives for a product"); *LEC Regulatory Treatment Order* at 15794 (recognizing that interstate, long distance calling is a point-to-point geographic market that could properly be geographically aggregated into single national market because of "sufficiently similar

[47] The fact that section 271 requires Bell companies to provide unbundled transport to obtain long distance relief is hardly evidence that transport should be unbundled under section 251(d)(2)'s necessary and impair standard. Unlike section 251, section 271 does not mandate unbundling at cost-based prices. Congress clearly intended that an additional CLEC entitlement to cost-based prices could be created only after the separate section 251(d)(2) requirements were met. Also, since all section 251 UNEs must be unbundled under checklist item 2, checklist item 5 would be redundant if Congress had intended a particular outcome for transport under section 251(d)(2).

competitive characteristics" facing purchasers). In the *Bell Atlantic/NYNEX Order*, the Commission grouped local service customers into a LATA wide market and into a New York City MSA market. *Bell Atlantic/NYNEX Order* at 20017-9.

Under these well-established Commission precedents, geographic markets for point-to-point local transport can be aggregated based on the considerable similarity of competitive situations across defined geographic areas. Although MSAs, LATAs or other areas could be useful foundations for this grouping, BellSouth suggests that the most focused approached would be to adopt the three-zone approach the Commission established for special access and switched transport service pricing flexibility.[48]

The Commission found that DS1 and DS3 special access services were subject to competition in 1992. *Special Access Order* at 7454-55, n. 412. The Commission also recognized that competitive pressure was growing rapidly. *Special Access Order* at ¶¶ 7451, 7452 (recognizing that in 1992 "competition is already developing relatively rapidly in the urban markets and will only accelerate with the implementation of expanded interconnection"); *Switched Transport Order* at 7423. This growing competition was occurring especially in urban areas where costs are lower and traffic density higher, making the economics of competitive transport particularly attractive. The Commission found that three geographic zones would properly reflect competition and the underlying competitive economics. *Special Access Order* at 7454-55, n. 413.

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[48] *See, In the Matter of Expanded Interconnection with Local Telephone Company Facilities and Amendment of the Part 69 Allocation of General Support Facility Costs*, CC Docket Nos. 91-141 and 92-222, *Report and Order and Notice of Proposed Rulemaking*, 7 FCC Rcd 7369, 7451-55 (1992) (*Special Access Order*); *In the Matter of Expanded Interconnection with Local Telephone Company Facilities*, CC Docket No. 91-141 (*Transport Phase I*), *Second Report and Order and Third Notice of Proposed Rulemaking*, 8 FCC Rcd 7374, 7423-25 (1993) (*Switched Transport Order*).

The same economics drive the competitive provisioning of local transport, making these zones and the Commission's prior findings directly applicable to local transport.[49] The three zone approach results in narrowly tailored urban zones and larger geographic zones reflecting rural areas, as reflected on the maps of BellSouth's region attached as Attachment B. Because these zones have been drawn based on the economics of transport competition, they better reflect competitive realities than MSAs or similar areas.

As might be expected, the competitive choices available in different areas within these zones are also similar, making these zone groupings appropriate under the Commission's geographic market aggregation orders outlined above. For example, each of the sixteen Zone 1 areas in BellSouth's region has multiple CLEC fiber networks. The minimum number of separate alternative networks in Zone 1 areas ranges is three.[50] There are generally fewer in Zone 2 cities.[51]

2. Competitive Providers and Facilities

The number and variety of CLECs with transport facilities jumps out from even a quick glance at Appendixes A and B of the *UNE Fact Report: Interoffice Transport*, which lists CLEC fiber routes city-by-city. The carriers listed are large and small, old and new. They include IXCs, start-up CLECs and cable companies. There is enough CLEC fiber and wireless capacity

[49] The Commission noted that several IXCs "say that special access is identical to dedicated transport and directly related to common transport, and argue that consistent pricing guidelines should be applied to all the services." *Special Access Order* at 7450. The cost elements of special access described by the Commission match up with the cost elements of local transport. *Id.* at7452.

[50] Given the difficulty in determining CLEC transport buildouts, and the pace with which new networks are being installed, these numbers are likely to understate CLEC facilities.

[51] Similar results could be obtained starting with MSA or other geographic areas and then drawing reasonable distinctions based on the competitive choices available.

to lead some to conclude that there is a CLEC fiber capacity glut.[52] The Commission has long recognized that transport was likely to become competitive quickly. *Special Access Order* at 7380, n.37. In 1997, the Commission found that "there are already a number of competitors offering [transport] services." *Bell Atlantic/NYNEX*, 12 FCC Rcd at 20042.

Competitive transport facilities are generally fiber-based or provided over wireless links. Fiber facilities can carry very large amounts of traffic and that amount can be greatly increased by substituting more powerful electronics along the fiber path. At a bare minimum, CLECs account for "at least 11% of the total fiber optic system capacity potentially available to carry calls within *local* telecommunications markets." *Local Competition Survey* at 8; *UNE Fact Report: Dark Fiber* at 28 (pointing out "vast understatement" in FCC estimates of CLEC fiber). CLEC fiber generally provides interoffice transport between incumbent LEC wire centers, CLEC offices, private switches and interexchange carrier POPs. *Local Competition Survey* at 6. CLEC fiber facilities can generally be extended economically to locations such as central offices or business customer locations. *Id.* at 14-15. Central offices in Zone 1 and Zone 2 areas are quite close together. CLECs have access to incumbent LEC poles, ducts and conduits to connect central offices to their fiber facilities.

CLECs are installing fiber at a rapid pace. "CLECs tripled fiber deployment from 0.4 million miles fiber miles at the end of 1994 to 1.3 million fiber miles ... at the end of 1996." *AT&T/Teleport Order* at 15250-15251. More recent figures on CLEC fiber builds are provided in the *UNE Fact Report: Interoffice Transport* at 4-5.

[52] Royce Holland, CEO of Allegiance Telecom, states "In Tier I markets today there is a tremendous glut of capacity." W.T. Scott, et al, ING Baring Furman Selz LLC, Investext Rpt. No. 2787890, Telecommunications/Fiber vs. Fiberless (Sept. 30 1998).

The extent and breadth of competitive transport offerings is supported by the amount of collocation occurring in BellSouth's region. BellSouth presently has about 1,000 CLEC collocation arrangements in its central offices. Collocation is a good indicator of the presence of CLEC transport facilities. *Id.* at 7.

In addition, wireless spectrum can be, and is being, used to provide local transport alternatives. There are at least five firms with essentially nationwide wireless coverage in the 28 and 38 GHz range. *UNE Fact Report: Interoffice Transport* at 14 Table 3. These firms include AT&T, WinStar, Teligent and NextLink. These wireless services can provide large volumes of service on short notice. *Id.* at 13, n.35. The Commission has previously acknowledged that these wireless services are used to bypass incumbent LEC service.[53]

Where CLECs have transport facilities a CLEC-to-CLEC market for transport services has arisen, as one would expect. For example, e.spire and Hyperion have contracted for capacity on each others' networks. Hyperion obtained capacity on e.spire networks in fourteen cities, including eight cities in BellSouth's region. "E.spire, Hyperion Agee on Fiber Swap", *Telecommunications Reports*, April 19, 1999 at 6. Dark fiber, which is carrier inventory that can be used to provide transport services, has become a commodity that is bought and sold by CLECs on an open market. *Advanced Services Report: Interoffice Transport* at 4-5. Wireless transport is also provided in a CLEC-to-CLEC market. *See, e.g.,* WinStar, *Carrier Services* www.winstar.com/indexCarrServ.htm> (WinStar's Wireless Fiber offers other carriers "a quick and cost-efficient solution for extending the reach of an existing fiber ring providing local

[53] *See, e.g., In the Matter of Expanded Interconnection with Local Telephone Company Facilities*, RM 7249, ENF-87-14, *Notice of Proposed Rulemaking and Notice of Inquiry*, 6 FCC Rcd 3259, n.3 (1991).

transport"). This wholesale market provides CLECs the ability to aggregate traffic volumes efficiently and to replicate incumbent LEC shared transport service.

3. Will An Efficient CLEC's Meaningful Opportunity To Compete Be Impaired Without Access to Incumbent LEC Interoffice Transport at Cost-Based Prices

By using pre-existing access pricing zones, the Commission can answer the question of whether to unbundle incumbent LEC transport facilities in a way that meets the Act's goals and the Court's requirement that it consider the presence of alternative facilities. The Commission's original approach made no attempt to delineate geographic markets or examine the competitive facts in those markets. *First Report and Order* at 15718-9. Given the competitive facts outlined above, where alternative facilities are present, CLECs cannot show that their opportunity to compete would be impaired without access to incumbent LEC facilities at cost-based prices.

In Zone 1 areas in BellSouth's serving territory, there are at least three and often many more CLEC fiber networks in the ground now, with more planned. CLEC wireless networks are operating in many of these areas as well. The number of CLEC transport alternatives to incumbent facilities readily available in Zone 1 areas shows that CLECs can self-provide or obtain transport outside of incumbent networks in those areas.

In Zone 2 areas, there are generally fewer CLEC fiber alternatives. Wireless transport provides additional alternatives. *UNE Fact Report: Interoffice Alternatives* at 14, Table 3. Given these alternatives, and the ability of CLECs to enter and expand, the Commission should also find that incumbent Zone 2 transport facilities should not be unbundled.

Other market facts support these conclusion. A market for CLEC transport already exists. CLEC fiber and wireless networks have substantial capacity, perhaps excess capacity,

and that capacity can easily be expanded.[54] CLECs are also installing new fiber at a rapid rate. *Id.* at 2-5. Entry is relatively easy given the need only to connect points where substantial traffic is aggregated. Based on the presence of these alternatives and the relative ease of entry and expansion, the Commission must conclude that CLECs will be unimpaired without cost-based incumbent LEC transport facilities in these areas. The Commission should not include interoffice transport in Zone 1 or Zone 2 on its list of UNEs.[55]

In Zone 3, the lack of competitive networks suggests that CLECs would have to use wireless facilities or self-provision fiber facilities. Whether the use of wireless facilities or self-provisioning would actually impair an efficient CLEC will require the Commission to collect factual information from CLECs supporting that conclusion.[56]

4. What Effect Will Mandatory Unbundling at Cost-Based Prices Have on Investment in Interoffice Transport Facilities

As set out in the affidavits attached to USTA's Comments in this proceeding, , mandated unbundling at cost-based prices significantly reduces consumer welfare costs. Creating a CLEC entitlement to cost-based transport on incumbent LEC facilities will inevitably reduce CLEC investment in creating and maintaining competitive facilities. *Jorde, Sidak and Teece Affidavit.* This effect is likely to be particularly serious as it will also reduce CLEC demand for transport

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[54] In determining that AT&T was no longer a "dominant" carrier in the interexchange market, the Commission placed heavy reliance on the effectiveness of competitive *capacity* as a restraint. *AT&T Reclassification Order* at 3303-3305.

[55] BellSouth would, of course, have to provide access to transport under section 271. However, that access would be at market prices rather than at section 252's cost-based prices.

[56] The Commission requested comments on unbundling dark fiber. *Second FNPRM* at ¶ 34. Even if "dark fiber" could be classified as a network element, despite the plain language of section 3(29) of the Communications Act, given the huge amounts of CLEC fiber currently deployed and planned, imposing any sort of blanket requirement that incumbent LEC dark fiber be unbundled could not comport with section 251(d)(2) and the Court's requirement that the Commission consider alternatives and self-provisioning. CLECs can self-provision fiber as

alternatives from other CLECs. This may affect the viability of existing CLEC networks and will discourage additional CLEC build outs. An unbundling requirement will also reduce incumbent incentives to invest in transport networks. *Id.* BellSouth, for one, makes substantial on-going investment in maintaining and upgrading its transport networks. The value of this investment will be reduced by a cost-based unbundling requirement.

5. Conclusion

Given the presence of substantial competitive alternatives in Zone 1 and Zone 2 (or urban areas generally, if the Commission prefers a different geographic measure), ease of entry and expansion and the presence of a CLEC-to-CLEC transport market, the Commission cannot find that an efficient CLEC's meaningful opportunity to compete could be impaired without access to incumbent transport at cost-based prices. Imposing an unbundling obligation would not benefit competition or consumer welfare, but would create an important disincentive to investment in facilities that would benefit consumers. In Zone 3, the Commission must balance the investment disincentives against any concrete evidence of impairment submitted by CLECs.

C. Switching

After very cursory analysis, the Commission found that incumbent switches should be unbundled and priced based at cost because there was no evidence that other elements of incumbent networks could substitute for the switching element. *First Report and Order* at 15710-11. The Commission must now assess the competitive availability of switching and

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efficiently as incumbents and can, and are, buying dark fiber from one another. Thus, CLEC opportunities are not impaired.

weigh the costs and benefits of unbundling.[57] This section is limited to traditional voice, circuit switching. Packet switching is dealt with in the Advanced Services section above.

1. The Market for Switching

The local switching element includes line-side and trunk-side facilities and the features, functions and capabilities of switch. *First Report and Order* at 15706. Switching provides the functionality needed to connect lines and trunks. Determining the correct geographic market for switching is complex. The geographic market is a function of the reach of a switch. The reach of a switch is determined by its technical capabilities and the economics of transport. The *UNE Fact Report: Switching* makes a compelling case that given today's technology for extending the reach of switches, the breadth and depth of CLEC switch deployment, and the ease of entry and expansion, that the most accurate geographic market may be the entire United States. Based on the similarity of the competitive facilities choices available, the Commission could treat the geographic market for switching as a national one.

An alternative approach to defining the geographic market for switching is also explored here. This approach would tailor the geographic market by using the zones prescribed for special access and switched transport pricing flexibility. As discussed in detail in the Interoffice Transport section above, these zones reflect basic economics of providing telecommunications service. The zones reflect telecommunications costs and traffic densities that affect the economics of providing competitive transport. These same factors affect the economics of

[57] The fact that section 271 requires Bell companies to provide unbundled switching to obtain long distance relief is hardly evidence that switching should be unbundled under section 251(d)(2)'s necessary and impair standard. Unlike section 251, section 271 does not mandate unbundling at cost-based prices. Congress clearly intended that an additional CLEC entitlement to cost-based prices could be created only after the separate section 251(d)(2) requirements were met. Also, since all section 251 UNEs must be unbundled under checklist item 2, checklist item 5 would be redundant if Congress had intended a particular outcome for transport under section 251(d)(2).

deploying competitive switches. The pattern of CLEC switch deployment, which focuses on more urban areas demonstrates this. *UNE Fact Report:* Switching. These zones also reflect the availability of competitive transport options that allow CLECs to obtain transport from sources other than the incumbent.

2. Competitive Providers and Facilities

Switches are available from numerous manufacturers. *UNE Fact Report: Switching* at 27. Switch prices have been falling for years. On a per-line basis, prices have declined 60 percent from 1986 to 1996 and are projected to fall another 12 percent by 2000. *Id.* at 27. CLECs installing switches now benefit from much improved switch pricing and technology and the consequent cost advantage over older incumbent LEC switching.

Switch manufacturers are actively competing for business from CLECs of all sizes. The largest switch manufacturers specifically tailor switches for small CLECs, reducing their entry costs and promising quick paybacks. *Id.* at 27-28. New, smaller manufacturers are targeting the smaller CLEC market specifically. These manufacturers are providing CLECs access to new technology such as server-based switching solutions that further lowers costs and provides additional flexibility and efficiency. *Id.* at 28-29. CLECs can purchase switches for as little as $100,000. *Id.* at 28.

In addition to installing new switches, CLECs can look to other sources of switching. Long distance and wireless switches can be upgraded to perform local switching functions and PBX systems can substitute for Centrex services. AT&T has been upgrading 4ESS switches to offer bundled local and long distance services in at least 45 states. *Id.* at 30. There are approximately 2,500 wireless switches owned by carriers *other* than the Bell companies and GTE. *Id.* at 31. These switches can substitute for wireline switches. *Id.* The Commission, state

Loops vary from the most basic 2-wire analog loop used to provide traditional residential voice service to DS1 and higher capacity loops serving large business users. Transmission capabilities of loops range from basic 56 kpbs analog loops to 1.544 Mbps DS1 and higher. The *Merger Guidelines* test for defining product markets would clearly separate 2-wire analog loops from 4-wire loops. Larger businesses tend to use high capacity loop products. Mass market customers generally use traditional 2-wire analog loops.

The Commission has consistently recognized a distinction between larger businesses and mass market telecommunications needs. *AT&T/Teleport Order* at 15247; *Bell Atlantic/NYNEX Order* at 20016; *UNE Fact Report: Local Loops* at 2, n. 8(collecting citations). Incumbents are "facing increasing competition from numerous new entrants ... that are building facilities as they seek to provide services to larger business customers." *AT&T/Teleport Order* at 15250 and n. 85 (recognizing that it is easier for CLECs to enter the larger business market).

Demand considerations and competitive reality require the Commission to translate this local service distinction into the loop facilities that underlie the service. Although the line may fairly be drawn in more than one place, it must continue the Commission's long-established separation between larger businesses and the mass market. Perhaps the best approach would be to draw the line to separate 2-wire loops from 4-wire and higher capacity loops. This would generally separate larger businesses from small business and residential users that rely almost exclusively on 2-wire loops.[62]

Consistent with Commission practice, these two markets will be referred to as the larger business market and the mass market.

[62] This facility-based distinction would not stand in the way of providing increased capacity over the 2-wire loops through xDSL technology. The loop would remain a 2-wire loop. To the

b. Loop Geographic Markets

The market evidence is compelling that geography matters in addition to type of cutomer in the provision of alternative facilities to incumbent local loops. It appears to be universally recognized that CLECs are successfully connecting larger business customers to their networks without incumbent loops. CLECs can and do extend fiber facilities directly to customer premises. *UNE Fact Report: Local Loops* at 3, n. 12 (collecting examples). Within the top 30 MSAs, CLECs have deployed nearly 30,000 miles of fiber. *Id.* CLECs are present in all but one of the top 150 MSAs, and serve in excess of 350 Basic Trading Areas. *Id.* CLEC local loops reach into nearly 15 percent of all commercial office buildings in the country. *UNE Fact Report: Local Loops* at 3. Just as businesses are clustered in urban areas and business parks, CLEC have built and extended local loops in those areas and anywhere else business customers are concentrated. *Id.* at 3-9.

Local loops provide a point-to-point service connecting a customer to a particular network. As noted earlier, the Commission's practice is to aggregate point-to-point markets into larger geographic areas based on the similarity of the competitive choices available within those areas. Geographic market distinctions between large urban, small urban and rural areas would provide a reasonably accurate line.

BellSouth would again suggest that the best approach would be to adopt and apply the three zone approach the Commission adopted in the *Special Access Order* and the *Switched Transport Order*, as discussed in detail in the Transport section above. These three zones generally correspond to big city, small city and rural areas. Attachment B (State maps with

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extent DSL technology is used to deliver high capacity services to larger businesses in place of traditional higher capacity service, the Commission can revisit this distinction.

Zones). The Commission has already found that these zones reflect competitive telecommunication realities and the underlying costs and traffic densities that drive them.[63] Adopting these zones would provide the basis for consistent approach to determining where local elements should be unbundled.

The presence today of cable telephony networks coupled with cable operators' public commitments to its broad and rapid deployment across the country raise an additional geographic market definition issue. In areas where cable telephony is offered, essentially all consumers within the cable operator's franchise have or will have that competitive choice available to them.[64] In Atlanta, all 850,000 homes passed by Media One's cable facilities will be able to choose cable telephony service by January of 2000.[65] Cable telephony will be broadly available throughout the country in short order.

Under its traditional approach to defining geographic markets, the Commission must treat as a geographic market the franchise area of cable operators offering cable telephony service. Cable offerings are bounded by franchise areas. Within those areas, consumers share two of the same choices for local telephony. Cable franchise areas where cable telephony service is offered meet the *Merger Guidelines'* test for constituting a separate geographic market.

2. Competitive Providers And Facilities

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[63] *In the Matter of BellSouth Telecommunications, Inc. Revised Zone Density Pricing Plan*, Order, 11 FCC Rcd 13806 (1996).

[64] Upgrading cable facilities is generally done on a piecemeal basis. During the upgrading process, cable telephony services are available only in discrete parts of an operator's territory.

[65] Cable telephony is available in various other large and small metro areas throughout BellSouth's territory as discussed below.

The following subsections discuss competitive providers and facilities based on the product and geographic market conclusions reached above. The sections are grouped by product market. The business market is treated first, then the mass market.

a. Larger Business Market Competitive Providers And Facilities

Many firms are competing today for the *local* telecommunications dollars of larger businesses. *AT&T/Teleport Order* at 15257-8 (larger business market "has a large number of market participants"). The Commission has chosen not to attempt to gather facts on the number of business lines CLECs serve over their own facilities.[66] Although market shares are hardly determinative, the market share ranges presented in the *UNE Fact Report: Local Loops* put CLEC shares in the areas where they have chosen to focus at impressive levels. The competitive reality is that "CLECs as a group [have] achieve[d] in less than two years after the Telecom Act what it took MCI and other alternative long-distance carriers over 10 years to achieve during the 1970s and 1980s." *See,* J. Grubman, et al., Salomon Smith Barny, *CLECs Surpass Bells in Net Business Line Additions for First Time*, May 6, 1998.

CLECs are providing local connections to larger business customers over both fiber and wireless facilities. CLECs have installed thousands of miles of local fiber connections, reaching all but one of the top 150 MSAs and 350 BTAs. *UNE Fact Report: Local Loop* at 3-10. Once installed, fiber capacity can be upgraded by installing electronics to carry huge amounts of traffic as demand warrants. CLECs often connect fiber facilities directly to business customer premises. *Id.* at 3.

Wireless technology provides a quick and cheap alternative to fiber connections. *UNE Fact Report: Local Loop* at 10-14. Wireless local loop (WLL) systems can be activated within

[66] *Local Competition Survey* at 3.

90-120 days. *Id.* at 10 and notes 21-23 (collecting cites). WLL also supports high capacities. *Id.* at 11 n.26. A key advantage of WLL technology is that it does not involve large sunk costs. Lucent explains that "[w]ireless allows you to redeploy access facilities on a large scale without losing a large share of embedded investment." F. Dawson, *Are Clouds Clearing Over Wireless Local Loop?,"* Inter@ctive Week, Mar. 2, 1998; *Third CMRS Report* at App. F, F-1 ("WLLs can be launched in much smaller segments than wireline systems"). One WLL provider has estimated that it "has to sell only 10 lines to breakeven on a point-to-multipoint system," W. Schaff, *Taking Stock: No Strings Attached*, Information Week, Feb. 22, 1999, while its average customer orders 20 lines. J. Dix, *High Fliers*, Network World, Apr. 26, 1999.

WLL spectrum covers the country, at minimum reaching throughout every Zone 1 and Zone 2 area in BellSouth's serving territory. *UNE Fact Report: Local Loop* at 12 Table 1. An active "wholesale" market for local loops provided over wireless systems has emerged. Carriers like WinStar and Advance Radio Telecom have signed various agreements to provide local loop services to other CLECs in markets across the country. *UNE Fact Report: Local Loop* at 12 Table 1. Other carriers have chosen to simply acquire smaller firms that have wireless spectrum lock, stock and barrel, endorsing the technology with their investment dollars.[67]

b. Mass Market Competitive Providers And Facilities

Competitive provision of alternatives to residential loops is not so advanced, but is catching up rapidly as cable telephony comes on line. Cellular and PCS service have been steadily marching towards direct competition with the wireline network. If still not there today,

[67] AT&T acquired BizTel, giving it coverage 95 of the top 100 markets. *UNE Fact Report: Local Loop* at 12, Table 1. Sprint has several hundred million dollars in WLL spectrum. *Id.* MCI WorldCom acquired CAI Wireless and other wireless carriers giving MCI WorldCom enough spectrum to cover 50 percent of the country. R. Blumenstein, "*MCI, Seeking Deals, Doubles Allowed Stock*," Wall Street Journal, May 21, 1999.

they will be there shortly as prices continue to fall. Wireless local loops are already being market tested in some areas.

The Commission has found that "numerous" cable MSOs are making cable telephony "available to a large number of customers in many markets" today. *Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming*, Fifth Annual Report, CS Docket No. 98-102, FCC 98-335, ¶ 59 (rel. Dec. 23, 1998)(*Fifth Annual Report*); *UNE Fact Report: Local Loop* at 17-20 and Table 7. In Atlanta, all 850,000 homes passed by Media One's cable facilities will be able to choose cable telephony service by January of 2000. In BellSouth's region, cable telephony is currently being offered in dozens of cities, including Atlanta, Georgia and Birmingham, Alabama. Attachment C provides a partial list of cities in several states in BellSouth's region that have cable telephony offerings today or that will have by the end of this year. Consumers in these areas have a substitute to the wireline telephony loop today.

Far more will have a substitute tomorrow or soon thereafter. AT&T's cable investments are a $90 billion endorsement of cable telephony. AT&T is actively involved in upgrading cable facilities to carry telephony and can reach at least 25% of the country's households through directly controlled systems. Alliances with Time Warner and Comcast expand that reach dramatically -- beyond the reach of any two of today's Bell companies.

Digital technology allows cellular and PCS services to provide a functional equivalent to wireline service. The sole remaining question today is when the continuing downward trend in wireless pricing will put it in full head-to-head competition with wireline local service. At this point, wireless connections will provide a complete substitute for the wireline local loop. The Commission has already found that "wireless and wireline technologies are increasingly competing for a single pool of minutes-of-use.... [W]ireless providers can compete for local

access by creating pricing plans that encourage their customers to use mobile phones as substitutes for wireline phones."[68] Wireless providers are aggressively selling pricing plans that compete for today's single pool of minutes-of-use. *UNE Fact Report: Local Loop* at 22-25 (describing pricing plans described by AT&T as aimed at "mak[ing] your wireless phone your only phone"). This is occurring not just in large cities, but in smaller ones as well.[69]

3. Will An Efficient CLEC's Meaningful Opportunity To Compete Be Impaired Without Access to Incumbent LEC Loops at Cost-Based Prices

Given the distinctions between the larger business market and the mass market, whether unbundling of the local loop is necessary to avoid impairing an efficient CLEC's meaningful opportunity to compete is considered separately for each.[70]

a. Business Loops and Impairment

The competitive reality in the business market is that CLECs are successfully competing by using alternatives to incumbent loops. Many CLECs are competing in the market and CLECs have gained a substantial share in a short time. Local competition, at least in the larger business

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[68] *In the Matter of Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993 and Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services*, Third Report, 13 FCC Rcd 19746, 19817 (1998) (*Third CMRS Report*).

[69] "Fixed Wireless Service Launched in South Carolina," *Telecommunications Reports*, April 19, 1999 at 25 (Hargray Communications Group launched wireless local loop service in Beaufort, S.C.)

[70] The fact that section 271 requires Bell companies to provide unbundled transport to obtain long distance relief is hardly evidence that transport should be unbundled under section 251(d)(2)'s necessary and impair standard. Unlike section 251, section 271 does not mandate unbundling at cost-based prices. Congress clearly intended that an additional CLEC entitlement to cost-based prices could be created only after the -separate section 251(d)(2) requirements were met. Also, since all section 251 UNEs must be unbundled under checklist item 2, checklist item 5 would be redundant if Congress had intended a particular outcome for transport under section 251(d)(2). BellSouth will continue to make unbundled local loops available under section 271's requirements even where the Commission does not order unbundling the loop at cost-based prices under section 251(d)(2).

market, is ahead of the pace at which long distance competition developed. There is no better evidence than this that CLEC opportunities to compete would not be impaired without access to the incumbent local loop at cost-based prices, at least in Zones 1 and 2.

CLECs are using both fiber and WLL technology to connect larger businesses to their networks. Both present competitive alternatives to incumbent LEC loops used to provide service to larger businesses today. The fact that CLECs have installed thousands and thousands of miles of fiber in 149 out of the top 150 MSAs and are present in 350 of the country's 487 BTAs and have connected nearly 15 percent of the commercial buildings in the country to their networks suggests that there are no impediments to installing fiber and hooking up larger business customers.

The Court directed the Commission to also consider the ability of firms to self-provision alternative facilities. The evidence presented here shows that self-provisioning in this market is routine. The government's *Merger Guidelines* adopt a two year time horizon for assessing the ability to self-provision (entry). The *Merger Guidelines* judge that entry or expansion that occurs within two years is timely enough to prevent competition from being impaired. Looking ahead two years, CLEC alternatives to incumbent loop facilities will be even more widespread. Given the pace of their fiber builds over the last two years, two years from now CLEC fiber could reach a very substantial percent of larger business customers in Zones 1 and 2.

The competitive implications of WLL deserve close analysis. As outlined earlier, competition analysis considers firms that can enter a market within a year without substantial fixed costs as being in the market, and the facilities they could install as offering present competitive alternatives. *Merger Guidelines* at § 1.32. WLL systems can be activated in 90-120 days, well under a year. Substantial fixed costs are not incurred because the systems are

"modular, scalable, movable." *UNE Fact Report: Local Loop* at 10-11 (footnotes omitted).[71] WLL spectrum essentially covers the country. The government's standard competition analysis would conclude that WLL spectrum provides a present competitive alternative to incumbent loops for larger businesses. The fact that a CLEC-to-CLEC wholesale market for WLL capacity exists supports the competition analysis.

At least in Zones 1 and 2, CLECs turn to their own fiber and WLL facilities to provide service to larger business customers. WLL and fiber have been and can be deployed in a timely enough fashion to avoid impairing an efficient CLECs "meaningful opportunity to compete." The lack of larger business customers in Zone 3 areas has contributed to reduced CLEC fiber build outs. If the evidence shows that WLL technology cannot provide an alternative to incumbent loops for the larger business market in Zone 3 areas, the Commission may find that CLEC opportunities to compete have been impaired without unbundled access to incumbent loops for larger business customers (4-wire and higher capacity loops).

b. Mass Market Loops And Impairment

CLECs have two potential alternatives to the incumbent mass market local loop. Where cable facilities have been upgraded to provide telephony, there can be no doubt that there is an alternative to the incumbent local loop and consumers are benefiting from the competition Congress expected. Mandating access to the incumbent local loop in these areas is not appropriate under the impair standard and will not benefit consumers.

First, failing to unbundle the loop will not impair a CLEC's meaningful opportunity to compete. Two competing wires into the home provide competing alternatives to CLECs wishing

[71] Nextlink illustrates one way this works. Nextlink establishes initial connections to larger business connections over WLL because of its speed. It then connects fiber to the facility, and

to provide residential service. The possibility that cable operators may adopt closed systems and refuse to provide facilities to other CLECs is a private business decision. If cable operators take that path, CLECs may argue that the decision impairs their opportunity to compete, and they might be right. However, it is not a failure to unbundle the telephone loop that might impair the ability of CLECs to compete, it is the business and regulatory strategy of the cable operators that might. There is no sense in allowing cable companies to create the potential for impairment by refusing to sell access, then rewarding them for their refusal by imposing a costly regulatory handicap on their facilities-based competitors.[72]

The second reason not to require cost-based unbundling of the local loop where cable telephony provides an alternative is that the consumer benefits of providing such access are far from certain. The focus of imposing any unbundling requirement under section 251 must be consumer, not competitor, welfare. Antitrust law acknowledges that unless the owner of an essential facility is also a monopolist in an end user market, establishing a legal sharing requirement is more likely to benefit competitors than consumers and so is not consistent with consumer welfare goals.[73] *MCI Communications Corp. v. AT&T Corp.*, 708 F.2d 1081, 113-33 (7th Cir. 1982), *cert. denied*, 464 U.S. 891 (1983); *Hausman and Sidak Affidavit* at ¶ 96. Any objection that this could lead to only two firms competing for residential telephony subscribers is

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shifts the WLL to the next customer. W. Schaff, *Taking Stock: No Strings Attached*, Information Week, Feb. 22,

[72] Where the local loop is not unbundled under section 251, CLECs would continue to have access to Bell company unbundled loops at market prices under section 271.

[73] Although cost-based unbundling of the local loop might allow more firms to provide residential service, the possibility seems decidedly theoretical. CLECs have not demonstrated any interest in serving the residential market despite the availability of cost-based local loops today. The very substantial costs of the investment disincentives created by cost-based unbundling and administering the unbundling regime seem very likely to outweigh the theoretical competitive benefits of unbundling in areas where competition from cable telephony exists.

simply a competitor not a consumer welfare complaint. The Commission has found that two-firm markets for residential telephony service perform competitively. *AT&T Reclassification Order*, 11 FCC Rcd at 3271, 3356 (AT&T and MCI were the presubscribed long distance carriers for nearly 90 percent of residential access lines). At a minimum, wireless service presents a vibrant competitive fringe equivalent to the competitive long distance fringe that existed at the time AT&T was declared non-dominant.

In addition, the Commission has already found that "wireless and wireline technologies are increasingly competing for a single pool of minutes-of-use." *Third CMRS Report*, 13 FCC Rcd at 19817. Wireless service is available throughout BellSouth's serving territory. Wireless prices continue to fall. Innovative one-rate-type pricing plans bundle local, intraLATA toll and long distance service with calling features in ways that provide offerings as attractive as any wireline phone service. Entry analysis conducted under a *Merger Guidelines*-type analysis would highlight the ability of wireless firms to further compete by lowering prices and building and expanding facilities. Just as WLL for larger business provides a fast vehicle for entry that does not carry with it substantial fixed costs, wireless service provides the same for the mass market. A thorough analysis of wireless service may require wireless providers to be counted as present market participants under the government's *Merger Guidelines*.

Should the record in this proceeding demonstrate that wireless alternatives to the mass market loop do not yet provide efficient CLECs a meaningful opportunity to compete, the established trend in wireless pricing suggest that it will provide an alternative in the not-too-distant future. In light of this trend, any mass market loop unbundling requirement should come with a clear sunset provision. The unbundling requirement should expire at the end of two years,

or upon evidence of additional that wireless service is providing an alternative to incumbent loops, at least in Zone 1 and Zone 2 urban areas, whichever occurs sooner.

4. The Effect Of Mandatory Unbundling at Cost-Based Prices On Investment in The Local Loop

As set out in the *Jorde, Sidak and Teece Affidavit*, cost-based unbundling under section 251(d)(2) creates disincentives to both CLEC and incumbent LEC investment in the unbundled facility and assets that compete with it. Creating a CLEC-entitlement to a cost-based incumbent LEC local loop will reduce CLEC incentives to invest in alternatives. This seems likely to especially affect the development of wireless alternatives to the local loop.

A cost-based unbundling obligation will also reduce incumbent incentives to invest in upgrading the local loop. The potential effect of this disincentive on consumers is especially troubling in light of the need to invest in local loop technologies to compete with cable providers. Under the Commission's current cost-based pricing rules, incumbents would shoulder all the risk of investing in the local loop but enjoy none of the potential benefits. *Id.* This disincentive to investment establishes a regulatory obstacle to providing advanced services over the local telephony loop. Given the freedom from similar unbundling requirements of cable operators offering directly competing services, this policy also tilts the playing field. None of this serves consumers.

5. Conclusion

Failing to unbundle incumbent local loops will not impair CLEC service offerings to larger businesses in Zones 1 and 2 or to mass market users where cable telephony is offered. Because larger businesses are generally served by 4-wire or higher capacity loops and mass market users are served by 2-wire loops, the Commission should find that in Zones 1 and 2, 4-

wire and higher capacity loops would not be unbundled, and that in areas served by cable telephony, 2-wire analog loops would not be unbundled.

E. Signaling Networks And Databases

Signaling networks and databases facilitate the routing of telephone calls between switches. *First Report and Order* at 15723-24. Signaling networks, including incumbent signaling networks, interconnect. *First Report and Order* at 15738. However, current switch technology requires each local switch to link to one signaling network. Incumbent LEC switches are connected to their own signaling networks. Thus, when a CLEC takes unbundled local switching from an incumbent, the incumbent LEC provides signaling, using its databases, over its network. In its earlier analysis of signaling, the Commission did not look outside incumbent LEC networks to determine if alternatives were available. *First Report and Order* at 15740.

A look at the market shows that there are alternatives to incumbent LEC signaling networks and that there are no impediments to self-provisioning. Signaling and databases are provided in a nationwide market. *UNE Fact Report: Signaling And Call-Related Databases* at V-1. Where a CLEC uses its own local switch, it is free to link its switch with any of several alternative signaling networks. There are at least eleven signaling network alternatives to connecting to incumbent LEC networks, at least six of which provide facilities-based service nationwide. *Id.* at 2-4 and Table 1. Several of these network providers aggressively market signaling services and database services including LIDB, customized databases and local number portability, to CLECs. *Id.* at 3-6. There are no significant barriers to further entry into this market. *Id.* at 5-6.

An efficient CLEC would have a meaningful opportunity to compete without unbundled access to incumbent LEC signaling where switching is not obtained from the incumbent. CLECs

with their own switches can self-provision their own signaling networks and databases or obtain access to alternatives providers.

F. Operator Services and Directory Assistance

The Commission made no attempt to examine whether there were competitive alternatives to incumbent LEC operator services, directory assistance services and their associated databases. *First Report and Order* at 15774. The fact that several CLECs, including AT&T, MCI and Frontier, and the Department of Justice insisted that Operator Services (OS) and Directory Assistance (DA) services be separated from the incumbent's local switch so that CLECs could provide their own OS and DA services strongly suggested that alternatives to incumbent LEC services were available in 1996. *Id.* at 15772-73. The facts show that CLECs are looking to competitive suppliers rather than incumbent LECs for OS and DA services. A decision not to unbundle these services could in no way impair an efficient CLECs meaningful opportunity to compete.

1. The Markets for Operator Services and Directory Assistance

Operator services are "any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call." *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Second Report and Order and Memorandum Opinion and Order, 11 FCC Rcd 19, 392, 19,448 ¶ 110.

Directory assistance service "allows subscribers to retrieve telephone number of other subscribers." *Application of BellSouth Corporation, et al. for Provision of In-Region, InterLATA Services in Louisiana*, Memorandum Opinion and Order, 13 Fcc Rcd 20,599.

Both of these products are provided in a nation-wide geographic market. Service providers routinely deliver operator services and directory assistance from national calling

centers. *UNE Fact Report: Operator Services And Directory Assistance* at IV-9-10. If a provider in one region of the country attempted to raise price above competitive levels, buyers (CLECs in this case) could simply to turn to providers located in other regions.

2. Competitive Providers And Facilities

Many CLECs in BellSouth's region have not ordered operator services or directory assistance services from BellSouth. CLECs have been obtaining these services from alternatives sources. CLECs regularly self-provision operator services and directory assistance services, or turn to any of several national wholesalers of such services. AT&T and MCI, the largest CLECs, provide their own national directory assistance service through a combination of self-provisioning and outsourcing. *Id.* at IV-1-2. AT&T, MCI and Sprint provide operator services on a nation-wide basis using a variety of toll-free access numbers. *Id.* Smaller CLECs either provide their own operator services and directory assistance services, *UNE Fact Report: Operator Services And Directory Assistance* at IV-2 Table 1, or purchase wholesale services from alternative providers, *Id.* at IV-5 Table 3. Internet-based services and CD-ROM based services provide additional sources of alternative supply. *Id.* at IV-3 Table 2.

There are several independent alternative providers of substitutes for incumbent LEC operator services and directory assistance services. Teltrust, for one, can "supply nationwide origination and termination services with a variety of live agent and automated network platform services, configured to each client's needs. Teltrust Website <www.teltrust.com/network /index.htm>. InfoNXX provides "a true alternative to telephone company directory assistance." InfoNXX Website <www.inofnxx.com/national.htm>. *See UNE Fact Report: Operator Services and Directory Assistance* at IV-4.

These firms all have access to current databases. They can obtain directory listing information from a variety of independent sources. *Id.* at IV-8-9. Aside from listing information, the key ingredients operator services and directory assistance providers need are employees, a call center location, computers and telephone lines. These assets are easily obtained in the open market. One of the leading independent providers of operator services and directory assistance services states the obvious when it explains that there is an "absence of substantial barriers to entry in the call completion, national directory assistance, third-party verification and calling card services markets." Teltrust, Inc., SEC Form S-1 A, July 8, 1998.

The upshot is that alternative providers now provide many competitive alterntives to incumbent LEC operator services and directory assistance services across the nation. *UNE Fact Report: Operator Services and Directory Assistance* at IV-6-7. AT&T, MCI WorldCom, Sprint, Excell and TelTrust are leading providers of these services.

3. Will An Efficient CLEC's Meaningful Opportunity To Compete Be Impaired Without Access To Incumbent LEC Operator Services and Directory Assistance Services At Cost-Based Prices?

There is no case to be made that incumbent LEC operator services and directory assistance services meet section 251(d)(2)'s impair standard. CLECs have turned to alternatives, and have competed successfully with those alternatives. CLECs can and do self-provision operator services and directory assistance services. CLECs can and do turn to independent alternative providers of the services. There are no barriers to entry into the market. Competition is flourishing among a broad range of market providers.

There are no grounds on which to base a finding that an efficient CLEC's meaningful opportunity to compete would be impaired without access to unbundled incumbent LEC operator

services and directory assistance services. CLECs would still have a guarantee of access to incumbent LEC directory listings under section 251(b)(3).

4. Conclusion

Operator services and directory assistance services should not be unbundled under section 251(d)(2).

F. Advanced Intelligent Network Platforms And Software

BellSouth's advanced intelligent network (AIN) platform and the application software BellSouth develops to run on that platform should not be subject to unbundling under section 251(d)(2). AIN platforms are available from several suppliers in the open market. Any CLEC can acquire an AIN platform and the service creation environment tools that allow the development of customized software applications. Because CLECs are free to invest in obtaining AIN platforms and self-provision AIN services, efficient CLECs have a meaningful opportunity to compete without access to an unbundled BellSouth platform.

BellSouth has invested heavily in developing proprietary applications software that runs on its AIN platform. This software provides advanced calling and network operation features. This application software is generally developed internally at BellSouth. The software is all proprietary, and BellSouth has received patents on many developments.

Although the facts suggest that there is no reason to allow CLECs unbundled access to BellSouth's AIN platform at all, if any such access is permitted, access to BellSouth's internally developed applications software should not be mandated. Unbundled access to proprietary elements should be granted only if the element is necessary. The market for telecommunications innovation is broad and deep. Equipment manufacturers, software developers and carriers are all free to invest in innovation, including innovation on AIN platforms. Forced sharing of

innovative offerings would simply dampen incentives to invest in developing new services. *Jorde, Sidak and Teece* at ¶¶ 30-40, 47-50.

VII. COMBINATIONS OF NETWORK ELEMENTS

The Commission's requirement that network elements combined in an incumbent network be provided in a combined fashion applies only where the combined network elements have all met the standards of section 251(d)(2). Thus, the Commission's rule would not require, and could not require, incumbents to provide a combination of a section 251(d)(2) element with a piece of the network that did not meet that standard.

The Court clearly understood this to be the case when it concluded that its remand of Rule 319 with explicit instructions to the Commission to impose a "limiting" standard on unbundling "may render the incumbents' concern on [combinations] academic." Slip Op. at 26.

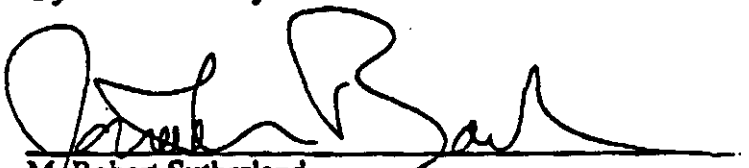
VIII. CONCLUSION

Through careful, fact-based application of section 251(d)(2)'s rational, limiting standards the Commission can craft a pro-consumer approach to unbundling that will be consistent with Congress's pro-competitive, deregulatory intent for the Act. By carefully limiting unbundling, the Commission can ensure that competition will flourish instead of regulation and that CLEC and incumbent LEC incentives to invest will in providing telecommunications and advanced services will not be reduced by regulation.

Respectfully submitted,

BELLSOUTH CORPORATION
BELLSOUTH TELECOMMUNICATIONS, INC.

By Their Attorney:



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Date: May 26, 1999

Collocation Costs per Wire Center

Collocation Space:

Non-recurring Charges:

$ 3,850.00	Application Fee	
$ 60,000.00	Space Preparation Fee	
$ 9,000.00	Space Enclosure	200 sq. ft.
$ 800.00	Additional Engineering Fee	
$ 2,750.00	Cable Installation	1 Entrance Cable
$ 76,400.00	Total non-recurring	

Recurring Charges:

$ 1,500.00	Floor Space	200 sq. ft. in Zone A
$ 250.00	Power	50 A
$ 13.35	Cable Support Structure	
$ 1,763.35	Total recurring	

	DS0	DS1	DS3	Total
Typical Collocation Space (low):	1200	30	3	
Equivalent DS0:	1200	720	2016	3936
Equivalent DS1:	50	30	84	164
Typical Collocation Space (high):	1200	84	5	
Equivalent DS0:	1200	2016	3360	6576
Equivalent DS1:	50	84	140	274

Recurring:

$ 0.45	Collocation Space / DS0 (low)
$ 0.27	Collocation Space / DS0 (high)

Non-Recurring converted to recurring:

$ 0.16	Collocation Space / DS0 (low)	@10 yrs over 12 mths
$ 0.10	Collocation Space / DS0 (high)	@10 yrs over 12 mths

Collocation Equipment:

			Qty	
$ 4,500.00	Lucent R2-84-R	DSX-1 Panel	3	1500
$ 13,000.00	NEC RC-28D	M13 Multiplexer	5	2600
$ 6,200.00	ADC 4H-24	DSX-3 Panels	1	6200
$ 2,500.00	DPS KDA864	Remote Alarm Unit	1	2500
$ 300.00	Lucent LSC2U-24	LG-X Panel	1	300
$ 1,200.00	Lucent DDM2000	OC-12 ADM	1	1200
$ 5,000.00	Lucent Lineage	BDFB	1	5000
$ 96,000.00	Nortel ntzh11dc	Access Node DLC	4	24000
$ 128,700.00				

Non-Recurring converted to recurring:

$ 0.27	Collocation Eqpt / DS0 (low)	@10 yrs over 12 mths
$ 0.16	Collocation Eqpt / DS0 (high)	@10 yrs over 12 mths

Collocation Costs per Wire Center

Collocation Cross Connects:

Recurring Charges:

$	0.50	4-wire (1st cross connect) @ $.50	1
$	8.00	DS1 (1st cross connect) @ $8.00	1
$	72.00	DS3 (1st cross connect) @ $72.00	1

Non-recurring Charges:

$	19.20	4-wire (1st cross connect) @ $19.20	1
$	155.00	DS1 (1st cross connect) @ $155.00	1
$	155.00	DS3 (1st cross connect) @ $155.00	1

Non-Recurring converted to recurring:

$	0.16	4-wire/X-conn ($19.20/10 yrs/12 mths)
$	1.29	DS1/X-conn ($155.00/10 yrs/12 mths)
$	1.29	DS3/X-conn ($155.00/10 yrs/12 mths)

POT Bay Charges:

Recurring Charges:

$	1.20	4-wire @ $1.20	1
$	1.20	DS1 @ $1.20	1
$	8.00	DS3 @ $8.00	1

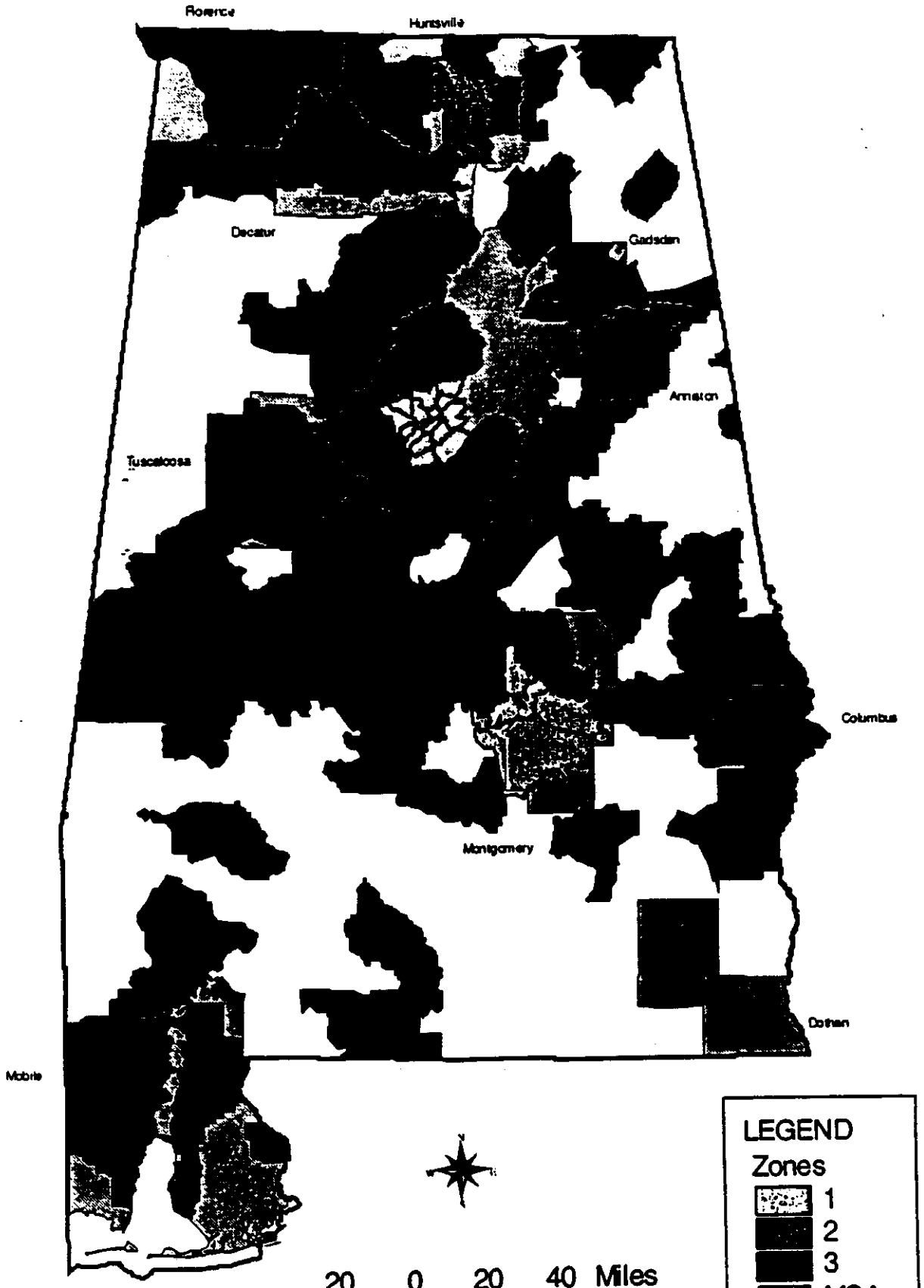
[redacted]

	Recurring	NRC
Collocation Space:		
Application Fee		$3,850
Space preparation fee		$60,000
Space enclosure		$9,000
Add'l Engr. Fee		$800
Cable Installation		$2,750
Floor space	$1,500	
Power	$250	
Cable Structure	$ 13.35	
TOTAL	$1,763	$76,400
Per DS1 Total	$10.75	$465.85
Collocation Equipment:		$128,700
Per DS1		$784.76
Collocation cross connects:	$8.00	$155.00
add'l		
POT Bay charges:	$1.20	
Per Line	$19.95	$1,406
NRC spread over 5 yrs. @ 11.25%	$30.74	
TOTAL PER Line	$50.69	

[redacted]

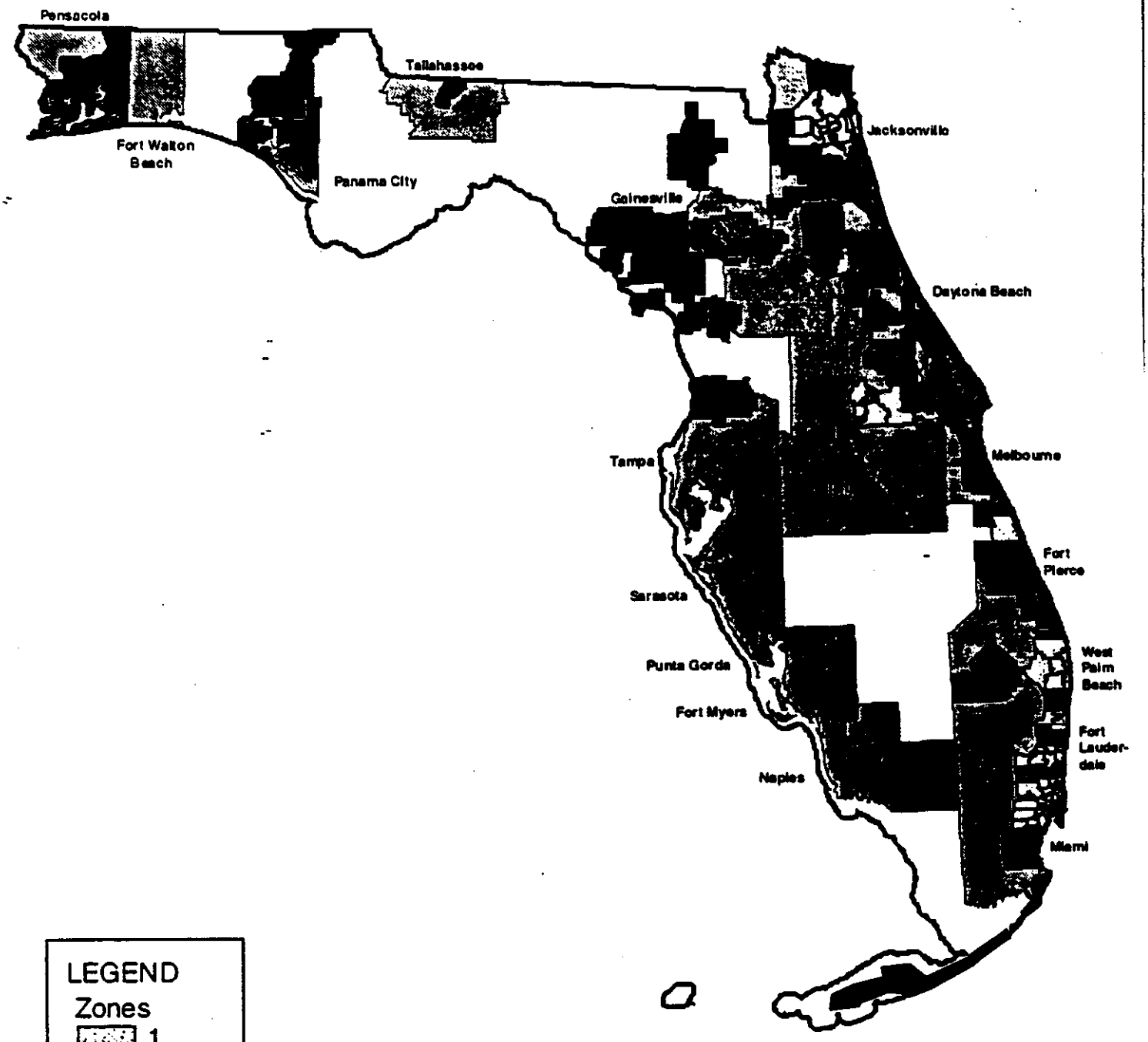
ALABAMA

Zone Distribution in Relation to MSAs



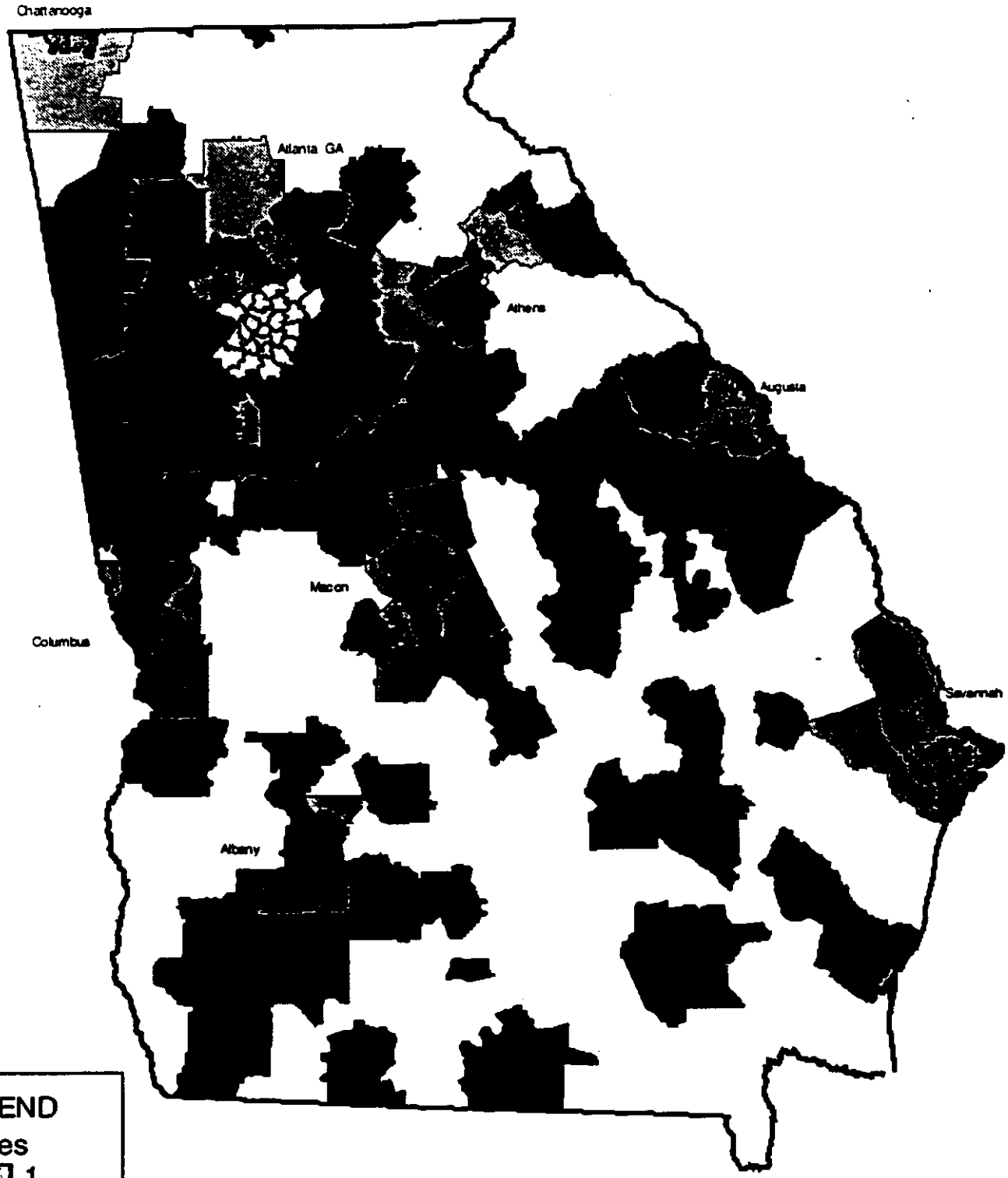
FLORIDA

Zone Distribution in Relation to MSAs



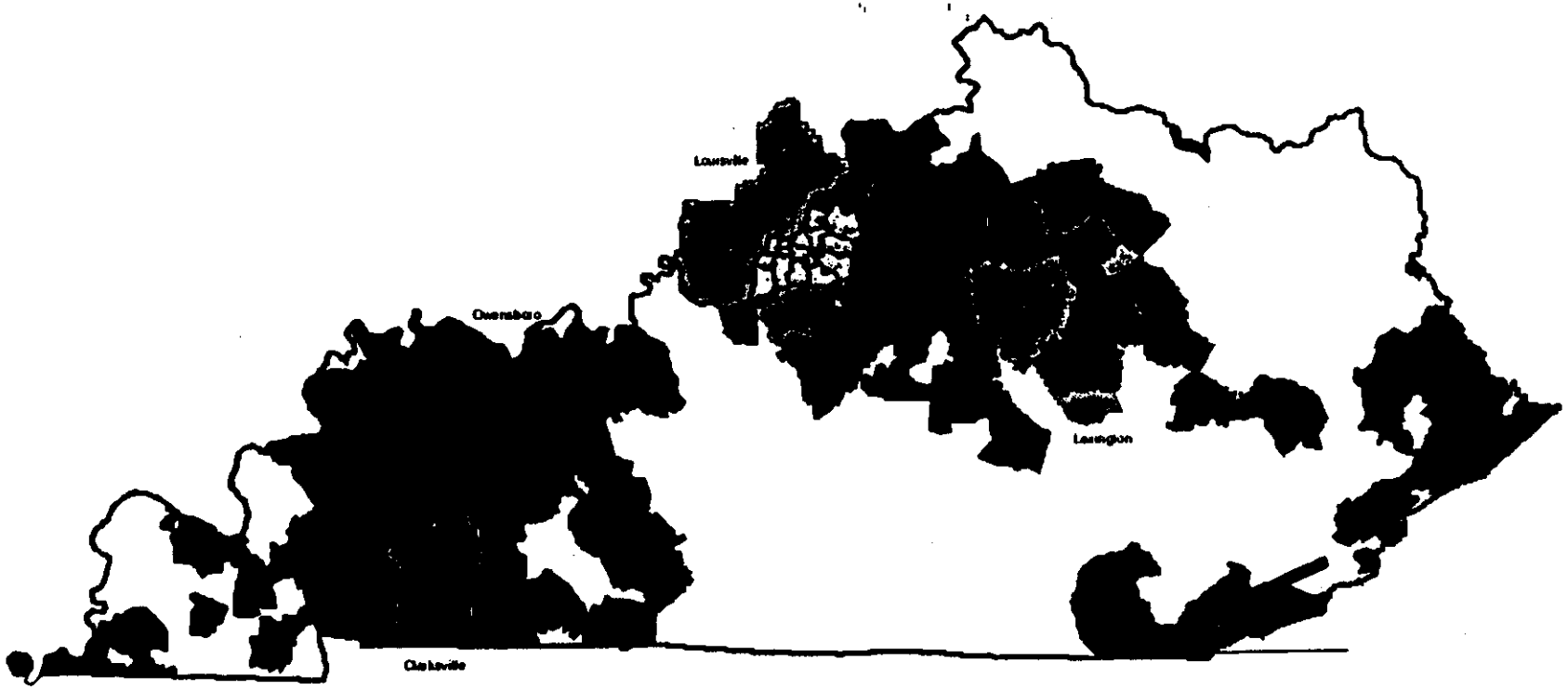
GEORGIA

Zone Distribution in Relation to MSAs



KENTUCKY

Zone Distribution in Relation to MSAs



LEGEND

Zones

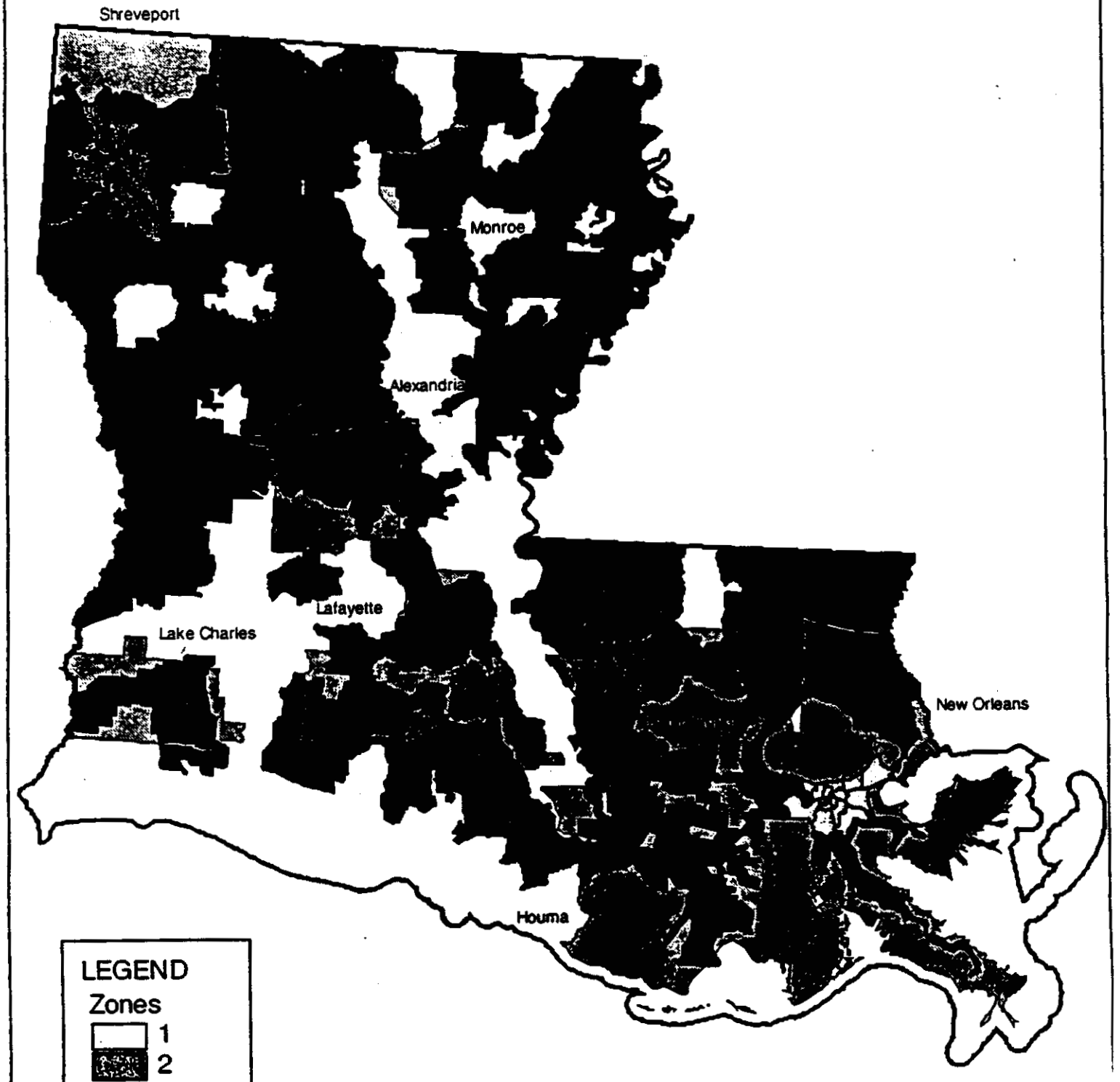
1
2
3
MSA

60 0 60 120 Miles

ATTACHMENT B
Page 4 of 9

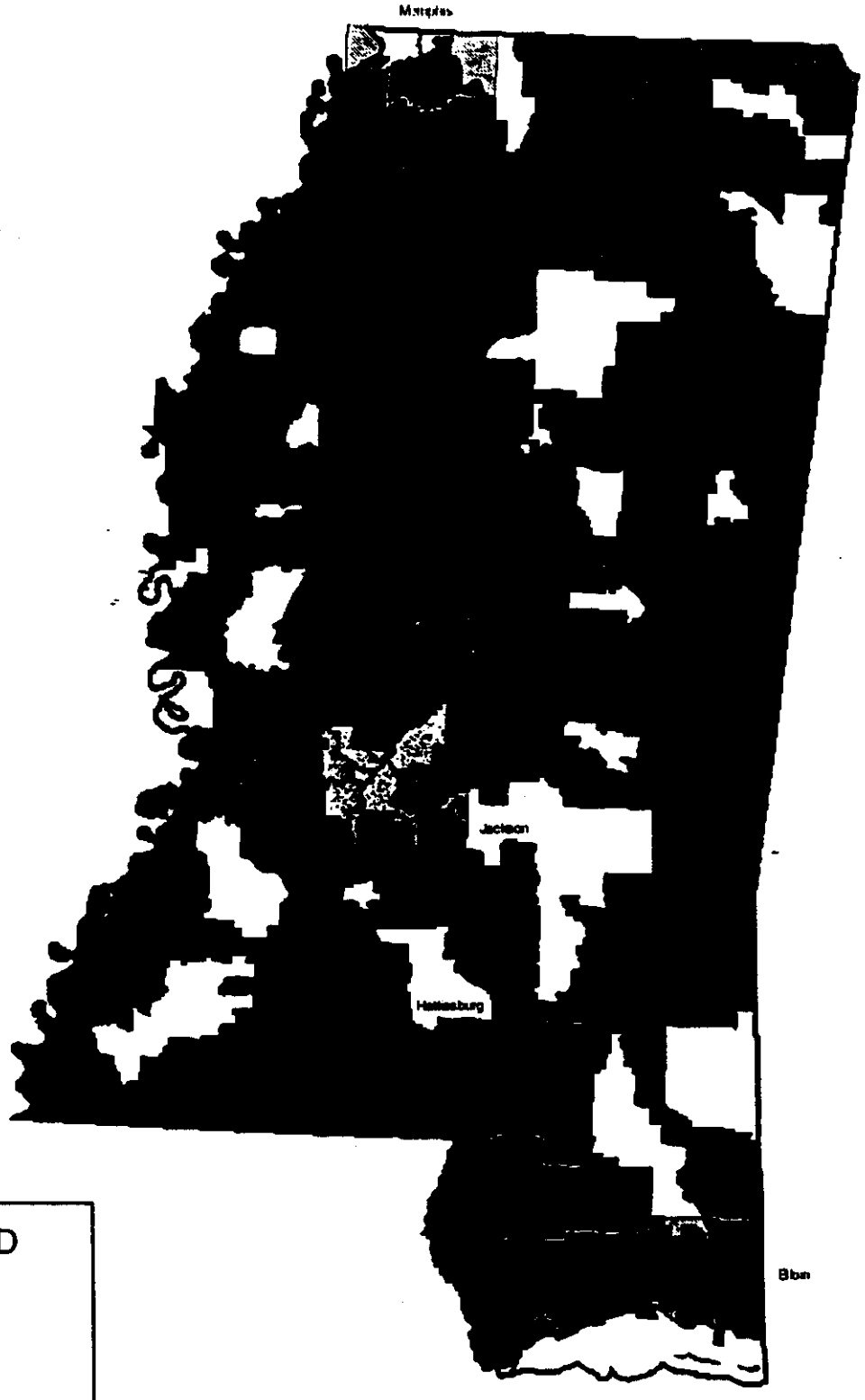
LOUISIANA

Zone Distribution in Relation to MSAs



MISSISSIPPI

Zone Distribution in Relation to MSAs

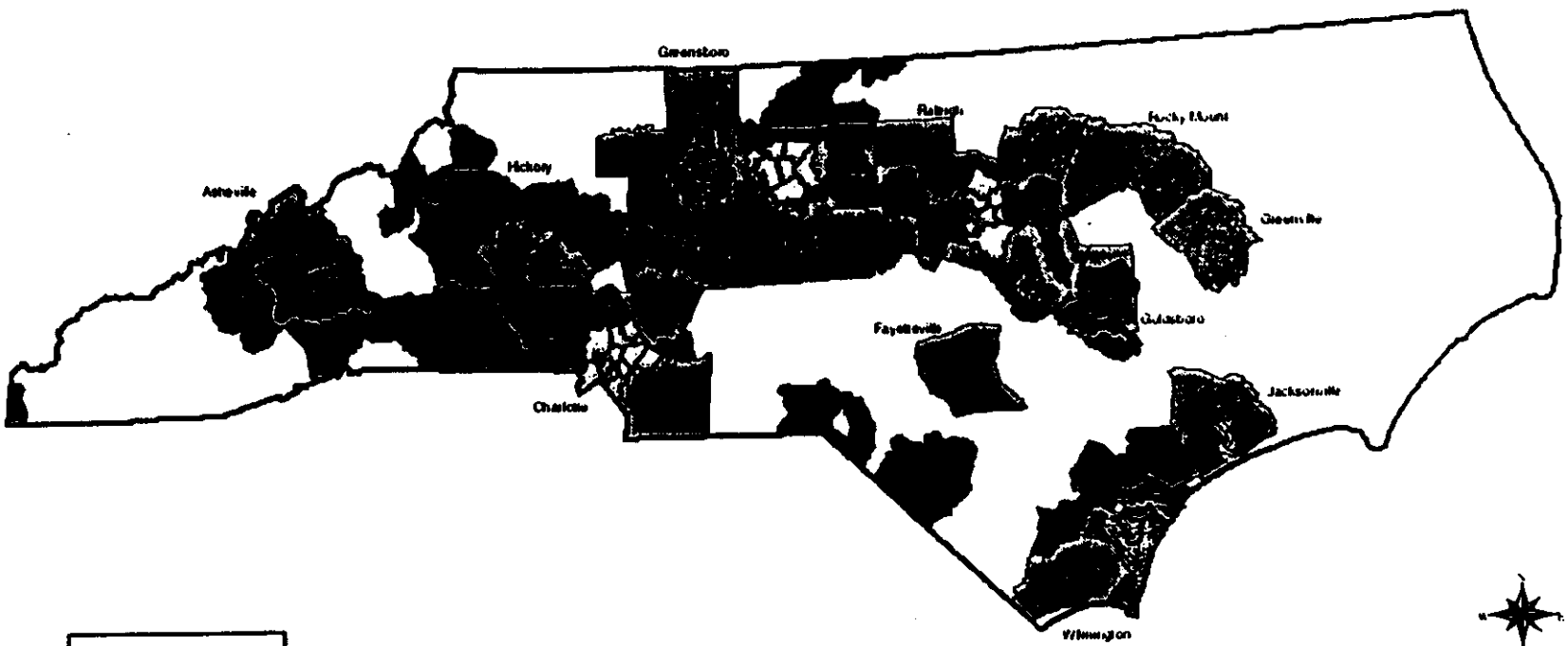


LEGEND
Zones
1
2
3
MSA

20 0 20 40 Miles

NORTH CAROLINA

Zone Distribution in Relation to MSAs



LEGEND

Zones

1
2
3
MSA

70 0 70 140 Miles

ATTACHMENT B
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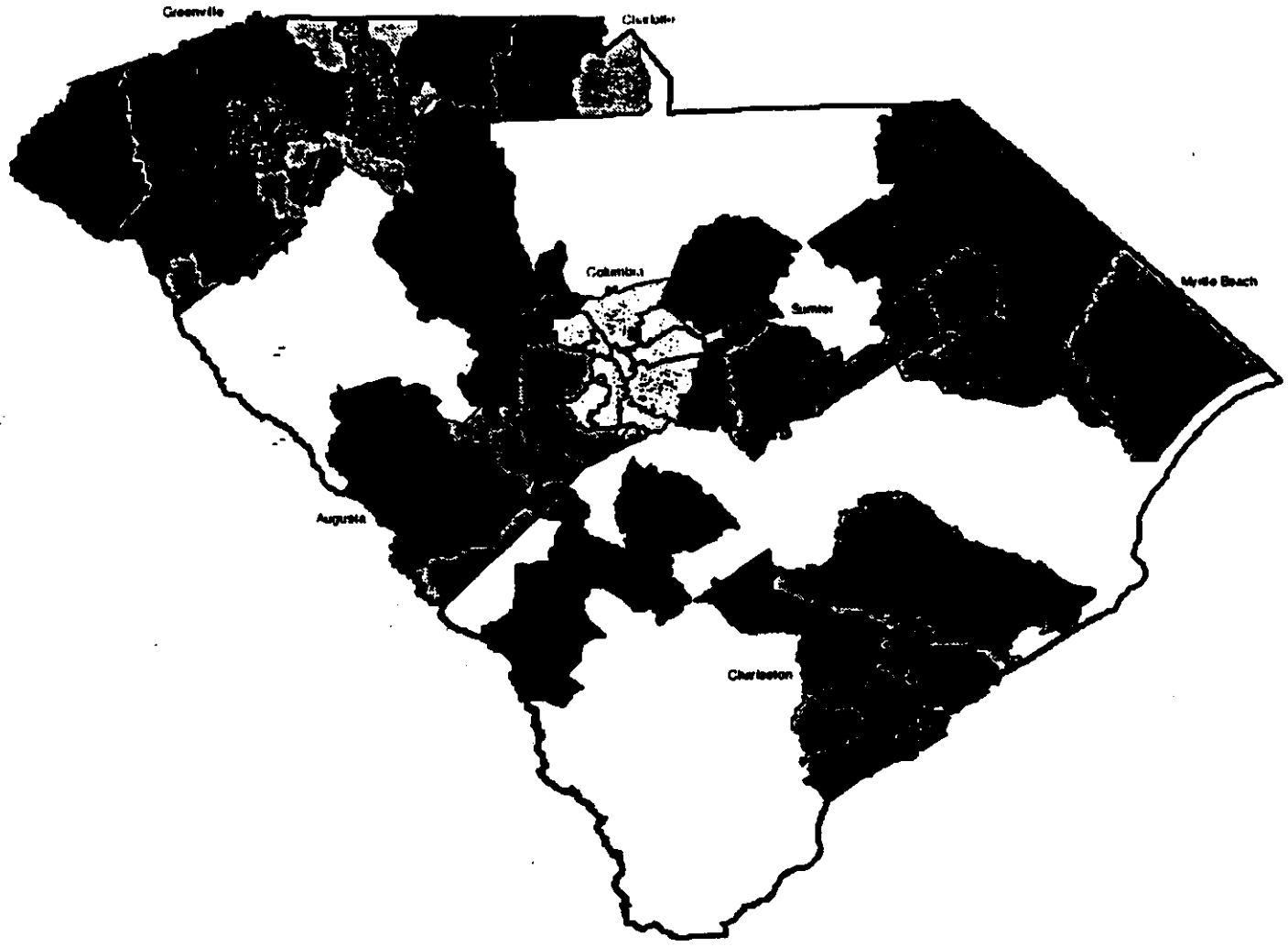
SOUTH CAROLINA

Zone Distribution in Relation to MSAs

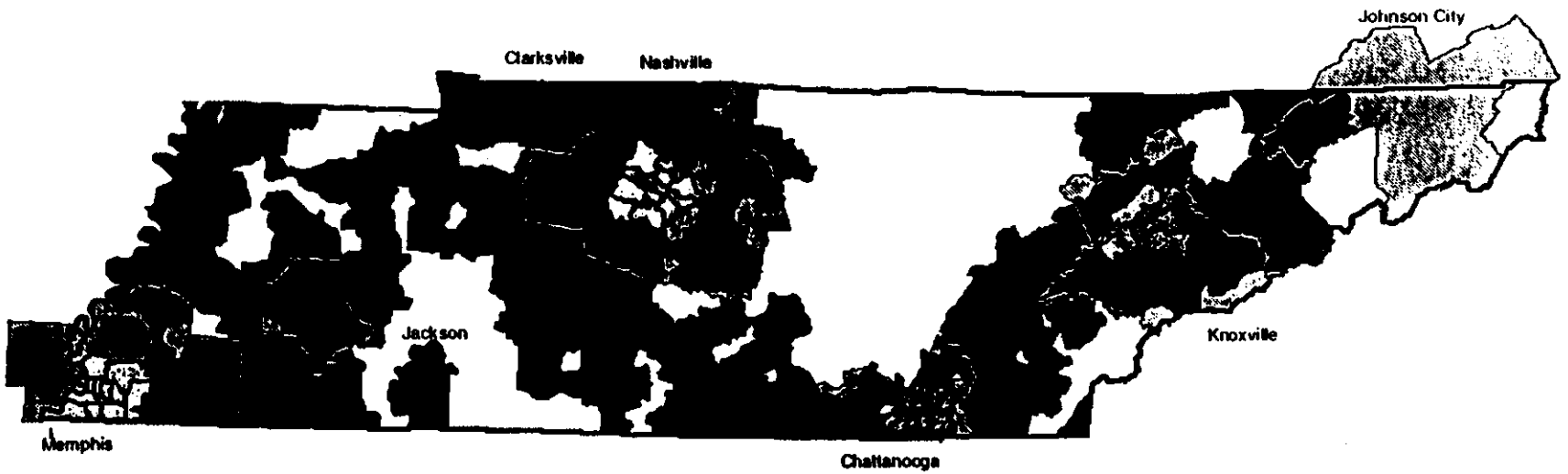


LEGEND
Zones
1
2
3
MSA

20 0 20 40 Miles

TENNESSEE

Zone Distribution in Relation to MSAs



LEGEND

Zones

1

2

3

MSA

60 0 60 120 Miles

ATTACHMENT B
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Cable Telephony Available by EOY 1999
Alabama

CITY
Athens
Birmingham
Birmingport
Cordova
Dora
Ensley
Forestdale
Fort Deposit
Gardendale
Graysville
Gurley
Homewood
Hoover
Hueytown
Huntsville
Irondale
Madison
McCalla
Meridianville
Mobile
Montgomery
Pinson
Prattville
Prichard
Saraland
Semmes
Tarrant
Theodore
Theodore
Tuscaloosa
Vestavia Hills
West Blocton

Cable Telephony Available by EOY 1999
Florida

POST OFFICE NAME

Atlantic Beach
Gainesville
Green Cove Springs
Jacksonville
Jacksonville Beach
Middleburg
Neptune Beach
Orange Park
Panama City
Panama City Beach
Saint Augustine

Cable Telephony Available by EOY 1999
Georgia

POST OFFICE NAME

Acworth
Atlanta
Avondale Estates
Clarkston
Decatur
Duluth
Kennesaw
Lithonia
Marietta
Norcross
Smyrna
Stone Mountain
Tucker

Cable Telephony Available by EOY 1999
Louisiana

CITY
Avondale
Bastrop
Benton
Blanchard
Calhoun
Chalmette
Columbia
Coushatta
Delacroix
Downsville
Doyline
Dubach
Farmersville
Greenwood
Gretna
Haughton
Kenner
Lafitte
Lake Catherine
Laplace
Logansport
Luling
Mansfield
Metarie
Minden
Monroe
New Orleans
Oil City
Pointe a la Hache
Poydras
Ruston
Shreveport
Sterlington
Ysclosky

Cable Telephony Available by EOY 1999
South Carolina

CITY
Charleston
Charleston Heights
James Island
John's Island
North Charleston
Summerville

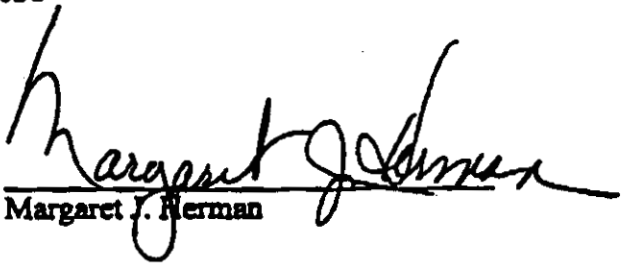
CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of May, 1999, caused a copy of the foregoing **COMMENTS** to be served by hand-delivery to all parties to this action addressed to the following:

Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Janice M. Myles
Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 5-C327
Washington, D.C. 20554

ITS
1231 20th Street, N.W.
Washington, D.C. 20036



Margaret J. Herman

BELLSOUTH TELECOMMUNICATIONS, INC.

FL DKT NO 990149-TP

FLORIDA STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS

POD NO. 7

POD #7

BELLSOUTH TELECOMMUNICATIONS, INC.

ATTACHMENT 1
Demand Workpaper

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

DEMAND ASSUMPTIONS and PROJECTIONS - END USER LINE RATE ELEMENT and LNP DATABASE SERVICES (Call Routing Service, Query Service)

FORECASTED DEMAND - END USER ACCESS LINES

The demand data used for the LNP end user line cost study is regional access line demand for the BellSouth region which represents the recovery base for LNP cost recovery. The demand data represents the forecasted access lines for the recovery period 1999 through 2004. The actual recovery period will be the 5-year period commencing with initial billing of the end user line charge. Initial billing is assumed to be 05/15/99. LNP end office implementation dates are taken into consideration in developing the demand base. Official lines are not included in the forecast. Also, non-switched data lines are not included in the forecast. Lines that are not expected to be LNP capable during the recovery period are also excluded from the demand base. See the LNP End User Line demand workpapers in Chart 2b for formal development and use of this demand forecast in the cost study.

Demand Assumptions:
The following assumptions are made:

a) The recovery mechanism for Local Number Portability implementation is an end user line charge per month, for 5 years, commencing with initial billing of the charge.
b) Demand inputs are representative of the 5-year period May 15, 1999 through May 14, 2004.
c) Demand adjustments are made to coincide with billing as outlined in the FCC's Third Report and Order, and are as follows:
--- Lifeline lines are excluded from the recovery base.
--- PBX trunk counts are increased by 9 times.
--- PRI - ISDN line counts are increased by 5 times.
d) Access lines included are based on implementation dates. Lines made portable 7/30/99 assumed to be in place for 5 months 1999; lines made portable 9/2/99 assumed to be in place for 4 months 1999.
e) Access line base does not include lines in end offices not scheduled for implementation.

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT I
Demand Workpaper

DEMAND ASSUMPTIONS and PROJECTIONS - END USER LINE RATE ELEMENT and LNP DATABASE SERVICES (Call Routing Service, Query Service)

End User Line Rate Element

Description	Portable Implementation Date	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Base Demand Projections (Access Lines - In Service Quantities):							
Total Access Lines (includes lines or trunks for 1)Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX trunks, 9) PRI ISDN, 10)Centrex-like/ESSX/Multiserv, and 11) Lifeline) (official lines & non-switched data excluded from base forecast):							
	12/31/98	14,381,846	14,549,416	14,467,033	14,219,037	14,064,293	14,108,746
	6/30/99	4,500,499	4,554,871	4,528,194	4,449,465	4,407,351	4,427,552
	7/30/99	46,123	46,957	46,916	46,420	46,364	46,921
	9/2/99	579,624	584,994	580,738	570,399	565,280	567,775
	9/30/99	972,099	993,054	997,160	990,805	990,828	1,003,308
	12/31/99	654,701	665,231	663,643	654,252	649,568	653,685
	3/31/00	1,954,285	1,983,920	1,977,047	1,948,016	1,935,048	1,949,239
Lifeline Lines:							
	12/31/98	146,756	144,393	140,184	134,946	131,274	129,593
	6/30/99	54,701	53,820	52,251	50,298	48,930	48,303
	7/30/99	296	291	283	272	265	261
	9/2/99	-	-	-	-	-	-
	9/30/99	9,104	8,957	8,696	8,371	8,143	8,039
	12/31/99	5,848	5,754	5,587	5,378	5,231	5,164
	3/31/00	28,177	27,723	26,915	25,909	25,204	24,881
PBX Trunks:							
	12/31/98	620,983	605,500	570,113	552,976	542,554	539,809
	6/30/99	141,107	137,589	129,548	125,654	123,286	122,662
	7/30/99	827	807	760	737	723	719
	9/2/99	13,104	12,777	12,030	11,669	11,449	11,391
	9/30/99	20,463	19,953	18,787	18,222	17,878	17,788
	12/31/99	13,047	12,721	11,978	11,618	11,399	11,341
	3/31/00	38,055	37,106	34,937	33,887	33,248	33,080
Multiplier for PBX Trunks		9	9	9	9	9	9
PRI -ISDN:							
	12/31/98	20,361	27,681	33,259	37,953	42,829	47,015
	6/30/99	5,311	7,147	8,388	9,338	10,258	11,280
	7/30/99	28	38	42	46	50	55
	9/2/99	253	400	519	626	735	839
	9/30/99	657	880	1,003	1,083	1,157	1,247
	12/31/99	358	470	532	576	615	661
	3/31/00	864	1,181	1,389	1,538	1,685	1,845
Multiplier for PRI ISDN Lines		5	5	5	5	5	5

ATTACHMENT I
Demand Workpaper

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

DEMAND ASSUMPTIONS and PROJECTIONS - END USER LINE RATE ELEMENT and LNP DATABASE SERVICES (Call Routing Service, Query Service)

End User Line Rate Element

Description	Source	Value a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
Annual Demand Based on Implementation Dates:								
Current View Access Lines w/o Adjustments for PBX and PRI ISDN			11,894,354	22,882,463	23,260,732	22,878,393	22,658,732	8,533,959
Lifeline			121,472	234,007	233,914	225,174	219,047	81,091
PBX			468,497	817,177	778,153	754,762	740,538	276,297
PBX Trunks adjusted by 9 times			4,216,469	7,354,589	7,003,379	6,792,858	6,664,840	2,486,669
Difference			3,747,973	6,537,412	6,225,226	6,038,096	5,924,302	2,210,372
PRI ISDN			15,641	37,499	45,131	51,158	57,328	23,603
PRI ISDN Lines adjusted by 5 times			78,205	187,496	225,653	255,790	286,640	118,013
Difference			62,564	149,997	180,522	204,632	229,312	94,411
Current View Access Lines w/ Adjustments for PBX and PRI ISDN			15,383,419	29,335,865	29,432,565	28,895,947	28,593,299	10,757,652
Total Lines All Years	Sum(Ln100b,c,d,e, f,g)	142,398,747						

SUMMARY - 5-Year 1999-2004 (5/15/99-5/14/04) Levelized End User DEMAND
End User Line Rate Element

Description	Source	Value
Net Present Value of Access Line Demand for 1999-2004:		
PV Total Access Lines (includes lines or trunks for 1)Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX trunks, 9) PRI ISDN, 10)Centrex-like/ESSX/Multiserv, and 11) Lifeline) (official lines and non-switched data excluded from forecast) (1999-2004):		82,932,484
PV Total Lifeline Lines (1999-2004)		829,520
PV Total Access Lines as reduced by Lifeline Lines	Ln112-Ln114	82,102,964
PBX Trunk Adjustment:		
PV Total PBX Trunks (1999-2004)		2,868,460
Multiplier for PBX Trunks		9
Adjusted PBX Trunk Count	Ln122*Ln123	25,816,140
Difference due to adjustment	Ln124-Ln122	22,947,680
PRI ISDN Line Adjustment:		
PV Total PRI ISDN Lines (1999-2004)		165,198
Multiplier for PRI ISDN Lines		5
Adjusted PRI ISDN Line Count	Ln130*Ln131	825,991
Difference due to adjustment	Ln132-Ln130	660,793
Present Value 1999-2004 Total Access Lines as Adjusted :	Ln116+Ln125+ Ln133	105,711,437

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT I
Demand Workpaper

DEMAND ASSUMPTIONS and PROJECTIONS - END USER LINE RATE ELEMENT and LNP DATABASE SERVICES (Call Routing Service, Query Service)

LNP DATABASE SERVICES FORECASTED DEMAND

Description	Source	Value e	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
Demand (Number of Total Queries) 1999 & 2004 quantities reflect partial year amounts to be consistent with end user line recovery period 5/99-5/04								
Annual Number of Total Queries								
Query Service (QS)			610,070,243	2,632,586,773	5,668,704,772	9,065,162,338	10,283,426,245	3,861,101,852
Call Routing (CR) Service			1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
BellSouth (BST)			33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492
Number of Total Queries			35,427,330,059	63,998,218,542	73,009,067,326	82,630,663,519	91,404,594,973	37,275,354,807
QS	Sum: Ln159:Ln161		925,443,299	2,243,534,051	4,342,439,638	6,242,025,191	6,364,843,786	5,728,354,443
CR	PV: 1/1/99 Ln159		2,422,977,463	2,687,148,650	2,105,721,319	1,570,642,269	1,591,210,946	1,432,088,611
BellSouth (BST)	PV: 1/1/99 Ln160		50,392,907,513	49,609,659,139	49,479,512,230	49,084,568,795	48,618,082,570	48,141,502,484
NPV QS annual queries	PV: 1/1/99 Ln161		25,846,640,408					
NPV CR annual queries	SUM(Ln163)		11,809,789,257					
NPV BST annual queries	SUM(Ln164)		295,326,232,731					
	SUM(Ln165)							
Over the whole cost recovery period: 5/1999-5/2004								
NPV Query Service queries	Ln 166		25,846,640,408					
NPV Call Routing Service queries	Ln167		11,809,789,257					
Total NPV Query Service + NPV Call Routing Service queries	Ln171+Ln172		37,656,429,666					
NPV of BST queries	Ln169		295,326,232,731					
Total NPV of Total	Ln171+Ln172+Ln174		332,982,662,397					
% of QS to Total	Ln171/Ln175		7.762%					
% of Call Routing Service to Total	Ln172/Ln175		3.547%					
% of QS + Call Routing Service to Total	Ln173/Ln175		11.309%					
% of QS to Total QS + Call Routing Service	Ln171/Ln173		68.638%					
% of Call Routing Service to Total QS+Call Routing Service	Ln172/Ln173		31.362%					
% of Call Routing Service to Call Routing Service+BST	Ln172/(Ln172+Ln174)		3.845%					

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT II
Dedicated and Joint Costs Worksheet

DEDICATED AND JOINT COSTS

Description	LNP Cost Function	Part 32 Account	Field Reporting Code (FRC)	Sub FRC	Allocation % Assigned to LNP Services	Allocation % Assigned to non-LNP Services	TOTAL ANNUAL UNALLOCATED COSTS 1996	1997	1998	1999	2000	2001	2002	2003	2004
Note: New accounting rules categorized 1998, and subsequent year network RTU and general purpose computer (GPC) expenditures as capital. Those costs designated with a split Part 32 account are effected.															
SHARED INDUSTRY EXPENSE - 3rd Party Administrator (BST Portion)															
Perotsystems	Shared Industry Costs	6724			100.0%	0.0%	$ -	$ 48,730	$ 37,621	$ -	$ -	$ -	$ -	$ -	$ -
Lockheed - Martin	Shared Industry Costs	6724			100.0%	0.0%	$ -	$ -	$ 1,487,724	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 1,000,000
Perotsystems (credit)	Shared Industry Costs	6724			100.0%	0.0%	$ -	$ -	$ (133,389)	$ -	$ -	$ -	$ -	$ -	$ -
CAPITAL															
NETWORK - Capital															
Fully Recoverable - Hardware Material Prices:															
New SCP Pairs	SCP	2212	377C	03	*100.0%*	*0.0%*	$ -	$ 11,116,626	$ 8,396,226	$ -	$ -	$ -	$ -	$ -	$ -
Upgrade SCP Pairs	SCP	2212	377C	03	100.0%	0.0%	$ -	$ -	$ 953,073	$ 4,360,000	$ 3,324,000	*596,000*	*1,490,000*	$ -	$ -
STP-to-SCP Signaling Links	SCP LINK	2212	377C	03	100.0%	0.0%	$ -	$ 628,799	$ 655,587	$ 568,834	$ 769,000	$ 456,000	$ 739,000	$ -	$ -
Digital Loop Carrier (DLC) Overlay for 1AESS	EO/SSP	2232	357C	03	100.0%	0.0%	$ -	$ -	$ 246,744	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - 1AESS Memory Upgrades	EO/SSP	2211	77C		*100.0%*	*0.0%*	$ -	$ 332,554	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operator Services Hardware	EO/SSP/TNDM	2220	117C	03	100.0%	0.0%	$ -	$ 1,570,229	$ 356,016	$ -	$ -	$ -	$ -	$ -	$ -
Switch Generic Upgrades - NA009 Advancement 1998	EO/SSP/TNDM	2212	377C	03	100.0%	0.0%	$ -	$ -	$ 6,726	$ -	$ -	$ -	$ -	$ -	$ -
Switch Generic Upgrades - *5E12 Advancement 1998*	EO/SSP	2212	377C	03	100.0%	0.0%	$ -	$ -	$ 5,465,370	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - SN70EM Advancement 1997	EO/SSP/TNDM	2212	377C	03	100.0%	0.0%	$ -	$ *11,369,738*	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Joint Hardware Material Prices:															
Switch Generic Upgrades - 5E12	EO/SSP	2212	377C	03	14.0%	86.0%	$ -	$ -	$ 5,465,370	$ 1,148,400	$ 5,614,400	$ 2,934,800	$ -	$ -	$ -
Switch Hardware - 1AESS AMA Upgrades	*EO/SSP/TNDM*	*2211*	*77C*	03	40.0%	60.0%	$ -	$ 161,617	$ 445,951	$ 500,000	$ -	$ -	$ -	$ -	$ -
Switch Hardware - 5ESS AMA Upgrades	EO/SSP/TNDM	2212	377C	03	40.0%	60.0%	$ -	$ 64,883	$ 237,596	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DMS 10 AMA Upgrades	EO/SSP	2212	377C	03	40.0%	60.0%	$ -	$ 32,769	$ 13,049	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DMS 100/200 AMA Upgrades	EO/SSP/TNDM	2212	377C	03	40.0%	60.0%	$ -	$ 465,800	$ 1,632,136	$ 1,041,700	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DCO AMA Upgrades	*EO/SSP*	*2212*	377C	03	40.0%	60.0%	$ -	$ -	$ 48,859	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - DLN30	EO/SSP/TNDM	2212	377C	03	10.8%	89.2%	$ -	$ 344,632	$ 196,162	*243,590*	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - CM2	EO/SSP/TNDM	2212	377C	03	12.8%	87.2%	$ -	$ 895,770	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - SN70EM	EO/SSP/TNDM	2212	377C	03	15.6%	84.4%	$ -	$ 11,369,738	$ 41,086,130	$ 26,965,446	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - XA Core	*EO/SSP/TNDM*	*2212*	377C	03	7.8%	92.2%	$ -	$ -	$ -	$ -	$ 7,672,840	$ -	$ -	$ -	$ -
Hardware - STP-to-SSP/STP-to-STP Signaling Links	STP LINK	2212	377C	03	48.0%	52.0%	$ -	$ 1,516,544	$ *2,009,228*	$ *3,494,268*	$ -	$ -	$ -	$ -	$ -
1AESS LAB Switch	Other	2211	77C		5.26%	94.74%	$ -	$ 2,466,985	$ (30,170)	$ -	$ -	$ -	$ -	$ -	$ -
OPERATION SUPPORT SYSTEMS (OSS) - Capital															
Fully Recoverable Capital (Internal and Vendor):															
MSA Test Terminations (*End to End Testing*)	Other	2124	630C	00	100.0%	0.0%	$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -	$ -
NETPILOT	Provisioning	2124	530C	00	100.0%	0.0%	$ -	$ 12,916	$ *136,201*	$ -	$ -	$ -	$ -	$ -	$ -
LNP AUTOMATION	Provisioning, Ordering	2124	530C	00	100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LNP GATEWAY	Provisioning, Ordering	2124	530C	00	100.0%	0.0%	$ -	$ 1,033,646	$ 949,915	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -
LNP TA	Maintenance & Repair	2124	530C	*00*	*100.0%*	*0.0%*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LSR ROUTER	Ordering	2124	530C	00	100.0%	0.0%	$ -	$ 92,924	$ -	$ -	$ -	$ -	$ -	$ -	$ -
IT Program Management Office	Other	2124	530C	00	100.0%	0.0%	$ -	$ -	$ 6,251	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous OSS	Billing	2124	530C	00	100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Joint Capital - Vendor Provided OSS:															
FACS	Provisioning	2124	530C	00	26.0%	74.0%	$ -	$ 3,888,606	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MLT	Provisioning, Maintenance & Repair	2124	530C	00	0.45%	99.55%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MTS/APRIL	Provisioning	2124	530C	00	1.1%	98.9%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
STM	Provisioning	2124	530C	00	20.0%	80.0%	$ -	$ -	$ 95,000	$ -	$ -	$ -	$ -	$ -	$ -
K2 Upgrade	*Provisioning*	*2124*	530C	00	0.30%	99.7%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PREDICTOR	Maintenance & Repair	2124	530C	00	0.62%	99.38%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Joint Capital - Internal OSS:															
ARTS	*Provisioning*	*2124*	530C	00	27.8%	72.2%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AIN-SMS	SMS	2124	530C	00	63.0%	37.0%	$ -	$ -	$ 1,695,100	$ -	$ -	$ -	$ -	$ -	$ -
EXPENSES															
NETWORK - Expenses (1999-2004 software capitalized.)															
Fully Recoverable - Software Expenses/Capital:															
New SCP Pairs	SCP	6212/2690	377M		100.0%	0.0%	$ -	$ 15,664,440	$ 13,094,331	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	SCP LINK	6212/2690	*377M*		*100.0%*	*0.0%*	$ -	$ 58,018	$ 74,228	$ 44,788	$ 102,000	$ 102,000	$ 102,000	$ -	$ -
Upgrade SCP Pairs	SCP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 100,589	$ 7,626,000	$ 5,487,000	*5,487,000*	*5,487,000*	$ 1,023,000	$ -
SCP Release Upgrade	SCP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ -	$ 800,000	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - TOPS Tandem Switches	TNDM	6220/2690	117M		100.0%	0.0%	$ -	$ 2,440,250	$ 5,320,152	$ 612,750	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DMS 100/200 Switches	EO/SSP/TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ *2,580,000*	$ *8,109,524*	$ 4,730,000	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - 1AESS Switches	EO/SSP/TNDM	6211/2690	77M		100.0%	0.0%	$ -	$ 3,931,745	$ 3,858,442	$ 2,397,406	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - 4ESS/5ESS Switches	EO/SSP/TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ 8,981,916	$ 10,985,408	$ -	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - EWSD Switches	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ 124,291	$ 1,875,343	$ 1,815,781	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DCO Switches	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ *71,428*	$ 359,244	$ 2,999,976	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DMS 10 Switches	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ 46,555	$ 126,083	$ 1,014,494	$ -	$ -	$ -	$ -	$ -

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3
4 **DEDICATED AND JOINT COSTS**

ATTACHMENT II
Dedicated and Joint Costs Worksheet

5	6	7 Description	LNP Cost Function	Part 32 Account	Field Reporting Code (FRC)	Sub FRC	Allocation % Assigned to LNP Services	Allocation % Assigned to non-LNP Services	TOTAL ANNUAL UNALLOCATED COSTS 1996	1997	1998	1999	2000	2001	2002	2003	2004
	83	Switch Generic Upgrades - 4ESS Tandem Switch	TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ 250,000	$ -	$ -	$ -	$ -	$ -	$ -	
	84	Duplicate NXX Across Multiple NPAs Feature Software - 5ESS	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 5,568,546	$ 1,134,000	$ 5,544,000	$ 2,898,000	$ -	$ -	
	85	Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 595,753	$ 225,000	$ 1,275,000	$ 1,012,500	$ 375,000	$ 337,500	
	86	Duplicate NXX Across Multiple NPAs Feature Software - EWSD	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 4,156	$ 23,600	$ 5,900	$ -	$ -	$ -	
	87	LRN-to-Rate Area Index Feature Software - EWSD	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ -	$ 640,000	$ -	$ -	$ -	$ -	
	88	LRN-to-Rate Area Index Feature Software - DCO	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ -	$ 98,280	$ -	$ -	$ -	$ -	
	89	Operator Services Software	TNDM	6220/2690	117M		100.0%	0.0%	$ -	$ -	$ 62,861	$ -	$ -	$ -	$ -	$ -	
	90	Annual Warranty and Technical Support Expense	Other	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ 2,002,000	
	91	Switch Generic Software Upgrades - NA007/8 Advancement	EO/SSP/TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ 115,180	$ -	$ -	$ -	$ -	$ -	$ -	
	92	Switch Generic Software Upgrades - NA009 Advancement	EO/SSP/TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 82,579	$ -	$ -	$ -	$ -	$ -	
	93	Switch Generic Software Upgrades - 1AE13.01 Advancement	EO/SSP/TNDM	6211/2690	77M		100.0%	0.0%	$ -	$ 555,037	$ 285,169	$ -	$ -	$ -	$ -	$ -	
	94	Switch Generic Software Upgrades - 5E12 Advancement 1998	EO/SSP	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ 501,890	$ -	$ -	$ -	$ -	$ -	
	95	Switch Software - Processor Upgrades - SN70EM Advancement 1997	EO/SSP/TNDM	6212/2690	377M		100.0%	0.0%	$ -	$ 6,796,171	$ -	$ -	$ -	$ -	$ -	$ -	
	96																
	97																
	98	Joint Software Expenses:															
	99	Software - STP-to-SSP/STP-to-STP Signaling Links	STP LINK	6212/2690	377M		48.0%	52.0%	$ -	$ 87,027	$ 190,876	$ 275,131	$ -	$ -	$ -	$ -	
	100	Feature Software - 5ESS OA&M	EO/SSP	6212/2690	377M		12.0%	88.0%	$ -	$ 143,226	$ 552,916	$ 507,095	$ -	$ -	$ -	$ -	
	101	Switch Generic Software Upgrades - 5E12	EO/SSP	6212/2690	377M		14.0%	86.0%	$ -	$ -	$ 501,890	$ 99,900	$ 488,400	$ 255,300	$ -	$ -	
	102	Switch Software - Processor Upgrades - DLN30	EO/SSP/TNDM	6212/2690	377M		10.8%	89.2%	$ -	$ 1,080,164	$ 316,653	$ 377,000	$ -	$ -	$ -	$ -	
	103	Switch Software - Processor Upgrades - SN70EM	EO/SSP/TNDM	6212/2690	377M		15.6%	84.4%	$ -	$ 6,796,171	$ 17,547,427	$ 19,297,258	$ -	$ -	$ -	$ -	
	104	Switch Software- Processor Upgrades - XA Core	EO/SSP/TNDM	6212/2690	377M		7.8%	92.2%	$ -	$ -	$ -	$ -	$ 1,200,000	$ -	$ -	$ -	
	105	Rearrangements -1AESS LAB Switch	Other	6211	77M		5.26%	94.74%	$ -	$ 20,103	$ -	$ -	$ -	$ -	$ -	$ -	
	106																
		OPERATION SUPPORT SYSTEMS (OSS) - Expenses (1999-2004 general purpose computer (GPC) related expenses capitalized.)															
	107																
	108	Fully Recoverable Expenses/Capital:															
	109	ATLAS	Provisioning, Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ 245,820	$ 824,094	$ 1,165,934	$ -	$ -	$ -	$ -	
	110	BONIS	Provisioning, Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ 116,875	$ 42,791	$ -	$ -	$ -	$ -	$ -	
	111	CABS	Billing	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	112	CARE	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	113	COFFI	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	114	CRIS/BOCRIS	Billing	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 34,141	$ 11,285	$ -	$ -	$ -	$ -	
	115	DDNS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	116	DOE/DSAP	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 1,081	$ -	$ -	$ -	$ -	$ -	
	117	DPRO	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	118	HAL	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ 370,116	$ -	$ -	$ -	$ -	
	119	IBIS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	120	IBISDI	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	121	ISP	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	122	LCCAM	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	123	LEACS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 32,280	$ -	$ -	$ -	$ -	$ -	
	124	LIST	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	125	MISOP	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	126	MSA Test Terminations (ETE Testing)	Other	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	127	NETTS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 76,738	$ -	$ -	$ -	$ -	$ -	
	128	ORION	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ 2,088	$ -	$ -	$ -	$ -	$ -	$ -	
	129	P/SIMS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 5,804	$ -	$ -	$ -	$ -	$ -	
	130	RIGHTTOUCH	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 38,718	$ 44,900	$ -	$ -	$ -	$ -	
	131	RNS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	132	RSAG	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	133	SNECS	Provisioning, Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	134	SOCS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	135	SOER	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	136	SONGS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	137	VNS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	138	COSMOS	Provisioning, Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ 2,516,300	$ 110,050	$ 990,450	$ -	$ -	$ -	$ -	
	139	DBAS II	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	140	ITE/SG	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	141	LFACS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	142	MARCH	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ 683,700	$ -	$ -	$ -	$ -	$ -	$ -	
	143	MYNAH (AETG)	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ 945,000	$ 31,550	$ 161,408	$ -	$ -	$ -	$ -	
	144	NETPILOT	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	145	NSDB	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ 1,140,000	$ 116,897	$ 833,850	$ -	$ -	$ -	$ -	
	146	SOAC INTERFACE TO ATLAS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	147	SOAC	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ 377,400	$ -	$ -	$ -	$ -	$ -	$ -	
	148	WFA/C	Provisioning, Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ -	$ 1,100,000	$ 23,400	$ -	$ -	$ -	$ -	$ -	
	149	Bellcore Professional Services - Team Consulting	Other	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	150	Bellcore LNP NPA Split Support (SOAC/LFACS)	Other	6724/2690	530M		100.0%	0.0%	$ -	$ 100,000	$ -	$ -	$ -	$ -	$ -	$ -	
	151	Common Bellcore Package	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ 278,000	$ -	$ -	$ -	$ -	$ -	$ -	
	152	LMOS HOST	Provisioning, Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ -	$ 4,983,000	$ -	$ -	$ -	$ -	$ -	$ -	
	153	LNP AUTOMATION	Provisioning, Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	154	LNP GATEWAY	Provisioning, Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	155	LNP TA	Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ 1,149,989	$ 8,597,527	$ 12,396,509	$ 12,274,639	$ 550,000	$ 550,000	$ 550,000	$ 550,000	
	156	RCS	Other	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
										$ 805,625							

ATTACHMENT II
Dedicated and Joint Costs Worksheet

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

DEDICATED AND JOINT COSTS

	Description	LNP Cost Function	Part 32 Account	Field Reporting Code (FRC)	Sub FRC	Allocation % Assigned to LNP Services	Allocation % Assigned to non-LNP Services	TOTAL ANNUAL UNALLOCATED COSTS 1996	1997	1998	1999	2000	2001	2002	2003	2004
157	Miscellaneous OSS (This entry includes actuals for the following applications. Amounts could not be identified by specific application in some cases for 1997. COFFI, DDNS, DOE, DSAP, E911-IREIS/BSSDI, ORION, LIST, P/SIMS, RE-LOG, RICC, RSAG, TAFI, TCN, TIRKS/GTAS, LIDB, LMOS-FE, LMOS HOST, SSCAS, MTS/APRIL, MATV.)	Provisioning, Ordering, Billing	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
158	MLT	Provisioning, Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
159	PREDICTOR	Maintenance & Repair	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
160	PAWS	Other	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ 499,704	$ -	$ -	$ -	$ -	$ -
161	DID Solution	Other	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ 3,600,080	$ 900,020	$ -	$ -	$ -	$ -
162	MATV	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
163	ROS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
164	BITTS	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ 4,935	$ 157,511	$ -	$ -	$ -	$ -	$ -
165	ALRU	Provisioning	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
166	IPPS	Ordering	6724/2690	530M		100.0%	0.0%	$ -	$ -	$ -	$ 23,542	$ -	$ -	$ -	$ -	$ -
167																
168																
169																
170																
171	Joint - Vendor Provided OSS:															
172	BCR Service Order Planning	Provisioning	6724/2690	530M		17.0%	83.0%	$ -	$ -	$ 725,000	$ -	$ -	$ -	$ -	$ -	$ -
173	NTMOS	Provisioning	6724/2690	530M		90.0%	10.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
174	STM	Provisioning	6724/2690	530M		15.0%	85.0%	$ -	$ -	$ 4,092,000	$ -	$ -	$ -	$ -	$ -	$ -
175	TDMS	Provisioning	6724/2690	530M		50.0%	50.0%	$ -	$ -	$ 592,876	$ -	$ -	$ -	$ -	$ -	$ -
176	TNM	Provisioning	6724/2690	530M		20.0%	80.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
177	K2 Upgrade	Provisioning	6724/2690	530M		0.30%	99.7%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
178																
179	Joint - Internal OSS:															
180	ARTS	Provisioning	6724/2690	530M		48.0%	52.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
181	MTAS	Provisioning	6724/2690	530M		90.0%	10.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
182	VERBATIM	Billing	6724/2690	530M		62.0%	38.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
183	MATV	Provisioning	6724/2690	530M		74.8%	25.2%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
184	LSR ROUTER	Ordering	6724/2690	530M		35.0%	65.0%	$ -	$ 35,276	$ -	$ -	$ -	$ -	$ -	$ -	$ -
185	AIN-SMS	Other - Infrastructure	6724/2690	530M		63.0%	37.0%	$ -	$ -	$ 229,000	$ -	$ -	$ -	$ -	$ -	$ -
186																
187																
188	**MISCELLANEOUS EMPLOYEE RELATED AND OTHER EXPENSES (1999-2004 RTU and GPC related expenses are capitalized as noted by dual Part 32 account code.)**															
189																
190	Fully Recoverable Expenses															
191	**Translations:**															
192	Switch Translations Labor Costs	Other	6532			100.0%	0.0%	$ -	$ -	$ -	$ 369,711	$ 470,841	$ -	$ -	$ -	$ -
193																
194	**Network:**															
195	Network GEO -Salary and Wages	Other	6535			100.0%	0.0%	$ -	$ 45,204	$ 76,300	$ -	$ -	$ -	$ -	$ -	$ -
196	Network GEO - Pension Benefits & Taxes (PBT)	Other	6535			100.0%	0.0%	$ -	$ 8,815	$ 14,878	$ -	$ -	$ -	$ -	$ -	$ -
197	Network GEO - Travel	Other	6535			100.0%	0.0%	$ -	$ 7,669	$ 17,452	$ -	$ -	$ -	$ -	$ -	$ -
198	Network GEO - Material	Other	6535			100.0%	0.0%	$ -	$ 737,099	$ 104,566	$ -	$ -	$ -	$ -	$ -	$ -
199	Network Regional - Contract Services	Other	6535			100.0%	0.0%	$ -	$ 670,670	$ 726,736	$ 286,000	$ -	$ -	$ -	$ -	$ -
200	Network Reg. - Material	Other	6535			100.0%	0.0%	$ -	$ 16	$ 1,478	$ -	$ -	$ -	$ -	$ -	$ -
201	Network Reg. - Fees	Other	6535			100.0%	0.0%	$ -	$ -	$ 426	$ -	$ -	$ -	$ -	$ -	$ -
202	Network Reg. - RTUSWT (1999-2004 software capitalized.)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 13,437	$ -	$ -	$ -	$ -	$ -	$ -
203	Network Reg. - Other	Other	6535			100.0%	0.0%	$ -	$ 302	$ 25,198	$ 28,000	$ -	$ -	$ -	$ -	$ -
204	Network Reg. -Professional Services - Outsourcing	Other	6535			100.0%	0.0%	$ -	$ 3,360	$ 3,042	$ 724,000	$ -	$ -	$ -	$ -	$ -
205	Rents	Other	6535			100.0%	0.0%	$ -	$ 11,787	$ -	$ -	$ -	$ -	$ -	$ -	$ -
206	Network Reg. - Salary and Wages	Other	6535			100.0%	0.0%	$ -	$ 137,679	$ 112,779	$ -	$ -	$ -	$ -	$ -	$ -
207	Network Reg. - Supplies	Other	6535			100.0%	0.0%	$ -	$ -	$ 14	$ -	$ -	$ -	$ -	$ -	$ -
208	Network Reg. - Pension Benefits & Taxes	Other	6535			100.0%	0.0%	$ -	$ 26,847	$ 21,992	$ -	$ -	$ -	$ -	$ -	$ -
209	Network Infrastructure: Network Regional -Travel	Other	6535			100.0%	0.0%	$ -	$ 72,854	$ 141,719	$ 175,000	$ -	$ -	$ -	$ -	$ -
210																
211	**Science & Technology:**															
212	Contract Services (Contract Employees)	Other	6727			100.0%	0.0%	$ -	$ 414,964	$ 1,708,598	$ 1,650,000	$ 825,000	$ 412,500	$ 412,500	$ 412,500	$ -
213	Travel	Other	6727			100.0%	0.0%	$ -	$ 63,070	$ 123,827	$ 243,000	$ 120,000	$ -	$ -	$ -	$ -
214	Rents	Other	6727			100.0%	0.0%	$ -	$ 28	$ -	$ -	$ -	$ -	$ -	$ -	$ -
215	Salary and Wages	Other	6727			100.0%	0.0%	$ -	$ 2,926,920	$ 1,401,050	$ 2,402,065	$ 1,201,032	$ 600,516	$ 600,516	$ 600,516	$ -
216	Pension Benefits & Taxes	Other	6727			100.0%	0.0%	$ -	$ 570,749	$ 273,205	$ 556,000	$ 278,000	$ 140,000	$ 140,000	$ 140,000	$ -
217	Material	Other	6727			100.0%	0.0%	$ -	$ 11,601	$ 6,748	$ -	$ -	$ -	$ -	$ -	$ -
218	Other	Other	6727			100.0%	0.0%	$ -	$ 1,659	$ 446	$ -	$ -	$ -	$ -	$ -	$ -
219	RTUSWT (1999-2004 software capitalized.)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 1,508,928	$ 3,200,000	$ 1,600,000	$ 800,000	$ 800,000	$ 800,000	$ -
220																
221	**Project & Administrative Mgmt:**															
222	Corporate Charges	Other	6623			100.0%	0.0%	$ -	$ 331,789	$ (94,662)	$ -	$ -	$ -	$ -	$ -	$ -
223	BellSouth Billing Inc. (BBI) Changes - Travel	Other	6623			100.0%	0.0%	$ -	$ 10,821	$ 7,635	$ 21,600	$ -	$ -	$ -	$ -	$ -
224	BBI Changes - Salary and Wages	Other	6623			100.0%	0.0%	$ -	$ 67,645	$ 261,853	$ 650,683	$ -	$ -	$ -	$ -	$ -
225	BBI - Other	Other	6623			100.0%	0.0%	$ -	$ -	$ 1,335	$ -	$ -	$ -	$ -	$ -	$ -
226	BBI - PB&T	Other	6623			100.0%	0.0%	$ -	$ 13,191	$ 42,871	$ 72,551	$ -	$ -	$ -	$ -	$ -
227	BBI - Bellcore	Other	6623			100.0%	0.0%	$ -	$ -	$ 11,648	$ -	$ -	$ -	$ -	$ -	$ -
228	BBI - Material	Other	6623			100.0%	0.0%	$ -	$ -	$ 300	$ -	$ -	$ -	$ -	$ -	$ -
229	Product Commercialization Unit (PCU) - Contract Services	Other	6623			100.0%	0.0%	$ -	$ 219,239	$ -	$ -	$ -	$ -	$ -	$ -	$ -
230	PCU - Travel Expenses	Other	6623			100.0%	0.0%	$ -	$ 87,839	$ 116,216	$ 150,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT H
Dedicated and Joint Costs Worksheet

DEDICATED AND JOINT COSTS

	Description	LNP Cost Function	Part 32 Account	Field Reporting Code (FRC)	Sub FRC	Allocation % Assigned to LNP Services	Allocation % Assigned to non-LNP Services	TOTAL ANNUAL UNALLOCATED COSTS 1996	1997	1998	1999	2000	2001	2002	2003	2004
231	PCU - Fees	Other	6623			100.0%	0.0%	$ -	$ 1,997	$ 20,292	$ -	$ -	$ -	$ -	$ -	$ -
232	PCU - Material	Other	6623			100.0%	0.0%	$ -	$ 5,327	$ 6,587	$ -	$ -	$ -	$ -	$ -	$ -
233	PCU - Other	Other	6623			100.0%	0.0%	$ -	$ 2,257	$ 63,846	$ 14,000	$ -	$ -	$ -	$ -	$ -
234	PCU - Supplies	Other	6623			100.0%	0.0%	$ -	$ -	$ 476	$ -	$ -	$ -	$ -	$ -	$ -
235	PCU - Contract Employees - Mgmt. Consulting	Other	6623			100.0%	0.0%	$ -	$ 701,236	$ 777,044	$ 740,000	$ -	$ -	$ -	$ -	$ -
236	PCU - Right to use	Other	6623			100.0%	0.0%	$ -	$ 27	$ -	$ -	$ -	$ -	$ -	$ -	$ -
237	PCU - Salary for AIN Employees	Other	6623			100.0%	0.0%	$ -	$ 638,705	$ 706,087	$ 1,045,287	$ 522,643	$ 261,322	$ 261,322	$ 261,322	$ -
238	PCU - PB&T for AIN Employees	Other	6623			100.0%	0.0%	$ -	$ 124,547	$ 137,687	$ 174,654	$ 87,327	$ 44,000	$ 44,000	$ 44,000	$ -
239	PCU - Bellcore	Other	6623			100.0%	0.0%	$ -	$ -	$ 192,000	$ 238,400	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -
240	Interconnection - Travel	Other	6623			100.0%	0.0%	$ -	$ 2,063	$ 2,863	$ -	$ -	$ -	$ -	$ -	$ -
241	Interconnection - Other	Other	6623			100.0%	0.0%	$ -	$ -	$ 69	$ -	$ -	$ -	$ -	$ -	$ -
242	ACAC Support - Travel	Other	6623			100.0%	0.0%	$ -	$ 5,909	$ -	$ -	$ -	$ -	$ -	$ -	$ -
243	ACAC Support - Contract Employees - Outsourcing	Other	6623			100.0%	0.0%	$ -	$ 75,999	$ -	$ -	$ -	$ -	$ -	$ -	$ -
244	Consumer Services - Travel	Other	6623			100.0%	0.0%	$ -	$ 68	$ 173	$ -	$ -	$ -	$ -	$ -	$ -
245	Consumer Services - Other	Other	6621			100.0%	0.0%	$ -	$ -	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ -
246	Operator Services - Travel	Other	6621			100.0%	0.0%	$ -	$ 4,932	$ 4,073	$ -	$ -	$ -	$ -	$ -	$ -
247	Operator Services - Contract Employees	Other	6621			100.0%	0.0%	$ -	$ 9,488	$ 293	$ -	$ -	$ -	$ -	$ -	$ -
248	Operator Services - Salary	Other	6621			100.0%	0.0%	$ -	$ 26,187	$ 43,777	$ -	$ -	$ -	$ -	$ -	$ -
249	Operator Services - Affiliate Billing	Other	6621			100.0%	0.0%	$ -	$ -	$ -	$ 100,000	$ -	$ -	$ -	$ -	$ -
250	Pension Benefits & Taxes	Other	6621			100.0%	0.0%	$ -	$ 5,106	$ 8,537	$ -	$ -	$ -	$ -	$ -	$ -
251	Human Resources - Performances - Performance Improvement	Other	6623			100.0%	0.0%	$ -	$ 2,785	$ -	$ -	$ -	$ -	$ -	$ -	$ -
252	Information Technology (IT) Program Management Office (expense)	Other	6623			100.0%	0.0%	$ -	$ 236,418	$ 830,880	$ 657,256	$ 60,250	$ -	$ -	$ -	$ -
253	IT Performance Contract Proposals	Other	6623			100.0%	0.0%	$ -	$ -	$ 28,746	$ 21,843	$ 5,825	$ -	$ -	$ -	$ -
254																
255	End User Charge Project Management:															
256	Marketing (Mktg) -PCU/Core - Project Manager	Other	6611			100.0%	0.0%	$ -	$ -	$ 27,108	$ 46,445	$ 11,626	$ -	$ -	$ -	$ -
257	Mktg - Consumer - Product Management	Other	6611			100.0%	0.0%	$ -	$ -	$ 3,614	$ 6,024	$ 1,506	$ 1,506	$ 1,506	$ 904	$ -
258	Mktg - BBS COU Representative	Other	6611			100.0%	0.0%	$ -	$ -	$ 7,229	$ 1,928	$ -	$ -	$ -	$ -	$ -
259	Mktg - Local Carrier Service Center (LCSC) Billing Staff	Other	6611			100.0%	0.0%	$ -	$ -	$ 7,550	$ 1,294	$ -	$ -	$ -	$ -	$ -
260	Mktg - LCSC Operations Staff	Other	6611			100.0%	0.0%	$ -	$ -	$ 7,646	$ 10,534	$ 5,267	$ 5,123	$ 2,696	$ 2,696	$ 1,348
261	Mktg - Payphone Service Provider Service Center Provisioning	Other	6611			100.0%	0.0%	$ -	$ -	$ 1,186	$ 1,510	$ -	$ -	$ -	$ -	$ -
262	Mktg - Payphone Service Provider Customer Contact	Other	6611			100.0%	0.0%	$ -	$ -	$ 148	$ 49	$ -	$ -	$ -	$ -	$ -
263	Mktg - Consumer Operations	Other	6611			100.0%	0.0%	$ -	$ -	$ 8,683	$ 25,994	$ -	$ -	$ -	$ -	$ -
264	Mktg - Customer Notification Coordination	Other	6611			100.0%	0.0%	$ -	$ -	$ 148	$ 295	$ -	$ -	$ -	$ -	$ -
265	Mktg - Tariff Preparation & Filing	Other	6611			100.0%	0.0%	$ -	$ -	$ -	$ 17,409	$ 2,892	$ 2,892	$ 2,892	$ 2,892	$ 964
266	Mktg - Tariff Preparation & Filing (Contractor)	Other	6611			100.0%	0.0%	$ -	$ -	$ -	$ 12,283	$ 2,040	$ 2,040	$ 2,040	$ 2,040	$ 680
267	Finance - Financial & Operational Guidance	Other	6721			100.0%	0.0%	$ -	$ -	$ 2,341	$ 585	$ -	$ -	$ -	$ -	$ -
268	Finance - Cost Study Development	Other	6721			100.0%	0.0%	$ -	$ -	$ 50,651	$ 33,785	$ -	$ -	$ -	$ -	$ -
269	Information Technology (IT) - DOE/SONGS Deliver	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 1,049	$ 420	$ -	$ -	$ -	$ -	$ -
270	Information Technology (IT) BBI - CRIS Work/Billing	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 1,049	$ 10,110	$ -	$ -	$ -	$ -	$ -
271	Information Technology (IT) BBI - CRIS Database Conversion Coordination	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 839	$ 8,390	$ 1,678	$ -	$ -	$ -	$ -
272	Information Technology (IT) BBI - CRIS Rate Database Updates	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ 1,675	$ 1,151	$ 368	$ 368	$ 368	$ 368	$ 184
273	IT -Contractor (Customer Information Delivery (CID))	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 2,750	$ -	$ -	$ -	$ -	$ -
274	IT -Temp Service (CID)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 120	$ -	$ -	$ -	$ -	$ -
275	IT Andersen Consultant - Program Expense (CID)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 1,942	$ -	$ -	$ -	$ -	$ -
276	IT Supplier Expense - Supplier Programming Expense (CID)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 1,875	$ -	$ -	$ -	$ -	$ -
277	IT Supplier Expense - English & Spanish File Tests (CID)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 1,500	$ -	$ -	$ -	$ -	$ -
278	IT Supplier Expense - Test File Mailing Charges (CID)	Other	6724/2690			100.0%	0.0%	$ -	$ -	$ -	$ 150	$ -	$ -	$ -	$ -	$ -
279	Network Support	Other	6535			100.0%	0.0%	$ -	$ -	$ -	$ 58,714	$ -	$ -	$ -	$ -	$ -
280																
281																
282																
283																
284	**Training:**															
285	Training - Interconnection Service (ICS) - Travel	Other	6623			100.0%	0.0%	$ -	$ 6,822	$ 16,421	$ 40,000	$ -	$ -	$ -	$ -	$ -
286	Training - ICS - Other	Other	6623			100.0%	0.0%	$ -	$ 200	$ 1,320	$ 549,700	$ -	$ -	$ -	$ -	$ -
287	Training - ICS - BellSouth Applied Technology (BAT) Billing	Other	6623			100.0%	0.0%	$ -	$ -	$ 460,015	$ 750,000	$ -	$ -	$ -	$ -	$ -
288	Training - ICS - Contract Employees	Other	6623			100.0%	0.0%	$ -	$ -	$ 98,577	$ 300,000	$ -	$ -	$ -	$ -	$ -
289	Training - ICS - Wages. 300 Service Representatives @ $48.98/hour	Other	6623			100.0%	0.0%	$ -	$ -	$ -	$ 8,243,777	$ -	$ -	$ -	$ -	$ -
290	Training - ICS - Contract Services	Other	6623			100.0%	0.0%	$ -	$ -	$ 7,387	$ -	$ -	$ -	$ -	$ -	$ -
291	Training - ICS - PB&T	Other	6623			100.0%	0.0%	$ -	$ -	$ 31,675	$ -	$ -	$ -	$ -	$ -	$ -
292	Training - ICS - Salary	Other	6623			100.0%	0.0%	$ -	$ -	$ 162,435	$ -	$ -	$ -	$ -	$ -	$ -
293	Training - Small Business - Contract Services	Other	6623			100.0%	0.0%	$ -	$ -	$ 4,282	$ 325,200	$ -	$ -	$ -	$ -	$ -
294	Training - Small Business - Travel	Other	6623			100.0%	0.0%	$ -	$ -	$ 7,873	$ -	$ -	$ -	$ -	$ -	$ -
295	Training - Small Business - Other	Other	6623			100.0%	0.0%	$ -	$ -	$ 53	$ -	$ -	$ -	$ -	$ -	$ -
296	Training - Small Business - Material	Other	6623			100.0%	0.0%	$ -	$ -	$ 242	$ -	$ -	$ -	$ -	$ -	$ -
297	Training - Small Business - Salary & Wage	Other	6623			100.0%	0.0%	$ -	$ -	$ 32,766	$ -	$ -	$ -	$ -	$ -	$ -
298	Training Small Business - PB&T	Other	6623			100.0%	0.0%	$ -	$ -	$ 6,237	$ -	$ -	$ -	$ -	$ -	$ -
299	Training - Small Business - Contract Employees	Other	6623			100.0%	0.0%	$ -	$ -	$ 117,683	$ -	$ -	$ -	$ -	$ -	$ -
300	Training - Small Business - Rents	Other	6623			100.0%	0.0%	$ -	$ -	$ 48	$ -	$ -	$ -	$ -	$ -	$ -
301																
302																
303																
304																
305	**Other Expenses:**															
306	Limited Liability Corporation (LLC) Expense - Southeastern Number Portability Administration Company	Shared Industry Costs	6724			100.0%	0.0%	$ 5,000	$ 12,849	$ 15,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 25,000
307																
308	LNP Conversion Labor Costs (Interim to Permanent)	Other	6623			100.0%	0.0%	$ -	$ -	$ 62,992	$ 717,846	$ -	$ -	$ -	$ -	$ -
309	Service Order Processing Labor Costs(Port Out Order)	Other	6623			100.0%	0.0%	$ -	$ -	$ -	$ 4,977,179	$ 10,382,616	$ 12,518,430	$ 13,856,674	$ 15,194,454	$ 6,317,547
310	Port Out Maintenance	Other	6534			100.0%	0.0%	$ -	$ -	$ -	$ 1,004,087	$ 1,839,617	$ 1,863,812	$ 1,863,812	$ 1,863,812	$ 1,863,812

ATTACHMENT II
Dedicated and Joint Costs Worksheet

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3
4 DEDICATED AND JOINT COSTS
5
6

7 Description	LNP Cost Function	Part 32 Account	Field Reporting Code (FRC)	Sub FRC	Allocation % Assigned to LNP Services	Allocation % Assigned to non-LNP Services	TOTAL ANNUAL UNALLOCATED COSTS 1996	1997	1998	1999	2000	2001	2002	2003	2004
311 Customer Notification Piece	Other	6623			100.0%	0.0%	$ -	$ -	$ -	$ 114,474	$ 41,000	$ -	$ -	$ -	$ -
312 LNP End User Charge Vendor Mailing & Stationary Costs	Other	6623			100.0%	0.0%	$ -	$ -	$ -	$ 3,837	$ -	$ -	$ -	$ -	$ -
313															
314															
315															
316 QUERY SERVICES:															
317 CAPITAL															
318 Network - Capital															
319 STP-to-SCP Signaling Links - Link Monitoring	STP Link	2212	377C	03	100.0%	0.0%	$ -	$ -	$ -	$ 442,145	$ -	$ -	$ -	$ -	$ -
320															
321 STP-to-SCP Signaling Links - Call Routing Service	SCP Link	2232	357C	03	100.0%	0.0%	$ -	$ -	$ -	$ 5,642	$ -	$ -	$ -	$ -	$ -
322 STP-to-SCP Signaling Links	SCP Link	2232	357C	06	100.0%	0.0%	$ -	$ -	$ -	$ 4,188	$ -	$ -	$ -	$ -	$ -
323 STP-to-SCP Signaling Links	SCP Link	2232	357C	09	100.0%	0.0%	$ -	$ -	$ -	$ 6,383	$ -	$ -	$ -	$ -	$ -
324 STP-to-SCP Signaling Links	SCP Link	2232	357C	15	100.0%	0.0%	$ -	$ -	$ -	$ 7	$ -	$ -	$ -	$ -	$ -
325 STP-to-SCP Signaling Links	SCP Link	2421	822C	00	100.0%	0.0%	$ -	$ -	$ -	$ 41	$ -	$ -	$ -	$ -	$ -
326 STP-to-SCP Signaling Links	SCP Link	2423	845C	00	100.0%	0.0%	$ -	$ -	$ -	$ 58	$ -	$ -	$ -	$ -	$ -
327 STP-to-SCP Signaling Links	SCP Link	6422	85C	00	100.0%	0.0%	$ -	$ -	$ -	$ 92	$ -	$ -	$ -	$ -	$ -
328															
329 Hardware STP to SSP / STP to STP Signal Links - Call Routing Service	STP Link	2232	357C	03	100.0%	0.0%	$ -	$ -	$ -	$ 54,419	$ -	$ -	$ -	$ -	$ -
330 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	06	100.0%	0.0%	$ -	$ -	$ -	$ 40,395	$ -	$ -	$ -	$ -	$ -
331 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	09	100.0%	0.0%	$ -	$ -	$ -	$ 61,565	$ -	$ -	$ -	$ -	$ -
332 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	15	100.0%	0.0%	$ -	$ -	$ -	$ 66	$ -	$ -	$ -	$ -	$ -
333 Hardware STP to SSP / STP to STP Signal Links	STP Link	2421	822C	00	100.0%	0.0%	$ -	$ -	$ -	$ 1,244	$ -	$ -	$ -	$ -	$ -
334 Hardware STP to SSP / STP to STP Signal Links	STP Link	2423	845C	00	100.0%	0.0%	$ -	$ -	$ -	$ 1,701	$ -	$ -	$ -	$ -	$ -
335 Hardware STP to SSP / STP to STP Signal Links	STP Link	6422	85C	00	100.0%	0.0%	$ -	$ -	$ -	$ 2,780	$ -	$ -	$ -	$ -	$ -
336															
337															
338 Hardware STP to SSP / STP to STP Signal Links - Query Service	STP Link	2232	357C	03	100.0%	0.0%	$ -	03 $	$ -	$ 8,730	$ -	$ -	$ -	$ -	$ -
339 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	06	100.0%	0.0%	$ -	06 $	$ -	$ 6,480	$ -	$ -	$ -	$ -	$ -
340 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	09	100.0%	0.0%	$ -	09 $	$ -	$ 9,876	$ -	$ -	$ -	$ -	$ -
341 Hardware STP to SSP / STP to STP Signal Links	STP Link	2232	357C	15	100.0%	0.0%	$ -	$	15 $ -	$ 11	$ -	$ -	$ -	$ -	$ -
342 Hardware STP to SSP / STP to STP Signal Links	STP Link	2421	822C	00	100.0%	0.0%	$ -	00 $	$ -	$ 64	$ -	$ -	$ -	$ -	$ -
343 Hardware STP to SSP / STP to STP Signal Links	STP Link	2423	845C	00	100.0%	0.0%	$ -	00 $	$ -	$ 87	$ -	$ -	$ -	$ -	$ -
344 Hardware STP to SSP / STP to STP Signal Links	STP Link	6422	85C	00	100.0%	0.0%	$ -	00 $	$ -	$ 143	$ -	$ -	$ -	$ -	$ -
345															
346															
347															
348 Operation Support System (OSS) - Capital															
349 CABS Query Service (Call Routing Service)	Billing	2124	530C	00	100.0%	0.0%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
350															
351 CABS Query Service (Query Service)	Billing	2124	530C	00	100.0%	0.0%				$ -					
352															
353															
354															
355 EXPENSES															
356 Network - Expenses (1999-2004 software capitalized.)															
357 STP to SSP / STP-to-SCP Signaling Links - Link Monitoring Expense	STP Link	6212/2690	377M		100.0%	0.0%	$ -	$ -	$ -	$ 443,364	$ -	$ -	$ -	$ -	$ -
358															
359 Product Management Expense	Other	6611			100.0%	0.0%	$ -	$ -	$ -	$ 174,392	$ 254,463	$ 254,463	$ 254,463	$ 254,463	$ 254,463	$ 254,463	$ 95,469
360															
361															
362															
363															
364															
365 Advertising and Market Research	Other	6613			100.0%	0.0%	$ -	$ -	$ -	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 187,500
366															
367															
368															

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT III.a**

Cost Recovery Period 1999-2004 (5/99-5/04) — **SUMMARY of CHARTS**

SUMMARY of CHARTS

Description	1996	1997	1998	1999	2000	2001	2002	2003	2004
Chart 1 Summary of LNP Costs:									
Total Capital	$ -	$ 19,970,839	$ 22,461,166	$ 64,331,823	$ 23,487,440	$ 14,620,482	$ 11,735,368	$ 4,712,868	$ 184
Total Expenses	$ 1,154,989	$ 67,099,543	$ 78,635,010	$ 31,415,463	$ 19,911,945	$ 19,906,603	$ 21,242,420	$ 22,579,598	$ 9,492,320
Chart 2a Summary of LNP End User Costs:									
Total Capital	$ -	$ 18,631,403	$ 21,293,162	$ 52,255,169	$ 22,130,093	$ 13,719,099	$ 10,836,825	$ 4,584,202	$ 184
Total Expenses	$ 1,154,424	$ 64,709,509	$ 75,667,281	$ 30,316,081	$ 18,812,563	$ 18,807,221	$ 20,143,038	$ 21,480,216	$ 9,093,435
Chart 3a Summary of LNP Call Routing Costs:									
Total Capital	$ -	$ 427,723	$ 391,409	$ 11,011,164	$ 605,815	$ 385,898	$ 291,698	$ 49,260	$ -
Total Expenses	$ 177	$ 1,164,868	$ 1,708,847	$ 344,788	$ 344,788	$ 344,788	$ 344,788	$ 344,788	$ 125,098
Chart 5a Summary of LNP Query Service Costs:									
Total Capital	$ -	$ 911,713	$ 776,595	$ 1,065,490	$ 751,532	$ 515,485	$ 606,846	$ 79,407	$ -
Total Expenses	$ 388	$ 1,225,166	$ 1,258,882	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 273,787
Check & Balance:									
Total Capital	$ -	$ 19,970,839	$ 22,461,166	$ 64,331,823	$ 23,487,440	$ 14,620,482	$ 11,735,368	$ 4,712,868	$ 184
Total Expenses	$ 1,154,989	$ 67,099,543	$ 78,635,010	$ 31,415,463	$ 19,911,945	$ 19,906,603	$ 21,242,420	$ 22,579,598	$ 9,492,320
Differences:									
Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

TOTAL LNP END USER COST PER LINE PER MONTH	$ 0.3496
TOTAL CALL ROUTING SERVICE COST PER QUERY	$ 0.001761
TOTAL QUERY SERVICE COST PER QUERY	$ 0.000448

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
Study Assumptions, Factors and Directly Assigned Labor Rates							
Discount Rate (I)	0.1125						
Number of Periods (N)	0.5						
Number of Periods (N)	1.5						
Number of Periods (N)	2.5						
Number of Periods (N)	3.5						
Number of Periods (N)	4.5						
Number of Periods (N)	5.5						
Formula - Future Value of a Present Amount Factor	(1+I)^N						
Formula - Present Value of a Future Amount Factor	1/(1+I)^N						
Intangible Assets - Network Related - Depreciation	0.3333						
Intangible Assets - Network Related - Cost of Money	0.0777						
Intangible Assets - Network Related - Income Tax	0.0377						
Intangible Assets - General Purpose Computer Related - Depreciation	0.2000						
Intangible Assets - General Purpose Computer - Cost of Money	0.0723						
Intangible Assets - General Purpose Computer - Income Tax	0.0351						
Inflation Factors:							
Digital Electric Switch	1.0000	377C	03				
Digital Circuit Other	1.0000	357C	03				
General Purpose Computers	1.0000	630C	00				
General Purpose Computers	1.0000	530C	00				
Aerial Cable - Fiber	1.0000	822C					
Buried Cable - Fiber	1.0000	845C					
Underground Cable - Fiber	1.0000	85C					
Telco Factors:							
Digital Electric Switch	1.0715	377C	03				
Aerial Cable - Fiber	2.0694	822C					
Buried Cable - Fiber	1.4356	845C					
Underground Cable - Fiber	1.7214	85C					
Hardwire Factor: Digital Circuit Other	2.7582	357C	03				
Supporting Equipment & Power Loading Factor:							
Digital Electric Switch	1.0000	377C	03				
Digital Circuit Other	1.0000	357C	03				
Plug-in Factors:							
Digital Circuit Other	1.0491	357C	03				
Digital Circuit Other	1.0491	357C	06				
Digital Circuit Other	1.0491	357C	09				
Spare Stock Factor: Digital Circuit Other	1.0000	357C	09				
Material Factors:							
Digital Circuit Other	1.2085	357C	15				
Aerial Cable - Fiber	2.5112	822C	00				
Buried Cable - Fiber	4.2658	845C	00				
Underground Cable - Fiber	1.9604	85C	00				
Land Factor: (377C, 357C)	-	20C					
Land Factor: (530C, 630C)	-	20C					
Building Factors: (377C, 357C)	-	10C					
Building Factors: (530C, 630C)	-	10C					
Pole Loading Factor:	-	1C					
Conduit Loading Factor:	-	4C					
Depreciation Factors:							
Digital Electric Switch	0.1000	377C	03				
Digital Circuit Other	0.1111	357C	03				

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

	Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
71	General Purpose Computers	0.2000	630C	00				
72	General Purpose Computers	0.2000	530C	00				
73	Aerial Cable - Fiber	0.0570	822C	00				
74	Buried Cable - Fiber	0.0535	845C	00				
75	Underground Cable - Fiber	0.0540	85C	00				
76	Poles		1C					
77	Conduit		4C					
78	Land		20C					
79	Building		10C					
80								
81	Cost of Money Factors:							
82	Digital Electric Switch	0.0716	377C	03				
83	Digital Circuit Other	0.0712	357C	03				
84	General Purpose Computers	0.0723	630C	00				
85	General Purpose Computers	0.0723	530C	00				
86	Aerial Cable - Fiber	0.0728	822C	00				
87	Buried Cable - Fiber	0.0752	845C	00				
88	Underground Cable - Fiber	0.0748	85C	00				
89	Poles		1C					
90	Conduit		4C					
91	Land		20C					
92	Building		10C					
93								
94	Income Tax Factors:							
95	Digital Electric Switch	0.0348	377C	03				
96	Digital Circuit Other	0.0346	357C	03				
97	General Purpose Computers	0.0351	630C	00				
98	General Purpose Computers	0.0351	530C	00				
99	Aerial Cable - Fiber	0.0353	822C	00				
100	Buried Cable - Fiber	0.0365	845C	00				
101	Underground Cable - Fiber	0.0364	85C	00				
102	Poles		1C					
103	Conduit		4C					
104	Land		20C					
105	Building		10C					
106								
107	Plant Specific Factors:							
108	Digital Electric Switch	0.0361	377C	03				
109	Digital Circuit Other	0.0174	357C	03				
110	General Purpose Computers	0.1804	630C	00				
111	General Purpose Computers	0.1804	530C	00				
112	Aerial Cable - Fiber	0.0027	822C	00				
113	Buried Cable - Fiber	0.0022	845C	00				
114	Underground Cable - Fiber	0.0034	85C	00				
115	Poles		1C					
116	Conduit		4C					
117	Land		20C					
118	Building		10C					
119								
120	Ad Valorem Tax Factors:							
121	Digital Electric Switch	0.0094	377C	03				
122	Digital Circuit Other	0.0094	357C	03				
123	General Purpose Computers	0.0094	630C	00				
124	General Purpose Computers	0.0094	530C	00				
125	Aerial Cable - Fiber	0.0094	822C	00				
126	Buried Cable - Fiber	0.0094	845C	00				
127	Underground Cable - Fiber	0.0094	85C	00				
128	Poles		1C					
129	Conduit		4C					
130	Land		20C					
131	Building		10C					
132	Intangible Assets	0.0094						
133	Number of Annual Hours for Full Time Employee	1,928						

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
1998-2004 Regional Levelized Directly Assigned Labor Rates per Hour (by pay grade):							
Information Technology PG54	$ 42.14						
Information Technology PG57	$ 52.21						
Information Technology PG58	$ 57.26						
Information Technology PG59	$ 63.24						
Information Technology WS16	$ 40.05						
Information Technology WS18	$ 40.60						
Local Competition Service Center (LCSC) Service Representative							
JFC 2300/WS23	$ 48.98						
Switch Translations JFC 4320	$ 49.51						
Marketing WS10	$ 35.28						
Access Cust Advocate Center (ACAC) 471X/WS32	$ 41.83						
Marketing PG57	$ 49.22						
Marketing PG58	$ 53.93						
Marketing PG59	$ 60.24						
Network PG59	$ 60.91						
Finance PG56	$ 45.55						
Finance PG58	$ 52.54						
Finance PG59	$ 58.51						
Overhead Loading Factor	1.0398						
SHARED INDUSTRY EXPENSES - 3rd Party Administrator (BST Portion)							
Perotsystems				100.0%	$ -	$ 4,975.00	$ -
Perotsystems				100.0%	$ -	$ 39,005.00	$ -
Perotsystems				100.0%	$ -	$ 4,750.00	$ -
Perotsystems				100.0%	$ -	$ -	$ 9,121.00
Perotsystems				100.0%	$ -	$ -	$ 21,650.00
Perotsystems				100.0%	$ -	$ -	$ 6,850.00
Lockheed - Martin				100.0%	$ -	$ -	$ 1,487,724.00
Perotsystems (credit)				100.0%	$ -	$ -	$ (133,389.28)
Total Shared Industry Expenses					$ -	$ 48,730	$ 1,391,956
CAPITAL							
NETWORK							
Fully Recoverable - Hardware Material Prices:							
New SCP Pairs		377C	03	100.0%	$ -	$ 11,116,626	$ 8,396,226
Upgrade SCP Pairs		377C	03	100.0%	$ -	$ -	$ 953,073
STP-to-SCP Signaling Links		377C	03	100.0%	$ -	$ 628,799	$ 655,587
Digital Loop Carrier (DLC) Overlay for 1AESS		357C	03	100.0%	$ -	$ -	$ 246,744
Switch Hardware - 1AESS Memory Upgrades		77C	03	100.0%	$ -	$ 332,554	$ -
Operator Services Hardware		117C		100.0%	$ -	$ 1,570,229	$ 356,016
Switch Generic Upgrades - NA009:		377C	03	98-12 mo. Advance	$ -	$ -	$ 66,509
NA009 Cost of Advancement - 1998	Ln189d-PV(Ln189d)			100.0%			$ 6,726
Switch Generic Upgrades - 5E12:		377C	03	98-12 mo. Advance	$ -	$ -	$ 5,465,370
5E12 Cost of Advancement - 1998	Ln191d-PV(Ln191d)			100%			$ 552,678
Switch Hardware - Processor Upgrades - SN70EM:		377C	03	97-12mo Advance	$ -	$ 11,369,738	$ -
SN70EM -Cost of Advancement - 1997	Ln193c-PV(Ln193c)			100%		$ 1,149,749	

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Chart1_a

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
Joint Hardware Material Prices:							
Switch Generic Upgrades - 5E12:		377C	03	14.00%	$ -	$ -	$ 5,465,370
5E12 Generic Upgrades Directly Attributable	Ln197a*Ln197b,c,d			100%	$ -	$ -	$ 765,152
Switch Hardware - 1AESS AMA Upgrades:		77C		40.0%	$ -	$ 161,617	$ 445,951
1AESS AMA Upgrades Directly Attributable	Ln199a*Ln199b,c,d			100%	$ -	$ 64,647	$ 178,380
Switch Hardware - 5ESS AMA Upgrades:		377C	03	40.0%	$ -	$ 64,883	$ 237,596
5ESS AMA Upgrades Directly Attributable	Ln201a*Ln201b,c,d			100%	$ -	$ 25,953	$ 95,038
Switch Hardware - DMS 10 AMA Upgrades:		377C	03	40.0%	$ -	$ 32,769	$ 13,049
DMS 10 AMA Upgrades Directly Attributable	Ln203a*Ln203b,c,d			100%	$ -	$ 13,108	$ 5,220
Switch Hardware - DMS 100/200 AMA Upgrades:		377C	03	40.0%	$ -	$ 465,800	$ 1,632,138
DMS 100/200 AMA Upgrades Directly Attributable	Ln205a*Ln205b,c,d			100%	$ -	$ 186,320	$ 652,855
Switch Hardware - DCO AMA Upgrades:		377C	03	40.0%	$ -	$ -	$ 48,859
DCO AMA Upgrades Directly Attributable	Ln207a*Ln207b,c,d			100%	$ -	$ -	$ 19,544
Switch Hardware - Processor Upgrades - DLN30:		377C	03	10.8%	$ -	$ 344,632	$ 196,162
DLN30 Processor Upgrades Directly Attributable	Ln209a*Ln209b,c,d			100%	$ -	$ 37,220	$ 21,185
Switch Hardware - Processor Upgrades - CM2:		377C	03	12.8%	$ -	$ 895,770	$ -
CM2 Processor Upgrades Directly Attributable	Ln211a*Ln211b,c,d			100%	$ -	$ 114,659	$ -
Switch Hardware - Processor Upgrades - SN70EM:		377C	03	15.6%	$ -	$ 11,369,738	$ 41,086,130
SN70EM Processor Upgrades Directly Attributable to LNP	Ln213a*Ln213b,c,d			100%	$ -	$ 1,773,679	$ 6,409,436
Hardware - STP-to-SSP/STP-to-STP Signaling Links:		377C	03	48.0%	$ -	$ 1,516,544	$ 2,009,228
STP-to-SSP/STP-to-STP Signaling Links Directly Attributable	Ln215a*Ln215b,c,d			100%	$ -	$ 727,941	$ 964,429
1AESS LAB Switch:		77C		5.26%	$ -	$ 2,486,985	$ (30,170)
1AESS LAB Switch Directly Attributable	Ln217a*Ln217b,c,d			100%	$ -	$ 130,815	$ (1,587)
OPERATION SUPPORT SYSTEMS (OSS)							
Fully Recoverable Capital (Internal and Vendor):							
MSA Test Terminations (End to End Testing)		630C	00	100.0%	$ -	$ -	$ 5,183
NETPILOT		530C	00	100.0%	$ -	$ 12,918	$ 136,201
LNP AUTOMATION		530C	00	100.0%	$ -	$ -	$ -
LNP GATEWAY		530C	00	100.0%	$ -	$ 1,033,646	$ 949,915
LNP TA		530C	00	100.0%	$ -	$ -	$ -
LSR ROUTER		530C	00	100.0%	$ -	$ 92,924	$ -
IT Program Management Office		530C	00	100.0%	$ -	$ -	$ 6,251
Miscellaneous OSS		530C	00	100.0%	$ -	$ -	$ -
Joint Capital - Vendor Provided OSS:							
FACS:		530C	00	26.0%	$ -	$ 3,688,606	$ -
FACS Directly Attributable to LNP	Ln236a*Ln236b,c,d			100.0%	$ -	$ 959,038	$ -
MLT:		530C	00	0.45%	$ -	$ -	$ -
MLT Directly Attributable to LNP	Ln238a*Ln238b,c,d			100.0%	$ -	$ -	$ -
MTS/APRIL:		530C	00	1.1%	$ -	$ -	$ -
MTS/APRIL Directly Attributable to LNP	Ln240a*Ln240b,c,d			100.0%	$ -	$ -	$ -
K2 Upgrade:		530C	00	0.35%	$ -	$ -	$ -
K2 Upgrade Directly Attributable to LNP	Ln242a*Ln242b,c,d			100.0%	$ -	$ -	$ -
PREDICTOR:		530C	00	0.62%	$ -	$ -	$ -
PREDICTOR Directly Attributable to LNP	Ln244a*Ln244b,c,d			100.0%	$ -	$ -	$ -
STM:		530C	00	20.0%	$ -	$ -	$ 95,000
STM Directly Attributable to LNP	Ln246a*Ln246b,c,d			100.0%	$ -	$ -	$ 19,000
Joint Capital - Internal OSS:							
ARTS:		530C	00	27.8%	$ -	$ -	$ -
ARTS Directly Attributable to LNP	Ln251a*Ln251b,c,d			100.0%	$ -	$ -	$ -
AIN-SMS:		530C	00	63.0%	$ -	$ -	$ 1,695,100
AIN-SMS Directly Attributable to LNP	Ln253a*Ln253b,c,d			100.0%	$ -	$ -	$ 1,067,913
EXPENSES							
NETWORK							

1	**LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**									**ATTACHMENT III**
2	Cost Recovery Period 1999-2004 (5/99-5/04)									**CHART 1 - Actuals**
3										**Directly Attributable LNP Costs**
4										
5	**INPUTS - ACTUALS**									
6				Sub	Allocation %					
7		Value			Assigned to LNP	1996		1997		1998
8	Description		FRC	FRC	a	b		c		d
258	Fully Recoverable - Software Expenses									
259	New SCP Pairs		377M		100.0%	$	-	$ 15,664,440	$	13,094,331
260	Upgrade SCP Pairs		377M		100.0%	$	-	$ -	$	100,589
261	STP-to-SCP Signaling Links		377M		100.0%	$	-	$ 58,018	$	74,228
262	LNP Feature Software - TOPS Tandem Switches		117M		100.0%	$	-	$ 2,440,250	$	5,320,152
263	LNP Feature Software - DMS 100/200 Switches		377M		100.0%	$	-	$ 2,580,000	$	6,109,524
264	LNP Feature Software - 1AESS Switches		77M		100.0%	$	-	$ 3,931,745	$	3,858,442
265	LNP Feature Software - 4ESS/5ESS Switches		377M		100.0%	$	-	$ 8,981,916	$	10,985,408
266	LNP Feature Software - EWSD Switches		377M		100.0%	$	-	$ 124,291	$	1,875,343
267	LNP Feature Software - DCO Switches		377M		100.0%	$	-	$ 71,428	$	359,244
268	LNP Feature Software - DMS 10 Switches		377M		100.0%	$	-	$ 46,555	$	126,083
269	Switch Generic Upgrades - 4ESS Tandem Switch		377M		100.0%	$	-	$ 250,000	$	-
270	Duplicate NXX Across Multiple NPAs Feature Software - 5ESS		377M		100.0%	$	-	$ -	$	5,568,546
271	Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100		377M		100.0%	$	-	$ -	$	595,753
272	Duplicate NXX Across Multiple NPAs Feature Software - EWSD		377M		100.0%	$	-	$ -	$	4,156
273	Operator Services Software		117M		100.0%	$	-	$ -	$	62,861
274	Switch Generic Software Upgrades - NA007/8:		377M		97-12mo Advance	$	-	$ 1,139,002	$	-
275	NA007/8 -Cost of Advancement - 1997	Ln274c-PV(Ln274c)			100.0%			$ 115,180		
276	Switch Generic Software Upgrades - NA009:		377M		98-12mo Advance	$	-	$ -	$	816,615
277	NA009 -Cost of Advancement - 1998	Ln276d-PV(Ln276d)			100.0%				$	82,579
278	Switch Generic Software Upgrades - 1AE13.01:		77M		97-24mo Advance; 98-12mo Advance	$	-	$ 2,890,500	$	2,820,000
279	1AE13.01 -Cost of Advancement - 1997 & 1998	Ln278c-PV(PV(Ln278c)); Ln278d-PV(Ln278d)			100.0%			$ 555,037	$	285,169
280	Switch Generic Software Upgrades - 5E12:		377M		98-12mo Advance	$	-	$ -	$	501,890
281	5E12 Cost of Advancement - 1998	Ln280d-PV(Ln280d)			100%				$	50,753
282	Switch Software - Processor Upgrades - SN70EM:		377M		97-12mo Advance	$	-	$ 6,796,171	$	-
283	SN70EM -Cost of Advancement - 1997	Ln282c-PV(Ln282c)			100%			$ 687,253	$	-
284										
285	Joint Software Expenses:									
286	Software - STP-to-SSP/STP-to-STP Signaling Links:		377M		48.0%	$	-	$ 87,027	$	190,876
287	STP-to-SSP/STP-to-STP Signaling Links Directly Attributable	Ln286a*Ln286b,c,d			100.0%	$	-	$ 41,773	$	91,620
288	Feature Software - 5ESS OA&M:		377M		12.0%	$	-	$ 143,226	$	552,916
289	5ESS OA&M Feature Software Directly Attributable	Ln288a*Ln288b,c,d			100.0%	$	-	$ 17,187	$	66,350
290	Switch Generic Software Upgrades - 5E12:		377M		14.00%	$	-	$ -	$	501,890
291	5E12 Generic Upgrades Directly Attributable	Ln290a*Ln290b,c,d			100.0%	$	-	$ -	$	70,265
292	Switch Software - Processor Upgrades - DLN30:		377M		10.8%	$	-	$ 1,080,164	$	316,653
293	DLN30 Processor Upgrades Directly Attributable	Ln292a*Ln292b,c,d			100.0%	$	-	$ 116,658	$	34,199
294	Switch Software - Processor Upgrades - SN70EM:		377M		15.6%	$	-	$ 6,796,171	$	17,547,427
295	SN70EM Processor Upgrades Directly Attributable to LNP	Ln294a*Ln294b,c,d			100.0%	$	-	$ 1,060,203	$	2,737,399
296	Rearrangements -1AESS LAB Switch:		77M		5.26%	$	-	$ 20,103	$	-
297	1AESS LAB Switch Rearrangements Directly Attributable to LNP	Ln296a*Ln296b,c,d			100.0%	$	-	$ 1,057	$	-
298	**OPERATION SUPPORT SYSTEMS (OSS)**									
299	Fully Recoverable Expenses:									
300	ATLAS				100.0%	$	-	$ 245,820	$	824,094
301	BONIS				100.0%	$	-	$ 116,675	$	42,791
302	CABS				100.0%	$	-	$ -	$	-
303	COFFI				100.0%	$	-	$ -	$	34,141
304	CRIS/BOCRIS				100.0%	$	-	$ -	$	-
305	DDNS				100.0%	$	-	$ -	$	1,081
306	DOE/DSAP				100.0%	$	-	$ -	$	-
307	HAL				100.0%	$	-	$ -	$	-
308	IBIS				100.0%	$	-	$ -	$	-
309	IBISDI				100.0%	$	-	$ -	$	-
310	ISP				100.0%	$	-	$ -	$	-
311	LCCAM				100.0%	$	-	$ -	$	32,280
312	LEACS				100.0%	$	-	$ -	$	-
313	LIST				100.0%	$	-	$ -	$	-
314	MISOP				100.0%	$	-	$ -	$	-
315	MSA Test Terminations (ETE Testing)				100.0%	$	-	$ -	$	76,738
316	NETTS				100.0%	$	-	$ 2,088	$	-
317	ORION				100.0%	$	-	$ -	$	5,804

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

	Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
318	P/SIMS				100.0%	$ -	$ -	$ 38,718
319	RNS				100.0%	$ -	$ -	$ -
320	RSAG				100.0%	$ -	$ -	$ -
321	SNECS				100.0%	$ -	$ -	$ -
322	SOCS				100.0%	$ -	$ -	$ -
323	SOER				100.0%	$ -	$ -	$ -
324	SONGS				100.0%	$ -	$ -	$ -
325	COSMOS				100.0%	$ -	$ 2,516,300	$ 110,050
326	DBAS II				100.0%	$ -	$ -	$ -
327	ITE/SG				100.0%	$ -	$ -	$ -
328	LFACS				100.0%	$ -	$ 683,700	$ -
329	MARCH				100.0%	$ -	$ 945,000	$ 31,550
330	MYNAH (AETG)				100.0%	$ -	$ -	$ -
331	NETPILOT				100.0%	$ -	$ 1,140,000	$ 116,697
332	NSDB				100.0%	$ -	$ -	$ -
333	SOAC INTERFACE TO ATLAS				100.0%	$ -	$ 377,400	$ -
334	SOAC				100.0%	$ -	$ 1,100,000	$ 23,400
335	WFA/C				100.0%	$ -	$ -	$ -
336	Bellcore Professional Services - Team Consulting				100.0%	$ -	$ 100,000	$ -
337	Bellcore LNP NPA Split Support (SOAC/LFACS)				100.0%	$ -	$ 278,000	$ -
338	Common Bellcore Package				100.0%	$ -	$ 4,983,000	$ -
339	LMOS HOST				100.0%	$ -	$ -	$ -
340	LNP AUTOMATION				100.0%	$ -	$ -	$ -
341	LNP GATEWAY				100.0%	$ 1,149,989	$ 8,597,527	$ 12,396,509
342	LNP TA				100.0%	$ -	$ -	$ -
343	RCS				100.0%	$ -	$ 905,625	$ -
	Miscellaneous OSS (This entry includes actuals for the following applications. Amounts could not be identified by specific application in some cases for 1997. COFFI, DDNS, DOE, DSAP, E911-IREIS/BSSDI, ORION, LIST, P/SIMS, RE-LOG, RICC, RSAG, TAFI, TCN, TIRKS/GTAS, LIDB, LMOS-FE, LMOS HOST, SSCAS,							
344	MTS/APRIL, MATV.)				100.0%	$ -	$ -	$ -
345	MLT				100.0%	$ -	$ -	$ -
346	PREDICTOR				100.0%	$ -	$ -	$ -
347	MATV				100.0%	$ -	$ -	$ -
348	ROS				100.0%	$ -	$ -	$ -
349	BITTS				100.0%	$ -	$ -	$ 4,935
350								
351								
352								
353	Joint Expense - Vendor Provided OSS:							
354	BCR Service Order Planning:				17.0%	$ -	$ -	$ 725,000
355	BCR Service Order Planning Directly Attributable to LNP	Ln354a*Ln354b,c,d			100.0%	$ -	$ -	$ 123,250
356	NTMOS:				90.0%	$ -	$ -	$ -
357	NTMOS Directly Attributable to LNP	Ln356a*Ln356b,c,d			100.0%	$ -	$ -	$ -
358	STM:				15.0%	$ -	$ -	$ 4,092,000
359	STM Directly Attributable to LNP	Ln358a*Ln358b,c,d			100.0%	$ -	$ -	$ 613,800
360	TDMS:				50.0%	$ -	$ -	$ 592,876
361	TDMS Directly Attributable to LNP	Ln360a*Ln360b,c,d			100.0%	$ -	$ -	$ 296,438
362	TNM:				20.0%	$ -	$ -	$ -
363	TNM Directly Attributable to LNP	Ln362a*Ln362b,c,d			100.0%	$ -	$ -	$ -
364								
365	K2 Upgrade:				0.30%	$ -	$ -	$ -
366	K2 Upgrade Directly Attributable to LNP	Ln365a*Ln365b,c,d			100.0%	$ -	$ -	$ -
367								
368	Joint Expense - Internal OSS:							
369	ARTS:				48.0%	$ -	$ -	$ -
370	ARTS Directly Attributable to LNP	Ln369a*Ln369b,c,d			100.0%	$ -	$ -	$ -
371	MTAS:				90.0%	$ -	$ -	$ -
372	MTAS Directly Attributable to LNP	Ln371a*Ln371b,c,d			100.0%	$ -	$ -	$ -
373	VERBATIM:				62.0%	$ -	$ -	$ -
374	VERBATIM Directly Attributable to LNP	Ln373a*Ln373b,c,d			100.0%	$ -	$ -	$ -
375	MATV:				74.8%	$ -	$ -	$ -
376	MATV Directly Attributable to LNP	Ln375a*Ln375b,c,d			100.0%	$ -	$ -	$ -

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ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

	Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
377	LSR ROUTER:				35.0%	$ -	$ 35,276	$ -
378	LSR ROUTER Directly Attributable to LNP	Ln377a*Ln377b,c,d			100.0%	$ -	$ 12,347	$ -
379	AIN-SMS:				63.0%	$ -	$ -	$ 229,000
380	AIN-SMS Directly Attributable to LNP	Ln379a*Ln379b,c,d			100.0%	$ -	$ -	$ 144,270
381								
382								
383								
384	**MISCELLANEOUS EMPLOYEE RELATED AND OTHER EXPENSES**							
385	Fully Recoverable Expenses:							
386								
387	**Network:**							
388	Network GEO - Salary and Wages				100.0%	$ -	$ 45,204	$ 76,300
389	Network GEO - Pension Benefits & Taxes (P&BT)				100.0%	$ -	$ 8,815	$ 14,878
390	Network GEO - Travel				100.0%	$ -	$ 7,669	$ 17,452
391	Network GEO - Material				100.0%	$ -	$ 737,099	$ 104,566
392	Network Regional - Contract Services				100.0%	$ -	$ 670,670	$ 726,736
393	Network Reg. - Material				100.0%	$ -	$ 16	$ 1,478
394	Network Reg. - Fees				100.0%	$ -	$ -	$ 426
395	Network Reg. - RTUSWT				100.0%	$ -	$ -	$ 13,437
396	Network Reg. - Other				100.0%	$ -	$ 302	$ 25,198
397	Network Reg. -Professional Services - Outsourcing				100.0%	$ -	$ 3,360	$ 3,042
398	Rents				100.0%	$ -	$ 11,787	$ -
399	Network Reg. - Salary and Wages				100.0%	$ -	$ 137,679	$ 112,779
400	Network Reg. - Pension Benefits & Taxes				100.0%	$ -	$ 26,847	$ 21,992
401	Network Reg. - Supplies				100.0%	$ -	$ -	$ 14
402	Network Infrastructure: Network Regional - Travel				100.0%	$ -	$ 72,854	$ 141,719
403								
404	***Science & Technology:***							
405	Contract Services (Contract Employees)				100.0%	$ -	$ 414,964	$ 1,708,598
406	Travel				100.0%	$ -	$ 63,070	$ 123,827
407	Rents				100.0%	$ -	$ 28	$ -
408	Salary and Wages				100.0%	$ -	$ 2,926,920	$ 1,401,050
409	Pension Benefits & Taxes				100.0%	$ -	$ 570,749	$ 273,205
410	Material				100.0%	$ -	$ 11,601	$ 6,748
411	Other				100.0%	$ -	$ 1,659	$ 446
412	RTUSWT				100.0%	$ -	$ -	$ 1,508,928
413								
414	**Project & Administrative Management:**							
415	Corporate Charges				100.0%	$ -	$ 331,789	$ (94,682)
416	BellSouth Billing Inc. (BBI) Changes - Travel				100.0%	$ -	$ 10,821	$ 7,635
417	BBI Changes - Salary and Wages				100.0%	$ -	$ 67,645	$ 261,853
418	BBI - Other				100.0%	$ -	$ -	$ 1,335
419	BBI - PB&T				100.0%	$ -	$ 13,191	$ 42,871
420	BBI - Bellcore				100.0%	$ -	$ -	$ 11,646
421	BBI - Material				100.0%	$ -	$ -	$ 300

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
Product Commercialization Unit (PCU) - Contract Services				100.0%	$ -	$ 219,239	$ -
PCU - Travel Expenses				100.0%	$ -	$ 87,839	$ 116,216
PCU - Fees				100.0%	$ -	$ 1,997	$ 20,292
PCU - Material				100.0%	$ -	$ 5,327	$ 6,587
PCU - Other				100.0%	$ -	$ 2,257	$ 63,846
PCU - Supplies				100.0%	$ -	$ -	$ 476
PCU - Contract Employees - Mgmt. Consulting				100.0%	$ -	$ 701,236	$ 777,044
PCU - Right to use				100.0%	$ -	$ 27	$ -
PCU - Salary for AIN Employees				100.0%	$ -	$ 638,705	$ 706,087
PCU - PB&T for AIN Employees				100.0%	$ -	$ 124,547	$ 137,687
PCU - Bellcore				100.0%	$ -	$ -	$ 192,000
Interconnection - Travel				100.0%	$ -	$ 2,063	$ 2,663
Interconnection - Other				100.0%	$ -	$ -	$ 69
ACAC Support - Travel				100.0%	$ -	$ 5,909	$ -
ACAC Support - Contract Employees - Outsourcing				100.0%	$ -	$ 75,999	$ -
Consumer Services - Travel				100.0%	$ -	$ 68	$ 173
Operator Services - Travel				100.0%	$ -	$ 4,932	$ 4,073
Operator Services - Contract Employees				100.0%	$ -	$ 9,488	$ 293
Operator Services - Salary				100.0%	$ -	$ 26,187	$ 43,777
Pension Benefits & Taxes				100.0%	$ -	$ 5,106	$ 8,537
Human Resources - Performances - Performance Improvement				100.0%	$ -	$ 2,785	$ -
Information Technology (IT) Program Management Office (expense)				100.0%	$ -	$ 236,418	$ 830,880
IT Performance Contract Proposals				100.0%	$ -	$ -	$ 28,746
End User Charge Project Management:							
Marketing (Mktg) -PCU/Core - Project Manager (450hrs)	PG59 (1)			100.0%	$ -	$ -	$ 27,108
Mktg - Consumer - Product Management (60hrs)	PG59 (1)			100.0%	$ -	$ -	$ 3,614
Mktg - BBS COU Representative (120hrs)	PG59 (1)			100.0%	$ -	$ -	$ 7,229
Mktg - Local Carrier Service Center (LCSC) Billing Staff (140hrs)	PG58 (1)			100.0%	$ -	$ -	$ 7,550
Mktg - LCSC Operations Staff & Travel (140hrs)+ travel	PG58 (1)			100.0%	$ -	$ -	$ 7,646
Mktg - Payphone Service Provider Service Center Provisioning (22hrs)	PG58 (1)			100.0%	$ -	$ -	$ 1,186
Mktg - Payphone Service Provider Customer Contact((3hrs)	PG57 (1)			100.0%	$ -	$ -	$ 148
Mktg - Consumer Operations (161hrs)	PG58 (1)			100.0%	$ -	$ -	$ 8,683
Mktg - Customer Notification Coordination (3hrs)	PG57 (1)			100.0%	$ -	$ -	$ 148
Finance - Financial & Operational Guidance (40hrs)	PG59 (1)			100.0%	$ -	$ -	$ 2,341
Finance - Cost Study Development (964hrs)	PG58 (1)			100.0%	$ -	$ -	$ 50,651
Information Technology (IT) - DOE/SONGS Deliver	PG58 (1)			100.0%	$ -	$ -	$ 1,049
Information Technology (IT) BBI - CRIS Work/Billing	PG58 (1)			100.0%	$ -	$ -	$ 1,049
Information Technology (IT) BBI - CRIS Database Conversion Coordination	PG58 (1)			100.0%	$ -	$ -	$ 839
Information Technology (IT) BBI - CRIS Rate Database Updates	PG58 (1)			100.0%	$ -	$ -	$ 524
Information Technology (IT) BBI - CRIS Rate Database Updates	PG56 (8)			100.0%	$ -	$ -	$ 1,151
Training:							
Training - Interconnection Service (ICS) - Travel				100.0%	$ -	$ 6,622	$ 16,421
Training - ICS - Other				100.0%	$ -	$ 200	$ 1,320
Training - ICS - BellSouth Applied Technology (BAT) Billing				100.0%	$ -	$ -	$ 460,015
Training - ICS - Contract Employees				100.0%	$ -	$ -	$ 98,577
Training - ICS - Contract Services				100.0%	$ -	$ -	$ 7,387
Training - ICS - PB&T				100.0%	$ -	$ -	$ 31,675
Training - ICS - Salary				100.0%	$ -	$ -	$ 162,435
Training - Small Business - Contract Services				100.0%	$ -	$ -	$ 4,282
Training - Small Business - Travel				100.0%	$ -	$ -	$ 7,873
Training - Small Business - Other				100.0%	$ -	$ -	$ 53
Training - Small Business - Material				100.0%	$ -	$ -	$ 242
Training - Small Business - Salary & Wage				100.0%	$ -	$ -	$ 32,766
Training Small Business - PB&T				100.0%	$ -	$ -	$ 6,237
Training - Small Business - Contract Employees				100.0%	$ -	$ -	$ 117,663
Training - Small Business - Rents				100.0%	$ -	$ -	$ 48

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ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
OTHER EXPENSES:							
Other Expenses (Limited Liability Corporation Costs):							
Southeastern Number Portability Administration Company (LLC)				100.0%	$ 5,000	$ 12,649	$ 15,000
Interim LNP to Permanent LNP Conversion (Ends EOY1999):							
Number of LCSC Service Representatives (Fulltime) JFC 2300				100.0%	-	-	2
Hours Utilized Sept-Dec 1998 (Based on 1928 annual hours) per Service Representative				100.0%	-	-	643
1998 Costs for Interim LNP to Permanent LNP Conversion (2 Svc Reps *643 hours* $48.98/Hour)				100.0%	$ -	$ -	$ 62,992
QUERY SERVICES SPECIFIC:							
CAPITAL							
Network							
STP-to-SCP Signaling Links - Link Monitoring					$ -	$ -	$ -
STP-to-SCP Signaling Links - Call Routing Service:							
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
STP-to-SCP Signaling Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links - Call Routing Service:							
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links					$ -	$ -	$ -
STP-to-SCP Signaling Links - Query Database Service:							
STP-to-SCP Signaling Links					$ - 03		$ -
STP-to-SCP Signaling Links					$ - 06		$ -
STP-to-SCP Signaling Links					$ - 09		$ -
STP-to-SCP Signaling Links					$ - $	15	$ -
STP-to-SCP Signaling Links					$ - 00		$ -
STP-to-SCP Signaling Links					$ - 00		$ -
STP-to-SCP Signaling Links					$ - 00		$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Actuals
Directly Attributable LNP Costs

INPUTS - ACTUALS

	Description	Value	FRC	Sub FRC	Allocation % Assigned to LNP a	1996 b	1997 c	1998 d
534								
535	**Operation Support System (OSS) Capital**							
536	CABS Query Service (Call Routing Service)		530C	00		$ -	$ -	$ -
537								
538	CABS Query Service (Query Database Service)		530C	00		$ -	$ -	$ -
539								
540								
541								
542								
543	**EXPENSES**							
544	**Network**							
545	STP to SSP / STP-to-SCP Signaling Links - Link Monitoring Expense							
546						$ -	$ -	$ -
547	Product Management Expense - Labor Hours by Pay Band:							
548		MKTPB57						
549		MKTPB58				-	-	-
550		MKTPB59				-	-	-
551		FINPB56				-	-	1,632
552		FINPB58				-	-	320
553		FINPB59				-	-	48
554		ITPB58				-	-	264
555		NWKPB59				-	-	52
556		ITPB58				-	-	130
	Total Product Management Expense for PB57 @ $49.22, PB58 @ $53.93/Hr, PB59 @ $60.24/Hr, PB56 @ $45.55/Hr, PB58 @ $52.54/Hr, PB59 @ $58.51/Hr, PB58 @					-	-	570
557	$57.26/Hr, PB59 @ $60.91/Hr & PB58 @ $57.26/Hr							
558						$ -	$ -	$ 174,392
559								
560								
561								
562	**Advertising and Market Research**							
563						$ -	$ -	$ -
564								
565								
566								
567								
568								
569								
570								
571		Total Capital				$ -	$ 19,970,839	$ 22,461,166
572		Total Expenses				$ 1,154,989	$ 67,099,543	$ 78,635,010

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

INPUTS - PROJECTED

Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
DEMAND (Access Lines - AVERAGE In Service Quantities)										
Total Access Lines :										
	12/31/98				14,381,846	14,549,416	14,467,033	14,219,037	14,064,293	14,108,746
	6/30/99				4,500,499	4,554,871	4,528,194	4,449,465	4,407,351	4,427,552
	7/30/99				46,123	46,957	46,916	46,420	46,364	46,921
	9/2/99				579,624	584,994	580,738	570,399	565,280	567,775
	9/30/99				972,099	993,054	997,160	990,805	990,828	1,003,308
	12/31/99				654,701	665,231	663,643	654,252	649,568	653,685
	3/31/00				1,954,285	1,983,920	1,977,047	1,948,016	1,935,048	1,949,239
Lifeline Lines:										
	12/31/98				148,756	144,393	140,184	134,946	131,274	129,593
	6/30/99				54,701	53,820	52,251	50,298	48,930	48,303
	7/30/99				296	291	283	272	265	261
	9/2/99				-	-	-	-	-	-
	9/30/99				9,104	8,957	8,696	8,371	8,143	8,039
	12/31/99				5,848	5,754	5,587	5,378	5,231	5,164
	3/31/00				28,177	27,723	26,915	25,909	25,204	24,881
PBX Trunks:										
	12/31/98				620,983	605,500	570,113	552,976	542,554	539,809
	6/30/99				141,107	137,589	129,548	125,654	123,286	122,662
	7/30/99				827	807	760	737	723	719
	9/2/99				13,104	12,777	12,030	11,669	11,449	11,391
	9/30/99				20,463	19,953	18,787	18,222	17,878	17,788
	12/31/99				13,047	12,721	11,978	11,618	11,399	11,341
	3/31/00				38,055	37,106	34,937	33,887	33,248	33,080
Multiplier for PBX Trunks					9	9	9	9	9	9
PRI ISDN:										
	12/31/98				20,361	27,681	33,259	37,953	42,829	47,015
	6/30/99				5,311	7,147	8,388	9,338	10,258	11,280
	7/30/99				28	38	42	46	50	55
	9/2/99				253	400	519	626	735	839
	9/30/99				657	880	1,003	1,083	1,157	1,247
	12/31/99				358	470	532	576	615	661
	3/31/00				864	1,181	1,389	1,538	1,685	1,845
Multiplier for PRI ISDN Lines					5	5	5	5	5	5

Description	Value a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
Demand - Query Services (Queries):							
Annual Number of Queries - Call Routing Service	3,060,717,225						
Annual Number of Queries - Query Database Service	6,698,617,204						
Demand (Number of Total Queries) 1999 & 2004 quantities reflect partial year amounts to be consistent with end user line recovery period 5/99-5/04							
Query Database Service		610,070,243	2,632,586,773	5,868,704,772	9,065,162,338	10,283,426,245	3,861,101,852
Call Routing		1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
BST		33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

INPUTS - PROJECTED

Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
INPUTS - PROJECTED										
SHARED INDUSTRY EXPENSES - 3rd Party Administrator (BST Portion)										
Lockheed - Martin				100.0%	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 1,000,000
CAPITAL										
NETWORK										
Fully Recoverable - Hardware Material Prices:										
New SCP Pairs		377C	03	100.0%	$ -	$ -	$ -	$ -	$ -	$ -
Upgrade SCP Pairs		377C	03	100.0%	$ 4,360,000	$ 3,324,000	$ 596,000	$ 1,490,000	$ -	$ -
STP-to-SCP Signaling Links:		377C	03	100.0%	$ 568,834	$ 769,000	$ 456,000	$ 739,000	$ -	$ -
Joint Hardware Material Prices:										
Switch Generic Upgrades - 5E12:		377C	03	14.0%	$ 1,148,400	$ 5,614,400	$ 2,934,800	$ -	$ -	$ -
5E12 Generic Software Upgrades Directly Attributable	Ln97a*Ln97b,c,...g			100.0%	$ 160,776	$ 786,016	$ 410,872	$ -	$ -	$ -
Switch Hardware - 1AESS AMA Upgrades:		77C	03	40.0%	$ 500,000	$ -	$ -	$ -	$ -	$ -
1AESS AMA Upgrades Directly Attributable	Ln99a*Ln99b,c,...g			100.0%	$ 200,000	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DMS 100/200 AMA Upgrades:		377C	03	40.0%	$ 1,041,700	$ -	$ -	$ -	$ -	$ -
DMS 100/200 AMA Upgrades Directly Attributable	Ln101a*Ln101b,c,...g			100.0%	$ 416,680	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - DLN30:		377C	03	10.8%	$ 243,590	$ -	$ -	$ -	$ -	$ -
DLN30 Processor Upgrades Directly Attributable	Ln103a*Ln103b,c,...g			100.0%	$ 26,308	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - SN70EM:		377C	03	15.6%	$ 26,965,446	$ -	$ -	$ -	$ -	$ -
SN70EM Processor Upgrades Directly Attributable	Ln105a*Ln105b,c,...g			100.0%	$ 4,206,610	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - XA Core:		377C	03	7.8%	$ -	$ 7,672,840	$ -	$ -	$ -	$ -
XA Core Processor Upgrades Directly Attributable	Ln107a*Ln107b,c,...g			100.0%	$ -	$ 598,482	$ -	$ -	$ -	$ -
Hardware - STP-to-SSP/STP-to-STP Signaling Links:		377C	03	48.0%	$ 3,494,266	$ -	$ -	$ -	$ -	$ -
STP-SSP/STP-STP Signaling Links Directly Attributable	Ln109a*Ln109b,c,...g			100.0%	$ 1,677,248	$ -	$ -	$ -	$ -	$ -
OPERATION SUPPORT SYSTEM (OSS)										
Fully Recoverable Capital (Internal and Vendor):										
LNP GATEWAY		530C	00	100.0%	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -
NETWORK - Intangible Assets										
Fully Recoverable - Software Expenses (1999-2004 network software expenses are capitalized):										
New SCP Pairs				100.0%	$ -	$ -	$ -	$ -	$ -	$ -
Upgrade SCP Pairs				100.0%	$ 7,626,000	$ 5,487,000	$ 5,487,000	$ 5,487,000	$ 1,023,000	$ -
SCP Release Upgrade				100.0%	$ 800,000	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links				100.0%	$ 44,789	$ 102,000	$ 102,000	$ 102,000	$ -	$ -
LNP Feature Software - TOPS Tandem Switches				100.0%	$ 612,750	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DMS 100/200 Switches				100.0%	$ 4,730,000	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - 1AESS Switches				100.0%	$ 2,397,406	$ -	$ -	$ -	$ -	$ -

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

INPUTS - PROJECTED

	Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
131	LNP Feature Software - EWSD Switches				100.0%	$ 1,615,781	$ -	$ -	$ -	$ -	$ -
132	LNP Feature Software - DCO Switches				100.0%	$ 2,999,976	$ -	$ -	$ -	$ -	$ -
133	LNP Feature Software - DMS 10 Switches				100.0%	$ 1,014,494	$ -	$ -	$ -	$ -	$ -
134	Duplicate NXX Across Multiple NPAs Feature Software - 5ESS				100.0%	$ 1,134,000	$ 5,544,000	$ 2,898,000	$ -	$ -	$ -
135	Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100				100.0%	$ 225,000	$ 1,275,000	$ 1,012,500	$ 375,000	$ 337,500	$ -
136	Duplicate NXX Across Multiple NPAs Feature Software - EWSD				100.0%	$ 23,600	$ 5,900	$ -	$ -	$ -	$ -
137	LRN-to-Rate Area Index Feature Software - EWSD				100.0%	$ 640,000	$ -	$ -	$ -	$ -	$ -
138	LRN-to-Rate Area Index Feature Software - DCO				100.0%	$ 98,280	$ -	$ -	$ -	$ -	$ -
139	Annual Warranty and Technical Support Expense				100.0%	$ -	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ -
140											
141											
142	Joint Software Expenses (1999-2004 network software expenses are capitalized):										
143	Software - STP-to-SSP/STP-to-STP Signaling Links:				48.0%	$ 275,131	$ -	$ -	$ -	$ -	$ -
144	STP-SSP/STP-STP Signaling Links Directly Attributable	Ln143a*Ln143b,c,...g			100.0%	$ 132,063	$ -	$ -	$ -	$ -	$ -
145	Feature Software - 5ESS OA&M:				12.0%	$ 507,095	$ -	$ -	$ -	$ -	$ -
146	5ESS OA&M Directly Attributable RTU	Ln145a*Ln145b,c,...g			100.0%	$ 60,851	$ -	$ -	$ -	$ -	$ -
147	Switch Generic Software Upgrades - 5E12:				14.00%	$ 99,900	$ 488,400	$ 255,300	$ -	$ -	$ -
148	5E12 Generic Software Upgrades Directly Attributable	Ln147a*Ln147b,c,...g			100.0%	$ 13,986	$ 68,376	$ 35,742	$ -	$ -	$ -
149	Switch Software - Processor Upgrades - DLN30:				10.8%	$ 377,000	$ -	$ -	$ -	$ -	$ -
150	DLN30 Processor Upgrades Directly Attributable	Ln149a*Ln149b,c,...g			100.0%	$ 40,716	$ -	$ -	$ -	$ -	$ -
151	Switch Software - Processor Upgrades - SN70EM:				15.6%	$ 19,297,258	$ -	$ -	$ -	$ -	$ -
152	SN70EM Processor Upgrades Directly Attributable	Ln151a*Ln151b,c,...g			100.0%	$ 3,010,372	$ -	$ -	$ -	$ -	$ -
153	Switch Software - Processor Upgrades - XA Core:				7.8%	$ -	$ 1,200,000	$ -	$ -	$ -	$ -
154	XA Core Processor Upgrades Directly Attributable	Ln153a*Ln153b,c,...g			100.0%	$ -	$ 93,600	$ -	$ -	$ -	$ -
155											
156											
157	**OPERATION SUPPORT SYSTEM (OSS) - Intangible Assets** Fully Recoverable Expenses (Internal and Vendor) (1999-2004 General Pupose Computer Related expenses are capitalized):										
158	ATLAS	Contractor/PG 58			100.0%	$ 1,165,934	$ -	$ -	$ -	$ -	$ -
159	CABS	PG 58 (2)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
160	CABS	*Contractor*			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
161	CARE	PG 58 (2)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
162	CARE	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
163	COFFI	PG 58 (1)			100.0%	$ 1,820	$ -	$ -	$ -	$ -	$ -
164	COFFI	*Contractor*			100.0%	$ 9,465	$ -	$ -	$ -	$ -	$ -
165	CRIS/BOCRIS	PG 58 (2)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
166	CRIS/BOCRIS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
167	DOE/DSAP	PG 58 (1)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
168	DOE/DSAP	*Contractor*			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
169	DPRO	Contractor			100.0%	$ 370,116	$ -	$ -	$ -	$ -	$ -
170	HAL	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
171	LEACS	Contractor/PG 58			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
172	P/SIMS	*PG 58 (1)*			100.0%	$ 6,068	$ -	$ -	$ -	$ -	$ -
173	P/SIMS	Contractor			100.0%	$ 38,832	$ -	$ -	$ -	$ -	$ -
174	RIGHTTOUCH	PG 58 (2)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
175	RIGHTTOUCH	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
176	RNS	*PG 58 (2)*			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
177	RNS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
178	SOCS	PG 58 (1)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
179	SOCS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
180	SOER	*PG 58 (1)*			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
181	SOER	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
182	SONGS	PG 58 (1)			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
183	SONGS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
184	VNS	*PG 58 (2)*			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
185	VNS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
186	COSMOS	Contractor			100.0%	$ 990,450	$ -	$ -	$ -	$ -	$ -
187	ITE/SG	Vendor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
188	MARCH	Contractor			100.0%	$ 161,406	$ -	$ -	$ -	$ -	$ -
189	NETPILOT	Contractor			100.0%	$ 833,650	$ -	$ -	$ -	$ -	$ -
190	LMOS HOST	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
191	LNP AUTOMATION	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

INPUTS - PROJECTED

	Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
193	LNP GATEWAY	Vendor, EDS			100.0%	$ 12,274,639	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -
194	PAWS	Contractor			100.0%	$ 499,704	$ -	$ -	$ -	$ -	$ -
195	WFA/C	Vendor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
196	DID Solution	Contractor/PG 58			100.0%	$ 3,600,080	$ 900,020	$ -	$ -	$ -	$ -
197	BITTS	Contractor			100.0%	$ 157,511	$ -	$ -	$ -	$ -	$ -
198	ALRU	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
199	IPPS	Contractor			100.0%	$ 23,542	$ -	$ -	$ -	$ -	$ -
200	ROS	Contractor			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
201											
202											
203	Joint Expense - Internal QSS:										
204	VERBATIM:	PG 58 (2)			62.0%	$ -	$ -	$ -	$ -	$ -	$ -
205	VERBATIM Directly Attributable	Ln204a*Ln204b,c,...g			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
206	VERBATIM:	Contractor			62.0%	$ -	$ -	$ -	$ -	$ -	$ -
207	VERBATIM Directly Attributable	Ln206a*Ln206b,c,...g			100.0%	$ -	$ -	$ -	$ -	$ -	$ -
208											
209											
210											
211											
212											
213	**MISCELLANEOUS EMPLOYEE RELATED AND OTHER**										
214	Fully Recoverable Expenses:										
215	**Translations:**										
216	Worktimes per Switch Type (Hours) @ $49.51/Hr:										
217											
218	1AESS	4320			100.0%	698.0	255.0	-	-	-	-
219	5ESS	4320			100.0%	3,939.6	5,338.1	-	-	-	-
220	DMS100/200	4320			100.0%	340.0	66.9	-	-	-	-
221	DMS100/200	4320			100.0%	11.3	-	-	-	-	-
222	DMS100/200	4320			100.0%	1,159.1	1,060.6	-	-	-	-
223	EWSD	4320			100.0%	1,320.0	2,790.0	-	-	-	-
224	Total Translations Costs:				100.0%	$ 369,711	$ 470,841	$ -	$ -	$ -	$ -
225	**Network:**										
226	Network Regional - Contract Services				100.0%	$ 286,000	$ -	$ -	$ -	$ -	$ -
227	Network Reg. - Material				100.0%	$ -	$ -	$ -	$ -	$ -	$ -
228	Network Reg. - Other				100.0%	$ 28,000	$ -	$ -	$ -	$ -	$ -
229	Network Reg. - Professional Services - Outsourcing. 1999 - 2 contractors @ $115,000 ea., 1 @ $208,000, 2 @ 143,000 ea. (all full time)				100.0%	$ 724,000	$ -	$ -	$ -	$ -	$ -
230	Network Infrastructure -- Network Regional -Travel				100.0%	$ 175,000	$ -	$ -	$ -	$ -	$ -
231											
232	**Science & Technology:**										
233	Contract Services (Contract Employees). 1999 - 11 fulltime contractors @ $150,000 ea.				100.0%	$ 1,650,000	$ 825,000	$ 412,500	$ 412,500	$ 412,500	$ -
234	Travel				100.0%	$ 243,000	$ 120,000	$ -	$ -	$ -	$ -
235	Salary and Wages (19.7 employees, PayGrade 59)				100.0%	$ 2,402,065	$ 1,201,032	$ 600,516	$ 600,516	$ 600,516	$ -
236	Pension Benefits & Taxes (PB&T)				100.0%	$ 556,000	$ 278,000	$ 140,000	$ 140,000	$ 140,000	$ -
237	RTUSWT				100.0%	$ 3,200,000	$ 1,600,000	$ 800,000	$ 800,000	$ 800,000	$ -
238											
239	**Project & Administrative Management:**										
240	BellSouth Billing Inc. (BBI) Changes - Travel				100.0%	$ 21,600	$ -	$ -	$ -	$ -	$ -
241	BBI Changes - IT Salary (.2 PG54, 1.4 PG57, 2.5 PG58, .5 PG59)				100.0%	$ 494,141	$ -	$ -	$ -	$ -	$ -
242	BBI Changes - Wages - 1 WS18 & 2 WS18				100.0%	$ 156,541	$ -	$ -	$ -	$ -	$ -
243	BBI Changes - PB&T				100.0%	$ 72,551	$ -	$ -	$ -	$ -	$ -
244	PCU - Travel Expenses				100.0%	$ 150,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ -
245	PCU - Other				100.0%	$ 14,000	$ -	$ -	$ -	$ -	$ -
246	PCU - Contract Employees - Mgmt. Consulting. 1999 - 2 contractors @ $170,000, 1 @ 150,000, 1 @250,000. (all full time)				100.0%	$ 740,000	$ -	$ -	$ -	$ -	$ -
247	PCU - Salary for 9 AIN Employees, Pay Grade 59				100.0%	$ 1,045,287	$ 522,643	$ 261,322	$ 261,322	$ 261,322	$ -
248	PCU - PB&T for AIN Employees				100.0%	$ 174,654	$ 87,327	$ 44,000	$ 44,000	$ 44,000	$ -
249	PCU - Bellcore				100.0%	$ 236,400	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -
250	Consumer Services - Other				100.0%	$ 50,000	$ -	$ -	$ -	$ -	$ -
251	Operator Services - Affiliate Billing				100.0%	$ 100,000	$ -	$ -	$ -	$ -	$ -
252											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

INPUTS - PROJECTED

	Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
253	Information Technology (IT) Program Management Office (expense)	PG59 (4)			100.0%	$ 521,605	$ 48,600	$ -	$ -	$ -	$ -
254	IT Program Management Office (expense)	PG61 (1)			100.0%	$ 130,451	$ 11,650	$ -	$ -	$ -	$ -
255	IT Program Management Office (expense)				100.0%	$ 5,000	$ -	$ -	$ -	$ -	$ -
256	IT Performance Contract Proposals	PG58			100.0%	$ 21,843	$ 5,825	$ -	$ -	$ -	$ -
257											
258	End User Charge Project Management:										
259	Marketing (Mktg) -PCU/Core - Project Manager (771hrs;193hrs)	PG59 (1)			100.0%	$ 46,445	$ 11,626	$ -	$ -	$ -	$ -
260	Mktg - Consumer - Product Management(100hrs;25hrs;25hrs;25hrs;15hrs)	PG59 (1)			100.0%	$ 6,024	$ 1,506	$ 1,506	$ 1,506	$ 904	$ -
261	Mktg - BBS COU Representative (32hrs)	PG59 (1)			100.0%	$ 1,928	$ -	$ -	$ -	$ -	$ -
262	Mktg - Local Carrier Service Center (LCSC) Billing Staff (24hrs)	PG58 (1)			100.0%	$ 1,294	$ -	$ -	$ -	$ -	$ -
263	Mktg - LCSC Operations Staff & Travel (190hrs;95hrs;95hrs;50hrs;50hrs;25hrs)	PG58 (1)			100.0%	$ 10,534	$ 5,267	$ 5,123	$ 2,696	$ 2,696	$ 1,348
264	Mktg - Payphone Service Provider Service Center Provisioning (28hrs)	PG58 (1)			100.0%	$ 1,510	$ -	$ -	$ -	$ -	$ -
265	Mktg - Payphone Service Provider Customer Contact (1hr)	PG57 (1)			100.0%	$ 49	$ -	$ -	$ -	$ -	$ -
266	Mktg - Consumer Operations (482hrs)	PG58 (1)			100.0%	$ 25,994	$ -	$ -	$ -	$ -	$ -
267	Mktg - Customer Notification Coordination (6hrs)	PG57 (1)			100.0%	$ 295	$ -	$ -	$ -	$ -	$ -
268	Mktg - Tariff Preparation & Filing (289hrs;48hrs;48hrs;48hrs;48hrs;16hrs)	PG58 (1)			100.0%	$ 17,409	$ 2,892	$ 2,892	$ 2,892	$ 2,892	$ 964
269	Mktg - Tariff Preparation & Filing (Contractor)				100.0%	$ 12,283	$ 2,040	$ 2,040	$ 2,040	$ 2,040	$ 680
270	Finance - Financial & Operational Guidance (10hrs)	PG59 (1)			100.0%	$ 585	$ -	$ -	$ -	$ -	$ -
271	Finance - Cost Study Development (643hrs)	PG58 (1)			100.0%	$ 33,785	$ -	$ -	$ -	$ -	$ -
272	Information Technology (IT) - DOE/SONGS Deliver	PG58 (1)			100.0%	$ 420	$ -	$ -	$ -	$ -	$ -
273	Information Technology (IT) BBI - CRIS Work/Billing	PG58 (1)			100.0%	$ 10,110	$ -	$ -	$ -	$ -	$ -
274	InformationTechnology (IT) BBI - CRIS Database Conversion Coordination	PG58(1)			100.0%	$ 8,390	$ 1,678	$ -	$ -	$ -	$ -
275	Information Technology (IT) BBI - CRIS Rate Database Updates	PG56 (8)			100.0%	$ 1,151	$ 368	$ 368	$ 368	$ 368	$ 184
276	IT -Contractor (Customer Information Delivery (CID))				100.0%	$ 2,750	$ -	$ -	$ -	$ -	$ -
277	IT -Temp Service (CID)				100.0%	$ 120	$ -	$ -	$ -	$ -	$ -
278	IT Andersen Consultant - Program Expense (CID)				100.0%	$ 1,942	$ -	$ -	$ -	$ -	$ -
279	IT Supplier Expense - Supplier Programming Expense (CID)				100.0%	$ 1,875	$ -	$ -	$ -	$ -	$ -
280	IT Supplier Expense - English & Spanish File Tests (CID)				100.0%	$ 1,500	$ -	$ -	$ -	$ -	$ -
281	IT Supplier Expense - Test File Mailing Charges (CID)				100.0%	$ 150	$ -	$ -	$ -	$ -	$ -
282	Network Support(964hrs)	PG59(1)			100.0%	$ 58,714	$ -	$ -	$ -	$ -	$ -
283											
284											
285											
286											
287											
288	**Training:**										
289	Training - Interconnection Services (ICS) - Travel				100.0%	$ 40,000	$ -	$ -	$ -	$ -	$ -
290	Training - ICS - Other				100.0%	$ 549,700	$ -	$ -	$ -	$ -	$ -
291	Training - ICS - BellSouth Applied Technology (BAT) Billing				100.0%	$ 750,000	$ -	$ -	$ -	$ -	$ -
292	Training - ICS - Wages - 300 Service Representatives (Hours)	JFC2300/WS23			100.0%	168,300	-		-		
293	Training - ICS - Number of Service Reps Trained				100.0%	300	-		-		
294	Training Cost for 300 Svc Reps @ $48.98 each	JFC2300/WS23			100.0%	$ 8,243,777	$ -	$ -	$ -	$ -	$ -
295	Training - ICS - Contract Employees. 1999 - 3 full time contractors @ $100,000 ea.				100.0%	$ 300,000	$ -	$ -	$ -	$ -	$ -
296	Training - Small Business - Contract Services				100.0%	$ 325,200	$ -	$ -	$ -	$ -	$ -
297											
298											
299											
300											
301											
302											
303											
304											
305	**OTHER EXPENSES:**										
306	***Other Expenses (Limited Liability Corporation Costs):***										
307	Southeastern Number Portability Administration Company (LLC)				100.0%	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 25,000
308											
309	**Interim LNP to Permanent LNP Conversion (End EOY1999):**										
310	Number of Local Carrier Service Center (LCSC) Service Representatives (Fulltime)	JFC2300/WS23			100.0%	4	-	-	-	-	-
311	Number of LCSC Clerks (Fulltime)	Marketing WS10			100.0%	5	-	-	-	-	-
312	Total LNP Conversion costs for Svc Rep @ $48.98/Hr each and LCSC clerk @ $35.28/Hr. each times 1928 Hours (fulltime)				100.0%	$ 717,846	$ -	$ -	$ -	$ -	$ -
313											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT III
CHART 1 - Projected
Directly Attributable LNP Costs

INPUTS - PROJECTED

Description	Source	FRC	Sub FRC	Allocation % Assigned to LNP a	1999 b	2000 c	2001 d	2002 e	2003 f	2004 g
Service Order Processing (Port Out Order):										
Number Employees by Pay Grade/Wage Scale:										
LCSC Service Rep	JFC2300/WS23			100.0%	63	82	98	108	119	131
LCSC Clerk	Marketing WS10			100.0%	18	23	28	31	34	37
Pay Grade 57	Marketing PG57			100.0%	6	9	12	14	15	16
Pay Grade 58	Marketing PG58			100.0%	1	1	1	1	1	2
Pay Grade 59	Marketing PG59			100.0%	1	1	1	1	1	2
Total Svc Order Processing Cost for LCSC Rep @ $48.98/Hr, Clerk @ $35.28/Hr, PG57 @ $49.22/Hr, PG58 @ $53.93/Hr and PG59 @ $60.24/Hr each times 1928 annual hours (fulltime). Based on 7.5 mos. 1999 & 4.5 mos. 2004				100.0%	$ 4,977,179	$ 10,382,616	$ 12,518,430	$ 13,856,674	$ 15,194,454	$ 6,317,547
Port Out Maintenance:	471X/WS32									
Headcount				100.0%	12.45	22.81	23.11	23.11	23.11	23.11
ACAC Labor Rate				100.0%	$ 41.83	$ 41.83	$ 41.83	$ 41.83	$ 41.83	$ 41.83
Annual Hours				100.0%	1,928	1,928	1,928	1,928	1,928	1,928
Annual Expense				100.0%	$ 1,004,087	$ 1,839,617	$ 1,863,812	$ 1,863,812	$ 1,863,812	$ 1,863,812
Customer Notification Piece - SBS & Consumer COUs				100.0%	$ 99,474	$ 41,000				
Customer Notification Piece - BBS COU				100.0%	$ 15,000	$ -	$ -	$ -	$ -	$ -
LNP End User Charge Vendor Mailing & Stationary Costs:										
Folding				100.0%	$ 255	$ -	$ -	$ -	$ -	$ -
Stuffing				100.0%	$ 364	$ -	$ -	$ -	$ -	$ -
Labels				100.0%	$ 255	$ -	$ -	$ -	$ -	$ -
Copies				100.0%	$ 155	$ -	$ -	$ -	$ -	$ -
Postage				100.0%	$ 1,528	$ -	$ -	$ -	$ -	$ -
Envelopes				100.0%	$ 1,090	$ -	$ -	$ -	$ -	$ -
Labels				100.0%	$ 172	$ -	$ -	$ -	$ -	$ -
QUERY SERVICES SPECIFIC:										
CAPITAL										
Network										
STP-to-SCP Signaling Links - Link Monitoring		377C	03	100.0%	$ 442,145	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links - Call Routing		357C	03	100.0%	$ 5,642	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		357C	06	100.0%	$ 4,188	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		357C	09	100.0%	$ 6,383	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		357C	15	100.0%	$ 7	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		822C	00	100.0%	$ 41	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		845C	00	100.0%	$ 56	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links		85C	00	100.0%	$ 92	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links - Call Routing		357C	03	100.0%	$ 54,419	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	06	100.0%	$ 40,395	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	09	100.0%	$ 61,565	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	15	100.0%	$ 66	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		822C	00	100.0%	$ 1,244	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		845C	00	100.0%	$ 1,701	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		85C	00	100.0%	$ 2,780	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links - QDS		357C	03	100.0%	$ 8,730	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	06	100.0%	$ 6,480	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	09	100.0%	$ 9,876	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		357C	15	100.0%	$ 11	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		822C	00	100.0%	$ 64	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		845C	00	100.0%	$ 87	$ -	$ -	$ -	$ -	$ -
Hardware STP to SSP / STP to STP Signal Links		85C	00	100.0%	$ 143	$ -	$ -	$ -	$ -	$ -
Operation Support System (OSS) Capital										
CABS Query Service (Call Routing)		530C	00	100.0%	$ -	$ -	$ -	$ -	$ -	$ -
CABS Query Service (Query Database Service)		530C	00	100.0%	$ -	$ -	$ -	$ -	$ -	$ -

MBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
ery Period 1999-2004 (5/99-5/04)
'SER LINE RATE ELEMENT
ROJECTED

ATTACHMENT IV
CHART 2a - Projected
LNP End User Line Costs

Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Description	Source	Implementation Date			1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Access Lines - In Service Quantities)										
s Lines (Res & Bus):	Chart1-p, Ln15	12/31/98			14,381,846	14,549,416	14,467,033	14,219,037	14,064,293	14,108,746
	Chart1-p, Ln16	6/30/99			4,500,499	4,554,871	4,528,194	4,449,465	4,407,351	4,427,552
	Chart1-p, Ln17	7/30/99			46,123	46,957	46,916	46,420	46,364	46,921
	Chart1-p, Ln18	9/2/99			579,624	584,994	580,738	570,399	565,280	567,775
	Chart1-p, Ln19	9/30/99			972,099	993,054	997,160	990,805	990,828	1,003,308
	Chart1-p, Ln20	12/31/99			654,701	665,231	663,643	654,252	649,568	653,685
	Chart1-p, Ln21	3/31/00			1,954,285	1,983,920	1,977,047	1,948,016	1,935,048	1,949,239
ıs:	Chart1-p, Ln23	12/31/98			146,756	144,393	140,184	134,946	131,274	129,593
	Chart1-p, Ln24	6/30/99			54,701	53,820	52,251	50,298	48,930	48,303
	Chart1-p, Ln25	7/30/99			296	291	283	272	265	261
	Chart1-p, Ln26	9/2/99			-	-	-	-	-	-
	Chart1-p, Ln27	9/30/99			9,104	8,957	8,696	8,371	8,143	8,039
	Chart1-p, Ln28	12/31/99			5,848	5,754	5,587	5,378	5,231	5,164
	Chart1-p, Ln29	3/31/00			28,177	27,723	26,915	25,909	25,204	24,881
ı:	Chart1-p, Ln32	12/31/98			620,983	605,500	570,113	552,976	542,554	539,809
	Chart1-p, Ln33	6/30/99			141,107	137,589	129,548	125,654	123,286	122,662
	Chart1-p, Ln34	7/30/99			827	807	760	737	723	719
	Chart1-p, Ln35	9/2/99			13,104	12,777	12,030	11,669	11,449	11,391
	Chart1-p, Ln36	9/30/99			20,463	19,953	18,787	18,222	17,878	17,788
	Chart1-p, Ln37	12/31/99			13,047	12,721	11,978	11,618	11,399	11,341
	Chart1-p, Ln38	3/31/00			38,055	37,106	34,937	33,887	33,248	33,080
r PBX Trunks	Chart1-p, Ln39				9	9	9	9	9	9
	Chart1-p, Ln41	12/31/98			20,361	27,681	33,259	37,953	42,829	47,015
	Chart1-p, Ln42	6/30/99			5,311	7,147	8,388	9,338	10,258	11,260
	Chart1-p, Ln43	7/30/99			28	38	42	46	50	55
	Chart1-p, Ln44	9/2/99			253	400	519	626	735	839
	Chart1-p, Ln45	9/30/99			657	880	1,003	1,083	1,157	1,247
	Chart1-p, Ln46	12/31/99			358	470	532	576	615	661
	Chart1-p, Ln47	3/31/00			864	1,161	1,389	1,538	1,685	1,845
r PRI ISDN Lines	Chart1-p, Ln48				5	5	5	5	5	5

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT IV**
Cost Recovery Period 1999-2004 (5/99-5/04) — **CHART 2a - Projected**
LNP END USER LINE RATE ELEMENT — **LNP End User Line Costs**

INPUTS - PROJECTED

Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
INPUTS - PROJECTED										
Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
SHARED INDUSTRY EXPENSES - 3rd Party Administrator (BST Portion)										
Lockheed-Martin (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln80-((Chart5a, Ln189 +Chart3a, Ln217)* Chart1-p, Ln80)				$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 886,912
CAPITAL										
NETWORK										
Fully Recoverable - Hardware Material Prices:										
New SCP Pairs (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln89-((Chart5a, Ln138+Chart3a, Ln141)* Chart1-p, Ln89)		377C	03	$ -	$ -	$ -	$ -	$ -	$ -
Upgrade SCP Pairs (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln90-((Chart5a, Ln138+Chart3a, Ln141)* Chart1-p, Ln90)		377C	03	$ 3,866,935	$ 2,948,095	$ 528,599	$ 1,321,498	$ -	$ -
STP-to-SCP Signaling Links (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln91-((Chart5a, Ln138+Chart3a, Ln141)* Chart1-p, Ln91)		377C	03	$ 504,506	$ 682,035	$ 404,432	$ 655,428	$ -	$ -
Joint Hardware Material Prices (Directly Attributable to LNP):										
Switch Generic Upgrades - 5E12	Chart1-p, Ln98		377C	03	$ 160,776	$ 786,016	$ 410,872	$ -	$ -	$ -
Switch Hardware - 1AESS AMA Upgrades (Excludes 3.845% Call Routing Service)	Chart1-p, Ln100-(Chart3a, Ln151*Chart1-p, Ln100)		77C	03	$ 192,310	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DMS 100/200 AMA Upgrades (Excludes 3.845% Call Routing Service)	Chart1-p, Ln102-(Chart3a, Ln151*Chart1-p, Ln102)		377C	03	$ 400,658	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - DLN30	Chart1-p, Ln104		377C	03	$ 26,308	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - SN70EM (Excludes 1999 amount, $6,471,104 for Call Routing Service)	Chart1-p, Ln106-Chart3a, Ln148		377C	03	$ (2,264,494)	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - XA Core	Chart1-p, Ln108		377C	03	$ -	$ 598,482	$ -	$ -	$ -	$ -
Hardware - STP-to-SSP/STP-to-STP Signaling Links (Excludes $2,340,703 for Call Routing Service)	Chart1-p, Ln110-Chart3a, Ln149		377C	03	$ (663,455)	$ -	$ -	$ -	$ -	$ -
OPERATION SUPPORT SYSTEM (OSS)										
Fully Recoverable Capital (Internal and Vendor):										
LNP GATEWAY	Chart1-p, Ln116		530C	00	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — *ATTACHMENT IV*
Cost Recovery Period 1999-2004 (5/99-5/04) — CHART 2a - Projected

LNP END USER LINE RATE ELEMENT — **LNP End User Line Costs**

INPUTS - PROJECTED

	Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
103											
104											
105	**NETWORK - INTANGIBLE ASSETS**										
106	Fully Recoverable - Software Expenses : (Capitalized beginning in 1999)										
107	New SCP Pairs	Chart1-p, Ln124-((Chart5a, Ln165+Chart3a, Ln190)* Chart1-p, Ln124)				$ -	$ -	$ -	$ -	$ -	$ -
108	Upgrade SCP Pairs (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln125-((Chart5a, Ln165+Chart3a, Ln190)* Chart1-p, Ln125)				$ 6,763,589	$ 4,866,485	$ 4,866,485	$ 4,866,485	$ 907,311	$ -
109	SCP Release Upgrade (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln126-((Chart5a, Ln165+Chart3a, Ln190)* Chart1-p, Ln126)				$ 709,529	$ -	$ -	$ -	$ -	$ -
110	STP-to-SCP Signaling Links (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln127-((Chart5a, Ln165+Chart3a, Ln190)* Chart1-p, Ln127)				$ 39,724	$ 90,465	$ 90,465	$ 90,465	$ -	$ -
111	LNP Feature Software - TOPS Tandem Switches	Chart1-p, Ln128				$ 612,750	$ -	$ -	$ -	$ -	$ -
112	*LNP Feature Software - DMS 100/200 Switches (Excludes 3.845% for Call Routing)*	Chart1-p, Ln129-(Chart3a, Ln151 * Chart1-p, Ln129)				$ 4,548,125	$ -	$ -	$ -	$ -	$ -
113	LNP Feature Software - 1AESS Switches (Excludes 3.845% for Call Routing)	Chart1-p, Ln130-(Chart3a, Ln151 * Chart1-p, Ln130)				$ 2,305,223	$ -	$ -	$ -	$ -	$ -
114	LNP Feature Software - EWSD Switches (Excludes 3.845% for Call Routing)	Chart1-p, Ln131-(Chart3a, Ln151 * Chart1-p, Ln131)				$ 1,553,652	$ -	$ -	$ -	$ -	$ -
115	LNP Feature Software - DCO Switches (Excludes 3.845% for Call Routing)	Chart1-p, Ln132-(Chart3a, Ln151 * Chart1-p, Ln132)				$ 2,884,623	$ -	$ -	$ -	$ -	$ -
116	LNP Feature Software - DMS 10 Switches (Excludes 3.845% for Call Routing)	Chart1-p, Ln133-(Chart3a, Ln151 * Chart1-p, Ln133)				$ 975,485	$ -	$ -	$ -	$ -	$ -
117	Duplicate NXX Across Multiple NPAs Feature Software - 5ESS (Excludes 3.845% for Call Routing)	Chart1-p, Ln134-(Chart3a, Ln151 * *Chart1-p, Ln134)*				$ 1,090,396	$ 5,330,826	$ 2,786,568	$ -	$ -	$ -
118	Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100 (Excludes 3.845% for Call Routing)	Chart1-p, Ln135-(Chart3a, Ln151 * Chart1-p, Ln135)				$ 216,348	$ 1,225,975	$ 973,568	$ 360,581	$ 324,523	$ -
119	Duplicate NXX Across Multiple NPAs Feature Software - EWSD (Excludes 3.845% for Call Routing)	Chart1-p, Ln136-(Chart3a, Ln151 * Chart1-p, Ln136)				$ 22,693	$ 5,673	$ -	$ -	$ -	$ -
120	LRN-to-Rate Area Index Feature Software - EWSD (Excludes 3.845% for Call Routing)	Chart1-p, Ln137-(Chart3a, Ln151 * Chart1-p, Ln137)				$ 615,391	$ -	$ -	$ -	$ -	$ -
121	LRN-to-Rate Area Index Feature Software - DCO (Excludes 3.845% for Call Routing)	Chart1-p, Ln138-(Chart3a, Ln151 * Chart1-p, Ln138)				$ 94,501	$ -	$ -	$ -	$ -	$ -
122	Annual Warranty and Technical Support Expense	Chart1-p, Ln139				$ -	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT IV
CHART 2a - Projected
LNP End User Line Costs

LNP END USER LINE RATE ELEMENT

INPUTS - PROJECTED

Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Joint Software Expenses (Directly Attributable to LNP):										
Software - STP-to-SSP/STP-to-STP Signaling Links (Excludes 1999 amount $64,218 for Call Routing Service)	Chart1-p, Ln144-Chart3a, Ln196 for a; Chart1-p, Ln144 for b,c,d,e,f				$ 67,845	$ -	$ -	$ -	$ -	$ -
Feature Software - 5ESS OA&M	Chart1-p, Ln146				$ 60,851	$ -	$ -	$ -	$ -	$ -
Switch Generic Software Upgrades - 5E12	Chart1-p, Ln148				$ 13,986	$ 68,376	$ 35,742	$ -	$ -	$ -
Switch Software- Processor Upgrades - DLN30	Chart1-p, Ln150				$ 40,716	$ -	$ -	$ -	$ -	$ -
Switch Software- Processor Upgrades - SN70EM	Chart1-p, Ln152				$ 3,010,372	$ -	$ -	$ -	$ -	$ -
Switch Software- Processor Upgrades - XA Core	Chart1-p, Ln154				$ -	$ 93,600	$ -	$ -	$ -	$ -
OPERATION SUPPORT SYSTEM (OSS) - INTANGIBLE ASSETS										
Fully Recoverable Expenses (Internal and Vendor):										
ATLAS	Chart1-p, Ln159	Contractor/PG 58			$ 1,165,934	$ -	$ -	$ -	$ -	$ -
CABS	Chart1-p, Ln160	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
CABS	Chart1-p, Ln161-Chart3a, Ln200-Chart5a, Ln172	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
CARE	Chart1-p, Ln162	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
CARE	Chart1-p, Ln163	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
COFFI	Chart1-p, Ln164	PG 58 (1)			$ 1,820	$ -	$ -	$ -	$ -	$ -
COFFI	Chart1-p, Ln165	Contractor			$ 9,465	$ -	$ -	$ -	$ -	$ -
CRIS/BOCRIS	Chart1-p, Ln166	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
CRIS/BOCRIS	Chart1-p, Ln167-Chart3a, Ln201	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
DOE/DSAP	Chart1-p, Ln168	PG 58 (1)			$ -	$ -	$ -	$ -	$ -	$ -
DOE/DSAP	Chart1-p, Ln169	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
DPRO	Chart1-p, Ln170	Contractor			$ 370,116	$ -	$ -	$ -	$ -	$ -
HAL	Chart1-p, Ln171	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
LEACS	Chart1-p, Ln172	Contractor/PG 58			$ -	$ -	$ -	$ -	$ -	$ -
P/SIMS	Chart1-p, Ln173	PG 58 (1)			$ 6,068	$ -	$ -	$ -	$ -	$ -
P/SIMS	Chart1-p, Ln174	Contractor			$ 38,832	$ -	$ -	$ -	$ -	$ -
RIGHTTOUCH	Chart1-p, Ln175	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
RIGHTTOUCH	Chart1-p, Ln176	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
RNS	Chart1-p, Ln177	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
RNS	Chart1-p, Ln178	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
SOCS	Chart1-p, Ln179	PG 58 (1)			$ -	$ -	$ -	$ -	$ -	$ -
SOCS	Chart1-p, Ln180	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
SOER	Chart1-p, Ln181	PG 58 (1)			$ -	$ -	$ -	$ -	$ -	$ -
SOER	Chart1-p, Ln182	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
SONGS	Chart1-p, Ln183	PG 58 (1)			$ -	$ -	$ -	$ -	$ -	$ -
SONGS	Chart1-p, Ln184	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
VNS	Chart1-p, Ln185	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
VNS	Chart1-p, Ln186	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
COSMOS	Chart1-p, Ln187	Contractor			$ 990,450	$ -	$ -	$ -	$ -	$ -
ITE/SG	Chart1-p, Ln188	Vendor			$ -	$ -	$ -	$ -	$ -	$ -
MARCH	Chart1-p, Ln189	Contractor			$ 161,406	$ -	$ -	$ -	$ -	$ -
NETPILOT	Chart1-p, Ln190	Contractor			$ 833,850	$ -	$ -	$ -	$ -	$ -
LMOS HOST	Chart1-p, Ln191	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
LNP AUTOMATION	Chart1-p, Ln192	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
LNP GATEWAY	Chart1-p, Ln193	Vendor, EDS			$ 12,274,639	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -
PAWS	Chart1-p, Ln194	Contractor			$ 499,704	$ -	$ -	$ -	$ -	$ -
WFA/C	Chart1-p, Ln195	Vendor			$ -	$ -	$ -	$ -	$ -	$ -
DID Solution	Chart1-p, Ln196	Contractor/PG 58			$ 3,600,080	$ 900,020	$ -	$ -	$ -	$ -
BITTS	Chart1-p, Ln197	Contractor			$ 157,511	$ -	$ -	$ -	$ -	$ -
ALRU	Chart1-p, Ln198	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
IPPS	Chart1-p, Ln199	Contractor			$ 23,542	$ -	$ -	$ -	$ -	$ -
ROS	Chart1-p, Ln200	Contractor			$ -	$ -	$ -	$ -	$ -	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT IV
CHART 2a - Projected

LNP END USER LINE RATE ELEMENT

LNP End User Line Costs

INPUTS - PROJECTED

Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Joint Expense - Internal OSS (Directly Attributable to LNP):										
VERBATIM	Chart1-p, Ln205	PG 58 (2)			$ -	$ -	$ -	$ -	$ -	$ -
VERBATIM	Chart1-p, Ln207	Contractor			$ -	$ -	$ -	$ -	$ -	$ -
EXPENSES										
MISCELLANEOUS EMPLOYEE RELATED AND OTHER EXPENSES										
Fully Recoverable Expenses:										
Translations:										
Worktimes per Switch Type (Hours):										
1AESS	Chart1-p, Ln217	4320			*698.0*	*255.0*	-	-	-	-
5ESS	Chart1-p, Ln218	4320			3,939.6	5,338.1	-	-	-	-
DMS100/200	Chart1-p, Ln219	4320			340.0	66.9	-	-	-	-
DMS100/200	Chart1-p, Ln220	4320			11.3	-	-	-	-	-
DMS100/200	Chart1-p, Ln221	4320			1,159.1	1,060.6	-	-	-	-
EWSD	Chart1-p, Ln222	4320			1,320.0	2,790.0	-	-	-	-
Total Translations Costs:	Chart1-p, Ln223				$ 369,711	$ 470,841	$ -	$ -	$ -	$ -
Network:										
Network Regional - Contract Services	Chart1-p, Ln226				$ 286,000	$ -	$ -	$ -	$ -	$ -
Network Reg. - Other	Chart1-p, Ln228				$ *28,000*	$ -	$ -	$ -	$ -	$ -
Network Reg. - Professional Services - Outsourcing. 1999 - 2 contractors @ $115,000 ea., 1 @ $208,000, 2 @ 143,000 ea. (all full time)	Chart1-p, Ln229				$ 724,000	$ -	$ -	$ -	$ -	$ -
Network Infrastructure -- Network Regional -Travel	Chart1-p, Ln230				$ 175,000	$ -	$ -	$ -	$ -	$ -
Science & Technology:										
Contract Services (Contract Employees). 1999 - 11 fulltime contractors @ $150,000 ea.	Chart1-p, Ln233				$ 1,650,000	$ 825,000	$ 412,500	$ 412,500	$ 412,500	$ -
Travel	Chart1-p, Ln234				$ 243,000	$ 120,000	$ -	$ -	$ -	$ -
Salary and Wages (19.7 employees, PayGrade59)	Chart1-p, Ln235				$ 2,402,065	$ 1,201,032	$ 600,516	$ 600,516	$ 600,516	$ -
Pension Benefits & Taxes	Chart1-p, Ln236				$ 556,000	$ 278,000	$ 140,000	$ 140,000	$ 140,000	$ -
RTUSWT	Chart1-p, Ln237				$ 3,200,000	$ 1,600,000	$ 800,000	$ 800,000	$ 800,000	$ -
Project & Administrative Mgmt:										
BellSouth Billing Inc. (BBI) Changes - Travel	Chart1-p, Ln240				$ 21,600	$ -	$ -	$ -	$ -	$ -
BBI Changes - Salary - .2 PG54, 1.4 PG57, 2.5 PG58, & .5 PG59	Chart1-p, Ln241				$ 494,141	$ -	$ -	$ -	$ -	$ -
BBI Changes - Wages - 1 WS18, 2 WS18	Chart1-p, Ln242				$ 156,541	$ -	$ -	$ -	$ -	$ -
BBI Changes - PB&T	Chart1-p, Ln243				$ 72,551	$ -	$ -	$ -	$ -	$ -
PCU - Travel Expenses	Chart1-p, Ln244				$ 150,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ -
PCU - Other	Chart1-p, Ln245				$ 14,000	$ -	$ -	$ -	$ -	$ -
PCU - Bellcore	Chart1-p, Ln249				$ 236,400	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -
PCU - Contract Employees - Mgmt. Consulting. 1999 - 2contractor @ $170,000, 1 @ 150,000, 1 @250,000. (all full time)	Chart1-p, Ln246				$ 740,000	$ -	$ -	$ -	$ -	$ -
PCU - Salary for 9 AIN Employees, Pay Grade 59	Chart1-p, Ln247				$ 1,045,287	$ 522,643	$ 261,322	$ 261,322	$ 261,322	$ -
PCU - PB&T for AIN Employees	Chart1-p, Ln248				$ 174,654	$ 87,327	$ 44,000	$ 44,000	$ 44,000	$ -
Consumer Services - Other	Chart1-p, Ln250				$ 50,000	$ -	$ -	$ -	$ -	$ -
Operator Services - Affiliate Billing	Chart1-p, Ln251				$ 100,000	$ -	$ -	$ -	$ -	$ -
Information Technology (IT) Program Management Office (expense)	Chart1-p, Ln253	PG59 (4)			$ 521,805	$ 48,600	$ -	$ -	$ -	$ -
IT Program Management Office (expense)	Chart1-p, Ln254	PG61 (1)			$ 130,451	$ 11,650	$ -	$ -	$ -	$ -
IT Program Management Office (expense)	Chart1-p, Ln255	n/a			$ 5,000	$ -	$ -	$ -	$ -	$ -
IT Performance Contract Proposals	Chart1-p, Ln256	PG58			$ 21,843	$ 5,825	$ -	$ -	$ -	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT IV
CHART 2a - Projected

LNP END USER LINE RATE ELEMENT

LNP End User Line Costs

INPUTS - PROJECTED

	Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
236	End User Charge Project Management:										
237	Marketing (Mktg) -PCU/Core - Project Manager	Chart1-p, Ln259	PG59 (1)			$ 46,445	$ 11,626	$ -	$ -	$ -	$ -
238	Mktg - Consumer - Product Management	Chart1-p, Ln260	PG59 (1)			$ 6,024	$ 1,506	$ 1,506	$ 1,506	$ 904	$ -
239	Mktg - BBS COU Representative	Chart1-p, Ln261	PG59 (1)			$ 1,928	$ -	$ -	$ -	$ -	$ -
240	Mktg - Local Carrier Service Center (LCSC) Billing Staff	Chart1-p, Ln262	PG58 (1)			$ 1,294	$ -	$ -	$ -	$ -	$ -
241	Mktg - LCSC Operations Staff	Chart1-p, Ln263	PG58 (1)			$ 10,534	$ 5,267	$ 5,123	$ 2,696	$ 2,696	$ 1,348
242	Mktg - Payphone Service Provider Service Center Provisioning	Chart1-p, Ln264	PG58 (1)			$ 1,510	$ -	$ -	$ -	$ -	$ -
243	Mktg - Payphone Service Provider Customer Contact	Chart1-p, Ln265	PG57 (1)			$ 49	$ -	$ -	$ -	$ -	$ -
244	Mktg - Consumer Operations	Chart1-p, Ln266	PG58 (1)			$ 25,994	$ -	$ -	$ -	$ -	$ -
245	Mktg - Customer Notification Coordination	Chart1-p, Ln267	PG57 (1)			$ 295	$ -	$ -	$ -	$ -	$ -
246	Mktg - Tariff Preparation & Filing	Chart1-p, Ln268	PG58 (1)			$ 17,409	$ 2,892	$ 2,892	$ 2,892	$ 2,892	$ 964
247	Mktg - Tariff Preparation & Filing (Contractor)	Chart1-p, Ln269				$ 12,283	$ 2,040	$ 2,040	$ 2,040	$ 2,040	$ 680
248	Finance - Financial & Operational Guidance	Chart1-p, Ln270	PG59 (1)			$ 585	$ -	$ -	$ -	$ -	$ -
249	Finance - Cost Study Development	Chart1-p, Ln271	PG58 (1)			$ 33,785	$ -	$ -	$ -	$ -	$ -
250	Information Technology (IT) - DOE/SONGS Deliver	Chart1-p, Ln272	PG58 (1)			$ 420	$ -	$ -	$ -	$ -	$ -
251	Information Technology (IT) BBI - CRIS Work/Billing	Chart1-p, Ln273	PG58 (1)			$ 10,110	$ -	$ -	$ -	$ -	$ -
252	Information Technology (IT) BBI - CRIS Database Conversion Coordination	Chart1-p, Ln274	PG58 (1)			$ 8,390	$ 1,678	$ -	$ -	$ -	$ -
253	Information Technology (IT) BBI - CRIS Rate Database Updates	Chart1-p, Ln275	PG56 (8)			$ 1,151	$ 368	$ 368	$ 368	$ 368	$ 184
254	IT -Contractor (Customer Information Delivery (CID))	Chart1-p, Ln276				$ 2,750	$ -	$ -	$ -	$ -	$ -
255	IT -Temp Service (CID)	Chart1-p, Ln277				$ 120	$ -	$ -	$ -	$ -	$ -
256	IT Andersen Consultant - Program Expense (CID)	Chart1-p, Ln278				$ 1,942	$ -	$ -	$ -	$ -	$ -
257	IT Supplier Expense - Supplier Programming Expense (CID)	Chart1-p, Ln279				$ 1,875	$ -	$ -	$ -	$ -	$ -
258	IT Supplier Expense - English & Spanish File Tests (CID)	Chart1-p, Ln280				$ 1,500	$ -	$ -	$ -	$ -	$ -
259	IT Supplier Expense - Test File Mailing Charges (CID)	Chart1-p, Ln281				$ 150	$ -	$ -	$ -	$ -	$ -
260	Network Support	Chart1-p, Ln282	PG59(1)			$ 58,714	$ -	$ -	$ -	$ -	$ -
261											
262											
263											
264											
265	**Training:**										
266	Training - Interconnection Services (ICS) - Travel	Chart1-p, Ln289				$ 40,000	$ -	$ -	$ -	$ -	$ -
267	Training - ICS - Other	Chart1-p, Ln290				$ 549,700	$ -	$ -	$ -	$ -	$ -
268	Training - ICS - BellSouth Applied Technology (BAT) Billing	Chart1-p, Ln291				$ 750,000	$ -	$ -	$ -	$ -	$ -
269	Training - ICS - Wages. 300 Service Representatives (Hours)	Chart1-p, Ln292	2300/WS23			168,300	-	-	-	-	-
270	Training - ICS - Number of Service Reps Trained	Chart1-p, Ln293				300	-	-	-	-	-
271	Training Cost for 300 Svc Reps	Chart1-p, Ln294	2300/WS23			$ 8,243,777	$ -	$ -	$ -	$ -	$ -
272	Training - ICS - Contract Employees. 1999 - 3 full time contractors @ $100,000 ea.	Chart1-p, Ln295				$ 300,000	$ -	$ -	$ -	$ -	$ -
273	Training - Small Business - Contract Services	Chart1-p, Ln296				$ 325,200	$ -	$ -	$ -	$ -	$ -
274											
275											
276											
277											
278											
279											
280											
281											
282	**Other Expenses:**										
283	**Other Expenses (Limited Liability Corporation Costs):**										
284	Southeastern Number Portability Administration Company (LLC) (Excludes 7.762% QS, 3.547% Call Routing Service)	Chart1-p, Ln307-((Chart5a, Ln192+Chart3a, Ln220)* Chart1-p,Ln307)				$ 44,346	$ 44,346	$ 44,346	$ 44,346	$ 44,346	$ 22,173
285											
286	**Interim LNP to Permanent LNP Conversion (Ends EOY1999):**										
287	Number of Local Carrier Service Center (LCSC) Service Representatives (Fulltime)	Chart1-p, Ln310	2300/WS23			4	-	-	-	-	-
288	Number of LCSC Clerks (Fulltime)	Chart1-p, Ln311	Marketing WS10			5	-	-	-	-	-
289	Total LNP Conversion costs for Svc Rep @ $48.98/Hr each and LCSC clerk @ $35.28/Hr. each times 1928 Hours (fulltime)	Chart1-p, Ln312				$ 717,846	$ -	$ -	$ -	$ -	$ -
290											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT IV**
Cost Recovery Period 1999-2004 (5/99-5/04) — **CHART 2a - Projected**

LNP END USER LINE RATE ELEMENT — **LNP End User Line Costs**

INPUTS - PROJECTED

Description	Source	JFC/WS/ Contractor	FRC	Sub FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Service Order Processing (Port Out Order):										
Number Employees by Pay Grade/Wage Scale:										
LCSC Service Rep	Chart1-p, Ln316	2300/WS23			63	82	98	108	119	131
LCSC Clerk	Chart1-p, Ln317	Marketing WS10			18	23	28	31	34	37
Pay Grade 57	Chart1-p, Ln318	Marketing PG57			6	9	12	14	15	16
Pay Grade 58	Chart1-p, Ln319	Marketing PG57			1	1	1	1	1	2
Pay Grade 59	Chart1-p, Ln320	Marketing PG57			1	1	1	1	1	2
Total Svc Order Processing Cost for LCSC Rep @ $48.98/Hr, Clerk @ $35.28/Hr, PG57 @ $49.22/Hr, PG58 @ $53.93/Hr and PG59 @ $60.24/Hr each times 1928 annual hours (fulltime). Based on 7.5 mos. 1999 & 4.5 mos. 2004	Chart1-p, Ln321				$ 4,977,179	$ 10,382,616	$ 12,518,430	$ 13,856,674	$ 15,194,454	$ 6,317,547
Port Out Maintenance:		471X/WS32								
Headcount	Chart1-p, Ln324				12.45	22.81	23.11	23.11	23.11	23.11
ACAC Labor Rate	Chart1-p, Ln325				$ 41.83	$ 41.83	$ 41.83	$ 41.83	$ 41.83	$ 41.83
Annual Hours	Chart1-p, Ln326				1,928	1,928	1,928	1,928	1,928	1,928
Annual Expense	Chart1-p, Ln327				$ 1,004,087	$ 1,839,617	$ 1,863,812	$ 1,863,812	$ 1,863,812	$ 1,863,812
Customer Notification Piece - SBS & Consumer COUs	Chart1-p, Ln329				$ 99,474	$ 41,000	$ -	$ -	$ -	$ -
Customer Notification Piece - BBS COU	Chart1-p, Ln330				$ 15,000	$ -	$ -	$ -	$ -	$ -
LNP End User Charge Vendor Mailing & Stationary Costs:										
Folding	Chart1-p, Ln332				$ 255	$ -	$ -	$ -	$ -	$ -
Stuffing	Chart1-p, Ln333				$ 384	$ -	$ -	$ -	$ -	$ -
Labels	Chart1-p, Ln334				$ 255	$ -	$ -	$ -	$ -	$ -
Copies	Chart1-p, Ln335				$ 155	$ -	$ -	$ -	$ -	$ -
Postage	Chart1-p, Ln336				$ 1,528	$ -	$ -	$ -	$ -	$ -
Envelopes	Chart1-p, Ln337				$ 1,090	$ -	$ -	$ -	$ -	$ -
Labels	Chart1-p, Ln338				$ 172	$ -	$ -	$ -	$ -	$ -
Total Capital					$ 52,255,169	$ 22,130,093	$ 13,719,099	$ 10,836,825	$ 4,584,202	$ 184
Total Expenses					$ 30,316,081	$ 18,812,563	$ 18,807,221	$ 20,143,038	$ 21,480,216	$ 9,093,435
Total Intangible Assets (Included in Capital Total)					$ 48,987,626	$ 16,735,466	$ 12,105,196	$ 8,669,899	$ 4,584,202	$ 184

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

Development of Actual Shared Industry Expenses

Description	Source	1996 a	1997 b	1998 c
EXPENSES (Actual)				
Shared Industry - 3rd Party Administrator (BST Portion)				
Total LNP Annual Actual Shared Industry Expenses	Chart2a-a, Ln110	$ -	$ 43,219	$ 1,234,542

Development of Projected Shared Industry Expenses

Description	Source	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
EXPENSES (Projected)							
Shared Industry Expenses - 3rd Party Administrator (BST Portion)							
Lockheed - Martin	Chart2a-p, Ln58	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 886,912
Total LNP Annual Projected Shared Industry Expenses	Ln30	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 886,912

SUMMARY - Development of Total Shared Industry Expenses (Actuals & Projected)

Description	Source	Value	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Demand (access lines) - Present Value (PV)	Ln1305	105,711,437									
Shared Industry Expenses (BST Portion)											
Total LNP Annual Shared Industry Expenses	Ln15;Ln33		$ -	$ 43,219	$ 1,234,542	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 2,660,735	$ 886,912
Base = 1/1/99											
Discount Rate (I)	Chart2a-a, Ln11	0.1125									
Number of Periods (N)	Chart2a-a, Ln12	0.5									
Number of Periods (N)	Chart2a-a, Ln13	1.5									
Number of Periods (N)	Chart2a-a, Ln14	2.5									
Number of Periods (N)	Chart2a-a, Ln15	3.5									
Number of Periods (N)	Chart2a-a, Ln16	4.5									
Number of Periods (N)	Chart2a-a, Ln17	5.5									
	(1+I)^N										
Future Value of a Present Amount Factor (5 Periods) 1998:	(1+Ln46)^Ln47	1.0548									
Future Value of a Present Amount Factor (1.5 Periods)1997:	(1+Ln46)^Ln48	1.1734									
Future Value of a Present Amount Factor (2.5 Periods)1996:	(1+Ln46)^Ln49	1.3054									
	1/(1+I)^N										
Present Value of a Future Amount Factor (5 Periods) 1999:	1/(1+Ln46)^Ln47	0.9481									
Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln46)^Ln48	0.8522									
Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln46)^Ln49	0.7660									
Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln46)^Ln50	0.6886									
Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln46)^Ln51	0.6189									
Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln46)^Ln52	0.5564									
Total LNP Network Annual Software Expenses (1996-1998) (Note: 1999-2004 software and general purpose computer related expense is capitalized):											
FV (1996-1998)	(Ln43a*Ln57)+(Ln43b*Ln56) +(Ln43c*Ln55)	$ 1,352,848									
PV(1999-2004)	(Ln43d*Ln59)+(Ln43e*Ln60) +(Ln43f*Ln61)+(Ln43g*Ln62)+ (Ln43h*Ln63) +(Ln43i*Ln64)	10,800,750									
Total Shared Expenses - FV(1996-1998)	Ln67+Ln69	12,153,599									
Total Shared Industry Expense per Line per Month	(Ln71/Ln41)/12	$ 0.0096									

ATTACHMENT V
CHART 2b

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

DEVELOPMENT OF NETWORK CAPITAL AND EXPENSES

Development of Actual Network Capital and Expenses

Description		Source	FRC	1996 a	1997 b	1998 c
NETWORK CAPITAL (Actual)						
Fully Recoverable - Hardware Material Prices:						
New SCP Pairs (Excludes 7.762% QS, 3.547% Call Routing Service)		Chart2a-a, Ln123	377C	$ -	$ 9,659,466	$ 7,446,711
STP-to-SCP Signaling Links (Excludes 7.762% QS, 3.547% Call Routing Service)		Chart2a-a, Ln125	377C	$ -	$ 557,689	$ 581,448
Upgrade SCP Pairs (Excludes 7.762% QS, 3.547% Call Routing Service)		Chart2a-a, Ln124	377C	$ -	$ -	$ 845,292
Digital Loop Carrier (DLC) Overlay for 1AESS		Chart2a-a, Ln126	357C	$ -	$ -	$ 246,744
Switch Hardware - 1AESS Memory Upgrades		Chart2a-a, Ln127	77C	$ -	$ 332,554	$ -
Operator Services Hardware		Chart2a-a, Ln128	117C	$ -	$ 1,570,229	$ 356,016
Switch Generic Upgrades - NA009 Advancement 1998		Chart2a-a, Ln129	377C	$ -	$ -	$ 6,726
Switch Generic Upgrades - 5E12 Advancement 1998		Chart2a-a, Ln130	377C	$ -	$ -	$ 552,678
Switch Hardware - Processor Upgrades - SN70EM Advancement 1997		Chart2a-a, Ln131	377C	$ -	$ 1,149,749	$ -
Total Fully Recoverable Hardware Material Prices - 377C		Ln87+Ln88+Ln89+Ln93+...+Ln95	377C	$ -	$ 11,566,904	$ 9,432,854
Total Fully Recoverable Hardware Material Prices -357C		Ln90	357C	$ -	$ -	$ 246,744
Total Fully Recoverable Hardware Material Prices - 117C		Ln92	117C	$ -	$ 1,570,229	$ 356,016
Total Fully Recoverable Hardware Material Prices - 77C		Ln91	77C	$ -	$ 332,554	$ -
Joint Hardware Material Prices (Directly Attributable to LNP):						
Switch Generic Upgrades - 5E12		Chart2a-a, Ln134	377C	$ -	$ -	$ 765,152
Switch Hardware - 1AESS AMA Upgrades (Excludes 3.845% Call Routing Service)		Chart2a-a, Ln135	77C	$ -	$ 62,161	$ 171,521
Switch Hardware - 5ESS AMA Upgrades (Excludes 3.845% Call Routing Service)		Chart2a-a, Ln136	377C	$ -	$ 24,955	$ 91,384
Switch Hardware - DMS 10 AMA Upgrades		Chart2a-a, Ln137	377C	$ -	$ 12,604	$ 5,019
Switch Hardware - DMS 100/200 AMA Upgrades (Excludes 3.845% Call Routing Service)		Chart2a-a, Ln138	377C	$ -	$ 179,156	$ 627,752
Switch Hardware - DCO AMA Upgrades (Excludes 3.845% Call Routing Service)		Chart2a-a, Ln139	377C	$ -	$ -	$ 18,792
Switch Hardware - Processor Upgrades - DLN30		Chart2a-a, Ln140	377C	$ -	$ 37,220	$ 21,185
Switch Hardware - Processor Upgrades - CM2		Chart2a-a, Ln141	377C	$ -	$ 114,659	$ -
Switch Hardware - Processor Upgrades - SN70EM		Chart2a-a, Ln142	377C	$ -	$ 1,773,679	$ 6,409,436
Hardware - STP-to-SSP/STP-to-STP Signaling Links		Chart2a-a, Ln144	377C	$ -	$ 727,941	$ 964,429
1AESS LAB Switch		Chart2a-a, Ln145	77C	$ -	$ 130,815	$ (1,587)
Total Directly Attributable Hardware Material Prices:	377C	Sum(Ln103+Ln105+...+ Ln112)	377C	$ -	$ 2,870,214	$ 8,903,150
	77C	Ln104+Ln113	77C	$ -	$ 192,976	$ 169,934
TOTAL LNP Capital Hardware Annual Material Prices - 377C		Ln97+Ln116	377C	$ -	$ 14,437,118	$ 18,336,004
TOTAL LNP Capital Hardware Annual Material Prices - 357C		Ln98	357C	$ -	$ -	$ 246,744
TOTAL LNP Capital Hardware Annual Material Prices - 117C		Ln99	117C	$ -	$ 1,570,229	$ 356,016
TOTAL LNP Capital Hardware Annual Material Prices - 77C		Ln100+Ln117	77C	$ -	$ 525,530	$ 169,934
NETWORK EXPENSES (Actual)						
Fully Recoverable - Software Expenses:						
New SCP Pairs		Chart2a-a, Ln177	377M	$ -	$ 13,892,976	$ 11,613,516
STP-to-SCP Signaling Links		Chart2a-a, Ln179	377M	$ -	$ 51,457	$ 85,834
Upgrade SCP Pairs		Chart2a-a, Ln178	377M	$ -	$ -	$ 89,214
LNP Feature Software - TOPS Tandem Switches		Chart2a-a, Ln180	117M	$ -	$ 2,440,250	$ 5,320,152
LNP Feature Software - DMS 100/200 Switches		Chart2a-a, Ln181	377M	$ -	$ 2,480,796	$ 5,874,605
LNP Feature Software - 1AESS Switches		Chart2a-a, Ln182	377M	$ -	$ 3,760,564	$ 3,710,080
LNP Feature Software - 4ESS/5ESS Switches		Chart2a-a, Ln183	377M	$ -	$ 8,636,549	$ 10,563,004
LNP Feature Software - EWSD Switches		Chart2a-a, Ln184	377M	$ -	$ 119,512	$ 1,803,234
LNP Feature Software - DCO Switches		Chart2a-a, Ln185	377M	$ -	$ 68,681	$ 345,431
LNP Feature Software - DMS 10 Switches		Chart2a-a, Ln186	377M	$ -	$ 44,765	$ 121,235
Switch Generic Upgrades - 4ESS Tandem Switch		Chart2a-a, Ln187	377M	$ -	$ 250,000	$ -
Duplicate NXX Across Multiple NPAs Feature Software - 5ESS		Chart2a-a, Ln188	377M	$ -	$ -	$ 5,354,428
Duplicate NXX Across Multiple NPAs Feature Software - DMS 100		Chart2a-a, Ln189	377M	$ -	$ -	$ 572,846
Duplicate NXX Across Multiple NPAs Feature Software - EWSD		Chart2a-a, Ln190	377M	$ -	$ -	$ 3,996
Operator Services Software		Chart2a-a, Ln191	117M	$ -	$ -	$ 62,861
Switch Generic Software Upgrades - NA007/8 Advancement		Chart2a-a, Ln192	377M	$ -	$ 115,180	$ -
Switch Generic Software Upgrades - NA009 Advancement		Chart2a-a, Ln193	377M	$ -	$ -	$ 82,579
Switch Generic Software Upgrades - 1AE13.01 Advancement		Chart2a-a, Ln194	77M	$ -	$ 555,037	$ 285,189
Switch Generic Software Upgrades - 5E12 Advancement		Chart2a-a, Ln195	377M	$ -	$ -	$ 50,753
Switch Software - Processor Upgrades - SN70EM Advancement		Chart2a-a, Ln196	377M	$ -	$ 687,253	$ -
Total Fully Recoverable Software Expenses		Sum(Ln126+...+Ln145)		$ -	$ 33,123,020	$ 45,918,934
Joint Software Expenses (Directly Attributable to LNP):						
Software - STP-to-SSP/STP-to-STP Signaling Links		Chart2a-a, Ln200	377M	$ -	$ 41,773	$ 91,620
Feature Software - 5ESS OA&M		Chart2a-a, Ln201	377M	$ -	$ 17,187	$ 66,350
Switch Generic Software Upgrades - 5E12		Chart2a-a, Ln202	377M	$ -	$ -	$ 70,265
Switch Software - Processor Upgrades - DLN30		Chart2a-a, Ln203	377M	$ -	$ 116,658	$ 34,199
Switch Software - Processor Upgrades - SN70EM		Chart2a-a, Ln204	377M	$ -	$ 1,060,203	$ 2,737,399
Rearrangements -1AESS LAB Switch		Chart2a-a, Ln205	77M	$ -	$ 1,057	$ -
Total Directly Attributable Annual Software Expenses:		Sum(Ln152+...+Ln157)		$ -	$ 1,236,878	$ 2,999,832
TOTAL LNP Network Software Expenses		Ln146+Ln160		$ -	$ 34,359,898	$ 48,918,766

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

Development of Projected Network Capital and Expenses

Description	Source	FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
NETWORK CAPITAL (Projected)								
Fully Recoverable - Hardware Material Prices:								
New SCP Pairs	Chart2a-p, Ln75	377C	$ -	$ -	$ -	$ -	$ -	$ -
Upgrade SCP Pairs	Chart2a-p, Ln76	377C	$ 3,866,935	$ 2,948,095	$ 528,599	$ 1,321,498	$ -	$ -
STP-to-SCP Signaling Links:	Chart2a-p, Ln77	377C	$ 504,506	$ 682,035	$ 404,432	$ 655,428	$ -	$ -
Total Fully Recoverable Hardware Material Prices - 377C	Ln172+Ln173+Ln174	377C	$ 4,371,441	$ 3,630,130	$ 933,031	$ 1,976,926	$ -	$ -
Joint Hardware Material Prices (Directly Attributable to LNP):								
Switch Generic Software Upgrades - 5E12	Chart2a-p, Ln84	377C	$ 160,776	$ 786,016	$ 410,872	$ -	$ -	$ -
Switch Hardware - 1AESS AMA Upgrades	Chart2a-p, Ln85	77C	$ 192,310	$ -	$ -	$ -	$ -	$ -
Switch Hardware - DMS 100/200 AMA Upgrades	Chart2a-p, Ln87	377C	$ 400,858	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - DLN30	Chart2a-p, Ln88	377C	$ 26,308	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - SN70EM	Chart2a-p, Ln89	377C	$ (2,264,494)	$ -	$ -	$ -	$ -	$ -
Switch Hardware - Processor Upgrades - XA Core	Chart2a-p, Ln90	377C	$ -	$ 598,482	$ -	$ -	$ -	$ -
Hardware - STP-to-SSP/STP-to-STP Signaling Links	Chart2a-p, Ln91	377C	$ (663,455)	$ -	$ -	$ -	$ -	$ -
Total Directly Attributable Hardware Material Prices - 77C	Ln184	77C	$ 192,310	$ -	$ -	$ -	$ -	$ -
Total Directly Attributable Hardware Material Prices - 377C	Sum(Ln182+Ln186+...+Ln190)	377C	$ (2,340,207)	$ 1,384,498	$ 410,872	$ -	$ -	$ -
TOTAL LNP Capital Hardware Annual Material Prices - 77C	Ln192	77C	$ 192,310	$ -	$ -	$ -	$ -	$ -
TOTAL LNP Capital Hardware Annual Material Prices - 377C	Ln178+Ln193	377C	$ 2,031,234	$ 5,014,627	$ 1,343,903	$ 1,976,926	$ -	$ -
NETWORK EXPENSES (Projected) (Capitalized RTU) - INTANGIBLE ASSETS								
Fully Recoverable - Software Expenses								
Upgrade SCP Pairs	Chart2a-p, Ln108	377M	$ 8,763,589	$ 4,866,485	$ 4,866,485	$ 4,866,485	$ 907,311	$ -
SCP Release Upgrade	Chart2a-p, Ln109	377M	$ 709,529	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart2a-p, Ln110	377M	$ 39,724	$ 90,465	$ 90,465	$ 90,465	$ -	$ -
LNP Feature Software - TOPS Tandem Switches	Chart2a-p, Ln111	117M	$ 612,750	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DMS 100/200 Switches	Chart2a-p, Ln112	377M	$ 4,548,125	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - 1AESS Switches	Chart2a-p, Ln113	77M	$ 2,305,223	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - EWSD Switches	Chart2a-p, Ln114	377M	$ 1,553,652	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DCO Switches	Chart2a-p, Ln115	377M	$ 2,884,623	$ -	$ -	$ -	$ -	$ -
LNP Feature Software - DMS 10 Switches	Chart2a-p, Ln116	377M	$ 975,485	$ -	$ -	$ -	$ -	$ -
Duplicate NXX Across Multiple NPAs Feature Software - 5ESS	Chart2a-p, Ln117	377M	$ 1,090,396	$ 5,330,826	$ 2,786,568	$ -	$ -	$ -
Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100	Chart2a-p, Ln118	377M	$ 216,348	$ 1,225,975	$ 973,568	$ 360,581	$ 324,523	$ -
Duplicate NXX Across Multiple NPAs Feature Software - EWSD	Chart2a-p, Ln119	377M	$ 22,693	$ 5,673	$ -	$ -	$ -	$ -
LRN-to-Rate Area Index Feature Software - EWSD	Chart2a-p, Ln120	377M	$ 615,391	$ -	$ -	$ -	$ -	$ -
LRN-to-Rate Area Index Feature Software - DCO	Chart2a-p, Ln121	377M	$ 94,501	$ -	$ -	$ -	$ -	$ -
Annual Warranty and Technical Support Expense	Chart2a-p, Ln122	377M	$ -	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ 2,002,000	$ -
Total Fully Recoverable Software RTU Expenses	Sum(Ln207+...+Ln221)		$ 22,432,030	$ 13,521,423	$ 10,719,086	$ 7,319,530	$ 3,233,833	$ -
Joint Software Expenses:								
Software - STP-to-SSP/STP-to-STP Signaling Links	Chart2a-p, Ln126	377M	$ 67,845	$ -	$ -	$ -	$ -	$ -
Feature Software - 5ESS OA&M	Chart2a-p, Ln127	377M	$ 60,851	$ -	$ -	$ -	$ -	$ -
Switch Generic Software Upgrades - 5E12	Chart2a-p, Ln128	377M	$ 13,986	$ 68,376	$ 35,742	$ -	$ -	$ -
Switch Software- Processor Upgrades - DLN30	Chart2a-p, Ln129	377M	$ 40,716	$ -	$ -	$ -	$ -	$ -
Switch Software- Processor Upgrades - SN70EM	Chart2a-p, Ln130	377M	$ 3,010,372	$ -	$ -	$ -	$ -	$ -
Switch Software- Processor Upgrades - XA Core	Chart2a-p, Ln131	377M	$ -	$ 93,600	$ -	$ -	$ -	$ -
Total Directly Attributable Annual Software RTU Expenses	Sum(Ln227+...+Ln232)		$ 3,193,771	$ 161,976	$ 35,742	$ -	$ -	$ -
TOTAL LNP Network Software Expenses (Intangible Assets)	Ln224+Ln234		$ 25,625,801	$ 13,683,399	$ 10,754,828	$ 7,319,530	$ 3,233,833	$ -

ATTACHMENT V
CHART 2b

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3 **LNP END USER LINE RATE ELEMENT** — **Development of End User Cost per Line per Month**
4
5 **DEVELOPMENT OF SHARED EXPENSES**

243 **SUMMARY - Development of Network Capital and Monthly Expenses**

	Description	Source	Value	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
247	Demand (access lines) - PV	Ln1305	105,711,437									
249	Network - Capital											
250	Total LNP Network Hardware Annual Capital - 377C	Ln119;Ln197		$ -	$ 14,437,118	$ 18,336,004	$ 2,031,234	$ 5,014,627	$ 1,343,903	$ 1,976,926	$ -	$ -
251	Total LNP Network Hardware Annual Capital - 357C	Ln120		$ -	$ -	$ 246,744	$ -	$ -	$ -	$ -	$ -	$ -
252	Total LNP Network Hardware Annual Capital - 117C	Ln121		$ -	$ 1,570,229	$ 356,016	$ -	$ -	$ -	$ -	$ -	$ -
253	Total LNP Network Hardware Annual Capital - 77C	Ln122;Ln196		$ -	$ 525,530	$ 169,934	$ 192,310	$ -	$ -	$ -	$ -	$ -
254	Total LNP Network Software Intangible Assets	Ln 237		$ -	$ -	$ -	$ 25,625,801	$ 13,683,399	$ 10,754,826	$ 7,319,530	$ 3,233,833	$ -
255												
256												
257												
258	Base = 1/1/99											
259	Discount Rate (I)	Chart2a-e, Ln11	0.1125									
260	Number of Periods (N)	Chart2a-e, Ln12	0.5									
261	Number of Periods (N)	Chart2a-e, Ln13	1.5									
262	Number of Periods (N)	Chart2a-e, Ln14	2.5									
263	Number of Periods (N)	Chart2a-e, Ln15	3.5									
264	Number of Periods (N)	Chart2a-e, Ln16	4.5									
265	Number of Periods (N)	Chart2a-e, Ln17	5.5									
266												
267		{1+I}^N										
268	Future Value of a Present Amount Factor (.5 Periods) 1998:	(1+Ln46)*Ln47	1.0548									
269	Future Value of a Present Amount Factor (1.5 Periods)1997:	(1+Ln46)*Ln48	1.1734									
270	Future Value of a Present Amount Factor (2.5 Periods)1996:	(1+Ln48)*Ln49	1.3054									
271		1/{1+I}^N										
272	Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln259)^Ln260	0.9481									
273	Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln259)^Ln261	0.8522									
274	Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln259)^Ln262	0.7660									
275	Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln259)^Ln263	0.6886									
276	Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln259)^Ln264	0.6189									
277	Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln259)^Ln265	0.5564									
278												
279	Network - Expense											
280	Total LNP Network Annual Software Expenses (1996-1998)	Ln181		$ -	$ 34,359,898	$ 48,918,766						
281	Note: 1999-2004 software expense is capitalized.											
282												
283	FV (1996-1998)	(Ln280a*Ln270)+(Ln280b*Ln269)+((Ln280 *Ln268)	$ 91,915,396									
284												
285	Total Network Software Expense - FV 1996-1998	Ln283	$ 91,915,396									
286												
287	Total Network Software Expense per Line per Month:	(Ln285/Ln247)/12	$ 0.0725									
288												
289												
290												
291												
292												
293												

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

DEVELOPMENT OF OPERATION SUPPORT SYSTEMS (OSS) CAPITAL AND EXPENSES

Development of Actual OSS Capital and Expenses

	Description		Source	FRC	1996 a	1997 b	1998 c
	OSS CAPITAL (Actual)						
	Fully Recoverable Capital (Internal and Vendor):						
	MSA Test Terminations (End to End Testing)		Chart2a-a, Ln151	630C	$ -	$ -	$ 5,183
	NETPILOT		Chart2a-a, Ln152	530C	$ -	$ 12,916	$ 136,201
	LNP AUTOMATION		Chart2a-a, Ln153	530C	$ -	$ -	$ -
	LNP GATEWAY		Charta-a, Ln154	530C	$ -	$ 1,033,646	$ 949,915
	LNP TA		Chart2a-a, Ln155	530C	$ -	$ -	$ -
	LSR ROUTER		Chart2a-a, Ln156	530C	$ -	$ 92,924	$ -
	IT Program Management Office		Chart2a-a, Ln157	530C	$ -	$ -	$ 6,251
	Miscellaneous OSS		Chart2a-a, Ln158	530C	$ -	$ -	$ -
	Total Fully Recoverable OSS Capital by FRC:						
		630C	Ln303	630C	$ -	$ -	$ 5,183
		530C	Sum(Ln304+...+Ln310)	530C	$ -	$ 1,139,488	$ 1,092,367
	Joint - Vendor Provided OSS Capital:						
	FACS		Chart2a-a, Ln161	530C	$ -	$ 959,038	$ -
	MLT		Chart2a-a, Ln162	530C	$ -	$ -	$ -
	MTS/APRIL		Chart2a-a, Ln163	530C	$ -	$ -	$ -
	K2 Upgrade		Chart2a-a, Ln164	530C	$ -	$ -	$ -
	PREDICTOR		Chart2a-a, Ln165	530C	$ -	$ -	$ -
	STM		Chart2a-a, Ln166	530C	$ -	$ -	$ 19,000
	Total Directly Attributable Vendor Provided OSS Capital		Sum(Ln319+...+Ln324)	530C	$ -	$ 959,038	$ 19,000
	Joint - Internal OSS Capital:						
	ARTS		Chart2a-a, Ln171	530C	$ -	$ -	$ -
	AIN-SMS		Chart2a-a, Ln172	530C	$ -	$ -	$ 1,057,913
	Total Directly Attributable OSS Internal OSS Capital		Ln332+Ln333	530C	$ -	$ -	$ 1,057,913
	Total LNP OSS Capital by FRC:						
		630C	Ln313	630C	$ -	$ -	$ 5,183
		530C	Ln315+Ln328+Ln337	530C	$ -	$ 2,098,526	$ 2,179,280

1	**LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**					**ATTACHMENT V**
2	Cost Recovery Period 1999-2004 (5/99-5/04)					**CHART 2b**
3	**LNP END USER LINE RATE ELEMENT**					**Development of End User Cost per Line per Month**
4						
5	**DEVELOPMENT OF SHARED EXPENSES**					
345						
346						
347	OSS EXPENSES (Actual)					
348	Fully Recoverable OSS Expenses:					
349	ATLAS	Chart2a-a, Ln209	$ -	$ 245,820	$ 824,094	
350	BONIS	Chart2a-a, Ln210	$ -	$ 116,675	$ 42,791	
351	CABS	Chart2a-a, Ln211	$ -	$ -	$ -	
352	COFFI	Chart2a-a, Ln212	$ -	$ -	$ 34,141	
353	CRIS/BOCRIS	Chart2a-a, Ln213	$ -	$ -	$ -	
354	DDNS	Chart2a-a, Ln214	$ -	$ -	$ 1,081	
355	DOE/DSAP	Chart2a-a, Ln215	$ -	$ -	$ -	
356	HAL	Chart2a-a, Ln216	$ -	$ -	$ -	
357	IBIS	Chart2a-a, Ln217	$ -	$ -	$ -	
358	IBISDI	Chart2a-a, Ln218	$ -	$ -	$ -	
359	ISP	Chart2a-a, Ln219	$ -	$ -	$ -	
360	LCCAM	Chart2a-a, Ln220	$ -	$ -	$ 32,280	
361	LEACS	Chart2a-a, Ln221	$ -	$ -	$ -	
362	LIST	Chart2a-a, Ln222	$ -	$ -	$ -	
363	MISOP	Chart2a-a, Ln223	$ -	$ -	$ -	
364	MSA Test Terminations (ETE Testing)	Chart2a-a, Ln224	$ -	$ -	$ 76,738	
365	NETTS	Chart2a-a, Ln225	$ -	$ 2,088	$ -	
366	ORION	Chart2a-a, Ln226	$ -	$ -	$ 5,804	
367	P/SIMS	Chart2a-a, Ln227	$ -	$ -	$ 38,716	
368	RNS	Chart2a-a, Ln228	$ -	$ -	$ -	
369	RSAG	Chart2a-a, Ln229	$ -	$ -	$ -	
370	SNECS	Chart2a-a, Ln230	$ -	$ -	$ -	
371	SOCS	Chart2a-a, Ln231	$ -	$ -	$ -	
372	SOER	Chart2a-a, Ln232	$ -	$ -	$ -	
373	SONGS	Chart2a-a, Ln233	$ -	$ -	$ -	
374	COSMOS	Chart2a-a, Ln234	$ -	$ 2,516,300	$ 110,050	
375	DBAS II	Chart2a-a, Ln235	$ -	$ -	$ -	
376	ITE/SG	Chart2a-a, Ln236	$ -	$ -	$ -	
377	LFACS	Chart2a-a, Ln237	$ -	$ 683,700	$ -	
378	MARCH	Chart2a-a, Ln238	$ -	$ 945,000	$ 31,550	
379	MYNAH (AETG)	Chart2a-a, Ln239	$ -	$ -	$ -	
380	NETPILOT	Chart2a-a, Ln240	$ -	$ 1,140,000	$ 116,697	
381	NSDB	Chart2a-a, Ln241	$ -	$ -	$ -	
382	SOAC INTERFACE TO ATLAS	Chart2a-a, Ln242	$ -	$ 377,400	$ -	
383	SOAC	Chart2a-a, Ln243	$ -	$ 1,100,000	$ 23,400	
384	WFA/C	Chart2a-a, Ln244	$ -	$ -	$ -	
385	Bellcore Professional Services - Team Consulting	Chart2a-a, Ln245	$ -	$ 100,000	$ -	
386	Bellcore LNP NPA Split Support (SOAC/LFACS)	Chart2a-a, Ln246	$ -	$ 278,000	$ -	
387	Common Bellcore Package	Chart2a-a, Ln247	$ -	$ 4,983,000	$ -	
388	LMOS HOST	Chart2a-a, Ln248	$ -	$ -	$ -	
389	LNP AUTOMATION	Chart2a-a, Ln249	$ -	$ -	$ -	
390	LNP GATEWAY	Chart2a-a, Ln250	$ 1,149,989	$ 8,597,527	$ 12,398,509	
391	LNP TA	Chart2a-a, Ln251	$ -	$ -	$ -	
392	RCS	Chart2a-a, Ln252	$ -	$ 905,625	$ -	
393	Miscellaneous OSS	Chart2a-a, Ln253	$ -	$ -	$ -	
394	MLT	Chart2a-a, Ln254	$ -	$ -	$ -	
395	PREDICTOR	Chart2a-a, Ln255	$ -	$ -	$ -	
396	MATV	Chart2a-a, Ln256	$ -	$ -	$ -	
397	ROS	Chart2a-a, Ln257	$ -	$ -	$ -	
398	BITTS	Chart2a-a, Ln258	$ -	$ -	$ 4,935	
399	Total Fully Recoverable OSS Expenses	Sum(Ln349+...+Ln398)	$ 1,149,989	$ 21,991,135	$ 13,738,788	
400	Joint - Vendor Provided OSS Expenses:					
401	BCR Service Order Planning	Chart2a-a, Ln260	$ -	$ -	$ 123,250	
402	NTMOS	Chart2a-a, Ln261	$ -	$ -	$ -	
403	STM	Chart2a-a, Ln262	$ -	$ -	$ 613,800	
404	TDMS	Chart2a-a, Ln263	$ -	$ -	$ 296,438	
405	TNM	Chart2a-a, Ln264	$ -	$ -	$ -	
406	K2 Upgrade	Chart2a-a, Ln265	$ -	$ -	$ -	
407						
408	Total Directly Attributable Vendor Provided OSS Expenses	Sum(Ln401+...+Ln406)	$ -	$ -	$ 1,033,488	
409						
410						
411	Joint - Internal OSS Expenses:					
412	ARTS	Chart2a-a, Ln268	$ -	$ -	$ -	
413	MTAS	Chart2a-a, Ln269	$ -	$ -	$ -	
414	VERBATIM	Chart2a-a, Ln270	$ -	$ -	$ -	
415	MATV	Chart2a-a, Ln271	$ -	$ -	$ -	
416	LSR ROUTER	Chart2a-a, Ln272	$ -	$ 12,347	$ -	
417	AIN-SMS	Chart2a-a, Ln273	$ -	$ -	$ 144,270	
418						
419	Total Directly Attributable Internal OSS Expenses	Sum(Ln412+...+Ln417)	$ -	$ 12,347	$ 144,270	
420						
421						
422	Total LNP OSS Expenses	Ln399+Ln408+Ln419	$ 1,149,989	$ 22,003,482	$ 14,916,546	

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

Development of Projected OSS Capital and Expenses

Description	Source	Contractor/ Employee	FRC	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
OSS CAPITAL (Projected)									
Fully Recoverable Capital (Internal and Vendor):									
LNP GATEWAY	Chart2a-p, Ln99		530C	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -
Total Fully Recoverable OSS Capital:	Ln434		530C	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -

1	LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability											ATTACHMENT V
2	Cost Recovery Period 1999-2004 (5/99-5/04)											CHART 2b
3	LNP END USER LINE RATE ELEMENT											Development of End User Cost per Line per Month
4												
5	DEVELOPMENT OF SHARED EXPENSES											
447	OSS Expenses (Projected) - INTANGIBLE ASSETS											
448	Fully Recoverable (Internal and Vendor)											
449	ATLAS	Chart2a-p, Ln135	Contractor/PG 58	$	1,165,934	$ -	$ -	$ -	$ -	$ -	$ -	
450	CABS	Chart2a-p, Ln136	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
451	CABS	Chart2a-p, Ln137	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
452	CARE	Chart2a-p, Ln138	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
453	CARE	Chart2a-p, Ln139	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
454	COFFI	Chart2a-p, Ln140	PG 58 (1)	$	1,820	$ -	$ -	$ -	$ -	$ -	$ -	
455	COFFI	Chart2a-p, Ln141	Contractor	$	9,465	$ -	$ -	$ -	$ -	$ -	$ -	
456	CRIS/BOCRIS	Chart2a-p, Ln142	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
457	CRIS/BOCRIS	Chart2a-p, Ln143	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
458	DOE/DSAP	Chart2a-p, Ln144	PG 58 (1)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
459	*DOE/DSAP*	Chart2a-p, Ln145	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
460	DPRO	Chart2a-p, Ln146	Contractor	$	370,116	$ -	$ -	$ -	$ -	$ -	$ -	
461	HAL	Chart2a-p, Ln147	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
462	LEACS	Chart2a-p, Ln148	Contractor/PG 58	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
463	P/SIMS	Chart2a-p, Ln149	PG 58 (1)	$	6,068	$ -	$ -	$ -	$ -	$ -	$ -	
464	P/SIMS	Chart2a-p, Ln150	Contractor	$	38,632	$ -	$ -	$ -	$ -	$ -	$ -	
465	RIGHTTOUCH	Chart2a-p, Ln151	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
466	RIGHTTOUCH	Chart2a-p, Ln152	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
467	RNS	Chart2a-p, Ln153	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
468	RNS	Chart2a-p, Ln154	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
469	SOCS	Chart2a-p, Ln155	PG 58 (1)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
470	SOCS	Chart2a-p, Ln156	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
471	SOER	Chart2a-p, Ln157	PG 58 (1)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
472	SOER	Chart2a-p, Ln158	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
473	SONGS	Chart2a-p, Ln159	PG 58 (1)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
474	SONGS	Chart2a-p, Ln160	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
475	VNS	Chart2a-p, Ln161	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
476	VNS	Chart2a-p, Ln162	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
477	COSMOS	Chart2a-p, Ln163	Contractor	$	990,450	$ -	$ -	$ -	$ -	$ -	$ -	
478	ITE/SG	Chart2a-p, Ln164	Vendor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
479	MARCH	Chart2a-p, Ln165	Contractor	$	161,406	$ -	$ -	$ -	$ -	$ -	$ -	
480	NETPILOT	Chart2a-p, Ln166	Contractor	$	833,850	$ -	$ -	$ -	$ -	$ -	$ -	
481	LMOS HOST	Chart2a-p, Ln167	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
482	LNP AUTOMATION	Chart2a-p, Ln168	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
483	LNP GATEWAY	Chart2a-p, Ln169	Vendor, EDS	$	12,274,639	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -	
484	PAWS	Chart2a-p, Ln170	Contractor	$	499,704	$ -	$ -	$ -	$ -	$ -	$ -	
485	WFA/C	Chart2a-p, Ln171	Vendor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
486	DID Solution	Chart2a-p, Ln172	Contractor/PG 58	$	3,600,080	$ 900,020	$ -	$ -	$ -	$ -	$ -	
487	BITTS	Chart2a-p, Ln173	Contractor	$	157,511	$ -	$ -	$ -	$ -	$ -	$ -	
488	ALRU	Chart2a-p, Ln174	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
489	IPPS	Chart2a-p, Ln175	Contractor	$	23,542	$ -	$ -	$ -	$ -	$ -	$ -	
490	ROS	Chart2a-p, Ln176	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
491	Total Fully Recoverable OSS	Sum(Ln449+...+Ln490)		$	20,133,417	$ 1,450,020	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -	
492												
493												
494												
495												
496	Joint - Internal OSS											
497	VERBATIM	Chart2a-p, Ln184	PG 58 (2)	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
498	VERBATIM	Chart2a-p, Ln185	Contractor	$	-	$ -	$ -	$ -	$ -	$ -	$ -	
499												
500	Total Directly Attributable Internal OSS	Ln497+Ln498		$	-	$ -	$ -	$ -	$ -	$ -	$ -	
501												
502												
503												
504												
505	Total LNP OSS	Ln491+Ln500		$	20,133,417	$ 1,450,020	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ -	
506												
507												
508												
509												

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

SUMMARY - Development of OSS Capital and Expenses

Description		Source	Value	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Demand (access lines) - PV		Ln1305	105,711,437									
Operation Support Systems (OSS) - Capital												
Total LNP OSS Capital by FRC:												
	630C	Ln341		$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -	$ -
	530C	Ln343;Ln437		$ -	$ 2,098,526	$ 2,179,280	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -
Total LNP OSS Intangible Assets		Ln505		$ -	$ -	$ -	$ 20,133,417	$ 1,450,020	$ 550,000	$ 550,000	$ 550,000	$ -
	Base = 1/1/99											
	Discount Rate (i)	Chart2a-a, Ln11	0.1125									
	Number of Periods (N)	Chart2a-a, Ln12	0.5									
	Number of Periods (N)	Chart2a-a, Ln13	1.5									
	Number of Periods (N)	Chart2a-a, Ln14	2.5									
	Number of Periods (N)	Chart2a-a, Ln15	3.5									
	Number of Periods (N)	Chart2a-a, Ln16	4.5									
	Number of Periods (N)	Chart2a-a, Ln17	5.5									
		(1+I)^N										
Future Value of a Present Amount Factor (.5 Periods) 1998:		(1+Ln528)^Ln529	1.0548									
Future Value of a Present Amount Factor (1.5 Periods)1997:		(1+Ln528)^Ln530	1.1734									
Future Value of a Present Amount Factor (2.5 Periods)1996:		(1+Ln528)^Ln531	1.3054									
		1/(1+I)^N										
Present Value of a Future Amount Factor (.5 Periods) 1999:		1/(1+Ln528)^Ln529	0.9481									
Present Value of a Future Amount Factor (1.5 Periods) 2000:		1/(1+Ln528)^Ln530	0.8522									
Present Value of a Future Amount Factor (2.5 Periods) 2001:		1/(1+Ln528)^Ln531	0.7660									
Present Value of a Future Amount Factor (3.5 Periods) 2002:		1/(1+Ln528)^Ln532	0.6886									
Present Value of a Future Amount Factor (4.5 Periods) 2003:		1/(1+Ln528)^Ln533	0.6189									
Present Value of a Future Amount Factor (5.5 Periods) 2004:		1/(1+Ln528)^Ln534	0.5564									
OSS - Expenses												
Total LNP Annual OSS Expenses (1996-1998)												
	Labor Related & Misc.	Ln422		$ 1,149,989	$ 22,003,482	$ 14,916,546	$ -	$ -	$ -	$ -	$ -	$ -
Note: 1999-2004 software expense is capitalized.												
		(Ln554a*Ln539)+(Ln554b*										
	FV (1996-1998)	Ln538)+(Ln554c*Ln537)	$ 43,053,582									
	Total OSS Labor Related & Misc	Ln558	$ 43,053,582									
Total OSS Expense per Line per Month:												
	Labor Related & Misc.	(Ln560/Ln515)/12	$ 0.033940									

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

DEVELOPMENT OF MISCELLANEOUS EMPLOYEE RELATED & OTHER EXPENSES

Development of Actual Miscellaneous Employee Related & Other Expenses

	Description	Source	1996 a	1997 b	1998 c
	MISCELLANEOUS EMPLOYEE RELATED AND OTHER EXPENSES (Actual)				
	Fully Recoverable Costs:				
	NETWORK:				
	Network GEO - Salary and Wages	Chart2a-a, Ln279	$ -	$ 45,204	$ 76,300
	Network GEO - Pension Benefits & Taxes (PB&T)	Chart2a-a, Ln280	$ -	$ 8,815	$ 14,878
	Network GEO - Travel	Chart2a-a, Ln281	$ -	$ 7,869	$ 17,452
	Network GEO - Material	Chart2a-a, Ln282	$ -	$ 737,099	$ 104,566
	Network Regional - Contract Services	Chart2a-a, Ln283	$ -	$ 670,670	$ 726,736
	Network Reg. - Material	Chart2a-a, Ln284	$ -	$ 16	$ 1,478
	Network Reg. - Fees	Chart2a-a, Ln285	$ -	$ -	$ 426
	Network Reg. - Other	Chart2a-a, Ln287	$ -	$ 302	$ 25,196
	Network Reg. - Professional Services - Outsourcing	Chart2a-a, Ln288	$ -	$ 3,380	$ 3,042
	Rents	Chart2a-a, Ln289	$ -	$ 11,787	$ -
	Network Reg. - Salary and Wages	Chart2a-a, Ln290	$ -	$ 137,879	$ 112,779
	Network Reg. - Pension Benefits & Taxes	Chart2a-a, Ln291	$ -	$ 26,847	$ 21,992
	Network Reg. - RTUSWT	Chart2a-a, Ln286	$ -	$ -	$ 13,437
	Network Regional - Supplies	Chart2a-a, Ln292	$ -	$ -	$ 14
	Network Infrastructure: Network Regional - Travel	Chart2a-a, Ln293	$ -	$ 72,854	$ 141,719
	Total Network GEO, Regional & Infrastructure - Employee Related	Sum(Ln586+...+Ln597)+Ln599+ Ln600	$ -	$ 1,722,302	$ 1,246,580
	Total Network GEO, Regional & Infrastructure - Right To Use (RTU)	Ln598	$ -	$ -	$ 13,437
	SCIENCE & TECHNOLOGY:				
	Contract Services (Contract Employees)	Chart2a-a, Ln296	$ -	$ 414,964	$ 1,708,598
	Travel	Chart2a-a, Ln297	$ -	$ 63,070	$ 123,827
	Rents	Chart2a-a, Ln298	$ -	$ 28	$ -
	Salary and Wages	Chart2a-a, Ln299	$ -	$ 2,926,920	$ 1,401,050
	Pension Benefits & Taxes	Chart2a-a, Ln300	$ -	$ 570,749	$ 273,205
	Material	Chart2a-a, Ln301	$ -	$ 11,601	$ 6,748
	Other	Chart2a-a, Ln302	$ -	$ 1,859	$ 446
	RTUSWT	Chart2a-a, Ln303	$ -	$ -	$ 1,508,928
	Total Science & Technology - Employee Related	Sum(Ln607+...+Ln613)	$ -	$ 3,988,991	$ 3,513,874
	Total Science & Technology - RTU	Ln614	$ -	$ -	$ 1,508,928
	PROJECT & ADMINISTRATIVE MANAGEMENT:				
	Corporate Charges	Chart2a-a, Ln306	$ -	$ 331,789	$ (94,682)
	BellSouth Billing Inc. (BBI) Charges - Travel	Chart2a-a, Ln307	$ -	$ 10,821	$ 7,535
	BBI Charges - Salary and Wages	Chart2a-a, Ln308	$ -	$ 67,645	$ 261,853
	BBI-Pension Benefits & Taxes	Chart2a-a, Ln310	$ -	$ 13,191	$ 42,871
	BBI-Material	Chart2a-a, Ln312	$ -	$ -	$ 300
	Product Commercialization Unit (PCU) - Contract Services	Chart2a-a, Ln313	$ -	$ 219,239	$ -
	PCU - Travel Expenses	Chart2a-a, Ln314	$ -	$ 87,839	$ 116,216
	PCU - Fees	Chart2a-a, Ln315	$ -	$ 1,997	$ 20,292
	PCU - Material	Chart2a-a, Ln316	$ -	$ 5,327	$ 6,587
	PCU - Other	Chart2a-a, Ln317	$ -	$ 2,257	$ 63,846
	PCU-Supplies	Chart2a-a, Ln318	$ -	$ -	$ 476
	PCU - Contract Employees - Mgmt Consulting	Chart2a-a, Ln319	$ -	$ 701,238	$ 777,044
	PCU - Salary for AIN Employees	Chart2a-a, Ln321	$ -	$ 838,705	$ 706,087
	PCU - PB&T for AIN Employees	Chart2a-a, Ln322	$ -	$ 124,547	$ 137,687
	PCU - Bellcore	Chart2a-a, Ln323	$ -	$ -	$ 192,000
	PCU - Right to use	Chart2a-a, Ln320	$ -	$ 27	$ -
	Interconnection - Travel	Chart2a-a, Ln324	$ -	$ 2,063	$ 2,863
	Interconnection - Other	Chart2a-a, Ln325	$ -	$ -	$ 69
	ACAC Support - Travel	Chart2a-a, Ln326	$ -	$ 5,909	$ -
	ACAC Support - Contract Employees - Outsourcing	Chart2a-a, Ln327	$ -	$ 75,999	$ -
	Consumer Services - Travel	Chart2a-a, Ln328	$ -	$ 68	$ 173
	Operator Services - Travel	Chart2a-a, Ln329	$ -	$ 4,932	$ 4,073

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1	**LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**					**ATTACHMENT V**
2	Cost Recovery Period 1999-2004 (5/99-5/04)					**CHART 2b**
3	**LNP END USER LINE RATE ELEMENT**					
4						**Development of End User Cost per Line per Month**
5	**DEVELOPMENT OF SHARED EXPENSES**					
643	Operator Services - Contract Employees	Chart2a-a, Ln330	$ -	$ 9,486	$ 293	
644	Operator Services - Salary	Chart2a-a, Ln331	$ -	$ 26,187	$ 43,777	
645	Pension Benefits & Taxes	Chart2a-a, Ln332	$ -	$ 5,108	$ 8,537	
646	Human Resources - Performances - Performance Improvement	Chart2a-a, Ln333	$ -	$ 2,785	$ -	
647	Information Technology (IT) Program Management Office (expense)	Chart2a-a, Ln334	$ -	$ 236,418	$ 830,880	
648	IT Performance Contract Proposals	Chart2a-a, Ln335	$ -	$ -	$ 28,748	
649	BBI - Other	Chart2a-a, Ln309	$ -	$ -	$ 1,335	
650	BBI - Bellcore	Chart2a-a, Ln311	$ -	$ -	$ 11,646	
651	End User Charge Product Management Marketing (Mktg) -PCU/Core - Project Manager	Chart2a-a, Ln338	$ -	$ -	$ 27,108	
652	Mktg - Consumer - Product Management	Chart2a-a, Ln339	$ -	$ -	$ 3,614	
653	Mktg - Local Carrier Service Center (LCSC) Billing Staff	Chart2a-a, Ln340	$ -	$ -	$ 7,229	
654	Mktg - BBS COU Representative	Chart2a-a, Ln341	$ -	$ -	$ 7,550	
655	Mktg - LCSC Operations Staff	Chart2a-a, Ln342	$ -	$ -	$ 7,646	
656	Mktg - Payphone Service Provider Service Center Provisioning	Chart2a-a, Ln343	$ -	$ -	$ 1,186	
657	Mktg - Payphone Service Provider Customer Contact	Chart2a-a, Ln344	$ -	$ -	$ 148	
658	Mktg - Consumer Operations	Chart2a-a, Ln345	$ -	$ -	$ 8,683	
659	Mktg - Customer Notification Coordination	Chart2a-a, Ln346	$ -	$ -	$ 148	
660	Finance - Financial & Operational Guidance	Chart2a-a, Ln348	$ -	$ -	$ 2,341	
661	Finance - Cost Study Development	Chart2a-a, Ln349	$ -	$ -	$ 50,851	
662	Information Technology (IT) - DOE/SONGS Deliver	Chart2a-a, Ln350	$ -	$ -	$ 1,049	
663	Information Technology (IT) BBI - CRIS Work/Billing	Chart2a-a, Ln351	$ -	$ -	$ 1,049	
664	Information Technology (IT) BBI - CRIS Database Conversion Coordination	Chart2a-a, Ln352	$ -	$ -	$ 839	
665	Information Technology (IT) BBI - CRIS Rate Database Updates (PG5B)	Chart2a-a, Ln353	$ -	$ -	$ 524	
666	Information Technology (IT) BBI - CRIS Rate Database Updates (PG56)	Chart2a-a, Ln354	$ -	$ -	$ 1,151	
667						
668	Total Project & Administrative Management	Sum(Ln621+...+Ln635+ Ln637+...+Ln666)	$ -	$ 2,573,549	$ 3,291,319	
669	PCU - Right To Use (RTU)	Ln636	$ -	$ 27	$ -	
670						
671	**TRAINING:**					
672	Training - Interconnection Services (ICS) - Travel	Chart2a-a, Ln364	$ -	$ 6,622	$ 16,421	
673	Training - ICS - Other	Chart2a-a, Ln365	$ -	$ 200	$ 1,320	
674	Training - ICS - BellSouth Applied Technology (BAT) Billing	Chart2a-a, Ln366	$ -	$ -	$ 460,015	
675	Training -ICS-Contract Employees	Chart2a-a, Ln367	$ -	$ -	$ 98,577	
676	Training - ICS - Contract Services	Chart2a-a, Ln368	$ -	$ -	$ 7,387	
677	Training - ICS - PB&T	Chart2a-a, Ln369	$ -	$ -	$ 31,675	
678	Training - ICS - Salary	Chart2a-a, Ln370	$ -	$ -	$ 162,435	
679	Training - Small Business-Contract Services	Chart2a-a, Ln371	$ -	$ -	$ 4,282	
680	Training - Small Business-Travel	Chart2a-a, Ln372	$ -	$ -	$ 7,873	
681	Training - Small Business-Other	Chart2a-a, Ln373	$ -	$ -	$ 53	
682	Training - Small Business-Material	Chart2a-a, Ln374	$ -	$ -	$ 242	
683	Training - Small Business-Salary & Wages	Chart2a-a, Ln375	$ -	$ -	$ 32,766	
684	Training Small Business - Pension Benefits & Taxes	Chart2a-a, Ln376	$ -	$ -	$ 6,237	
685	Training - Small Business - Contract Employees	Chart2a-a, Ln377	$ -	$ -	$ 117,663	
686	Training - Small Business - Rents	Chart2a-a, Ln378	$ -	$ -	$ 48	
687	Total Training	Sum(Ln672+...+Ln686)	$ -	$ 6,822	$ 946,994	

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ATTACHMENT V
CHART 2b

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

LNP END USER LINE RATE ELEMENT

DEVELOPMENT OF SHARED EXPENSES

OTHER EXPENSES:					
Other Expenses (Limited Liability Corporation (LLC)): Southeastern Number Portability Administration Company	Chart2a-a, Ln384	$ 4,435	$ 11,219	$ 13,304	
Total LLC Expenses	Ln691	$ 4,435	$ 11,219	$ 13,304	
Other Expenses (Interim LNP to Permanent LNP Conversion (Ends EOY1999)):					
Number of LCSC Service Representatives (Fulltime) JFC 2300	Chart2a-a, Ln388			2	
Hours Utilized (Month of Sept-Dec 1998, based on 1928 annual hours) per Service Rep.	Chart2a-a, Ln389			643	
Labor Cost per Hour	Chart2a-a, Ln87		$	48.98	
Total Labor Cost	Ln696*Ln697*Ln698		$	62,992	
Total Actual LNP Miscellaneous Employee Related and Other:					
Employee Related and Other (LLC)	Ln602+Ln616+Ln668+Ln687+ Ln692+Ln699	$ 4,435	$ 8,302,883	$ 9,075,062	
RTU	Ln603+Ln617+Ln669	$ -	$ 27	$ 1,522,365	

Development of Projected Miscellaneous Employee Related & Other Expenses

Description	Source	Job Function Code (JFC)/ PG/WS	1999 a	2000 b	2001 c	2002 g	2003 h	2004 i
MISCELLANEOUS EMPLOYEE RELATED AND OTHER EXPENSES (Projected)								
Fully Recoverable Costs:								
NETWORK TRANSLATIONS:								
Network Translations Worktimes per Switch (Hours):								
1AESS	Chart2a-p, Ln196	4320	696.0	255.0	-	-	-	-
5ESS	Chart2a-p, Ln197	4320	3,938.8	5,338.1	-	-	-	-
DMS100/200	Chart2a-p, Ln198	4320	340.0	66.9	-	-	-	-
DMS100/200	Chart2a-p, Ln199	4320	11.3	-	-	-	-	-
DMS100/200	Chart2a-p, Ln200	4320	1,159.1	1,060.8	-	-	-	-
EWSD	Chart2a-p, Ln201	4320	1,320.0	2,790.0	-	-	-	-
Total Switch Translations Worktimes - All Switch Types (Hours)	Sum(Ln717+...+Ln722)		7,467.9	9,510.6	-	-	-	-
Directly Assigned Labor Rate (Job Function Code 4320)	Chart2a-a, Ln88		$ 49.51	$ 49.51	$ -	$ -	$ -	$ -
Total Translations Labor Costs	Ln723*Ln724	4320	$ 369,711	$ 470,841	$ -	$ -	$ -	$ -
NETWORK:								
Network Regional - Contract Services	Chart2a-p, Ln205		$ 286,000	$ -	$ -	$ -	$ -	$ -
Network Reg. - Other	Chart2a-p, Ln206		$ 28,000	$ -	$ -	$ -	$ -	$ -
Network Reg. - Professional Services - Outsourcing. 1999 - 2 contractors @ $115,000 ea., 1 @ $208,000, 2 @ 143,000 ea. (all full time)	Chart2a-p, Ln207		$ 724,000	$ -	$ -	$ -	$ -	$ -
Network Infrastructure – Network Regional - Travel	Chart2a-p, Ln208		$ 175,000	$ -	$ -	$ -	$ -	$ -
Total Network Regional & Infrastructure	Sum(Ln728+...+Ln731)		$ 1,213,000	$ -	$ -	$ -	$ -	$ -
SCIENCE & TECHNOLOGY:								
Contract Services (Contract Employees). 1999 - 11 fulltime contractors @ $150,000 ea.	Chart2a-p, Ln211		$ 1,650,000	$ 825,000	$ 412,500	$ 412,500	$ 412,500	$ -
Travel	Chart2a-p, Ln212		$ 243,000	$ 120,000	$ -	$ -	$ -	$ -
Salary and Wages	Chart2a-p, Ln213		$ 2,402,065	$ 1,201,032	$ 600,516	$ 600,516	$ 600,516	$ -
Pension Benefits & Taxes	Chart2a-p, Ln214		$ 556,000	$ 278,000	$ 140,000	$ 140,000	$ 140,000	$ -
RTUSWT	Chart2a-p, Ln215		$ 3,200,000	$ 1,600,000	$ 800,000	$ 800,000	$ 800,000	$ -
Total Science & Technology - Labor Related	Sum(Ln735+...+Ln738)		$ 4,851,065	$ 2,424,032	$ 1,153,016	$ 1,153,016	$ 1,153,016	$ -
RTUSWT Expense - Intangible Asset	Ln739		$ 3,200,000	$ 1,600,000	$ 800,000	$ 800,000	$ 800,000	$ -
PROJECT & ADMINISTRATIVE MANAGEMENT:								
BellSouth Billing Inc. (BBI) Changes - Travel	Chart2a-p, Ln218		$ 21,600	$ -	$ -	$ -	$ -	$ -
BBI Changes - Salary - .2 PG54, 1.4 PG57, 2.5 PG58, & .5 PG59	Chart2a-p, Ln219		$ 494,141	$ -	$ -	$ -	$ -	$ -
BBI Changes - Wages - 1 WS16, 2 WS18	Chart2a-p, Ln220		$ 156,541	$ -	$ -	$ -	$ -	$ -
BBI Changes - PB&T	Chart2a-p, Ln221		$ 72,551	$ -	$ -	$ -	$ -	$ -
Product Commercialization Unit (PCU) - Travel Expenses	Chart2a-p, Ln222		$ 150,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ -
PCU - Other	Chart2a-p, Ln223		$ 14,000	$ -	$ -	$ -	$ -	$ -
PCU - Bellcore	Chart2a-p, Ln224		$ 236,400	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ -
PCU - Contract Employees - Mgmt. Consulting. 1999 - 2 contractors @ $170,000, 1 @ 150,000, 1 @250,000. (all full time)	Chart2a-p, Ln225		$ 740,000	$ -	$ -	$ -	$ -	$ -
PCU - Salary for AIN Employees	Chart2a-p, Ln226		$ 1,045,287	$ 522,643	$ 261,322	$ 261,322	$ 261,322	$ -
PCU - PB&T for AIN Employees	Chart2a-p, Ln227		$ 174,654	$ 87,327	$ 44,000	$ 44,000	$ 44,000	$ -
Consumer Services - Other	Chart2a-p, Ln228		$ 50,000	$ -	$ -	$ -	$ -	$ -
Information Technology (IT) Program Management Office (expense)	Chart2a-p, Ln231		$ 521,805	$ 48,600	$ -	$ -	$ -	$ -
IT Program Management Office (expense)	Chart2a-p, Ln232		$ 130,451	$ 11,650	$ -	$ -	$ -	$ -
IT Program Management Office (expense)	Chart2a-p, Ln233		$ 5,000	$ -	$ -	$ -	$ -	$ -
IT Performance Contract Proposals	Chart2a-p, Ln234		$ 21,843	$ 5,825	$ -	$ -	$ -	$ -
Operator Services - Affiliate Billing	Chart2a-p, Ln229		$ 100,000	$ -	$ -	$ -	$ -	$ -

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

3 LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

4												
5	DEVELOPMENT OF SHARED EXPENSES											
763	End User Charge Project Management:											
764	Marketing (Mktg) -PCU/Core - Project Manager	Chart2a-p, Ln237		$ 48,445	$ 11,626	$ -	$ -	$ -	$ -			
765	Mktg - Consumer - Product Management	Chart2a-p, Ln238		$ 8,024	$ 1,506	$ 1,506	$ 1,506	$ 904	$ -			
766	Mktg - Local Carrier Service Center (LCSC) Billing Staff	Chart2a-p, Ln239		$ 1,928	$ -	$ -	$ -	$ -	$ -			
767	Mktg - BBS COU Representative	Chart2a-p, Ln240		$ 1,294	$ -	$ -	$ -	$ -	$ -			
768	Mktg - LCSC Operations Staff	Chart2a-p, Ln241		$ 10,534	$ 5,267	$ 5,123	$ 2,696	$ 2,696	$ 1,348			
769	Mktg - Payphone Service Provider Service Center Provisioning	Chart2a-p, Ln242		$ 1,510	$ -	$ -	$ -	$ -	$ -			
770	Mktg - Payphone Service Provider Customer Contact	Chart2a-p, Ln243		$ 49	$ -	$ -	$ -	$ -	$ -			
771	Mktg - Consumer Operations	Chart2a-p, Ln244		$ 25,994	$ -	$ -	$ -	$ -	$ -			
772	Mktg - Customer Notification Coordination	Chart2a-p, Ln245		$ 295	$ -	$ -	$ -	$ -	$ -			
773	Mktg - Tariff Preparation & Filing	Chart2a-p, Ln246		$ 17,409	$ 2,892	$ 2,892	$ 2,892	$ 2,892	$ 964			
774	Mktg - Tariff Preparation & Filing (Contractor)	Chart2a-p, Ln247		$ 12,283	$ 2,040	$ 2,040	$ 2,040	$ 2,040	$ 680			
775	Finance - Financial & Operational Guidance	Chart2a-p, Ln248		$ 585	$ -	$ -	$ -	$ -	$ -			
776	Finance - Cost Study Development	Chart2a-p, Ln249		$ 33,785	$ -	$ -	$ -	$ -	$ -			
777	Information Technology (IT) - DOE/SONGS Deliver	Chart2a-p, Ln250		$ 420	$ -	$ -	$ -	$ -	$ -			
778	Information Technology (IT) - CRIS Work/Billing	Chart2a-p, Ln251		$ 10,110	$ -	$ -	$ -	$ -	$ -			
779	Information Technology (IT) BBI - CRIS Database Conversion Coordination	Chart2a-p, Ln252		$ 8,390	$ 1,676	$ -	$ -	$ -	$ -			
780	Information Technology (IT) BBI - CRIS Rate Database Updates	Chart2a-p, Ln253		$ 1,151	$ 368	$ 368	$ 368	$ 368	$ 184			
781	IT -Contractor (Customer Information Delivery (CID))	Chart2a-p, Ln254		$ 2,750	$ -	$ -	$ -	$ -	$ -			
782	IT -Temp Service (CID)	Chart2a-p, Ln255		$ 120	$ -	$ -	$ -	$ -	$ -			
783	IT Andersen Consultant - Program Expense (CID)	Chart2a-p, Ln256		$ 1,942	$ -	$ -	$ -	$ -	$ -			
784	IT Supplier Expense - Supplier Programming Expense (CID)	Chart2a-p, Ln257		$ 1,875	$ -	$ -	$ -	$ -	$ -			
785	IT Supplier Expense - English & Spanish File Tests (CID)	Chart2a-p, Ln258		$ 1,500	$ -	$ -	$ -	$ -	$ -			
786	IT Supplier Expense - Test File Mailing Charges (CID)	Chart2a-p, Ln259		$ 150	$ -	$ -	$ -	$ -	$ -			
787	Network Support	Chart2a-p, Ln260		$ 58,714	$ -	$ -	$ -	$ -	$ -			
788	Total Project & Administrative Management Costs w/o GPC Intangible Assets	Sum(Ln746:Ln761)+ Sum(Ln764:778)+Ln787		$ 4,151,122	$ 949,376	$ 566,882	$ 564,456	$ 563,853	$ 2,992			
789	Total Project & Administrative Management GPC Related Intangible Assets	Sum(Ln777+...+Ln786)		$ 28,408	$ 2,046	$ 368	$ 368	$ 368	$ 184			
790												
791												
792	TRAINING:											
793	Training - Interconnection Training (ICS) - Travel	Chart2a-p, Ln266		$ 40,000	$ -	$ -	$ -	$ -	$ -			
794	Training - ICS - Other	Chart2a-p, Ln267		$ 549,700	$ -	$ -	$ -	$ -	$ -			
795	Training - ICS - BellSouth Applied Technology (BAT) Billing	Chart2a-p, Ln268		$ 750,000	$ -	$ -	$ -	$ -	$ -			
796	Training -ICS-Contract Employees 1999 - 3 full time contractors @ $100,000 ea.	Chart2a-p, Ln272		$ 300,000	$ -	$ -	$ -	$ -	$ -			
797	Training - Small Business - Contract Services	Chart2a-p, Ln272		$ 325,200	$ -	$ -	$ -	$ -	$ -			
798												
799												
800												
801												
802	Total Training - Contractor, Materials, Travel & Misc. ($)	Sum(Ln793+...+Ln797)		$ 1,984,900	$ -	$ -	$ -	$ -	$ -			
803												
804												
805	Number of LCSC Service Representatives Trained	Chart2a-p, Ln270	WS23/JFC2300	300	-	-	-	-	-			
806	Total Number of Training Hours for Service Representatives (Hours)	Chart2a-p, Ln269	WS23/JFC2300	168,300	-	-	-	-	-			
807	Directly Assigned Labor Rates per Hour (JFC 2300)	Chart2a-a, Ln87	WS23/JFC2300	$ 48.98	$ 48.98	$ 48.98	$ 48.98	$ 48.98	$ 48.98			
808	Total LCSC Service Representatives' Training Labor Costs	Ln806*Ln807		$ 8,243,777	$ -	$ -	$ -	$ -	$ -			
809	Total Training Costs	Ln802+Ln808		$ 10,208,677	$ -	$ -	$ -	$ -	$ -			
810												
811												
812	OTHER EXPENSES:											
813	*Other Expenses (Limited Liability Corporation Costs):*											
814	Southeastern Number Portability Administration Company (LLC)	Chart2a-p, Ln284		$ 44,346	$ 44,346	$ 44,346	$ 44,348	$ 44,346	$ 22,173			
815												
816												
817	*Other Expenses (Interim LNP to Permanent LNP Conversion (Ends EOY1999)):*											
818	Number of Local Carrier Service Center (LCSC) Service Representatives (Fulltime)	Chart2a-p, Ln287	2300	4	-	-	-	-	-			
819	Number of LCSC Clerks (Fulltime)	Chart2a-p, Ln288	Marketing WS10	5	-	-	-	-	-			
820	Annual Hours	Chart2a-a, Ln78		1,928	1,928	1,928	1,928	1,928	1,928			
821	Directly Assigned Levelized Labor Rate (JFC 2300)	Chart2a-a, Ln87		$ 48.98	$ 48.98	$ 48.98	$ 48.98	$ 48.98	$ 48.98			
822	Directly Assigned Levelized Labor Rate (WS10)	Chart2a-a, Ln88		$ 35.28	$ 35.28	$ 35.28	$ 35.28	$ 35.28	$ 35.28			
823	Total Labor Cost for LNP Conversion	Ln820*((Ln818*Ln821)+(Ln819*Ln822))		$ 717,846	$ -	$ -	$ -	$ -	$ -			
824												
825	*Other Expenses (Service Order Processing (Port Out Order)):*											
826	Number Employees by Pay Band/Wage Scale (Fulltime):											
827	LCSC Service Rep	Chart2a-p, Ln295	2300	63	82	98	108	119	131			
828	LCSC Clerk	Chart2a-p, Ln296	Marketing WS10	18	23	28	31	34	37			
829	Marketing Pay Grade 57	Chart2a-p, Ln297	MKTPG57	6	9	12	14	15	16			
830	Mktg Pay Grade 58	Chart2a-p, Ln298	MKTPG58	1	1	1	1	1	2			
831	Mktg Pay Grade 59	Chart2a-p, Ln299	MKTPG59	1	1	1	1	1	2			
832												

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ATTACHMENT V
CHART 2b

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

3 **LNP END USER LINE RATE ELEMENT**
4
5 **DEVELOPMENT OF SHARED EXPENSES**

833	Annual Hours	Chart2a-a, Ln78			1,928		1,928		1,928		1,928		1,928		1,928
834	Months per Year for Port Out Order Activity				7.5		12.0		12.0		12.0		12.0		4.5
835	Directly Assigned Labor Rate by Pay Grade:														
836	LCSC Service Rep	Chart2a-a, Ln87	2300	$	48.98	$	48.98	$	48.98	$	48.98	$	48.98	$	48.98
837	LCSC Clerk	Chart2a-a, Ln87	Marketing WS10	$	35.28	$	35.28	$	35.28	$	35.28	$	35.28	$	35.28
838	Marketing Pay Grade 57	Chart2a-a, Ln90	MKTPG57	$	49.22	$	49.22	$	49.22	$	49.22	$	49.22	$	49.22
839	Mktg Pay Grade 58	Chart2a-a, Ln91	MKTPG58	$	53.93	$	53.93	$	53.93	$	53.93	$	53.93	$	53.93
840	Mktg Pay Grade 59	Chart2a-a, Ln92	MKTPG59	$	60.24	$	60.24	$	60.24	$	60.24	$	60.24	$	60.24
841	Total Service Order Processing Labor Costs	{(Ln827*Ln836)+(Ln828*Ln837)+(Ln829*Ln838)+(Ln830*Ln839)+(Ln831*Ln840)}*(Ln833/12*Ln834)		$	4,977,179	$	10,382,616	$	12,518,430	$	13,856,674	$	15,194,454	$	6,317,547
842															
843	*Other Expenses (Customer Notification & Mailing):*														
844	Customer Notification Piece - BBS COU	Chart2a-p, Ln305		$	99,474	$	41,000	$	-	$	-	$	-	$	-	$	-
845	Customer Notification Piece - BBS COU	Chart2a-p, Ln306		$	15,000	$	-	$	-	$	-	$	-	$	-	$	-
846	LNP End User Charge Vendor Mailing & Stationary Costs:														
847	Folding	Chart2a-p, Ln311		$	255	$	-	$	-	$	-	$	-	$	-	$	-
848	Stuffing	Chart2a-p, Ln312		$	384	$	-	$	-	$	-	$	-	$	-	$	-
849	Labels	Chart2a-p, Ln313		$	255	$	-	$	-	$	-	$	-	$	-	$	-
850	Copies	Chart2a-p, Ln314		$	155	$	-	$	-	$	-	$	-	$	-	$	-
851	Postage	Chart2a-p, Ln315		$	1,526	$	-	$	-	$	-	$	-	$	-	$	-
852	Envelopes	Chart2a-p, Ln316		$	1,090	$	-	$	-	$	-	$	-	$	-	$	-
853	Labels	Chart2a-p, Ln317		$	172	$	-	$	-	$	-	$	-	$	-	$	-
854															
855	Total Customer Notification and Mailing Costs	Sum(Ln844+...+Ln853)		$	116,312	$	41,000	$	-	$	-	$	-	$	-	$	-
856															
857	*Other Expenses (Port Out Maintenance)*	Chart2a-p, Ln306		$	1,904,087	$	1,839,617	$	1,863,812	$	1,863,812	$	1,863,812	$	1,863,812	$	1,863,812
858															
859															
860															
861	Total Forecasted LNP Miscellaneous Employee Related and Other:	Ln725+Ln732+Ln742+Ln788+Ln809+Ln814+Ln823+Ln841+Ln855+Ln857		$	27,655,346	$	16,151,826	$	16,146,485	$	17,482,303	$	18,819,481	$	8,206,523
862															
863	Total LNP Miscellaneous & Other Expenses - Intangible Assets	Ln743+Ln789		$	3,228,408	$	1,602,046	$	800,368	$	800,368	$	800,368	$	800,368	$	184
864															
865															
866															
867															
868															
869															

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

SUMMARY - Development of Miscellaneous Employee Related and Other Expenses

Description	Source	Value	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Demand (access lines) - PV	Ln1305	105,711,437									
Miscellaneous Employee Related & Other Expenses											
Total LNP Miscellaneous Employee Related and Other:											
Employee Related and Other	Lo703;Ln861		$ 4,435	$ 8,302,883	$ 9,075,062	$ 27,655,346	$ 16,151,828	$ 16,146,485	$ 17,482,303	$ 16,619,481	$ 8,206,523
RTU Expense	Ln704		$ -	$ 27	$ 1,522,365	$ -	$ -	$ -	$ -	$ -	$ -
Total Miscellaneous General Personal Computer Related Intangible Assets	Ln863		$ -	$ -	$ -	$ 3,228,408	$ 1,602,046	$ 800,368	$ 800,368	$ 800,368	$ 184
Base = 1/1/99											
Discount Rate (I)	Chart2a-a, Ln11	0.1125									
Number of Periods (N)	Chart2a-a, Ln12	0.5									
Number of Periods (N)	Chart2a-a, Ln13	1.5									
Number of Periods (N)	Chart2a-a, Ln14	2.5									
Number of Periods (N)	Chart2a-a, Ln15	3.5									
Number of Periods (N)	Chart2a-a, Ln16	4.5									
Number of Periods (N)	Chart2a-a, Ln17	5.5									
	(1+I)^N										
Future Value of a Present Amount Factor (.5 Periods) 1998:	(1+Ln882)^Ln883	1.0548									
Future Value of a Present Amount Factor (1.5 Periods)1997:	(1+Ln882)^Ln884	1.1734									
Future Value of a Present Amount Factor (2.5 Periods)1996:	(1+Ln882)^Ln885	1.3054									
	1/(1+I)^N										
Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln882)^Ln883	0.9481									
Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln882)^Ln884	0.8522									
Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln882)^Ln885	0.7660									
Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln882)^Ln886	0.6886									
Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln882)^Ln887	0.6189									
Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln882)^Ln888	0.5564									
Employee Related & Other Expense (Note: 1998-2004 software and general purpose computer related expenses are capitalized.):											
FV (1998-1998)	(Ln877a*Ln893)+(Ln877b*Ln892)+(Ln877c*Ln891)+(Ln877d*Ln895)+(Ln877e*Ln896)+(Ln877f*Ln897)+(Ln877g*Ln898)+(Ln877h*Ln899)+(Ln877i*Ln900)	$ 19,320,412									
PV (1998-2004)	Ln903+Ln904	$ 80,605,173									
Employee Related	Ln905+Ln906	$ 99,925,585									
Right To Use Expense (Note: 1998-2004 software and general purpose computer related expenses are capitalized.):											
FV (1998-1998)	(Ln878a*Ln893)+(Ln878b*Ln892)+(Ln878c*Ln891)	$ 1,605,748									
RTU	Ln908	$ 1,605,748									
Total Miscellaneous Employee Related & Other Expenses per Line per Month (Note: 1998-2004 software and general purpose computer related expenses are capitalized.):											
Employee Related	(Ln905/Ln874)/12	$ 0.078772									
RTU	(Ln910/Ln874)/12	$ 0.001266									

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

DEVELOPMENT OF TOTAL COSTS PER LINE PER MONTH - CAPITAL AND EXPENSES

DEMAND

End of Year 1998-2004 Annual Forecasted Access Line Demand by Category and by Implementation Date for Portable Lines

Description	Source	Implementation Date	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Total Access Lines (includes lines or trunks for 1)Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX, 9) PRI ISDN, 10)Centrex-like/ESSX/Multiserv, and 11) Lifeline) (official lines and non-switched data lines are excluded from forecast):								
	Chart2a-p, Ln16	12/31/98	14,381,846	14,549,416	14,467,033	14,219,037	14,064,293	14,108,746
	Chart2a-p, Ln17	6/30/99	4,500,499	4,554,871	4,528,194	4,449,465	4,407,351	4,427,552
	Chart2a-p, Ln18	7/30/99	46,123	46,957	46,916	46,420	46,364	46,921
	Chart2a-p, Ln19	9/2/99	579,624	584,994	580,738	570,399	565,280	567,775
	Chart2a-p, Ln20	9/30/99	972,093	993,054	997,160	990,805	990,828	1,003,308
	Chart2a-p, Ln21	12/31/99	654,701	665,231	663,643	654,252	649,568	653,685
	Chart2a-p, Ln22	3/31/00	1,954,285	1,983,920	1,977,047	1,948,016	1,935,048	1,949,239
Lifeline Lines:								
	Chart2a-p, Ln25	12/31/98	146,756	144,393	140,184	134,946	131,274	129,593
	Chart2a-p, Ln26	6/30/99	54,701	53,820	52,251	50,298	48,930	48,303
	Chart2a-p, Ln27	7/30/99	296	291	283	272	265	261
	Chart2a-p, Ln28	9/2/99	-	-	-	-	-	-
	Chart2a-p, Ln29	9/30/99	9,104	8,957	8,696	8,371	8,143	8,039
	Chart2a-p, Ln30	12/31/99	5,848	5,754	5,587	5,378	5,231	5,164
	Chart2a-p, Ln31	3/31/00	28,177	27,723	26,915	25,909	25,204	24,881
PBX Trunks:								
	Chart2a-p, Ln34	12/31/98	620,983	605,500	570,113	552,976	542,554	539,809
	Chart2a-p, Ln35	6/30/99	141,107	137,589	129,548	125,654	123,286	122,662
	Chart2a-p, Ln36	7/30/99	827	807	760	737	723	719
	Chart2a-p, Ln37	9/2/99	13,104	12,777	12,030	11,669	11,449	11,391
	Chart2a-p, Ln38	9/30/99	20,463	19,953	18,787	18,222	17,878	17,788
	Chart2a-p, Ln39	12/31/99	13,047	12,721	11,978	11,618	11,399	11,341
	Chart2a-p, Ln40	3/31/00	38,055	37,108	34,937	33,887	33,248	33,080
PRI ISDN:								
	Chart2a-p, Ln44	12/31/98	20,361	27,681	33,259	37,953	42,829	47,015
	Chart2a-p, Ln45	6/30/99	5,311	7,147	8,388	9,338	10,258	11,280
	Chart2a-p, Ln46	7/30/99	28	38	42	46	50	55
	Chart2a-p, Ln47	9/2/99	253	400	519	626	735	839
	Chart2a-p, Ln48	9/30/99	657	880	1,003	1,083	1,157	1,247
	Chart2a-p, Ln49	12/31/99	358	470	532	576	615	661
	Chart2a-p, Ln50	3/31/00	864	1,181	1,389	1,538	1,685	1,845

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ATTACHMENT V
CHART 2b

Development of End User Cost per Line per Month

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

LNP END USER LINE RATE ELEMENT

DEVELOPMENT OF SHARED EXPENSES

Forecasted Demand - Total Access Lines (Res & Bus)

	Description		Source	Value	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
	Total Access Lines (includes lines or trunks for 1)Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX, 9) PRI ISDN, 10)Centrex-like/ESSX/Multiserv, and 11) Lifeline) (official lines and non-switched data lines are excluded from forecast):									
		12/31/98	Ln931		14,381,848	14,549,416	14,467,033	14,219,037	14,064,293	14,108,746
		6/30/99	Ln932		4,500,499	4,554,871	4,528,194	4,449,465	4,407,351	4,427,552
		7/30/99	Ln933		46,123	46,957	46,916	46,420	46,364	46,921
		9/2/99	Ln934		579,824	584,994	580,738	570,399	565,280	567,775
		9/30/99	Ln935		972,099	993,054	997,160	990,805	990,828	1,003,308
		12/31/99	Ln936		654,701	665,231	663,643	654,252	649,568	653,685
		3/31/00	Ln937		1,954,285	1,983,920	1,977,047	1,948,016	1,935,048	1,949,239
	Annual Access Lines		Sum(Ln979+..+Ln985)		23,089,178	23,378,443	23,260,732	22,878,393	22,658,732	22,757,225
	Average In-Service Quantities (Billable in Year 1999 (7.5 months, 6 mos., 5 mos., 4 mos., & 3 mos.)):									
		12/31/98	Ln979a*7.5		107,863,848					
		6/30/99	Ln980a*6		27,002,997					
		7/30/99	Ln981a*5		230,615					
		9/2/99	Ln982a*4		2,318,495					
		9/30/99	Ln983a*3		2,916,296					
		12/31/99	not billable in 1999							
		Total	Sum(Ln990+..+Ln995)		140,332,251	18,710,967				
	Average Monthly In-Service Quantities (1999)		Ln996/12		11,694,354					
	Average In-Service Quantities (Billable in Year 2000 (12 months and 9 mos.)):									
		12/31/98	Ln979b*12			174,592,988				
		6/30/99	Ln980b*12			54,658,457				
		7/30/99	Ln981b*12			563,490				
		9/2/99	Ln982b*12			7,019,926				
		9/30/99	Ln983b*12			11,916,645				
		12/31/99	Ln984b*12			7,982,772				
		3/31/00	Ln985b*9			17,855,280				
		Total	Sum(Ln1000+..+Ln1006)			274,589,557				
	Average Monthly In-Service Quantities (2000)		Ln1007/12			22,882,463				
	Average In-Service Quantities (Billable in Years 2001 thru 2003 (12 months)):		Ln987				23,260,732	22,878,393	22,658,732	
	Average In-Service Quantities (Billable in Year 2004 (4.5 months)):									
		12/31/98	Ln979f*4.5							63,489,357
		6/30/99	Ln980f*4.5							19,923,983
		7/30/99	Ln981f*4.5							211,143
		9/2/99	Ln982f*4.5							2,554,987
		9/30/99	Ln983f*4.5							4,514,886
		12/31/99	Ln984f*4.5							2,941,581
		3/31/00	Ln985f*4.5							6,771,577
		Total	Sum(Ln1015+..+Ln1021)							102,407,514
	Average Monthly In-Service Quantities (2004)		Ln1022/12							8,533,959

ATTACHMENT V
CHART 2b

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

LNP END USER LINE RATE ELEMENT

DEVELOPMENT OF SHARED EXPENSES

1026	Total Access Lines In Service (Billable 1999-2004):		Ln967a,Ln1008b, Ln1011c,d,e,f		11,894,354	22,882,463	23,290,732	22,878,393	22,658,732	8,533,959
1027										
1028		Base = 1/1/99								
1029		Discount Rate (I)	Chart2a-a, Ln11	0.1125						
1030		Number of Periods (N)	Chart2a-a, Ln12	0.5						
1031		Number of Periods (N)	Chart2a-a, Ln13	1.5						
1032		Number of Periods (N)	Chart2a-a, Ln14	2.5						
1033		Number of Periods (N)	Chart2a-a, Ln15	3.5						
1034		Number of Periods (N)	Chart2a-a, Ln16	4.5						
1035		Number of Periods (N)	Chart2a-a, Ln17	5.5						
1036										
1037			1/(1+I)^N							
1038		Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln1029)^Ln1030	0.9481						
1039		Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln1029)^Ln1031	0.8522						
1040		Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln1029)^Ln1032	0.7660						
1041		Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln1029)^Ln1033	0.6886						
1042		Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln1029)^Ln1034	0.6189						
1043		Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln1029)^Ln1035	0.5564						
1044			[illegible]							
			(Ln1026b*Ln1039)+							
			(Ln1026c*Ln1040)+							
			(Ln1026d*Ln1041)+							
			(Ln1026e*Ln1042)+							
1045		PV (1999-2004) Total Access Lines	(Ln1026f*Ln1043)	82,932,484						
1046										
1047										
1048										

Forecasted Demand - Lifeline Lines

	Description		Source	Value	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
1053										
1054	Total Lifeline Lines by LNP Portable Dates:									
1055		12/31/98	Ln941		146,756	144,393	140,184	134,946	131,274	129,593
1056		6/30/99	Ln942		54,701	53,820	52,251	50,298	48,930	48,303
1057		7/30/99	Ln943		296	291	283	272	265	261
1058		9/2/99	Ln944		-	-	-	-	-	-
1059		9/30/99	Ln945		9,104	8,957	8,696	8,371	8,143	8,039
1060		12/31/99	Ln946		5,848	5,754	5,587	5,378	5,231	5,164
1061		3/31/00	Ln947		28,177	27,723	26,915	25,909	25,204	24,881
1062			Sum(Ln1055+..+Ln1061)		244,881	240,938	233,914	225,174	219,047	216,242
1063	Annual Lifeline Lines									
1064										
1065	Average In-Service Quantities (Billable in Year 1999 (7.5 months, 6 mos., 5 mos., 4 mos., & 3 mos.)):	12/31/98	Ln1055a*7.5		1,100,672					
1066		6/30/99	Ln1056a*6		328,203					
1067		7/30/99	Ln1057a*5		1,479					
1068		9/2/99	Ln1058a*4		-					
1069		9/30/99	Ln1059a*3		27,311					
1070		12/31/99	not billable in 1999		-					
1071		Total	Sum(Ln1066+..+Ln1070)		1,457,665	$ 194,355				
1072		Average Monthly In-Service Quantities (1999)	Ln1072/12		121,472					
1073										
1074										
1075	Average In-Service Quantities (Billable in Year 2000 (12 months and 9 mos.)):	12/31/98	Ln1055b*12			1,732,715				
1076		6/30/99	Ln1056b*12			645,835				
1077		7/30/99	Ln1057b*12			3,492				
1078		9/2/99	Ln1058b*12			-				
1079		9/30/99	Ln1059b*12			107,466				
1080		12/31/99	Ln1060b*12			69,051				
1081		3/31/00	Ln1061b*9			249,507				
1082		Total	Sum(Ln1078+..+Ln1082)			2,808,067				
1083		Average Monthly In-Service Quantities (2000)	Ln1083/12			234,007				
1084										
1085										
1086										
1087	Average In-Service Quantities (Billable in Years 2001 thru 2003 (12 months)):		Ln1063				233,914	225,174	219,047	
1088										

1	LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability									ATTACHMENT V
2	Cost Recovery Period 1999-2004 (5/99-5/04)									CHART 2b
3	LNP END USER LINE RATE ELEMENT									
4										Development of End User Cost per Line per Month
5	DEVELOPMENT OF SHARED EXPENSES									
1089										
1090	Average In-Service Quantities (Billable in Year 2004 (4.5 months)):									
1091	12/31/98	Ln1055f*4.5							583,166	
1092	6/30/99	Ln1056f*4.5							217,364	
1093	7/30/99	Ln1057f*4.5							1,175	
1094	9/2/99	Ln1058f*4.5							-	
1095	9/30/99	Ln1059f*4.5							36,176	
1096	12/31/99	Ln1060f*4.5							23,240	
1097	3/31/00	Ln1061f*4.5							111,966	
1098	Total	Sum(Ln1091+..+Ln1097)							973,087	
1099	Average Monthly In-Service Quantities (2004)	Ln1098/12							81,091	
1100										
1101	Total Lifeline Lines In Service (Billable 1999-2004):	Ln1073a,Ln1084b, Ln1087c,d,e,Ln1099f		121,472	234,007	233,914	225,174	219,047	81,091	
1102										
1103	Base = 1/1/99									
1104	Discount Rate (I)	Chart2a-a, Ln11	0.1125							
1105	Number of Periods (N)	Chart2a-a, Ln12	0.5							
1106	Number of Periods (N)	Chart2a-a, Ln13	1.5							
1107	Number of Periods (N)	Chart2a-a, Ln14	2.5							
1108	Number of Periods (N)	Chart2a-a, Ln15	3.5							
1109	Number of Periods (N)	Chart2a-a, Ln16	4.5							
1110	Number of Periods (N)	Chart2a-a, Ln17	5.5							
1111										
1112		1/(1+I)^N								
1113	Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln1104)^Ln1105	0.9481							
1114	Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln1104)^Ln1106	0.8522							
1115	Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln1104)^Ln1107	0.7660							
1116	Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln1104)^Ln1108	0.6886							
1117	Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln1104)^Ln1109	0.6189							
1118	Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln1104)^Ln1110	0.5564							
1119										
1120	PV (1999-2004) Total Lifeline Lines	(Ln1101a*Ln1113)+ (Ln1101b*Ln1114)+ (Ln1101c*Ln1115)+ (Ln1101d*Ln1116)+	829,520							
1121										
1122										

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ATTACHMENT V
CHART 2b

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

3 LNP END USER LINE RATE ELEMENT
4
5 DEVELOPMENT OF SHARED EXPENSES

	Description		Source	Value	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
1123										
1124	Forecasted Demand - PBX Lines									
1125										
1126										
1127										
1128										
1129	Total PBX Trunks by LNP Portable Dates:	12/31/98	Ln952		620,983	605,500	570,113	552,976	542,554	539,809
1130		6/30/99	Ln953		141,107	137,589	129,548	125,854	123,286	122,662
1131		7/30/99	Ln954		827	807	760	737	723	719
1132		9/2/99	Ln955		13,104	12,777	12,030	11,668	11,449	11,391
1133		9/30/99	Ln956		20,463	19,953	18,787	18,222	17,878	17,788
1134		12/31/99	Ln957		13,047	12,721	11,978	11,618	11,399	11,341
1135		3/31/00	Ln958		38,055	37,106	34,937	33,887	33,248	33,080
1136										
1137					847,585	826,453	778,153	754,762	740,538	736,791
1138	Annual PBX Trunks		Sum(Ln1130+.. +Ln1136)							
1139										
1140	Average In-Service Quantities (Billable in Year 1999 (7.5 months, 6 mos., 5 mos., 4 mos., & 3 mos.)):	12/31/98	Ln1130a*7.5		4,657,376					
1141		6/30/99	Ln1131a*6		846,644					
1142		7/30/99	Ln1132a*5		4,136					
1143		9/2/99	Ln1133a*4		52,415					
1144		9/30/99	Ln1134a*3		61,388					
1145		12/31/99	not billable in 1999		-					
1146		Total	Sum(Ln1141+..+Ln1145)		5,621,959	749,595				
1147		Average Monthly In-Service Quantities (1999)	Ln1147/12		468,497					
1148										
1149										
1150	Average In-Service Quantities (Billable in Year 2000 (12 months and 9 mos.)):	12/31/98	Ln1130b*12			7,266,000				
1151		6/30/99	Ln1131b*12			1,651,070				
1152		7/30/99	Ln1132b*12			9,661				
1153		9/2/99	Ln1133b*12			153,326				
1154		9/30/99	Ln1134b*12			239,431				
1155		12/31/99	Ln1135b*12			152,657				
1156		3/31/00	Ln1136b*9			333,953				
1157		Total	Sum(Ln1123+..+Ln1127)			9,806,118				
1158		Average Monthly In-Service Quantities (2000)	Ln1128/12			817,177				
1159										
1160							778,153	754,762	740,538	
1161	Average In-Service Quantities (Billable in Years 2001 thru 2003 (12 months)):		Ln1138							
1162										
1163										2,429,141
1164	Average In-Service Quantities (Billable in Year 2004 (4.5 months))	12/31/98	Ln1130f*4.5							551,979
1165		6/30/99	Ln1131f*4.5							3,237
1166		7/30/99	Ln1132f*4.5							51,259
1167		9/2/99	Ln1133f*4.5							80,046
1168		9/30/99	Ln1134f*4.5							51,036
1169		12/31/99	Ln1135f*4.5							148,861
1170		3/31/00	Ln1136f*4.5							3,315,558
1171		Total	Sum(Ln1165+..+Ln1171)							276,297
1172		Average Monthly In-Service Quantities (2004)	Ln1172/12							
1173										
1174										
1175					468,497	817,177	778,153	754,762	740,538	276,297
1176	Total PBX Lines in Service (Billable 1999-2004):		Ln1148a,Ln1159b, Ln1138c,d,e,f							
1177		Base = 1/1/99								
1178		Discount Rate (I)	Chart2a-e, Ln11	0.1125						
1179		Number of Periods (N)	Chart2a-e, Ln12	0.5						
1180		Number of Periods (N)	Chart2a-e, Ln13	1.5						
1181		Number of Periods (N)	Chart2a-e, Ln14	2.5						
1182		Number of Periods (N)	Chart2a-e, Ln15	3.5						
1183		Number of Periods (N)	Chart2a-e, Ln16	4.5						
1184		Number of Periods (N)	Chart2a-e, Ln17	5.5						
1185										
1186			1/(1+I)^N							
1187		Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln1179)^Ln1180	0.9481						
1188		Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln1179)^Ln1181	0.8522						
1189		Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln1179)^Ln1182	0.7660						
1190		Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln1179)^Ln1183	0.6886						
1191		Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln1179)^Ln1184	0.6189						
1192		Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln1179)^Ln1185	0.5564						
1193										
1194			{Ln1176a*Ln1188}+ {Ln1176b*Ln1189}+ {Ln1176c*Ln1190}+ {Ln1176d*Ln1191}+							
1195		PV (1999-2004) Total PBX Trunks		2,868,460						
1196										
1197										
1198										

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Chart 2b

ATTACHMENT V
CHART 2b

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

Forecasted Demand - PRI ISDN Lines

Description		Source	Value	1999 a	2000 b	2001 c	2002 d	2003 e	2004 f
Total PRI ISDN Lines by LNP Portable Dates:									
	12/31/98	Ln961		20,361	27,681	33,259	37,953	42,829	47,015
	6/30/99	Ln962		5,311	7,147	8,388	9,336	10,258	11,280
	7/30/99	Ln963		28	38	42	48	50	55
	9/2/99	Ln964		253	400	519	626	735	839
	9/30/99	Ln965		657	880	1,003	1,083	1,157	1,247
	12/31/99	Ln966		358	470	532	576	615	661
	3/31/00	Ln967		864	1,181	1,389	1,538	1,685	1,845
Annual PRI ISDN Lines		Sum(Ln1205+...+Ln1211)		27,831	37,795	45,131	51,158	57,328	62,941
Average In-Service Quantities (Billable in Year 1999 (7.5 months, 6 mos., 5 mos., 4 mos., & 3 mos)):									
	12/31/98	Ln1205a*7.5		152,704					
	6/30/99	Ln1206a*6		31,866					
	7/30/99	Ln1207a*5		140					
	9/2/99	Ln1208a*4		1,012					
	9/30/99	Ln1209a*3		1,970					
	12/31/99	not billable in 1999		-					
	Total	Sum(Ln1216+...+Ln1220)		187,691	25,026				
	Average Monthly In-Service Quantities (1999)	Ln1222/12		15,641					
Average In-Service Quantities (Billable in Year 2000 (12 months and 9 mos.)):									
	12/31/98	Ln1205b*12			332,166				
	6/30/99	Ln1206b*12			85,758				
	7/30/99	Ln1207b*12			450				
	9/2/99	Ln1208b*12			4,794				
	9/30/99	Ln1209b*12			10,560				
	12/30/99	Ln1210b*12			5,634				
	3/31/00	Ln1211b*9			10,829				
	Total	Sum(Ln1226+...+Ln1232)			449,991				
	Average Monthly In-Service Quantities (2000)	Ln1233/12			37,499				
Average In-Service Quantities (Billable in Years 2001 thru 2003 (12 months)):		Ln1213				45,131	51,158	57,328	
Average In-Service Quantities (Billable in Year 2004 (4.5 months)):									
	12/31/98	Ln1205f*4.5							211,568
	6/30/99	Ln1206f*4.5							50,758
	7/30/99	Ln1207f*4.5							245
	9/2/99	Ln1208f*4.5							3,776
	9/30/99	Ln1209f*4.5							5,609
	12/31/99	Ln1210f*4.5							2,975
	3/31/00	Ln1211f*4.5							8,303
	Total	Sum(Ln1240+...+Ln1246)							283,232
	Average Monthly In-Service Quantities (2004)	Ln1247/12							23,603
Total PRI ISDN Lines In Service (Billable 1999-2004):		Ln1223e,Ln1234b, Ln1213c,d,e,f		15,641	37,499	45,131	51,158	57,328	23,603
	Base = 1/1/99								
	Discount Rate (I)	Chart2a-e, Ln11	0.1125						
	Number of Periods (N)	Chart2a-e, Ln12	0.5						
	Number of Periods (N)	Chart2a-e, Ln13	1.5						
	Number of Periods (N)	Chart2a-e, Ln14	2.5						
	Number of Periods (N)	Chart2a-e, Ln15	3.5						
	Number of Periods (N)	Chart2a-e, Ln16	4.5						
	Number of Periods (N)	Chart2a-e, Ln17	5.5						
		1/(1+I)^N							
	Present Value of a Future Amount Factor (.5 Periods) 1999:	1/(1+Ln1254)^Ln1255	0.9481						
	Present Value of a Future Amount Factor (1.5 Periods) 2000:	1/(1+Ln1254)^Ln1256	0.8522						
	Present Value of a Future Amount Factor (2.5 Periods) 2001:	1/(1+Ln1254)^Ln1257	0.7660						
	Present Value of a Future Amount Factor (3.5 Periods) 2002:	1/(1+Ln1254)^Ln1258	0.6886						
	Present Value of a Future Amount Factor (4.5 Periods) 2003:	1/(1+Ln1254)^Ln1259	0.6189						
	Present Value of a Future Amount Factor (5.5 Periods) 2004:	1/(1+Ln1254)^Ln1260	0.5564						
		(Ln1251a*Ln1263)+ (Ln1251b*Ln1264)+ (Ln1251c*Ln1265)+ (Ln1251d*Ln1266)+ (Ln1251e*Ln1267)+							
	PV (1999-2004) Total PRI ISDN Lines	(Ln1251f*Ln1268)	165,198						

ATTACHMENT V
CHART 2b

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

3 LNP END USER LINE RATE ELEMENT
4
5 DEVELOPMENT OF SHARED EXPENSES

1271
1272
1273
1274 SUMMARY - DEMAND
1275
1276
1277

	Description		Source	Value
1278	Total Access Lines (includes lines or trunks for 1)Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX, 9) PRI ISDN, 10)Centrex-like/ESSX/Multiserv, and 11) Lifeline) (non-switched data excluded from forecast):		Ln1045	82,932,484
1279		Total Lifeline Lines	Ln1120	829,520
1280				
1281				
1282				
1283				
1284				
1285	Total Access Lines as reduced by Lifeline		Ln1279-Ln1281	82,102,964
1286				
1287				
1288				
1289	PBX Adjustment:	Total PBX Trunks	Ln1195	2,868,460
1290		Multiplier for PBX Trunks	Chart2a-p, Ln41	9
1291		Adjusted PBX Trunk Count	Ln1290*Ln1291	25,816,140
1292		Difference due to adjustment	Ln1292-Ln1290	22,947,680
1293				
1294				
1295				
1296	PRI ISDN Line Adjustment:	Total PRI ISDN Lines	Ln1270	165,198
1297		Multiplier for PRI ISDN Lines	Chart2a-p, Ln51	5
1298		Adjusted PRI ISDN Line Count	Ln1297*Ln1298	825,991
1299		Difference due to adjustment	Ln1299-Ln1297	660,793
1300				
1301				
1302				
1303				
1304				
1305	Total Access Lines as Adjusted :		Ln1286+Ln1293+Ln1300	105,711,437
1306				
1307				
1308				
1309				
1310				
1311				
1312				

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

3 **LNP END USER LINE RATE ELEMENT**
4
5 **DEVELOPMENT OF SHARED EXPENSES**

Development of End User Cost per Line per Month

1313
1314 **FACTORS**
1315
1316

	Description	Source	Value a	Value b
1317	NOTE: Annual cost factor component for Income Tax is comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 84% Property Tax, 5% Capital Stock and 1% Other tax.			
1318				
1319	Inflation Factors: Digital Electric Switch (377C-03)	Chart2a-a, Ln28	1.0000	
1320	Digital Circuit Other (357C-03)	Chart2a-a, Ln29	1.0000	
1321	General Purpose Computers (630C-00)	Chart2a-a, Ln30	1.0000	
1322	General Purpose Computers (530C-00)	Chart2a-a, Ln31	1.0000	
1323				
1324	Telco Factor - Digital Electric Switch (377C-03)	Chart2a-a, Ln32	1.0715	
1325	Hardwire Factor - Digital Circuit Other (357C-03)	Chart2a-a, Ln33	2.7582	
1326				
1327	Supporting Equipment & Power (SE&P) Loading Factors: Digital Electric Switch (377C-03	Chart2a-a, Ln35	1.0000	
1328	Digital Circuit Other (357C-03)	Chart2a-a, Ln36	1.0000	
1329				
1330	Land Factor: (377C, 357C)	Chart2a-a, Ln37	-	
1331	Land Factor: (530C, 630C)	Chart2a-a, Ln38	-	
1332				
1333	Building Factor: (377C, 357C)	Chart2a-a, Ln39	-	
1334	Building Factor: (530C, 630C)	Chart2a-a, Ln40	-	
1335				
1336	Depreciation Factors: Digital Electric Switch (377C-03)	Chart2a-a, Ln42	0.1000	
1337	Digital Circuit Other (357C-03)	Chart2a-a, Ln43	0.1111	
1338	General Purpose Computers (630C-00)	Chart2a-a, Ln44	0.2000	
1339	General Purpose Computers (530C-00)	Chart2a-a, Ln45	0.2000	
1340	Land Factor (20C)	Chart2a-a, Ln46	-	
1341	Building Factor (10C)	Chart2a-a, Ln47	-	
1342				
1343	Cost of Money Factors: Digital Electric Switch (377C-03)	Chart2a-a, Ln49	0.0716	
1344	Digital Circuit Other (357C-03)	Chart2a-a, Ln50	0.0712	
1345	General Purpose Computers (630C-00)	Chart2a-a, Ln51	0.0723	
1346	General Purpose Computers (530C-00)	Chart2a-a, Ln52	0.0723	
1347	Land Factor (20C)	Chart2a-a, Ln53	-	
1348	Building Factor (10C)	Chart2a-a, Ln54	-	
1349				
1350	Income Tax Factors: Digital Electric Switch (377C-03)	Chart2a-a, Ln56	0.0348	
1351	Digital Circuit Other (357C-03)	Chart2a-a, Ln57	0.0346	
1352	General Purpose Computers (630C-00)	Chart2a-a, Ln58	0.0351	
1353	General Purpose Computers (530C-00)	Chart2a-a, Ln59	0.0351	
1354	Land Factor (20C)	Chart2a-a, Ln60	-	
1355	Building Factor (10C)	Chart2a-a, Ln61	-	
1356				
1357	Plant Specific Factors: Digital Electric Switch (377C-03)	Chart2a-a, Ln63	0.0361	
1358	Digital Circuit Other (357C-03)	Chart2a-a, Ln64	0.0174	
1359	General Purpose Computers (630C-00)	Chart2a-a, Ln65	0.1804	
1360	General Purpose Computers (530C-00)	Chart2a-a, Ln66	0.1804	
1361	Land Factor (20C)	Chart2a-a, Ln67	-	
1362	Building Factor (10C)	Chart2a-a, Ln68	-	
1363	Ad Valorem Tax Factors: Intangible Assets	Chart2a-a, Ln76	0.0094	
1364	Digital Electric Switch (377C-03)	Chart2a-a, Ln70	0.0094	
1365	Digital Circuit Other (357C-03)	Chart2a-a, Ln71	0.0094	
1366	General Purpose Computers (630C-00)	Chart2a-a, Ln72	0.0094	
1367	General Purpose Computers (530C-00)	Chart2a-a, Ln73	0.0094	
1368	Land Factor (20C)	Chart2a-a, Ln74	-	
1369	Building Factor (10C)	Chart2a-a, Ln75	-	
1370	Intangible Assets - Network Related - Depreciation	Chart2a-a, Ln20	0.3333	
1371	Intangible Assets - Network Related - Cost of Money	Chart2a-a, Ln21	0.0777	
1372	Intangible Assets - Network Related - Income Tax	Chart2a-a, Ln22	0.0377	
1373	Intangible Assets - General Purpose Computer Related - Depreciation	Chart2a-a, Ln23	0.2000	
1374	Intangible Assets - General Purpose Computer - Cost of Money	Chart2a-a, Ln24	0.0723	
1375	Intangible Assets - General Purpose Computer - Income Tax	Chart2a-a, Ln25	0.0351	

ATTACHMENT V
CHART 2b

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

3 LNP END USER LINE RATE ELEMENT
4
5 DEVELOPMENT OF SHARED EXPENSES

	DEVELOPMENT OF ANNUAL CAPITAL COSTS Description	Source	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 h
1378	Summary of Annual LNP Network Capital by FRC										
1379	Total LNP Network Hardware Annual Capital - 377C	Ln250	$ -	$ 14,437,118	$ 18,336,004	$ 2,031,234	$ 5,014,627	$ 1,343,903	$ 1,976,926	$ -	$ -
1380	Total LNP Network Hardware Annual Capital - 357C	Ln251	$ -	$ -	$ 246,744	$ -	$ -	$ -	$ -	$ -	$ -
1381	Total LNP Network Hardware Annual Capital - 117C	Ln252	$ -	$ 1,570,229	$ 356,016	$ -	$ -	$ -	$ -	$ -	$ -
1382	Total LNP Network Hardware Annual Capital - 77C	Ln253	$ -	$ 525,530	$ 169,934	$ 192,310	$ -	$ -	$ -	$ -	$ -
1383											
1384	377C, 117C & 77C Combined as 377C	Ln1379+Ln1381+Ln1382	$ -	$ 16,532,877	$ 18,861,955	$ 2,223,543	$ 5,014,627	$ 1,343,903	$ 1,976,926	$ -	$ -
1385	357C	Ln1380	$ -	$ -	$ 246,744	$ -	$ -	$ -	$ -	$ -	$ -
1386	Development of annual capital costs - 377C:										
1387	Digital Electric Switch - Vendor EF&I - SE&P Capital (377C)	Ln1384	$ -	$ 16,532,877	$ 18,861,955	$ 2,223,543	$ 5,014,627	$ 1,343,903	$ 1,976,926	$ -	$ -
1388	Annual Investment (377C) with Telco & Supporting Equipment & Power	Ln1387*Ln1319*Ln1324*Ln1327	$ -	$ 17,714,978	$ 20,210,585	$ 2,382,527	$ 5,373,173	$ 1,439,992	$ 2,118,276	$ -	$ -
1389	Land Investment (20C)	Ln1388*Ln1330	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1390	Building Investment (10C)	Ln1388*Ln1333	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1391											
1392	Subtotal of Investments:	Ln1388	$ -	$ 17,714,978	$ 20,210,585	$ 2,382,527	$ 5,373,173	$ 1,439,992	$ 2,118,276	$ -	$ -
1393	377C Annual Investment	Ln1389	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1394	20C Land Investment	Ln1390	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1395	10C Building Investment										
1396											
1397	Annual Costs:										
1398	Depreciation:	Ln1393*Ln1336	$ -	$ 1,771,498	$ 2,021,058	$ 238,253	$ 537,317	$ 143,999	$ 211,828	$ -	$ -
1399	Digital Electric Switch (377C)	Ln1394*Ln1340	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1400	Land (20C)	Ln1395*Ln1341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1401	Building (10C)										
1402											
1403	Cost of Money:	Ln1393*Ln1343	$ -	$ 1,268,392	$ 1,447,078	$ 170,589	$ 384,719	$ 103,103	$ 151,669	$ -	$ -
1404	Digital Electric Switch (377C)	Ln1394*Ln1347	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1405	Land (20C)	Ln1395*Ln1348	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1406	Building (10C)										
1407											
1408	Income Tax:	Ln1393*Ln1350	$ -	$ 616,481	$ 703,328	$ 82,912	$ 186,986	$ 50,112	$ 73,716	$ -	$ -
1409	Digital Electric Switch (377C)	Ln1394*Ln1354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1410	Land (20C)	Ln1395*Ln1355	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1411	Building (10C)										
1412	NOTE: The Income Tax cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax.										
1413	State Income Tax for 377C w/ Land & Building:	.15*SUM(Ln1409:Ln1411)	$ -	$ 92,472	$ 105,499	$ 12,437	$ 28,048	$ 7,517	$ 11,057	$ -	$ -
1414	Federal Income Tax for 377C w/ Land & Building	.85*SUM(Ln1409:Ln1411)	$ -	$ 524,009	$ 597,829	$ 70,475	$ 158,938	$ 42,595	$ 62,659	$ -	$ -
1415											
1416											
1417	Plant Specific:	Ln1393*Ln1357	$ -	$ 839,511	$ 729,602	$ 86,009	$ 193,972	$ 51,984	$ 76,470	$ -	$ -
1418	Digital Electric Switch (377C)	Ln1394*Ln1361	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1419	Land (20C)	Ln1395*Ln1362	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1420	Building (10C)										
1421											
1422	Ad Valorem:	Ln1393*Ln1364	$ -	$ 166,521	$ 189,979	$ 22,396	$ 50,508	$ 13,536	$ 19,912	$ -	$ -
1423	Digital Electric Switch (377C)	Ln1394*Ln1368	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1424	Land (20C)	Ln1395*Ln1369	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1425	Building (10C)										
1426	NOTE: The Ad Valorem cost factor components are comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.										
1427	Property Tax for 377C w/ Land & Building	.94*SUM(Ln1423:Ln1425)	$ -	$ 156,530	$ 178,581	$ 21,052	$ 47,477	$ 12,724	$ 18,717	$ -	$ -
1428	Capital Stock for 377C w/ Land & Building	.05*SUM(Ln1423:Ln1425)	$ -	$ 8,326	$ 9,499	$ 1,120	$ 2,525	$ 677	$ 996	$ -	$ -
1429	Other Tax for 377C w/ Land & Building	.01*SUM(Ln1423:Ln1425)	$ -	$ 1,665	$ 1,900	$ 224	$ 505	$ 135	$ 199	$ -	$ -
1430											
1431											
1432											
1433	Summary of Annual Direct Capital Costs (377C):										
1434	Digital Electric Switch (377C)	Ln1399+Ln1404+Ln1409+Ln1418+Ln1423	$ -	$ 4,462,403	$ 5,091,046	$ 600,158	$ 1,353,502	$ 362,734	$ 533,594	$ -	$ -
1435	Land (20C)	Ln1400+Ln1405+Ln1410+Ln1419+Ln1424	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1436	Building (10C)	Ln1401+Ln1406+Ln1411+Ln1420+Ln1425	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1437	Total Direct Costs - 377C	Sum(Ln1434+...+Ln1436)	$ -	$ 4,462,403	$ 5,091,046	$ 600,158	$ 1,353,502	$ 362,734	$ 533,594	$ -	$ -
1438											

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1	**LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**											**ATTACHMENT V**
2	Cost Recovery Period 1999-2004 (5/99-5/04)											**CHART 2b**
3	**LNP END USER LINE RATE ELEMENT**											**Development of End User Cost per Line per Month**
4												
5	**DEVELOPMENT OF SHARED EXPENSES**											
1439	**Development of annual capital costs - 357C:**											
1440	Digital Circuit Other: C.O. - Hardwired - SE&P Capital (357C)	Ln1385	$ -	$ -	$ 246,744	$ -	$ -	$ -	$ -	$ -	$ -	
1441	Annual Investment with Hardware & Supporting Equipment & Power	Ln1440*Ln1320*Ln1325*Ln1328	$ -	$ -	$ 680,569	$ -	$ -	$ -	$ -	$ -	$ -	
1442	Land Investment	Ln1441*Ln1330	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1443	Building Investment	Ln1441*Ln1333	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1444												
1445	Subtotal of Investments:											
1446	357C Annual Investment	Ln1441	$ -	$ -	$ 680,569	$ -	$ -	$ -	$ -	$ -	$ -	
1447	20C Land Investment	Ln1442	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1448	10C Building Investment	Ln1443	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1449												
1450	*Annual Costs:*											
1451	Depreciation:											
1452	Digital Circuit Other (357C)	Ln1446*Ln1337	$ -	$ -	$ 75,611	$ -	$ -	$ -	$ -	$ -	$ -	
1453	Land (20C)	Ln1447*Ln1340	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1454	Building (10C)	Ln1448*Ln1341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1455												
1456	Cost of Money:											
1457	Digital Circuit Other (357C)	Ln1446*Ln1344	$ -	$ -	$ 48,457	$ -	$ -	$ -	$ -	$ -	$ -	
1458	Land (20C)	Ln1447*Ln1347	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1459	Building (10C)	Ln1448*Ln1346	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1460												
1461	Income Tax:											
1462	Digital Circuit Other (357C)	Ln1446*Ln1351	$ -	$ -	$ 23,548	$ -	$ -	$ -	$ -	$ -	$ -	
1463	Land (20C)	Ln1447*Ln1354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1464	Building (10C)	Ln1448*Ln1355	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1465	NOTE: The Income Tax cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax.											
1466	State Income Tax for 357C w/ Land & Building:	.15*SUM(Ln1462:Ln1464)	$ -	$ -	$ 3,532	$ -	$ -	$ -	$ -	$ -	$ -	
1467	Federal Income Tax for 357C w/ Land & Building	.85*SUM(Ln1462:Ln1464)	$ -	$ -	$ 20,016	$ -	$ -	$ -	$ -	$ -	$ -	
1468												
1469												
1470	Plant Specific:											
1471	Digital Circuit Other (357C)	Ln1446*Ln1358	$ -	$ -	$ 11,842	$ -	$ -	$ -	$ -	$ -	$ -	
1472	Land (20C)	Ln1447*Ln1361	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1473	Building (10C)	Ln1448*Ln1362	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1474												
1475	Ad Valorem:											
1476	Digital Circuit Other (357C)	Ln1446*Ln1365	$ -	$ -	$ 6,397	$ -	$ -	$ -	$ -	$ -	$ -	
1477	Land (20C)	Ln1447*Ln1368	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1478	Building (10C)	Ln1448*Ln1369	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1479	NOTE: The Ad Valorem cost factor components are comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.											
1480	Property Tax for 357C w/ Land & Building	.94*SUM(Ln1476:Ln1478)	$ -	$ -	$ 6,014	$ -	$ -	$ -	$ -	$ -	$ -	
1481	Capital Stock for 357C w/ Land & Building	.05*SUM(Ln1476:Ln1478)	$ -	$ -	$ 320	$ -	$ -	$ -	$ -	$ -	$ -	
1482	Other Tax for 357C w/ Land & Building	.01*SUM(Ln1476:Ln1478)	$ -	$ -	$ 64	$ -	$ -	$ -	$ -	$ -	$ -	
1483												
1484												
1485	Summary of Annual Direct Capital Costs (357C):											
1486	Digital Circuit Other (357C)	Ln1452+Ln1457+Ln1462+ Ln1471+Ln1476	$ -	$ -	$ 165,855	$ -	$ -	$ -	$ -	$ -	$ -	
1487	Land (20C)	Ln1453+Ln1458+Ln1463+ Ln1472+Ln1477	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1488	Building (10C)	Ln1454+Ln1459+Ln1464+ Ln1473+Ln1478	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1489	Total Direct Costs - 357C	Sum(Ln1486+...+Ln1488)	$ -	$ -	$ 165,855	$ -	$ -	$ -	$ -	$ -	$ -	
1490												
1491												
1492												
1493												
1494												
1495	**CAPITAL (OSS)**											
1496	Summary of Annual LNP OSS Capital by FRC:											
1497	630C	Ln519	$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -	$ -	
1498	530C	Ln520	$ -	$ 2,098,526	$ 2,179,280	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -	
1499												
1500												
1501												
1502												
1503												

1	LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability											ATTACHMENT V
2	Cost Recovery Period 1999-2004 (5/99-5/04)											CHART 2b
3	LNP END USER LINE RATE ELEMENT											Development of End User Cost per Line per Month
4												
5	DEVELOPMENT OF SHARED EXPENSES											
1504	Development of annual capital costs - 630C:											
1505	General Purpose Computers/Data Controller & Work Station Equipment (630C)	Ln1497	$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -		
1506	Annual Investment (630C)	Ln1505*Ln1321	$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -		
1507	Land Investment	Ln1506*Ln1331	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1508	Building Investment	Ln1506*Ln1334	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1509												
1510	Subtotal of Investments:											
1511	630C Annual Investment	Ln1506	$ -	$ -	$ 5,183	$ -	$ -	$ -	$ -	$ -		
1512	20C Land Investment	Ln1507	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1513	10C Building Investment	Ln1508	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1514												
1515	Annual Costs:											
1516	Depreciation:											
1517	General Purpose Computers (630C)	Ln1511*Ln1338	$ -	$ -	$ 1,037	$ -	$ -	$ -	$ -	$ -		
1518	Land (20C)	Ln1512*Ln1340	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1519	Building (10C)	Ln1513*Ln1341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1520												
1521	Cost of Money:											
1522	General Purpose Computers (630C)	Ln1511*Ln1345	$ -	$ -	$ 375	$ -	$ -	$ -	$ -	$ -		
1523	Land (20C)	Ln1512*Ln1347	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1524	Building (10C)	Ln1513*Ln1348	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1525												
1526	Income Tax:											
1527	General Purpose Computers (630C)	Ln1511*Ln1352	$ -	$ -	$ 182	$ -	$ -	$ -	$ -	$ -		
1528	Land (20C)	Ln1512*Ln1354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1529	Building (10C)	Ln1513*Ln1355	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1530	NOTE: The Income Tax cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax.											
1531	State Income Tax for 630C w/ Land & Building:	.15*SUM(Ln1527:Ln1529)	$ -	$ -	$ 27	$ -	$ -	$ -	$ -	$ -		
1532	Federal Income Tax for 630C w/ Land & Building	.85*SUM(Ln1527:Ln1529)	$ -	$ -	$ 155	$ -	$ -	$ -	$ -	$ -		
1533												
1534												
1535	Plant Specific:											
1536	General Purpose Computers (630C)	Ln1511*Ln1359; Ln1536c/12*5.5mos	$ -	$ -	$ 935	$ -	$ -	$ -	$ -	$ -	$ 429	
1537	Land (20C)	Ln1512*Ln1361; Ln1537c/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1538	Building (10C)	Ln1513*Ln1362; Ln1538c/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1539												
1540	Ad Valorem:											
1541	General Purpose Computers (630C)	Ln1511*Ln1366; Ln1541c/12*5.5mos	$ -	$ -	$ 49	$ -	$ -	$ -	$ -	$ -	$ 22	
1542	Land (20C)	Ln1512*Ln1368; Ln1542c/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1543	Building (10C)	Ln1513*Ln1369; Ln1543c/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1544	NOTE: The Ad Valorem cost factor components are comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.											
1545	Property Tax for 630C w/ Land & Building	.94*SUM(Ln1541:Ln1543)	$ -	$ -	$ 46	$ -	$ -	$ -	$ -	$ -	$ 21	
1546	Capital Stock for 630C w/ Land & Building	.05*SUM(Ln1541:Ln1543)	$ -	$ -	$ 2	$ -	$ -	$ -	$ -	$ -	$ 1	
1547	Other Tax for 630C w/ Land & Building	.01*SUM(Ln1541:Ln1543)	$ -	$ -	$ 0	$ -	$ -	$ -	$ -	$ -	$ 0	
1548												
1549												
1550	Summary of Annual Direct Capital Costs (630C):											
1551	General Purpose Computers (630C)	Ln1517+Ln1522+Ln1527+ Ln1536+Ln1541	$ -	$ -	$ 2,577	$ -	$ -	$ -	$ -	$ -	$ 451	
1552	Land (20C)	Ln1518+Ln1523+Ln1528+ Ln1537+Ln1542	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1553	Building (10C)	Ln1519+Ln1524+Ln1529+ Ln1538+Ln1543	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
1554	Total Direct Costs - 630C	Sum(Ln1551+...+Ln1553)	$ -	$ -	$ 2,577	$ -	$ -	$ -	$ -	$ -	$ 451	
1555												

1	**LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**												**ATTACHMENT V**
2	Cost Recovery Period 1999-2004 (5/99-5/04)												**CHART 2b**
3	**LNP END USER LINE RATE ELEMENT**												**Development of End User Cost per Line per Month**
4													
5	**DEVELOPMENT OF SHARED EXPENSES**												
1556	**Development of annual capital costs - 530C**												
1557	**General Purpose Computers/Data Center Environment (530C)**	Ln1498	$ -	$ 2,098,526	$ 2,179,280	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -		
1558	Annual Investment	Ln1557*Ln1322	$ -	$ 2,098,526	$ 2,179,280	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -		
1559	Land Investment	Ln1558*Ln1331	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1560	Building Investment	Ln1558*Ln1334	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1561													
1562	Subtotal of Investments:												
1563	530C Annual Investment	Ln1558	$ -	$ 2,098,526	$ 2,179,280	$ 1,044,000	$ 380,000	$ 270,000	$ 190,000	$ -	$ -		
1564	20C Land Investment	Ln1559	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1565	10C Building Investment	Ln1560	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1566	*Annual Costs:*												
1567	Depreciation:												
1568	General Purpose Computers	Ln1563*Ln1339	$ -	$ 419,705	$ 435,856	$ 208,800	$ 76,000	$ 54,000	$ 38,000	$ -	$ -		
1569	Land	Ln1564*Ln1340	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1570	Building	Ln1565*Ln1341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1571													
1572	Cost of Money:												
1573	General Purpose Computers	Ln1563*Ln1346	$ -	$ 151,723	$ 157,562	$ 75,481	$ 27,474	$ 19,521	$ 13,737	$ -	$ -		
1574	Land	Ln1564*Ln1347	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1575	Building	Ln1565*Ln1348	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1576													
1577	Income Tax:												
1578	General Purpose Computers	Ln1563*Ln1353	$ -	$ 73,658	$ 76,493	$ 36,644	$ 13,338	$ 9,477	$ 6,669	$ -	$ -		
1579	Land	Ln1564*Ln1354	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1580	Building	Ln1565*Ln1355	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1581	NOTE: The Income Tax cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax.												
1582	State Income Tax for 530C w/ Land & Building:	.15*SUM(Ln1578:Ln1580)	$ -	$ 11,048	$ 11,474	$ 5,497	$ 2,001	$ 1,422	$ 1,000	$ -	$ -		
1583	Federal Income Tax for 530C w/ Land & Building	.85*SUM(Ln1578:Ln1580)	$ -	$ 62,610	$ 65,019	$ 31,148	$ 11,337	$ 8,055	$ 5,669	$ -	$ -		
1584													
1585													
1586	Plant Specific:												
1587	General Purpose Computers	Ln1563*Ln1360; Ln1587b;(Ln1587b+c)/12*5.5mos	$ -	$ 378,574	$ 393,142	$ 188,338	$ 68,552	$ 48,708	$ 34,276	$ 378,574	$ 353,703		
1588	Land	Ln1588b+;(Ln1588b+c)/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1589	Building	Ln1565*Ln1362; Ln1589b;(Ln1589b+c)/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1590													
1591	Ad Valorem:												
1592	General Purpose Computers	Ln1563*Ln1367; Ln1592b;(Ln1592b+c)/12*5.5mos	$ -	$ 19,726	$ 20,485	$ 9,814	$ 3,572	$ 2,538	$ 1,786	$ 19,726	$ 18,430		
1593	Land	Ln1564*Ln1368, Ln1593b;(Ln1593b+c)/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1594	Building	Ln1565*Ln1369; Ln1594b;(Ln1594b+c)/12*5.5mos	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1595	NOTE: The Ad Valorem cost factor components are comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.												
1596	Property Tax for 530C w/ Land & Building	.94*SUM(Ln1592:Ln1594)	$ -	$ 18,543	$ 19,256	$ 9,225	$ 3,358	$ 2,386	$ 1,679	$ 18,543	$ 17,324		
1597	Capital Stock for 530C w/ Land & Building	.05*SUM(Ln1592:Ln1594)	$ -	$ 986	$ 1,024	$ 491	$ 179	$ 127	$ 89	$ 986	$ 922		
1598	Other Tax for 530C w/ Land & Building	.01*SUM(Ln1592:Ln1594)	$ -	$ 197	$ 205	$ 98	$ 36	$ 25	$ 18	$ 197	$ 184		
1599													
1600													
1601	Summary of Annual Direct Capital Costs (530C):												
1602	General Purpose Computers	Ln1566+Ln1573+Ln1578+ Ln1587+Ln1592	$ -	$ 1,043,387	$ 1,083,538	$ 519,077	$ 188,936	$ 134,244	$ 94,468	$ 398,300	$ 372,133		
1603	Land	Ln1569+Ln1574+Ln1579+ Ln1588+Ln1593	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1604	Building	Ln1570+Ln1575+Ln1580+ Ln1589+Ln1594	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1605	Total Direct Costs - 530C	Sum(Ln1602+...+Ln1604)	$ -	$ 1,043,387	$ 1,083,538	$ 519,077	$ 188,936	$ 134,244	$ 94,468	$ 398,300	$ 372,133		
1606													
1607	Summary of Direct Capital Costs (377C)	Ln1437	$ -	$ 4,462,403	$ 5,091,046	$ 600,158	$ 1,353,502	$ 362,734	$ 533,594	$ -	$ -		
1608	Summary of Direct Capital Costs (357C)	Ln1489	$ -	$ -	$ 155,855	$ -	$ -	$ -	$ -	$ -	$ -		
1609	Summary of Direct Capital Costs (630C and 530C)	Ln1554+Ln1605	$ -	$ 1,043,387	$ 1,086,115	$ 519,077	$ 188,936	$ 134,244	$ 94,468	$ 398,300	$ 372,584		
1610													
1611													

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ATTACHMENT V
CHART 2b

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3 LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

4
5 DEVELOPMENT OF SHARED EXPENSES

	DEVELOPMENT OF ANNUAL COSTS OF INTANGIBLE ASSETS:	Value	1999	2000	2001	2002	2003	2004
1614	Description	Source	a	b	c	d	e	f
1615								
1616	Network Related Intangible Assets	Ln254	$ 25,625,801	$ 13,683,399	$ 10,754,828	$ 7,319,530	$ 3,233,833	$ -
1617	Advalorem Taxes (1)	Ln1363*Ln1616	$ 240,883	$ 128,624	$ 101,095	$ 68,804	$ 30,398	$ -
1618	Depreciation	Ln1370*Ln1616	$ 8,541,079	$ 4,560,677	$ 3,584,584	$ 2,439,600	$ 1,077,837	$ -
1619	Cost of Money	Ln1371*Ln1616	$ 1,991,125	$ 1,063,200	$ 835,650	$ 568,728	$ 251,289	$ -
1620	Income Tax :	Ln1372*Ln1616	$ 966,093	$ 515,864	$ 405,457	$ 275,946	$ 121,916	$ -
1621	State Income Tax	Ln1620*.15	$ 144,914	$ 77,380	$ 60,819	$ 41,392	$ 18,287	$ -
1622	Federal Income Tax	Ln1620*.85	$ 821,179	$ 438,485	$ 344,638	$ 234,554	$ 103,628	$ -
1623	Total Annual Costs - Network Related Intangible Assets	Ln1617+Ln1618+Ln1619+Ln1620	$ 11,739,179	$ 6,268,365	$ 4,926,787	$ 3,353,077	$ 1,481,419	$ -
1624								
1625								
1626	General Purpose Computers Related Intangible Assets	Ln522+Ln680	$ 23,361,825	$ 3,052,066	$ 1,350,368	$ 1,350,368	$ 1,350,368	$ 184
1627	Advalorem Taxes (2)	Ln1363*Ln1626	$ 219,601	$ 28,689	$ 12,693	$ 12,693	$ 12,693	$ 2
1628	Depreciation	Ln1373*Ln1626	$ 4,672,365	$ 610,413	$ 270,074	$ 270,074	$ 270,074	$ 37
1629	Cost of Money	Ln1374*Ln1626	$ 1,689,060	$ 220,664	$ 97,632	$ 97,632	$ 97,632	$ 13
1630	Income Tax :	Ln1375*Ln1626	$ 820,000	$ 107,128	$ 47,398	$ 47,398	$ 47,398	$ 6
1631	State Income Tax	Ln1630*.15	$ 123,000	$ 16,069	$ 7,110	$ 7,110	$ 7,110	$ 1
1632	Federal Income Tax	Ln1630*.85	$ 697,000	$ 91,058	$ 40,288	$ 40,288	$ 40,288	$ 5
1633	Total Annual Costs - General Purpose Computer Related Intangible Assets	Ln1627+Ln1628+Ln1629+Ln1630	$ 7,401,026	$ 966,895	$ 427,797	$ 427,797	$ 427,797	$ 58
1634								
1635	(1) Advalorem Tax Split: Property Tax	0.94*Ln1617	$ 226,430	$ 120,907	$ 95,030	$ 64,675	$ 28,574	$ -
1636	Capital Stock	.05*Ln1617	$ 12,044	$ 6,431	$ 5,055	$ 3,440	$ 1,520	$ -
1637	Other Tax	.01*Ln1617	$ 2,409	$ 1,286	$ 1,011	$ 688	$ 304	$ -
1638								
1639	(2) Advalorem Tax Split: Property Tax	0.94*Ln1627	$ 206,425	$ 26,968	$ 11,932	$ 11,932	$ 11,932	$ 2
1640	Capital Stock	.05*Ln1627	$ 10,980	$ 1,434	$ 635	$ 635	$ 635	$ 0
1641	Other Tax	.01*Ln1627	$ 2,196	$ 287	$ 127	$ 127	$ 127	$ 0

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)

ATTACHMENT V
CHART 2b

LNP END USER LINE RATE ELEMENT

Development of End User Cost per Line per Month

DEVELOPMENT OF SHARED EXPENSES

Calculation and Summary of Total Capital Cost per Line per Month (Network & OSS):

Description	Source	Value	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Present Value of Access Lines	Ln1305	105,711,437									
Annual LNP 377C Capital Costs by Current Year:											
Network Annual Capital Costs (377C)	Ln1607		$ -	$ 4,462,403	$ 5,091,046	$ 600,158	$ 1,353,502	$ 362,734	$ 533,594	$ -	$ -
Present Value of Current Year LNP Capital Costs (Based on 10 year economic life for 377C.)	PV(.1125,10,-Ln1648)		$ -	$ 26,006,893	$ 29,670,628	$ 3,497,725	$ 7,888,214	$ 2,114,015	$ 3,109,786	$ -	$ -
Present Value of all years LNP Capital Cost 1/1/99 Level	SUM(Fv+PV:Ln1649)	$ 75,611,251									
Network Capital Cost per Line per Month (377C)	(Ln1650/Ln1645)/12	$ 0.0596									
Annual LNP 357C Capital Costs by Current Year:											
Network Annual Capital Costs (357C)	Ln1608		$ -	$ -	$ 165,855	$ -	$ -	$ -	$ -	$ -	$ -
Present Value of Current Year LNP Capital Costs (Based on 9 year economic life for 357C)	PV(1125,9,-Ln1655)		$ -	$ -	$ 909,490	$ -	$ -	$ -	$ -	$ -	$ -
Present Value of all years LNP Capital Cost 1/1/99 Level	SUM(Fv+PV:Ln1656)	$ 959,285									
Network Capital Cost per Line per Month (357C)	(Ln1657/Ln1645)/12	$ 0.0008									
Annual LNP 630C & 530C Capital Costs by Current Year:											
OSS Annual Capital Costs (630C & 530C)	Ln1609		$ -	$ 1,043,387	$ 1,086,115	$ 519,077	$ 188,936	$ 134,244	$ 94,468	$ 398,300	$ 372,584
Present Value of Current Year LNP Capital Costs (Based on 5 year economic life for 530C & 630C); Maintenance beyond economic life within recovery period.	PV(.1125,5,-Ln1663b,c,d,e,f,g); Ln1663,h,i		$ -	$ 3,832,121	$ 3,989,052	$ 1,906,450	$ 693,919	$ 493,048	$ 346,959	$ 398,300	$ 372,584
Present Value of all years LNP Capital Cost 1/1/99 Level	SUM(Fv+PV:Ln1664)	$ 12,173,379									
OSS Capital Cost per Line per Month	(Ln1665/Ln1645)/12	$ 0.0096									
Network Related Intangible Assets:											
Total Annual Costs - Network Related Intangible Assets	Ln1623		$ -	$ -	$ -	$ 11,739,179	$ 6,268,365	$ 4,926,787	$ 3,353,077	$ 1,481,419	$ -
Present Value of Current Year LNP Costs (Based on 3 year amortization)	PV(.1125,3,-Ln1669)		$ -	$ -	$ -	$ 28,562,929	$ 15,251,737	$ 11,987,504	$ 8,158,466	$ 3,604,483	$ -
Present Value of all years to 1/1/99 Level	SUM(PV:Ln1670)	$ 57,109,576									
Network Intangible Costs per Line per Month	(Ln1671/Ln1645)/12	$ 0.0450									
General Purpose Computers Related Intangible Assets:											
Total Annual Costs - General Purpose Computer Related Intangible Assets	Ln1633		$ -	$ -	$ -	$ 7,401,026	$ 966,895	$ 427,797	$ 427,797	$ 427,797	$ 58
Present Value of Current Year LNP Costs (Based on 5 year amortization)	PV(.1125,5,-Ln1675)		$ -	$ -	$ -	$ 27,182,276	$ 3,551,183	$ 1,571,199	$ 1,571,199	$ 1,571,199	$ 214
Present Value of all years to 1/1/99 Level	SUM(PV:Ln1676)	$ 32,055,729									
Network Intangible Costs per Line per Month	(Ln1677/Ln1645)/12	$ 0.0253									
TOTAL CAPITAL COST PER LINE PER MONTH	Ln1651+Ln1658+Ln1666+ln1672 + Ln1678	$ 0.1402									

ATTACHMENT V
CHART 2b

1 LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
2 Cost Recovery Period 1999-2004 (5/99-5/04)

Development of End User Cost per Line per Month

3 LNP END USER LINE RATE ELEMENT
4
5 DEVELOPMENT OF SHARED EXPENSES

Calculation and Summary of Total Expense per Line per Month (Shared Industry,Network & OSS):

	Description	Source		Amount
	EXPENSES			
1693	Total LNP Shared Industry Expense per Line per Month:	Ln72	$	0.00958
1696	Total LNP Network Software Expense per Line per Month:	Ln267	$	0.07246
1699	Total LNP OSS Expense per Line per Month:			
1700	Labor Related & Misc.	Ln570	$	0.03394
1702	Total OSS Expense per Line per Month	Ln1700	$	0.03394
1704	Total LNP Miscellaneous Employee Related & Other Expenses per Line per Month:			
1705	Employee Related and Other Expenses	Ln914	$	0.07877
1706	RTU Expense	Ln915	$	0.00127
1707	Total LNP Miscellaneous Employee Related & Other Expenses per Line per Month:	Ln1705+Ln1706	$	0.08004
1713	TOTAL EXPENSE PER LINE PER MONTH	Ln1693+Ln1696+Ln1702+Ln1707	$	0.1960

1720 SUMMARY - STUDY RESULTS

	Description	Source	Value
1725	Total Capital Cost per Line per Month	Ln1680	$0.1402
1727	Total Expense per Line per Month	Ln1713	$0.1960
1729	Subtotal - Total LNP End User Cost Per Line Per Month	Ln1725+Ln1727	$0.3363
1731	Overhead Loading Factor	Chart2a-e, Ln94	1.0398
1733	TOTAL LNP END USER COST PER LINE PER MONTH	Ln1729*Ln1731	$0.3496

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP CALL ROUTING SERVICE

ATTACHMENT VI
CHART 3a
Call Routing Service

Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Study Assumptions and Factors													
Discount Rate (Annual)	Chart1-a, Ln11	0.1125											
Discount Rate (Monthly)	((1+.1125)^((1/12))-1)	0.0089											
Inflation Factors: Digital Electric Switch	Chart1-a, Ln26	1.0000	377C	03									
Digital Circuit Other	Chart1-a, Ln27	1.0000	357C	03									
General Purpose Computers	Chart1-a, Ln28	1.0000	630C	00									
General Purpose Computers	Chart1-a, Ln29	1.0000	530C	00									
Aerial Cable - Fiber	Chart1-a, Ln30	1.0000	822C										
Buried Cable - Fiber	Chart1-a, Ln31	1.0000	845C										
Underground Cable - Fiber	Chart1-a, Ln32	1.0000	85C										
Telco Factor - Digital Electric Switch	Chart1-a, Ln35	1.0715	377C	03									
Aerial Cable - Fiber	Chart1-a, Ln36	2.0694	822C										
Buried Cable - Fiber	Chart1-a, Ln37	1.4356	845C										
Underground Cable - Fiber	Chart1-a, Ln38	1.7214	85C										
Hardwire Factor - Digital Circuit Other	Chart1-a, Ln40	2.7582	357C	03									
Plug-in factor: Digital Circuit Other	Chart1-a, Ln48	1.0491	357C	06									
Plug-in factor: Digital Circuit Other	Chart1-a, Ln49	1.0491	357C	09									
Spare Stock Factor													
Digital Circuit Other	Chart1-a, Ln51	1.0000	357C	09									
Pole Loading Factor													
Poles	Chart1-a, Ln65	0.0000	1C										
Conduit Loading Factor													
Conduit	Chart1-a, Ln66	0.0000	4C										
Supporting Equipment & Power Loading Factor: Digital Electric Switch	Chart1-a, Ln43	1.0000	377C	03									
Digital Circuit Other	Chart1-a, Ln44	1.0000	357C	03									
Land Factor: (377C, 357C)	Chart1-a, Ln59	-	20C										
Land Factor: (530C, 630C)	Chart1-a, Ln60	-	20C										
Building Factors: (377C, 357C)	Chart1-a, Ln62	-	10C										
Building Factors: (530C, 630C)	Chart1-a, Ln63	-	10C										
Material Factor													
Digital Circuit Other	Chart1-a, Ln54	1.2085	357C	15									
Aerial Cable - Fiber	Chart1-a, Ln55	2.5112	822C	00									
Buried Cable - Fiber	Chart1-a, Ln56	4.2658	845C	00									
Underground Cable - Fiber	Chart1-a, Ln57	1.9604	85C	00									
Depreciation Factors: Digital Electric Switch	Chart1-a, Ln69	0.1000	377C	03									
Digital Circuit Other	Chart1-a, Ln70	0.1111	357C	03									
Aerial Cable - Fiber	Chart1-a, Ln73	0.0570	822C	00									
Buried Cable - Fiber	Chart1-a, Ln74	0.0535	845C	00									
Underground Cable - Fiber	Chart1-a, Ln75	0.0540	85C	00									
Poles	Chart1-a, Ln76	-	1C										
Conduit	Chart1-a, Ln77	-	4C										
General Purpose Computers	Chart1-a, Ln71	0.2000	630C	00									
General Purpose Computers	Chart1-a, Ln72	0.2000	530C	00									
Land	Chart1-a, Ln78	-	20C										
Building	Chart1-a, Ln79	-	10C										
Intangible Assets - Network Related	Chart1-a, Ln21	0.3333											
Intangible Assets - GPC Related	Chart1-a, Ln24	0.2000											
Cost of Money Factors: Digital Electric Switch	Chart1-a, Ln82	0.0716	377C	03									
Digital Circuit Other	Chart1-a, Ln83	0.0712	357C	03									
Aerial Cable - Fiber	Chart1-a, Ln86	0.0728	822C	00									
Buried Cable - Fiber	Chart1-a, Ln87	0.0752	845C	00									
Underground Cable - Fiber	Chart1-a, Ln88	0.0748	85C	00									
Poles	Chart1-a, Ln89	-	1C										
Conduit	Chart1-a, Ln90	-	4C										
General Purpose Computers	Chart1-a, Ln84	0.0723	630C	00									
General Purpose Computers	Chart1-a, Ln85	0.0723	530C	00									
Land	Chart1-a, Ln91	-	20C										
Building	Chart1-a, Ln92	-	10C										

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP CALL ROUTING SERVICE

ATTACHMENT VI
CHART 3a
Call Routing Service

	Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
76	Intangible Assets - Network Related	Chart1-a, Ln22	0.0777											
77	Intangible Assets - GPC Related	Chart1-a, Ln25	0.0723											
78	Income Tax Factors: Digital Electric Switch	Chart1-a, Ln95	0.0348	377C	03									
79	Digital Circuit Other	Chart1-a, Ln96	0.0346	357C	03									
80	Aerial Cable - Fiber	Chart1-a, Ln99	0.0353	822C	00									
81	Buried Cable - Fiber	Chart1-a, Ln100	0.0365	845C	00									
82	*Underground Cable - Fiber*	*Chart1-a, Ln101*	0.0364	85C	00									
83	Poles	Chart1-a, Ln102	-	1C										
84	Conduit	Chart1-a, Ln103	-	4C										
85	General Purpose Computers	Chart1-a, Ln97	0.0351	630C	00									
86	General Purpose Computers	Chart1-a, Ln98	0.0351	530C	00									
87	Land	Chart1-a, Ln104	-	20C										
88	Building	Chart1-a, Ln105	-	10C										
89	Intangible Assets - Network Related	Chart1-a, Ln23	0.0377											
90	Intangible Assets - GPC Related	Chart1-a, Ln26	0.0351											
91	Plant Specific Factors: Digital Electric Switch	Chart1-a, Ln108	0.0361	377C	03									
92	Digital Circuit Other	Chart1-a, Ln109	0.0174	357C	03									
93	*Aerial Cable - Fiber*	*Chart1-a, Ln112*	0.0027	822C	00									
94	Buried Cable - Fiber	Chart1-a, Ln113	0.0022	845C	00									
95	Underground Cable - Fiber	Chart1-a, Ln114	0.0034	85C	00									
96	Poles	Chart1-a, Ln115	-	1C										
97	Conduit	Chart1-a, Ln116	-	4C										
98	General Purpose Computers	Chart1-a, Ln110	0.1804	630C	00									
99	General Purpose Computers	Chart1-a, Ln111	0.1804	530C	00									
100	Land	Chart1-a, Ln117	-	20C										
101	Building	Chart1-a, Ln118	-	10C										
102	Ad Valorem Tax Factors: Digital Electric Switch	Chart1-a, Ln121	0.0094	377C	03									
103	Digital Circuit Other	Chart1-a, Ln122	0.0094	357C	03									
104	*Aerial Cable - Fiber*	Chart1-a, Ln125	0.0094	822C	00									
105	Buried Cable - Fiber	Chart1-a, Ln126	0.0094	845C	00									
106	Underground Cable - Fiber	Chart1-a, Ln127	0.0094	85C	00									
107	Poles	Chart1-a, Ln128	-	1C										
108	Conduit	Chart1-a, Ln129	-	4C										
109	General Purpose Computers	Chart1-a, Ln123	0.0094	630C	00									
110	General Purpose Computers	Chart1-a, Ln124	0.0094	530C	00									
111	Land	Chart1-a, Ln130	-	20C										
112	Building	Chart1-a, Ln131	-	10C										
113	Intangible Assets - Network Related & GPC Relatec	Chart1-a, Ln132	0.0094											
114														
115	*Overhead Loading Factor*	Chart1-a, Ln154	1.0398											
116	1998-2004 Directly Assigned Labor Rates per Hour (by pay grade) & Working Hours													
117	MKTPB57	Chart1-a, Ln146; Chart1-a, Ln548; Chart1-p, Ln384	$ 49.22				-	-	1,444	1,444	1,444	1,444	1,444	542
118	MKTPB58	Chart1-a, Ln147; Chart1-a, Ln549; Chart1-p, Ln385	$ 53.93				-	-	2,216	2,216	2,216	2,216	2,216	831
119	MKTPB59	Chart1-a, Ln148; Chart1-a, Ln550; Chart1-p, Ln386	$ 60.24				-	1,632	1,060	1,060	1,060	1,060	1,060	398
120	FINPB56	Chart1-a, Ln150; Chart1-a, Ln551; Chart1-p, Ln387	$ 45.55				-	320	-	-	-	-	-	-
121	FINPB58	Chart1-a, Ln151; Chart1-a, Ln552; Chart1-p, Ln388	$ 52.54				-	48	-	-	-	-	-	-
122	FINPB59	Chart1-a, Ln152; Chart1-a, Ln553; Chart1-p, Ln389	$ 58.51				-	264	-	-	-	-	-	-
123	ITPB58	Chart1-a, Ln138; Chart1-a, Ln554; Chart1-p, Ln390	$ 57.26				-	52	-	-	-	-	-	-
124	NWKPB59	Chart1-a, Ln149; Chart1-a, Ln555; Chart1-p, Ln391	$ 60.91				-	130	-	-	-	-	-	-

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP CALL ROUTING SERVICE

ATTACHMENT VI
CHART 3a
Call Routing Service

	Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
125	ITPB58	Chart1-a, Ln138; Chart1-a, Ln556; Chart1-p, Ln392	$ 57.26				-	570	-	-	-	-	-	-
126														
127														
128														
129														
130	**DEMAND - Number of Total Queries:**													
131	Query Service	Chart1-p, Ln61					-	-	610,070,243	2,632,586,773	5,668,704,772	9,065,162,338	10,283,426,245	3,861,101,852
132	Call Routing Service	Chart1-p, Ln62					-	-	1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
133	BST	Chart1-p, Ln63					-	-	33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492
134														
135														
136														
137														
138	**CAPITAL**													
139	**NETWORK**													
140	Fully Recoverable - Hardware Material Prices:													
141	(% of Following LNP Items That is Call Routing Service)	Chart3b, Ln150	3.547%											
142	New SCP Pairs	Ln141*Chart1-a, Ln183; Chart1-p, Ln89		377C	03		$ 394,270	$ 297,786	$ -	$ -	$ -	$ -	$ -	$ -
143	STP-to-SCP Signaling Links	Ln141*Chart1-a, Ln185; Chart1-p, Ln90		377C	03		$ 22,301	$ 23,251	$ 20,175	$ 27,274	$ 16,173	$ 26,210	$ -	$ -
144	Upgrade SCP Pairs	Ln141*Chart1-a, Ln184; Chart1-p, Ln91		377C	03		$ -	$ 33,802	$ 154,635	$ 117,891	$ 21,138	$ 52,845	$ -	$ -
145														
146	Joint Hardware Material Prices:													
147														
148	Switch Hardware - Processor Upgrades - SN70EM	Chart3b,Ln872+ Chart3b,Ln880		377C	03		$ -	$ -	$ 6,471,104	$ -	$ -	$ -	$ -	$ -
149	Hardware - STP-to-SSP/STP-to-STP Signaling Links	Chart3b, Ln924		377C	03		$ -	$ -	$2,340,703	$ -	$ -	$ -	$ -	$ -
150														
151	(% of Following LNP Items That is Call Routing Service)	Chart3b, Ln154	3.845%											
152	Switch Hardware - 1AESS AMA Upgrades	Ln151*Chart1-a, Ln200; Chart1-p, Ln100		377C	03		$ 2,486	$ 6,859	$ 7,690	$ -	$ -	$ -	$ -	$ -
153	Switch Hardware - 5ESS AMA Upgrades	Ln151*Chart1-a, Ln202		377C	03		$ 998	$ 3,654	$ -	$ -	$ -	$ -	$ -	$ -
154	Switch Hardware - DMS 10 AMA Upgrades	Ln151*Chart1-a, Ln204		377C	03		$ 504	$ 201	$ -	$ -	$ -	$ -		
155	Switch Hardware - DMS 100/200 AMA Upgrades	Ln151*Chart1-a, Ln206; Chart1-p, Ln102		377C	03		$ 7,164	$ 25,103	$ 16,022	$ -	$ -	$ -	$ -	$ -
156	Switch Hardware - DCO AMA Upgrades	Ln151*Chart1-a, Ln208		377C	03		$ -	$ 751	$ -	$ -	$ -	$ -		
157														
158	Call Routing Specific:													
159	Link Monitoring - STP-to-SSP/STP to STP Signaling Links	Chart3b, Ln932		377C	03		$ -	$ -	$ 442,145	$ -	$ -	$ -	$ -	$ -
160	STP-to-SCP Signaling Links	Chart3b, Ln957		357C	03		$ -	$ -	$ 5,642	$ -	$ -	$ -	$ -	$ -
161	STP-to-SCP Signaling Links	Chart3b, Ln958		357C	06		$ -	$ -	$ 4,188	$ -	$ -	$ -	$ -	$ -
162	STP-to-SCP Signaling Links	Chart3b, Ln959		357C	09		$ -	$ -	$ 6,383	$ -	$ -	$ -	$ -	$ -
163	STP-to-SCP Signaling Links	Chart3b, Ln960		357C	15		$ -	$ -	$ 7	$ -	$ -	$ -	$ -	$ -
164	STP-to-SCP Signaling Links	Chart3b, Ln961		822C	00		$ -	$ -	$ 41	$ -	$ -	$ -	$ -	$ -
165	STP-to-SCP Signaling Links	Chart3b, Ln962		845C	00		$ -	$ -	$ 56	$ -	$ -	$ -	$ -	$ -
166	STP-to-SCP Signaling Links	Chart3b, Ln963		85C	00		$ -	$ -	$ 92	$ -	$ -	$ -	$ -	$ -
167	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln925		357C	03		$ -	$ -	$ 54,419	$ -	$ -	$ -	$ -	$ -
168	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln926		357C	06		$ -	$ -	$ 40,395	$ -	$ -	$ -	$ -	$ -
169	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln927		357C	09		$ -	$ -	$ 61,565	$ -	$ -	$ -	$ -	$ -
170	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln928		357C	15		$ -	$ -	$ 66	$ -	$ -	$ -	$ -	$ -
171	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln929		822C	00		$ -	$ -	$ 1,244	$ -	$ -	$ -	$ -	$ -
172	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln930		845C	00		$ -	$ -	$ 1,701	$ -	$ -	$ -	$ -	$ -
173	Hardware STP to SSP / STP to STP Signal Links	Chart3b, Ln931		85C	00		$ -	$ -	$ 2,780	$ -	$ -	$ -	$ -	$ -
174	**Operation Support System (OSS) Capital**													
175	CABS/CRIS Query Service	Chart3b, Ln996		530C	00		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

1	*LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability*															ATTACHMENT VI
2	Cost Recovery Period 1999-2004 (5/99-5/04)															CHART 3a
3	**LNP CALL ROUTING SERVICE**															Call Routing Service
4																
5																
6					Sub	1996	1997	1998	1999	2000	2001	2002	2003	2004		
7	Description	Source	Value	FRC	FRC	a	b	c	d	e	f	g	h	I		
176	**NETWORK - Fully Recoverable - Software Expenses/Capital**	**EXPENSES/ CAPITAL Note: Beginning In1999 RTU (software) and general purpose computer related expenses are capitalized**														
177	(% of Following LNP Feature Software Items That is Call Routing Service)	Chart3b, Ln154	3.845%													
178	LNP Feature Software - DMS 100/200 Switches	Ln177*Chart1-a, Ln263; Chart1-p, Ln129				$ -	$ 99,204	$ 234,919	$ 181,875	$ -	$ -	$ -	$ -	$ -		
179	LNP Feature Software - 1AESS Switches	Ln177*Chart1-a, Ln264; Chart1-p, Ln130				$ -	$ 151,181	$ 148,362	$ 92,183	$ -	$ -	$ -	$ -	$ -		
180	LNP Feature Software - 4ESS/5ESS Switches	Ln177*Chart1-a, Ln265				$ -	$ 345,367	$ 422,404	$ -	$ -	$ -	$ -	$ -	$ -		
181	LNP Feature Software - EWSD Switches	Ln177*Chart1-a, Ln266; Chart1-p, Ln131				$ -	$ 4,779	$ 72,109	$ 62,129	$ -	$ -	$ -	$ -	$ -		
182	LNP Feature Software - DCO Switches	Ln177*Chart1-a, Ln267; Chart1-p, Ln132				$ -	$ 2,747	$ 13,813	$ 115,353	$ -	$ -	$ -	$ -	$ -		
183	LNP Feature Software - DMS 10 Switches	Ln177*Chart1-a, Ln268; Chart1-p, Ln133				$ -	$ 1,790	$ 4,848	$ 39,009	$ -	$ -	$ -	$ -	$ -		
184	Duplicate NXX Across Multiple NPAs Feature Software - 5ESS	Ln177*Chart1-a, Ln270; Chart1-p, Ln134				$ -	$ -	$ 214,118	$ 43,604	$ 213,174	$ 111,432	$ -	$ -	$ -		
185	Duplicate NXX Across Multiple NPAs Feature Software - DMS 10/100	Ln177*Chart1-a, Ln271; Chart1-p, Ln135				$ -	$ -	$ 22,907	$ 8,652	$ 49,025	$ 38,932	$ 14,419	$ 12,977	$ -		
186	Duplicate NXX Across Multiple NPAs Feature Software - EWSD	Ln177*Chart1-p, Ln136				$ -	$ -	$ 160	$ 907	$ 227	$ -	$ -	$ -	$ -		
187	LRN-to-Rate Area Index Feature Software - EWSD	Ln137				$ -	$ -	$ -	$ 24,609	$ -	$ -	$ -	$ -	$ -		
188	*LRN-to-Rate Area Index Feature Software - DCO*	Ln138				$ -	$ -	$ -	$ 3,779	$ -	$ -	$ -	$ -	$ -		
189	Total Feature Software	SUM(Ln178:188)				$ -	$ 605,068	$ 1,133,641	$ 572,100	$ 262,426	$ 150,364	$ 14,419	$ 12,977	$ -		
190	(% of Following LNP SCP Items That is Call Routing Service)	Chart3b, Ln150	3.547%													
191	New SCP Pairs	Ln177*Chart1-a, Ln259; Chart1-p, Ln124					$ 555,566	$ 464,412	$ -	$ -	$ -	$ -	$ -	$ -		
192	*STP-to-SCP Signaling Links*	Ln190*Chart1-a, Ln261;Chart1-p, Ln127					$ 2,058	$ 2,633	$ 1,589	$ 3,618	$ 3,618	$ 3,618	$ -	$ -		
193	Upgrade SCP Pairs	Ln190*Chart1-a, Ln260;Chart1-p, Ln125					$ -	$ 3,568	$ 270,469	$ 194,606	$ 194,606	$ 194,606	$ 36,282	$ -		
194	SCP Release Upgrade	Ln190*Chart1-p, Ln126					$ -	$ -	$ 28,373	$ -	$ -	$ -	$ -	$ -		
195	Joint Software Expenses:															
196	Software - STP-to-SSP/STP-to-STP Signaling Links	Chart3b, Ln934					$ -	$ -	$ 64,218	$ -	$ -	$ -	$ -	$ -		
197	Software *Link Monitoring - STP to SSP / STP-to-SCP Signaling*															
198	Links	Chart3b, Ln935					$ -	$ -	$ 443,364	$ -	$ -	$ -	$ -	$ -		
199	OSS															
200	CABS Expense	Chart1a, Ln302-Chart2a-a, Ln211-Chart5a, Ln172; Chart1p, Ln161 - Chart2a-p, Ln137-Chart5a, Ln172					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
201	CRIS Expense	*Chart1a, Ln304*-Chart2a-a, Ln213; Chart1p, Ln167-Chart2a-p, Ln143					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT VI**
Cost Recovery Period 1999-2004 (5/99-5/04) — **CHART 3a**
LNP CALL ROUTING SERVICE — **Call Routing Service**

	Description		Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
	Project & Administrative Mgmt - LNP Database Services														
202	Product Support:			31.36%											
203		MKPB57	Ln202*(Ln117: Value*a,...,i)					$ -	$ -	$ 22,291	$ 22,291	$ 22,291	$ 22,291	$ 22,291	$ 8,367
204		MKPB58	Ln202*(Ln118: Value*a,...,i)					$ -	$ -	$ 37,480	$ 37,480	$ 37,480	$ 37,480	$ 37,480	$ 14,055
205		MKPB59	Ln202*(Ln119: Value*a,...,i)					$ -	$ 30,833	$ 20,034	$ 20,034	$ 20,034	$ 20,034	$ 20,034	$ 7,519
206		FINPB58	Ln202*(Ln120: Value*a,...,i)					$ -	$ 4,572	$ -	$ -	$ -	$ -	$ -	$ -
207		FINPB58	Ln202*(Ln121: Value*a,...,i)					$ -	$ 791	$ -	$ -	$ -	$ -	$ -	$ -
208		FINPB59	Ln202*(Ln122: Value*a,...,i)					$ -	$ 4,845	$ -	$ -	$ -	$ -	$ -	$ -
209		ITPB58	Ln202*(Ln123: Value*a,...,i)					$ -	$ 934	$ -	$ -	$ -	$ -	$ -	$ -
210		NWPB59	Ln202*(Ln124: Value*a,...,i)					$ -	$ 2,483	$ -	$ -	$ -	$ -	$ -	$ -
211		ITPB58	Ln202*(Ln125: Value*a,...,i)					$ -	$ 10,236	$ -	$ -	$ -	$ -	$ -	$ -
212	Total Project & Admi. Mgt Expenses		SUM(Ln203:Ln211)					$ -	$ 54,693	$ 79,805	$ 79,805	$ 79,805	$ 79,805	$ 79,805	$ 29,941
213															
214	**CABS/CRIS Billing Expense**		Chart3b, Ln998 (Value b)				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
215	**Advertising and Market Research**		Chart1-p, Ln400*Chart3b, Ln153					$ -	$ -	$ 156,810	$ 156,810	$ 156,810	$ 156,810	$ 156,810	$ 58,804
216															
217	**Shared 3rd Party Administrator**		Chart3b, Ln150	3.547%											
218	(% of LNP Item That is Call Routing Service)		Ln217*Chart1-a, Ln170; Chart1-p, Ln80					$ 1,728	$ 49,368	$ 106,400	$ 106,400	$ 106,400	$ 106,400	$ 106,400	$ 35,467
219															
220	**Limited Liability Corporation (LLC) Expense**		Chart3b, Ln150	3.547%											
221	(% of LNP Item That is Call Routing Service)		Ln220*Chart1-a, Ln485; Chart1-p, Ln307				$ 177	$ 449	$ 532	$ 1,773	$ 1,773	$ 1,773	$ 1,773	$ 1,773	$ 887
222															
223															
224															
225															
226															
227	Total Capital						$ -	$ 427,723	$ 391,409	$ 11,011,164	$ 605,815	$ 385,698	$ 291,698	$ 49,260	$ -
228	Total Expenses						$ 177	$ 1,164,868	$ 1,708,847	$ 344,788	$ 344,788	$ 344,788	$ 344,788	$ 344,788	$ 125,098
229															
230	Total Intangible Assets (included in capital total)						$ -	$ -	$ -	$ 1,380,112	$ 460,650	$ 348,587	$ 212,643	$ 49,260	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Study Assumptions and Factors														
Discount Rate (Annual)	Chart3a, Ln11	0.1125												
Discount Rate (Monthly)	Chart3a, Ln12	0.0089												
Inflation Factors: Digital Electric Switch	Chart3a, Ln13	1.0000		377C	03									
Digital Circuit Other	Chart3a, Ln14	1.0000		357C	03									
General Purpose Computers	Chart3a, Ln15	1.0000		630C	00									
General Purpose Computers	Chart3a, Ln16	1.0000		530C	00									
Aerial Cable - Fiber	Chart3a, Ln17	1.0000		822C										
Buried Cable - Fiber	Chart3a, Ln18	1.0000		845C										
Underground Cable - Fiber	Chart3a, Ln19	1.0000		85C										
Telco Factors: Digital Electric Switch	Chart3a, Ln21	1.0715		377C	03									
Aerial Cable - Fiber	Chart3a, Ln22	2.0694		822C										
Buried Cable - Fiber	Chart3a, Ln23	1.4356		845C										
Underground Cable - Fiber	Chart3a, Ln24	1.7214		85C										
Hardwire Factor: Digital Circuit Other	Chart3a, Ln26	2.7582		357C	03									
Plug-in factor: Digital Circuit Other	Chart3a, Ln27	1.0491		357C	06									
Plug-in factor: Digital Circuit Other	Chart3a, Ln28	1.0491		357C	09									
Spare Stock Factor	Chart3a, Ln31	1.0000		357C	09									
Pole Loading Factor	Chart3a, Ln34	-		1C										
Conduit Loading Factor	Chart3a, Ln37	-		4C										
Supporting Equipment & Power Loading Factor:														
Digital Electric Switch	Chart3a, Ln39	1.0000		377C	03									
Digital Circuit Other	Chart3a, Ln40	1.0000		357C	03									
Land Factor: (377C, 357C)	Chart3a, Ln42	-		20C										
Land Factor: (530C, 630C)	Chart3a, Ln43	-		20C										
Building Factors: (377C, 357C)	Chart3a, Ln45	-		10C										
Building Factors: (530C, 630C)	Chart3a, Ln46	-		10C										
Material Factor														
Digital Circuit Other	Chart3a, Ln48	1.2085		357C	15									
Aerial Cable - Fiber	Chart3a, Ln49	2.5112		822C	00									
Buried Cable - Fiber	Chart3a, Ln50	4.2658		845C	00									
Underground Cable - Fiber	Chart3a, Ln51	1.9604		85C	00									
Depreciation Factors: Digital Electric Switch	Chart3a, Ln52	0.1000												
Digital Circuit Other	Chart3a, Ln53	0.1111		377C	03									
Aerial Cable - Fiber	Chart3a, Ln54	0.0570		357C	03									
Buried Cable - Fiber	Chart3a, Ln55	0.0535		822C	00									
Underground Cable - Fiber	Chart3a, Ln56	0.0540		845C	00									
Poles	Chart3a, Ln57	-		85C	00									
Conduit	Chart3a, Ln58	-		1C										
General Purpose Computers	Chart3a, Ln59	0.2000		4C										
General Purpose Computers	Chart3a, Ln60	0.2000		630C	00									
Land	Chart3a, Ln61	-		530C	00									
Building	Chart3a, Ln62	-		20C										
Intangible Assets - Network Related	Chart3a, Ln63	0.3333		10C										
Intangible Assets - GPC Related	Chart3a, Ln64	0.2000												
Cost of Money Factors: Digital Electric Switch	Chart3a, Ln65	0.0716		377C	03									
Digital Circuit Other	Chart3a, Ln66	0.0712		357C	03									
Aerial Cable - Fiber	Chart3a, Ln67	0.0728		822C	00									
Buried Cable - Fiber	Chart3a, Ln68	0.0752		845C	00									
Underground Cable - Fiber	Chart3a, Ln69	0.0748		85C	00									
Poles	Chart3a, Ln70	-		1C										
Conduit	Chart3a, Ln71	-		4C										
General Purpose Computers	Chart3a, Ln72	0.0723		630C	00									
General Purpose Computers	Chart3a, Ln73	0.0723		530C	00									
Land	Chart3a, Ln74	-		20C										
Building	Chart3a, Ln75	-		10C										
Intangible Assets - Network Related	Chart3a, Ln76	0.0777												
Intangible Assets - GPC Related	Chart3a, Ln77	0.0723												
Income Tax Factors: Digital Electric Switch	Chart3a, Ln78	0.0348		377C	03									
Digital Circuit Other	Chart3a, Ln79	0.0346		357C	03									
Aerial Cable - Fiber	Chart3a, Ln80	0.0353		822C	00									
Buried Cable - Fiber	Chart3a, Ln81	0.0365		845C	00									
Underground Cable - Fiber	Chart3a, Ln82	0.0364		85C	00									

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT VII**
Cost Recovery Period 1999-2004 (5/99-5/04) — **CHART 3b**
LNP Call Routing Service — **Call Routing Service**

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
83	Poles	Chart3a, Ln83	-		1C										
84	Conduit	Chart3a, Ln84	-		4C										
85	General Purpose Computers	Chart3a, Ln85	0.0351		630C	00									
86	General Purpose Computers	Chart3a, Ln86	0.0351		530C	00									
87	Land	Chart3a, Ln87	-		20C										
88	Building	Chart3a, Ln88	-		10C										
89	Intangible Assets - Network Related	Chart3a, Ln89	0.0377												
90	Intangible Assets - GPC Related	Chart3a, Ln90	0.0351												
91	Plant Specific Factors: Digital Electric Switch	Chart3a, Ln91	0.0361		377C	03									
92	Digital Circuit Other	Chart3a, Ln92	0.0174		357C	03									
93	Aerial Cable - Fiber	Chart3a, Ln93	0.0027		822C	00									
94	Buried Cable - Fiber	Chart3a, Ln94	0.0022		845C	00									
95	Underground Cable - Fiber	Chart3a, Ln95	0.0034		85C	00									
96	Poles	Chart3a, Ln96	-		1C										
97	Conduit	Chart3a, Ln97	-		4C										
98	General Purpose Computers	Chart3a, Ln98	0.1804		630C	00									
99	General Purpose Computers	Chart3a, Ln99	0.1804		530C	00									
100	Land	Chart3a, Ln100	-		20C										
101	Building	Chart3a, Ln101	-		10C										
102	Ad Valorem Tax Factors: Digital Electric Switch	Chart3a, Ln102	0.0094		377C	03									
103	Digital Circuit Other	Chart3a, Ln103	0.0094		357C	03									
104	Aerial Cable - Fiber	Chart3a, Ln104	0.0094		822C	00									
105	Buried Cable - Fiber	Chart3a, Ln105	0.0094		845C	00									
106	Underground Cable - Fiber	Chart3a, Ln106	0.0094		85C	00									
107	Poles	Chart3a, Ln107	-		1C										
108	Conduit	Chart3a, Ln108	-		4C										
109	General Purpose Computers	Chart3a, Ln109	0.0094		630C	00									
110	General Purpose Computers	Chart3a, Ln110	0.0094		530C	00									
111	Land	Chart3a, Ln111	-		20C										
112	Building	Chart3a, Ln112	-		10C										
113	Intangible Assets - Network Related & GPC	Chart3a, Ln113	0.0094												
114															
115															
116	Overhead Loading Factor	Chart3a, Ln115	1.0398												
117															
118	**Demand:**														
119	**Number of Total Queries**														
120	Query Service (QS)	Chart3a, Ln131						-	-	610,070,243	2,632,586,773	5,668,704,772	9,065,152,338	10,283,426,245	3,861,101,852
121	Call Routing (CR) Service	Chart3a, Ln132						-	-	1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
122	BellSouth (BST)	Chart3a, Ln133						-	-	33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492
123	Sum	SUM(Ln120:Ln122)						-	-	35,427,330,059	63,998,218,542	73,009,067,326	82,630,653,519	91,404,594,973	37,275,354,807
124	QS	PV: 1/1/99 Ln120						-	-	925,443,299	2,243,534,051	4,342,439,638	6,242,025,191	6,364,843,786	5,728,354,443
125	CR	PV: 1/1/99 Ln121						-	-	2,422,977,463	2,687,148,650	2,105,721,319	1,570,642,269	1,591,210,946	1,432,088,611
126	BellSouth (BST)	PV: 1/1/99 Ln122							-	50,392,907,513	49,609,659,139	49,479,512,230	49,084,568,795	48,618,082,570	48,141,502,484
127	NPV QS annual queries	SUM(Ln124)								25,846,640,408					
128	NPV CR annual queries	SUM(Ln125)								11,809,789,257					
129	NPV BST annual queries	SUM(Ln126)								295,328,232,731					
130	QS Average Monthly Queries	Ln127*((Ln12)*(1+Ln12)^60)/(((1+Ln12)^60)-1)	558,218,100												
131	CR Average Monthly Queries	Ln128*((Ln12)*(1+Ln12)^60)/(((1+Ln12)^60)-1)	255,059,789												
132															
133	Annualized number of queries: CR	Ln131*12	3,060,717,225												
134	Annualized number of queries: QS	Ln130*12	6,698,617,204												
135															
136															
137															
138															
139															
140															
141															
142															
143	Over the whole cost recovery period: 5/1999-5/2004														
144	NPV Query Service queries	Ln 127								25,846,640,408					
145	NPV Call Routing Service queries	Ln128								11,809,789,257					
	Total NPV Query Service + NPV Call Routing														
146	Service queries	Ln144+Ln145								37,656,429,666					
147	NPV of BST queries	Ln129								295,328,232,731					
148	Total NPV of Total	SUM(Ln144+Ln145+Ln147)								332,982,662,397					
149	% of QS to Total	Ln144/Ln148								7.762%					
150	% of Call Routing Service to Total	Ln145/Ln148								3.547%					
151	% of QS + Call Routing Service to Total	Ln146/Ln148								11.309%					
152	% of QS to Total QS + Call Routing Service	Ln144/Ln146								68.638%					

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
	% of Call Routing Service to Total QS+Call														
153	Routing Service	Ln145/Ln148								31.362%					
	% of Call Routing Service to Call Routing														
154	Service+BST	Ln145/(Ln145+Ln147)								3.845%					
155															
156															
157															
158															
159	**CAPITAL**														
160	**NETWORK**														
161	Fully Recoverable - Hardware Material Prices:														
162	New SCP Pairs	Chart3a, Ln142			377C	03		$ 394,270	$ 297,786	$ -	$ -	$ -	$ -	$ -	$ -
163	STP-to-SCP Signaling Links	Chart3a, Ln143			377C	03		$ 22,301	$ 23,251	$ 20,175	$ 27,274	$ 16,173	$ 26,210	$ -	$ -
164	Upgrade SCP Pairs	Chart3a, Ln144			377C	03		$ -	$ 33,802	$ 154,635	$ 117,891	$ 21,138	$ 52,845	$ -	$ -
165															
166	Joint Hardware Material Prices:														
	Switch Hardware - Processor Upgrades -														
167	SN70EM	Chart3a, Ln148			377C	03		$ -	$ -	$ 6,471,104	$ -	$ -	$ -	$ -	$ -
	Hardware - STP-to-SSP/STP-to-STP Signaling														
168	Links	Chart3a, Ln149			377C	03		$ -	$ -	$ 2,340,703	$ -	$ -	$ -	$ -	$ -
169	Switch Hardware - 1AESS AMA Upgrades	Chart3a, Ln152			377C	03		$ 2,486	$ 6,859	$ 7,690	$ -	$ -	$ -	$ -	$ -
170	Switch Hardware - 5ESS AMA Upgrades	Chart3a, Ln153			377C	03		$ 998	$ 3,654	$ -	$ -	$ -	$ -	$ -	$ -
171	Switch Hardware - DMS 10 AMA Upgrades	Chart3a, Ln154			377C	03		$ 504	$ 201	$ -	$ -	$ -	$ -	$ -	$ -
172	Switch Hardware - DMS 100/200 AMA Upgrades	Chart3a, Ln155			377C	03		$ 7,164	$ 25,103	$ 16,022	$ -	$ -	$ -	$ -	$ -
173	Switch Hardware - DCO AMA Upgrades	Chart3a, Ln156			377C	03		$ -	$ 751	$ -	$ -	$ -	$ -	$ -	$ -
174															
	Link Monitoring - STP-to-SSP/STP to STP														
175	Signaling Links	Chart3a, Ln159			377C	03		$ -	$ -	$ 442,145	$ -	$ -	$ -	$ -	$ -
176															
177	STP-to-SCP Signaling Links	Chart3a, Ln160			357C	03		$ -	$ -	$ 5,642	$ -	$ -	$ -	$ -	$ -
178	STP-to-SCP Signaling Links	Chart3a, Ln161			357C	06		$ -	$ -	$ 4,188	$ -	$ -	$ -	$ -	$ -
179	STP-to-SCP Signaling Links	Chart3a, Ln162			357C	09		$ -	$ -	$ 6,383	$ -	$ -	$ -	$ -	$ -
180	STP-to-SCP Signaling Links	Chart3a, Ln163			357C	15		$ -	$ -	$ 7	$ -	$ -	$ -	$ -	$ -
181	STP-to-SCP Signaling Links	Chart3a, Ln164			822C	00		$ -	$ -	$ 41	$ -	$ -	$ -	$ -	$ -
182	STP-to-SCP Signaling Links	Chart3a, Ln165			845C	00		$ -	$ -	$ 56	$ -	$ -	$ -	$ -	$ -
183	STP-to-SCP Signaling Links	Chart3a, Ln166			85C	00		$ -	$ -	$ 92	$ -	$ -	$ -	$ -	$ -
184															
185	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln167			357C	03		$ -	$ -	$ 54,419	$ -	$ -	$ -	$ -	$ -
186	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln168			357C	06		$ -	$ -	$ 40,395	$ -	$ -	$ -	$ -	$ -
187	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln169			357C	09		$ -	$ -	$ 61,565	$ -	$ -	$ -	$ -	$ -
188	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln170			357C	15		$ -	$ -	$ 66	$ -	$ -	$ -	$ -	$ -
189	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln171			822C	00		$ -	$ -	$ 1,244	$ -	$ -	$ -	$ -	$ -
190	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln172			845C	00		$ -	$ -	$ 1,701	$ -	$ -	$ -	$ -	$ -
191	Hardware STP to SSP / STP to STP Signal Links	Chart3a, Ln173			85C	00		$ -	$ -	$ 2,780	$ -	$ -	$ -	$ -	$ -
192															
193															
194															
195	**Operation Support System (OSS) Capital**														
196	CABS/CRIS Query Service	Chart3a, Ln175			530C	00		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
197															
198	***EXPENSES***														
199	**NETWORK**														
	Fully Recoverable - Software Expenses (1999-2004 network software expenses are														
200	capitalized):														
201															
202															
203	Feature Software	Chart3a, SUM(Ln189)					$ -	$ 605,068	$ 1,133,641	$ 572,100	$ 262,426	$ 150,364	$ 14,419	$ 12,977	$ -
204	New SCP Pairs	Chart3a, Ln191						$ 555,566	$ 464,412	$ -	$ -	$ -	$ -	$ -	$ -
205	STP-to-SCP Signaling Links	Chart3a, Ln192						$ 2,056	$ 2,833	$ 1,589	$ 3,618	$ 3,618	$ 3,618	$ -	$ -
206	Upgrade SCP Pairs	Chart3a, Ln193						$ -	$ 3,568	$ 270,469	$ 194,606	$ 194,606	$ 194,606	$ 36,282	$ -
207	SCP Release Upgrade	Chart3a, Ln194						$ -	$ -	$ 28,373	$ -	$ -	$ -	$ -	$ -
208															
209	Joint Software Expenses:														
	Software - STP-to-SSP/STP-to-STP Signaling														
210	Links	Chart3a, Ln196						$ -	$ -	$ 64,218	$ -	$ -	$ -	$ -	$ -
211															
212	Software														

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description		Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
	STP to SSP / STP-to-SCP Signaling Links - Link															
213	Monitoring		Chart3a, Ln198						$ -	$ -	$ 443,364	$ 443,364	$ -	$ -	$ -	$ -
	OSS - Fully Recoverable Expenses (Internal and Vendor) (1999-2004 General Pupose Computer Related expenses are capitalized):															
214																
215	CABS Expense		Chart3a, Ln200						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
216	CRIS Expense		Chart3a, Ln201						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Project & Administrative Mgmt - Query															
217	**Services Product Support:**															
218		MKPB57	Chart3aLn203	@ $45.06/hr.					$ -	$ -	$ 22,291	$ 22,291	$ 22,291	$ 22,291	$ 22,291	$ 8,367
219		MKPB58	Chart3aLn204	@ $49.39/hr.					$ -	$ -	$ 37,480	$ 37,480	$ 37,480	$ 37,480	$ 37,480	$ 14,055
220		MKPB59	Chart3aLn205	@ $55.17/hr.					$ -	$ 30,833	$ 20,034	$ 20,034	$ 20,034	$ 20,034	$ 20,034	$ 7,519
221		FINPB56	Chart3aLn206	@ $41.72/hr.					$ -	$ 4,572	$ -	$ -	$ -	$ -	$ -	$ -
222		FINPB58	Chart3aLn207	@ $48.12/hr.					$ -	$ 791	$ -	$ -	$ -	$ -	$ -	$ -
223		FINPB59	Chart3aLn208	@ $53.59/hr.					$ -	$ 4,845	$ -	$ -	$ -	$ -	$ -	$ -
224		ITPB58	Chart3aLn209	@ $52.44/hr.					$ -	$ 934	$ -	$ -	$ -	$ -	$ -	$ -
225		NWPB59	Chart3aLn210	@ $55.78/hr.					$ -	$ 2,483	$ -	$ -	$ -	$ -	$ -	$ -
226		ITPB58	Chart3aLn211	@ $52.44/hr.					$ -	$ 10,236	$ -	$ -	$ -	$ -	$ -	$ -
227	Total Project & Admi. Mgt Expenses		SUM(Ln218:Ln226)						$ -	$ 54,693	$ 79,805	$ 79,805	$ 79,805	$ 79,805	$ 79,805	$ 29,941
228	**CABS/CRIS Billing Expense**		Chart3a, Ln998				$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
229	**Advertising and Market Research**		Chart3a, Ln215						$ -	$ -	$ 156,810	$ 156,810	$ 156,810	$ 156,810	$ 156,810	$ 58,804
230	**Shared Industry 3rd Party**		Chart3a, Ln218						$ 1,728	$ 49,368	$ 106,400	$ 106,400	$ 106,400	$ 106,400	$ 106,400	$ 35,467
231	**Limited Liability Corp. Expense**		Chart3a, Ln221				$ 177		$ 449	$ 532	$ 1,773	$ 1,773	$ 1,773	$ 1,773	$ 1,773	$ 887
232																
233	**Total Expenses**		SUM(Ln203:Ln226)+ SUM(Ln228+...+Ln231)	Note: for years beyond 1999, Ln203-216 are capitalized			$ 177		$ 1,164,868	$ 1,708,847	$ 344,787.64	$ 344,788	$ 344,788	$ 344,788	$ 344,788	$ 125,098
234																
235	**PV of Total Expenses**															
236	PV of Total Expenses		NPV (Ln11, Ln233)								$ 4,574,766					
237	Expense per Query		Ln236/Ln133								$ 0.001495					
238	Annual Expense per Query		pmt: Ln11, 5, Ln237								$ 0.000407					
239	**Total Network Related Intangible Asset (1999-2004)**		SUM(Ln203:Ln207)+ Ln210+Ln213								$ 1,380,112	$ 904,014	$ 348,587	$ 212,643	$ 49,260	$ -
240	**Total GPC Related Intangible Asset (1999-2004)**		Ln215+Ln216								$ -	$ -	$ -	$ -	$ -	$ -
241																
242	**Summary - Total Capital by FRC**															
243			SUM(Ln162:Ln175)			377C	03		$ 427,723	$ 391,409	$ 9,452,473	$ 145,165	$ 37,311	$ 79,055	$ -	$ -
244			Ln177+Ln185			357C	03		$ -	$ -	$ 60,060	$ -	$ -	$ -	$ -	$ -
245			Ln178+Ln186			357C	06		$ -	$ -	$ 44,583	$ -	$ -	$ -	$ -	$ -
246			Ln179+Ln187			357C	09		$ -	$ -	$ 67,948	$ -	$ -	$ -	$ -	$ -
247			Ln180+Ln188			357C	15		$ -	$ -	$ 73	$ -	$ -	$ -	$ -	$ -
248			Ln181+Ln189			822C	00		$ -	$ -	$ 1,285	$ -	$ -	$ -	$ -	$ -
249			Ln182+Ln190			845C	00		$ -	$ -	$ 1,757	$ -	$ -	$ -	$ -	$ -
250			Ln183+Ln191			85C	00		$ -	$ -	$ 2,873	$ -	$ -	$ -	$ -	$ -
251			Ln198			530C	00		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
252																
253			Ln239		Network Related Intangible assets				$ -	$ -	$ 1,380,112	$ 904,014	$ 348,587	$ 212,643	$ 49,260	$ -
254			Ln240		GPC Related Intangible Assets				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
255																
256	**PV Total Capital and Total Expenses as of 1999**															
257	**PV Total Capital by FRC**															
258			NPV Ln11, Ln243			377C	03				$ 10,083,267					
259			NPV Ln11, Ln244			357C	03				$ 56,943					
260			NPV Ln11, Ln245			357C	06				$ 42,269					
261			NPV Ln11, Ln246			357C	09				$ 64,420					
262			NPV Ln11, Ln247			357C	15				$ 69					
263			NPV Ln11, Ln248			822C	00				$ 1,218					
264			NPV Ln11, Ln249			845C	00				$ 1,666					
265			NPV Ln11, Ln250			85C	00				$ 2,723					
266			NPV Ln11, Ln251			530C	00				$ -					
267																
268			NPV Ln11, Ln253		Network Related Intangible assets						$ 2,522,827					
269			NPV Ln11, Ln254		GPC Related Intangible Assets						$ -					
270																
271																
272																
273																
274																

ATTACHMENT VII
CHART 3b
Call Routing Service

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
275															
276	**Development of Capital Cost per Query**														
277							**Intangible Assets - Network Related**								
278	**377C-03: Digital Switch Material**	Ln258		$ 10,083,267				Ln268		$ 2,522,827					
279	Levelized Inflation factor	Ln13	1												
280	Telco In-plant factor	Ln21	1.0715												
281	Misc. Common. Eqpt & Power Factor	Ln38	1												
282	Digital Switch EFI&Misc. Common. Eqpt & Power	Ln278*Ln279*Ln280* Ln281		$ 10,804,220											
283															
284	**Land**														
285	Land Loading Factor	Ln42	0												
286	Land Investment	Ln282*Ln285		$ -											
287															
288															
289	**Building**														
290	Building Loading Factor	Ln45	0												
291	Building Investment	Ln282*Ln290		$ -											
292															
293															
294	**Depreciation: Digital Electric Switch**						**Deprec.**								
295	Depreciation						Depreciation Factors								
296	377C - 03 Digital Electric Switch	Ln282*Ln296	0.1	$ 1,080,422				Ln278*Ln296	0.3333	$ 840,858					
297	Land	Ln286*Ln297	0	$ -											
298	Building	Ln291*Ln298	0	$ -											
299	Total	SUM(Ln296:Ln298)		$ 1,080,422			Total	Ln296		$ 840,858					
300															
301	**Cost of Money: Digital Electric Switch**						**Cost of Money**								
302	Cost of Money						Cost of Money Factors								
303	377C - 03 Digital Electric Switch	Ln282*Ln303	0.0712	$ 769,260				Ln278*Ln303	0.0777	$ 196,024					
304	Land	Ln286*Ln304	0	$ -											
305	Building	Ln291*Ln305	0	$ -											
306	Total	SUM(Ln303:Ln305)		$ 769,260			Total	Ln303		$ 196,024					
307															
308	**Income Tax: Digital Electric Switch**						**Income Tax**								
309	Income Tax :						Income Tax Factors:								
310	377C - 03 Digital Electric Switch	Ln282*Ln310	0.0348	$ 375,987				Ln278*Ln310	0.0377	$ 95,111					
311	Land	Ln286*Ln311	0	$ -											
312	Building	Ln291*Ln312	0	$ -											
313	Total	SUM(Ln310:Ln312)		$ 375,987			Total	Ln310		$ 95,111					
314															
315	**Plant Specific: Digital Electric Switch**														
316	Plant Specific :														
317	377C - 03 Digital Electric Switch	Ln282*Ln317	0.0361	$ 390,032											
318	Land	Ln286*Ln318	0	$ -											
319	Building	Ln291*Ln319	0	$ -											
320	Total	SUM(Ln317:Ln319)		$ 390,032											
321	**Ad Valorem Tax: Digital Electric Switch**														
322	Ad Valorem Tax :						**Ad Valorem Tax**								
323	377C - 03 Digital Electric Switch	Ln282*Ln323	0.0094	$ 101,560			Ad Valorem Tax Factors:								
324	Land	Ln286*Ln324	0	$ -				Ln278*Ln324	0.0094	$ 23,715					
325	Building	Ln291*Ln325	0	$ -											
326	Total investment - 377C	SUM(Ln323:Ln325)		$ 101,560			Total	Ln324		$ 23,715					
327															
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.						NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.								
329	State Income Tax	Ln313*.15		$ 56,398			State Income Tax	Ln313*.15		$ 14,267					
							Federal								
330	Federal Income Tax	Ln313*.85		$ 319,589			Income Tax	Ln313*.85		$ 80,844					
331	Property Tax	Ln326*.94		$ 95,466			Property Tax	Ln313*.94		$ 22,292					
332	Capital Tax	Ln326*.05		$ 5,078			Capital Tax	Ln313*.05		$ 1,186					
333	Other Tax	Ln326*.01		$ 1,016			Other Tax	Ln313*.01		$ 237					
334															
335	**Summary of Annual Cost Development - 377C-03**						**Summary of Annual Cost Development**								
336	Depreciation	Ln299		$ 1,080,422			Depreciation	Ln299		$ 840,858					
337	Cost of Money	Ln306		$ 769,260			COM	Ln306		$ 196,024					
338	Income Tax	Ln313		$ 375,987			Income Tax	Ln313		$ 95,111					
339	Plant Specific	Ln320		$ 390,032			Plant Spec	N/A		$ -					
340	Ad Valorem Tax	Ln326		$ 101,560			Ad Valorem	Ln327		$ 23,715					

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LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
341															
342															
343	**Cost per Query - CR**						**Cost per Query -Intangible Assets-Network related**								
344	Depreciation	Ln336/Ln133		$ 0.0004			Depreciation	Ln337/Ln133		$ 0.000274726					
345	Cost of Money	Ln337/Ln133		$ 0.0003			COM	Ln338/Ln133		$ 0.000064045					
346	Income Tax	Ln338/Ln133		$ 0.0001			Income Tax	Ln339/Ln133		$ 0.000031075					
347	Plant Specific	Ln339/Ln133		$ 0.0001			Plant Spec								
348	Ad Valorem Tax	Ln340/Ln133		$ 0.0000			Ad Valorem	Ln341/Ln133		$ 0.000007748					
349															
350															
351	**Total Cost per Query - CR - 377C-03**	SUM(Ln344:Ln350)		**$ 0.0009**			$/ Query	SUM(Ln345:349)		0.0004					
352															
353															
354	**Digital Circuits Other 357C**														
355	Material														
356	357C - 03	Ln259		$ 56,943											
357	357C - 06	Ln260		$ 42,269											
358	357C - 09	Ln261		$ 64,420											
359	357C - 15	Ln262		$ 69											
360	Total	SUM(Ln356:Ln359)		$ 163,701											
361															
362	**Digital Circuits Other**														
363	Levelized Inflation factor	Ln14	1												
364	Misc. Common. Eqpt & Power factor	Ln40	1												
365	Hardware factor 357C - 03	Ln26	2.7582												
366	Plug-in factor 357C - 06, 09	Ln27	1.0491												
367	Spare Stock factor 357C - 09	Ln30	1												
368	Material factor - 357C-15	Ln48	1.2085												
369															
370	Investment 357C - 03	Ln363*Ln364*Ln365*Ln356		$ 157,059											
371	Investment 357C - 06,09	Ln363*Ln364*Ln366*Ln357 Ln363*Ln364*Ln366*Ln367*		$ 44,344											
372	Investment 357C - 09	Ln358		$ 67,583											
373	Investment 357C - 15	Ln363*Ln364*Ln368*Ln359		$ 84											
374	Total Investment - 357C	SUM(Ln370:Ln373)		$ 269,071											
375															
376															
377	Land Loading Factor	Ln42	0												
378	Land Investment	Ln374*Ln377		$ -											
379															
380															
381	**Building**														
382	Building Loading Factor	Ln45	0												
383	Building Investment	Ln374*Ln382		$ -											
384															
385	**Depreciation: Digital Circuit**														
386	Depreciation														
387	357C - Digital Circuits Other	Ln374*Ln387	0.1111	$ 29,894											
388	Land	Ln378*Ln388	-	$ -											
389	Building	Ln383*Ln389	0	$ -											
390	Total	SUM(Ln387:Ln389)		$ 29,894											
391															
392	**Cost of Money: Digital Circuit**														
393	Cost of Money														
394	357C - Digital Circuits Other	Ln374*Ln394	0.0712	$ 19,158											
395	Land	Ln378*Ln395	0	$ -											
396	Building	Ln383*Ln396	0	$ -											
397	Total	SUM(Ln394:Ln396)		$ 19,158											
398															
399	**Income Tax: Digital Circuit**														
400	Income Tax:														
401	357C - Digital Circuits Other	Ln374*Ln401	0.0346	$ 9,310											
402	Land	Ln378*Ln402	0	$ -											
403	Building	Ln383*Ln403	0	$ -											
404	Total	SUM(Ln401:Ln403)		$ 9,310											
405															
406	**Plant Specific: Digital Circuit**														
407	Plant Specific:														
408	357C - Digital Circuits Other	Ln374*Ln408	0.0174	$ 4,682											
409	Land	Ln378*Ln409	-	$ -											
410	Building	Ln383*Ln410	0	$ -											
411	Total	SUM(Ln408:Ln410)		$ 4,682											
412															
413	**Ad Valorem Tax: Digital Circuit**														
414	Ad Valorem Tax:														
415	357C - Digital Circuits Other	Ln374*Ln415	0.0094	$ 2,529											

ATTACHMENT VII
CHART 3b
Call Routing Service

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3 **LNP Call Routing Service**
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	Description	Source	Value a		Value b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
416	Land	Ln378*Ln416	0	$	-											
417	Building	Ln383*Ln417	0	$	-											
418	Total	SUM(Ln415:Ln417)		$	2,529											
419																
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital															
420	Stock and 1% Other tax.															
421	State Income Tax	Ln404*.15		$	1,396											
422	Federal Income Tax	Ln404*.85		$	7,913											
423	Property Tax	Ln418*.94		$	2,378											
424	Capital Tax	Ln418*.05		$	126											
425	Other Tax	Ln418*.01		$	25											
426																
427	**Summary of Annual Cost Development - 357C**															
428	Depreciation	Ln390		$	29,894											
429	Cost of Money	Ln397		$	19,158											
430	Income Tax	Ln404		$	9,310											
431	Plant Specific	Ln411		$	4,682											
432	Ad Valorem Tax	Ln418		$	2,529											
433																
434	**Cost per Query - CR**															
435	Depreciation	Ln428/Ln133		$	0.0000											
436	Cost of Money	Ln429/Ln133		$	0.0000											
437	Income Tax	Ln430/Ln133		$	0.0000											
438	Plant Specific	Ln431/Ln133		$	0.0000											
439	Ad Valorem Tax	Ln432/Ln133		$	0.0000											
440																
441																
442	**Total Cost per Query - CR - 357C**	SUM(Ln435:Ln441)		$	0.0000											
443																
444																
445																
446	**822C Aerial Cable - Fiber, Material**	Ln263		$	1,218											
447	Levelized Inflation factor	Ln17	1													
448	Material In-plant factor	Ln49	2.5112													
449	Total Aerial Cable - Fiber, Investment	Ln446*Ln447*Ln448			3,059											
450																
451	**Pole**															
452	Pole Loading Factor	Ln33	-													
453	Pole Investment	Ln449*Ln452		$	-											
454																
455	**Depreciation: 822C**															
456	Depreciation															
457	822C - 00 Aerial Cable	Ln449*Ln457	0.0570	$	174											
458	Pole	Ln453*Ln458	-	$	-											
459	Total	SUM(Ln457:Ln458)		$	174											
460																
461																
462	**Cost of Money: Aerial Cable**															
463	Cost of Money															
464	822C - 00 Aerial Cable	Ln449*Ln464	0.0728	$	223											
465	Pole	Ln453*Ln465	0	$	-											
466	Total	SUM(Ln464:Ln465)		$	223											
467																
468	**Income Tax: Aerial Cable**															
469	Income Tax:															
470	822C - 00 Aerial Cable	Ln449*Ln470	0.0353	$	108											
471	Pole	Ln453*Ln471	0	$	-											
472	Total	SUM(Ln470:Ln471)		$	108											
473																
474	**Plant Specific: Aerial Cable**															
475	Plant Specific:															
476	822C - 00 Aerial Cable	Ln449*Ln476	0.0027	$	8											
477	Pole	Ln453*Ln477	0	$	-											
478	Total	SUM(Ln476:Ln477)		$	8											
479																
480	**Ad Valorem Tax: Aerial Cable**															
481	Ad Valorem Tax:															
482	822C - 00 Aerial Cable	Ln449*Ln482	0.0094	$	29											
483	Pole	Ln453*Ln483	0	$	-											
484	Total	SUM(Ln482:Ln483)		$	29											
485																

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.														
487	State Income Tax	Ln472*.15		$ 16											
488	Federal Income Tax	Ln472*.85		$ 92											
489	Property Tax	Ln484*.94		$ 27											
490	Capital Tax	Ln484*.05		$ 1											
491	Other Tax	Ln484*.01		$ 0											
492															
493	**Summary of Annual Cost Development - 822C-00**														
494	Depreciation	Ln459		$ 174											
495	Cost of Money	Ln466		$ 223											
496	Income Tax	Ln472		$ 108											
497	Plant Specific	Ln478		$ 8											
498	Ad Valorem Tax	Ln484		$ 29											
499															
500															
501	**Cost per Query - CR**														
502	Depreciation	Ln494/Ln133		$ 0.0000											
503	Cost of Money	Ln495/Ln133		$ 0.0000											
504	Income Tax	Ln496/Ln133		$ 0.0000											
505	Plant Specific	Ln497/Ln133		$ 0.0000											
506	Ad Valorem Tax	Ln498/Ln133		$ 0.0000											
507															
508															
509	**Total Cost per Query - CR - 822C-00**	SUM(Ln502:Ln506)		$ 0.0000											
510															
511															
512	**845C Buried Cable - Fiber, Material**	Ln264		$ 1,666											
513	Levelized Inflation factor	Ln18	1												
514	Material In-plant factor	Ln50	4.2658												
515	Total Buried Cable - Fiber, Material Investment	Ln512*Ln513*Ln514		$ 7,106											
516															
517															
518	**Depreciation: 845C**														
519	Depreciation														
520	845C - 00 Buried Cable	Ln515*Ln520	0.0535	$ 380											
521	Total	Ln520		$ 380											
522															
523	**Cost of Money: Buried Cable**														
524	Cost of Money														
525	845C - 00 Buried Cable	Ln515*Ln525	0.0752	$ 534											
526	Total	Ln525		$ 534											
527															
528	**Income Tax: Buried Cable**														
529	Income Tax:														
530	845C - 00 Buried Cable	Ln515*Ln530	0.0365	$ 259											
531	Total	Ln530		$ 259											
532															
533	**Plant Specific: Buried Cable**														
534	Plant Specific:														
535	845C - 00 Buried Cable	Ln515*Ln535	0.0022	$ 16											
536	Total	Ln535		$ 16											
537															
538	**Ad Valorem Tax: Buried Cable**														
539	Ad Valorem Tax:														
540	845C - 00 Buried Cable	Ln515*Ln540	0.0094	$ 67											
541	Total	Ln540		$ 67											
542															
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.														
544	State Income Tax	Ln531*.15		$ 39											
545	Federal Income Tax	Ln531*.85		$ 220											
546	Property Tax	Ln541*.94		$ 63											
547	Capital Tax	Ln541*.05		$ 3											
548	Other Tax	Ln541*.01		$ 1											
549															
550	**Summary of Annual Cost Development - 845C-00**														
551	Depreciation	Ln521		$ 380											
552	Cost of Money	Ln526		$ 534											
553	Income Tax	Ln531		$ 259											

ATTACHMENT VII
CHART 3b
Call Routing Service

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
554	Plant Specific	Ln536		$	16											
555	Ad Valorem Tax	Ln541		$	87											
556																
557	**Cost per Query - CR**															
558	Depreciation	Ln551/Ln133		$	0.0000											
559	Cost of Money	Ln552/Ln133		$	0.0000											
560	Income Tax	Ln553/Ln133		$	0.0000											
561	Plant Specific	Ln554/Ln133		$	0.0000											
562	Ad Valorem Tax	Ln555/Ln133		$	0.0000											
563																
564																
565	**Total Cost per Query - CR - 845C-00**	SUM(Ln558:Ln562)		$	0.0000											
566																
567	**85C Underground Cable - Fiber**	Ln265		$	2,723											
568	Levelized Inflation factor	Ln19	1													
569	Material In-plant factor	Ln51	1.9604													
570	Total UG Cable Investment	Ln567*Ln568*Ln569		$	5,339											
571																
572	**Conduit**															
573	Conduit Loading Factor	Ln36	0													
574	Conduit Investment	Ln570*Ln573		$	-											
575																
576	**Depreciation: 85C**															
577	Depreciation															
578	85C Underground Cable	Ln570*Ln578	0.054	$	288											
579	Conduit	Ln574*Ln579	0	$	-											
580	Total	SUM(Ln578:Ln579)		$	288											
581																
582	**Cost of Money: Underground Cable**															
583	Cost of Money															
584	85C Underground Cable	Ln570*Ln584	0.0748	$	399											
585	Conduit	Ln574*Ln585	0	$	-											
586	Total	SUM(Ln584:Ln585)		$	399											
587																
588	**Income Tax: Underground Cable**															
589	Income Tax:															
590	85C Underground Cable	Ln570*Ln590	0.0364	$	194											
591	Conduit	Ln574*Ln591	0	$	-											
592	Total	SUM(Ln590:Ln591)		$	194											
593																
594	**Plant Specific: Underground Cable**															
595	Plant Specific:															
596	85C Underground Cable	Ln570*Ln596	0.0034	$	18											
597	Conduit	Ln574*Ln597	0	$	-											
598	Total	SUM(Ln596:Ln597)		$	18											
599																
600	**Ad Valorem Tax: Underground Cable**															
601	Ad Valorem Tax:															
602	85C Underground Cable	Ln570*Ln602	0.0094	$	50											
603	Conduit	Ln574*Ln603	0	$	-											
604	Total	SUM(Ln602:Ln603)		$	50											
605	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.															
607	State Income Tax	Ln592*.15		$	29											
608	Federal Income Tax	Ln592*.85		$	165											
609	Property Tax	Ln604*.94		$	47											
610	Capital Tax	Ln604*.05		$	3											
611	Other Tax	Ln604*.01		$	1											
612	**Summary of Annual Cost Development - 85C-00**															
613	Depreciation	Ln580		$	288											
614	Cost of Money	Ln586		$	399											
615	Income Tax	Ln592		$	194											
616	Plant Specific	Ln598		$	18											
617	Ad Valorem Tax	Ln604		$	50											
618																
619																
620	**Cost per Query - Call Routing Service, - 85C**															
621	Depreciation	Ln613/Ln133		$	0.0000											
622	Cost of Money	Ln614/Ln133		$	0.0000											
623	Income Tax	Ln615/Ln133		$	0.0000											
624	Plant Specific	Ln616/Ln133		$	0.0000											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
625	Ad Valorem Tax	Ln617/Ln133		$ 0.0000											
626															
627															
628	**Total Cost per Query - CR - 85C-00**	SUM(Ln621:Ln625)		$ 0.0000											
629															
630															
							Intangible Assets- GPC								
631	**530C - General Purpose Computers**	Ln266+Ln267		$ -			**Related**	Ln269	$ -						
632	Levelized Inflation factor	Ln16	1.0000												
633	530C Investment	Ln631*Ln632		$ -											
634															
635	**Land**														
636	Land Loading Factor	Ln43	0.0000												
637	Land Investment	Ln636*Ln633		$ -											
638															
639	**Building**														
640	Building Loading Factor	Ln46	0.0000												
641	Building Investment	Ln640*Ln633		$ -											
642															
643	**Depreciation: General Purpose Computers**						**Deprec.**								
644	Depreciation Factors						Depreciation Factors								
645	530C - General Purpose Computers	Ln633*Ln645	0.2000	$ -				Ln631*Ln645	0.2000 $ -						
646	Land	Ln646*Ln637	0.000	$ -											
647	Building	Ln647*Ln641	0	$ -											
648	Total	SUM(Ln645:Ln647)		$ -			Total	Ln645	$ -						
649															
650	**Cost of Money: General Purpose Computers**						**Cost of Money**								
651	Cost of Money Factors						Cost of Money Factors								
652	530C - General Purpose Computers	Ln633*Ln652	0.0723	$ -				Ln631*Ln652	0.0723 $ -						
653	Land	Ln653*Ln637	0.0000	$ -											
654	Building	Ln654*Ln641	0.0000	$ -											
655	Total	SUM(Ln652:Ln654)		$ -			Total	Ln652	$ -						
656															
657	**Income Tax: General Purpose Computers**						**Income Tax**								
658	Income Tax Factors:						Income Tax Factors:								
659	530C - General Purpose Computers	Ln633*Ln659	0.0351	$ -				Ln631*Ln659	0.0351 $ -						
660	Land	Ln660*Ln637	0	$ -											
661	Building	Ln661*Ln641	0	$ -											
662	Total	SUM(Ln659:Ln661)		$ -			Total	Ln659	$ -						
663															
664	**Plant Specific: General Purpose Computers**														
665	Plant Specific Factors:														
666	530C - General Purpose Computers	Ln633*Ln666	0.1804	$ -											
667	Land	Ln667*Ln637	0	$ -											
668	Building	Ln668*Ln641	0	$ -											
669	Total	SUM(Ln666:Ln668)		$ -											
670															
671	**Ad Valorem Tax: General Purpose Computers**						**Ad Valorem Tax**								
672	Ad Valorem Tax Factors:						Ad Valorem Tax Factors:								
673	530C - General Purpose Computers	Ln633*Ln673	0.0094	$ -				Ln631*Ln673	0.0000 $ -						
674	Land	Ln674*Ln637	0	$ -											
675	Building	Ln675*Ln641	0	$ -											
676	Total	SUM(Ln673:Ln675)		$ -			Total	Ln673	$ -						
677															
678	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.						NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5% Capital Stock and 1% Other tax.								
679	State Income Tax	Ln662*.15		$ -			State Income Tax	Ln662*.15	$ -						
680	Federal Income Tax	Ln662*.85		$ -			Federal Income Tax	Ln662*.85	$ -						
681	Property Tax	Ln676*.94		$ -			Property Tax	Ln676*.94	$ -						
682	Capital Tax	Ln676*.05		$ -			Capital Tax	Ln676*.05	$ -						
683	Other Tax	Ln676*.01		$ -			Other Tax	Ln676*.01	$ -						
684															
685	**Summary of Annual Cost Development - 530C**						**Summary of Annual Cost Development**								
686	Depreciation	Ln648		$ -			Depreciation	Ln648	$ -						
687	Cost of Money	Ln655		$ -			COM	Ln655	$ -						
688	Income Tax	Ln662		$ -			Income Tax	Ln662	$ -						
689	Plant Specific	Ln669		$ -			Plant Spec	N/A	$ -						

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c		1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
690	Ad Valorem Tax	Ln676		$	-			Ad Valorem	Ln676		$	-					
691																	
692																	
693	**Cost per Query - CR, 530C**							**Cost per Query-Intangible Assets GPC Related**									
694	Depreciation	Ln686/Ln133		$	-			Depreciation	Ln686/Ln133		$	-					
695	Cost of Money	Ln687/Ln133		$	-			COM	Ln687/Ln133		$	-					
696	Income Tax	Ln688/Ln133		$	-			Income Tax	Ln688/Ln133		$	-					
697	Plant Specific	Ln689/Ln133		$	-			Plant Spec									
698	Ad Valorem Tax	Ln690/Ln133		$	-			Ad Valorem	Ln690/Ln133		$	-					
699																	
700	Total Cost per Query - CR - 530C	SUM(Ln694:698)		$	-			$/ Query	SUM(Ln694:698)		$	-					
701	Overhead Loading Factor	Ln116		$	1.039800												
702	**TOTAL COST PER QUERY (CR)**	**(Ln238+Ln351+Ln442+ Ln509+ Ln565+Ln628+Ln700+(Ln3 51+ Ln700(Intangible Assets)))*Ln701**		$	0.001761												
703																	
704																	
705																	
706																	
707																	
708	**Cost by Categories:**																
709	Depreciation	Ln344+Ln435+Ln502+ Ln558+Ln621+Ln694		$	0.000638												
710	Cost of Money	Ln345+Ln436+Ln503+ Ln559+Ln622+Ln695		$	0.000322												
711	Income Tax	Ln346+Ln437+Ln504+ Ln560+Ln623+Ln696		$	0.000157												
712	State Income Tax	SUM(Ln329,Ln421,Ln487, Ln544,Ln607,Ln679)/Ln133		$	0.000024												
713	Federal Income Tax	SUM(Ln330,Ln422,Ln488, Ln545,Ln608,Ln680)/Ln133		$	0.000134												
714	Plant Specific	Ln347+Ln438+Ln505+ Ln561+Ln624+Ln697		$	0.000129												
715	Ad Valorem Tax	Ln348+Ln439+Ln506+ Ln562+Ln625+Ln698		$	0.000041												
716	Property Tax	SUM(Ln331,Ln423,Ln489, Ln546,Ln609,Ln681)/Ln133		$	0.000039												
717	Capital Tax	SUM(Ln332,Ln424,Ln490,L n547,Ln610,Ln682)/Ln133		$	0.000002												
718	Other Tax	SUM(Ln333,Ln425,Ln491, Ln548,Ln611,Ln683)/Ln133		$	0.000000												
719	Expenses	Ln238		$	0.000407												
720																	
721	**Total Unit Investment**	(Ln282+Ln286+Ln291+ Ln374+Ln378+Ln383+ Ln449+Ln453+Ln515+ Ln570+Ln574+Ln633+ Ln637+Ln631+Ln278)/ Ln133		$	0.004447												
722																	
723																	
724																	
725	**Supporting Calculation for Investment**																
726																	
727																	
728																	
729	Discount Rate	Study Assumption	11.25%														
730	Amortization Term, Years	Study Assumption	5														
731																	
732																	

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

ATTACHMENT VII
CHART 3b
Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
733	**STP-SCP Links and Mileage**	Incremental Changes													
734	*Gateway 1 (ATLNGATH/ATLNGAWD)*														
735	Number of Circuit Miles							1244.16	414.72	0.00	414.72	0.00	414.72	0.00	0.00
736	Number of Interoffice Circuits							48	16	0	16	0	16	0	0
737															
738															
739	*Gateway 2 (BRHMALMA/BRHMALVA)*														
740	Number of Circuit Miles							176.80	353.60	176.80	0.00	176.80	176.80	0.00	0.00
741	Number of Interoffice Circuits							16	32	16	0	16	16	0	0
742															
743															
744	*Gateway 3 (GNVLSCDT/GNVLSCWR)*														
745	Number of Circuit Miles							120.48	361.44	-120.48	120.48	120.48	120.48	0.00	0.00
746	Number of Interoffice Circuits							16	48	-16	16	16	16	0	0
747															
748															
749	*Gateway 4 (JCVLFLCL/JCVLFLSM)*														
750	Number of Circuit Miles							416.00	0.00	416.00	0.00	0.00	416.00	0.00	0.00
751	Number of Interoffice Circuits							16	0	16	0	0	16	0	0
752															
753															
754	*Gateway 5 (NSVLTHDO/NSVLTNMT)*														
755	Number of Circuit Miles							225.28	225.28	225.28	0.00	0.00	225.28	0.00	225.28
756	Number of Interoffice Circuits							16	16	16	16	0	16	0	16
757															
758															
759	*Gateway 6 (WPBHFLGR/WPBHFLHH)*														
760	Number of Circuit Miles							2113.92	0.00	0.00	528.48	528.48	0.00	0.00	0.00
761	Number of Interoffice Circuits							64	0	0	16	16	0	0	0
762															
763	Total In Service Quantities:														
764	Number of Circuit Miles							4296.64	5651.68	6349.28	7412.96	8238.72	9592.00	9592.00	9817.28
765	Number of Interoffice Circuits							176	288	320	384	432	512	512	528
766	**DS0 Interoffice Transport Fundamentals**	Interoffice Transport-Dedicated Study													
	Facilities Termination Material per														
767	Termination/Air Mile														
768	Circuit Equipment - other		$172.032		357C	03									
769	Circuit Equipment - other		$127.701		357C	06									
770	Circuit Equipment - other		$194.624		357C	09									
771	Circuit Equipment - other		$0.209		357C	15									
772	Aerial Cable		$0.063		822C	00									
773	Buried Cable		$0.084		845C	00									
774	Underground Cable		$0.143		85C	00									
775															
776	**End Office Busy Hour Investments**														
777	3/6/10 Digit PODP Trigger	SCIS/IN Feature 972	$ 4.9209368		377C	03									
		SCIS Model Office Output	$0.0007500			03									
778	SSP Investments Per Octet	MO17			377C										
779															
780															
781	**SS7 Fundamental Investments Per Octet**														
782	**Investment BH per Octet**														
783	STP & IDST - VS	SS7Fundamental Study	$ 0.010994071		377C	03									
784	Link Termination - VS	SS7Fundamental Study	$ 0.000260852		357C	03									
785	Link Termination - VS	SS7Fundamental Study	$ 0.000193632		357C	06									
786	Link Termination - VS	SS7Fundamental Study	$ 0.000295107		357C	09									
787	Link Termination - VS	SS7Fundamental Study	$ 0.000000317		357C	15									
788	Link Mileages - VS	SS7Fundamental Study	$ 0.000005832		822C	00									
789	Link Mileages - VS	SS7Fundamental Study	$ 0.000007777		845C	00									
790	Link Mileages - VS	SS7Fundamental Study	$ 0.000013238		85C	00									
791	Link Monitoring - VI	SS7Fundamental Study	$ 0.002076716		377C	03									
792	**Expense - BH per Octet**														
793	STP & IDST - VS	SS7Fundamental Study	$ 0.000080753												
794	Link Monitoring - VI	SS7Fundamental Study	$ 0.000557526												
795															
796															
797	**Number of Octets Per SPNP Query**	BellSouth S&T	166												
798	**Ratio, BHBS/ABDBS**	Network	0.064941												
799	**Ratio, ABDBS/ABD**	Network	1.1												
800	**Ratio, ABD/ACD**	Network	1.177												
801															
802															
803	**BS Avg. Weighted Completion Ratio**	Cost Matters	0.707006334												
804															

ATTACHMENT VII
CHART 3b
Call Routing Service

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
	Levelized Number of Queries - Call Routing														
805	Service	Ln133	3,060,717,225												
806	Levelized Number of Queries - Query Service	Ln134	6,698,617,204												
807															
808															
809															
810															
811	% of Call Routing Service to Total	Ln150	3.5467%												
812															
813															
814															
815															
816															
817															
818															
819															
820															
821															
822															
823															
824															
825															
826															
827															
828															
829															
830															
831															
832															
833															
834															
835															
836															
837															
838															
839															
840	**Material Investments and Labor**														
841															
842															
843															
844															
845															
846															
847															
848															
849															
850															
851															
852															
853															
854															
855															
856															
857															
858															
859	**Supporting Development of Material**														

FRCs	Value: A	Value: B Levelized Inflation Factors for Material not Covered by LOA (SCIS)
377C		0.9833
357C		0.9635
822C		0.9849
845C		1.0100
85C		0.9700
530C		0.7200

860						
861						
862	**Number of Octets Per SPNP Query**	Ln797	166			
863	**Ratio, BHBS/ABDBS**	Ln798	0.084941			
864	**Ratio, ABDBS/ABD**	Ln799	1.100			
865	**Ratio, ABD/ACD**	Ln800	1.177			
866	**Inflation Factor**					
867	**Trigger Vendor EF&I Investments per Query:**					
	Busy Hour Vendor EF&I Investments POOP					
868	Trigger					
869	Volume Sensitive	Ln777	$4.92094	377C	03	
	Trigger Investments per Query converted from	Ln869*Ln863/365*	$0.001483	377C	03	
870	BH to any time, any day:	Ln864*Ln865				
	Trigger Investments per Query adjusted by		$0.002097	377C	03	
871	completion ratio:	Ln870/Ln803				
872	Total Trigger Vendor EF&I Investments:	Ln871*Ln805*Ln861	$6,311,424	377C	03	
873						

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability — **ATTACHMENT VII**
Cost Recovery Period 1999-2004 (5/99-5/04) — **CHART 3b**
LNP Call Routing Service — **Call Routing Service**

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
874	**SSP - Per Query**														
875	SSP Busy Hour Vendor EF&I Investments Per Octet														
876	Volume Sensitive	Ln778	$0.0007500000		377C	03									
		Ln876*Ln863/365*	$0.0000002260		377C	03									
877	SSP Investments Per Octet	Ln864*Ln865													
878	SSP Investments Per Query	Ln877*Ln862	$0.0000375114		377C	03									
	SSP Investments Per Query adjusted by		$0.0000530566		377C	03									
879	completion ratio:	Ln878/Ln803													
880	Total SSP Vendor EF&I Investments	Ln879*Ln805*Ln861	$159,679		377C	03									
881	**SS7 Material Per Query**														
882	**BH per Octet**														
883	STP & IDST - VS	Ln783	$0.0109940710		377C	03									
884	Link Termination - VS	Ln784	$0.0002608520		357C	03									
885	Link Termination - VS	Ln785	$0.0001936320		357C	06									
886	Link Termination - VS	Ln786	$0.0002951070		357C	09									
887	Link Termination - VS	Ln787	$0.0000003170		357C	15									
888	Link Mileage - VS	Ln788	$0.0000058320		822C	00									
889	Link Mileage - VS	Ln789	$0.0000077770		845C	00									
890	Link Mileage - VS	Ln790	$0.0000132380		85C	00									
891	Link Monitoring - VI	Ln791	$0.0020787160		377C	03									
892	**Expense - BH per Octet**	Ln792	$0.0000000000												
893	STP & IDST - VS	Ln793	$0.0000807530												
894	Link Monitoring - VI	Ln794	$0.0005575260												
895	**SS7 Material per Octet**														
	STP & IDST - VS	Ln863*Ln864*Ln865/	$0.0000033125		377C	03									
896		365*Ln883													
	Link Termination - VS	Ln863*Ln864*Ln865/	$0.0000000786		357C	03									
897		365*Ln884													
	Link Termination - VS	Ln863*Ln864*Ln865/	$0.0000000583		357C	06									
898		365*Ln885													
	Link Termination - VS	Ln863*Ln864*Ln865/	$0.0000000889		357C	09									
899		365*Ln886													
	Link Termination - VS	Ln863*Ln864*Ln865/	$0.0000000001		357C	15									
900		365*Ln887													
	Link Mileage - VS	Ln863*Ln864*Ln865/	$0.0000000018		822C	00									
901		365*Ln888													
	Link Mileage - VS	Ln863*Ln864*Ln865/	$0.0000000023		845C	00									
902		365*Ln889													
	Link Mileage - VS	Ln863*Ln864*Ln865/	$0.0000000040		85C	00									
903		365*Ln890													
	Link Monitoring - VI	Ln863*Ln864*Ln865/	$0.0000006257		377C	03									
904		365*Ln891													
905	**SS7 Expense per Octet**														
	STP & IDST - VS	Ln863*Ln864*Ln865/	$0.0000000243												
906		365*Ln893													
	Link Monitoring - VI	Ln863*Ln864*Ln865/	$0.0000001680												
907		365*Ln894													
908															
909	**Material per Query adjusted by completion ratio**														
910	STP & IDST - VS	Ln862/Ln803*Ln896	$0.0007777445		377C	03									
911	Link Termination - VS	Ln862/Ln803*Ln897	$0.0000184532		357C	03									
912	Link Termination - VS	Ln862/Ln803*Ln898	$0.0000136979		357C	06									
913	Link Termination - VS	Ln862/Ln803*Ln899	$0.0000206765		357C	09									
914	Link Termination - VS	Ln862/Ln803*Ln900	$0.0000000224		357C	15									
915	Link Mileage - VS	Ln862/Ln803*Ln901	$0.0000004126		822C	00									
916	Link Mileage - VS	Ln862/Ln803*Ln902	$0.0000005502		845C	00									
917	Link Mileage - VS	Ln862/Ln803*Ln903	$0.0000009365		85C	00									
918	Link Monitoring - VI	Ln862/Ln803*Ln904	$0.0001469114		377C	03									
919	**Expense - per Query adjusted by completion ratio**														
920	STP & IDST - VS	Ln862/Ln803*Ln906	$0.0000057126												
921	Link Monitoring - VI	Ln862/Ln803*Ln907	$0.0000394406												
922															
923	**Total SS7 Material**														
924	STP & IDST - VS	Ln805*Ln910*Ln861	$2,340,703		377C	03									
925	Link Termination - VS	Ln805*Ln911+Ln862	$54,419		357C	03									
926	Link Termination - VS	Ln805*Ln912+Ln862	$40,395		357C	06									
927	Link Termination - VS	Ln805*Ln913*Ln862	$61,565		357C	09									
928	Link Termination - VS	Ln805*Ln914*Ln862	$66		357C	15									
929	Link Mileage - VS	Ln805*Ln915*Ln863	$1,244		822C	00									
930	Link Mileage - VS	Ln805*Ln916*Ln864	$1,701		845C	00									
931	Link Mileage - VS	Ln805*Ln917*Ln865	$2,780		85C	00									
932	Link Monitoring - VI	Ln805*Ln918*Ln861	$442,145		377C	03									
				PV 5 Years of											
933	**Total SS7 Expense**			Expenses											
934	STP & IDST - VS	Ln805*Ln920	$17,485	$ 64,218											
935	Link Monitoring - VI	Ln805*Ln921	$120,717	$ 443,364											

ATTACHMENT VII
CHART 3b
Call Routing Service

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP Call Routing Service

Description	Source	Value:a	Value:b	FRC	Sub FRC	1998 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Total All Gateways														
Number of Circuit Miles	Ln764						4297	5652	6349	7413	8239	9592	9592	9817
Number of Interoffice Circuits	Ln765						176	268	320	384	432	512	512	528
PV: Number of Circuit Miles as of 1999	NPV:Ln940b:I		48,658				4459	7547	6020	6317	6311	6605	5937	5462
PV: Number of Interoffice Circuits as of 1999	NPV:Ln941b:I		2,492				183	385	303	327	331	353	317	294
Levelized Quantities														
Number of Circuit Miles: In Service	PMT(Ln11,5,Ln940b)*-1		13,248											
Number of Interoffice Circuits: In Service	PMT(Ln11,5,Ln941b)*-1		679											
STP to SCP Facilities Material														
Facilities Annual Material Termination	Ln944(Value:b)*Ln768			357C	03				$ 116,725					
Facilities Annual Material Termination	Ln944(Value:b)*Ln769			357C	06				$ 86,646					
Facilities Annual Material Termination	Ln944(Value:b)*Ln770			357C	09				$ 132,054					
Facilities Annual Material Termination	Ln944(Value:b)*Ln771			357C	15				$ 142					
Facilities Annual Material Mile	Ln943(Value:b)*Ln772			822C	00				$ 835					
Facilities Annual Material Mile	Ln943(Value:b)*Ln773			845C	00				$ 1,113					
Facilities Annual Material Mile	Ln943(Value:b)*Ln774			85C	00				$ 1,895					
STP to SCP Facilities Material adjusted by completion & allocation ratio:														
Facilities Annual Material Termination	Ln946/Ln803*Ln811*Ln862			357C	03				$ 5,642					
Facilities Annual Material Termination	Ln947/Ln803*Ln811*Ln862			357C	06				$ 4,188					
Facilities Annual Material Termination	Ln948/Ln803*Ln811*Ln862			357C	09				$ 6,383					
Facilities Annual Material Termination	Ln949/Ln803*Ln811*Ln862			357C	15				$ 7					
Facilities Annual Material Mile	Ln950/Ln803*Ln811*Ln863			822C	00				$ 41					
Facilities Annual Material Mile	Ln951/Ln803*Ln811*Ln864			845C	00				$ 56					
Facilities Annual Material Mile	Ln952/Ln803*Ln811*Ln865			85C	00				$ 92					

Total Billing Material and Expenses - Call Routing Service:

Computer Investment	Special Study	$ -		530C	00
			PV 5 Years of Expenses		
Non-Invest. Expenses	Special Study	$ -	$ -	530M	

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT VIII
CHART 5a
Query Service

Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Study Assumptions and Factors													
Discount Rate (Annual)	Chart1-a, Ln11	0.1125											
Discount Rate (Monthly)	(1+.1125)^((1/12))-1	0.0089											
Inflation Factors: Digital Electric Switch	Chart1-a, Ln28	1.0000	377C	03									
Digital Circuit Other	Chart1-a, Ln29	1.0000	357C	03									
General Purpose Computers	Chart1-a, Ln30	1.0000	630C	00									
General Purpose Computers	Chart1-a, Ln31	1.0000	530C	00									
Aerial Cable - Fiber	Chart1-a, Ln32	1.0000	822C										
Buried Cable - Fiber	Chart1-a, Ln33	1.0000	845C										
Underground Cable - Fiber	Chart1-a, Ln34	1.0000	85C										
Telco Factor: Digital Electric Switch	Chart1-a, Ln36	1.0715	377C	03									
Aerial Cable - Fiber	Chart1-a, Ln37	2.0694	822C										
Buried Cable - Fiber	Chart1-a, Ln38	1.4356	845C										
Underground Cable - Fiber	Chart1-a, Ln39	1.7214	85C										
Hardwire Factor: Digital Circuit Other	Chart1-a, Ln40	2.7582	357C	03									
Plug-in Factor: Digital Circuit Other	Chart1-a, Ln48	1.0491	357C	06									
Plug-in Factor: Digital Circuit Other	Chart1-a, Ln49	1.0491	357C	09									
Spare Stock Factor: Digital Circuit Other	Chart1-a, Ln51	1.0000	357C	09									
Pole Loading Factor	Chart1-a, Ln65	-	1C										
Conduit Loading Factor	Chart1-a, Ln66	-	4C										
Supporting Equipment & Power Loading Factor:													
Digital Electric Switch	Chart1-a, Ln43	1.0000	377C	03									
Digital Circuit Other	Chart1-a, Ln44	1.0000	357C	03									
Land Factor: (377C, 357C)	Chart1-a, Ln59	-	20C										
Land Factor: (530C, 630C)	Chart1-a, Ln60	-											
Building Factors: (377C, 357C)	Chart1-a, Ln62	-	10C										
Building Factors: (530C, 630C)	Chart1-a, Ln63	-											
Material Factor													
Digital Circuit Other	Chart1-a, Ln54	1.2085	357C	15									
Aerial Cable - Fiber	Chart1-a, Ln55	2.5112	822C	00									
Buried Cable - Fiber	Chart1-a, Ln56	4.2658	845C	00									
Underground Cable - Fiber	Chart1-a, Ln57	1.9604	85C	00									
Depreciation Factors: Digital Electric Switch	Chart1-a, Ln69	0.1000	377C	03									
Digital Circuit Other	Chart1-a, Ln70	0.1111	357C	03									
Aerial Cable - Fiber	Chart1-a, Ln73	0.0570	822C	00									
Buried Cable - Fiber	Chart1-a, Ln74	0.0535	845C	00									
Underground Cable - Fiber	Chart1-a, Ln75	0.0540	85C	00									
Poles	Chart1-a, Ln76	-	1C										
Conduit	Chart1-a, Ln77	-	4C										
General Purpose Computers	Chart1-a, Ln71	0.2000	630C	00									
General Purpose Computers	Chart1-a, Ln72	0.2000	530C	00									
Land	Chart1-a, Ln78	-	20C										
Building	Chart1-a, Ln79	-	10C										
Intangible Assets - Network Related	Chart1-a, Ln21	0.3333											
Intangible Assets - GPC Related	Chart1-a, Ln24	0.2000											
Cost of Money Factors: Digital Electric Switch	Chart1-a, Ln82	0.0716	377C	03									
Digital Circuit Other	Chart1-a, Ln83	0.0712	357C	03									
Aerial Cable - Fiber	Chart1-a, Ln86	0.0728	822C	00									
Buried Cable - Fiber	Chart1-a, Ln87	0.0752	845C	00									
Underground Cable - Fiber	Chart1-a, Ln88	0.0748	85C	00									
Poles	Chart1-a, Ln89	-	1C										
Conduit	Chart1-a, Ln90	-	4C										
General Purpose Computers	Chart1-a, Ln84	0.0723	630C	00									
General Purpose Computers	Chart1-a, Ln85	0.0723	530C	00									
Land	Chart1-a, Ln91	-	20C										
Building	Chart1-a, Ln92	-	10C										
Intangible Assets - Network Related	Chart1-a, Ln22	0.0777											
Intangible Assets - GPC Related	Chart1-a, Ln25	0.0723											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT VIII
CHART 5a
Query Service

	Description	Source		Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
76	Income Tax Factors: Digital Electric Switch	Chart1-a, Ln95		0.0348	377C	03									
77	Digital Circuit Other	Chart1-a, Ln96		0.0346	357C	03									
78	Aerial Cable - Fiber	Chart1-a, Ln99		0.0353	822C	00									
79	Buried Cable - Fiber	Chart1-a, Ln100		0.0365	845C	00									
80	Underground Cable - Fiber	Chart1-a, Ln101		0.0364	85C	00									
81	Poles	Chart1-a, Ln102		-	1C										
82	Conduit	Chart1-a, Ln103		-	4C										
83	General Purpose Computers	Chart1-a, Ln97		0.0351	630C	00									
84	General Purpose Computers	Chart1-a, Ln98		0.0351	530C	00									
85	Land	Chart1-a, Ln104		-	20C										
86	Building	Chart1-a, Ln105		-	10C										
87	Intangible Assets	Chart1-a, Ln23		0.0377											
88	Intangible Assets - Network Related	Chart1-a, Ln26		0.0351											
89	Intangible Assets - GPC Related	Chart1-a, Ln108		0.0361	377C	03									
90	Digital Circuit Other	Chart1-a, Ln109		0.0174	357C	03									
91	Aerial Cable - Fiber	Chart1-a, Ln112		0.0027	822C	00									
92	Buried Cable - Fiber	Chart1-a, Ln113		0.0022	845C	00									
93	Underground Cable - Fiber	Chart1-a, Ln114		0.0034	85C	00									
94	Poles	Chart1-a, Ln115		-	1C										
95	Conduit	Chart1-a, Ln116		-	4C										
96	General Purpose Computers	Chart1-a, Ln110		0.1804	630C	00									
97	General Purpose Computers	Chart1-a, Ln111		0.1804	530C	00									
98	Land	Chart1-a, Ln117		-	20C										
99	Building	Chart1-a, Ln118		-	10C										
100	Ad Valorem Tax Factors: Digital Electric Switch	Chart1-a, Ln121		0.0094	377C	03									
101	Digital Circuit Other	Chart1-a, Ln122		0.0094	357C	03									
102	Aerial Cable - Fiber	Chart1-a, Ln125		0.0094	822C	00									
103	Buried Cable - Fiber	Chart1-a, Ln126		0.0094	845C	00									
104	Underground Cable - Fiber	Chart1-a, Ln127		0.0094	85C	00									
105	Poles	Chart1-a, Ln128		-	1C										
106	Conduit	Chart1-a, Ln129		-	4C										
107	General Purpose Computers	Chart1-a, Ln123		0.0094	630C	00									
108	General Purpose Computers	Chart1-a, Ln124		0.0094	530C	00									
109	Land	Chart1-a, Ln130		-	20C										
110	Building	Chart1-a, Ln131		-	10C										
111	Intangible Assets - Network Related & GPC Rel	Chart1-a, Ln132		0.0094											
112															
113	Overhead Loading Factor	Chart1-a, Ln154		1.0398											
114	1998-2004 Directly Assigned Labor Rates per Hour (by pay grade) & Working Hours														
115	MKTPB57	Chart1-a, Ln146;Chart1-a, Ln548; Chart1-p, Ln384	$	49.22				-	-	1,444	1,444	1,444	1,444	1,444	542
116	MKTPB58	Chart1-a, Ln147;Chart1-a, Ln549; Chart1-p, Ln385	$	53.93				-	-	2,216	2,216	2,216	2,216	2,216	831
117	MKTPB59	Chart1-a, Ln148;Chart1-a, Ln550; Chart1-p, Ln386	$	60.24				-	1,632	1,060	1,060	1,060	1,060	1,060	398
118	FINPB56	Chart1-a, Ln150;Chart1-a, Ln551; Chart1-p, Ln387	$	45.55				-	320	-	-	-	-	-	-
119	FINPB58	Chart1-a, Ln151;Chart1-a, Ln552; Chart1-p, Ln388	$	52.54				-	48	-	-	-	-	-	-
120	FINPB59	Chart1-a, Ln152;Chart1-a, Ln553; Chart1-p, Ln389	$	58.51				-	264	-	-	-	-	-	-
121	ITPB58	Chart1-a, Ln138;Chart1-a, Ln554; Chart1-p, Ln390	$	57.26				-	52	-	-	-	-	-	-

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT VIII
CHART 5a
Query Service

	Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
122	NWKPB59	Chart1-a, Ln149;Chart1-a, Ln555; Chart1-p, Ln391	$ 60.91				-	130	-	-	-	-	-	-
123	ITPB58	Chart1-a, Ln138;Chart1-a, Ln556; Chart1-p, Ln392	$ 57.26				-	570	-	-	-	-	-	-
124														
125														
126														
127	**DEMAND - Number of Total Queries:**													
128	Query Service	Chart1-p, Ln61					-	-	610,070,243	2,632,586,773	5,668,704,772	9,065,162,338	10,283,426,245	3,861,101,852
129	Call Routing Service	Chart1-p, Ln62					-	-	1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
130	BST	Chart1-p, Ln63					-	-	33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492
131														
132														
133														
134														
135	**CAPITAL**													
136	**NETWORK**													
137	Fully Recoverable - Hardware Material Prices:													
138	(% of Following LNP Items That is Query Service)	Chart5b, Ln147	7.762%											
139	New SCP Pairs	Ln138*Chart1-a, Ln183; Chart1-p, Ln89		377C	03		862,890	651,728	-	-	-	-	-	-
140	STP-to-SCP Signaling Links	Ln138*Chart1-a, Ln185; Chart1-p, Ln91		377C	03		48,808	50,888	44,154	59,691	35,395	57,362	-	-
141	Upgrade SCP Pairs	Ln138*Chart1-a, Ln184; Chart1-p, Ln90		377C	03	$ -	$ -	$ 73,979	$ 338,430	$ 258,014	$ 46,262	$ 115,656	$ -	$ -
142														
143														
144	Joint Hardware Material Prices:													
145														
146	STP-to-SCP Signaling Links	Chart5b, Ln781		357C	03	357C	03	$ -	$ 8,730	$ -	$ -	$ -	$ -	$ -
147	STP-to-SCP Signaling Links	Chart5b, Ln782		357C	06	357C	06	$ -	$ 6,480	$ -	$ -	$ -	$ -	$ -
148	STP-to-SCP Signaling Links	Chart5b, Ln783		357C	09	357C	09	$ -	$ 9,876	$ -	$ -	$ -	$ -	$ -
149	STP-to-SCP Signaling Links	Chart5b, Ln784		357C	15	357C	$ 15	$ -	$ 11	$ -	$ -	$ -	$ -	$ -
150	STP-to-SCP Signaling Links	Chart5b, Ln785		822C	00	822C	00	$ -	$ 64	$ -	$ -	$ -	$ -	$ -
151	STP-to-SCP Signaling Links	Chart5b, Ln786		845C	00	845C	00	$ -	$ 87	$ -	$ -	$ -	$ -	$ -
152	STP-to-SCP Signaling Links	Chart5b, Ln787		85C	00	85C	00	$ -	$ 143	$ -	$ -	$ -	$ -	$ -
153														
154														
155														
156	**Operation Support System (OSS) Capital**													
157	CABS Query Service	Chart5b, Ln873		530C	00				$ -					
158														
159														
160														
161	**EXPENSES/CAPITAL**													
	Note: Beginning In1999 RTU (software) and general purpose computer related expenses are													
162	**capitalized**													
163	**NETWORK**													
164	Fully Recoverable - Software Expenses/Capital													
165	(% of Following LNP Items That is Query Service)	Chart5b, Ln147	7.762%											
166	New SCP Pairs	Ln165*Chart1-a, Ln259; Chart1-p, Ln124				$ -	$ 1,215,899	$ 1,016,403	$ -	$ -	$ -	$ -	$ -	$ -
167	STP-to-SCP Signaling Links	Ln165*Chart1-a, Ln260; Chart1-p, Ln127				$ -	$ 4,503	$ 5,762	$ 3,477	$ 7,917	$ 7,917	$ 7,917	$ -	$ -
168	Upgrade SCP Pairs	Ln165*Chart1-a, Ln261; Chart1-p, Ln125				$ -	$ -	$ 7,808	$ 591,942	$ 425,910	$ 425,910	$ 425,910	$ 79,407	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT VIII
CHART 5a
Query Service

	Description	Source	Value	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
169	SCP Release Upgrade	*Ln165*Chart1-p*, Ln126				$ -	$ -	$ -	$ 62,097	$ -	$ -	$ -	$ -	$ -
170														
171	**OSS**													
172	CABS Expense	Chart1a, Ln302-Chart2a-a, Ln211-Chart3a, Ln200; Chart1p, Ln161-*Chart2a-p, Ln137*-Chart3a, Ln200				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
173	**CABS/CRIS Billing Expense**	Chart5b, Ln875(Value b)				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Project & Administrative Mgmt - LNP Database													
174	**Services Product Support:**		68.64%											
175	MKPB57	Ln174*(Ln115: Value*a,...,i)				$ -	$ -	$ -	$ 48,786	$ 48,786	$ 48,786	$ 48,786	$ 48,786	$ 18,312
176	MKPB58	*Ln174*(Ln116*: Value*a,...,i)				$ -	$ -	$ -	$ 82,027	$ 82,027	$ 82,027	$ 82,027	$ 82,027	$ 30,760
177	MKPB59	Ln174*(Ln117: Value*a,...,i)				$ -	$ -	$ 67,479	$ 43,845	$ 43,845	$ 43,845	$ 43,845	$ 43,845	$ 16,456
178	FIN56	Ln174*(Ln118: Value*a,...,i)				$ -	$ -	$ 10,006	$ -	$ -	$ -	$ -	$ -	$ -
179	FIN58	Ln174*(Ln119: Value*a,...,i)				$ -	$ -	$ 1,731	$ -	$ -	$ -	$ -	$ -	$ -
180	FIN59	*Ln174*(Ln120*: Value*a,...,i)				$ -	$ -	$ 10,603	$ -	$ -	$ -	$ -	$ -	$ -
181	ITPB58	Ln174*(Ln121: Value*a,...,i)				$ -	$ -	$ 2,044	$ -	$ -	$ -	$ -	$ -	$ -
182	NW59	Ln174*(Ln122: Value*a,...,i)				$ -	$ -	$ 5,435	$ -	$ -	$ -	$ -	$ -	$ -
183	ITPB58	Ln174*(Ln123: Value*a,...,i)				$ -	$ -	$ 22,402	$ -	$ -	$ -	$ -	$ -	$ -
184	*Total Project & Admin. Mgmt Expenses*	*SUM(Ln175:Ln183)*				$ -	$ -	$ 119,699	$ 174,658	$ 174,658	$ 174,658	$ 174,658	$ 174,658	$ 65,528
185														
186														
187	**Advertising and Market Research**	Chart1-p, Ln400*Chart5b, Ln150				$ -	$ -	$ -	$ 343,190	$ 343,190	$ 343,190	$ 343,190	$ 343,190	$ 128,696
188														
189	**Shared 3rd Party Administrator**	Chart5b, Ln147	7.762%											
190	(% of LNP Item That is Query Service)	*Ln189*Chart1-a*, Ln170; Ln189*Chart1-p*, Ln80				$ -	$ 3,782	$ 108,046	232,865	232,865	232,865	232,865	232,865	77,622
191														
192	**Limited Liability Corporation (LLC) Expense**	Chart5b, Ln147	7.762%											
193	(% of LNP Item That is Query Service)	Ln192*Chart1-a, Ln485; *Ln192*Chart1-p*, Ln307				$ 388	$ 982	$ 1,164	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 1,941
194														
195	Total Capital					$ -	$ 911,713	$ 776,595	$ 1,065,490	$ 751,532.14	$ 515,485	$ 606,846	$ 79,407	$ -
196	Total Expenses					$ 388	$ 1,225,168	$ 1,258,882	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 273,787
197														
198	Total Intangible Assets (included in capital total)					$ -	$ -	$ -	$ 657,516	$ 433,827	$ 433,827	$ 433,827	$ 79,407	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Study Assumptions and Factors														
Discount Rate (Annual)	Chart5a, Ln11	0.1125												
Discount Rate (Monthly)	Chart5a, Ln12	0.0089												
Inflation Factors: Digital Electric Switch	Chart5a, Ln13	1.0000		377C	03									
Digital Circuit Other	Chart5a, Ln14	1.0000		357C	03									
General Purpose Computers	Chart5a, Ln15	1.0000		630C	00									
General Purpose Computers	Chart5a, Ln16	1.0000		530C	00									
Aerial Cable - Fiber	Chart5a, Ln17	1.0000		822C										
Buried Cable - Fiber	Chart5a, Ln18	1.0000		845C										
Underground Cable - Fiber	Chart5a, Ln19	1.0000		85C										
Telco Factors: Digital Electric Switch	Chart5a, Ln21	1.0715		377C	03									
Aerial Cable - Fiber	Chart5a, Ln22	2.0694		822C										
Buried Cable - Fiber	Chart5a, Ln23	1.4356		845C										
Underground Cable - Fiber	Chart5a, Ln24	1.7214		85C										
Hardwire Factor: Digital Circuit Other	Chart5a, Ln26	2.7582		357C	03									
Plug-in factor: Digital Circuit Other	Chart5a, Ln27	1.0491		357C	06									
Plug-in factor: Digital Circuit Other	Chart5a, Ln28	1.0491		357C	09									
Spare Stock Factor: Digital Circuit Other	Chart5a, Ln30	1.0000		357C	09									
Pole Loading Factor	Chart5a, Ln32	-		1C										
Conduit Loading Factor	Chart5a, Ln34	-		4C										
Supporting Equipment & Power Loading Factor:														
Digital Electric Switch	Chart5a, Ln36	1.0000		377C	03									
Digital Circuit Other	Chart5a, Ln37	1.0000		357C	03									
Land Factor: (377C, 357C)	Chart5a, Ln39	-		20C										
Land Factor: (530C, 630C)	Chart5a, Ln40	-		20C										
Building Factors: (377C, 357C)	Chart5a, Ln42	-		10C										
Building Factors: (530C, 630C)	Chart5a, Ln43	-		10C										
Material Factor														
Digital Circuit Other	Chart5a, Ln46	1.2085		357C	15									
Aerial Cable - Fiber	Chart5a, Ln47	2.5112		822C	00									
Buried Cable - Fiber	Chart5a, Ln48	4.2658		845C	00									
Underground Cable - Fiber	Chart5a, Ln49	1.9604		85C	00									
Depreciation Factors: Digital Electric Switch	Chart5a, Ln50	0.1000		377C	03									
Digital Circuit Other	Chart5a, Ln51	0.1111		357C	03									
Aerial Cable - Fiber	Chart5a, Ln52	0.0570		822C	00									
Buried Cable - Fiber	Chart5a, Ln53	0.0535		845C	00									
Underground Cable - Fiber	Chart5a, Ln54	0.0540		85C	00									
Poles	Chart5a, Ln55	0.0000		1C										
Conduit	Chart5a, Ln56	-		4C										
General Purpose Computers	Chart5a, Ln57	0.2000		630C	00									
General Purpose Computers	Chart5a, Ln58	0.2000		530C	00									
Land	Chart5a, Ln59	-		20C										
Building	Chart5a, Ln60	-		10C										
Intangible Assets - Network Related	Chart5a, Ln61	0.3333												
Intangible Assets - GPC Related	Chart5a, Ln62	0.2000												
Cost of Money Factors: Digital Electric Switch	Chart5a, Ln63	0.0716		377C	03									
Digital Circuit Other	Chart5a, Ln64	0.0712		357C	03									
Aerial Cable - Fiber	Chart5a, Ln65	0.0728		822C	00									
Buried Cable - Fiber	Chart5a, Ln66	0.0752		845C	00									
Underground Cable - Fiber	Chart5a, Ln67	0.0748		85C	00									
Poles	Chart5a, Ln68	-		1C										
Conduit	Chart5a, Ln69	-		4C										
General Purpose Computers	Chart5a, Ln70	0.0723		630C	00									
General Purpose Computers	Chart5a, Ln71	0.0723		530C	00									
Land	Chart5a, Ln72	-		20C										
Building	Chart5a, Ln73	-		10C										

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
75	Intangible Assets - Network Related	Chart5a, Ln74	0.0777												
76	Intangible Assets - GPC Related	Chart5a, Ln75	0.0723												
77	Income Tax Factors: Digital Electric Switch	Chart5a, Ln76	0.0348		377C	03									
78	Digital Circuit Other	Chart5a, Ln77	0.0346		357C	03									
79	Aerial Cable - Fiber	Chart5a, Ln78	0.0353		822C	00									
80	Buried Cable - Fiber	Chart5a, Ln79	0.0365		845C	00									
81	*Underground Cable - Fiber*	*Chart5a, Ln80*	0.0364		85C	00									
82	Poles	Chart5a, Ln81	-		1C										
83	Conduit	Chart5a, Ln82	-		4C										
84	General Purpose Computers	Chart5a, Ln83	0.0351		630C	00									
85	General Purpose Computers	Chart5a, Ln84	0.0351		530C	00									
86	Land	Chart5a, Ln85	-		20C										
87	Building	Chart5a, Ln86	-		10C										
88	Intangible Assets - Network Related	Chart5a, Ln87	0.0377												
89	Intangible Assets - GPC Related	Chart5a, Ln88	0.0351												
90	Plant Specific Factors: Digital Electric Switch	Chart5a, Ln89	0.0361		377C	03									
91	*Digital Circuit Other*	*Chart5a, Ln90*	0.0174		357C	03									
92	Aerial Cable - Fiber	Chart5a, Ln91	0.0027		822C	00									
93	Buried Cable - Fiber	Chart5a, Ln92	0.0022		845C	00									
94	Underground Cable - Fiber	Chart5a, Ln93	0.0034		85C	00									
95	Poles	Chart5a, Ln94	-		1C										
96	Conduit	Chart5a, Ln95	-		4C										
97	General Purpose Computers	Chart5a, Ln96	0.1804		630C	00									
98	General Purpose Computers	Chart5a, Ln97	0.1804		530C	00									
99	Land	Chart5a, Ln98	-		20C										
100	Building	Chart5a, Ln99	-		10C										
101	*Ad Valorem Tax Factors: Digital Electric Switch*	Chart5a, Ln100	0.0094		377C	03									
102	Digital Circuit Other	Chart5a, Ln101	0.0094		357C	03									
103	Aerial Cable - Fiber	Chart5a, Ln102	0.0094		822C	00									
104	Buried Cable - Fiber	Chart5a, Ln103	0.0094		845C	00									
105	Underground Cable - Fiber	Chart5a, Ln104	0.0094		85C	00									
106	Poles	Chart5a, Ln105	-		1C										
107	Conduit	Chart5a, Ln106	-		4C										
108	General Purpose Computers	Chart5a, Ln107	0.0094		630C	00									
109	General Purpose Computers	Chart5a, Ln108	0.0094		530C	00									
110	Land	Chart5a, Ln109	-		20C										
111	Building	Chart5a, Ln110	-		10C										
112	*Intangible* Assets - Network Related & GPC Related	Chart5a, Ln111	0.0094												
113															
114	Overhead Loading Factor	Chart5a, Ln113	1.0398												
115															
116															
117	**DEMAND - Number of Total Queries:**														
118	Query Service (QS)	Chart5a, Ln128							-	- 610,070,243	2,632,586,773	5,668,704,772	9,065,162,338	10,283,426,245	3,861,101,852
119	Call Routing (CR) Service	Chart5a, Ln129							-	- 1,597,273,924	3,153,128,872	2,748,849,376	2,281,010,843	2,570,856,561	965,275,463
120	BellSouth (BST)	Chart5a, Ln130							-	- 33,219,985,892	58,212,502,897	64,591,513,178	71,284,490,338	78,550,312,167	32,448,977,492
121	Sum	SUM(Ln118:Ln120)							-	- 35,427,330,059	63,998,218,542	73,009,067,326	82,630,663,519	91,404,594,973	37,275,354,807
122	QS	PV: 1/1/99 Ln118							-	- 925,443,299	2,243,534,051	4,342,439,638	6,242,025,191	6,364,843,786	5,728,354,443
123	CR	PV: 1/1/99 Ln119							-	- 2,422,977,463	2,687,148,650	2,105,721,319	1,570,642,269	1,591,210,946	1,432,068,611
124	BellSouth (BST)	PV: 1/1/99 Ln120							-	- 50,392,907,513	49,609,659,139	49,479,512,230	49,084,568,795	48,618,082,570	48,141,502,484
125	NPV QS annual queries	SUM(Ln122)								25,846,640,408					
126	NPV CR annual queries	SUM(Ln123)								11,809,789,257					
127	NPV BST annual queries	SUM(Ln124)								295,326,232,731					
128	QS Average Monthly Queries	Ln125*((Ln12)*(1+Ln12)^60)/(((1+Ln12)^60)-1)	558,218,100												
129	CR Average Monthly Queries	Ln126*((Ln12)*(1+Ln12)^60)/(((1+Ln12)^60)-1)	255,059,769												
130															
131	Annualized number of queries: QS	Ln128*12	6,698,617,204												
132	Annualized number of queries: CR	Ln129*12	3,060,717,225												
133															
134															
135															

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Over the whole cost recovery period:														
NPV Query Service queries	Ln 125							25,846,640,408						
NPV Call Routing Service queries	Ln 126							11,809,789,257						
Total NPV Query Service + NPV Call Routing Service queries	Ln142+Ln143							37,656,429,666						
NPV of BST queries	Ln127							295,326,232,731						
Total NPV of Total	SUM(Ln142+Ln143+Ln145)							332,982,662,397						
% of QS to Total	Ln144/Ln148							7.762%						
% of Call Routing Service to Total	Ln145/Ln148							3.547%						
% of QS + Call Routing Service to Total	Ln146/Ln148							11.309%						
% of QS to Total QS + Call Routing Service	Ln144/Ln146							68.638%						
% of Call Routing Service to Total QS+Call Routing Service	Ln143/Ln144							31.362%						
% of Call Routing Service to Call Routing Service+BST	Ln143/(Ln143+Ln145)							3.845%						
CAPITAL														
NETWORK														
Fully Recoverable - Hardware Material Prices:														
New SCP Pairs	Chart5a, Ln139			377C	03	$ 862,890	$ 651,728	$ -	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln140			377C	03	$ 48,808	$ 50,888	$ 44,154	$ 59,691	$ 35,395	$ 57,362	$ -	$ -	$ -
Upgrade SCP Pairs	Chart5a, Ln141			377C	03	$ -	$ 73,979	$ 338,430	$ 258,014	$ 46,262	$ 115,656	$ -	$ -	$ -
Joint Hardware Material Prices:														
STP-to-SCP Signaling Links	Chart5a, Ln146			357C	03	03	$ -	$ 8,730	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln147			357C	06	06	$ -	$ 6,480	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln148			357C	09	09	$ -	$ 9,876	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln149			357C	15	$ 15	$ -	$ 11	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln150			822C	00	00	$ -	$ 64	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln151			845C	00	00	$ -	$ 87	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln152			85C	00	00	$ -	$ 143	$ -	$ -	$ -	$ -	$ -	$ -
Operation Support System (OSS) Capital														
CABS Query Service	Chart5a, Ln157			530C	00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENSES														
NETWORK														
Fully Recoverable - Software Expenses (1999-2004 network software expenses are capitalized):														
New SCP Pairs	Chart5a, Ln166						$ 1,215,899	$ 1,016,403	$ -	$ -	$ -	$ -	$ -	$ -
STP-to-SCP Signaling Links	Chart5a, Ln167						$ 4,503	$ 5,762	$ 3,477	$ 7,917	$ 7,917	$ 7,917	$ -	$ -
Upgrade SCP Pairs	Chart5a, Ln168						$ -	$ 7,808	$ 591,942	$ 425,910	$ 425,910	$ 425,910	$ 79,407	$ -
SCP Release Upgrade	Chart5a, Ln169						$ -	$ -	$ 62,097	$ -	$ -	$ -	$ -	$ -
OSS - Fully Recoverable Expenses (Internal and Vendor) (1999-2004 General Purpose Computer Related expenses are capitalized):														
CABS Expense	Chart5a, Ln172						$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Project & Administrative Mgmt - Query Services Product Support:															
	MKPB57	Chart5a, Ln175	@ $45.08/hr.					$ -	$ -	$ 48,786	$ 48,786	$ 48,786	$ 48,786	$ 48,786	$ 18,312
	MKPB58	Chart5a, Ln176	@ $49.39/hr.					$ -	$ -	$ 82,027	$ 82,027	$ 82,027	$ 82,027	$ 82,027	$ 30,760
	MKPB59	Chart5a, Ln177	@ $55.17/hr.					$ -	$ 67,479	$ 43,845	$ 43,845	$ 43,845	$ 43,845	$ 43,845	$ 16,456
	FIN56	Chart5a, Ln178	@ $41.72/hr.					$ -	$ 10,006	$ -	$ -	$ -	$ -	$ -	$ -
	FIN58	Chart5a, Ln179	@ $48.12/hr.					$ -	$ 1,731	$ -	$ -	$ -	$ -	$ -	$ -
	FIN59	Chart5a, Ln180	@ $53.59/hr.					$ -	$ 10,603	$ -	$ -	$ -	$ -	$ -	$ -
	ITPB58	Chart5a, Ln181	@ $52.44/hr.					$ -	$ 2,044	$ -	$ -	$ -	$ -	$ -	$ -
	NW59	Chart5a, Ln182	@ $55.78/hr.					$ -	$ 5,435	$ -	$ -	$ -	$ -	$ -	$ -
	ITPB58	Chart5a, Ln183	@ $52.44/hr.					$ -	$ 22,402	$ -	$ -	$ -	$ -	$ -	$
Total Project & Admin. Mgmt Expenses		SUM(Ln200:Ln208)						$ -	$ 119,699	$ 174,658	$ 174,658	$ 174,658	$ 174,658	$ 174,658	$ 65,5
CABS Billing Expense		Chart5a, Ln173					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
Advertising and Market Research		Chart5a, Ln187						$ -	$ -	$ 343,190	$ 343,190	$ 343,190	$ 343,190	$ 343,190	$ 128,6
Shared 3rd Party Administrator		Chart5a, Ln190						$ 3,782	$ 108,046	$ 232,865	$ 232,865	$ 232,865	$ 232,865	$ 232,865	$ 77,62
Limited Liability Corp. Expense		Chart5a, Ln193					$ 388	$ 982	$ 1,164	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 3,881	$ 1,941
Total Expenses		SUM(Ln186:Ln189)+Ln192+ Ln209+...+Ln213	Note: for years beyond 1999, Ln186 192 are capitalized				$ 388	$ 1,225,166	$ 1,258,882	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 754,595	$ 273,787
PV of Total Expenses															
PV of Total Expenses		NPV: Ln215								$ 5,841,452					
Expenses per Query		Ln219/Ln131								$ 0.000872					
Annual Expenses per Query		pmt: Ln11, 5, Ln220								$ 0.000237					
Total Network Related Intangible Asset (1999-2004)		SUM(Ln186:Ln189)								$ 657,516	$ 433,827	$ 433,827	$ 433,827	$ 79,407	$ -
Total GPC Related Intangible Asset (1999-2004)		Ln192								$ -	$ -	$ -	$ -	$ -	$ -
Total Capital by FRC:		SUM(Ln160:Ln162)			377C	03		$ 911,698	$ 776,595	$ 382,584	$ 317,705	$ 81,658	$ 173,019	$ -	$ -
		Ln167			357C	03		03	$ -	$ 8,730	$ -	$ -	$ -	$ -	$ -
		Ln168			357C	06		06	$ -	$ 6,480	$ -	$ -	$ -	$ -	$ -
		Ln169			357C	09		09	$ -	$ 9,876	$ -	$ -	$ -	$ -	$ -
		Ln170			357C	15		$ 15	$ -	$ 11	$ -	$ -	$ -	$ -	$ -
		Ln171			822C	00		00	$ -	$ 64	$ -	$ -	$ -	$ -	$ -
		Ln172			845C	00		00	$ -	$ 87	$ -	$ -	$ -	$ -	$ -
		Ln173			85C	00		00	$ -	$ 143	$ -	$ -	$ -	$ -	$ -
		Ln178			530C	00		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Ln222		Network Related Intangible assets			$ -	$ -	$ -	$ 657,516	$ 433,827	$ 433,827	$ 433,827	$ 79,407	$ -
		Ln223		GPC Related Intangible Assets			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PV Total Capital and Total Expenses as of 1999															
PV Total Capital by FRC															
		NPV: Ln225			377C	03				$ 2,704,078					
		Ln226			357C	03				$ 8,280					
		Ln227			357C	06				$ 6,151					
		Ln228			357C	09				$ 9,374					
		Ln229			357C	15				$ 28					
		Ln230			822C	00				$ 60					
		Ln231			845C	00				$ 83					
		Ln232			85C	00				$ 135					
		Ln233			530C	00				$ -					
		Ln235		Network Related Intangible assets						$ 1,673,297					
		Ln236		GPC Related Intangible Assets						$ -					

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c		1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
255																	
256																	
257																	
258																	
259	**Development of Capital Cost per Query**																
260								**Intangible Assets - Network**									
261	**377C-03: Digital Switch Material**	Ln243		$	2,704,078			**Related**	Ln253		$	1,673,297					
262	Levelized Inflation factor	Ln13	1														
263	Telco In-plant factor	Ln21	1.0715														
264	Misc. Common. Eqpt & Power Factor	Ln36	1														
265	Digital Switch EFI&Misc. Common. Eqpt & Power	Ln261*Ln262*Ln263* Ln264		$	2,897,420												
266																	
267	**Land**																
268	Land Loading Factor	Ln39	0														
269	Land Investment	Ln265*Ln268		$	-												
270																	
271																	
272	**Building**																
273	Building Loading Factor	Ln42	0														
274	Building Investment	Ln275*Ln273		$	-												
275																	
276																	
277	**Depreciation: Digital Electric Switch**							**Deprec.**									
278	Depreciation							Depreciation Factors									
279	377C - 03 Digital Electric Switch	Ln265*Ln279	0.1	$	289,742				Ln261*Ln279	0.3333	$	557,710					
280	Land	Ln269*Ln280	0.000	$	-												
281	Building	Ln274*Ln281	0	$	-												
282	Total	SUM(Ln279:Ln281)		$	289,742			Total	Ln279		$	557,710					
283																	
284	**Cost of Money: Digital Electric Switch**							**Cost of Money**									
285	Cost of Money							Cost of Money Factors									
286	377C - 03 Digital Electric Switch	Ln265*Ln286	0.0712	$	206,296				Ln261*Ln286	0.0777	$	-					
287	Land	Ln269*Ln287	0	$	-												
288	Building	Ln274*Ln388	0	$	-												
289	Total	SUM(Ln286:Ln288)		$	206,296			Total	Ln286		$	-					
290																	
291	**Income Tax: Digital Electric Switch**							**Income Tax**									
292	Income Tax:							Income Tax Factors:									
293	377C - 03 Digital Electric Switch	Ln265*Ln293	0.0348	$	100,830				Ln261*Ln293	0.0377	$	-					
294	Land	Ln269*Ln294	0	$	-												
295	Building	Ln274*Ln295	0	$	-												
296	Total	SUM(Ln293:Ln295)		$	100,830			Total	Ln293		$	-					
297																	
298	**Plant Specific: Digital Electric Switch**																
299	Plant Specific:																
300	377C - 03 Digital Electric Switch	Ln265*Ln300	0.0361	$	104,597												
301	Land	Ln269*Ln301	0	$	-												
302	Building	Ln274*Ln302	0	$	-												
303	Total	SUM(Ln300:Ln302)		$	104,597												
304																	
305	**Ad Valorem Tax: Digital Electric Switch**							**Ad Valorem Tax**									
306	Ad Valorem Tax:							Ad Valorem Tax Factors:									
307	377C - 03 Digital Electric Switch	Ln265*Ln307	0.0094	$	27,236				Ln261*Ln307	0.0094	$	-					
308	Land	Ln269*Ln308	0	$	-												
309	Building	Ln274*Ln309	0	$	-												
310	Total investment - 377C	SUM(Ln307:Ln309)		$	27,236			Total	Ln307		$	-					
311																	

ATTACHMENT IX
CHART 5b
QUERY SERVICE

1 **LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability**
2 Cost Recovery Period 1999-2004 (5/99-5/04)
3 **LNP QUERY SERVICE**
4
5
6

7 Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%														
312 Capital Stock and 1% Other tax.														
313 State Income Tax	Ln296*.15		$ 15,125			State Income	Ln296*.15		$ -					
314 Federal Income Tax	Ln296*.85		$ 85,706			Federal Incom	Ln297*.85		$ -					
315 Property Tax	Ln310*.94		$ 25,602			Property Tax	Ln298*.94		$ -					
316 Capital Tax	Ln310*.05		$ 1,362			Capital Tax	Ln299*.05		$ -					
317 Other Tax	Ln310*.01		$ 272			Other Tax	Ln300*.01		$ -					
318														
Summary of Annual Cost Development -														
319 **377C-03**						Summary of Annual Cost Development								
320 Depreciation	Ln282		$ 289,742			Depreciation	Ln282		$ 557,710					
321 Cost of Money	Ln289		$ 206,296			COM	Ln289		$ -					
322 Income Tax	Ln296		$ 100,830			Income Tax	Ln296		$ -					
323 Plant Specific	Ln303		$ 104,597			Plant Spec	N/A		$ -					
324 Ad Valorem Tax	Ln310		$ 27,236			Ad Valorem	Ln310		$ -					
325														
326														
327 **Cost per Query - QS**						Cost per Query -Intanglble Assets - Network Related								
328 Depreciation	Ln320/Ln131		$ 0.0000			Depreciation	Ln320/Ln131		$ 0.000083					
329 Cost of Money	Ln321/Ln131		$ 0.0000			COM	Ln321/Ln131		$ -					
330 Income Tax	Ln322/Ln131		$ 0.0000			Income Tax	Ln322/Ln131		$ -					
331 Plant Specific	Ln323/Ln131		$ 0.0000			Plant Spec	N/A		$ -					
332 Ad Valorem Tax	Ln324/Ln131		$ 0.0000			Ad Valorem	Ln324/Ln131		$ -					
333														
334														
335 **Total Cost per Query - QS-377C-03**	SUM(Ln328:Ln332)		$ **0.000109**			per Query - QS	SUM(Ln328:332)		$ 0.000083					
336														
337														
338														
339														
340														
341 **Digital Circuits Other 357C**														
342 357C - 03	Ln244		$ 8,280											
343 357C - 06	Ln245		$ 6,151											
344 357C - 09	Ln246		$ 9,374											
345 357C - 15	Ln247		$ 28											
346 Total	SUM(Ln342:Ln345)		$ 23,833											
347														
348 **Digital Circuit Other**														
349 Levelized Inflation factor	Ln14	1												
350 Misc. Common. Eqpt & Power Factor	Ln37	1												
351 Hardware factor 357C - 03	Ln26	2.7582												
352 Plug-in factor 357C - 06, 09	Ln27	1.0491												
353 Spare Stock factor 357C - 09	Ln30	1												
354 Material factor - 357C-15	Ln47	1.2085												
355														
356 Investment 357C - 03	Ln349*Ln350*Ln351* Ln342		$ 22,838											
357 Investment 357C - 06,09	Ln349*Ln350*Ln351* Ln343		$ 6,453											
358 Investment 357C - 09	Ln349*Ln350*Ln351* Ln344		$ 9,834											
359 Investment 357C - 15	Ln349*Ln350*Ln351* Ln345		$ 33											
360 Total Investment - 357C	SUM(Ln356:Ln359)		$ 39,159											
361														
362														
363 Land Loading Factor	Ln39	0												
364 Land Investment	Ln360*Ln363		$ -											
365														
366														
367 **Building**														
368 Building Loading Factor	Ln42	0												
369 Building Investment	Ln360*Ln368		$ -											

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1998 a	1999 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
370																
371																
372	**Depreciation: Digital Circuit**															
373	Depreciation															
374	357C - Digital Circuits Other	Ln360*Ln374	0.1111	$	4,351											
375	Land	Ln364*Ln375	0	$	-											
376	Building	Ln369*Ln376	0	$	-											
377	Total	SUM(Ln374:Ln376)		$	4,351											
378																
379	**Cost of Money: Digital Circuit**															
380	Cost of Money															
381	357C - Digital Circuits Other	Ln360*Ln381	0.0712	$	2,788											
382	Land	Ln364*Ln382	0	$	-											
383	Building	Ln369*Ln383	0	$	-											
384	Total	SUM(Ln381:Ln383)		$	2,788											
385																
386	**Income Tax: Digital Circuit**															
387	Income Tax:															
388	357C - Digital Circuits Other	Ln360*Ln388	0.0346	$	1,355											
389	Land	Ln364*Ln389	0	$	-											
390	Building	Ln369*Ln390	0	$	-											
391	Total	SUM(Ln388:Ln390)		$	1,355											
392																
393	**Plant Specific: Digital Circuit**															
394	Plant Specific:															
395	357C - Digital Circuits Other	Ln360*Ln395	0.0174	$	681											
396	Land	Ln364*Ln396	0	$	-											
397	Building	Ln369*Ln397	0	$	-											
398	Total	SUM(Ln395:Ln397)		$	681											
399																
400	**Ad Valorem Tax: Digital Circuit**															
401	Ad Valorem Tax:															
402	357C - Digital Circuits Other	Ln360*Ln402	0.0094	$	368											
403	Land	Ln364*Ln403	0	$	-											
404	Building	Ln369*Ln404	0	$	-											
405	Total	SUM(Ln402:Ln404)		$	368											
406																
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%															
407	Capital Stock and 1% Other tax.															
408	State Income Tax	Ln391*.15		$	203											
409	Federal Income Tax	Ln391*.85		$	1,152											
410	Property Tax	Ln405*.94		$	346											
411	Capital Tax	Ln405*.05		$	18											
412	Other Tax	Ln405*.01		$	4											
413																
	Summary of Annual Cost Development -															
414	**357C**															
415	Depreciation	Ln377		$	4,351											
416	Cost of Money	Ln384		$	2,788											
417	Income Tax	Ln391		$	1,355											
418	Plant Specific	Ln398		$	681											
419	Ad Valorem Tax	Ln405		$	368											
420																
421																
422	**Cost per Query - QS**															
423	Depreciation	Ln415/Ln131		$	0.0000006											
424	Cost of Money	Ln416/Ln131		$	0.0000004											
425	Income Tax	Ln417/Ln131		$	0.0000002											
426	Plant Specific	Ln418/Ln131		$	0.0000001											
427	Ad Valorem Tax	Ln419/Ln131		$	0.0000001											
428																
429																
430	**Total Cost per Query - QS - 357C**	SUM(Ln423:Ln427)		$	0.0000											
431																
432																

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
433																
434	**822C Aerial Cable - Fiber, Material**	Ln248		$	60											
435	Levelized Inflation factor	Ln17	1													
436	Material In-plant factor	Ln48	2.5112													
437	Total Aerial Cable - Fiber, Investment	Ln434*Ln435*Ln436		$	152											
438																
439	**Pole**															
440	Pole Loading Factor	Ln32	0													
441	Pole Development	Ln437*Ln440		$	-											
442																
443	**Depreciation: 822C**															
444	Depreciation															
445	822C - 00 Aerial Cable	Ln437*Ln445	0.057	$	9											
446	Pole	Ln441*Ln446	0.000	$	-											
447	Total	SUM(Ln445:Ln446)		$	9											
448																
449																
450	**Cost of Money: Aerial Cable**															
451	Cost of Money															
452	822C - 00 Aerial Cable	Ln437*Ln452	*0.0728*	$	*11*											
453	Pole	Ln441*Ln453	0	$	-											
454	Total	SUM(Ln452:Ln453)		$	11											
455																
456	**Income Tax: Aerial Cable**															
457	Income Tax:															
458	822C - 00 Aerial Cable	Ln437*Ln458	0.0353	$	5											
459	Pole	Ln441*Ln459	0	$	-											
460	Total	SUM(Ln458:Ln459)		$	5											
461																
462	**Plant Specific: Aerial Cable**															
463	Plant Specific:															
464	822C - 00 Aerial Cable	Ln437*Ln464	0.0027	$	0											
465	Pole	Ln441*Ln465	-	$	-											
466	Total	SUM(Ln464:Ln465)		$	0											
467																
468	**Ad Valorem Tax: Aerial Cable**															
469	Ad Valorem Tax:															
470	822C - 00 Aerial Cable	Ln437*Ln470	0.0094	$	1											
471	Pole	Ln441*Ln471	0	$	-											
472	Total	SUM(Ln470:Ln471)		$	1											
473	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%															
474	Capital Stock and 1% Other tax.															
475	State Income Tax	Ln460*.15		$	1											
476	Federal Income Tax	Ln460*.85		$	5											
477	Property Tax	Ln472*.94		$	1											
478	Capital Tax	Ln472*.05		$	0											
479	Other Tax	Ln472*.01		$	0											
480																
	Summary of Annual Cost Development -															
481	**822C-00**															
482	Depreciation	Ln447		$	9											
483	Cost of Money	Ln454		$	11											
484	Income Tax	Ln460		$	5											
485	Plant Specific	Ln466		$	0											
486	Ad Valorem Tax	Ln472		$	1											
487																
488																
489	**Cost per Query - QS**															
490	Depreciation	Ln482/Ln131		$	0.0000											
491	Cost of Money	Ln483/Ln131		$	0.0000											
492	Income Tax	Ln484/Ln131		$	0.0000											
493	Plant Specific	Ln485/Ln131		$	0.0000											
494	Ad Valorem Tax	Ln486/Ln131		$	0.0000											
495																

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
496																
497	**Total Cost per Query - QS - 822C-00**	SUM(Ln490:Ln494)		$	0.0000											
498																
499																
500	**845C Buried Cable - Fiber, Material**	Ln249		$	83											
501	Levelized Inflation factor	Ln18	1													
502	Material In-plant factor	Ln49	4.2658													
503	Total Buried Cable - Fiber, Material Investment	Ln500*Ln501*Ln502		$	353											
504																
505	**Depreciation: 845C**															
506	Depreciation															
507	845C - 00 Buried Cable	Ln503*Ln507	0.0535	$	19											
508	Total	Ln507		$	19											
509																
510	**Cost of Money: Buried Cable**															
511	Cost of Money															
512	845C - 00 Buried Cable	Ln503*Ln512	0.0752	$	27											
513	Total	Ln512		$	27											
514																
515	**Income Tax: Buried Cable**															
516	Income Tax:															
517	845C - 00 Buried Cable	Ln503*Ln517	0.0365	$	13											
518	Total	Ln517		$	13											
519																
520	**Plant Specific: Buried Cable**															
521	Plant Specific:															
522	845C - 00 Buried Cable	Ln503*Ln522	0.0022	$	1											
523	Total	Ln522		$	1											
524																
525	**Ad Valorem Tax: Buried Cable**															
526	Ad Valorem Tax:															
527	845C - 00 Buried Cable	Ln503*Ln527	0.0094	$	3											
528	Total	Ln527		$	3											
529																
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%															
530	Capital Stock and 1% Other tax.															
531	State Income Tax	Ln518*.15		$	0											
532	Federal Income Tax	Ln518*.85		$	11											
533	Property Tax	Ln528*.94		$	3											
534	Capital Tax	Ln528*.05		$	0											
535	Other Tax	Ln528*.01		$	0											
536																
	Summary of Annual Cost Development -															
537	**845C-00**															
538	Depreciation	Ln508		$	19											
539	Cost of Money	Ln513		$	27											
540	Income Tax	Ln518		$	13											
541	Plant Specific	Ln523		$	1											
542	Ad Valorem Tax	Ln528		$	3											
543																
544																
545	**Cost per Query - QS**															
546	Depreciation	Ln538/Ln131		$	0.0000											
547	Cost of Money	Ln539/Ln131		$	0.0000											
548	Income Tax	Ln540/Ln131		$	0.0000											
549	Plant Specific	Ln541/Ln131		$	0.0000											
550	Ad Valorem Tax	Ln542/Ln131		$	0.0000											
551																
552	**Total Cost per Query - QS - 845C-00**	SUM(Ln546:Ln550)		$	0.0000											
553																
554																
555	**85C Underground Cable - Fiber**	Ln250		$	135											
556	Levelized Inflation factor	Ln19	1													
557	Material In-plant factor	Ln50	1.9604													

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a		Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
558	Total UG Cable Investment	Ln555*Ln556*Ln557		$	265											
559																
560	**Conduit**															
561	Conduit Loading Factor	Ln34	0													
562	Conduit Investment	Ln558*Ln561		$	-											
563																
564	**Depreciation: 85C**															
565	Depreciation															
566	85C Underground Cable	Ln558*Ln566	0.054	$	14											
567	Conduit	Ln558*Ln567	0	$	-											
568	Total	SUM(Ln566:Ln567)		$	14											
569																
570																
571	**Cost of Money: Underground Cable**															
572	Cost of Money															
573	85C Underground Cable	Ln558*Ln573	0.0748	$	20											
574	Conduit	Ln558*Ln574	0	$	-											
575	Total	SUM(Ln573:Ln574)		$	20											
576																
577	**Income Tax: Underground Cable**															
578	Income Tax:															
579	85C Underground Cable	Ln558*Ln579	0.0364	$	10											
580	Conduit	Ln558*Ln580	0	$	-											
581	Total	SUM(Ln579:Ln580)		$	10											
582																
583	**Plant Specific: Underground Cable**															
584	Plant Specific:															
585	85C Underground Cable	Ln558*Ln585	0.0034	$	1											
586	Conduit	Ln558*Ln586	0	$	-											
587	Total	SUM(Ln585:Ln586)		$	1											
588																
589	**Ad Valorem Tax: Underground Cable**															
590	Ad Valorem Tax:															
591	85C Underground Cable	Ln558*Ln591	0.0094	$	2											
592	Conduit	Ln558*Ln592	0	$	-											
593	Total	SUM(Ln591:Ln592)		$	2											
594																
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%															
595	Capital Stock and 1% Other tax.															
596	State Income Tax	Ln581*.15		$	1											
597	Federal Income Tax	Ln582*.85		$	8											
598	Property Tax	Ln583*.94		$	2											
599	Capital Tax	Ln584*.05		$	0											
600	Other Tax	Ln585*.01		$	0											
601																
	Summary of Annual Cost Development - 85C															
602	**00**															
603	Depreciation	Ln568		$	14											
604	Cost of Money	Ln575		$	20											
605	Income Tax	Ln581		$	10											
606	Plant Specific	Ln587		$	1											
607	Ad Valorem Tax	Ln593		$	2											
608																
609	**Cost per Query - Query Service - 85C**															
610	Depreciation	Ln603/Ln131		$	0.0000											
611	Cost of Money	Ln604/Ln131		$	0.0000											
612	Income Tax	Ln605/Ln131		$	0.0000											
613	Plant Specific	Ln606/Ln131		$	0.0000											
614	Ad Valorem Tax	Ln607/Ln131		$	0.0000											
615																
616	**Total Cost per Query - QS - 85C-00**	SUM(Ln610:Ln614)		$	**0.0000**											
617																
618																

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
							Intangible Assets- GPC								
619	**530C - General Purpose Computers**	Ln251		$ -			**Related**	Ln254		$ -					
620	Levelized Inflation factor	Ln16	1.0000												
621	530C Investment	Ln619*Ln620		$ -											
622															
623	**Land**														
624	Land Loading Factor	Ln40	0.0000												
625	Land Investment	Ln624*Ln621		$ -											
626	**Building**														
627	Building Loading Factor	Ln43	0.0000												
628	Building Investment	Ln627*Ln621		$ -											
629															
630	**Depreciation: General Purpose Computers**														
631	Depreciation						**Deprec.**								
632	530C - General Purpose Computers	Ln621*Ln632	0.2000	$ -			Depreciation Factors								
633	Land	Ln633*Ln625	0.000	$ -				Ln619*Ln633	$ 0.2000	$ -					
634	Building	Ln634*Ln628	0	$ -											
635	Total	SUM(Ln632:Ln634)		$ -											
636							Total	Ln633		$ -					
637	**Cost of Money: General Purpose Computers**														
638	Cost of Money						**Cost of Money**								
639	530C - General Purpose Computers	Ln621*Ln639	0.0723	$ -			Cost of Money Factors								
640	Land	Ln640*Ln625	0.0000	$ -				Ln619*Ln640	$ 0.0723	$ -					
641	Building	Ln641*Ln628	0.0000	$ -											
642	Total	SUM(Ln632:Ln634)		$ -											
643							Total	Ln640		$ -					
644	**Income Tax: General Purpose Computers**														
645	Income Tax:						**Income Tax**								
646	530C - General Purpose Computers	Ln621*Ln646	0.0351	$ -			Income Tax Factors:								
647	Land	Ln647*Ln625	0	$ -				Ln619*Ln647	$ 0.0351	$ -					
648	Building	Ln648*Ln628	0	$ -											
649	Total	SUM(Ln646:Ln648)		$ -											
650							Total	Ln647		$ -					
651	**Plant Specific: General Purpose Computers**														
652	Plant Specific:														
653	530C - General Purpose Computers	Ln621*Ln653	0.1804	$ -											
654	Land	Ln654*Ln625	0	$ -											
655	Building	Ln655*Ln628	0	$ -											
656	Total	SUM(Ln653:Ln655)		$ -											
657															
	Ad Valorem Tax: General Purpose														
658	**Computers**						**Ad Valorem Tax**								
659	Ad Valorem Tax:						Ad Valorem Tax Factors:								
660	530C - General Purpose Computers	Ln621*Ln660	0.0094	$ -				Ln619*Ln661	$ 0.0094	$ -					
661	Land	Ln661*Ln625	0	$ -											
662	Building	Ln662*Ln628	0	$ -											
663	Total	SUM(Ln660:Ln662)		$ -			Total	Ln661		$ -					
664															
	NOTE: The Income Tax annual cost factor components are comprised of 15% State Income Tax and 85% Federal Income Tax. Ad Valorem is comprised of 94% Property Tax, 5%														
665	Capital Stock and 1% Other tax.														
666	State Income Tax	Ln649*.15		$ -			State Income	Ln647*.15		$ -					
667	Federal Income Tax	Ln649*.85		$ -			Federal Incom	Ln647*.85		$ -					
668	Property Tax	Ln663*.94		$ -			Property Tax	Ln664*.94		$ -					
669	Capital Tax	Ln663*.05		$ -			Capital Tax	Ln664*.05		$ -					
670	Other Tax	Ln663*.01		$ -			Other Tax	Ln664*.01		$ -					
671															
	Summary of Annual Cost Development -														
672	**530C**						Summary of Annual Cost Development								
673	Depreciation	Ln635		$ -			Depreciation	Ln636		$ -					

ATTACHMENT IX
CHART 5b
QUERY SERVICE

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
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	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
674	Cost of Money	Ln642		$ -			COM	Ln643		$ -					
675	Income Tax	Ln649		$ -			Income Tax	Ln650		$ -					
676	Plant Specific	Ln656		$ -			Plant Spec	N/A		$ -					
677	Ad Valorem Tax	Ln663		$ -			Ad Valorem	Ln664		$ -					
678															
679	**Cost per Query - QS, 530C**						Cost per Query-Intangible Assets GPC Related								
680	Depreciation	Ln673/Ln131		$ -			Depreciation	Ln674/Ln131		$ -					
681	Cost of Money	Ln674/Ln131		$ -			COM	Ln675/Ln131		$ -					
682	Income Tax	Ln675/Ln131		$ -			Income Tax	Ln676/Ln131		$ -					
683	Plant Specific	Ln676/Ln131		$ -			Plant Spec	N/A		$ -					
684	Ad Valorem Tax	Ln677/Ln131		$ -			Ad Valorem	Ln678/Ln131		$ -					
685															
686	**Total Cost per Query - CR - 530C**	SUM(Ln680:684)		$ -			$/ Query	SUM(Ln694:698)		$ -					
687	Overhead Loading Factor	Ln114		1.0398											
688	**TOTAL COST PER QUERY (QS)**	**(Ln335+Ln430+ Ln497+Ln552+ Ln616+Ln686+ Ln221+(Ln335+ Ln686 (Intangible Assets)))*Ln687**		$ 0.000448											
689															
690															
691															
692															
693															
694	**Investment by Categories:**														
695	Depreciation	Ln328+Ln423+Ln490+ Ln546+Ln610+Ln680+ Ln682 (IA)		$ 0.000127											
696	Cost of Money	Ln329+Ln424+Ln491+ Ln547+Ln611+Ln681+ Ln683 (IA)		$ 0.000031											
697	Income Tax	Ln330+Ln425+Ln492+ Ln548+Ln612+Ln682+ Ln684 (IA)		$ 0.000015											
698	State Income Tax	Sum(Ln313,Ln408, Ln475,Ln531,Ln596, Ln666,Ln667 (IA))/Ln131		$ 0.000002											
699	Federal Income Tax	Sum(Ln314,Ln409, Ln476,Ln532,Ln597, Ln667,Ln668(IA))/ Ln131		$ 0.000013											
700	Plant Specific	Ln331+Ln426+Ln493+ Ln549+Ln613+Ln683+ Ln685 (IA)		$ 0.000016											
701	Ad Valorem Tax	Ln332+Ln427+Ln494+ Ln550+Ln614+Ln684+ Ln686 (IA)		$ 0.0000041											
702	Property Tax	Sum(Ln315,Ln410, Ln477,Ln533,Ln598, Ln668,Ln669(IA))/ Ln131		$ 0.0000039											
703	Capital Tax	Sum(Ln316,Ln411,Ln478,Ln 534,Ln599,Ln669,Ln670 (IA))/Ln131		$ 0.0000002											
704	Other Tax	Sum(Ln317,Ln412, Ln479,Ln535,Ln600, Ln670, Ln671(IA))/Ln131		$ 0.0000000											
705	Expenses	Ln221		$ 0.000237											
706															

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ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
707	**Total Unit Investment**	(Ln265+Ln269+Ln274+ Ln360+Ln364+Ln369+ Ln437+Ln441+Ln503+ Ln558+Ln562+Ln621+ Ln625+Ln628+Ln261)+Ln61 9 (IA)/Ln131		$ 0.000688											
708															
709															
710															
711															
712															
713															
714	**Supporting Calculation for Investment**														
715															
716	Discount Rate	Study Assumption	11.25%												
717	Amortization Term, Years	Study Assumption	5												
718															
719															
	STP-SCP Links and Mileage	BellSouth Science and Technology													
720															
721	*Gateway 1 (ATLNGATH/ATLNGAWD)*														
722	Number of Circuit Miles							1244.16	414.72	0.00	414.72	0.00	414.72	0.00	0.00
723	Number of Interoffice Circuits							48	16	0	16	0	16	0	0
724															
725															
726	*Gateway 2 (BRHMALMA/BRHMALVA)*														
727	Number of Circuit Miles							176.80	353.60	176.80	0.00	176.80	176.80	0.00	0.00
728	Number of Interoffice Circuits							16	32	16	0	16	16	0	0
729															
730															
731	*Gateway 3 (GNVLSCDT/GNVLSCWR)*														
732	Number of Circuit Miles							120.48	361.44	-120.48	120.48	120.48	120.48	0.00	0.00
733	Number of Interoffice Circuits							16	48	-16	16	16	16	0	0
734															
735															
736	*Gateway 4 (JCVLFLCL/JCVLFLSM)*														
737	Number of Circuit Miles							416.00	0.00	416.00	0.00	0.00	416.00	0.00	0.00
738	Number of Interoffice Circuits							16	0	16	0	0	16	0	0
739															
740															
741	*Gateway 5 (NSVLTHDO/NSVLTNMT)*														
742	Number of Circuit Miles							225.28	225.28	225.28	0.00	0.00	225.28	0.00	225.:
743	Number of Interoffice Circuits							16	16	16	16	0	16	0	
744															
745															
746	*Gateway 6 (WPBHFLGR/WPBHFLHH)*														
747	Number of Circuit Miles							2113.92	0.00	0.00	528.48	528.48	0.00	0.00	0.00
748	Number of Interoffice Circuits							64	0	0	16	16	0	0	0
749	Total In Service Quantities														
750	Number of Circuit Miles							4296.64	5651.68	6349.28	7412.96	8238.72	9592.00	9592.00	9817.28
751	Number of Interoffice Circuits							176.00	288.00	320.00	384.00	432.00	512.00	512.00	528.00
752															
753	**DS0 Interoffice Transport Fundamentals**	Interoffice Transport-Dedicated Study													
	Facilities Termination Material per														
754	Termination/Air Mile														
755	Circuit Equipment - other		$172.032		357C	03									
756	Circuit Equipment - other		$127.701		357C	06									
757	Circuit Equipment - other		$194.624		357C	09									
758	Circuit Equipment - other		$0.209		357C	15									
759	Aerial Cable		$0.063		822C	00									
760	Buried Cable		$0.084		845C	00									
761	Underground Cable		$0.143		85C	00									
762	**Total All Gateways**							4,297	5,652	6,349	7,413	8,239	9,592	9,592	9,817
763	Number of Circuit Miles	Ln750						176	288	320	384	432	512	512	528
764	Number of Interoffice Circuits	Ln751						4459	7547	6020	6317	6311	6605	5937	5462
765	PV: Number of Circuit Miles as of 1999	NPV:Ln763b:I	48,658					183	385	303	327	331	353	317	294

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Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

	Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
766	PV: Number of Interoffice Circuits as of 1999	NPV:Ln764b:I	2,492												
767	Levelized Number of Circuit Miles: In Service	PMT(Ln11,5,Ln765b)*-1	13,248												
768	Levelized Number of Interoffice Circuits: In Service	PMT(Ln11,5,Ln766b)*-1	679												
769	**STP to SCP Facilities Material**														
770	Facilities Annual Material Termination	Ln768*Ln755			357C	03				$ 116,725					
771	Facilities Annual Material Termination	Ln768*Ln756			357C	06				$ 86,646					
772	Facilities Annual Material Termination	Ln768*Ln757			357C	09				$ 132,054					
773	Facilities Annual Material Termination	Ln768*Ln758			357C	15				$ 142					
774	Facilities Annual Material Mile	Ln767*Ln759			822C	00				$ 835					
775	Facilities Annual Material Mile	Ln767*Ln760			845C	00				$ 1,113					
776	Facilities Annual Material Mile	Ln767*Ln761			85C	00				$ 1,895					
777															
778															
779															
780	**STP to SCP Facilities Material adjusted by completion & allocation ratio:**														
781	Facilities Annual Material Termination	Ln770*Ln147*Ln792			357C	03				$ 8,730					
782	Facilities Annual Material Termination	Ln771*Ln147*Ln792			357C	06				$ 6,480					
783	Facilities Annual Material Termination	Ln772*Ln147*Ln792			357C	09				$ 9,876					
784	Facilities Annual Material Termination	Ln773*Ln147*Ln792			357C	15				$ 11					
785	Facilities Annual Material Mile	Ln774*Ln147*Ln793			822C	00				$ 64					
786	Facilities Annual Material Mile	Ln775*Ln147*Ln794			845C	00				$ 87					
787	Facilities Annual Material Mile	Ln776*Ln147*Ln795			85C	00				$ 143					
788															

789	Inflation Factors for Material not Covered by LOA:	Value: A FRCs	Value: B Levelized Inflation Factors for Material not Covered by LOA (SCIS)
791		377C	0.9833
792		357C	0.9635
793		822C	0.9849
794		845C	1.0100
795		85C	0.9700
796		530C	0.7200

797															
798															
799															
800															
801															
802															
803															
804															
805															
806															
807															
808															
809															
810															
811															
812															
813															
814															
815															
816	**Billing Developmental Material and Labor**														
817															
818															
819															
820															
821															
822															
823															
824															
825															
826															
827															

LOCAL NUMBER PORTABILITY (LNP) COST RECOVERY - Service Provider Portability
Cost Recovery Period 1999-2004 (5/99-5/04)
LNP QUERY SERVICE

ATTACHMENT IX
CHART 5b
QUERY SERVICE

Description	Source	Value:a	Value:b	FRC	Sub FRC	1996 a	1997 b	1998 c	1999 d	2000 e	2001 f	2002 g	2003 h	2004 i
Total Billing Material and Expenses														
Computer	Special Study	$ -		530C	00									
Non-invest. Expenses	Special Study	$ -	$ - PV 5 Years of Expenses	530M										

POD #7

FLORIDA

800 ACCESS TEN DIGIT SCREENING SERVICE

COST STUDY DOCUMENTATION

SECTIONS A THRU 6

FLORIDA

800 ACCESS TEN DIGIT SCREENING SERVICE

COST STUDY DOCUMENTATION

CONTENTS

TAB A

SECTION A

800 ACCESS TEN DIGIT SCREENING SERVICE

PROPRIETARY RATIONALE

The 800 Access Ten Digit Screening Service Cost Study is not proprietary.

TAB 1

SECTION 1

800 ACCESS TEN DIGIT SCREENING SERVICE

INTRODUCTION AND OVERVIEW

This cost study develops the Long Run Incremental Cost (LRIC) and the Total Service Long Run Incremental Cost (TSLRIC). LRIC is the volume sensitive incremental unit cost. TSLRIC is the volume sensitive and volume insensitive incremental unit cost, the average incremental unit cost.

The 800 Access Ten Digit Screening Service cost study is a regional study which develops the per call costs.

There are two call types for the delivery of an 800/POTS number: only the delivery of the number and carrier identification, or delivery with Optional Complex Features such as time-of-day routing.

The 800 number records are contained in the Service Control Points (SCPs) - the database. There are four of these computers - two in the Ensley Central Office in Birmingham and two in Atlanta's Woodland Hills Central Office. A complete set of records is maintained in each computer. These are updated from the Service Management System (SMS) database in Kansas City.

When an 800 number is dialed, the call is held at the originating office. A query is formulated and routed through a Local and Regional Signal Transfer Point (LSTP, RSTP) to an SCP. The STPs are packet switches used by the Common Channel Signaling (CCS) network to route these messages. Each LATA contains, at a minimum, a pair of LSTPs . One of the RSTPs is in the Ensley Office, and its mate is in the Woodland Hills Office. The SCP responds to the query with the appropriate carrier, providing the end office with sufficient information to route the call.

The study is based on current vendor prices for hardware and software. The vendor prices for 800 Access Ten Digit Screening Service are not proprietary.

TAB 2

SECTION 2

800 ACCESS TEN DIGIT SCREENING SERVICE

DESCRIPTION OF STUDY PROCEDURES

This section describes the general principles for the development of costs supporting the 800 Access Ten Digit Screening Service.

In determining costs, BellSouth uses direct incremental costing techniques that are in accordance with accepted economic theory. Direct incremental costs are based on cost causation and include all of the costs directly caused by expanding production, or, alternatively, costs that would be saved if the production levels were reduced The production unit may be an entire service or a unit of the service depending on the cost object involved. Costs for a service may include volume sensitive and/or volume insensitive costs. Costs are forward looking in nature because only future costs can be saved. Incremental costs are long run to assure that the time period studied is sufficient to capture all forward looking costs affected by the business decision. Shared and common costs are not incremental and, therefore, are not included. Incremental costs may include both recurring (capital and operating expenses) and nonrecurring (service provisioning) costs. There are no nonrecurring costs associated with 800 Access Ten Digit Screening Service. Incremental costs account for the expected change in cost to the firm resulting from a new service offering or a change in demand for an existing service.

THE DEVELOPMENT OF RECURRING COSTS

The monthly costs to BellSouth Telecommunications, Inc., resulting from the capital investments necessary to provide a service are called recurring costs. Recurring costs include capital and operating costs. While capital costs include depreciation, cost of money and income tax, operating costs are the expenses of maintenance and ad valorem and other taxes. These expenses contribute to the ongoing cost to the company associated with the initial capital investment. Recurring costs may also be non-investment related, such as advertising, feature specific software and contract expenses. Recurring costs are developed using incremental economic study applications, representing a forward-looking view of technology and deployment.

The first step in developing an incremental study of recurring costs for 800 Access Ten Digit Screening Service is to determine the forward-looking architecture. Prices for the software and equipment are defined. Next, account specific Telephone Plant Indexes are applied, when necessary, to trend investments and non-investment related expenses to the 1996-1998 base study period. In-plant factors are applied to material prices to develop installed investments which include engineering and installation labor.

Appropriate loadings for land, building and miscellaneous common equipment and power are then applied to the electronic equipment. Support structure loadings are applied for poles and conduit to the aerial and underground fiber investments respectively.

Next, 1995 level Incremental Annual Cost Factors are used to calculate the direct cost of capital, ongoing maintenance and other operating expenses and taxes. These factors (specific factors for each Uniform System of Accounts Field Reporting Code) are applied to levelized investments by account code, yielding an annual cost per account code. Both the investment related and non-investment related annual costs are summed, multiplied by the gross receipts tax factor then divided by the annual demand to arrive at a total unit cost per call.

The investments and non-investment related expenses are prorated between the two call types in proportion to their demand.

TAB 3

SECTION 3

FLORIDA

800 ACCESS TEN DIGIT SCREENING SERVICE

SUMMARY OF RESULTS

This section contains a cost summary for the Long Run Incremental Costs and Total Service Long Run Incremental Cost per query for 800 Access Ten Digit Screening Service.

	Per Call
800/POTS Number Delivery	
LRIC, Volume Sensitive Unit Cost	$.0004
TSLRIC, Average Incremental Unit Cost	$.0014
800/POTS Number Delivery with Optional Complex Features	
LRIC, Volume Sensitive Unit Cost	$.0004
TSLRIC, Average Incremental Unit Cost	$.0016

TAB 4

SECTION 4

800 ACCESS TEN DIGIT SCREENING SERVICE

COST DEVELOPMENT - RECURRING

This section defines the cost development of the recurring costs for 800 Access Ten Digit Screening Service.

Generally, economic cost development is outlined in Section 2. Network architecture is determined; the necessary equipment is identified; material prices are obtained; utilization and loadings factors are applied; and, non-investment related expenses are identified for the study period. Annual cost factors are applied to convert the investment to cost.

The investment required to provide 800 Database Service is comprised of:

A loading for land investment associated with the Service Control Points;

A loading for building investment associated with the Service Control Points;

The Service Control Points hardware, including a loading for company engineering, installation, miscellaneous common equipment and power;

The Port Termination hardware for the signaling links in the Regional and Local Signal Transfer Points;

The additional Access (RSTP to SCP) and Diagonal (LSTP to RSTP) signal links added for 800 Database Service.

The additional non-investment related annual costs are comprised of:

The non-capitalized Signal Transfer Point vendor Right-to-Use fees for the Port Termination software;

The Service Switching Point-800 (SSP-800) software in the end offices required to launch queries to the Service Control Point;

Service Control Point vendor lease payments for maintenance and administrative services;

Circuit lease expenses for data circuits from the Service Control Points to the Service Management System (SMS) in Kansas City, Missouri;

Charges from the Number Administration and Service Center (NASC) which provides the administration and operation of the Service Management System;

BellCore charges for Service Control Point-800 planning, software maintenance and administration;

Service Control Point programming expense to provide recording and billing capabilities for Call Handling and Destination features; and,

Programming expense in the Carrier Access Billing System (CABS) to provide rating and billing capabilities for Call Handling and Destination features.

With the exception of STP Right-to-Use fees, all non-investment related expense components are volume insensitive.

Workpaper 1 summarizes the LRIC, volume insensitive and TSLRIC costs.

Workpapers 2 and 3 calculate the annual costs associated with the investments, sums these with the non-investment related costs and develops the volume sensitive and volume insensitive unit costs for 800/POTS number delivery with, and without optional complex features.

Workpapers 4 and 5 summarize the investments and non-investment related costs for the two call types.

Workpaper 6 prorates the investments and non-investment related expenses between the two call types based on relative demand.

Workpaper 7 develops the loaded SCP and STP related investments and inflates these to the base study period.

Workpaper 8 develops the investments for the signaling links.

Workpaper 9 inflates the non-investment related expenses to the base study period and annualizes the one-time expenses.

Workpaper 10 develops the engineered capacity in calls for the system.

The workpapers follow.

1	800 ACCESS TEN DIGIT SCREENING SERVICE	FLORIDA	
2		WORKPAPER 1	
3	SUMMARY OF COST	PAGE 1 OF 1	
4			
5			
6			
7			
8	RATE ELEMENT	DESCRIPTION	AMOUNT
9			
10	800/POTS Number Delivery	Recurring	
11	LRIC, Volume Sensitive Incremental Unit Cost per Call	Workpaper 2 Ln 50	$0.0004
12	Volume Insensitive Incremental Unit Cost per Call	Workpaper 2 Ln 51	$0.0010
13	TSLRIC, Average Incremental Unit Cost per Call	Ln 11 + Ln 12	$0.0014
14			
15	800/POTS Number Delivery with Optional Complex Features	Recurring	
16	LRIC, Volume Sensitive Incremental Unit Cost per Call	Workpaper 3 Ln 50	$0.0004
17	Volume Insensitive Incremental Unit Cost per Call	Workpaper 3 Ln 51	$0.0012
18	TSLRIC, Average Incremental Unit Cost per Call	Ln 16 + Ln 17	$0.0016

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA
2			WORKPAPER 2
3			PAGE 1 OF 1
4			
5	800/POTS NUMBER DELIVERY		
6			
7			
8	DESCRIPTION	SOURCE	AMOUNT
9	Land	Workpaper 4 Ln 12	$15,652.83
10	Building	Workpaper 4 Ln 13	$261,011.15
11	Digital Switch	Workpaper 4 Ln 14	$6,798,962.36
12	Circuit	Workpaper 4 Ln 15	$31,296.12
13	Aerial	Workpaper 4 Ln 16	$2,073.24
14	Buried	Workpaper 4 Ln 17	$6,738.03
15	Underground	Workpaper 4 Ln 18	$2,591.55
16	Poles	Workpaper 4 Ln 19	$518.31
17	Conduit	Workpaper 4 Ln 20	$1,382.16
18			
19	Annual Cost Factor (FRC)		
20	Land (20C)		0.1745
21	Building (10C)		0.1893
22	Digital Switch (377C)		0.2527
23	Circuit (357C)		0.2292
24	Aerial (822C)		0.2021
25	Buried (845C)		0.1989
26	Underground (85C)		0.2017
27	Poles (811C)		0.2137
28	Conduit (84C)		0.1658
29			
30	Total Annual Cost		
31	Land	Ln 9 x Ln 20	$2,731.42
32	Building	Ln 10 x Ln 21	$49,409.41
33	Digital Switch	Ln 11 x Ln 22	$1,718,097.79
34	Circuit	Ln 12 x Ln 23	$7,173.07
35	Aerial	Ln 13 x Ln 24	$419.00
36	Buried	Ln 14 x Ln 25	$1,340.19
37	Underground	Ln 15 x Ln 26	$522.72
38	Poles	Ln 16 x Ln 27	$110.76
39	Conduit	Ln 17 x Ln 28	$229.16
40	Total Annual Cost	Sum (Ln 31-Ln 39)	$1,780,033.52
41			
42	Gross Receipts Tax Factor		1.0152
43			
44	Total Investment Related Costs w/GRT	Ln 40 x Ln 42	$1,807,090.03
45	Non-Investment Related Costs w/GRT, Volume Sensitive	Ln 42 (Workpaper 4 Ln 25)	$73,540.65
46	Non-Investment Related Costs w/GRT	Ln 42 (Workpaper 4 Ln 35)	$4,280,127.58
47			
48	Capacity, Annual Calls w/o Optional Call Features	Workpaper 10 Ln 17	4,427,654,400
49			
50	Total Unit Volume Sensitive Cost	(Ln 44+Ln45)/Ln48	$0.0004
51	Total Unit Volume Insensitive Cost	Ln 46 / Ln 48	$0.0010

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA
2			WORKPAPER 3
3			PAGE 1 OF 1
4			
5	800/POTS WITH OPTIONAL COMPLEX FEATURES		
6			
7			
8	DESCRIPTION	SOURCE	AMOUNT
9	Land	Workpaper 5 Ln 12	$401.35
10	Building	Workpaper 5 Ln 13	$6,692.59
11	Digital Switch	Workpaper 5 Ln 14	$174,332.37
12	Circuit	Workpaper 5 Ln 15	$802.46
13	Aerial	Workpaper 5 Ln 16	$53.16
14	Buried	Workpaper 5 Ln 17	$172.77
15	Underground	Workpaper 5 Ln 18	$66.45
16	Poles	Workpaper 5 Ln 19	$13.29
17	Conduit	Workpaper 5 Ln 20	$35.44
18			
19	Annual Cost Factor (FRC)		
20	Land (20C)		0.1745
21	Building (10C)		0.1893
22	Digital Switch (377C)		0.2527
23	Circuit (357C)		0.2292
24	Aerial (822C)		0.2021
25	Buried (845C)		0.1989
26	Underground (85C)		0.2017
27	Poles (811C)		0.2137
28	Conduit (84C)		0.1658
29			
30	Total Annual Cost		
31	Land	Ln 9 x Ln 20	$70.04
32	Building	Ln 10 x Ln 21	$1,266.91
33	Digital Switch	Ln 11 x Ln 22	$44,053.79
34	Circuit	Ln 12 x Ln 23	$183.92
35	Aerial	Ln 13 x Ln 24	$10.74
36	Buried	Ln 14 x Ln 25	$34.36
37	Underground	Ln 15 x Ln 26	$13.40
38	Poles	Ln 16 x Ln 27	$2.84
39	Conduit	Ln 17 x Ln 28	$5.88
40	Total Annual Cost	Sum (Ln 31-Ln 39)	$45,641.88
41			
42	Gross Receipts Tax Factor		1.0152
43			
44	Total Investment Related Costs w/GRT	Ln 40 x Ln 42	$46,335.64
45	Non-Investment Related Costs w/GRT, Volume Sensitive	Ln 42 (Workpaper 5 Ln 25)	$1,885.66
46	Non-Investment Related Costs w/GRT	Ln 42 (Workpaper 5 Ln 35)	$136,837.04
47			
48	Capacity, Annual Calls w/ Optional Call Features	Workpaper 10 Ln 18	113,529,600
49			
50	Total Unit Volume Sensitive Cost	(Ln 44+Ln45)/Ln48	$0.0004
51	Total Unit Volume Insensitive Cost	Ln 46 / Ln 48	$0.0012

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA
2			WORKPAPER 4
3			PAGE 1 OF 1
4			
5	INVESTMENT AND NON-INVESTMENT RELATED COST COMPONENTS		
6			
7	800/POTS NUMBER DELIVERY		
8			
9	DESCRIPTION	SOURCE	AMOUNT
10			
11	INVESTMENT -		
12	Land	Workpaper 6 Col B Ln 9	$15,652.83
13	Building	Workpaper 6 Col B Ln 10	$261,011.15
14	SCP and Ports	Workpaper 6 Col B Ln 11	$6,798,962.36
15	A & D Link Circuits	Workpaper 6 Col B Ln 12	$31,296.12
16	A & D Link Aerial	Workpaper 6 Col B Ln 13	$2,073.24
17	A & D Link Buried	Workpaper 6 Col B Ln 14	$6,738.03
18	A & D Link Underground	Workpaper 6 Col B Ln 15	$2,591.55
19	A & D Link Poles	Workpaper 6 Col B Ln 16	$518.31
20	A & D Link Conduit	Workpaper 6 Col B Ln 17	$1,382.16
21			
22	Total Volume Sensitive	Sum (Ln 12-Ln20)	$7,120,225.74
23			
24	NON-INVESTMENT RELATED COSTS -		
25	RTU - Volume Sensitive	Workpaper 6 Col B Ln 20	$72,439.57
26			
27	SSP-800	Workpaper 6 Col B Ln 21	$1,808,315.13
28	SCP Lease	Workpaper 6 Col B Ln 22	$109,113.35
29	Circuits - Leased	Workpaper 6 Col B Ln 23	$152,368.20
30	NASC/SMS	Workpaper 6 Col B Ln 24	$989,999.82
31	BELLCORE/SCP - 800	Workpaper 6 Col B Ln 25	$1,156,247.22
32	SCP Billing	Workpaper 6 Col B Ln 26	$0.00
33	CABS Programming	Workpaper 6 Col B Ln 27	$0.00
34			
35	Total Volume Insensitive	Sum (Ln27-Ln33)	$4,216,043.72

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA	
2			WORKPAPER 5	
3			PAGE 1 OF 1	
4				
5	INVESTMENT AND NON-INVESTMENT RELATED COST COMPONENTS			
6				
7	800/POTS NUMBER DELIVERY WITH OPTIONAL COMPLEX FEATURES			
8				
9	DESCRIPTION	SOURCE		AMOUNT
10				
11	INVESTMENT -			
12	Land	Workpaper 6 Col C Ln 9		$401.35
13	Building	Workpaper 6 Col C Ln 10		$6,692.59
14	SCP and Ports	Workpaper 6 Col C Ln 11		$174,332.37
15	A & D Link Circuits	Workpaper 6 Col C Ln 12		$802.46
16	A & D Link Aerial	Workpaper 6 Col C Ln 13		$53.16
17	A & D Link Buried	Workpaper 6 Col C Ln 14		$172.77
18	A & D Link Underground	Workpaper 6 Col C Ln 15		$66.45
19	A & D Link Poles	Workpaper 6 Col C Ln 16		$13.29
20	A & D Link Conduit	Workpaper 6 Col C Ln 17		$35.44
21				
22	Total Volume Sensitive	Sum (Ln 12-Ln20)		$182,569.89
23				
24	NON-INVESTMENT RELATED COSTS -			
25	RTU - Volume Sensitive	Workpaper 6 Col C Ln 20		$1,857.42
26				
27	SSP-800	Workpaper 6 Col C Ln 21		$46,367.05
28	SCP Lease	Workpaper 6 Col C Ln 22		$2,797.78
29	Circuits - Leased	Workpaper 6 Col C Ln 23		$3,906.88
30	NASC/SMS	Workpaper 6 Col C Ln 24		$25,384.61
31	BELLCORE/SCP - 800	Workpaper 6 Col C Ln 25		$29,647.36
32	SCP Billing	Workpaper 6 Col C Ln 26		$20,554.50
33	CABS Programming	Workpaper 6 Col C Ln 27		$6,130.08
34				
35	Total Volume Insensitive	Sum (Ln27-Ln33)		$134,788.26

1	800 ACCESS TEN DIGIT SCREENING SERVICE			FLORIDA
2				WORKPAPER 6
3	SUMMARY AND PRORATION OF INVESTMENTS			PAGE: 1 OF 1
4	AND NON-INVESTMENT RELATED EXPENSES			
5				
6			800/POTS	800/POTS
7	DESCRIPTION	TOTAL	w/o QCF	w/ QCF
8		A	B=(A x.975)	C=(A x.025)
9	Land	$16,054.18	$15,652.83	$401.35
10	Building	$267,703.74	$261,011.15	$6,692.59
11	SCP Hardware and Ports	$6,973,294.73	$6,798,962.36	$174,332.37
12	Link - Circuit	$32,098.58	$31,296.12	$802.46
13	Link - Aerial	$2,126.40	$2,073.24	$53.16
14	Link - Buried	$6,910.80	$6,738.03	$172.77
15	Link - Underground	$2,658.00	$2,591.55	$66.45
16	Link - Poles	$531.60	$518.31	$13.29
17	Link - Conduit	$1,417.60	$1,382.16	$35.44
18				
19	Non-Investment Related			
20	RTU	$74,296.99	$72,439.57	$1,857.42
21	SSP-800	$1,854,682.19	$1,808,315.13	$46,367.05
22	SCP Lease	$111,911.12	$109,113.35	$2,797.78
23	Circuits Leased	$156,275.08	$152,368.20	$3,906.88
24	NASC/SMS	$1,015,384.43	$989,999.82	$25,384.61
25	Bellcore-800	$1,185,894.58	$1,156,247.22	$29,647.36
26	SCP Billing	$20,554.50	$0	$20,554.50
27	CABS Programming	$6,130.08	$0	$6,130.08
	Note: SCP Billing and CABS Programming associated only with 800/POTS			
	delivery with Optional Complex Features.			

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA
2			WORKPAPER 7
3	DEVELOPMENT OF INVESTMENTS		PAGE: 1 OF 1
4			
5	DESCRIPTION	SOURCE	AMOUNT
6	SCP Hardware Per Node (1993)		$1,200,990.00
7	RSTP Port Per Port (1993)		$5,690.00
8	LSTP Port Per Port (1993)		$3,958.00
9	Telco E&I Factor		1.1652
10	Miscellaneous Common Equipment and Power Factor		1.0990
11	Land Loading Factor		0.0023
12	Building Loading Factor		0.0382
13	1995/1993 TPI Factor (377C)	97/95	1.0210
14	Investment Inflation Factor (377C)		1.0110
15			
16	Total SCP/STP Related Investments		
17	SCP Hardware	(Ln6xLn9xLn10)x4	$6,151,734.04
18	RSTP Ports	(Ln7xLn9xLn10)x62	$451,754.12
19	LSTP Ports	(Ln8xLn9xLn10)x30	$152,053.08
20			
21	Investment Indexed to 1996-1998 Level		
22	SCP/STP Related		
23	SCP Hardware and Ports	(Ln17+Ln18+Ln19)xLn13xLn14	$6,973,279.09
24	Land	Ln23 x Ln 11	$16,038.54
25	Building	Ln23 x Ln 12	$266,379.26

1	800 ACCESS TEN DIGIT SCREENING SERVICE				FLORIDA
2					WORKPAPER 8
3	TOTAL LINK RELATED INVESTMENTS (1995-1997)				PAGE: 1 OF 1
4					
5		A	B	C	D=(AxBxC)
6	Access Link (RSTP-SCP)	Links	Miles	Unit Investment	Total Investment
7					
8	Termination - Circuit	16	N/A	$139.23	$2,227.68
9	Termination - Land	16	N/A	$0.34	$5.44
10	Termination - Building	16	N/A	$5.68	$90.88
11	Interoffice - Aerial	16	170	$0.12	$326.40
12	Interoffice - Buried	16	170	$0.39	$1,060.80
13	Interoffice - Underground	16	170	$0.15	$408.00
14	Interoffice - Poles	16	170	$0.03	$81.60
15	Interoffice - Conduit	16	170	$0.08	$217.60
16	Interoffice - Circuit	16	170	$1.45	$3,944.00
17	Interoffice - Land	16	170	$0.00	$0.00
18	Interoffice - Building	16	170	$0.06	$163.20
19					
20	Diagonal Link (LSTP-RSTP)				
21	Termination - Circuit	30	N/A	$139.23	$4,176.90
22	Termination - Land	30	N/A	$0.34	$10.20
23	Termination - Building	30	N/A	$5.68	$170.40
24	Interoffice - Aerial	30	500	$0.12	$1,800.00
25	Interoffice - Buried	30	500	$0.39	$5,850.00
26	Interoffice - Underground	30	500	$0.15	$2,250.00
27	Interoffice - Poles	30	500	$0.03	$450.00
28	Interoffice - Conduit	30	500	$0.08	$1,200.00
29	Interoffice - Circuit	30	500	$1.45	$21,750.00
30	Interoffice - Land	30	500	$0.00	$0.00
31	Interoffice - Building	30	500	$0.06	$900.00

1	800 ACCESS TEN DIGIT SCREENING SERVICE				FLORIDA
2					WORKPAPER 9
3	DEVELOPMENT OF NON-INVESTMENT				PAGE: 1 OF 1
4	RELATED EXPENSES				
5		A	B	C*	D = AxBxC
6			Annuity	Inflation	Equivalent
7	Software	1993 Expense	Factor	Factor	Annual Expense
8					(1996-1998)
9	RSTP RTU	$223,080	0.2857	1.0322	$65,786.19
10	LSTP RTU	$28,860	0.2857	1.0322	$8,510.80
11	SSP- 800	$6,289,200	0.2857	1.0322	$1,854,682.19
12	SCB Billing	$69,700	0.2857	1.0322	$20,554.50
13	CABS Programming	$20,787	0.2857	1.0322	$6,130.08
14					
15			A	B*	C = AxB
16			1993 Annual	Inflation	Annual Expense
17	Other Expenses		Expense	Factor	(1996-1998)
18	SCP Lease		$108,420	1.0322	$111,911.12
19	Circuits Leased		$151,400	1.0322	$156,275.08
20	NASC/SMS		$983,709	1.0322	$1,015,384.43
21	Bellcore - 800		$1,148,900	1.0322	$1,185,894.58
	*Note: Expenses were indexed to 1995 and levelized over 1996-1998 using				
	the 377C TPI Factor (1.021) and Investment Inflation Factor (1.011) of its				
	associated investment.				

1	800 ACCESS TEN DIGIT SCREENING SERVICE		FLORIDA
2			WORKPAPER 10
3			PAGE: 1 OF 1
4			
5	DEVELOPMENT OF DATABASE CAPACITY		
6			
7	DESCRIPTION	SOURCE	AMOUNT
8			
9	Calls per Second per Node		450
10	Calls per Hour per Node	Ln 1 x 3600	1,620,000
11	Engineered Busy Hour Capacity Factor		0.32
12	Busy Hour Calls per Node at Engineered Capacity		345,600
13	Ratio Average Calendar Day to Busy Hour		9
14	Number of Nodes		4
15	Annual System Capacity, Calls	(Ln12xLn13xLn14)365	4,541,184,000
16	Ratio Calls w/o OCF at Capacity - 1995		0.975
17	**Calls w/o OCF at Capacity**	**Ln 15 x Ln 16**	**4,427,654,400**
18	**Calls w/ OCF at Capacity**	**Ln15 (1-Ln16)**	**113,529,600**

TAB 5

SECTION 5

800 ACCESS TEN DIGIT SCREENING SERVICE

SPECIFIC STUDY ASSUMPTIONS

The cost study for 800 Access Ten Digit Screening Service is based on direct incremental costing techniques that are in accordance with accepted economic theory, in addition to specific Network deployment strategies, and equipment purchasing information.

Cost Study assumptions are as follows:

Software expenses such as Right-To-Use fees are amortized over five years to develop an equivalent annual cost.

Non-investment related expenses were projected to the 1996-1998 study period using the Telephone Plant Indexes and investment inflation factors of the associated (377c) investment.

TAB 6

SECTION 6

FLORIDA

800 ACCESS TEN DIGIT SCREENING SERVICE

FACTORS AND LOADINGS

Following are the incremental annual cost factors and miscellaneous loadings used in the 800 Access Ten Digit Screening Service.

Annual Cost Factors		(See following Spreadsheet)
Amortization Factor, 5 years at 13.2%		.2857
Land Loading	20C (Regional)	.0023
Building Loading	10C (Regional)	.0382
Gross Receipts Tax Factor (Florida)		1.0152
Miscellaneous Common Equipment and Power Factor	377C (Regional)	1.0990
Investment Inflation Factor		1.0110

Image Table: ACFCURRENT

1995 BELLSOUTH TELECOMMUNICATIONS
ACCOUNT AVERAGE ANNUAL COST FACTORS
INCREMENTAL

Rev 10-May-96

* FOR USE IN SERVICE COST STUDIES ONLY

	field_code	depreciation a	acfc_com b	acfc_fed tax c	cap_exp d	acfc_misc e	acfc_advel tax f	admin_dir g	acfc_oper_exp h	tot_combined i
			13.2%		(a+b+c)				(e+f+g)	(d+h)
LAND	20C	0.0000	0.1110	0.0514	0.1632	0.0000	0.0113	0.0000	0.0113	0.1745
BUILDINGS	10C, 110C, 610C	0.0302	0.0096	0.0052	0.1740	0.0040	0.0113	0.0000	0.0153	0.1893
ANALOG ELEC SWITCH	77C, 877C, 977C	0.2329	0.0880	0.0008	0.3815	0.0210	0.0113	0.0000	0.0323	0.3938
DIGITAL ELEC SWITCH	377C, 887C	0.1134	0.0691	0.0002	0.2087	0.0327	0.0113	0.0000	0.0440	0.2527
OPERATOR SYSTEMS	117C,417C	0.1093	0.0751	0.0404	0.2238	0.0067	0.0113	0.0000	0.0180	0.2418
RADIO	167C, 67C, 867C, 867C	0.1434	0.0760	0.0048	0.2332	0.0142	0.0113	0.0000	0.0255	0.2787
DIGTL CIRC-DCS	157C	0.1610	0.0875	0.0005	0.2700	0.0145	0.0113	0.0000	0.0258	0.3048
DIGTL CIRC-PAIR GAIN	257C,D257C,F257C	0.1134	0.0838	0.0288	0.2058	0.0104	0.0113	0.0000	0.0217	0.2275
DIGTL CIRC-OTHER	357C,T357C,F357C,857C,857C	0.1134	0.0838	0.0287	0.2059	0.0110	0.0113	0.0000	0.0223	0.2282
ANALOG CIRC-PAIR GAIN	457C	0.1089	0.0836	0.0248	0.2573	0.0093	0.0113	0.0000	0.0146	0.2719
ANALOG CIRC-OTHER	57C	0.1089	0.0839	0.0282	0.2610	0.0140	0.0113	0.0000	0.0253	0.2863
PBX	158C, 258C	0.2298	0.0771	0.0048	0.3413	0.0368	0.0113	0.0000	0.0481	0.3894
PUBLIC-COIN	198C, 188C	0.1483	0.0783	0.0048	0.2304	0.1972	0.0113	0.0000	0.2085	0.4679
PUBLIC-COINLESS	298C, 288C	0.1483	0.0783	0.0048	0.2304	0.1076	0.0113	0.0000	0.1189	0.3783
PUBLIC-OTHER	898C, 988C	0.1483	0.0783	0.0048	0.2304	0.0582	0.0113	0.0000	0.0695	0.3289
OTHER TERMINAL EQPT	358C,D758C,858C,858C, 828C,928C,F858C	0.1733	0.0812	0.0359	0.2904	0.0585	0.0113	0.0000	0.0698	0.3602
SUBSCRIBER PAIR GAIN	758C,D758C,F758C	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
POLES	1C, 911C	0.0671	0.0725	0.0326	0.1721	0.0303	0.0113	0.0000	0.0416	0.2137
AERIAL CA - METAL	22C, 12C, 802C	0.0817	0.0797	0.0336	0.2052	0.0413	0.0113	0.0000	0.0526	0.2578
AERIAL CA - FIBER	822C, 812C, 882C, 982C,D22C, F22C,T22C,D12C,P12C,T12C	0.0667	0.0784	0.0347	0.1798	0.0110	0.0113	0.0000	0.0223	0.2021
UNGROUND CA - METAL	5C, 905C	0.1036	0.0813	0.0342	0.2191	0.0255	0.0113	0.0000	0.0368	0.2559
UNGROUND CA - FIBER	85C,885C,985C,D5C,F5C,T5C	0.0626	0.0800	0.0328	0.1754	0.0120	0.0113	0.0000	0.0233	0.2017
BURIED CA - METAL	45C, 845C	0.0676	0.0809	0.0354	0.2039	0.0417	0.0113	0.0000	0.0530	0.2569
BURIED CA - FIBER	845C,885C,985C,D45C, F45C,T45C	0.0585	0.0816	0.0367	0.1768	0.0108	0.0113	0.0000	0.0221	0.1989
SUBMARINE CA-METAL	9C, 809C	0.0860	0.0814	0.0366	0.2040	0.0108	0.0113	0.0000	0.0219	0.2259
SUBMARINE CA-FIBER	89C,889C,D9C,F9C,T9C	0.0860	0.0814	0.0365	0.2029	0.0108	0.0113	0.0000	0.0219	0.2248
INTRBLD NTWK-METAL	52C	0.0691	0.0795	0.0340	0.1786	0.0285	0.0113	0.0000	0.0378	0.2164
INTRBLD NTWK-FIBER	852C,D52C,F52C,T52C	0.0691	0.0795	0.0340	0.1786	0.0285	0.0113	0.0000	0.0378	0.2164
CONDUIT SYSTEMS	4C, 84C, 94C	0.0242	0.0877	0.0401	0.1520	0.0025	0.0113	0.0000	0.0138	0.1658

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POD #7

BELLSOUTH TELECOMMUNICATIONS, INC.
LONG-TERM TELEPHONE NUMBER PORTABILITY

DESCRIPTION AND JUSTIFICATION

TRANSMITTAL NO. 502

INTRODUCTION

With this filing, BellSouth Telecommunications, Inc. (hereinafter "BellSouth") is revising the F.C.C. Tariff No. 1 to introduce Long-Term Telephone Number Portability. This filing is in compliance with Section 251 of the Telecommunications Act of 1996 (the Act) and the Commission's *First Report and Order*[1], *Order on Reconsideration*[2], *Second Report and Order*[3] *and Memorandum Opinion and Order, DA 98-2534*[4]. This filing has two parts. The first part introduces a new charge, BellSouth Local Number Portability (LNP) End User Line Charge, to be applied to end user lines, which are local number portability capable. The second part is a re-filing of BellSouth Local Number Portability (LNP) Database Services (Call Routing Service and Query Database Service), originally filed in Transmittal Nos. 474 and 482. The re-filing of these services is pursuant to the Commission's *Order* in the Matter of Number Portability Query Services[5].

Supporting material as required under section 61.49 of the Commission's Rules and *Memorandum Opinion and Order, DA 98-2534* is, to the extent necessary, included with this filing. Transmittal No. 502 is scheduled to become effective on May 15, 1999.

SERVICE DESCRIPTION

All Local Exchange Carriers (LECs) are required to implement Long-Term Telephone Number Portability per Section 251 (b) (2) of the Act. The Commission was required to issue regulations pursuant to Section 251 to

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[1] In the Matter of Telephone Number Portability, CC Docket No. 95-116, *First Report and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd 8352 (1996) (*First Report and Order*).
[2] In the Matter of Telephone Number Portability, CC Docket No. 95-116, *First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd 7236 (1997) (*Order on Reconsideration*).
[3] In the Matter of Telephone Number Portability, CC Docket 95-116, *Second Report and Order*, 12 FCC Rcd 12281 (1997) (*Second Report and Order*).
[4] In the Matter of Telephone Number Portability Cost Classification Proceeding, CC Docket 95-116, *Memorandum Opinion and Order*, 13 FCC Rcd 24495 (1998).
[5] In the Matter of Number Portability Query Services; BellSouth Telecommunications, Inc. Tariff F.C.C. No.1, Transmittal Nos. 474 and 482; Frontier Telephone of Rochester, Inc. Tariff F.C.C. No. 1, Transmittal No. 10; Sprint Local Telephone Companies Tariff F.C.C. No. 1, Transmittal No. 63; and U S WEST Communications, Inc. Tariff F.C.C. No. 5, Transmittal No. 931; CC Docket No. 98-199 and CCB/CPD Nos. 98-49, 98-50, 98-47 and 98-33, *Order*, FCC 98-339, released December 17, 1998.

implement number portability. It adopted the *First Report and Order* and subsequently adopted the *Order on Reconsideration* and the *Second Report and Order*. These orders require both incumbent and competitive LECs to implement local number portability. The *Third Report and Order*[6] specified that revenue generated will be through a cost recovery mechanism approved by the FCC. The Commission concluded that all telecommunications carriers should bear, in a competitively neutral manner, costs of providing long-term telephone number portability for interstate and intrastate calls. Further, the Commission authorized recovery of local number portability costs through a federal charge assessed on end users. The End User Line Charge is developed by distributing LNP costs across all end users, as outlined in the Commission's *Third Report and Order*, in end offices that are LNP capable or scheduled to be LNP capable. The charge is based on actual and forecasted costs and the forecasted demand for the five-year cost recovery period.

Additionally, BellSouth is re-filing herein BellSouth LNP Query Database Service and BellSouth LNP Call Routing Service to recover costs associated with N-1 carrier queries to the BellSouth LNP Database.

Local number portability has been activated in 21 Metropolitan Statistical Areas (MSAs) in the BellSouth region. This process has occurred on a switch-specific basis as set forth in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4. Additional offices are scheduled for conversion through March 31, 2000. LNP will be activated in any remaining BellSouth end office switches (where facilities permit) when a bona fide request is received. At the time of activation the End User Line Charge will be assessed and charged to all applicable end user lines in LNP capable end offices/switches.

BellSouth LNP End User Line Charge

The End User Line Charge will be applied to all lines which are portable between telecommunications service providers. An end user line is deemed to be portable at the time the NPA-NXX serving that line is capable of providing Local Number Portability. A listing of NPA-NXXs capable of local number portability is contained in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

The End User Line Charge will apply to the following lines:

Primary Residential Local Exchange service lines or trunks
Primary Business Local Exchange service lines or trunks
Feature Group A (FGA) lines (Toll Guide accounts)
Unbundled Network Element (UNE) Switch ports
PBX trunks
Payphone Service Provider lines

[6] In the Matter of Telephone Number Portability, CC Docket No. 95-116, *Third Report and Order*, 13 FCC Rcd 11701 (1998) (*Third Report and Order*).

Foreign Exchange (FX) service lines
Foreign Central Office (FCO) service lines
Centrex Type Services station lines
Basic Rate ISDN Digital Subscriber lines (ISDN BRI)
Primary Rate ISDN Interface (ISDN PRI)

The applicable LNP End User Line Charge will be billed to Resellers in the case of any end user lines sold to Resellers.

The End User Line Charge will not apply to Lifeline lines or to remote call forwarding service.

BellSouth LNP Database Services

The *Second Report and Order* specified that LECs performing either prearranged or default queries on behalf of any N-1 carrier may charge for such queries. BellSouth LNP Database Services are offered in compliance with the aforementioned order pursuant to a query-based rate structure which will recover an appropriate portion of the costs for deployment of local number portability.

The current telecommunications network is based on the assumption that an NXX is assigned to a specific switch and LEC. This NXX is used for routing calls appropriately for call completion. In addition, the majority of BellSouth's network elements also rely on the NXX for routing, rate provisioning and call administration. With number portability, different directory numbers (DNs) within the same NXX can be served by different LECs and/or switches. This is accomplished using Location Routing Number (LRN) information, which associates a ten digit number (i.e., NPA-NXX-XXXX) with each central office switch that serves ported lines.

The LNP Database Services use Advanced Intelligent Network (AIN) technology to query a database to secure network routing instructions before completion of a call. The database contains information about end users who have ported their service. At a minimum, the database contains the LRN which identifies the Local Service Provider (LSP) serving each ported end user. This information is used to direct the call to the correct network switch for completion. Where more than one carrier is involved in completing the call, the N-1 Carrier, the carrier just before the terminating network, is responsible for querying an LNP database to secure the LRN. BellSouth will assess a charge to the N-1 Carrier for performing this query.

RATE STRUCTURE

BellSouth LNP End User Line Charge

The End User Line Charge will be a monthly recurring rate specific to four rate elements categorized and applied to portable end user lines as follows:

1. Primary Business Local Exchange service lines or trunks and Primary Residential Local Exchange service lines or trunks, Unbundled Network Elements (UNE) switch ports, Feature Group A (FGA) lines (Toll Guide accounts), ISDN BRI, and Payphone Service Provider lines (including Reseller, FX and FCO), per Subscriber Line.

2. PBX Trunks (including Reseller, FX and FCO), per PBX Trunk.

3. PRI ISDN (including Reseller, FX and FCO), per PRI ISDN.

4. CENTREX Type Services (including Reseller, FX and FCO), per station line.

BellSouth LNP Call Routing Service

Call Routing Service applies to wireless and wireline N-1 telecommunications carriers who deliver traffic into BellSouth's network without the appropriate routing information. In such cases, BellSouth's end office or access tandem switch will suspend call processing and launch a query to the LNP database. The routing information is returned to the originating end office or access tandem switch for subsequent call processing. The carrier will be assessed a Call Routing Service charge for each call delivered to a BellSouth end office or access tandem requiring a query, which is subsequently completed to the end user.

BellSouth LNP Query Service

This service provides for two usage sensitive pricing plans as follows:

1. **Query Service Month to Month Plan** - applies to wireless and wireline N-1 telecommunications carriers possessing a LNP capable switch who subscribe to the Query Service on a month to month basis. BellSouth will assess a charge for each query to the LNP database.

2. **Query Service Volume and Term Plan** - applies to wireless and wireline N-1 telecommunications carriers possessing a LNP capable switch who subscribe to the Query Service for a specified term of 3, 5, or 7 years and for a minimum volume of queries per month. BellSouth will assess a charge for

each query to the LNP database. The customer will be billed the minimum number of queries for the plan selected in the event actual monthly volume is less than the minimum commitment for that month.

To offer Query Service competitively to the marketplace, volume and term pricing is the most appropriate course for two reasons.

- Today, carriers may build their own LNP database inexpensively. Use of an integrated Signaling Transfer Point (STP)/Service Control Point (SCP) solution to query for the LRN will yield unit costs lower than BellSouth's standard LNP Query rate.
- Carriers have choices other than BellSouth from which to buy LNP query service.

An alternative architecture will allow LNP queries to be performed at an integrated STP/SCP. Analysis of this STP/SCP solution suggests that carriers who will average more than 13 million LNP queries per month can achieve query unit costs lower than $0.0013. Only the smallest carriers will have monthly volumes less than 13 million. Due to aggressive marketing of the STP/SCP solution, it is probable that some carriers will choose to build rather than buy LNP query service from BellSouth. If BellSouth cannot compete with this "build" option, unit costs will increase to the detriment of smaller carriers. However, allowing BellSouth to offer volume and term discounts for Query Service will prevent loss of larger carriers to the STP/SCP solution.

Larger carriers who reject the "build" option may nevertheless obtain query service from a company other than BellSouth. Both Illuminet and GTE-INS offer LNP database query services and provide rate discounts based upon increased query volume. If BellSouth is not allowed to compete with these offerings, it is probable that all but the smallest carriers will be lost to these alternatives. BellSouth expects the largest carriers to query their own database. However, if BellSouth cannot attract and retain the business of the mid-size carriers and some of the larger carriers, there will be fewer queries over which to spread infrastructure costs resulting in higher per query costs. Smaller carriers will be competitively disadvantaged. To remain competitive, BellSouth must respond to alternatives in the marketplace for the provision of LNP query service.

COST DEVELOPMENT

Introduction and Overview

The purpose of this cost study is to quantify the costs associated with implementing Local Number Portability (LNP) in the BellSouth Region in accordance with various FCC orders. The result is used to support the cost-based monthly end user line rate elements, the Call Routing Service rate element and the Query Service rate element in the instant filing.

The methodology used is direct long run incremental cost. The recovery period is five (5) years from initial billing of May 15, 1999. Thus, the recovery period is 1999 – 2004. The base year for all computations is January 1, 1999. Future Value (FV) and Present Value (PV) calculations are based on an 11.25% rate, as allowed by the Commission. Network right to use (RTU) expenses and general purpose computer (GPC) related expenses projected for the period 1999 – 2004 are capitalized and treated as intangible assets per the FCC's revised accounting rules. For the LNP End User Line Charge rate elements, a spreadsheet is used to perform all calculations. The Call Routing Service and the Query Service also require the use of spreadsheets, as well as the Synchronous Optical Network (SONET) price calculator model, a BellSouth-developed model. Additionally, the Call Routing Service requires the use of the Switching Cost Information System (SCIS) model, a Telcordia-developed model.

Actual costs, based on LNP tracking reports, are used for the period 1996 – 1998. 1999 – 2004 amounts are estimated. The LNP cost components in this study are separately identified as capital and expense, and further as either fully recoverable direct or joint. These cost components are categorized as 1) Shared Industry Expenses (BST portion), 2) Network related capital and expenses, 3) Operation Support Systems (OSS) capital and expenses, and 4) Miscellaneous Employee Related and Other expenses. Fully recoverable capital and expenses are included in their entirety in the study. Capital and expense items defined as joint are allocated based on supplied allocation factors developed by the respective subject matter experts (SMEs) for Network and Operation Support Systems. The resulting allocated amounts are directly attributable to LNP.

Also, as necessary to estimate directly assigned labor costs, worktimes by pay grade and/or wage scale are multiplied by the appropriate BellSouth regional 1998-2004 levelized directly assigned labor rate per hour.

Forward – looking common overhead costs are included in the End User Line Charge rate elements cost development. Common overhead costs include costs which span the activities of the business, such as general and administrative, executive and planning, accounting and financial, and legal. BellSouth developed a factor that represents a distribution of common overhead costs.

The methodology employed to develop the LNP overhead factor is the same process employed in developing overhead costs for unbundled network elements (UNEs). The common cost factor developed for UNEs was 5.30%. BellSouth adjusted the UNE common cost factor to exclude costs, such as product management and general purpose computer costs, that are identified as direct costs in the LNP End User Line Charge cost study. The common cost factor for LNP is 3.98%. The LNP specific factor is applied to the total direct unit costs to derive the forward-looking common overhead loading for the End User Line Charge rate elements in Attachment V, Chart 2b.

Description of Cost Categories

Below are summaries of the various LNP cost categories. Some of the costs described below are required for the End User Line Charge rate elements, Call Routing Service, and Query Service. Thus, these costs are further allocated between the three services based upon the projected number of queries.
The allocation process is explained in greater detail in the cost calculation section of this document.

Shared Industry Expenses
The Shared Industry expenses are the costs incurred by the industry to build, operate, and maintain the databases needed to provide number portability. The databases are constructed and maintained by a third party administrator. The *Third Report & Order* requires each telecommunications carrier to pay its allocated share of the database administrator's costs. The Commission based a carrier's allocated share of these costs on that carrier's total intrastate, interstate and international end user telecommunications revenues. That share becomes a carrier-specific cost directly related to provisioning of LNP services, thus fully recoverable direct costs. BellSouth's allocated shared costs are identified and included in the cost study. The current 3rd Party Administrator is identified as Lockheed-Martin.

Network Capital and Expenses
The network related capital and expenses are identified as fully recoverable direct or joint. The fully recoverable capital and expenses are included in their entirety in the study. Capital and expense items defined as joint are allocated based on supplied allocation factors developed by BellSouth SMEs for Network. Fully recoverable cost components include new hardware required for the provision of LNP. Much of BellSouth's existing hardware had to be adapted to meet the demands of LNP. BellSouth had to acquire additional Service Control Points (SCPs) specifically for the purpose of providing LNP services. These LNP SCPs house the LNP database, which contains routing information for ported numbers. A LNP SCP receives the called number in a query from a Service Switching Point (SSP) and responds with routing instructions that enable the SSP to complete the call. The query and resulting routing instructions travel over the Common Channel Signaling Network (CCSN). Vendor support costs were incurred to resolve any LNP related problems encountered in the embedded SCPs. Circuits were required to link the SCPs with the Service Management System (SMS) and with network monitoring systems.

BellSouth also had to augment the LNP SCPs in order to transfer to the LNP SCPs several functions that are normally performed by the Signal Transfer Points (STPs). Installation of additional CCSN links were required in order to connect LNP SCPs to the CCSN. The CCSN provides out of band signaling connectivity between LNP end offices and the LNP SCPs for query/response processing. Digital Loop Carrier (DLC) overlay equipment was purchased to implement DLC overlay for 1AESS switches at risk for number group exhaust

due to LNP port-in activity. BellSouth installed feature software that provides LNP trigger detection and processing capability in tandem switches and end offices. This software provides various functions including 1) identification of portable NXXs requiring LNP database query, 2) LNP database query and response capability, 3) call routing via LRN, 4) default routing via dialed DN, and 5) recording of LNP 720 module in Automatic Message Accounting (AMA) records.

The provision of LNP services also required BellSouth to perform upgrades to certain switches. These upgrades are a prerequisite for introduction of the LNP feature software and were performed solely for the purpose of providing LNP services. Some upgrades were advanced in order to accommodate the provision of LNP services. The cost of money incurred for advancing the upgrade is treated as a fully recoverable cost. Also, software was installed that provides the capability to open an identical NXX across multiple NPAs in the same end office switch. This capability is required to port CLEC DNs into BellSouth switches in areas that have implemented an NPA overlay.

Costs associated with the network items discussed above are direct costs. Some of the hardware and software costs incurred by BellSouth are only partially related to the provision of LNP services, i.e., joint costs. BellSouth has identified these costs and has allocated a portion as directly attributable to the provision of LNP services. To accommodate feature LNP 720 AMA, AMA disk drive capacity was increased. A share of these costs was allocated to LNP based on the average percentage increase in AMA record size attributable to LNP. Processor upgrades were required to process BellSouth's query/response traffic with LNP database lookups to obtain call routing information to portable NXXs. A portion of these costs was allocated to LNP based on the percentage of processor utilization attributable to BellSouth's LNP query/response traffic. Joint costs for additional CCSN links required between SSPs and STPs to process out of band signaling is allocated to LNP based on the average percent link utilization attributable to LNP. Software was purchased that provides the feature to expand the number of Subsystem Numbers (SSNs) that can be assigned in the 5ESS switch. The use of SSNs in BellSouth has increased to include new CLASS services, new AIN services and LNP. LNP, however, triggered the immediate need to expand the SSN capability in the 5ESS switch. A portion of the joint cost is allocated to LNP as a percentage of the number of SSNs forecasted to be used through year 2004.

OSS Capital and Expenses

BellSouth had to acquire and develop new OSS in order to provide LNP services. Also, much of the existing OSS had to be adapted to support the provision of LNP services. Table I describes each of the OSS acquisitions and /or modifications that were required to provision LNP. This table identifies each

OSS that represents direct costs of LNP, as well as those that include some joint costs of providing LNP.

Miscellaneous Employee Related and Other Expenses

BellSouth has employees dedicated to specific projects for the provision of LNP services. BellSouth has also employed independent contractors for the sole purpose of supporting the implementation of LNP. Accordingly, the associated employee related costs incurred for the provision of LNP services are included in the study as direct costs. The task each of these employees performs depends upon the department in which he/she works. The reference to dedicated does not denote employees working exclusively on LNP, but relates to employees' time spent exclusively on LNP projects.

These miscellaneous costs include: 1) costs to perform translations to provision LNP feature software to specific NXXs, 2) costs incurred by employees dedicated to network infrastructure planning and implementation to ensure all aspects of LNP are properly designed and executed, 3) costs to write software requirements for LNP GATEWAY, LNP SCPs, AIN-SMS and to test vendor software, 4) dedicated LNP employee costs to perform job functions of project management, business planning, field support, budget administration, LNP services charge implementation and billing, 5) employee and vendor training costs to impart LNP specific skills for BellSouth employees in the Small Business Telecommunications Center and the Account Management Center, and maintenance and test technicians in the Business Repair Center, 6) service order costs associated with conversion of interim to long term portability and with port-out of numbers, as well as port-out maintenance, and 7) costs of producing and mailing bill insert notifications.

Additionally, BellSouth incurs costs for the operation of the Limited Liability Corporation (LLC). These costs include LLC membership contributions BellSouth makes to cover LLC expenses for insurance and legal fees. BellSouth also incurred costs for marketing and advertising its LNP query services.

Description of Attachments and Charts (Appendix B)

In its Memorandum Opinion and Order, released December 14, 1998, the Common Carrier Bureau requested that various workpapers and charts be utilized in developing the end user line cost.

Following is a description of each of the attachments and charts contained in this document as requested.

Attachment I - Demand Forecast. This workpaper identifies the forecasted five-year levelized service demand for the LNP end user line charge. Demand assumptions are included in this document. Actual development of the demand for use by the study is included in Attachment V, the LNP end user line cost study. This workpaper also includes the forecasted demand for Query Service and Call Routing Service.

Attachment II - Dedicated and Joint Costs. This is a listing of all the dedicated and joint costs utilized in the development of the LNP end user line cost. This worksheet includes the following information by cost component:

1) required LNP function
2) Part 32 account
3) field reporting codes (FRC);
4) percent assigned to LNP services;
5) percent assigned to non-LNP services; and
6) dollar investment for capital and expenses by year 1996-2004.

Attachment III – Chart 1. Chart 1 shows the capital investments and expenses for all LNP services by year 1996-2004. Due to the quantity of data, the items are shown separately for actual and projected amounts, thus, Chart 1-a and Chart 1-p for actuals and projected, respectively. Chart 1-p also provides a listing of the forecasted demand for the study period. Chart 1 applies the allocation factors to joint cost items to identify cost amounts as being directly attributable to LNP.

Attachment IV - Chart 2a. Chart 2a identifies the costs from Chart 1 used in determining the costs for the LNP End User Line Charge rate elements. Due to the amount of data, the items are shown separately for actual and projected amounts, thus, Chart 2a-a and Chart 2a-p, respectively. LNP direct costs for Shared Industry expenses, SCP hardware and software, STP-SCP Signaling Links, SN70EM processor upgrades, STP-SCP Signaling Links, STP-SSP/STP-STP Signaling Links, AMA upgrades and LLC expenses are allocated among the LNP services. The allocated portion assigned to LNP End User Line Charge rate elements is included in this chart. All cost items in Chart 2a exclude costs specific for Query Service and Call Routing Service.

Attachment V - Chart 2b. Chart 2b is the LNP End User Charge rate elements cost study. Chart 2b develops the LNP End User Line Charge rate elements cost on a per line per month basis. This chart shows how the revenue requirement applicable to the LNP End User Line Charge rate elements is developed from the cost items identified in Chart 2a of Attachment IV. In addition, this chart develops the demand estimates used to derive the costs for the LNP End User Charge rate elements.

As previously stated, Chart 2b uses Chart 2a as the source for study inputs required to develop the estimated costs for the End User Line Charge rate elements. Inputs include descriptions of actual and forecasted capital and expense items, specific work activities and worktimes, labor rates, factors and demand data. Inputs for all cost components are identified in Chart 2a. Chart 2a-a lists the specific actual capital and expense inputs for 1996 through 1998. Chart 2a-p lists the specific forecasted capital and expense inputs for 1999 through 2004, as applicable. Also included in Chart 2a-p is the forecasted demand data for years 1999 through 2004.

Attachment VI – Chart 3a Chart 3a identifies the costs from Chart 1 required to determine the costs for Call Routing Service. Costs for Shared Industry expenses, SCP hardware and software, STP-SCP Signaling Links, SN70EM processor upgrades, STP-SCP Signaling Links, STP-SSP/STP-STP Signaling Links, AMA upgrades and LLC expenses are allocated to Call Routing Service based on the projected number of queries. Additionally, Project and Administrative Management costs and Advertising and Market Research costs specific to Call Routing Service are identified. The annual cost factors, labor rates, and demand information required to calculate the per query costs are also identified in this chart. Query demand is used to determine percentages required to allocate costs that are common to LNP, Call Routing Service, and Query Service. Carrier Access Billing System (CABS) and Customer Record Information System (CRIS) Costs associated with billing for Call Routing are also identified.

Attachment VII – Chart 3b Chart 3b develops the cost per query for Call Routing Service. Included in this chart are the annual cost factors, demand projections, capital investments, expenses and labor rates required for the cost calculation. Additionally, the supporting calculations for the investments are included.

Attachment VIII – Chart 5a Chart 5a identifies the costs from Chart 1 required to determine the costs for Query Service. Costs for Shared Industry expenses, SCP hardware and software, STP-SCP Signaling Links, STP-SCP Signaling Links, and LLC expenses are allocated to Query Service based on the projected number of queries. Additionally, Project and Administrative Management costs and Advertising and Market Research costs specific to Query Service are identified. The annual cost factors, labor rates, and demand information required to calculate the per query costs are also identified in this chart. Query demand is

used to determine percentages required to allocate costs that are common to LNP, Call Routing, and Query Service. The CABS costs associated with billing for Query Service are also identified.

Attachment IX – Chart 5b Chart 5b develops the cost per query for Query Service. Included in this chart are the annual cost factors, demand projections, capital investments, expenses and labor rates required for the cost calculation. Additionally, the supporting calculations for the investments are included.

Cost Calculation – BellSouth LNP End User Line Charge Rate Elements

Chart 2b provides the calculations whereby the End User Line Charge rate elements cost is developed. Below is a description of the process as it occurs.

Shared Industry Expenses - The annual actual shared expenses for the time period 1996 - 1998 are accumulated and summed. The annual forecasted shared expenses for the time period 1999 - 2004 are also identified and summed. These annual dollar amounts represent BellSouth's portion of the industry-shared expenses for the 3rd Party Administrator. The resulting amounts for 1996-1998 are summarized. Future Value (FV) factors, based on 11.25% rate, as allowed by the Commission's *Third Report & Order*, are applied to the annual totals to derive a 1/1/99 base year result. The 1/1/99 result is then divided by the PV of demand of total access lines for the recovery period, and further by 12 to obtain the total shared industry expense per line per month. Development of demand is explained separately in the Demand section of this document. The per unit result is then forwarded for accumulation within the study to calculate the total LNP expense per line per month. The annual amounts are forwarded within the study for annual cost calculation and amortization over a five-year period.

Network Capital and Expenses - The annual actual network capital and expenses for the time period 1996 - 1998 are accumulated from Chart 2a-a and summed. The annual projected network capital and expenses for the time period 1999 - 2004 are accumulated from Chart 2a-p and summed. The resulting actual and projected capital and expenses are summarized for all years. Capital amounts are summed by Field Reporting Code (FRC) 377C, 357C, 117C and 77C and forwarded within the study for annual cost calculation. FRCs 377C, 117C and 77C are accumulated as FRC 377C prior to forwarding for annual cost calculation. For 1996 – 1998 network expense, FV factors, based on 11.25% rate, are applied to the annual totals to derive the 1/1/99 base year result. The 1/1/99 base year result for network expense is then divided by the PV of demand of total access lines for the recovery period, and further by 12 to obtain the total network expense per line per month. The network expense per unit result is then forwarded within the study for calculation of the total LNP expense per line per month. Annual forecasted RTU expenses for 1999 – 2004 are capitalized and are treated as network RTU intangible assets. This is in accordance with the FCC's revised accounting rules. These annual amounts are forwarded within the study for annual cost calculation and amortization over a three-year period.

OSS Capital and Expenses – The annual OSS capital amounts and expenses for the time period 1996 - 1998 are accumulated from Chart 2a-a and summed. The annual OSS capital amounts and expenses for the time period 1999 - 2004 are accumulated from Chart 2a-p and summed. The resulting actual and projected capital and expenses are summarized for all applicable years. Capital amounts are summed by FRC 630C and 530C and forwarded within the study

for annual cost calculation. For 1996 – 1998 OSS expense, FV factors, based on an 11.25% rate, are applied to the OSS expense annual totals to derive 1/1/99 base year results. The 1/1/99 result is then divided by the PV of demand of total access lines for the recovery period, and further by 12 to obtain the total OSS expense per line per month. The OSS expense per unit result is then forwarded within the study for calculation of the total LNP expense per line per month. Annual forecasted expenses for 1999 – 2004 are capitalized and are treated as GPC related intangible assets. This is in accordance with the FCC's revised accounting rules. These annual amounts are forwarded within the study for annual cost calculation and amortization over a five-year period.

Miscellaneous Employee Related and Other Expenses -
Various miscellaneous employee related and other expense items are accumulated and summed from Chart 2a-a and Chart 2a-p for actual and projected amounts for years 1996 - 2004. This category includes expenses incurred by employees, both BellSouth and contract, dedicated to specific projects for planning, implementing and billing LNP. It also includes labor costs incurred to perform translations to provision LNP feature software as well as labor costs for project and administrative management, training, interim to permanent LNP conversion, and service order processing. Labor worktimes for switch translations, Local Competition Service Center (LCSC) service representative training, interim to permanent LNP conversion, and service order processing are identified by year and by pay grade. These worktimes are multiplied times the appropriate BellSouth regional 1998 - 2004 levelized directly assigned labor rate for the pay grade to obtain annual labor costs. Annual work hours are assumed to be 1928. (1928 annual hours is based on reducing 52.2 total annual weeks by 2 weeks vacation and optional holidays, etc. to derive 48.2 weeks. 48.2 weeks multiplied times 40 hours per week equals 1928 hours.) Additionally, expenses associated with the operation of the LLC are included in this cost category.

The annual expenses for the time period 1996 – 1998 are accumulated from Chart 2a-a and summed. The annual expenses for the time period 1999 - 2004 are accumulated from Chart 2a-p and summed. The resulting actual and projected expenses are summarized for all applicable years. FV and PV factors, based on an 11.25% rate, are applied to the annual dollar amounts for employee related and 1996 – 1998 right-to-use expenses to derive 1/1/99 base year results. The results are then divided by the PV of demand of total access lines for the recovery period, and further by 12 to obtain the total expenses per line per month. These per unit results are forwarded within the study for accumulation and calculation of the total LNP expense per line per month. For 1999 – 2004 RTU expense and 1999 – 2004 GPC expenses, these amounts are capitalized and treated as intangible assets. This is in accordance with the FCC's revised accounting rules. These annual amounts are forwarded within the study

for annual cost calculation and amortization over a three-year or five-year period, as appropriate.

Development of Total Cost per Line per Month

Annual capital amounts for Network and OSS are accumulated by FRC (i.e., 377C, 357C, 630C, 530C). Annual capital costs for intangible assets are also accumulated as Network related RTU or GPC related. Various loadings and factors for inflation, Telco engineering, hardwire, land & building, depreciation, cost of money, income tax, plant specific and ad valorem taxes are applied to the capital amounts, as appropriate, to derive annual costs by FRC. State and Federal income taxes are separately identified, as well as the components of the ad valorem taxes. The annual costs are accumulated and summed by Network and OSS FRCs and by intangible asset category. PV factors, based on an 11.25% rate and the economic life of the plant are applied to the annual amounts to derive the present value of the current year capital costs. PV factors are further applied to these results to derive the 1/1/99 base year level of annual costs. This result is then divided by the PV of total access lines for the recovery period and further by 12 to develop the capital costs per line, per month for Network, OSS and intangible asset category, respectively. These results are summed to obtain the total LNP capital cost per line per month.

For calculation of the total LNP expense per line per month, specific per line per month expense results for Shared Industry, Network, OSS, and Miscellaneous Employee Related and Other dollar amounts are identified from previous calculations and accumulated. The results are summed to obtain the total LNP expense per line per month. The sum of the total LNP capital cost per line per month and the total LNP expense per line per month yields the subtotal LNP End User Line Charge rate elements cost. This subtotal is further multiplied times the overhead loading factor to achieve the cost result defined by this study for the total LNP end user cost per line per month.

Cost Calculation – BellSouth LNP Call Routing Service

Network Capital and Expenses – The SCIS model was used to determine the levelized unit material prices for the end or tandem office. This unit material investment was multiplied by the 1999 demand for Call Routing Service and placed in the 1999 time frame on Chart 3a. This was the amount of investment required for the expected demand over the planning period. The same amount was also subtracted from the end office material investments installed as applicable to the End User Line Charge as shown on Chart 2a. The SS7 requirements for Call Routing Service were determined by applying the unit material investment per Octet from a SS7 Fundamental Study by the number of Octets times the 1999 Call Routing Service demand. The material investments and expenses associated with the STP and Integrated Digital Service Terminal (IDST) were handled in the same manner as the end office component. The remaining material investments and expenses identified by the SS7 study were placed in 1998 to handle the expected 1999 demand on Chart 1-p. Additional AMA material investments in the end or tandem office are needed. These material investments are shared with the End User Line Charge, Call Routing Service and other services. The amounts allocated to LNP are further allocated based on the percentage of Call Routing Service to Call Routing Service plus BellSouth queries. These AMA material investments are shown on Charts 2a-a, 2a-p and 3a/4a respectively.

The STP to SCP ports and links and SCP are shared with the End User Line Charge rate elements, Call Routing Service and Query Service. The associated material investments and expenses were allocated to each use based on the percentage of queries to the total query volume from 1999 to 2004. The allocated amounts are shown on Charts 2a-a, 2a-p, 3a and 5a, respectively. In addition to the allocated amounts, facilities (circuit equipment and fiber cable) between the STP and SCP are required. The number of circuits and fiber miles were calculated to support the number of SCPs installed and multiplied by the material investment per termination and per circuit mile. The unit material investments were developed using the SONET price calculator and the spreadsheets. The material investments were allocated to Call Routing Service based on the percentage of Call Routing queries to the total query volume (Call Routing Service, Query Service and BellSouth queries). The material investments were placed on Chart 3a.

OSS Capital and Expenses - In order to recover the cost to develop the billing program for the Call Routing Service over the planning period a special study was performed. The amount of investment and associated expenses to support the programming hours was determined per query in the special study and then multiplied by the expected query volume for Call Routing Service. Also included in this category are the investments and expenses to print the required lines for the service on the customer's bill. The investments and expenses associated with the billing operation were then converted to a per query basis. The per

query amounts were then multiplied by the expected demand over the study period and placed on Chart 3a.

LNP Services Product Support – The projected expenses required for planning, implementing and billing LNP services in addition to providing continued product support are developed on Chart 3b. The hourly labor rate by department by Pay Band is multiplied by eight hours per day times the expected number of days dedicated to the services. Expenses were then allocated to Call Routing Service based on the percentage of Call Routing Service queries to the total of all LNP Database Service queries. The allocated Call Routing Service expenses are summed on Chart 3a.

Total Cost per Query - Capital and Expenses – Various loadings and factors for inflation, Telco engineering, hardwire, land & building are applied to the annual capital amounts for Network and OSS to determine installed investments. Then depreciation, cost of money, income tax, plant specific and ad valorem taxes are applied to the installed investments, as appropriate, to derive annual costs by FRC. PV and FV factors, based on an 11.25% rate are applied to the annual amounts to derive the base year of 1/1/99. The annual costs are accumulated and summed by Network and OSS FRCs. This result is then divided by the expected annual query demand for Call Routing Service.

The expenses for Network, OSS, and Product Support are identified from previous calculations and accumulated by year. PV and FV factors, based on an 11.25% rate are applied to the annual amounts to derive the base year of 1/1/99. The base year expense amount is amortized for 5 years. This result is divided by the expected annual query demand for Call Routing Service. The cost due to capital and expenses are summed to derive the total cost per query for Call Routing Service.

Cost Calculation – BellSouth LNP Query Service

Network Capital and Expenses – The STP to SCP ports and links and SCP are shared with the End User Line Charge rate elements, Call Routing Service, and Query Service. The investments and expenses are allocated to each use based on the percentage of queries represented by each use to the total query volume from 1999 to December 2004. The allocated amounts are shown on Charts 2a-a, 2a-p, 3a and 5a. In addition to the allocated amounts, facilities (circuit equipment and fiber cable) between the STP and SCP are required. The number of circuits and fiber miles are calculated to support the number of SCPs installed and multiplied by the material investment per termination and per circuit mile. The unit material investments are developed using the SONET price calculator and spreadsheets. The material investments are allocated to the Query Service based on the percentage of Query Service queries to the total query volume (Call Routing Service, Query Service and BellSouth queries). The material investments are placed on Chart 5a.

OSS Capital and Expenses – The capital and expenses are developed in the same manner as for Call Routing Service. The same unit investments and expense amounts multiplied by the Query Service query volumes and placed on Chart 5a.

Query Service Product Support – The calculation of projected expenses for planning, implementing and billing Query Service, in addition to providing continued product support, are shown on Chart 5b. The expenses are multiplied by the percentage of Query Service queries to the total query volume for all LNP services.

Total Cost per Query - Capital and Expenses – Various loadings and factors for inflation, Telco engineering, hardwire, land & building are applied to the annual capital amounts for Network and OSS to determine installed investments. Then depreciation, cost of money, income tax, plant specific and ad valorem taxes are applied to the installed investments, as appropriate, to derive annual costs by FRC. PV and FV factors, based on an 11.25% rate are applied to the annual amounts to derive the base year of 1/1/99. The annual costs are accumulated and summed by Network and OSS FRCs. This result is then divided by the expected annual query demand for Query Service.

The expenses for Network, OSS, and Product Support are identified from previous calculations and accumulated by year. PV and FV factors, based on an 11.25% rate are applied to the annual amounts to derive the base year of 1/1/99. The base year expense amount is amortized for 5 years. This result is then divided by the expected levelized query demand for Query Service. The cost due to capital and expenses is summed to derive the total cost per query for Query Service.

DEMAND

Demand – End User Line Charge Rate Elements

The demand data used for this study is regional access line demand for all BellSouth states, which represents the recovery base for LNP cost recovery via the End User Line Charge rate elements. The demand data represents the forecasted access lines for the recovery period 1999 through 2004. Actual recovery will be 5 years from initial billing of the end user charge assumed to be 5/15/99. Official lines are not included in the forecast. Also, non-switched data lines are not included in the forecast. Lines that are not expected to be LNP capable during the recovery period are also excluded from the demand base.

Total access lines include lines or trunks for 1) Primary Residential and Business local exchange service, 2) Feature Group A, 3) Unbundled Network Element (UNE) switch ports, 4) Payphone Service Provider lines, 5) Foreign Exchange service lines, 6) Foreign Central Office service lines, 7) Basic Rate ISDN Digital Subscriber lines, 8) PBX trunks, 9) PRI ISDN, 10) Centrex Type Services, and 11) Lifeline.

A summary is provided by category of demand, that is, by service type (i.e., Total Access lines, Lifeline lines, Single Line ISDN lines, PBX Trunks and PRI ISDN lines), included for the recovery period. Each summary includes wire center implementation dates and counts for which associated lines will become LNP portable. 1/1/99 is the base year. Demand for the 1/1/99 base year is developed based on 1999-2004 demand projections with consideration given to wire center implementation dates. Monthly average in-service quantities are developed by multiplying the number of lines in service by implementation date, times the number of months the lines are in service for the specific year. The annual results are then divided by 12 months to obtain the annual monthly average. PV factors are then applied to all annual amounts for 1999-2004 to obtain the 1/1/99 base year results. Adjustments are made to 1/1/99 base year in service quantities. These adjustments are based on FCC and internal guidelines for billing of the End User Line Charge rate elements. Adjustments include elimination of Lifeline lines from the recovery base. PBX trunks are factored by 9 to account for billing the PBX customer 9 times the single line rate. PRI ISDN lines are factored by 5 to account for billing the PRI ISDN customer 5 times the single line rate. Differences due to adjustments for PBX and PRI ISDN are added to the adjusted access line base for recovery. The result is then applied in the End User Line Charge rate elements cost study (Chart 2b) for developing the cost per line.

Demand – Call Routing Service

BellSouth LNP databases process three types of queries – those received directly to the LNP gateway from other carriers (Query Service), those associated with non-queried calls received from other carriers (Call Routing Service), and those received from BellSouth central offices for BellSouth calls (End User Line Charge). BellSouth used these three types of queries to allocate LNP cost among the three different types of LNP charges.

BellSouth used actual queries processed with judgements about projected growth in calling patterns and the deployment schedules for LNP on the individual switches to project future query volumes. It was also assumed that LNP would not be implemented in a small number of offices, which accounts for less than three percent of the total access lines. The number of internal queries represents approximately 88 percent of queries processed by the LNP databases.

BellSouth forecasted the number of Call Routing Service and Query Service queries by starting with the actual numbers of calls that other carriers terminated on our network and then projected those numbers into the future based on expected growth rates of traffic from the various types of carriers. The growth rates were adjusted based on knowledge of the carriers current operations and future plans to perform their own queries. For 1999 it was assumed the three largest interexchange carriers (including the resellers on their networks), large independents and large CLECs would query their own calls and not use BellSouth LNP Query Service. For the years 2000 to 2004, BellSouth assumed that more carriers would deploy their own databases; therefore, Query Service query growth would occur at a decreasing rate.

RATES

The rates for the new End User Line Charge are set at a level to recover direct costs and the industry shared costs of LNP implementation and development. As discussed in the Cost Development section of this documentation, common overhead costs are included in the End User Line Charge rate elements cost development. The rates are shown on Workpaper 1, page 2 of 2, in Appendix A.

Rates for Call Routing Service and Query Service include overhead amounts consistent with overheads in other recent BellSouth filings. The rates are shown on Workpaper 1, page 2 of 2, in Appendix A.

REVENUES

Projected revenues from the End User Line Charge, Call Routing Service and Query Service are shown on Workpaper 1, Page 2 of 2, and summarized on Workpaper 1, Page 1 of 2, in Appendix A. The revenues, as well as the associated costs and demand as displayed, are non-present worth.

TABLE I

BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
ATLAS	"Application for Telephone Number Load Administration and Selection" performs telephone number load and selection including selection of common language circuit ID serial numbers in a TN format. In addition, ATLAS supports TN selection, inventory and assignment for services beyond POTS, including complex services, small business services and AIN services.	BellSouth modified ATLAS for LNP to handle TN administration because COSMOS, which currently performs TN assignment, is a wire center based system, whereas LNP calls for a cross wire center view of TNs. BellSouth also developed a SOAC LNP interface with ATLAS to administer ported telephone numbers.
BONIS	"BellSouth On-line NXX Information System" is a Corporate Data base system that supports the following capabilities: • Selects a NPA NXX for assignment to a Code Applicant • Verifies that it does not pose cross-boundary seven-digit dialing conflicts • Notifies the Code Applicant of the assignment and effective date • Issues the Code Memorandum that activates the NPA NXX in the BellSouth network • Feeds P/SIMS to provide the negotiating systems and ATLAS with LNP eligibility data and to provide LNP eligibility data on BST NXXs to RDBS inputters. • Feeds ARTS for CCM routing • Provides ability to generate LNP eligibility report to OSs that are not able to accept a mechanical feed (CRIS CO data base). • Capability to generate reports for Public Utilities Commission requests for data/interrogatories.	BellSouth enhanced BONIS Data base for LNP to support new business processes related to Service Provider Portability ("SPP") including sending downstream work groups a code memorandum containing sufficient information to activate LNP NPA NXXs.

BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
CABS	"Carrier Access Billing System" - Used to access, retrieve, record, process, transmit and render access customer billing data.	BellSouth modified CABS for LNP to address message processing changes required to accommodate for the loss of NPA NXX uniqueness such as LRN Lookup, 800 Data base queries made from a ported number, AMA recording, and access bill changes.
CARE	Carrier Access Record Exchange - used to process equal access records	BellSouth modified CARE for LNP to address design changes for recognition of telephone numbers from/to BellSouth in order to provide notification to the appropriate Primary Interexchange Carrier ("PIC") and Local Primary Interchange Carrier ("LPIC") of record.
COFFI	"Central Office Features File Interface" - is an inventory/data base interface for service order negotiation systems and other network systems. On-line systems can access COFFI to retrieve information on services, features, PIC/LPIC data that is applicable to a particular NPA NXX.	BellSouth provided upgrades to COFFI for LNP to allow the users access to information to associate CLEC NXXs with: Toll Message Rate Center ("TMRC"), LNP Capability Indicator, (Indicator that NXX is owned by a CLEC), and a LNP Capable Date. For service order processing flow through, COFFI upgrades address requests from the service order negotiation systems to map the first six characters of the LRN associated with a NPA NXX to the service order.
CRIS/BOCRIS	"Customer Record Information System/Business Office" CRIS: Used to access, retrieve, record, process, transmit and render retail (Business & Residential) customer billing data. "BOCRIS" is an on-line system used to access and input customer data required to support service order and message processing and billing.	BellSouth modified CRIS for LNP to address service order processing and message processing changes associated with number porting. Upgrades to CRIS include changes to system features and functions designed to accept and retrieve information necessary to recognize, record, and bill for number porting services.

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BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
DIS	"Data base Integrity System" compares data elements in BOCRIS, RSAG, LFACS, COSMOS, and LMOS. In comparing the data bases, DIS identifies discrepancies, makes logical corrections based on interdepartmental rules, and generates update files to the originating systems.	BellSouth enhanced DIS software for LNP to recognize new loop statuses in LFACS, COSMOS, and LMOS introduced by LNP.
DDNS	"Directory Delivery Notification System" - Primary function of DDNS is to review all service orders daily to identify order activity that indicates that directories need to be delivered. DDNS passes specific field data to the BellSouth Advertising & Publishing Company ("BAPCO") Directory Delivery System for completing the processes required to deliver directories to customers.	BellSouth modified DDNS for LNP to support LNP address changes required to recognize and react to specific Field Identifier data, ZLSA/EXK – the service order address for NXX exchange key, identifying CLEC NPA NXX and initiating notification to BAPCO to process and complete the delivery of directories to customers.
DOE/DSAP	"Direct Order Entry/DOE Support Application" - Service order negotiation system used by BellSouth Business Services Centers (Small Business, Complex Business, Local Customer Service Center) to process and issue orders for GA, FL, NC, SC.	BellSouth modified DOE/DSAP for LNP to provide the capabilities to negotiate and generate service orders associated with number porting, including screen changes, edits, system interface upgrades, new FIDs and Universal Service Order Codes ("USOCs"), service order negotiation and activity types.
DPRO	"Digital PROvisioning" - assists the Outside Plant Engineer in creating and distributing the span design for customer DS1 services.	Enhanced DPRO for LNP to accept concept of CLEC NPA NXX occurring in more than one BellSouth switch.
E911-IREIS/BSSDI	E911/BSSDI is an arrangement by which BellSouth E911 Telephone Number ("TN") subscriber records, or any other CLEC subscriber records residing in the Interim Regional Emergency Information System ("IREIS"), can be provided to another E911 system. BellSouth has been requested to provide their TN subscriber records to other E911 Systems where BellSouth is not the lead telephone company in a county, municipality, or parish.	BellSouth implemented National Emergency Number Association ("NENA") Company-ID values for data exchange, use of NENA Company-ID values from unauthorized data base updates, and inclusion of NENA Company-ID values in the Address Location Identifier ("ALI") data stream.

BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
HAL	"Hands-Off Assignment Logic" is a terminal emulation system that resolves Request for Manual Assistance (RMA) in the AFIG.	BellSouth enhanced HAL for LNP to recognize the new LNP FIDs and screen changes associated with this data. ATLAS TN inquiries will also be added to support TN Administration move from COSMOS.
IBIS	"Interdepartmental Billing Investigation System" - Billing accuracy control that is used to initiate the investigation of billing defects.	BellSouth modifications to IBIS for LNP were the development of a new field to supply the LRN for WFA to dispatch/initiate completion of billing investigation cases that are forwarded to network for resolution.
IBISDI	IBISDI - is a Taskmate interface between IBIS and WFA-DI. It mechanizes both the loading of billing investigations to the appropriate person within the NISC and the closing of IBIS cases back to the originator.	Prior to LNP, IBISDI makes loading decisions to send to WFA-DI based on AMA Office Identification or on NPA NXX. With LNP the NPA NXX can no longer be used to select the WFA-DI location. BellSouth modified IBISDI to recognize the LRN that IBIS is supplying
ISP	"Installation Support Package" screens and reformats the service order for download to mapper, a programming language.	BellSouth enhanced ISP to accept new LNP FIDs to derive the appropriate unit number.
LCCAM	"Line Class Code Assignment Module" mechanically assigns line class codes.	BellSouth enhanced LCCAM for LNP to read the data following the Field Identifier Exchange Key (" FID EXK") and use the data to determine which NPA NXX table in LCCAM to use to apply a line class code.
LEACS	"LMOS Error Analysis and Correction System" provides terminal emulation for error resolution.	BellSouth enhanced LEACS to read new LMOS screens implemented for LNP to support accounts that include Primary Line Identifiers ("PLIDs") and Secondary Line Identifiers ("SLIDs"), Ported Out ("POUT") scenario for LMOS data base update, TN Reclaim, and to update screen to BOCRIS to identify POUT FID.
LEAP/TAP	"Testing and Analysis Program" performs testing, analysis and referral of troubles on Service Orders ("SO") due today.	BellSouth enhanced TAP for LNP to use FID LRN instead of NPA NXX for routing test requests to the correct central office test system.

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Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
LIST	LIST - Provides directory information to the Operator Services Systems for Directory Assistance. LIST feeds Directory Assistance and Operator Services wholesale products data bases and validates service order listing entries.	BellSouth modified LIST for LNP to include changes to recognize CLEC NPA NXX based on the FID ZLSA/EXK and to retrieve and distribute to the Directory Assistance and Operator Services data bases listing data associated with number porting.
LMOS HOST -ALRU	"Automated Line Record Update" reads Service Orders in completed status from SOCS and executes batch runs to LMOS to update LMOS line records with Service Order activity.	BellSouth enhanced ALRU for LNP to mark Service Orders as Hybrid D or Port-Out, moved POUT FID in Unfielded identification section of SO to Service and Equipment ("S&E") section, changed the ported inventory update field identifier ("INVU FID") to ZNVU and changed POUT to ZPOUT when there is an appearance of the FID INVU on an outward action code (O) on a D order or C order in the S&E and a POUT FID on the same outward USOC line, and utilized EXK FID for Port-In SOs.
MISOP	"Mechanized Interface to the Service Order Processor" - Mechanized service order generator for automated systems such as RightTouch, Complex Services Profile System ("CSPS"), Directory Orders, Online Treatment, and Independent Company Number Services ("ICONS"). MISOP feeds information to the service order negotiation systems, SONGS and DOE to generate service orders.	BellSouth modified MISOP for LNP to provide system capability to recognize and retrieve FID data for NPA NXX in association with a BellSouth switch when a CLEC order is being issued or when the service request pertains to a ported number.

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Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
MSA Test Terminations	"Metropolitan Statistical Area Test Terminations" for LNP testing (both intra-company and inter-company). Local test terminations will allow the testing of BellSouth's ability to Port-Out and Port-In telephone numbers as well as the testing of a CLEC switching network inter-connectivity to BellSouth's. Also, will be used to test the internal BellSouth ordering, provisioning, billing and maintenance process and by the CLECs in their LNP test cases. LNP tests provide the BellSouth work centers with a working knowledge of the new service capabilities and switching requirements of LNP.	Same
NETTS	"Network Trunk Translations System" application is used to automatically generate trunk group and member level translations for the Circuit Provisioning Group ("CPG").	BellSouth enhanced system to support new LNP trunk group options and architecture changes for new CLEC facility based trunk groups.
ORION	"On-Line RSAG Interface for Order Negotiation" is an interface used by service reps to view the RSAG information based on service address. ORION provides an on-line presentation of RSAG address and living unit data for users of the service order negotiation systems for service input and address validation.	BellSouth modified ORION for LNP to display information (NPA NXX – first six characters of the LRN) to the service representative when an address validation occurs in RSAG in connection with a ported number. ORION will display data for the CLECs based on data received from RSAG and COFFI.
OVERTURE/ ROS	"Regional Ordering System" is a service order negotiation system that will replace the SONGS and DOE/DSAP legacy systems to provide regional service order negotiation and generation functionality for the Business Services Centers.	BellSouth modified ROS for LNP to provide center capabilities to negotiate and generate services orders for Port-Out and for Port-In to the appropriate central office switch in the BellSouth TMRC.

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Table I - OSS DEFINITIONS
100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
P/SIMS	"Products/Services Inventory Management System" is an inventory system that is used to access information on central office services, features, availability dates and NPA NXX.	BellSouth modified P/SIMS for LNP to associate all LNP capable NXXs belonging to CLECs with a BellSouth Central Office. Information regarding feature availability and service for a given NXX is maintained by P/SIMS and distributed to the service order negotiation systems to process service orders in connection with a ported number.
RE-LOG	"Referred to Engineering Log" system provides Outside Plant Engineering, Construction, Installation & Maintenance, the Address Facilities Group, and Consumers a means of mechanically tracking all held service orders in BellSouth.	BellSouth expanded the SOCS/ReLOG interface for LNP to include new LNP FIDs and tags. SOCS must be able to set a flag via FIDs to capture orders that fall into the LNP category. BellSouth enhanced ReLOG to receive this new data and store it for retrieval.
RICC (DBAS II INTERFACE)	RICC is a BellSouth mainframe interface system which receives service order data from SOCS and passes it to DBAS II for use in calling card validation.	BellSouth modified RICC for LNP to provide the capability to recognize ported number data on orders received from SOCS and is passed to DBAS II.
RIGHTTOUCH	RightTouch is an automated BellSouth system used by Consumer customers to make payment arrangements and order calling services.	BellSouth upgraded RightTouch for LNP to address changes for the system to recognize numbers that are ported-In from a CLEC as a BellSouth customer to provide customers with ported numbers access to automated features for making payment arrangements and for ordering calling services.
RNS	"Regional Negotiation System" is a service order negotiation system used by BellSouth Consumer Services Centers to process and issue retail orders for residential consumers.	BellSouth modified RNS for LNP to provide the capabilities to negotiate and generate service orders associated with number porting, including screen changes, edits, system interface upgrades, new FIDs/USOCs, service order negotiation and activity types.
RSAG	"Regional Service Address Guide" is an inventory system that maintains an association of street addresses to BellSouth wire centers used for service order processing.	BellSouth modified RSAG to allow a CLEC NPA/NXX to be associated with the appropriate BellSouth switch within a TMRC for processing orders associated with number porting.

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100% Direct OSS Cost

BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
SNECS	SNECS interfaces between TAFI and MARCH to create line recent changes that correct customer trouble reports.	SNECS selects the switch that requires the line recent change based on NPA NXX tables provided by MARCH. Because LNP will require that NPA NXXs be duplicated within rate centers, this table will be obsolete. BellSouth modified SNECS to allow it to obtain the switch for LNP lines from TAFI.
SOCS	"Service Order Control System" provide routing and distribution of service orders to associated service order processing systems (for example, network systems, billing, systems, Service Order Edit Routine, LNP Gateway, etc.).	BellSouth upgraded SOCS for LNP for navigator contract arrangements with the LNP Gateway to send information on Port-Out and Port-In orders to the LNP Gateway. The information is used to provide routing information (LRN) to the NPAC.
SOER	"Service Order Edit Routine" is a subtask of SOCS, and interfaces with all the service order negotiation, provisioning, and billing systems associated with service order processing.	BellSouth upgraded SOER for LNP to mechanically validate/edit service orders containing LNP FIDs and/or USOCs, required for service order flow through.
SONGS	"Service Order Negotiation System" is a service order negotiation system used by BellSouth Business Services Centers (Small Business, Complex Business, Local Customer Service Center) to process and issue orders for AL, MS, KY, TN LA.	BellSouth enhanced SONGS for LNP to provide the capabilities to negotiate and generate service orders associated with number porting, including screen changes, edits, system interface upgrades, new FIDs/USOCs, service order negotiation and activity types.
TAFI	"Trouble Analysis Facilitator Interface" provides a mechanized interface to OSS involved with the repair process. TAFI uses rules based logic to provide automated trouble receipt, screening, and resolution for repair technicians in the Business Repair Center ("BRC") and the Residential Repair Center ("RRC").	BellSouth provided changes to TAFI for LNP to accommodate corresponding changes to LMOS and MLT. Software changes were made to interface with the LNP TA application to allow repair technicians to access TAFI data through the LNP TA GUI.

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BELLSOUTH SYSTEM	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
TCN	The "Tightly Controlled Network" is a TCP/IP network that is highly secured. It consists of Bay Networks Routers and T1s connected to the BellSouth Open Systems Interconnection Platform (" BOSIP") through a single connection point in the Atlanta Data Center. Filters in the Atlanta routers inspect every packet to validate the source and destination address. Two major projects on TCN are AIN SMS and Electronic Communications Gateway.	BellSouth updated the current configuration of TCN for LNP because the prior configuration had one entry point to BOSIP for all traffic to and from TCN. Network redundancy was not provided so a single point of failure existed and represented a potential performance bottleneck. BellSouth established a new TCN Gateway interface in Charlotte, N.C to meet the requirements of LNP.
TIRKS/GTAS	"Generic Trunk Administration System" is a submodule of the Telcordia TIRKS® system. GTAS gives BellSouth the ability to create new or modify existing TIRKS GTAS trunk translations screen in order to support new switch generic changes.	BellSouth enhanced the 5ESS trunk translation screen to add one new field required for the 5E12 generic feature, Port-In in Locations with Overlay NPAs. This new field was required for ISDN PRI trunk groups.
TRAFFIC-WISE	Traffic-WISE is a system that performs subscriber line usage studies	BellSouth developed an Intranet page to provide a manual workaround for determining a Common Language Location Identifiers ("CLLI") from a 10 digit Ported-in Telephone Number.
VNS	"Virtual Negotiation System" is used by telemarketing vendors to negotiate and issue service orders.	BellSouth upgraded VNS to recognize and provide a message to the user that a number is a port-in CLEC number and to support service order format changes associated with numbers ported-in.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
COSMOS	"Computer System for Mainframe Operations" performs TN assignment and administration, preferential assignment of equipment, frame jumper reuse, tie-pair management, and frame work management.	COSMOS is a wire center based system, whereas, LNP calls for a cross wire center view of telephone numbers. New data fields must be added to meet FCC requirements. TN administration will be removed from COSMOS and handled by another system. BellSouth was required to enhance software for Dial Transfer, Area Transfer, and Frame transfer to support LNP environment.
DBAS II	"Data Base Administration System" is a Telcordia product used for updating BellSouth's Line Information Data Base (LIDB) for calling cards, third number and collect billing. DBAS supports and disseminates information to LIDB.	BellSouth was required to upgrade DBAS II to include LNP capability support for service provider ID being added to LIDB for administering calling cards, third number and collect billing in connection with ported numbers. The system required upgrade to recognize activity at the line level versus the NPA NXX level.
ITE/SG	"Integrated Traffic Engineering/Strategy Generator" monitors the SS7 network and traffic on switches.	BellSouth was required to update the ITE Common Channel Signaling (CCS) model library to include up to 50 new models to support performance monitoring and sizing for LNP.
LFACS	"Loop Facility Assignment and Control" system maintains a mechanized inventory of outside plant facilities and assigns the outside plant facilities to Assignment Requests received from SOAC as a result of customer service order activity. LFACS also generates work sheets for cable transfers.	BellSouth was required to expand the SOAC interface to LFACS for LNP to include the new FIDs and tags indicating that service is being ported-in or ported-out. Changes are required to the current connected facilities processing to permit different rules when the customer is disconnecting because they are porting out versus a normal disconnect.
LIDB	"Line Information Data Base" is a national level administrative system for calling cards, third number and collect billing.	BellSouth was required to upgrade LIDB for LNP to add service provider ID to administer calling cards, third number and collect billing in connection with ported numbers.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
MARCH	MARCH system provides automated service order flow-through and/or facilitates the manual entry of service request information into end offices. MARCH translates line-related service order data into switch provisioning messages to targeted stored program control system switches.	BellSouth was required to expand the SOAC interface to MARCH for LNP to include new FIDS and tags indicating that service is being ported-in or ported-out. MARCH must be able to set the terminating trigger in the original (ported-out) Local Digital Switch. It also was upgraded to correctly sequence the LNP orders to reduce the amount of downtime the customer will experience during a transition and to establish the correct intercept treatment that the customers will receive.
MYNAH (AETG)	MYNAH is used by the Interproduct test group to test network applications.	BellSouth was required to enhance MYNAH for LNP to more rapidly create thorough automated software tests for the increase test that are required to support LNP implementation.
NETPILOT	NetPilot is the Memory Administration Operations System for recent change updates to the Common Channel Signaling Network Elements.	BellSouth was required to enhance NetPilot for LNP to utilize the 10 Digit Destination Point Code Translation versus the 6 Digit Destination Point Code. This feature supports the Memory Administration of new Global Title Translations that will route Transaction Capabilities Application Part messages to the Message Relay node function for ported 10 digit telephone numbers involved in LNP.
NSDB	"Network and Services Data Base" supports the provisioning and maintenance of customer services and network infrastructure. It retains layout records for all design services including specials, message and carrier. It also contains some non-design circuits or services.	BellSouth was required to enhance NSDB to process, store and display the new FIDs and tags associated with LNP. The LNP indicators must be stored and displayed in NSDB to facilitate provisioning and maintenance as well as the Centers personnel interfacing with the CLECs for these activities.
SOAC INTERFACE TO ATLAS	"Service Order Analysis and Control interface to Application for Telephone Number Load Administration and Selection" provides access to BellSouth's internally developed ATLAS system.	BellSouth was required to provide an interface from SOAC to ATLAS to support LNP implementation.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
SOAC	"Service Order Analysis and Control" is a key system of the FACS family. It receives and parses service orders and creates the Flexible Computer Interface Format ("FCIF") messages that go downstream to provisioning systems.	BellSouth was required to expand the SOAC interface to COSMOS, LFACS, TIRKS, and NSDB to include new FIDS and tags for LNP. The new FIDS and tags, required to identify ported-out and ported-in TNs, must be processed on service orders.
WFA/C	"Work and Force Administration" systems manage and automate most of the work assignments required to install and repair BellSouth facilities, trunks, special service circuits, and business/residence lines. WFA/C (WFA-Control) is an automated on-line system that serves to mechanize, within a control center, the overall coordination and tracking of the Installation & Maintenance ("I&M") activities associated with special service, message carrier and non-designed circuits or services.	BellSouth was required to enhance WFA/C interface to NSDB, WFA/DO, and WFA/DI to support new LNP FIDs and tags. Line record information for exported TNs will be available for WFA/C processing via NSDB. Certain algorithms that use NPA NXXs as a criterion were enhanced to ignore ported-out circuits.
WFA/DI	"WFA/Dispatch In" is a work and force management system which serves to mechanize the overall coordination and tracking of the I&M activities for BellSouth work centers.	BellSouth was required to enhance WFA/DI to support new tags and FIDs for LNP. In addition, the WFA systems will have to be able to handle new order status for ported-out TNs, as well as enhanced USOC/FID processing to support new line record fields.
WFA/DO	"WFA/Dispatch Out" automates the work assignments of technicians who work outside the Central Offices to install and maintain telephone services. It automates such tasks as loading and prioritizing work requests, estimating the time required to do jobs, and scheduling the work. It provides on-line status tracking of work requests and helps track productivity of a work center for management use.	BellSouth was required to enhance WFA/DO to support new tags and FIDs for LNP. In addition, the WFA systems will have to be able to handle new order status for ported out TNs, as well as enhanced USOC/FID processing to support new line record fields.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
Telcordia Professional Services - National LNP Coordination	Professional Services Work Order No. 7286BS - Local Number Portability - National LNP Coordination: Pursuant to FCC order, all LECs were required to implement LNP starting in October, 1997 in targeted Metropolitan Statistical Areas (MSAs). By December 31, 1998 the top 100 MSAs must have LNP capabilities. This work effort will assist the BellSouth in complying with the FCC order.	The scope of this work is defined as: • Telcordia will provide 33 consulting days of LNP national coordination support consisting of the following activity: • Telcordia will convene & support an LNP national coordination team consisting of participating clients. The mission will be to identify & share LNP implementation issues. The specific work to be performed for BellSouth under this Work Order will be determined by Telcordia in 1997, based upon BellSouth & other participating clients' input.
Telcordia Professional Services - LNP Operation Team Consulting for BellSouth	Work Statement # 6LNPBS - LNP Operation Team Consulting - BellSouth: Telcordia provided BellSouth an experienced consultant to support BellSouth's LNP Network Operations Team and to represent BellSouth's interests and needs to Telcordia.	Fixed fee includes BellSouth's share of Telcordia's travel & living expenses for Telcordia consultant to travel to BellSouth sites.
Telcordia LNP NPA Split Support (SOAC/LFACS)	Software Services Work Statement # G42300 - LNP NPA Split Support (SOAC/LFACS): Licensed software enhancement delivered on OS2200 & MVS platforms for the FACS/Dual SOE SOAC (DSF) Release 20.5. • SOAC software will provide tools to split NPA NXXs in new tables for LNP, rather than splitting them manually. • LFACS software will accept a new data item, EXG KEY, form SOAC & store it in the LFACS data base. The new item will include NPA NXX information, which is needed for an NPA split.	Same

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION

Common Telcordia Package	Software Services Work Statement # LNP304 -LNP - Software Solutions Common Support Carryover:
	Licensed software enhancements for the following OSS: SOAC, LFACS, MARCH, NSDB, WFA/C.
	• On-site LNP Implementation Manager
	  • Telcordia will provide an experienced Field Implementation Manager to assist with the Licensed Software implementation planning and management.
	  • Installation services will be provided for NSDB, WFA/C, WFA/DI, & WFA/DO Licensed software.
	  • Certify that the Licensed Software is functioning in Customer's test runtime environment, after the installation environment certification is completed, by executing a set of functional test cases.
	• LNP Project Management Support - 40 weeks of on-site support.
		Same

LMOS-FE	"Loop Maintenance Operations System Front End" is used to enter, status, track and test customer trouble reports and service orders. It also has mapper capabilities used to dispatch work items to the proper work group.	BellSouth was required to enhance LMOS-FE to enable storage of ported POTS numbers in Host and Front End Specials and Special Services ("SSD") data bases. The Cross Front End (XFE) was modified to accommodate the potential location of a ported number in a data base other than the home location for its NPA NXX.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
LMOS HOST	"Loop Maintenance Operations System-Host" maintains customer line record information via the completed service orders for the purpose of processing trouble reports in the RRC, BRC, and Work Maintenance Center (" WMC").	BellSouth was required to modify Host for LNP to support the new functionality required to handle Port-In to a non-home switch in the LMOS FE and Predictor. BellSouth was also required to modify the Process Orders as Written (POW) features to: 1) define a new type of hybrid Multi-line D SO, and 2) given the presence of the LINE and POUT DP FIDS, prevent the line from being disconnected, and instead ported-out.
MLT	"Mechanized Loop Testing" provides the means for testing Plain Old Telephone Service (POTS). It is used for identifying and correcting loop problems in response to customer trouble reports. It is also utilized for testing in an effort to prevent customer reports.	BellSouth was required to add a new line record item, the Location Routing Number (LRN), to the line record data provided to MLT by LMOS. The LRN will serve as a switch identifier. The Ported status will be added to the Line Record Feature list. This will indicate the current status of the DN, such as ported-in, ported-out. In addition, the Office Equipment ("OE") number will be required for testing ported numbers on all non-ESS5D switches.
MTS/APRIL	"Mechanized Translations System(MTS)/with Automated Processing of RC Input Letters (APRIL)" stores the translations routing and billing forms/tables for the 1AESS, 5ESS, and DMS-100/200/TOPS offices in a software format within a file server. An Electronic Technician (ET) makes changes to the forms/tables on a pending basis, and MTS creates the Recent Change messages to send to the switch. APRIL delivers the changes and keeps a status, reporting same to the ET, allowing the ET to do other tasks while the changes are being made. MTS/APRIL is also the system used by the NISC to input the complex routing and billing translations changes to the central office switches.	BellSouth was required to update MTS Forms/Tables to support LNP. APRIL was upgraded in order to deliver new Recent Change messages generated by MTS to the switch.

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TELCORDIA SYSTEMS	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
SSCAS	Craft Access System allows technicians to receive and close job assignments via a hand held terminal. It also allows technicians to access other operational systems to input, retrieve and manipulate data.	CAS is a function of the LMOS systems. BellSouth was required to make changes to software to accommodate expanded tables in LMOS. Any changes in LMOS must be mirrored in CAS.
PREDICTOR (LET)	PREDICTOR provides switch and test data for POTS numbers. PREDICTOR maintains a customer record data base, separate from LMOS, which associates facility information with an ALIT tested customer telephone number.	BellSouth was required to make changes to software for LNP to 1) provide line record and user transaction changes to accommodate new LMOS data, 2) support data feed input changes from LMOS, 3) support data base changes to accommodate the expanded number of NPA NXXs, and 4) modifications to the query function that requires more system CPU.

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Table I - OSS DEFINITIONS
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NEW SYSTEM DUE TO LNP	DESCRIPTION	DESCRIPTION OF LNP MODIFICATION
LNP AUTOMATION	LNP Automation was designed to mechanize service representative work functions in the Local Carrier Service Center. The application automates manual work effort to speed service requests from Competitive Local Exchange Carriers (CLECs) through the provisioning process.	BellSouth had this system developed specifically for the provision of LNP services. Additionally, BellSouth purchased hardware components specifically for this application.
LNP GATEWAY	The LNP Gateway applications was designed to interface BellSouth applications to the Number Portability Administration Center (NPAC). The LNP Gateway transmits messages from BellSouth applications to the NPAC as well as receives and forwards messages sent from the NPAC.	BellSouth had this system developed specifically for the provision of LNP services. Additionally, BellSouth purchased hardware components specifically for this application.
LNP TA	LNP Trouble Administration (LNP TA) was developed to allow BellSouth service technicians to manage troubles related to ported telephone service.	BellSouth had this system developed specifically for the provision of LNP services.
LNP TA GUI	The LNP Trouble Administration Graphical User Interface (GUI) was developed by AMS to be used by service technicians in repair centers. The GUI allows the technicians to view multiple repair related applications to facilitate resolution of a trouble.	BellSouth had this system developed specifically for the provision of LNP services.
LSR ROUTER	The Local Service Request (LSR) Router was designed to support new interfaces between the CLECs and BST. The primary function is to route messages received from other carriers to the appropriate application based on a message type. The primary types of service the Router supports are: Local Number Portability, Interim Number Portability, Service Unbundling and Service Resale.	BellSouth had this system developed specifically for the provision of LNP services. Additionally, BellSouth purchased hardware components specifically for this application.

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Table I - OSS DEFINITIONS
Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
Facility Assignment and Control System ("FACS")	FACS is a multi-component system designed to automatically process the assignment of service orders. It primarily utilizes four major applications: (1) Service Order Analysis & Control ("SOAC"); (2) Loop Facilities Assignment and Control System ("LFACS"); (3) Provisioning Analyst Work Station ("PAWS"); and (4) Hands-off Assignment Logic ("HAL"). The AFIG depends on FACS to support installation activities and central office facilities changes. BellSouth's Maintenance Centers use FACS when processing customer trouble reports that require changes in outside plant facilities. Additionally, the Facilities Assignment Specialist uses FACS to prepare and process Engineering Work Orders.	FACS system capacity projections for the BellSouth region indicated the need for capacity additions, a portion of which is related to LNP. BellSouth purchased two (2) UNISYS 2200/3800 3X-processor mainframes (196 MIPS) in order to meet capacity estimates and to avoid degraded operations. A portion of the capital costs for these processors is directly related to the provision of LNP. BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated as follows. Based on Telcordia's estimate, BellSouth would determine total capacity increase needed region-wide for LNP. BellSouth would then divide the needed increased capacity by the total capacity available in the two new processors.
Telcordia Service Order Planning Work Statement	Telcordia will provide transition consultation, planning and site-support for FACS and the interfaces from its SOAC module, including support for site planning, testing cut-live and on-going problem analysis/resolution. The expenses associated with this project include travel & living expenses for Telcordia's consultant to travel to visit BellSouth sites.	BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated by dividing the total number of days the consultant's time is estimated to be used for LNP by the total number of business days the consultant is available.

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Table I - OSS DEFINITIONS
Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
Mechanized Loop Testing ("MLT")	MLT provides the means for testing plain old telephone service ("POTS"). It is used for identifying and correcting loop problems in response to customer trouble reports. It is also utilized for testing lines to prevent service problems to customers. MLT formerly ran on the VAX8650 processors. These processors were replaced with HP9000s to accommodate new LNP feature software because LNP software was not compatible with the VAX8650 processors.	A portion of the capital costs for this processor is directly related to the provision of LNP. BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated by dividing the number of MLT testable lines in the region by the projected number of ported lines per year. The purchase of these processors were advanced in order to accommodate the provision of LNP. Additionally, BellSouth proposes to treat the cost of advancement for purchasing the new processors as Type 2 costs.
Mechanized Translations System ("MTS")/with Automated Processing of Recent Change Input Letters ("APRIL") ("MTS/APRIL"	MTS/APRIL is a file server that stores the translations routing and billing forms/tables for the 1AESS, 5ESS, and DMS-100/200/TOPS offices in a software format. When an Electronic Technician ("ET") makes changes to the forms and tables on a pending basis, MTS creates the Recent Change ("RC") messages to send to the switch. APRIL delivers the changes and keeps a status, which it reports to the ET, allowing the ET to do other tasks while the changes are being made. MTS/APRIL is also used by the Network Infrastructure Support Center ("NISC") to enter the complex routing and billing translation changes to the central office switches.	BellSouth replaced two existing MTS file servers with two new file servers due to memory exhaust, processor overload problems, and increased activity caused by LNP. A portion of the capital costs for these servers is directly related to the provision of LNP. BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated by dividing the total number of LNP forms currently in MTS by the total number of forms in MTS.
Network Traffic Management Operational System ("NTMOS")	NTMOS collects, analyzes and patterns real-time network congestion and enables managers to control live traffic in the network to efficiently utilize network resources.	BellSouth purchased features 129, 187, and 218 for NTMOS. Features 129 and 187 are prerequisites to feature 218. Feature 218 provides 5-minute total office measurements specific to LNP. These measurements provide a view of the load LNP places on the signaling network and tracks provisioning problems associated with LNP. BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated by dividing the estimated number of calls associated with LNP by the estimated total number of calls.

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Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
Signal Traffic Management ("STM")	STM collects real-time CCS7 traffic data from the STPs and SCPs and displays data to the Network Management Center ("NMC"). BellSouth replaced current Signaling Engineering Administration System ("SEAS") with the STM so that real-time information can be obtained. This required the purchase of HP-9000 processors for the STM platform and STM feature software to collect network element generated data, to alert the user to on-occurrence alarms, exceptions, and to provide for detailed displays and reporting of data.	BellSouth proposes to allocate to LNP a share of both the capital and expenses associated with application based on a percentage calculated by dividing the projected LNP data flow divided by the total projected data flow.
Traffic Data Management System ("TDMS")	TDMS polls and collects traffic data from the Class 5 end offices throughout the BellSouth region. The DMS 100/200 interface was changed to increase traffic data buffer size.	TDMS was also modified to detect the difference in format of the initial structure sent by the DMS-100/200 and decide whether to process the data as an old or new style interface. This feature provided the ability to collect data for the requirements estimated for LNP. A portion of the costs for this modification to TDMS is directly related to the provision of LNP. BellSouth proposes to allocate a portion of joint costs to LNP based on an estimate of the data buffer expansion needed to accommodate LNP.
Total Network Management ("TNM")	TNM provides surveillance and analysis of all BellSouth switch network elements including 1650 local and toll switches, all SS7 STPs, and all Voice Mail switches. BellSouth's regional centers utilize TNM to maintain the switching and message trunking network.	BellSouth enhanced TNM to provide the capabilities required to continue to support changes in the switching network. Accordingly, a portion of the costs for the enhancements to TNM is directly related to the provision of LNP. BellSouth proposes to allocate a portion of joint costs to LNP based on an estimate of the increased network load that LNP will cause through increased data traffic in TNM.

BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
K2 Upgrade	K2 is a PC LAN-based work management application used in the Recent Change Memory Administration Group ("RCMAG"). It collects non-flow-through service orders, change messages and switch rejects from the MARCH application. K2 automatically resolves certain switch rejects and prioritizes the remainder of the manual work for presentation to the user. K2 will also pull POTS trouble tickets and prioritize work for presentation to the user. In addition, K2 has a Random Observation Module that is a management tool to evaluate employee performance.	Because the manufacturer has discontinued the existing K2 platform, it cannot be enhanced or changed. BellSouth purchased K2 6.X, the replacement product for K2, to provide the platform for LNP. The new architecture will also accommodate the Universal Service Order Code ("USOC") and transaction volume growth that is anticipated with LNP. A portion of the costs for the purchase of K2 6.X is directly related to the provision of LNP. BellSouth proposes to allocate to LNP a portion of joint costs based on a percentage calculated by dividing the projected LNP non-flow-through service order volume by the total projected non-flow-through service order volume.
PREDICTOR	PREDICTOR provides switch and test data for POTS numbers and maintains an assorted customer record data base. PREDICTOR provides access to the central office to allow performance of feature verifications on customer reported troubles.	BellSouth acquired a new platform to support LNP feature changes because the existing processor could not support the new demands placed on it by the new generic. Additionally software changes were required to accommodate the LNP requirements. BellSouth proposes to allocate to LNP a share of these costs based on a percentage calculated by dividing the number of Predictor ALIT Testable Lines by the projected number of ported lines per year.

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BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
Advanced Routing and Trunking System ("ARTS")	ARTS is used by the state circuit capacity management ("CCM") routing staffs to provide routing instructions to the state NISC for translation purposes. BellSouth has replaced the Mechanized Routing System ("MRS") with ARTS, because the MRS could not reflect the NPA NXX codes targeted for porting and the incoming screening instructions at BellSouth local tandems where CLECs will interconnect. ARTS calculates primary and alternate routing for all NPA NXXs. BellSouth also had to add an interface to the Telcordia TIRKS® system to keep trunk inventory correct between ARTS and TIRKS.	BellSouth modifications to ARTS resulted in costs directly related to the provision of LNP. BellSouth proposes to allocate to LNP a percentage of these costs based on the LNP offices and NPA NXXs using ARTS. Moreover, BellSouth had to buy new personal computers ("PCs") and a new server for the CCM routing staff in the NISC in order to support the modified ARTS. BellSouth proposes to allocate to LNP a percentage of the computer costs by first assigning a percentage of the costs to ARTS based on the amount of the new computers usage associated with ARTS. Second, a percentage of the costs determined to be associated with ARTS is then allocated to LNP based on the LNP offices and NPA NXXs that use ARTS.
Mechanized AMA Test Validation ("MATV")	MATV is used by the NISC to test BellSouth's central office routing and billing translations to ensure they conform to the BellSouth Routing and Billing Standard ("BSRBS"). MATV tests are performed on both demand (new provisioning) and routine (ongoing compliance) activities.	To provide LNP services, BellSouth enhanced this application to validate AMA modules. It also upgraded processor software to handle the test load increase that will be generated by LNP testing requirements. Additionally, the AMA interface to the MATV was upgraded to link it directly to the AMA collectors Electronic Toll Collection System ("ETCS") via Transmission Control Protocol/Internet Protocol ("TCP/IP"), and the MATV office configuration, scheduling, updating and utilities were modified to support the CLEC NXXs. BellSouth proposes to allocate to LNP a share of the costs based on a percentage calculated by dividing the projected volume of LNP test call passing through the AMA interface by the projected total number of test calls passing through the AMA interface.

BellSouth Telecommunications, Inc.

Table I - OSS DEFINITIONS
Joint OSS Cost

Operating Support System (Vendor Provided)	DESCRIPTION	DESCRIPTION OF MODIFICATION / ALLOCATION BASIS FOR JOINT COST
Mechanized Trouble Analysis System ("MTAS")	MTAS provides trouble report information for internal use, and to respond to regulatory agencies.	BellSouth modified line count jobs to identify and aggregate lines, *e.g.*, working, ported, recalls, so that it can provide POTS trouble report rates for CLECs. Additionally, BellSouth updated downstream jobs to utilize the count information for reporting purposes. BellSouth proposes to allocate to LNP a percentage of these costs calculated by dividing development time spent coding LNP changes by the total time spent coding all changes to MTAS, including fiber in loop enhancements.
VERBATIM	VERBATIM is a utility used by BellSouth to investigate billing discrepancies and to verify recording capabilities.	To accommodate new message recording, VERBATIM was upgraded with LNP/Service Provider Portability modules in order to maintain message processing integrity. BellSouth proposes to allocate to LNP a percentage of these costs calculated by dividing the hours spent providing LNP upgrades by the total hours required to perform an entire VERBATIM upgrade.
Advanced Intelligent Network Service Management System ("AIN-SMS") Hardware & Software	BellSouth adapted this OSS to manage the LNP SCPs and their data bases. The AIN-SMS receives ported number information broadcast from the Number Portability Administration Center ("NPAC") (via the BellSouth LNP Gateway), processes that information, and downloads it to the appropriate LNP SCP. The AIN-SMS also performs LNP data base management functions during NPA splits, provides access to LNP SCP data when audit requests are received from NPAC, provides reports, and serves other System Management functions.	Additions and upgrades to the AIN-SMS were required primarily because of the real-time nature of SMS processing for LNP. (LNP data must be processed in near-real-time.) These additions and upgrades increased the processor capacity (faster throughput), added memory, improved the speed at which system backups are made, and provided software to improve system reliability. The SMS manages both LNP and AIN network elements (SCPs and Service Circuit Nodes "SCNs"). Accordingly, BellSouth proposes to allocate a portion of joint costs to LNP based on the ratio of LNP SCPs to total number of AIN and LNP network elements.

APPENDIX A

LONG-TERM TELEPHONE NUMBER PORTABILITY
BELLSOUTH LOCAL NUMBER PORTABILITY
REVENUE/COST SUMMARY

APPENDIX: A
WORKPAPER: 1
PAGE 1 OF 2

BELLSOUTH LNP	5 YEAR REVENUE	5 YEAR COST	UNIT COST/ UNIT PRICE RATIO
End User Line Charge	$607,962,104	$604,688,462	0.995
Call Routing Service	$66,581,975	$25,980,287	0.390
Query Service	$23,832,294	$15,032,652	0.631
Total	$698,376,373	$645,701,401	0.925

BELLSOUTH TELECOMMUNICATIONS, INC.

LONG-TERM TELEPHONE NUMBER PORTABILITY
BELLSOUTH LOCAL NUMBER PORTABILITY
REVENUE /COST SUMMARY

APPENDIX: A
WORKPAPER: 1
PAGE 2 OF 2

BELLSOUTH LNP	RATE	5 YEAR DEMAND	5 YEAR REVENUE	5 YEAR COST
End User Line Charge	.39	1,558,877,189	$607,962,104	$604,688,462
Call Routing Service	.005	13,316,395,039	$66,581,975	$25,980,287
Query Service	.00130000	719,617,927	$935,503	$336,781
	.00126000	763,904,771	$962,520	$357,507
	.00120000	830,335,100	$996,402	$388,597
	.00114000	896,765,559	$1,022,313	$419,686
	.00110000	941,052,402	$1,035,158	$440,413
	.00105000	996,411,053	$1,046,232	$466,320
	.00100000	1,051,769,575	$1,051,770	$492,228
	.00095000	1,107,128,226	$1,051,772	$518,136
	.00090000	1,162,486,877	$1,046,238	$544,044
	.00086000	1,206,773,785	$1,037,825	$564,770
	.00084000	1,228,917,207	$1,032,290	$575,133
	.00080000	1,273,204,114	$1,018,563	$595,860
	.00076000	1,317,490,957	$1,001,293	$616,586
	.00074000	1,339,634,444	$991,329	$626,949
	.00070000	1,383,283,785	$968,299	$647,377
	.00067000	1,413,381,009	$946,965	$661,462
	.00063000	1,457,802,468	$918,416	$682,252
	.00060000	1,481,419,527	$888,852	$693,304
	.00057000	1,510,250,304	$860,843	$706,797
	.00050000	10,039,423,136	$5,019,712	$4,698,450
		32,121,052,223	$23,832,294	$15,032,652
	Total		$698,376,373	$645,701,401

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APPENDIX B

BELLSOUTH TELECOMMUNICATIONS, INC.

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FLORIDA STAFF'S 2ND REQUEST FOR PRODUCTION OF DOCUMENTS

POD NO. 4

Calling name database

Maximum Security, Industry-Leading Data Management

ILLUMINET's Calling Name Database ensures that your customer records are safe, and that you can maintain them with ease and convenience. We're an industry leader in data management solutions, enabling you to update records day or night via flexible methods that save you administrative time. And, most importantly, we don't compete with you for your customers, because we do not provide telecommunications services directly to consumers. You can rely on us for maximum security and peace of mind.

For complete product info:

Network Connectivity

ISUP Trunk Signaling

TCAP Class

LIDB Access and Transport

Line Information Database

800 Database Access and Transport

Commercial Card Service

Toll Clearinghouse (LECs)

Local Number Portability

Calling Card Service

Calling Name Delivery Access & Transport

ILLUMINET's Calling Name Database Lets You:

Protect your market position. Unlike other database companies, ILLUMINET does not offer communications services to consumers, so we don't undermine your position. We will not compromise, re-sell or re-use your data in any way.

Save the time and expense of creating your own database or building Calling Name Delivery into your switch. There is no cost for name storage and no set-up charges.

Receive compensation for queries to your calling name data. Even if you are not provisioning the service yourself, you still can earn query revenue from database dips by other carriers.

Access city/state information. For companies provisioning Calling Name Delivery, ILLUMINET provides a city/state database in addition to our main Calling Name Database. If a caller's name is not accessible, you can deliver the caller's city and state location, giving your customers a better idea of who is calling and reducing "name not available" messages.

Enjoy convenient, expert database support. ILLUMINET makes sure you have round-the-clock access to your data and flexible data management options that work best for your business.

intelligent networking & customer care

Key Features

High security. ILLUMINET provides on-site protection of your data with a high- security electronic system. All ILLUMINET employees use electronic identification badges to access the building, and only a limited number of pre-authorized personnel may access our main computer control center. Visitors are escorted at all times.

Electronic updating, to minimize paperwork and increase accuracy and security. You can view and update records in real time from your PC, or send batches of updates directly from your PC or mainframe to ILLUMINET's system.

Quick data processing. ILLUMINET processes day-to-day updates within 24 hours of receipt. You can also make changes immediately to individual records, via electronic access.

Regular monthly reports to verify the accuracy of your customer name data.

Consolidated LIDB and Calling Name maintenance. ILLUMINET's Calling Name Database operates in conjunction with our Line Information Database, so you can send updates to both at the same time, through a common interface. No need to spend extra time updating each database separately.

High capacity. ILLUMINET's Calling Name Database consistently meets or exceeds industry standards for queries per second and data storage volumes.

Network compatibility. ILLUMINET's Calling Name Database accepts queries from database and switched-based calling name services, and can process TR-1188 queries from any originating switch (including AIN SCPs). Because it is compatible with a variety of networks, it enables smooth, consistent service delivery to consumers.

The Competitive Edge

Be sure that your Calling Name Database provider is on your side. ILLUMINET has provided innovative, advanced SS7 network and database solutions to the telecommunications industry for more than a decade. Our commitment to third-party, neutral data administration assures that your customer information is safe and your interests come first. Our job is not to compete with you but to support you and help you deliver superior service.

To learn more about ILLUMINET's Calling Name Database, call your ILLUMINET Account Manager or ILLUMINET at:

Overland Park, Kansas (913) 814-6200
Olympia, Washington (360) 493-6000

Olympia, Washington (360) 493-6000

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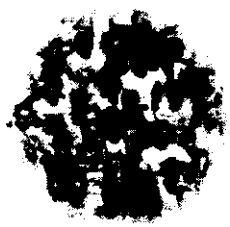
Calling name
delivery access and transport



Provide a Key Competitive Service -With Ease and Convenience

ILLUMINET makes sure you can deliver top-quality Calling Name Delivery service -while saving administrative workload. Connect to our SS7 network for necessary database access and transport, and you have the power to deliver name information from all over the country, plus technical expertise that saves you operational time and money.

For complete product info:

Network Connectivity

ISUP Trunk Signaling

TCAP Class

LIDB Access and Transport

Line Information Database

800 Database Access and Transport

Commercial Card Service

Toll Clearinghouse (LECs)

Local Number Portability

Calling Card Service

Connect to ILLUMINET for Calling Name Delivery and:

Leverage the strength of our SS7 network, the largest independently-owned network in the United States. Choose the access point closest to your switch(es); we offer access via 11 STP pairs located throughout the country, so you won't have to spend extra time establishing additional links.

Deliver more name information than ever. ILLUMINET is leading the way in making nationwide Calling Name Delivery a reality, with access already in place to most RBOCs and major independent Calling Name databases. More name information means less "name not available" messages your customers receive.

Further increase information delivered to your customers through ILLUMINET's city/state database. If the name is not accessible, or you choose to lower your name access expenses, you can provide the caller's city and state location, which will give customers a better idea of who is calling and further reduce "name not available" messages.

Earn new revenues from customer subscription fees and, if you choose, the sale or lease of customer premise equipment.

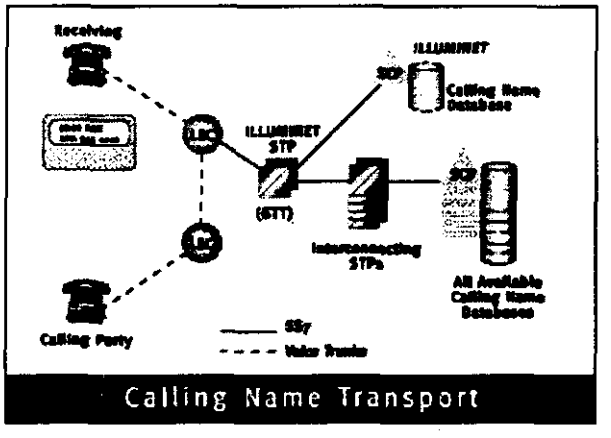
Enjoy comprehensive support and service reliability. ILLUMINET saves you extra work by engineering, installing, testing and maintaining all links to our network. We monitor network activity 24 hours a day, 365 days a year to protect against service outages, and back up service with maximum routing diversity.

routing diversity.

Maintain strong market position by providing a top-quality service your customers want and need. Also, package our SS7 network connectivity with our Calling Name Database; you'll have expert SS7 network support, plus data management that ensures maximum security of your customer records and the speed and responsiveness you need to deliver superior service to customers.

intelligent networking & customer care

Calling Name Delivery in Action



Calling Name Transport

Access RBOC and major independent databases to deliver the most name information possible.

When a switch receives a terminating call, it looks for whether:

1) the terminating customer has activated Calling Name Delivery

2) the call is not marked as restricted

3) the calling party number is available

If all three points are satisfied, the switch launches a query to ILLUMINET's STP, which performs a global title translation and determines the appropriate SCP.

The query routes to the SCP, which accesses name information in its corresponding Calling Name database.

The SCP provides a response, which may include the calling party's name, city/state information or a privacy indicator.

Choose Experience and Leadership

ILLUMINET gives you the capabilities you need to deliver the latest communications services. We've been helping telecommunications

companies remain competitive, and provide superior service to their customers, for more than a decade. Today, more than 1,000 companies throughout North America trust ILLUMINET for reliable SS7 network, database and billing services.

To learn more about ILLUMINET's Calling Name Delivery Access and Transport, call your ILLUMINET Account Manager or ILLUMINET at:

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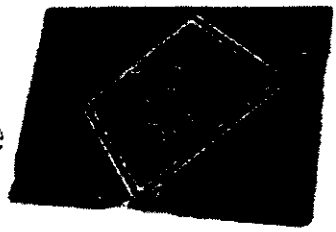

LIDB DATA STORAGE

Product Description

Line Information DataBase (LIDB) storage provides screening and validation on Alternately Billed Services (ABS). This includes billed-to-third, collect, and calling card calls on dialable line number records for CLECs with a signed LIDB Data Storage Agreement. CLECs will provide line number record information to U S WEST's LIDB for the initial loading (if applicable), and daily updates each business day by a method agreed upon by both companies. The CLEC will arrange and pay for transportation of their updates to the U S WEST LIDB.

Basic product features/functions

The US West LIDB stores multiple types of line record information to be accessed via a query for services including:

- Alternately Billed Services (ABS)
- Originating Line Number Screening (OLNS)
- Calling Name (CNAM)

Basic product capabilities and restrictions

The Billed Number Screening options are:

- Verify - accept both bill-to-third and collect calls
- Bill-to-Third - accept collect calls, deny all bill-to-third calls
- Collect - accept bill-to-third calls, deny all collect calls
- Deny - deny all bill-to-third and collect calls

The Calling Card options include two types of calling cards. Both types of calling cards must have

manual ordering process/forms

calling cards. Both types of calling cards must have a four digit Personal Identification Number (PIN) associated with the card type. The card types and card functionality are:

- Restricted - can only call the telephone number on the card
- Unrestricted - can call any number

How this product works

Operator Service Systems (OSS) and End Offices (EO) launch a query via the SS7 Network to the LIDB to retrieve information for use in call processing and service delivery.

Feature interaction

A CLEC must have access to the LIDB via the SS7 Network. Queries to the US West LIDB are routed to the Service Control Point (SCP) through the Regional Signal Transport Point (RSTP).

Service inquiry & manual ordering guideline

Contact the US West Account Manager to order LIDB Data Storage. A separate LIDB storage agreement must be signed by CLEC.

Mediated Access ordering information

This product cannot be ordered through Mediated Access.

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CLEC Handbook Series

MARCH 1999 RELEASE

The purpose of Bell Atlantic's Competitive Local Exchange Carrier (CLEC) Handbook Series is to facilitate the CLEC's ability to operate in the Bell Atlantic region. It is designed to provide the CLEC with a comprehensive understanding of how to do business with Bell Atlantic. In addition, it covers some of the basics of local telecommunications and the technology that is necessary to set up a local network.

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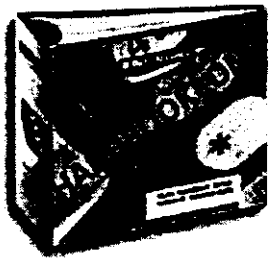

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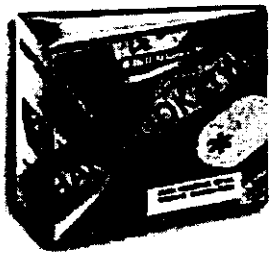
Volume I: Getting Started

This handbook provides an overview of Bell Atlantic's CLEC program and the steps involved in working with Bell Atlantic to prepare the CLEC to serve its customer. The following areas are covered:

- Bell Atlantic Overview
- Bell Atlantic CLEC Program Overview
- Key CLEC Network Decisions
- Becoming a CLEC in Bell Atlantic Territory
- Establishing the CLEC-Bell Atlantic Relationship
- Bell Atlantic Contacts
- Training
- Bona Fide Request Process
- Forms



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Volume II: Electronic Interface Guide

Volume II addresses how to interface with Bell Atlantic's Operations Support System Gateway Applications to transmit Pre-Order, Order, Order Status, and Trouble Administration transactions. The following topics are covered:

- Connecting to Bell Atlantic
- Using Bell Atlantic Provided Applications
- Using CLEC/Reseller Provided Applications

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Volume III: Business Rules

Volume III discusses unbundled network elements and the business rules and processes associated with being a CLEC working with Bell Atlantic. The following topics are covered:

- Unbundled Network Elements
- Database Interconnection
- Collocation Arrangements
- Local Number Portability
- Directory Listings
- Ordering Guidelines
- Trouble Administration

- Trouble Administration
- Billing
- Forms

3.1 Business Rules for SS7 and Database Interconnection

Description

Bell Atlantic currently has four sets of call processing databases: Advanced Intelligent Network (AIN), Line Information Database (LIDB), Toll Free (e.g., 800/888/877) and Local Number Portability (LNP). Competitive Local Exchange Carriers (CLECs) access to these Bell Atlantic databases, or Service Control Points (SCP) for call processing requires signaling over the SS7 network with final Global Title Translation (GTT) performed at a Bell Atlantic Signal Transfer Point (STP) (see diagram below).

Access to the Bell Atlantic SCPs to create, modify, delete and store records is through the mediated access of a Service Management System (SMS)/Service Creation Environment (SCE), or via processes established for internal Bell Atlantic use, such as the service order system. Access is dependent upon the specific database.

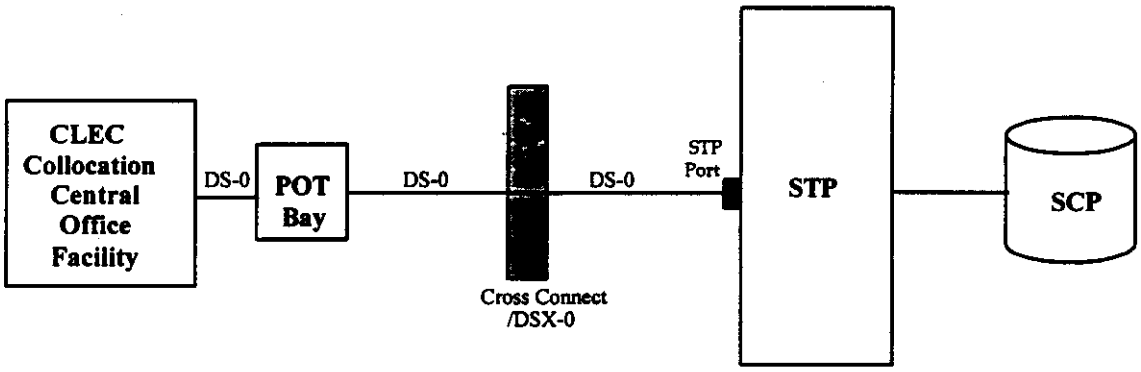


Figure 3.1: Typical CLEC SS7 Network Diagram

Advanced Intelligent Network (AIN)

The Advanced Intelligent Network (AIN) SCP contains call processing programs that instruct the network on how to route or handle calls based on specific criteria (e.g., who should be charged for a call, how to handle a call if a dialed number is not available). AIN SCPs also contain information specific to individual end users. AIN SCPs are flexible databases that can accommodate multiple services developed over time. The nature of the response

to an AIN query is dependent on the service logic being accessed at the SCP. The AIN trigger used to generate the query and the information contained within it governs the database response when it is processed at the SCPs.

Line Information Database (LIDB)

The Line Information Database (LIDB) is a database for alternate billing arrangements. LIDB queries return information about the billing and privacy features associated with the line number entries stored in the database (following an industry format as described in the Bellcore Operator Services Switches Generic Requirements (OSSGR)).

Toll Free Database Access Service (800/888/877)

The Toll Free (e.g., 800/888/877) SCPs process queries for toll-free dialed number calls to determine the carrier selection and other routing instruction (such as Plain Old Telephone Service (POTS) translation and call handling and destination features).

Local Number Portability (LNP)

Local Number Portability (LNP) SCPs contain information for telephone numbers that require a Location Routing Number (LRN) to determine the local switching facility. The LRN is a network address for a switch that resides in either Bell Atlantic's or another local service provider's network. The query to the LNP SCPs and identification of the LRN enables carriers to correctly route a call to a ported telephone number.

3.1.2 LINE INFORMATION DATABASE (LIDB)

Product

Line Information Database

Product Family

Database Interconnection

Product Description

The CLEC has the capability to input end user records for its subscribers into the Bell Atlantic Line Information Database (LIDB). The LIDB provides the ability to perform screening for collect, bill to third number and calling card calls, and to determine whether billed lines are either public or semi-public telephones. The LIDB also provides calling name information. The CLEC is allowed to send its subscriber records containing necessary information through the LIDB record management service or the Line Information Database storage and validation service. Once the records are placed in the Bell Atlantic LIDB, they can be queried by any company that purchases LIDB access service from Bell Atlantic. The CLEC may purchase Bell Atlantic LIDB access services via SS7 interconnections.

Technical Description

With LIDB record management, also known as "interfiling," or the Line Information Database storage and validation service, Bell Atlantic maintains a CLEC's end user line information records on the Bell Atlantic LIDB Service Control Point (SCP) pair and in DBAS II, the SMS that Bell Atlantic uses to download end user line information to the LIDB. Access to records in the LIDB database is available through Bell Atlantic DBAS II.

The CLEC may use a Customer Request Form or the Customer Request screen to generate service orders for LIDB record management. In Pennsylvania, the CLEC may use the Independent Company Service Order Mechanism System. A similar process is available in the other Bell Atlantic South states. Service orders are used as input to the DBAS II SMS. In Bell Atlantic North, the CLEC also has the option of installing end user records from tape input provided by the interconnecting CLEC.

Where less than 10,000 records are to be loaded, the tape is input to the DBAS II SMS. Where 10,000 or more records are to be loaded, Bell Atlantic arranges a direct simultaneous download to its LIDB SCP pair and the DBAS II SMS to accommodate the high volume of input.

Access to the LIDB database is made via SS7 interconnection and Bell Atlantic STP ports (see SS7 and Database Connectivity, Section 2.2.6 of this Volume). Alternate billed service options, like calling card and collect calls, are generally provided through an Operator Service provider which may be purchased from Bell Atlantic or another vendor. Queries to validate alternate billed service options are made to the LIDB by the Operator Service provider.

Pricing Information

LIDB rate elements comprise three categories: record management, record storage and LIDB queries.

Record management includes the actual input and update of records that are stored in the LIDB. The input and update of records can be made via service orders or tape input where available. There is a non-recurring LIDB database load charge based on records downloaded from carrier tape per hour. The record storage charges are billed on a monthly recurring basis. Queries to the LIDB are usage sensitive and are billed on a per query basis.

Pricing and applicable USOCs may vary by state jurisdiction and pursuant to individual carrier interconnection agreements.

USOCs

The following table identifies the USOCs pertaining to LIDB:

USOC	Description	Jurisdiction
QUL	Class of Service	Bell Atlantic North
NRBQK	Establish logon and provide user guide	Bell Atlantic North

USOC	Description	Jurisdiction
NRBQN	Service request charge for direct line and/or port	Bell Atlantic North and South
NRBQP	Installation charge for direct line if ordered from Bell Atlantic	Bell Atlantic North
NRBQR	Per record created/updated	Bell Atlantic North
NRBQQ	Charge for tape processing (not service order driven) < 10,001 records/hour	Bell Atlantic North and South
NRBQ6	SS7 Certification Test Set-Up - LIDB Queries	Bell Atlantic North
NRBQ9	Tape processing charge > 10,001 records, per hour	Bell Atlantic North
NRBTQ	Tape processing charge > 10,001 records, per hour	Bell Atlantic South
NRBX3	SS7 Certification Testing - LIDB Queries	Bell Atlantic North and South
PT3S4	LIDB Queries: Bell Atlantic	Bell Atlantic North and South
PT3S5	LIDB Queries: World	Bell Atlantic North and South
PT3S7	Calling Name	Bell Atlantic North and South

Interval

The interval for LIDB record management initial set-up for access is negotiated. The interval for creation, modification and deletion of records is two business days. Access to LIDB for query services is negotiated.

Product Attributes

There are no optional features associated with LIDB.

3.1.3 TOLL FREE DATABASE ACCESS SERVICE

Product

Toll Free Database Access Service in Bell Atlantic South and 800 Database Access Service in Bell Atlantic North

Product Family

Database Interconnection

Product Description

Through SS7 interconnection, a CLEC may purchase access to the Bell Atlantic 800 SCP in Bell Atlantic North and the Bell Atlantic Toll Free ISCP in Bell Atlantic South to process queries for toll-free calls. Information in the database determines the carrier selection and other routing instructions, such as POTS translation, time of day, day of week, originating call number, etc. The Bell Atlantic 800 SCPs in Bell Atlantic North, and the Bell Atlantic Toll Free ISCPs in Bell Atlantic South contain the call processing instructions for toll-free numbers that have an area of service within the Bell Atlantic footprint SCP area of service. The CLEC can use the STP port for toll-free number queries.

Technical Description

The 800 service architecture is comprised of a national 800/SMS and regional 800 SCPs. The 800/SMS gives access to number reservation and 800 record administration to create, modify and delete 800 number records. The responsible organization (per FCC 1 tariff) inputs the 800 number record with the defined features (e.g., basic carrier identification, POTS translation, and call handling and destination) to the national 800/SMS. After input by the responsible organization, the national SMS downloads 800 number information to the regional 800 SCPs or call processing databases. All service providers and responsible organizations purchase 800/SMS services pursuant to the FCC 1 tariff.

The Bell Atlantic network contains 800 SCPs in Bell Atlantic North and toll free ISCPs in Bell Atlantic South. When a toll free number is dialed, the switch suspends the call and launches a query to the toll free SCP via STPs to ascertain how to route the toll free call. A carrier and other call routing instructions are forwarded to the

originating switch which then processes the call through the network based on the information received from the toll free SCP. The CLEC switch can connect to the Bell Atlantic 800 SCP via the STP port, utilizing SS7 interconnection (see SS7 and Database Connectivity, Section 2.2.6 of this Volume). When the CLEC connects via the STP port, the CLEC switch records the call information which can be used by the CLEC to bill the identified carrier.

Pricing Information

In addition to the appropriate SS7 interconnection charges, there are three types of recurring toll free query charges. These charges are for basic carrier identification, queries with POTS translations in Bell Atlantic North and Bell Atlantic South, and queries with call handling and destination.

Pricing may vary by state jurisdiction and pursuant to individual carrier interconnection agreements.

USOCs

USOCs are not needed for billing because queries represent usage.

Interval

The interval for access to Bell Atlantic call processing databases for call processing is negotiated.

Product Attributes

There are no optional features associated with the 800 database.

SPECIFIC RESPONSES

5. In response to Request to Produce No. 11, BellSouth states that the requested information is contained in the documentation provided in response to Production of Document Request No. 14.

6. In response to Request to Produce No. 12, BellSouth BellSouth states that the requested information is contained in the documentation provided in response to Production of Document Request No. 14.

7. In response to Request to Produce No. 13, BellSouth will produce the requested documents at a mutually agreeable time and place.

8. In response to Request to Produce No. 14, BellSouth states that this request is for both "documents" and "workpapers." BellSouth will provide the documents at a mutually agreeable time and place. Since these documents are proprietary, a Notice of Intent to Request Confidential Classification has been

filed on this day. Pages 31 to 42 of the Cost Study filed in this docket as DDC-1 contains the requested workpapers.

9. In response to Request to Produce No. 15, BellSouth states that this request is for both "documents" and "workpapers." BellSouth has no responsive documents in its possession, custody or control. Pages 31 to 42 of the Cost Study filed in this docket as DDC-1 contains the requested workpapers.

10. In response to Request to Produce No. 16, BellSouth states that the requested information is contained in the documentation provided in response to Production of Document Request No. 14.

11. In response to Request to Produce No. 17, BellSouth states that the requested information is contained in the documentation provided in response to Production of Document Request No. 14.

12. In response to Request to Produce No. 18, BellSouth has no documents in its possession, custody or control.

13. In response to Request to Produce No. 19, BellSouth states that the requested information is contained in the documentation provided in response to Production of Document Request No. 14.

14. In response to Request to Produce No. 20, BellSouth will produce the requested documents at a mutually agreeable time and place.

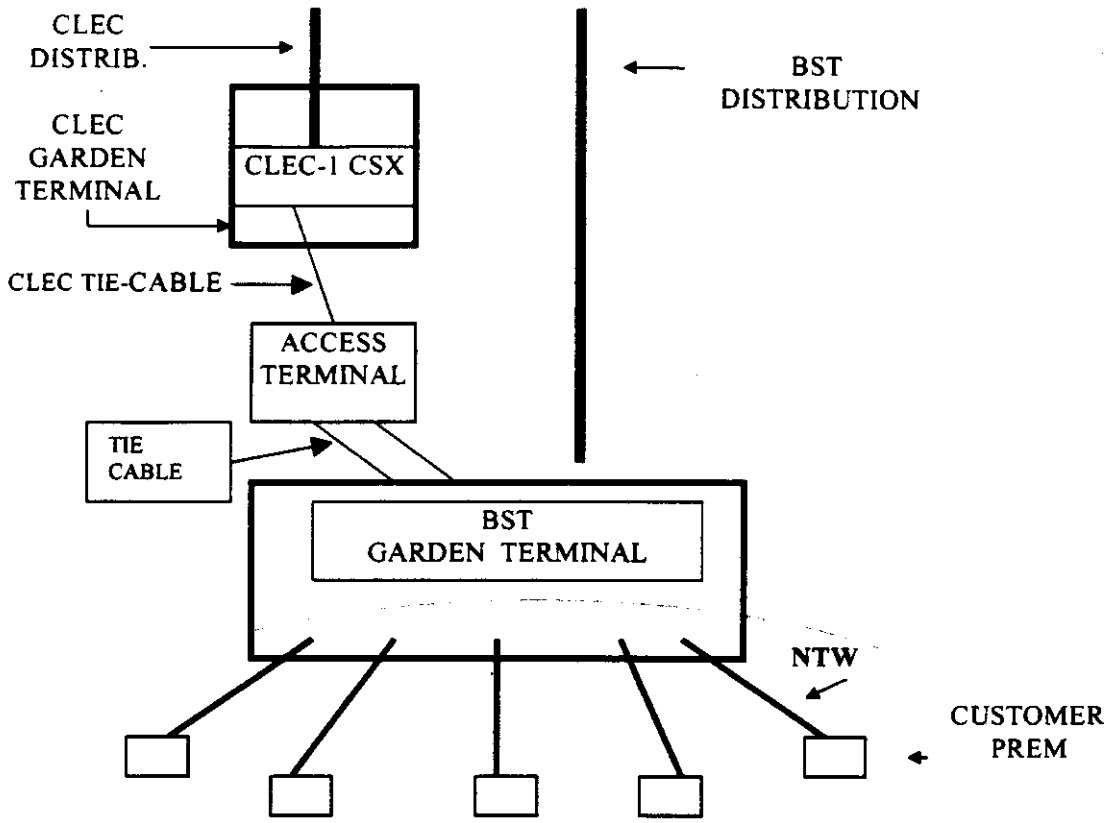
BELLSOUTH TELECOMMUNICATIONS, INC.

FPSC DOCKT NO. 990149-TP

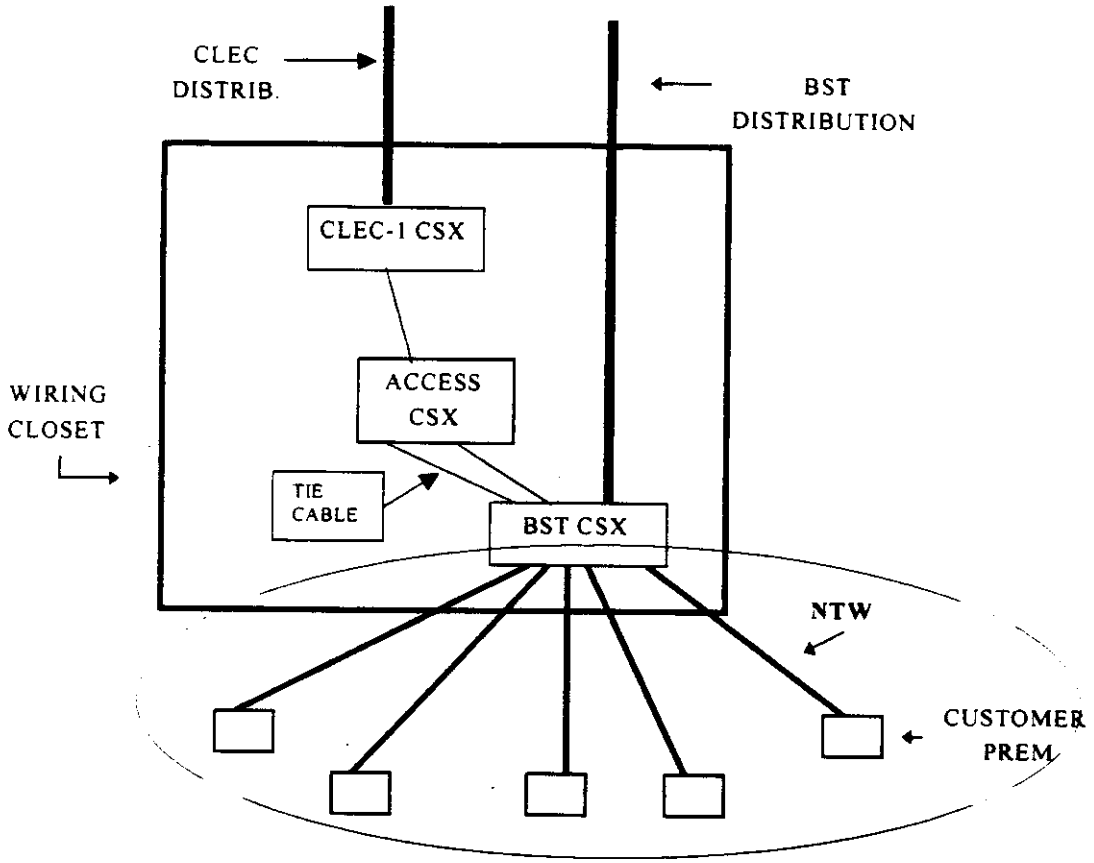
STAFF'S 4TH REQUEST FOR PRODUCTION OF DOCUMENTS

POD NO. 13

Garden Terminal Scenario



Wiring Closet Scenario



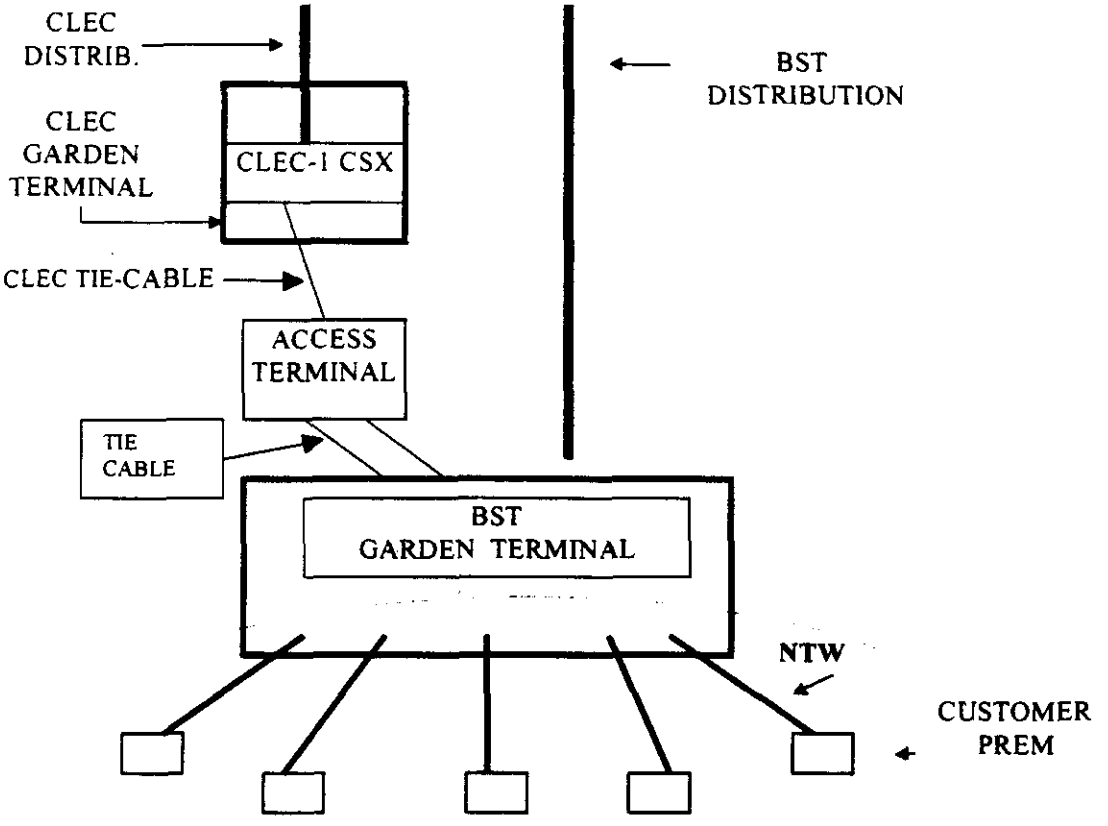
BELLSOUTH TELECOMMUNICATIONS, INC.

FPSC DOCKT NO. 990149-TP

STAFF'S 4TH REQUEST FOR PRODUCTION OF DOCUMENTS

POD NO. 20

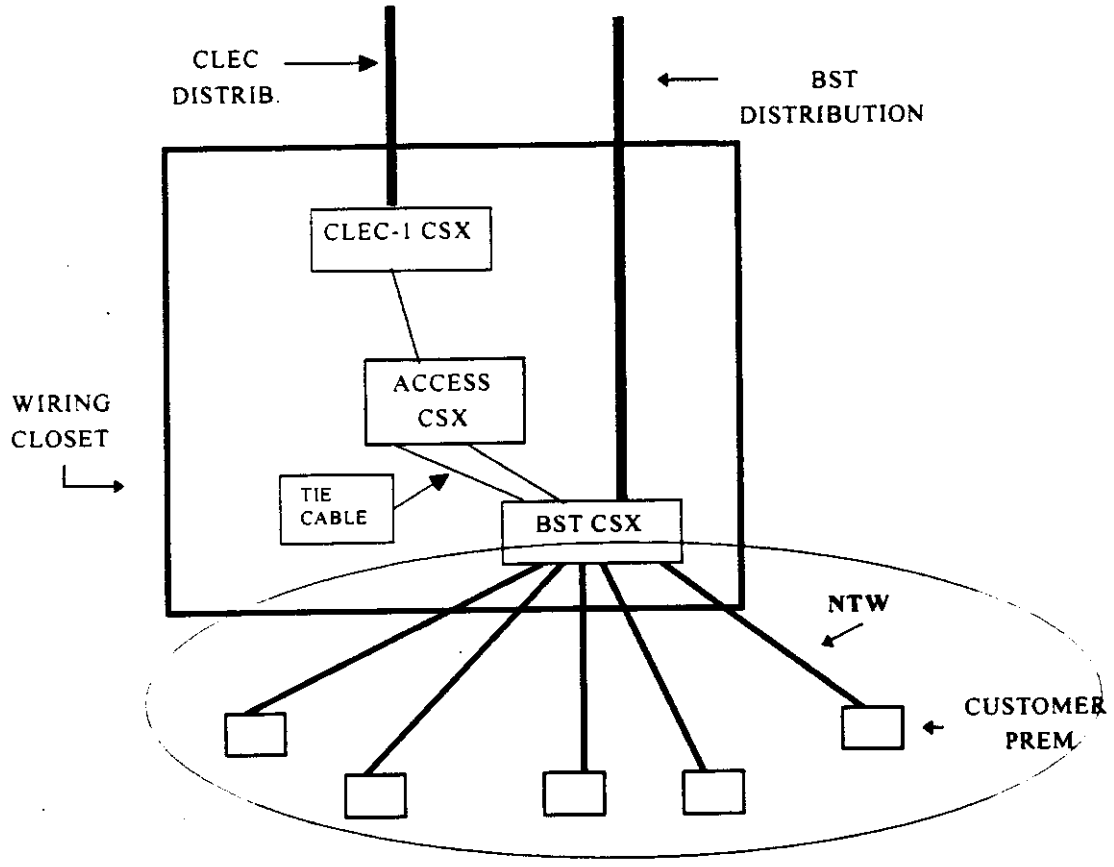
Garden Terminal Scenario



Hardware & facilities provided by the Requesting Party
CLEC Distribution
CLEC Tie Cable
CLEC Garden Terminal
CLEC Cross-Connect within the CLEC Garden Terminal

Hardware & facilities provided by the Provisioning Party
BST Distribution
Tie Cable (Work to provision is paid by the Requesting Party)
Access Terminal (Work to provision is paid by the Requesting Party)
BST Garden Terminal (currently in place)

Wiring Closet Scenario



Hardware & facilities provided by the Requesting Party
CLEC Distribution
CLEC CSX

Hardware provided by the Provisioning Party
BST Distribution
Tie Cable (Work to provision is paid by the Requesting Party)
Access CSX (Work to provision is paid by the Requesting Party)
BST CSX

SPECIFIC RESPONSES

5. In response to Request to Produce No. 21, BellSouth states that all responsive documents in its possession, custody or control have previously been produced to Staff in response to Request No. 6 of Staff's Second Document Production Request.

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS:Stip - con2

PARTY: BellSouth

DESCRIPTION:

1. Confidential Responses to Staff's 2nd Set of Production of Documents Item 6 - Too Voluminous to Copy

2. Confidential Responses to Staff's 4th Set of Production of Documents Item 14 - Page 1

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 5
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # Stip-con2

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Stip - 3

PARTY: MediaOne

DESCRIPTION:

1. **Responses to Staff's 1st Set of Interrogatories Items 13 & 14 - Page 1**

2. **Responses to Staff's 2nd Set of Interrogatories Item 15 - Page 4**

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 6
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # Stip-3

13. As provided on page 10, Attachment 2, Agreement, Section 6.4, MediaOne's preferred NTW arrangement is a common cross-connect arrangement at a single Minimum Point of Entry (MPOE) location. Assuming MediaOne's preferred NTW arrangement is incorporated in the agreement:

(a) Which party (MediaOne or BST) would be responsible for providing the hardware and performing the installation of the common cross-connect in qualifying multi-tenant buildings (MTBs)?

In BellSouth's document entitled: "Unbundled Network Terminating Wire MediaOne Information Package" (Attachment 1 to the Testimony of Greg Beveridge) a wiring closet scenario is depicted on page 5. The designation "BST CSX" is assigned to an existing cross-connect panel used as a flexibility point by BellSouth for connection between outside plant distribution facilities and so-called network terminating wire (NTW) pairs that serve specific living units in a multi-tenant/multiple dwelling unit building. This common cross-connect arrangement typically provides termination of the outside plant pairs on one block, and termination of NTW on a second block. In the majority of cases, no new hardware or existing hardware rearrangement is required, if simple access to the block terminating the NTW pairs is granted to both BellSouth and MediaOne technicians for the purpose of installing, removing, and maintaining cross-connections. If new hardware is required in certain MPOE locations, it could be provided by BellSouth, interested ALECs, or an agreed-upon third party on a

cost-sharing basis, since both BellSouth and the ALECs benefit from having a flexible cross-connect point at the MPOE, where none may have existed previously. (Greg Beveridge, Vice President-Engineering, MediaOne of Delaware, Inc., 188 Inverness Drive West, Englewood, CO 80112)

b) If the responsible party identified in (a) is MediaOne, what rate(s) would be assessed for establishing the common cross-connect?

If new hardware is required in certain MPOE locations, it could be provided by BellSouth, interested ALECs, or an agreed-upon third party on a cost-sharing basis, since both BellSouth and the ALECs benefit from having a flexible cross-connect point at the MPOE, where none may have existed previously. That is, BellSouth and the interested ALECs could share equally the actual cost of installation. (Greg Beveridge)

(c) If the responsible party identified in (a) is not MediaOne, would MediaOne anticipate a charge from BellSouth for providing the common cross-connect? Please explain your response.

MediaOne would anticipate a sharing of actual installed material costs with the BellSouth in those cases where no "BST CSX" existed previously. Both BellSouth and the ALECs benefit from the establishment of a flexible cross-connect point at the MPOE. (Greg Beveridge)

(d) If a price is provided in response to (b), please itemize each cost element and explain the rationale for each cost element.

The cost of installing hardware would have to be determined by specific location, given the wide variety of physical environments that host an MPOE. (Greg Beveridge)

STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1 - 14) TO MEDIAONE FLORIDA TELECOMMUNICATIONS, INC.
DOCKET NO. 990149-TP

14. On page 10 of Attachment 2, Agreement, Section 6.4, it is stated "BellSouth would be free to terminate the disconnection wire pairs on the carrier side of the MPOE in any fashion it so chooses."

(a) Does termination of the disconnection wire pairs require dispatch of a BellSouth technician to the MTB?

Given the typical "BST CSX" arrangement at building MPOE locations, there would be no need to have a BellSouth technician perform the actual removal of its cross-connect, if the MediaOne technician is allowed to remove the existing jumper prior to placing a new jumper to its distribution facilities. (Greg Beveridge)

(b) If the response to (a) is no, please explain why you believe dispatch of a BellSouth technician is not necessary.

The dispatch of a BellSouth technician is not necessary because MediaOne's technicians operate as equally knowledgeable employees of a certified carrier, and they are fully capable of performing the necessary tasks with no risk to the service of other customers. (Greg Beveridge)

(c) If the response to (a) is yes, please explain why you believe dispatch of a BellSouth technician is necessary.

Not applicable.

(d) If the response to (a) is yes, would MediaOne anticipate being billed by BellSouth for the dispatched technician? Please explain your response.

Not applicable.

Staff Interrogatory Response

15. Does MediaOne have a pricing proposal for unbundled network terminating wire? If so, what are the prices proposed? If not, please explain your answer.

RESPONSE: Unless and until the Public Service Commission requires BellSouth to move the demarcation point to the minimum point of entry, it should require BellSouth to provide unbundled network terminating wire as an unbundled network element, which should be priced at cost (TELRIC). MediaOne does not have the information necessary to determine what those prices should be.

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Stip - 4

PARTY: MediaOne

DESCRIPTION:

1. **Responses to Staff's 1st Set of Productions of Documents Items 4-7 - Page 1**

2. **Responses to Staff's 2nd Set of Production Of Documents Items 8&9 - Page 59**

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 7
COMPANY/ WITNESS: FPSC Staff
DATE: 2-9-99

I.D. # Stip-4

4. On page 10, Section 6.4 of Attachment 2, MediaOne refers to nondiscrimination requirements set forth by the FCC. Please provide the applicable FCC documentation that defines the nondiscrimination requirements.

Communications Act Section 251 (47 U.S.C. §251)

* * * * * *

(c) [E]ach incumbent local exchange carrier has the following duties:

* * * * * *

(3) Unbundled access. The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically

feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252 [47 USCS § 252]. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.

FCC Rules Section 51.311 (47 CFR §51.311)

* * * * * *

(b) Except as provided in paragraph (c) of this section, to the extent technically feasible, the quality of an unbundled network element, as well as the quality of the access to such unbundled network element, that an incumbent LEC provides to a requesting telecommunications carrier shall be at least equal in quality to that which the incumbent LEC provides to itself. If an incumbent LEC fails to meet this requirement, the incumbent LEC must prove to the state commission that it is not technically feasible to provide the requested unbundled network element, or to provide access to the requested unbundled network element, at a level of quality that is equal to that which the incumbent LEC provides to itself.

FCC Rules Section 51.313 (47 CFR §51.313)

(a) The terms and conditions pursuant to which an incumbent LEC provides access to unbundled network elements shall be offered equally to all requesting telecommunications carriers.

(b) Where applicable, the terms and conditions pursuant to which an incumbent LEC offers to provide access to unbundled network elements, including but not limited to, the time within which the incumbent LEC provisions such access to unbundled network elements, shall, at a minimum, be no less favorable to the requesting carrier than the terms and conditions under which the incumbent LEC provides such elements to itself.

(c) An incumbent LEC must provide a carrier purchasing

access to unbundled network elements with the pre-ordering, ordering, provisioning, maintenance and repair, and billing functions of the incumbent LEC's operations support systems.

FCC Rules Section 68.3 (47 CFR §68.3) (emphasis supplied): Demarcation point: The point of demarcation and/or interconnection between telephone company communications facilities and terminal equipment, protective apparatus or wiring at a subscriber's premises. Carrier-installed facilities at, or constituting, the demarcation point shall consist of wire or a jack conforming to subpart F of part 68 of the Commission's rules. "Premises" as used herein generally means a dwelling unit, other building or a legal unit of real property such as a lot on which a dwelling unit is located, as determined by the telephone company's reasonable and nondiscriminatory standard operating practices. The "minimum point of entry" as used herein shall be either the closest practicable point to where the wiring crosses a property line or the closest practicable point to where the wiring enters a multiunit building or buildings. The telephone company's reasonable and nondiscriminatory standard operating practices shall determine which shall apply. The telephone company is not precluded from establishing reasonable classifications of multiunit premises for purposes of determining which shall apply. Multiunit premises include, but are not limited to, residential, commercial, shopping center and campus situations.

* * * * * *

(b) Multiunit installations.
(1) In multiunit premises existing as of August 13, 1990, the demarcation point shall be determined in accordance with the local carrier's reasonable and non-discriminatory standard operating practices. Provided, however, that where there are multiple demarcation points within the multiunit premises, a demarcation point for a customer shall not be further inside the customer's premises than a point twelve inches from where the wiring enters the customer's premises, or as close thereto as practicable.

(2) In multiunit premises in which wiring is installed after August 13, 1990, including major additions or rearrangements of wiring existing prior to that date, the telephone company may establish a reasonable and nondiscriminatory practice of placing the demarcation point at the minimum point of entry. If the telephone company does not elect to establish a practice of placing the demarcation point at the minimum point of entry, the multiunit premises owner shall determine the location of the demarcation point or points. The multiunit premises owner shall determine whether there shall be a single demarcation point location for all customers or separate such locations for each customer. Provided, however, that where there are multiple demarcation points within the multiunit premises, a demarcation point for a customer shall not be further inside the customer's premises than a point 30 cm (12 in) from where the wiring enters the customer's premises, or as close thereto as practicable.

***Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, 11 FCC Rcd. 15499, 16658-61 (1996)**

a. Nondiscriminatory Access to Unbundled Network Elements

312. We conclude that the obligation to provide "nondiscriminatory access to network elements on an unbundled basis"[674] refers to both the physical or logical connection to the element and the element itself. In considering how to implement this obligation in a manner that would achieve the 1996 Act's goal of promoting local exchange competition, we recognize that new entrants, including small entities, would be denied a meaningful opportunity to compete if the quality of the access to unbundled elements provided by incumbent LECs, as well as the quality of the elements themselves, were lower than what the incumbent LECs provide to themselves. Thus, we conclude it would be insufficient to define the obligation of incumbent LECs to provide "nondiscriminatory access" to mean that the quality of the access and unbundled elements incumbent LECs provide to all requesting carriers is the

same. As discussed above with respect to interconnection,[675] an incumbent LEC could potentially act in a nondiscriminatory manner in providing access or elements to all requesting carriers, while providing preferential access or elements to itself. Accordingly, we conclude that the phrase "nondiscriminatory access" in section 251(c)(3) means at least two things: first, the quality of an unbundled network element that an incumbent LEC provides, as well as the access provided to that element, must be equal between all carriers requesting access to that element; second, where technically feasible, the access and unbundled network element provided by an incumbent LEC must be at least equal-in-quality to that which the incumbent LEC provides to itself.[676]

[674] 47 U.S.C. § 251(c)(3).
[675] See supra, Sections IV.G, IV.H.
[676] We note that providing access or elements of lesser quality than that enjoyed by the incumbent LEC would also constitute an "unjust" or "unreasonable" term or condition.

313. We believe that Congress set forth a "nondiscriminatory access" requirement in section 251(c)(3), rather then an absolute equal-in-quality requirement, such as that set forth in section 251(c)(2)(C), because, in rare circumstances, it may be technically infeasible for incumbent LECs to provide requesting carriers with unbundled elements, and access to such elements, that are equal-in-quality to what the incumbent LECs provide themselves. According to some commenters, this problem arises in connection with one variant of one of the unbundled network elements we identify in this order. These commenters argue that a carrier purchasing access to a 1AESS local switch may not be able to receive, for example, the full measure of customized routing features that such a switch may afford the incumbent.[677] In the rare circumstances where it is technically infeasible for an incumbent LEC to provision access or elements that are equal-in-quality, we believe disparate access would not be inconsistent with the nondiscrimination requirement. Accordingly, we require incumbent LECs to provide access and unbundled elements that are at least equal-in-quality to what the incumbent LECs provide themselves, and allow for an exception to this

requirement only where it is technically infeasible to meet.[678] We expect incumbent LECs to fulfill this requirement in nearly all instances where they provision unbundled elements because we believe the technical infeasibility problem will arise rarely. We further conclude, however, that the incumbent LEC must prove to a state commission that it is technically infeasible to provide access to unbundled elements, or the unbundled elements themselves, at the same level of quality that the incumbent LEC provides to itself.

[677] See infra, Section V.J, discussing commenters' arguments regarding the possible technical limitations of such switches.

[678] The exception described here does not excuse incumbent LECs from the obligation to modify elements within their networks to allow requesting carriers to obtain access to such elements where this is technically feasible. See supra, Section IV.D.

314. Our conclusion that an incumbent LEC must provide unbundled elements, as well as access to them, that is "at least" equal in quality to that which the incumbent provides itself, does not excuse incumbent LECs from providing, when requested and where technically feasible, access or unbundled elements of higher quality.[679] As we discuss below,[680] we do not believe that this obligation is unduly burdensome to incumbent LECs because the 1996 Act requires a requesting carrier to pay the costs of unbundling, and thus incumbent LECs will be fully compensated for any efforts they make to increase the quality of access or elements within their own network.[681] Moreover, to the extent this obligation allows new entrants, including small entities, to offer services that are different from those offered by the incumbent, we believe it is consistent with Congress's goal to promote local exchange competition. We note that, to the extent an incumbent LEC provides an element with a superior level of quality to a particular carrier, the incumbent LEC must provide all other requesting carriers with the same opportunity to obtain that element with the equivalent higher level of quality. We further note that where a requesting carrier specifically requests access or unbundled elements that are lower in quality to what the incumbent LECs provide themselves, incumbent LECs may offer such

inferior quality if it is technically feasible. Finally, we conclude that the incumbent LEC must prove to a state commission that it is technically infeasible to provide access to unbundled elements, or the unbundled elements themselves, at a level of quality that is superior to or lower than what the incumbent LEC provides to itself.

[679] An incumbent LEC, in accommodating a carrier's request for a particular unbundled element, may ultimately provision an element that is higher in quality than what the incumbent provides to itself. See infra, Section V.J.1.

[680] See infra, Section V.J. We require, for example, that incumbent LECs provide local loops conditioned to enable the provision of digital services (where technically feasible) even if the incumbent does not itself provide such digital services.

[681] See infra, Section VII.

b. Just, Reasonable and Nondiscriminatory Terms and Conditions for the Provision of Unbundled Network Elements

315. The duty to provide unbundled network elements on "terms, and conditions that are just, reasonable, and nondiscriminatory" means, at a minimum, that whatever those terms and conditions are, they must be offered equally to all requesting carriers, and where applicable, they must be equal to the terms and conditions under which the incumbent LEC provisions such elements to itself.[682] We also conclude that, because section 251(c)(3) includes the terms "just" and "reasonable," this duty encompasses more than the obligation to treat carriers equally. Interpreting these terms in light of the 1996 Act's goal of promoting local exchange competition, and the benefits inherent in such competition, we conclude that these terms require incumbent LECs to provide unbundled elements under terms and conditions that would provide an efficient competitor with a meaningful opportunity to compete. Such terms and conditions should serve to promote fair and efficient competition. This means, for example, that incumbent LECs may not provision unbundled elements that are inferior in quality to what the incumbent provides itself because this would likely deny an efficient competitor a meaningful opportunity to compete. We reach this conclusion because providing new entrants,

including small entities, with a meaningful opportunity to compete is a necessary precondition to obtaining the benefits that the opening of local exchange markets to competition is designed to achieve.

[682] See supras, Sections IV.G, IV.H.

316. As is more fully discussed below,[683] to enable new entrants, including small entities, to share the economies of scale, scope, and density within the incumbent LECs' networks, we conclude that incumbent LECs must provide carriers purchasing access to unbundled network elements with the pre-ordering, ordering, provisioning,[684] maintenance and repair, and billing functions of the incumbent LECs operations support systems. Moreover, the incumbent must provide access to these functions under the same terms and conditions that they provide these services to themselves or their customers. We discuss specific terms and conditions applicable to the unbundled elements identified in this order below, in Section V.J.

[683] See infra, Section V.J.

[684] The term "provisioning" includes installation.

5. On page 10, Section 6.4 of Attachment 2, it is stated "Since both carriers are certified, both must conform to business and technical standards and the various regulations that apply, in particular, Part 68." Provide the applicable business and technical standards and various regulations that apply, including the applicable sections of Part 68.

Rules of the Florida Public Service Commission Section 25-4.036 Design and Construction of Plant.
(1) The plant and facilities of the utility shall be designed, constructed, installed, maintained and operated in accordance with provisions of the 1993 Edition of the National Electrical Safety Code (ANSI C2-1993), except that Rule 350G of the safety code shall be effective for cable installed on or after January 1, 1996, and the National Electrical Code (NFPA 70-1993), pertaining to the construction of telecommunications facilities.

(2) Compliance with these codes and accepted good practice is necessary to insure as far as reasonably possible continuity of service, uniformity in the quality of service furnished and the safety of persons and property.

Rules of the Florida Public Service Commission Section 25-4.038 Safety.
Each utility shall at all times use reasonable efforts to properly warn and protect the public from danger, and shall exercise due care to reduce the hazards to which employees, customers, and the public may be subjected by reason of its equipment and facilities.

FCC Rules Section 68.3 (47 CFR§ 68.3)

* * * * *

Demarcation point: * * *

(a) Single unit installations. For single unit installations existing as of August 13, 1990, and installations installed after that date the demarcation point shall be a point within 30 cm (12 in) of the protector or, where there is no protector, within 30 cm (12 in) of where the telephone wire enters the customer's premises, or as close thereto as practicable.

(b) Multiunit installations. (1) In multiunit premises existing as of August 13, 1990, the demarcation point shall be determined in accordance with the local carrier's reasonable and non-discriminatory standard operating practices. Provided, however, that where there are multiple demarcation points within the multiunit premises, a demarcation point for a customer shall not be further inside the customer's premises than a point twelve inches from where the wiring enters the customer's premises, or as close thereto as practicable.

(2) In multiunit premises in which wiring is installed after August 13, 1990, including major additions or rearrangements of wiring existing prior to that date, the telephone company may establish a reasonable and nondiscriminatory practice of placing the demarcation point at the minimum point of entry. If the telephone company does not elect to establish a practice of placing the demarcation point at the minimum point of entry, the multiunit premises owner shall determine the location of the demarcation point or points. The multiunit premises owner shall determine whether there shall be a single demarcation point location for all customers or separate such locations for each customer. Provided, however, that where there are multiple demarcation points within the multiunit premises, a demarcation point for a customer shall not be further inside the customer's premises than a point 30 cm (12 in) from where the wiring enters the customer's premises, or as close thereto as practicable.

(3) In multiunit premises with more than one customer, the premises owner may adopt a policy restricting a customer's access to wiring on the premises to only that wiring located in the customer's individual unit that serves only that particular customer.

FCC Rules Section 68.110 (47 CFR §68.110)

* * * * * *

(c) Availability of inside wiring information. Any available technical information concerning wiring on the customer side of the demarcation point, including copies of existing schematic diagrams and service records, shall be provided by the telephone company upon request of the building owner or agent thereof. The telephone company may charge the building owner a reasonable fee for this service, which shall not exceed the cost involved in locating and copying the documents. In the alternative, the telephone company may make these documents available for review and copying by the building owner. In this case, the telephone company may charge a reasonable fee, which shall not exceed the cost involved in making the documents available, and may also require the building owner to pay a deposit to guarantee the documents' return.

FCC Rules Section 68.213 (47 CFR § 68.213)

(a) Scope of this rule. Provisions of this rule apply only to "unprotected" premises wiring used with simple installations of wiring for up to four line residential and business telephone service. More complex installations of wiring for multiple line services, for use with systems such as PBX and key telephone systems, are controlled by § 68.215 of these rules.

b) Wiring authorized. Unprotected premises wiring may be used to connect units of terminal equipment or protective circuitry to one another, and to carrier-installed facilities if installed in accordance with these rules. The telephone company is not responsible, except pursuant to agreement between it and the customer or undertakings by it, otherwise consistent with Commission requirements, for installation and maintenance of wiring on the subscriber's side of the demarcation point, including any wire or jacks that may have been installed by the carrier. The subscriber and/or premises owner may install wiring on the subscriber's side of the demarcation point, and may remove, reconfigure,

and rearrange wiring on that side of the demarcation point including wiring that may have been installed by the carrier. The customer or premises owner may not access carrier wiring and facilities on the carrier's side of the demarcation point. Customers may not access the telephone company-installed protector. All plugs and jacks used in connection with inside wiring shall conform to subpart F of this part. In multiunit premises with more than one customer, the premises owner may adopt a policy restricting a customer's access to wiring on the premises to only that wiring located in the customer's individual unit wiring that serves only that particular customer. See Demarcation point definition, § 68.3(b)(3). The customer or premises owner may not access carrier wiring and facilities on the carrier's side of the demarcation point. Customers may not access the telephone company-installed protector. All plugs and jacks used in connection with inside wiring shall conform to subpart F of this part.

FCC Rules Section 68.500 (47 CFR ;§68.500)

Specifications.

General. * * * For the purposes of this section, hard gold and contact performance equivalent to gold shall be determined in accordance with the standards detailed in Appendix H of TIA Telecommunications Systems Bulletin No. 31 Part 68 Rationale and Measurement Guidelines (TSB.31), prepared by EIA/TIA TR-41 Committee on Telephone Terminals (1992). This publication may be obtained by contacting Global Engineering Documents, 7730 Carondelet Avenue, Suite # 407, St. Louis, Missouri, 63105. (Telephone number 1-800-854-7179).

STAFF S FIRST REQUEST FOR PRODUCTION OF DOCUMENTS (NOS. 1 - 7) TO MEDIAONE FLORIDA TELECOMMUNICATIONS, INC.
DOCKET NO. 990149-TP

6. Please provide the pertinent sections of all current or pending interconnection agreements entered into by MediaOne with incumbent LECs that specifically address NTW arrangements.

No other ILEC, other than BellSouth, with whom MediaOne interconnects has taken the position that network terminating wire is part of their network.

Attached is an unsigned copy of MediaOne's initial interconnection agreement with BellSouth for Georgia which includes a copy of a signed amendment relating to network terminating wire.

7. Please provide copies of all documents that support the charges identified in response to staff interrogatory number 13(d).

Not applicable.

William B. Graham, Esq.
Fla. Bar No. 359068
Graham & Moody, P.A.
101 N. Gadsden Street
Tallahassee, FL 32301
(850) 222-6656

POD #6

MASTER INTERCONNECTION AGREEMENT

This Master Interconnection Agreement (the "Agreement") is entered into effective the 15th day of July, 1996, by and between the telecommunications entities set forth on Exhibit A hereto (referred to as the "Company") and BellSouth Telecommunications, Inc. ("BellSouth") (collectively the "Parties") for the purpose of determining the rates, terms, and conditions for the interconnection of the Parties' telecommunication networks within the State of Georgia.

RECITALS AND PRINCIPLES

A. BellSouth is a Local Exchange Carrier authorized to provide certain telecommunications services within specific service areas in the State of Georgia;

B. BellSouth has and continues to be the incumbent provider of local exchange telephone service within its service areas;

C. The Company has made an application and has been granted authority to provide local exchange telephone service in portions of Georgia and may continue to expand its authority to provide such services throughout the state including, without limitation, areas in BellSouth's Territory for the purpose of providing alternative or competitive services;

D. The Parties desire to interconnect their telecommunications networks and facilities, purchase unbundled services and features, and exchange traffic so that their respective customers may communicate with each other over and through such networks and facilities;

E. The Parties desire to enter into this Agreement consistent with all applicable federal, state and local statutes, rules and regulations in effect as of the date of its execution including, without limitation, the Act at Sections 251, 252 and 271 and to replace any and all other prior agreements, both written and oral, concerning the terms and conditions of interconnection; and

F. The Parties enter into this Agreement for the purpose of facilitating the introduction of local exchange telephone competition on an expedited basis and avoiding the uncertainty and expense of mediation, arbitration and/or litigation and to establish the rates, terms, conditions and mechanisms necessary to facilitate such competition.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.01. **Act** - means the Telecommunications Act of 1996, Public Law 104-104 of the 104th United States Congress effective February 8, 1996.

1.02 **Access Service Request ("ASR")** - means an industry standard form used by the Parties to add, establish, change or disconnect trunks for the purposes of Interconnection.

1.03 **Affiliate** - means any person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this Paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than ten percent (10%). Person shall mean any individual, partnership, corporation, company, limited liability company association, or any other legal entity authorized to transact business in the State of Georgia.

1.04 **Alternate Local Exchange Carrier ("ALEC")** - means any local exchange telecommunications company authorized to provide telecommunications services or exchange services in one or more areas of Georgia after January 1, 1995.

1.05 **Automated Report Management Information System ("ARMIS")** - means the most current ARMIS 4308 report issued by the Federal Communications Commission ("FCC").

1.06 **Bell Communications Research ("Bellcore")** - means an organization owned jointly by the seven Bell regional holding companies that conducts research in development projects for its seven owners, including development of new telecommunications services. Bellcore also provides certain centralized technical and management services for the regional holding companies.

1.07 **Calling Party Number ("CPN")** - means a Common Channel Signaling parameter which refers to the number transmitted through the network identifying the calling party.

1.08 **Central Office Switch, ("Central Office") ("CO")** - means a switching entity within the public switched telecommunications network, including but not limited to:

a. End Office Switches which are Class 5 switches from which end user Telephone Exchange Services are directly connected and offered.

b. Tandem Office Switches which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

1.09 **Billing Number** - means the number to which charges for a call are billable.

1.10 **Carrier Identification Code ("CIC")** - means a three or four digit number assigned to an IXC that identifies that carrier's traffic.

1.11 **Centralized Message Distribution System ("CMDS")** - means the billing record ar clearing house transport system that the Regional Bell Operating Companies ("RBOC") and oth incumbent LECs use to efficiently exchange out collects and in collects as well as Carrier Access Billir System ("CABS") records.

1.12 **Commission** - means any federal or state administrative agency to which the Unite States Congress or any state legislative body has delegated any authority to supervise or regulate th operations of Local Exchange Carriers pursuant to the Act or state constitution or statute such as Public Utilities Commission or Public Service Commission.

1.13 **Common Channel Interoffice Signaling ("CCIS")** - means a signaling syster developed for use between switching systems with stored-program control, in which all of the signalin information for one or more groups of trunks is transmitted over a dedicated high-speed data link usin SS7 protocol.

1.14 **Control Office** - is an exchange carrier center or office designated as its company' single point of contact for the provisioning and maintenance of its portion of interconnectior arrangements.

1.15 **Customer Local Area Signaling Services ("CLASS")** - means features available tc end users based on the availability of CCIS. Class features include, but are not necessarily limited to Automatic Callback; Call Trace; Caller ID and related blocking features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection.

1.16 **Digital Service - Level 0 ("DS-0")** - means a digital signal rate of 64 kilobits per second ("kbps").

1.17 **Digital Service - Level 1 ("DS-1")** - means a digital signal rate of 1.544 Megabits Per Second ("Mbps").

1.18 **Digital Service - Level 3 ("DS-3")** - means a digital signal rate of 44.736 Mbps.

1.19 **Electronic File Transfer** - means any system/process which utilizes an electronic format and protocol to send/receive data files.

1.20 **Exchange Access** - means the offering of access to telephone exchange services or facilities for the purpose of the origination or termination of telephone toll services from or to Exchange Service customers in a given area pursuant to a switched access tariff. Exchange Access does not include traffic exchanged between LECs and ALECs for purpose of local traffic interconnection.

1.21 **Exchange Service** - means the definition of telephone exchange service found at §3(1)(A) and (B) of the Act which shall be interpreted to include any services offered to end users which provides the end user with a telephonic connection to, and a unique local telephone number address on, the public switched telecommunications network, and which enables such end user to generally place calls to, or receive calls from, other stations on the public switched telecommunications network. Exchange Service includes basic residence and business line service, PBX trunk line service,

pay phone access line service, Centrex line service and ISDN line services. Exchange Service does no include Private Line, Interexchange, and Special Access services.

1.22 **Feature Group A ("FGA")** - means the FGA Access, which is available to al customers, provides line side access to Telephone Company end office switches with an associate seven digit local telephone number for the customer's use in originating and terminating communications to an Interexchange Carrier's Service.

1.23 **Feature Group B ("FGB")** - means the FGB Access, which is available to al customers, except for the termination of originating calls placed over FGD by AT&T, provides trunk side access to Telephone Company end office switches with an associate uniform 950-0XXX or 950-1XXX access code for the customer's use in originating and terminating communications to an Interexchange Carrier's Service.

1.24 **Feature Group D ("FGD")** - means the FGD Access, which is available to all customers, provides trunk side access to Telephone Company end office switches with an associated uniform 10XXX access code for the customer's use in originating and terminating communications. FGD Access may also be used to originate and terminate 800 and 900 Access Service calls. FGD Access may be used to originate 950-XXXX calls where the customer has elected the FGD with 950 access feature.

1.25 **Interconnection** - means the connection of equipment and facilities within, between or among networks for the transmission and routing of Exchange Service and Exchange Access. Interconnection shall include nondiscriminatory access to signaling systems, routing databases, facilitie and information and provision of Service Provider Number Portability as required to ensure interoperability of networks and efficient, timely provision of services to end-user customers without permitting access to network proprietary network information, unless otherwise permitted. Interconnection shall also include dialing parity as defined by the Act at Section 3(a)(39).

1.26 **Interexchange Carrier ("IXC")** - means a telecommunications service provider authorized by the FCC to provide interstate long distance communications services between LATAs and are authorized by a state Commission to provide long distance communications services but not Exchange Services within the state borders (except under separate authority as a LEC or ALEC).

1.27 **Integrated Services Digital Network ("ISDN")** - means a switched network servic providing end-to-end digital connectivity for the simultaneous transmission of voice and data.

1.28 **Local Access and Transport Area ("LATA")** - as defined by the Act, means a contiguous geographic area - (A) established before the date of enactment of the Act by a BellSouth operating company such that no exchange area includes points within more than one (1) metropolitan statistical area, consolidated metropolitan statistical area, or state, except as expressly permitted und the AT&T consent decree; or (B) established or modified by a BellSouth operating company after such date of enactment and approved by the Commission.

1.29 **Local Exchange Routing Guide ("LERG")** - means Bellcore reference customarily used to identify NPA-NXX routing and homing information as well as network element and equipment designations.

1.30 **Local Exchange Carrier ("LEC")** - means any person or entity engaged in the provision of Exchange Service or Exchange Access.

1.31 **Local Traffic** - means any telephone call that originates and terminates in the same LATA and is billed by the originating party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection arrangement with an independent LEC, with which the companies are not directly interconnected.

1.32 **Local Interconnection Trunks/Trunk Groups** - means equipment and facilities that provide for the termination of Local Traffic and intraLATA toll telephone traffic.

1.33 **Meet-Point Billing** - means an arrangement whereby two Exchange Access providers (including a LEC and a ALEC) provide Exchange Access to an IXC and each such provider receives its share of the tariffed element revenues by agreement.

1.34 **Multiple Exchange Carrier Access Billing ("MECAB")** - means the document prepared by the Billing Committee of the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, containing the recommended guidelines for the billing of Exchange Access provided by two or more LECs and/or ALECs, or by one LEC in two or more states within a single LATA, as it is amended from time to time.

1.35 **Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface ("MECOD")** - means the document developed by the Ordering/Provisioning Committee under the auspices of the OBF, which functions under the auspices of the Carrier Liaison Committee of the ATIS and is published by Bellcore as Special Report SR STS-002643 to establish methods for processing orders for Exchange Service access which is to be provided by two or more LECs and/or ALECs.

1.36 **Mutual Traffic Exchange** - means that the sole compensation to a Party for termination of specified categories of traffic shall be the reciprocal services provided by the other Party. Each Party shall bill its own customers for such categories of traffic and retain all revenues resulting therefrom.

1.37 **North American Numbering Plan ("NANP")** - means the system of telephone numbering employed in the United States, Canada, and certain Caribbean countries.

1.38 **Numbering Plan Area ("NPA")** - means an area code which is the three digit indicator defined by the "A", "B" and "C" digits of each 10-digit telephone number within the NANP containing 800 possible NXX Codes each. There are two general categories of NPA. "Geographic NPA" is associated with a defined geographic area, and all telephone numbers bearing such NPA are associated

with services provided within that Geographic area. A "Non-Geographic NPA", also known as "Service Access Code" ("SAC Code") means specialized telecommunications service which may provided across multiple geographic NPA areas such as 500, Toll Free Service NPAs, 900 and 700.

1.39 **NXX Code ("NXX"), Central Office Code ("CO Code")** - means the three di switch entity indicator which is defined by the "D", "E" and "F" digits of a 10-digit telephone numb within the NANP containing 10,000 station numbers.

1.40 **0ZZ Codes** - define FGD call paths through a LEC's access Tandem Office Switch.

1.41 **Percent Local Usage ("PLU")** - means a calculation representing the ratio of the loc minutes to the sum of local and intraLATA toll minutes and interLATA minutes, if any, between LE sent over Local Interconnection Trunks. PLU does not include directory assistance, busy lir verification, busy line verification interrupt, 900 and 976 calls.

1.42 **Rating Point** - means the vertical and horizontal coordinates associated with a particula telephone number for rating purposes.

1.43 **Routing Point** - means a location which a LEC has designated on its own network a the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bears certain NPA-NXX designation and is employed to calculate mileage measurements for the distance sensitive transport element charges of Exchange Access Services.

1.44 **Signal Transfer Point ("STP")** - means a packet switching function that rou signaling messages among Service Switching Points ("SSPs"), Service Control Points ("SCPs") Signaling Point ("SPs"), and other STPs in order to set up calls and to query databases for advance services.

1.45 **State** - means the State of Georgia.

1.46 **Territory** - means all portions of Georgia, in which BellSouth or an affiliate is authorized, or may in the future be authorized, to provide Exchange Services and maintain a Central Office and in which Company or their affiliates at any time during the term of this Agreement are authorized to provide Exchange Services and also maintain a Central Office.

1.47 **Transit Calls or Intermediary Function** - means intraLATA calls (local and toll) sen between the Parties originating from or terminating to an end user of a third-party LEC, ALEC, wireless provider, or other carrier or calls sent between the Parties destined for or originating from an IXC.

1.48 **Toll Free Service** - means service provided with any dialing sequence that invokes toll-free (i.e. 800-like) service processing. Toll Free Service includes calls to the Toll Free Service 800/888 NPA SAC codes.

1.49 **Wire Center** - means a building or space within a building which serves as aggregation point on a network, where transmission facilities and circuits are connected or switch

Wire center can also denote a building in which one or more Central Offices, used for the provision of Exchange Services and access services, are located. However, for purposes of Expanded Interconnection Service ("EIS"), Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.

1.50 Undefined Terms. The Parties acknowledge that terms may appear in this Agreement which are not defined and agree that any such terms shall be construed in accordance with their customary usage in the telecommunications industry as of the effective date of this Agreement.

ARTICLE II
EFFECTIVENESS: TERM

2.01 The Parties shall file this Agreement with the appropriate Commissions as soon as practicable following its execution in accordance with the Act and unless rejected by any Commission, it shall become effective pursuant to its terms with respect to the State of Georgia when approved by the appropriate Commission or when deemed approved under the Act.

2.02 The Parties agree to interconnect their networks pursuant to the terms of this Agreement for a period of two (2) years from the effective date of this Agreement, and thereafter the Agreement shall continue in full force and effect unless and until terminated as provided herein. In the sole discretion of the Company, the effective date of this Agreement may be treated as the date of its execution or the date of the completion of the first call in the State. In no event, however, shall the effective term of this Agreement exceed two (2) years from the date of the completion of the first call in the State, unless the Agreement is modified pursuant to the provisions of Article XVI, Paragraph 26.02.

2.03 Upon delivery of written notice at least one hundred sixty (160) days prior to the expiration of this Agreement, any Party may require negotiations of the rates, terms, and conditions of the interconnection arrangements to be effective upon such expiration. Unless deemed to be inconsistent with the Act, if the Parties are unable to satisfactorily negotiate such new terms within 135 days of commencing the negotiations, any Party may petition the Georgia Public Service Commission ("GPSC") to arbitrate any unresolved issues. In the event that the GPSC does not issue its order prior to the scheduled expiration date, the Parties agree that the rates, terms and conditions ultimately ordered by the GPSC or negotiated by the Parties will be effective retroactive to the expiration date. Until the revised interconnection arrangements become effective, the Parties shall continue to exchange traffic pursuant to the terms of this Agreement.

ARTICLE III
TECHNICAL PROVISIONS

The Parties shall agree to interconnect their respective networks in the State for the purpose of terminating calls intended for a customer of one of the Parties and for Transit Calls.

3.01 Interconnection Obligation. The Parties agree to interconnect their networks through facilities to be established pursuant to this Agreement between the Company's Central Offices and BellSouth's Central Offices as designated by the Company from time to time.

3.02 POI. For each BellSouth Central Office where the Company and BellSouth interconnect for the exchange of local and intraLATA toll and meet point access traffic, the Company and BellSouth agree that there will be Point(s) of Interconnection ("POI") located at the demarcation point between the Company's network and BellSouth's Central Office. Subject to the Act, the Company may elect to establish the POI for each such Central Office through physical collocation, virtual collocation, or may purchase transport facilities. BellSouth shall not charge rearrangement, reconfiguration, disconnection or other non-recurring fees associated with the reconfiguration of Company's interconnection arrangement at any BellSouth Central Office.

3.03 Sizing and Structure of Interconnection Facilities. The Parties shall each determine the appropriate sizing for its interconnection facilities based hereunder on the standards set forth in Section XI, below. The interconnection facilities provided by each Party shall be at either the DS-0, DS-1 or DS-3 level, according to mutual forecasts and sound engineering practice, as mutually agreed to by the Parties during planning - forecasting meetings.

3.04 Trunks. Interconnection for local and intraLATA toll traffic will be provided via one-way trunks, or such interconnection may be provided via two way trunks by issuance of an ASR from a Company. Two-way trunks will be established to exchange interLATA toll and meet point access traffic.

3.05 Signaling Protocol. The Parties will interconnect their networks using SS7 signaling as defined in GR-317 and GR-394, including ISDN User Part ("ISUP") for trunk signaling and Transaction Capabilities Application Part ("TCAP") for CCIS-based features. The Company will establish outgoing multifrequency ("MF") trunks to BellSouth for 911 traffic. The Parties will interconnect their network using two-way MF signaling for traffic originating from carriers that do not have SS7 networks.

3.06 In the event BellSouth must decommission a Central Office or switch, BellSouth shall not charge the Company for moving EIS/collocation arrangements.

3.07 Pursuant to Section 251(c)(5) of the Act, BellSouth shall provide forty-five (45) days written notice to the Company before making any changes to BellSouth's network configuration that may have an impact on the Company' interconnection, facilities, network or operations.

3.08 Nothing herein shall prevent the Company from utilizing existing collocation facilities, purchased from the interexchange tariffs, for local interconnection; provided, however, that if the Company orders new facilities for Interconnection or rearranges any facilities presently used for its alternate access business in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto, BellSouth shall only charge the Company the lower of the interstate or intrastate tariffed rate or promotional rate.

3.09 ALEC to ALEC Connections. BellSouth will allow the Company and all other carriers collocated at the same BellSouth Central Office to directly connect their facilities at such Central Office for the purpose of exchanging Local Traffic without use of the BellSouth Tandem Office Switch. Tariffed cross connect charges shall apply.

ARTICLE IV
MEET-POINT TRUNKING ARRANGEMENTS

4.01 Two-way meet point trunks which are separate from the Local Interconnection Trunk Groups will be established to enable the Company and BellSouth to provide Exchange Access Services to IXCs via a BellSouth Central Office. No Party shall charge the other any amount for any meet point facilities unless one Party is ordering trunks from the other.

4.02 The Parties will provide CCIS to each other, where and as available, in conjunction with meet point two-way trunk groups. The Company may establish CCIS interconnections either directly or through a third-party. The Parties will exchange TCAP messages to facilitate full inter-operability of CCIS-based features between their respective networks, including all CLASS features and functions to its own end users. The Parties will provide all CCIS signaling, Billing Number, originating line information ("OLI") and any other such similar service. For terminating FGD, BellSouth will pass CPN if it receives CPN from FGD carriers. All privacy indicators will be honored. Where available, network signaling information such as Transit Network Selection ("TNS") parameter (CCIS platform) and OZZ/CIC information (non-CCIS environment) will be provided by the Company whenever such information is needed for call routing or billing. The Parties will follow all OBF adopted standards pertaining to TNS and OZZ/CIC codes. No Party shall charge the other for the provision of network signaling information as provided by this section, as long as each party provides its own signaling.

4.03 CCIS shall be utilized in co. on with two way meet point trunks; except MF signaling must be used on a separate meet point . unk group for originating FGD access to Exchange Access customers that use MF FGD signaling protocol.

4.04 All originating Toll Free Service calls for which BellSouth performs the Service Switching Point ("SSP") function (e.g., performs the database query) shall be delivered by the Company using GR-394 format over a trunk group designated for Toll Free Service. Carrier Code "0110" and Circuit Code of "08" shall be used for all such calls. In the event the Company becomes a toll free service provider, BellSouth shall deliver traffic using the GR-394 format over a trunk group designated for Toll Free Service.

4.05 All originating Toll Free Service calls for which the Company performs the SSP function, if delivered to BellSouth, shall be delivered by the Company using GR-394 format over the meet point trunk group for calls destined to IXCs, or shall be delivered by the Company using GR-317 format over the Local Interconnection Trunk Group for calls destined to end offices that directly subtend BellSouth access tandems.

4.06 Originating Feature Group B calls shall be delivered to BellSouth's tandem using the interLATA trunk groups.

4.07 The Parties agree: (a) to a multiple bill arrangement as described in MECAB; (b) to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies which includes traffic terminating to ported numbers; and (c) to employ a 30 day billing period for meet-

point billing, and shall provide each other, at no charge and at least once a month, the Exchange Access detailed usage data.

4.08 Each Party will provide the other with the Exchange Access detailed usage data within fifteen (15) days of the end of the billing period. Each Party will provide to the other the Exchange Access summary usage data within fifteen (15) days of the date that a bill is rendered to the IXC by the initial billing party.

4.09 In the case of IXC traffic terminating to the Company ported numbers, the Parties will, unless IXC actual minutes of use can be measured, account for access revenue on a state-by-state basis by using verifiable BellSouth/Company interstate and intrastate minutes of use at the total IXC access rates applicable to BellSouth less the BellSouth/Company meet point access minutes at the meet point billing access rates applicable to BellSouth , with no other subtractions.

4.10 The meet point billing process in accordance with this Article shall apply to all Toll Free Service calls where the provider is an IXC. Each Party shall be responsible for billing its portion of the charges described herein.

4.11 If any Party provides intermediary functions for network access service connection between an IXC and another Party, each Party will provide their own network access services to the IXC on a meet-point basis. The meet-point billing arrangement will be through the multiple bill. Each Party will bill its own network access services rates to the IXC with the exception of the residual interconnection charge. Each Party shall bill 50% of its residual interconnection charges in such case.

ARTICLE V
INTERCONNECTION TRUNK ARRANGEMENT AND COMPENSATION

5.01 The Parties shall reciprocally terminate Local Traffic and intraLATA toll calls originating on each other's networks, as follows:

a. The Parties shall make available to each other one-way trunks for the reciprocal exchange of Local Traffic and intraLATA toll traffic.

b. The Parties will provide CCIS to one another in conjunction with all trunk groups where applicable. The Company may establish CCIS interconnections either directly or through a third party. The Parties will exchange TCAP messages to facilitate full interoperability of CCIS-based features between their respective networks, including all CLASS features and functions, to the extent each Party offers such features and functions to its own end users. All CCIS signaling parameters will be provided including CPN. All privacy indicators will be honored. No charge shall apply to the provision of network signaling information discussed herein, as long as each party provides its own signaling capability.

c. BellSouth will make available to the Company, as needed, 64 Kbps Clear Channel Capability ("64K CCC") trunks. Upon receipt of the Company' initial forecast of 64K CCC quantities, the Parties will begin joint planning for the engineering, procurement, and installation of the segregated 64K CCC Local Interconnection Trunk Groups, and the associate-

Bipolar 8 Zero Substitution (B8ZS) ESF facilities, for the sole purpose of transmitting 64K CCC data calls between the Company and BellSouth. In no case will these trunks be used for voice calls. Where such trunks and/or additional equipment is required, such equipment and trunks will be obtained, engineered, and installed on the same basis and with the same intervals as any similar growth job for IXC, ALEC, or BellSouth internal customer demand for 64K CCC trunks. Where technically feasible, these trunks will be established as two-way.

d. The Company may opt at any time to terminate to BellSouth some or all Local Traffic and intraLATA toll traffic originating on its network via a combined two-way trunk group. In such case, the Company will provide a PLU to BellSouth or actual minutes of use.

e. No Party shall represent Exchange Access traffic as Local Interconnection Traffic.

f. BellSouth shall deliver all traffic destined to terminate at the Company's Central Office in accordance with the serving arrangements defined in the LERG.

g. When the Company delivers over the Local Interconnection Trunk Group miscellaneous non-local calls (i.e. time, weather, 900, Mass Calling Codes) destined for BellSouth, it shall deliver such traffic in accordance with the serving arrangements defined in the LERG.

h. Calls completed using N11 codes (i.e. 411, 511, 911) shall not be sent between the Company's and BellSouth's networks over the Local Interconnection Trunk Groups.

i. The Parties acknowledge that there are certain types of calls that require exchange of billing records between the Parties. These types of records include intraLATA alternate billed calls (e.g. calling card, bill-to-third party, and collect records and LEC/ALEC-provided Toll Free Service records). The exchange of billing records for calls of this type that are intraLATA will be handled through the existing CMDS processes. The payments of revenues for these types of calls will be handled through Calling Card and Third Number Settlement ("CATS") with the CMDS host and specific arrangements with BellSouth. The Parties will exchange records of Local Transit Traffic on the same basis as provided in Paragraph 4.08 with respect to Exchange Access meet point billing records.

5.02 Compensation for Call Termination. The following compensation rates shall apply for traffic delivered between the Parties pursuant to this Agreement.

a. The delivery of Local Traffic between the Company and BellSouth shall be reciprocal and compensation shall be mutual. Subject to the method of calculation set forth in this Paragraph 5.02, the Parties shall pay each other $.010 per minute of use for terminating Local Traffic (other than Transit Calls constituting Local Traffic) on each other's networks. The Parties acknowledge that this per minute compensation represents an average of the tariffed Exchange Access rates across BellSouth's service area. If, for any reason, there is a decrease of any such tariffed Exchange Access rate, at any time during the term of this Agreement, in the

State of Georgia by an amount of $.001 or more, the per minute rate of compensation required by this Paragraph 5.02(a) shall be automatically reduced by a corresponding amount.

b. For purposes of this Paragraph 5.02(b) there shall be four (4) calculation periods of six months each. In calculating the compensation required by Paragraph 5.02(a) no Party shall owe compensation to the other unless the net minutes of use (i.e., the difference between the Parties' minutes of use calculated by subtracting the lower number of minutes used by the Party with the lower number from the number of minutes used by the Party with the higher number) for terminating local traffic results in a dollar amount in excess of the amount designated for each month during the calculation period as follows:

1. During the first six month period of operation, there shall be no charges accrued, or compensation paid for the termination of local traffic; however, the Parties shall exchange billing information and usage data during this initial period for the purpose of reviewing same for accuracy only;

2. During the second six month period, $40,000 per month/ billing period;

3. During the third six month period, $30,000 per month/ billing period;

4. During the fourth six month period, $20,000 per month/ billing period; and

5. During any extension of this Agreement pursuant to Article II, Paragraph 2.03, $0 per month/billing period.

The Parties acknowledge and agree that any compensation which might accrue in an amount less than that required by this Paragraph shall be considered to be de minimis. The "initial six month period" for purposes of applying this de minimis rule in the State shall begin with the date the first call is completed under the Interconnection arrangement provided for herein in the State, and each subsequent period shall begin when the prior period expires. In the event that the first call is completed on a date other than the first day of a month, the balance of that month shall be treated as included in the initial six month period, but such period will end on the last day of the sixth full calendar month after the date of such first call completion so that thereafter the six month periods referred to in this Paragraph 5.02(b) shall always be determined on a calendar month basis. In the event that the Parties so agree, monthly billing and calculation periods for the State under this Paragraph 5.02(b) may begin on a day other than the 1st day of a month.

c. If after applying the de minimis rule calculations in accordance with Paragraph 5.02(b) to a particular billing month a Party would be required to compensate another Party, the compensation due shall not exceed 105% of the total billed Local Traffic minutes of use of the Party with the lower total billed Local Traffic minutes of use in the same billing period. For thi-

purpose the number of minutes of the Party with the lower total billed minutes of use shall be deemed to be such Party's actual billed local minutes of use (excluding Local Traffic minutes of use constituting Transit Calls). Total billed Local Traffic minutes of use of a Party for purposes of this Paragraph shall be as recorded by the Party receiving the terminating traffic (subject to reconciliation with the Party originating the traffic if its recordings of such minutes of use materially differ) and shall be aggregated for each Party and any of its Affiliates providing local exchange telecommunications services under the Party's Certificate of Authorization. The Parties shall submit bills for terminating Local Traffic minutes of use on a monthly basis by the 30th day of the following month, but payment shall be due within 45 days after the end of the six month periods referred to in clauses (2)-(5) of Paragraph 5.02 (b).

d. The Parties will compensate each other on the basis of Mutual Traffic Exchange for the provision of intermediary tandem switching and transport services with respect to Transit Calls constituting Local Traffic.

e. The delivery of intrastate toll traffic between the Company and BellSouth shall also be reciprocal and compensation will be mutual. Each Party shall pay each other identical rates for terminating the same type of traffic on each other's network. The Parties will pay each other BellSouth's intrastate Exchange Access rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate.

The following service elements shall apply to intraLATA toll calls (including Toll Free Service Calls whether the provider is a Company or BellSouth), except that certain elements may be inapplicable with collocation:

- Tandem switched transport:

  -Fixed - per minute of use
  -Variable - per minute per mile of use; provided, however, that an average mileage of 5 miles shall apply to all intraLATA toll traffic regardless of the actual mileage between the access tandem and the BellSouth end office.

- Tandem switching - per minute of use

- Interconnection charge (IC) - per minute of use

- Local switching - per minute of use

- Carrier Common Line - per minute of use

- 800 query charge - per query

- Record provisioning charge for intraLATA 800 records - per record

The applicable rates for the above elements can be found by reference to BellSouth access tariffs.

5.03 For intraLATA toll free service, access shall be charged by the Party originating the call rather than the Party terminating the call.

5.04 Each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting ("AMA") recordings made within each Party's network.

5.05 Measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly billing cycle and then rounded to the next whole minute.

5.06 Late payment fees, not to exceed 1% per month may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date.

5.07 For so long as BellSouth serves as numbering administrator within the State, BellSouth shall ensure that the Company has on a nondiscriminatory basis sufficient numbering resources so that the Parties can distinguish Local Traffic (measured and flat rate) from intraLATA toll traffic. To the extent that BellSouth controls numbering resources and does not comply with the foregoing, all affected calls will be treated as Local Traffic to the extent that BellSouth cannot distinguish between Local Traffic and intraLATA toll traffic. The Company agrees, subject to the first sentence of this Paragraph, to use NXX codes in a manner that will allow BellSouth to distinguish Local Traffic (measured and flat rate) from intraLATA toll traffic. In the event a third-party becomes numbering administrator, BellSouth agrees, if it is the Company's CMDS host, to support the Company's requests and assist the Company in obtaining Revenue Accounting Office codes, and any other billing and accounting codes necessary for the provision of local telephone numbers within BellSouth's jurisdiction. After final telecommunications numbering administration guidelines, plans or rules have been adopted pursuant to Section 251(e) of the Act, the Parties shall comply with such guidelines, plans or rules.

ARTICLE VI
OPERATIONAL MATTERS AND UNBUNDLED NETWORK FEATURES. FUNCTIONS AND CAPABILITIES.

6.01 A maintenance of service charge shall apply when any Party requests the dispatch of another Party's personnel for the purpose of performing maintenance activity on the interconnection trunks, and any of the following conditions exist:

a. No trouble is found in the interconnection trunks; or

b. The trouble condition results from equipment, facilities or systems not provided by the Party whose personnel were dispatched; or

c. Trouble clearance did not otherwise require a dispatch, and upon dispatch requested for repair verification, the interconnection trunk does not exceed Maintenance Limits.

6.02 If a maintenance of service initial charge has been applied and trouble is subsequently found in the facilities of the Party whose personnel were dispatched, the charge will be canceled.

6.03 Billing for maintenance of service is based on each half-hour or fraction thereof expended to perform the work requested. The time worked will be categorized and billed at either basic time, overtime or premium time rates. No Party shall be entitled to charge overtime or premium time rates when it has regular staff available for its own customer or internal needs at the time maintenance of service is requested by the other Party.

6.04 The Parties will provide maintenance to their respective affected service within the following intervals:

60% to 100% of service outage within a trunk group:	within 1 hour
20% to 60% of service outage within a trunk group:	within 4 hours
0% to 20% of service outage within a trunk group:	within 8 hours

6.05 The charges for maintenance of service hereunder will be no higher than the applicable charges as set forth in BellSouth's E13 tariff. The Parties shall exchange maintenance of services contacts and escalation lists.

6.06 In answering misdirected repair calls, no Party shall make disparaging remarks about another, nor shall they use repair calls as the basis for internal referrals or to solicit customers to market services. Any Party may respond with factual information in answering customer questions.

6.07 All Parties shall provide their respective repair numbers to each other for purposes of customer referrals of misdirected repair calls.

6.08 Each Party shall establish procedures whereby its operator bureau will coordinate with the operator bureau of all other Parties to provide Busy Line Verification ("BLV") and Busy Line Verification Interrupt ("BLVI") services on calls between their respective end users.

6.09 BLV and BLVI inquiries between operator bureaus shall be routed using network-routable access codes published in the LERG over inward operator services trunks.

6.10 If any Party purchases BLV or BLVI service, each Party shall charge for the provision of such service at the rates contained in their respective tariffs.

6.11 911 and E911 Service.

a. BellSouth shall provide a list consisting of each municipality in Georgia that subscribes to Basic 911 service. The list will also provide the E911 conversion date and for network routing purposes, a ten-digit directory number representing the appropriate emergency answering position for each municipality subscribing to 911-service. The Company shall arrange to accept 911 calls from their customers in municipalities that subscribe to Basic 911 service and translate the 911 call to the appropriate 10-digit directory number as specified on the list provided by BellSouth and route such call to BellSouth at the appropriate tandem or end office.

b. When a municipality converts to E911 service, the Company shall discontinue the Basic 911 procedures and begin the E911 procedures. The Company shall connect the necessary trunks to the appropriate E911 tandem(s). If a municipality has converted to E911 service, the Company shall forward 911 calls to the appropriate E911 primary tandem, along with ANI, based upon the current E911 end office to tandem homing arrangement as provided by BellSouth.

c. In order to ensure the proper working of the system and accurate customer data, the Company shall provide daily updates to the E911 data-base. BellSouth shall use best faith efforts to work with the Company to define record layouts, media requirements, and procedures for this process. BellSouth will incorporate all updates received within 24 hours of receipt. BellSouth shall provide the capability for the Company to transmit E911 information by file transfer to BellSouth's database facility or that of its agent.

d. Where BellSouth is responsible for maintenance of the E-911 database and is compensated for maintaining the Company's information by the municipality, it shall not also be entitled to compensation from the Company, for the same function.

6.12 MSAG. BellSouth shall provide to the Company at no charge an initial Master Street Address Guide and quarterly updates by NPA, NXX or county.

6.13 Directory Listings and Directory Distribution.

a. Subject to execution of an agreement between BellSouth's affiliate, BellSouth Advertising and Publishing Co. ("BAPCO"), and the Company attached as Exhibit B, the

execution thereof to be a condition precedent to the effectiveness of this Agreement, (1) the Company's customers' primary listings shall be included in the appropriate white pages (residence and business listings) or alphabetical directories, as well as the directory assistance data-base, (2) the Company's business subscribers' listings will be included in all appropriate Yellow Pages or classified directories, and (3) copies of directories shall be delivered to Company's customers; all without charge.

b. BellSouth shall provide the Company with a magnetic tape or computer disk containing the proper format to employ in submitting directory listings and daily updates. The Company shall provide BellSouth with its directory listings and daily updates to those listings (including new, changed and deleted listings) in a mutually acceptable format. BellSouth shall include the Company's customers in directory assistance databases associated with the areas in which each Company provides Exchange Services to such customers within the same time frame as it includes its own customers in such databases.

6.14 Number Portability.

a. The Parties agree to provide interim Service Provider Number Portability ("SPNP") on a reciprocal basis between their networks to enable their end user customers to utilize telephone numbers associated with an Exchange Service provided by one Party, in conjunction with an Exchange Service provided by the other Party, upon the coordinated or simultaneous termination of the first Exchange Service and activation of the second Exchange Service. The Parties shall provide reciprocal SPNP immediately upon execution of this Agreement via remote call forwarding ("RCF") or Direct Inward Dialing ("DID"). SPNP shall operate as follows:

b. A customer of Party A elects to become a customer of Party B. The customer elects to utilize the original telephone number(s) corresponding to the Exchange Service(s) it previously received from Party A, in conjunction with the Exchange Service(s) it will now receive from Party B. Upon documentation to be agreed upon by the parties and an associated service order assigning the number to Party B, Party A will implement an arrangement whereby all calls to the original telephone numbers(s) will be automatically forwarded on a multiple-path basis to (a) new telephone number(s) designated by Party B within the same area where the original NXX code is used. Party A will route the forwarded traffic to Party B over the appropriate trunks as if the call was a call which had originated on Party A's network.

c. Party B will become the customer of record for the original Party A telephone numbers subject to the RCF arrangements. Party A will provide Party B a single consolidated master billing statement for all collect and billed-to 3rd-number calls associated with those numbers, with sub-account detail by retained number. Such billing statement shall be delivered via paper, electronic file transfer, daily magnetic tape or monthly magnetic tape (for which monthly option there shall be no charge). Party A shall provide to Party B the EMR detailed records associated with the calls reflected on the master billing statement.

d. Party A may cancel line-based calling cards and will, as directed by Party E update its Line Information Database ("LIDB") listings for retained numbers subject to RC. subject to execution of the LIDB storage agreement in the form attached as Exhibit C.

e. Within two (2) business days of receiving notification from the customer, Party E shall notify Party A of the customer's termination of service with Party B, and shall furthe notify Party A as to the customer's instructions regarding its telephone number(s). Party A w reinstate service to the customer, cancel the RCF arrangement, or redirect the RCF arrangemen pursuant to the customer's instructions at that time. Nothing herein shall preclude the custome or a third party with proper approval, or Party A, from dealing directly with the customer anc carrying out the foregoing at the direction of the customer.

f. The Parties will migrate from RCF or DID to Permanent Number Portability as soon as practically possible, without interruption of service (to the degree possible) to their respective customers.

g. The Parties shall provide RCF arrangements to each other at identical monthly rates. Recurring charges shall not exceed the actual cost of providing the service. There shall be no non-recurring charges. Until otherwise verified by reliable cost studies, actual cost for recurring charges are as follows:

1. Residential Services - $1.15 per line, including 6 call paths;
2. Business Service - $2.25 per line, including 10 call paths;

and

3. Each additional path - $.50.

h. DID service provides trunk side access to end office switches for direct inward dialing to the other Party's premises equipment from the telecommunications network to lines associated with the other Party's switching equipment and must be provided on all trunks in a group arranged for inward service. A SPNP-DID trunk termination, provided with SS7 Signaling only, charge (subject to Paragraph 6.14(i)) applies for each trunk voice grade equivalent. In addition, direct facilities are required from the end office where a ported number resides to the end office serving the ported end user customer. Transport mileage will be calculated as the airline distance between the end office where the number is ported and the PO using the V&H coordinate method. SPNP-DID must be established with a minimu configuration of two channels and one unassigned telephone number per switch, per arrangement for control purposes. Transport facilities arranged for SPNP-DID may not be mixed with any other type of trunk group, with no outgoing calls placed over said facilities. SPNP-DID will be provided only where such facilities are available and where the switching equipment of the ordering Party is properly equipped. Where SPNP-DID service is requir from more than one wire center or from separate trunk groups within the same wire center, such service provided from each wire center or each trunk group within the same wire center shall be considered a separate service. Only customer dialed sent paid calls will be completed to the first number of a SPNP-DID number group, however there are no restrictions on calls completed to other numbers of a SPNP-DID number group.

i. The Parties hereby agree to negotiate in good faith for a period of 30 days from the effective date of this Agreement with respect to the recurring and non-recurring charges, if any, for SPNP through DID. For this purpose, BellSouth shall provide the Company with its relevant cost studies, subject to applicable non-disclosure obligations. In the event that the Parties are unable to agree upon the applicable charges, the issue shall be resolved in accordance with the process set forth in Article XX.

j. Upon the final adoption of FCC regulations issued pursuant to Section 251(b)(2) of the Act, the Parties agree to comply with such regulations.

6.15 Unbundling. Upon request from the Company, BellSouth will provide the Company nondiscriminatory access to any and all network elements on an unbundled basis at any technically feasible point. Rates, terms and conditions for unbundled elements will be agreed to at the time of request pursuant to Section 252 (d)(1). The Parties agree that BellSouth will provide, if requested by the Company, the items listed, without limitation, on Exhibit C hereto. BellSouth may add additional services at any time during the term of this Agreement upon written notice to the Company.

6.16 Access to Poles, Ducts, Conduits and Rights of Way. BellSouth agrees to provide to the Company, pursuant to 47 U.S.C. § 224, as amended by Section 703 of the Act, nondiscriminatory access to any pole, duct, conduit or right-of-way owned or controlled by BellSouth.

6.17 Service Orders. BellSouth agrees that upon receiving a service order from the Company (which may be transmitted by any means accepted as reliable in the industry) for any customer of BellSouth who wishes to disconnect its service and receive Company's service, it shall complete the disconnect and provision RCF or DID, if applicable, within 24 hours of BellSouth's receipt of the service order assuming that the necessary DID trunks have already been installed. Whenever possible, disconnects shall be coordinated between the Parties to avoid breaks in service to the end user.

6.18 Disconnection of Customers. BellSouth shall accept any requests from the Company to disconnect the service of an existing BellSouth end user, except for BellSouth Public and Semipublic telephone service, subject to effective contracts with location providers. BellSouth will not require end user confirmation prior to disconnecting the end user's service. BellSouth will accept a request directly from an end user for conversion of the end user's service from the Company to BellSouth or will accept a request from another ALEC for conversion of the SPNP service associated with an end user's service charge from the Company to the ALEC. BellSouth will notify the Company that such a request has been processed. This Paragraph 6.18 shall be subject to Section 258(a) and (b) of the Act which prohibits illegal changes of carrier selections and assesses liability for such changes, and any change of service verification procedures which may be promulgated by the FCC. The Company and BellSouth shall each execute a blanket letter of authorization for the State substantially in the form attached as Exhibit D hereto with respect to customer disconnections. The Parties shall each be entitled to adopt their own internal processes for verification of customer authorization of disconnection of service; provided, however that such processes shall comply with applicable State and federal law and until superseded shall be deemed adequate for purposes of this Agreement if such processes comply with FCC guidelines applicable to Presubscribed Interexchange Carriers (PIC) changes.

6.19 Dialing Parity. The Parties will ensure that the customers of the other shall not have to dial additional digits or incur dialing delays in order to complete calls as a result of Interconnection.

6.20 Non-Published Numbers. The Parties will reciprocally provide their respective numbers and contact names for their non-published bureaus so that each Party's operators will have the capability to contact the other in order to request that a Party's operator notify that Party's end user with a non-published number of an urgent call or emergency at the request of an user of the other Party.

6.21 Resale. BellSouth agrees to offer to the Company for resale all telecommunications services that it offers to retail customers (other than limited promotional offers and grandfathered services that are no longer available to new customers, lifeline or link up services, contract service arrangements, installment billing options, 911 and E911 services, interconnection for mobile service providers, services with legislatively or Commission-mandated special discounts) at its retail prices less the avoided costs referred to in Section 252(d)(3) of the Act, which shall be determined by subsequent agreement of the Parties. Nothing herein shall preclude the parties from agreeing that there are no such avoided costs. If at any time during the term of this Agreement a Commission or court of competent jurisdiction makes a final determination regarding services to be offered for resale by BellSouth and/or avoided costs in the State, then that determination shall be incorporated by reference into this Paragraph unless the Parties previously agreed upon avoided costs. If the Parties cannot agree upon avoided costs, then either Party may invoke the process set forth in Article XX for resolution of the issue.

6.22 Parties' Intent. It is the intent of the Parties that the items included in this Article VI and Exhibit C shall comply with the requirements of Sections 251, 252 and 271 of the Act.

ARTICLE VII
CONFIDENTIALITY OF DIRECTORY ASSISTANCE AND WHITE PAGES LISTINGS.

BellSouth and its Affiliates will afford the Company's directory listings information the same level of confidentiality which BellSouth affords its own directory listing information, and BellSouth shall ensure that access to the Company's customer proprietary confidential directory information will be limited solely to those employees who immediately supervise or are directly involved in the processing and publishing of listings and directory delivery. BellSouth will not use the Company's directory listings for the marketing of BellSouth's telecommunications services.

ARTICLE VIII
RESPONSIBILITIES OF THE PARTIES

8.01 At all times during the term of this Agreement or any extension, the Parties agree to use their best efforts to comply with all provisions herein in a fair and nondiscriminatory manner.

8.02 The Parties agree to exchange such reports and/or data as required by Article V of this Agreement to facilitate the proper billing of traffic. Upon thirty (30) days written notice, any Party may request an audit of usage reports or the other Party's PLU and any such audit shall be accomplished during normal business hours at the office designated by the Party being audited. Audit request shall not be submitted more frequently than one (1) time per calendar year. Audits may be performed by a mutually acceptable independent auditor paid for by the Party requesting the audit. The audit may include review of the data described in Paragraphs 5.04 and 5.05 of this Agreement, no Party shall have access to the data of the Party subject to the audit, but shall rely upon similar results provided by the independent auditor. A request for an audit must be received within one (1) year of receipt of the PLU factor and usage reports from the audited Party.

8.03 The Company shall provide BellSouth with monthly service projections including, without limitation, busy hour usage for BellSouth's access capacity. BellSouth shall manage its network in order to accommodate the Company's projected traffic at the required grade of service. The Parties shall review engineering requirements on a semi-annual basis and establish forecasts for trunk and facilities utilization provided under this Agreement. Trunk growth will be implemented as dictated by engineering requirements.

8.04 The Parties shall share responsibility for all Control Office functions for Local Interconnection Trunks and Trunk Groups, and all Parties shall share the overall coordination, installation, and maintenance responsibilities for these trunks and trunk groups.

8.05 The Company shall be responsible for all Control Office functions for the meet point trunking arrangement trunks and trunk groups, and shall be responsible for the overall coordination, installation, and maintenance responsibilities for these trunks and trunk groups.

8.06 All Parties shall:

a. Provide trained personnel with adequate and compatible test equipment to work with each other's technicians;

b. Notify each other when there is any change affecting the service requested, including the due date;

c. Coordinate and schedule testing activities of their own personnel, and others as applicable, to ensure its interconnection trunks/trunk groups are installed per the interconnection order, meet agreed-upon acceptance test requirements, and are placed in service by the due date;

d. Coordinate to insure that parties' service installation or disconnection activitie do not cause inconvenience or disruption to customers' existing service, to the extent possible;

e. Perform sectionalization to determine if a trouble is located in its facility or it portion of the interconnection trunks prior to referring the trouble to each other;

f. Advise each other's Control Office if there is an equipment failure which ma affect the interconnection trunks;

g. Provide each other with a trouble reporting number that is readily accessible and available 24 hours per day 7 days a week;

h. Provide to each other test-line numbers and access to test lines for the purposes of testing trunking .

8.07 Bilateral Agreements. The Parties shall jointly develop and implement a bilateral agreement regarding technical and operational interfaces and procedures not covered by this Agreement. The Parties will use their best efforts to finalize such agreement within 90 days of the effective date of this Agreement.

8.08 Trouble Reports. The Parties will cooperatively plan and implement coordinated repair procedures for the meet point and Local Interconnection Trunks and facilities to ensure trouble reports are resolved in a timely and appropriate manner.

8.09 The Parties will provide their respective billing contact numbers to one another.

ARTICLE IX
TRUNK FORECASTING

9.01 The Parties shall work towards the development of joint forecasting responsibilities for the traffic utilization over trunk groups. Intercompany forecast information must be provided by the Parties to each other semi-annually. The semi-annual forecasts shall include:

a. Yearly forecasted trunk quantities including, without limitation, measurements that reflect actual tandem Local Interconnection and meet point trunks and tandem-subtending Local Interconnection end office equivalent trunk requirements for a minimum of three (current and plus-1 and plus-2) years;

b. The use of Common Language Location Identifier (CLLI-MSG), which is described in Bellcore documents BR 795-100-100 and BR 795-400-100; and

c. A description of major trunk capacity additions anticipated for the following six months.

9.02 Each Party shall provide a specified point of contact for planning, forecasting and trun servicing purposes.

ARTICLE X
GRADE OF SERVICE

A blocking standard of one half of one percent (.005) during the average busy hour for final trunk groups between a Company end office and BellSouth access tandem carrying meet point traffic shall be maintained. All other final trunk groups are to be engineered with a blocking standard of one percent (.01).

ARTICLE XI
TRUNK SERVICING

11.01 Orders between the Parties to establish, add, change or disconnect trunks shall be processed by use of an Access Service Request ("ASR").

11.02 All Parties shall work cooperatively to manage the capacity of Local Interconnection Trunk Groups. Any Party may send another an ASR to initiate changes to the Local Interconnection Trunk Groups that the ordering Party desires based on the ordering Party's capacity assessment. The receiving Party will issue a Firm Order Confirmation ("FOC") and a Design Layout Record ("DLR") to the ordering Party within 5 business days after receipt of the ASR, upon review of and in response to the ordering Party's ASR, to begin the provisioning process.

11.03 Orders that comprise a major project (i.e., new switch deployment) shall be submitted in a timely fashion, and their implementation shall be jointly planned and coordinated.

11.04 Service provided for in an ASR shall be installed within 14 business days of receipt of the ASR.

11.05 In the event that a Party requires trunk servicing within shorter time intervals than those provided for in this Article XI due to a *bona fide* end user demand, such Party may designate its ASR as an "Expedite" and the other Party shall issue its FOC and DLR and install service within the requested interval, subject to resource and facilities availability.

11.06 The Company shall be responsible for engineering their networks on their side of the POI. BellSouth shall be responsible for engineering the POI and its network on its side of the POI.

ARTICLE XII
NETWORK MANAGEMENT

12.01 Protective Controls. Any Party may use or request protective network traffic management controls such as 7-digit and 10-digit code gaps on traffic toward or from each others network, when required to protect the public switched network from congestion due to facility failures switch congestion or failure or focused overload. The Parties will immediately notify each other of any protective control action planned or executed.

12.02 Expansive Controls. Where the capability exists, originating or terminating traffic reroutes may be implemented by any Party to temporarily relieve network congestion due to facility failures or abnormal calling patterns. Reroutes will not be used to circumvent normal trunk servicing. Expansive controls will only be used when the Parties mutually agree.

12.03 Mass Calling. The Parties shall cooperate and share pre-planning information regarding cross-network call-ins expected to generate large or focused temporary increases in call volumes, to prevent or mitigate the impact of these events on the public switched network.

ARTICLE XIII
FORCE MAJEURE

No Party shall be responsible for delays or failures in performance resulting from acts or occurrences beyond the reasonable control of such Party; regardless of whether such delays or failures in performance were foreseen or foreseeable as of the date of this Agreement, including, without limitation: fire, explosion, acts of God, war, revolution, civil commotion, or acts of public enemies; any law, order, regulation, or ordinance of any government or legal body; strikes; or delays caused by another Party or any other circumstances beyond the Party's reasonable control. In such event, the Party affected shall, upon giving prompt notice to the other Parties, be excused from such performance on a day-to-day basis to the extent of such interference (and the other Party shall likewise be excused from performance of its obligations on a day-for-day basis to the extent such Party's obligations relate to the performance so interfered with). The affected Party shall use its best efforts to avoid or remove the cause of non-performance and the Parties shall proceed to perform with dispatch once the causes are removed or cease.

ARTICLE XIV
GOVERNING LAW

This Agreement shall be governed by the law of the State of Georgia, as applicable to performance hereof in the State, and federal law, as applicable, including the Act.

ARTICLE XV
LIMITATION OF LIABILITY AND INDEMNITY

15.01 No Party shall be liable for any act or omission of another telecommunications company providing a portion of the services provided under this Agreement.

15.02 Each Party agrees, and each assumes the obligation, to limit the liability of the other Party to the customers of the first Party to the greatest extent permissible by law. Company agrees to include in its local switched service tariff (if it files one in the State), in an appropriate document that is binding on its customers, a limitation of liability for damages by its customers that covers BellSouth as a provider of a portion of Company's end user services to the same extent as Company limits its own liability to its customers. BellSouth agrees to include in its tariff (if it files one in the State), in an appropriate document that is binding on its customers, a limitation of liability for damages by its customers that covers the Company as a provider of a portion of BellSouth's end user services to the same extent as BellSouth limits its own liability to its customers.

15.03 No Party hereto shall be liable for damages to the other's terminal location, POI or other Party's customers' premises resulting from the furnishing of a service, including, but not limited to , the installation and removal of equipment or associated wiring, except to the extent caused by such Party's negligence or willful misconduct.

15.04 Each Party providing services, its affiliates and its parent company shall be indemnified, defended and held harmless by the other Party against any claim, loss or damage arising from the

receiving Party's use of the services provided under this Agreement pertaining to (1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the receiving Party's own communications, or (2) any claim, loss or damage claimed by the other Party's customer arising from the Party's use or reliance on the other Party's services, actions, duties, or obligations arising out of this agreement.

15.05 The Parties assume no liability for the accuracy of data provided by another Party and each Party agrees to indemnify and hold harmless the others for any claim, action, cause of action, damage, or injury that might result from the supply of inaccurate data in conjunction with the provision of any service provided pursuant to this Agreement.

15.06 No license under patents (other than the limited license to use) is granted or deemed implied with respect to any service offered by any Party pursuant to this Agreement. A Party providing a service pursuant to this Agreement will defend the Party receiving such service against claims of patent infringement arising solely from the use by the receiving Party of service offered pursuant to this Agreement and will indemnify the receiving Party for any damages awarded based solely on such claims.

ARTICLE XVI
RECIPROCITY OF PROVISIONS

If a provision of this Agreement by its terms applies only to one Party because it is currently inapplicable to the other, such provision shall be deemed to apply reciprocally if and when a Commission or a court of competent jurisdiction determines that such other Party's circumstances change such that the provision becomes applicable.

ARTICLE XVII
ASSIGNMENT

This agreement may be assigned by any Party upon sixty (60) days written notice to all Parties.

ARTICLE XVIII
DEFAULT

If either Party believes the other is in breach of this Agreement or in violation of law, it shall first give sixty (60) days' written notice of such breach or violation and an opportunity for the allegedly defaulting Party to cure. Thereafter, the Parties shall employ the Dispute Resolution procedures set forth in Section XX.

XIX
NONDISCLOSURE

19.01 The Parties agree that it may be necessary to exchange certain confidential information during the term of this Agreement including, without limitation, technical and business plans, technical information, proposals, specifications, drawings, procedures, customer count data and similar information (hereinafter collectively referred to as "Information". The Information shall either be in writing or other tangible forms and clearly marked with a confidential, private or proprietary legen-

(except in the case of data audited pursuant to Section 8.02, which shall be subject to this Paragraph 19.01 whether or not so marked) or when the Information is communicated orally, it shall also be communicated that the Information is confidential, private or proprietary. The Information will be returned to the owner within a reasonable time. The Parties agree that the Information shall not be copied or reproduced in any form. The Parties further agree not to disclose such Information and to protect the Information from distribution, disclosure, or dissemination to anyone except employees of the Parties with a need to know such Information and which employees agree to be bound by the terms of this Article. Neither Party shall use the other Party's Information for any purpose other than the performance of this Agreement. The Parties will use the same standard of care to protect the Information received as they would use to protect their own confidential and proprietary Information.

19.02 Notwithstanding the provisions of Paragraph 19.01, the Parties agree that there will be no obligation to protect any portion of the information that is either:

(1) made publicly available by the owner of the information or lawfully disclosed by a non-party to this Agreement;

(2) lawfully obtained from any source other than the owner of the information; or

(3) previously known to the receiving Party; without an obligation to keep it confidential.

19.03 Effective Date of this Section. Notwithstanding any other provision of this Agreement to the contrary, the Proprietary Information provisions of this Agreement shall apply to all information furnished by any Party to the another in furtherance of the purpose of this Agreement, even if furnished before the date of this Agreement.

ARTICLE XX
DISPUTE RESOLUTION

The Parties agree that in the event of a default or violation hereunder, or for any dispute arising under this Agreement or related agreements the Parties may have in connection with this Agreement, the Parties shall first confer to discuss the dispute and seek resolution prior to taking any action before any court or regulator, or before authorizing any public statement about or authorizing disclosure of the nature of the dispute to any third party. Such conference shall occur at least at the Vice President level for each Party. In the case of BellSouth, its Vice President or equivalent officer, shall participate in the meeting, and the Company's Vice President, or equivalent officer, shall participate. Thereafter, the parties shall submit any dispute that remains unresolved to arbitration conducted in the state where the default or violation allegedly occurred in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect on the date that such notice is given. The decision of the arbitrators shall be final and binding upon the Parties and judgment may be obtained thereon by either Party in a court of competent jurisdiction. Each Party shall bear the cost of preparing and presenting its case. The costs of arbitration, including the fees and expenses of the arbitrators, will be shared equally by the Parties unless the award otherwise provides. The resolution of disputes under this Article shall be consistent with the Act.

ARTICLE XXI
ENTIRE AGREEMENT

This Agreement sets forth the entire understanding and supersedes prior agreements between the parties relating to the subject matter contained herein including, without limitation, all prior correspondence and discussions between them, and neither Party shall be bound by any definition condition, provision, representation, warranty, covenant or promise other than as expressly stated in this Agreement or as is contemporaneously or subsequently set forth in writing and executed by a duly authorized officer or representative of the Party to be bound thereby.

ARTICLE XXII
EXECUTION IN DUPLICATE

This Agreement may be executed in duplicate copies, and upon said execution, shall be treated as an executed document.

ARTICLE XXIII
NOTICES AND DEMANDS

Except as otherwise provided under this Agreement, all notices, demands or requests which may be given by any Party shall be in writing and shall be deemed to have been duly given on the date delivered in person, receipt acknowledged, or deposited, postage prepaid, in the United States mail, certified mail, return receipt requested, and addressed to such Party at the address set forth below or a such other address as either Party may specify in writing.

For BellSouth:

BellSouth Telecommunications, Inc.
675 W. Peachtree Street
Atlanta, Georgia 30375
Attention: General Attorney - Customer Operation Units

For MediaOne:

MediaOne, Inc.
115 Perimeter Center Place
Room 1150
Atlanta, Georgia 30346
Attention: Bruce Posey

Each Party shall inform the other of any changes in the above addresses.

ARTICLE XXIV
MORE FAVORABLE PROVISIONS

24.01 If as a result of any proceeding before any Court, Commission, or FCC, voluntary agreement or arbitration proceeding pursuant to the Act or pursuant to any applicable state law, BellSouth becomes obligated to provide interconnection, resale, number portability, unbundled access to network elements or any other services related to interconnection, whether or not presently covered by this Agreement, to another telecommunications carrier operating within the State at rates or on terms and conditions more favorable to the carrier than the applicable provisions of this Agreement, the Company, subject to Paragraph 25.02, shall be entitled to substitute such more favorable rates, terms or conditions for the relevant provisions of this Agreement which shall apply to the State as such other carrier and such substituted rates, terms or conditions shall be deemed to have been effective under this Agreements as of the effective date thereof to such other carrier.

24.02 If the more favorable provision is a result of the action of an appropriate regulatory agency or judicial body whether commenced before or after the effective date of this Agreement, after the waiver or exhaustion of all administrative and judicial remedies, the Parties agree to incorporate such order in this Agreement as of its effective date. In the event BellSouth files and receives approval for a tariff offering to provide any substantive service of this Agreement in a way different than that provided for herein, the Parties agree that the Company shall be eligible for subscription to said service at the rates, terms and conditions contained in tariffs as of the effective date of the tariff.

ARTICLE XXV
MISCELLANEOUS PROVISIONS

25.01 Severability. If any provision of this Agreement, or the application of such provision to any Party or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to the Parties or circumstances other than those to which it is held invalid, shall not be effective thereby; provided that the Parties shall attempt to reformulate such invalid provision to give effect to such portions thereof as may be valid without defeating the intent of such provision.

25.02 Modification. No variational modification of this Agreement and no waiver of any of its terms or conditions should be valid unless it is in writing and signed by the duly authorized officers of the Party or Parties sought to be charged. The Parties acknowledge that this Agreement may be subject to change or modification by each Commission as said Commission may direct in the exercise of its jurisdiction; provided, however, that unless otherwise agreed by the Parties, any such modification shall be effective only insofar as this Agreement applies to the State of such Commission's jurisdiction. Any such Commission modification or revision necessarily required to comply with a particular state's law, rule or regulation which is consistent with the intent and purpose of this Agreement shall be reduced to writing and appended to this Agreement as an addendum and executed by all Parties affected thereby.

25.03 Headings. The headings of the sections, Articles and Paragraphs of this Agreement have been inserted for convenience of reference only and shall not restrict or otherwise modify any of the terms or provisions hereof.

25.04 Grammatical Changes. Whenever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and plural, and pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter gender as the circumstances require.

25.05 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original and all such counterparts shall constitute one and the same instrument. Signatures transmitted by the Parties by facsimile shall have the same effect as original signatures as of the date transmitted by the executing Party.

ARTICLE XXVI

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the day and year first above written.

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____

Its: REGULATORY - VICE PRESIDENT

MEDIAONE, INC.

By: _____

Its: Vice President - Public Policy

EXHIBIT A

COMPANY ENTITIES COVERED BY AGREEMENT

The following Company entities shall be covered by this Agreement:

MediaOne, Inc. and all of its subsidiaries

At any time during the term of this Agreement, the Company may add as Parties hereto additional Affiliates that become certified in the State as ALECs, by executing an appropriate amendment to this Agreement.

EXHIBIT B

ALPHABETICAL DIRECTORY SIDE AGREEMENT

I. The Company agrees to provide to BellSouth Advertising & Publishing Corporation ("BAPCO"), through BELLSOUTH, at Company's expense and at no charge, listing information concerning its subscribers (designating any who do not desire published listings), consisting of: customer, name, address, telephone number and all other information reasonably requested by BAPCO for BAPCO's use in publishing directories of whatever type and format and for other derivative purposes. Such information shall be provided on a schedule and in a format mutually acceptable to BAPCO and the Company. The Company shall advise BAPCO promptly regarding any directory-related inquiries, requests or complaints which it shall receive from the Company's subscribers and shall provide reasonable cooperation to BAPCO in response to or resolution of the same. The Company shall respond promptly regarding corrections or queries raised by BAPCO and to process listing changes requested by subscribers. BAPCO will continue yellow page advertisements purchased by customers without regard to whether they switch their local service to the Company.

II. BAPCO shall include one standard listing for each Company subscriber per hunting group in BAPCO's appropriate local alphabetical directly as published periodically by BAPCO unless nonlisted or nonpublished status is designated by subscribers. BAPCO shall also include one standard listing for each Company business subscriber per hunting group in an appropriate heading as selected by the subscriber in BAPCO's appropriate local classified directory as published periodically by BAPCO unless nonlisted or nonpublish status is designated by subscriber. Such listings shall be interfiled with the listings of other local exchange telephone company subscribers and otherwise published in the manner of such other listings according to BAPCO's generally applicable publishing policies and standards. Multi-line customers of the Company shall receive additional listings in applicable directories to the extent of and in accordance with BAPCO's usual policy with respect to multi-line customers of any LEC or ALEC. BAPCO shall deliver such local alphabetical and classified directory to the Company's subscribers according to BAPCO's generally applicable policies and standards.

III. BAPCO shall maintain full authority over its publishing schedules, policies, standards, and practices and over the scope and publishing schedules of its directories.

IV. Each Party agrees to defend, indemnify and hold harmless the other from all damages, claims, suits, losses or expenses, including without limitation costs and attorneys fees, to the extent of such Party's relative fault, arising out of or resulting from any error, omission or act of such Party hereunder. The Company agrees to limit its liability and that of BAPCO by contract with the Company's subscribers or by tariff to no more than the cost of service for any errors or omission in any listings published hereunder for

Company subscribers. Each Party shall notify in writing the other promptly of any claimed error or omission affecting this paragraph and of any claim or suit arising hereunder or relating to this Agreement and shall provide reasonable and timely cooperation in its resolution of the same. Without waiver of any rights hereunder, the indemnified Party may at its expense undertake its own defense in any such claim or suit.

V. BAPCO's and the Company's liability, whether in contract, tort or otherwise, shall be limited to direct damages. Under no circumstances shall BAPCO be liable for indirect, incidental, special or consequential damages.

VI. BAPCO shall provide a process whereby the Company is afforded a reasonable time to correct its customers' alphabetical directory listings in advance of directory publication and shall have a reasonable opportunity to verify customers' listings on an ad hoc basis.

VII. BAPCO will include, without charge, in its directory "Customer Guide" pages or comparable section of its alphabetical directories in all areas served by the Company, listings provided by the Company for its installation, repair and billing information in accordance with BAPCO's generally applicable policies.

VIII. BAPCO will afford the Company's directory listings information the same level of confidentiality which BAPCO affords its own directory listing information, and BAPCO shall not provide such information to other LECs or ALECs without the Company's approval, except as may be required in relation to publishing of directories.

IX. This Side Agreement shall be subject to the term and cancellation provisions of the Agreement to which it is appended, except that BAPCO shall have the right to terminate this Side Agreement upon ninety days prior written notice given at any time following the initial two year term of the Master Interconnection Agreement between the Company and BellSouth.

X. A separate Agreement may be entered into between BAPCO and the Company concerning directory related issues not addressed herein

BAPCO:	COMPANY:
BY:_____	BY:_____
NAME:_____	NAME:_____
TITLE:_____	TITLE:_____
DATE:_____	DATE:_____

EXHIBIT C
(pursuant to Section 6.16)

- Local Loop Transmission from the BellSouth central office to the customer's premises, unbundled from local switching or other services.

- Channelization system including multiplexing and concentration for unbundled exchange access loops.

- Local transport from the trunk side of the wireline local exchange Company switch unbundled from switching or other services.

- Local switching on the line side unbundled from transport, local loop transmission, or other services.

- Unbundled line side exchange ports.

- Operator call completion services including access to directory assistance, operator call processing access service, busy line verification and emergency interrupt.

- Nondiscriminatory access to databases and associated signaling necessary for call routing and completion, including 800 database, SS7 network, BellSouth's Line Information Database.

- Centralized Message Distribution System - Hosting and Non-Sent Paid Report System.

EXHIBIT D

BLANKET AGENCY AGREEMENT LETTER

I am an official of _____ ["Company"][1] and am authorized to commit my company to the conditions stated herein:

1. The Company will not submit any requests or inquiries for Resale or facility-based local service provisioning under Blanket Agency Agreement procedures to [BellSouth[2]] for which it does not have proper authorization from the End User upon whose behalf service is offered.

2. The Company will instruct its End Users to deal directly with the Company on all inquiries concerning their Local Service. This may include, but is not limited to, billing, repair, directory listings, and number portability.

3. The Company is authorized to release all information regarding the End User's local service to BellSouth.

4. In the event that an End User challenges action taken by BellSouth as a result of the above mentioned service request, the Company will indemnify and hold harmless BellSouth for any damages or losses, resulting from the Company's preparation and submission of service requests for which it did not have proper End User authorization.

5. In the event that an End User challenges billing which resulted from local service requests submitted to BellSouth by the Company under this Blanket Agency Agreement, then the Company will indemnify and hold harmless BellSouth for any damages, losses, costs and attorney's fees, if any, arising from BellSouth provisioning and maintenance of the End User's local service due to errors in the ordering of said service by the Company.

6. In the event that an End User disputes actions taken by the Company as a result of a submission by the Company of a service request for disconnection or termination of a previously submitted local service request for which it did not have proper End User authorization, then the Company will indemnify and hold harmless BellSouth for any damages, losses, costs and attorney's fees, if any, resulting from said dispute.

7. This Agreement shall continue in effect unless canceled by prior written notice by the Company or BellSouth thirty (30) days prior to the effective date of cancellation. Cancellation shall not release or limit any matters occurring prior to the cancellation of this Blanket Agency Agreement.

---

[1] Insert BellSouth or Company, as applicable

Substitute MediaOne, Inc. wherever BellSouth appears if BellSouth is "Company".

2

AMENDMENT
TO
INTERCONNECTION AGREEMENT BETWEEN
MEDIAONE, INC. AND
BELLSOUTH TELECOMMUNICATIONS, INC. JULY 15, 1996

Pursuant to this Agreement (the "Agreement"), MediaOne, Inc. ("MediaOne") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 15, 1996 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MediaOne and BellSouth hereby covenant and agree as follows:

1. The Parties agree that BellSouth will, upon request, provide and MediaOne will accept and pay for four-wire DS1 Digital Grade Loops in accordance with the schedule of prices set forth in Attachment A-2 to this Amendment which is incorporated herein by reference, in and for the state of Georgia.

2. The Parties agree that the prices reflected herein shall be "trued-up" (up or down) based on final prices determined by further agreement or by final order (including any appeals) of the Georgia Public Service Commission, which final order meets the criteria contained in paragraph 3 hereof. The "true-up" will consist of comparing the actual volumes and demand for each item, together with the price associated with such item by this Amendment, with the final prices determined for each item. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amounts of such "true-up," the Parties agree that the body having jurisdiction over the matter for Georgia shall be called upon to resolve such differences or that they will submit to commercial arbitration in accordance with the terms contained in Article XX of the Interconnection Agreement.

3. Any final order that forms the basis of a "true-up" under this Amendment shall meet the following criteria:

(a) It shall be in a proceeding to which MediaOne and BellSouth are entitled to be full parties to the proceeding.

(b) It shall apply the provisions of the Telecommunications Act of 1996, including, but not limited to, Section 252(d)(1) and all effective implementing rules and regulations; provided that said Act and such regulations are in effect at the time of the final order.

(c) It shall include as an issue the geographic deaveraging of unbundled element rates, which deaveraged rates, if any are required by said final order, shall form the basis of any "true-up."

6. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 15, 1996, shall remain in full force and effect. Nothing in this Amendment shall in any way limit MediaOne's ability to select substitute rates for four-wire DS1 Digital Grade Loops pursuant to the terms of Article XXIV of the Interconnection Agreement relating to "most favorable" treatment.

7. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the Georgia State Public Service Commission, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

MEDIAONE, INC.

By: _____

Date: 4/7/97

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____

Date: 04/04/97

ATTACHMENT A-2

FOUR-WIRE DS1 DIGITAL GRADE LOOP - GEORGIA

	Nonrecurring	Monthly
Four-wire DS1 Digital Loop, including NID		
First	$665.00	$117.00
Add'l	$315.00	$117.00

AMENDMENT

TO

INTERCONNECTION AGREEMENT BETWEEN
MEDIAONE, INC. AND
BELLSOUTH TELECOMMUNICATIONS, INC. DATED JULY 15, 1996

Pursuant to this Agreement (the "Amendment"), MediaOne, Inc. ("MediaOne") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 15, 1996 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MediaOne and BellSouth hereby covenant and agree as follows:

1. The Parties agree that BellSouth will, upon request, provide and MediaOne will accept and pay for (1) loops, (2) loop cross-connections and (3) loop channelization in accordance with the schedule of prices set forth in Attachment C-2 to this Amendment which is incorporated herein by reference, in and for the state of Georgia. The descriptions of the loops, loop cross-connections and loop channelization services are attached as Amendment C-3 which is incorporated herein by reference.

2. The Parties agree that the prices reflected herein shall be "trued-up" (up or down) based on final prices either determined by further agreement or by final order (including any appeals) of the Georgia Public Service Commission or other body having jurisdiction over the subject matter of this Amendment, which final order meets the criteria contained in paragraph 4 hereof. The "true-up" will consist of comparing the actual volumes and demand for each item, together with the price associated with such item by this Amendment, with the final prices determined for each item. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records of the Parties regarding the amount of such "true-up," the Parties agree that the body having jurisdiction over the matter for Georgia shall be called upon to resolve such differences or that they will submit the matter to commercial arbitration in accordance with the terms contained in Article XX of the Interconnection Agreement.

4. Any final order that forms the basis of a "true-up" under this Amendment shall meet the following criteria:

(a) It shall be in a proceeding to which MediaOne and BellSouth are entitled to be full parties to the proceeding.

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(b) It shall apply the provisions of the Telecommunications Act of 1996, including, but not limited to, Section 252(d)(1) and all effective implementing rules and regulations; provided that said Act and such regulations are in effect at the time of the final order.

(c) It shall include as an issue the geographic deaveraging of unbundled element rates, which deaveraged rates, if any are required by said final order, shall form the basis of any "true-up."

5. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 15, 1996, shall remain in full force and effect. Nothing in this Amendment shall in any way limit MediaOne's ability to select substitute rates for local loops, loop cross connects, or loop channelization pursuant to the terms of Article XXIV of the Interconnection Agreement relating to "most favorable" treatment.

6. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the Georgia State Public Service Commission or other regulatory body having jurisdiction over the subject matter of this Amendment, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

MEDIAONE, INC.	BELLSOUTH TELECOMMUNICATIONS, INC.
By: Bruce K. Berg	By:
DATE: 11/22/96	DATE:

#60123

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STATE: Georgia

Rate Elements	Monthly	Nonrecurring *
Unbundled Exchange Access Loop **		
2-Wire Analog	$17.00	$25.80
4-Wire Analog	$27.20	$25.80
2-Wire ADSL/HDSL	$17.00	$25.80
4-Wire HDSL	$27.20	$25.80
2-Wire ISDN Digital	$27.20	$25.80
Cross-Connects		
2-Wire Analog	$0.30	$12.60
4-Wire Analog	$0.50	$12.60
Loop Channelization		
Equipment	$400.00	$525.00
Per Line	$1.15	$8.00

* These rates reflect 80% of the Business Service Connection Charge. If the Business Service Connection Charge is modified, this rate will become 80% of the revised rate.

** In the event that an unbundled loop ordered by MediaOne is part of an Integrated Digital Loop Carrier (IDLC) system, the loop will be unbundled from the IDLC and provided to MediaOne in accordance with the corresponding rates specified above.

Fred McCallum Jr.
General Counsel - Georgia

BellSouth Telecommunications, Inc.
Legal Department
Suite 376
125 Perimeter Center West
Atlanta, Georgia 30346
Telephone: 770-391-2416
Facsimile: 770-391-2812

April 15, 1997

Ms. Terri M. Lyndall
Executive Secretary
Georgia Public Service Commission
Room 154
244 Washington Street
Atlanta, GA 30334

RE: Approval of the Interconnection Agreement Negotiated by BellSouth Telecommunications, Inc. ("BellSouth") and MediaOne, Inc. pursuant to Sections 251, 252 and 271 of the Telecommunications Act of 1996; Docket No. 6838-U

Dear Ms. Lyndall:

Enclosed please find the original and 25 copies of the following two Amendments to the Interconnection Agreement negotiated between BellSouth and MediaOne, Inc.

1. Amendment covering the network terminating wire; and

2. Amendment covering four-wire DS1 Digital Loops.

I would appreciate your filing these Amendments with the Commission and returning to me a file-stamped copy of same. I have enclosed a self-addressed stamped envelope for your convenience.

Very truly yours,

Fred McCallum Jr.

cc: MediaOne, Inc.
Jim Hurt
Kennard Woods
Dennis Lopach

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AMENDMENT
TO
INTERCONNECTION AGREEMENT BETWEEN
MEDIAONE, INC. AND
BELLSOUTH TELECOMMUNICATIONS , INC. JULY 15, 1996

Pursuant to this Agreement (the "Agreement"), MediaOne, Inc. ("MediaOne") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Interconnection Agreement between the Parties dated July 15, 1996 ("Interconnection Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MediaOne and BellSouth hereby covenant and agree as follows:

1. The Parties agree that BellSouth will, upon request, provide and MediaOne will accept and pay for the use of BellSouth's Network Terminating Wire (NTW), where spare facilities are available, in accordance with the schedule of prices set forth in Attachment A-1 to this Amendment which is incorporated herein by reference, in and for the state of Georgia.

2. The Parties agree that MediaOne will be assigned the first available spare pair of facilities on the NTW after the first pair. MediaOne will install Siecor 200 jacks or equivalent in the end user's premises where re-wiring in end user's premises is required. Where more than one spare pair of facilities are available, BellSouth shall also make those pairs available to MediaOne. BellSouth will, at a minimum, reserve one pair of wires going to each premises in a multi-tenant building. This pair will be the pair designated as the first pair. Notwithstanding the foregoing, should either Party subsequently require the use of additional pairs to provide for the activation of additional lines in an end user's premises, both Parties agree to surrender their non-working spare pair(s) upon request by the other Party. Further, if an end user of MediaOne decides to receive local exchange service from a company other than BellSouth or MediaOne or if an end user of BellSouth desires to receive service from a company other than BellSouth or MediaOne and such company needs access to the NTW to provide local exchange service, MediaOne agrees to surrender their non-working spare pair(s) if required and upon request by BellSouth.

3. The Parties agree to meet, prior to MediaOne issuing an order requesting to use BellSouth's NTW, to set a mutually agreed upon due date for each site. The Parties further agree that each will use best efforts to meet within five business days after a request for such meeting is made by either party. It is also agreed that, at this meeting, specific procedures for interconnection will be discussed based upon the general procedure that MediaOne will extend its outside plant cable to BellSouth's existing "garden terminal", where, thereafter, BellSouth will connect MediaOne's cable to the appropriate NTW pairs. To ensure safety, MediaOne will electrically bond its outside plant protector units to the same ground source used by BellSouth.

4. The Parties agree that this Amendment applies to residential multi-tenant buildings. Notwithstanding the foregoing, BellSouth agrees to meet with MediaOne, on a case-by-case basis, to review requests for the use of NTW in a non-residential multi-tenant building. If spare facilities are available in a non-residential multi-tenant building, BellSouth shall make these

available to MediaOne, in accordance with Attachment A-1, for only single-line business applications and subject to review of the request at the above mentioned meeting.

5. The Parties agree that the prices reflected herein shall be "trued-up" (up or down) based on final prices determined by further agreement or by final order (including any appeals) of the Georgia Public Service Commission, which final order meets the criteria contained in paragraph 6 hereof. The "true-up" will consist of comparing the actual volumes and demand for each item, together with the price associated with such item by this Amendment, with the final prices determined for each item. Each party shall keep its own records upon which a "true-up" can be based and any final payment from one party to the other shall be in an amount agreed upon by the Parties based on such records. In the event of any disagreement as between the records or the Parties regarding the amounts of such "true-up," the Parties agree that the body having jurisdiction over the matter for Georgia shall be called upon to resolve such differences or that they will submit to commercial arbitration in accordance with the terms contained in Article XX of the Interconnection Agreement.

6. Any final order that forms the basis of a "true-up" under this Amendment shall meet the following criteria:

(a) It shall be in a proceeding to which MediaOne and BellSouth are entitled to be full parties to the proceeding.

(b) It shall apply the provisions of the Telecommunications Act of 1996, including, but not limited to, Section 252(d)(1) and all effective implementing rules and regulations; provided that said Act and such regulations are in effect at the time of the final order.

7. The Parties agree that all of the other provisions of the Interconnection Agreement, dated July 15, 1996, shall remain in full force and effect. Nothing in this Amendment shall in any way limit MediaOne's ability to select substitute rates for the use of NTW pursuant to the terms of Article XXIV of the Interconnection Agreement relating to "most favorable" treatment.

8. The Parties further agree that either or both of the Parties is authorized to submit this Amendment to the Georgia State Public Service Commission, for approval subject to Section 252(e) of the federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

MEDIAONE, INC.

By: _____

Date: 4/7/97

BELLSOUTH TELECOMMUNICATIONS, INC.

By: _____

Date: 04/04/97

ATTACHMENT A-1

NETWORK TERMINATING WIRE - GEORGIA[1]

	Nonrecurring	Monthly
Site preparation and install pairs in Garden Terminal, each terminal	$94.00	–
Additional pairs installed in same Garden Terminal, per visit	$33.50	–
Terminating wire, each pair used	–	$0.49

Note 1: In addition to the monthly and nonrecurring rates shown, special construction charges, determined as specified in Section A5 of the Tariff, may apply to recover any costs associated with extraordinary work. Applicable Service Order Charges, per Section A4 of the Tariff, will apply on each service request and Premises Visit Charges, per Section B7.1 of this Tariff, will apply on each subsequent visit to install additional pairs. Only one Service Order Charge and one Premises Visit Charge apply when a single service request is made to terminate wires at the same premises at the same time.

Staff Document Request

8. If the answer to interrogatory 15 is yes, please provide all workpapers and supporting documentation that supports MediaOne's response.

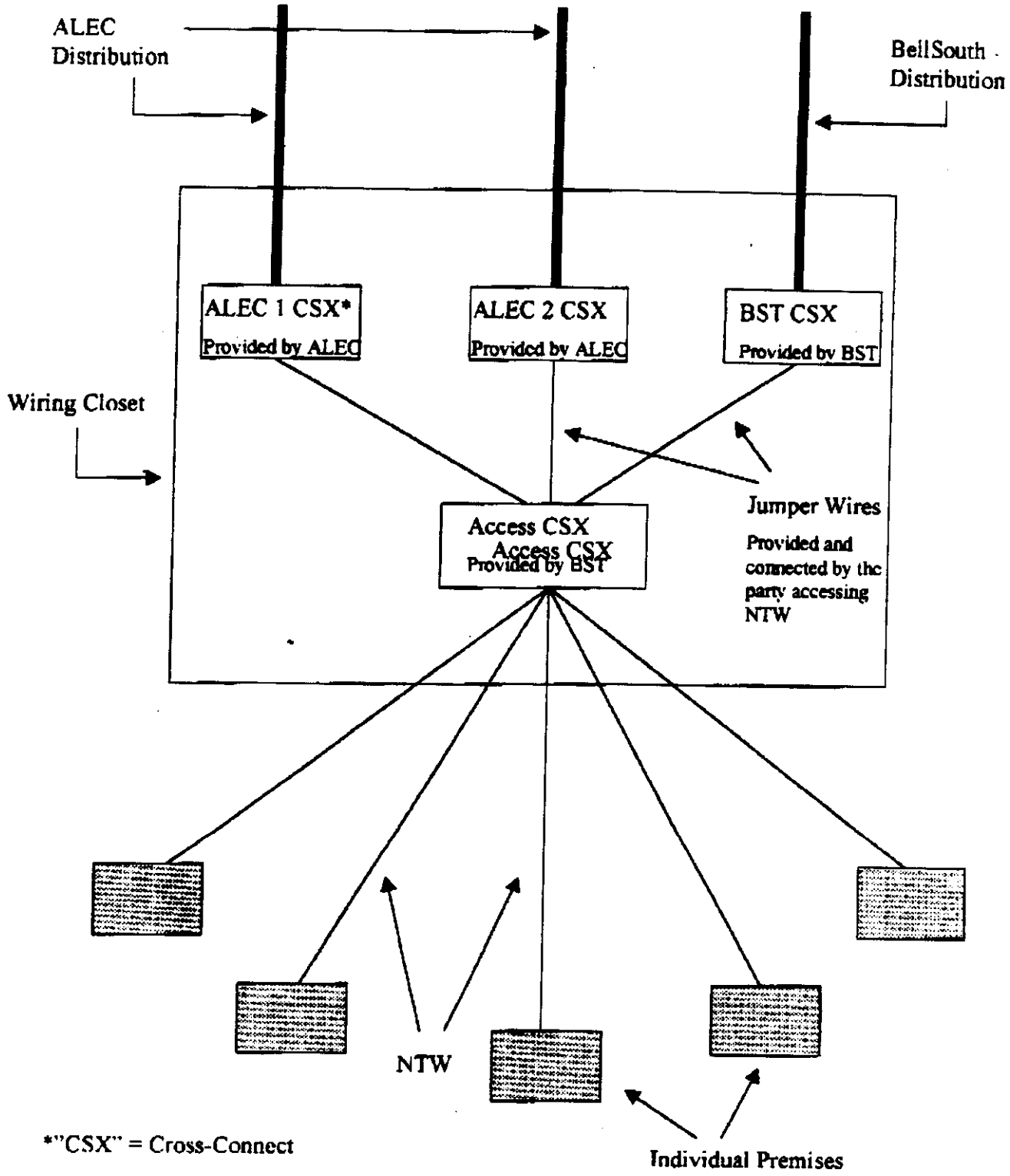
RESPONSE: Not applicable.

9. For the following question, please refer to page 2, line 8 through page 3, line 16 of MediaOne witness Beveridge's rebuttal testimony.

(a) Provide a diagram that succinctly depicts the type of interconnection arrangement MediaOne is seeking. Clearly identify the hardware to be provided by the requesting and the providing party.

RESPONSE: See attached.

Wiring Closet Scenario



Garden Terminal Scenario

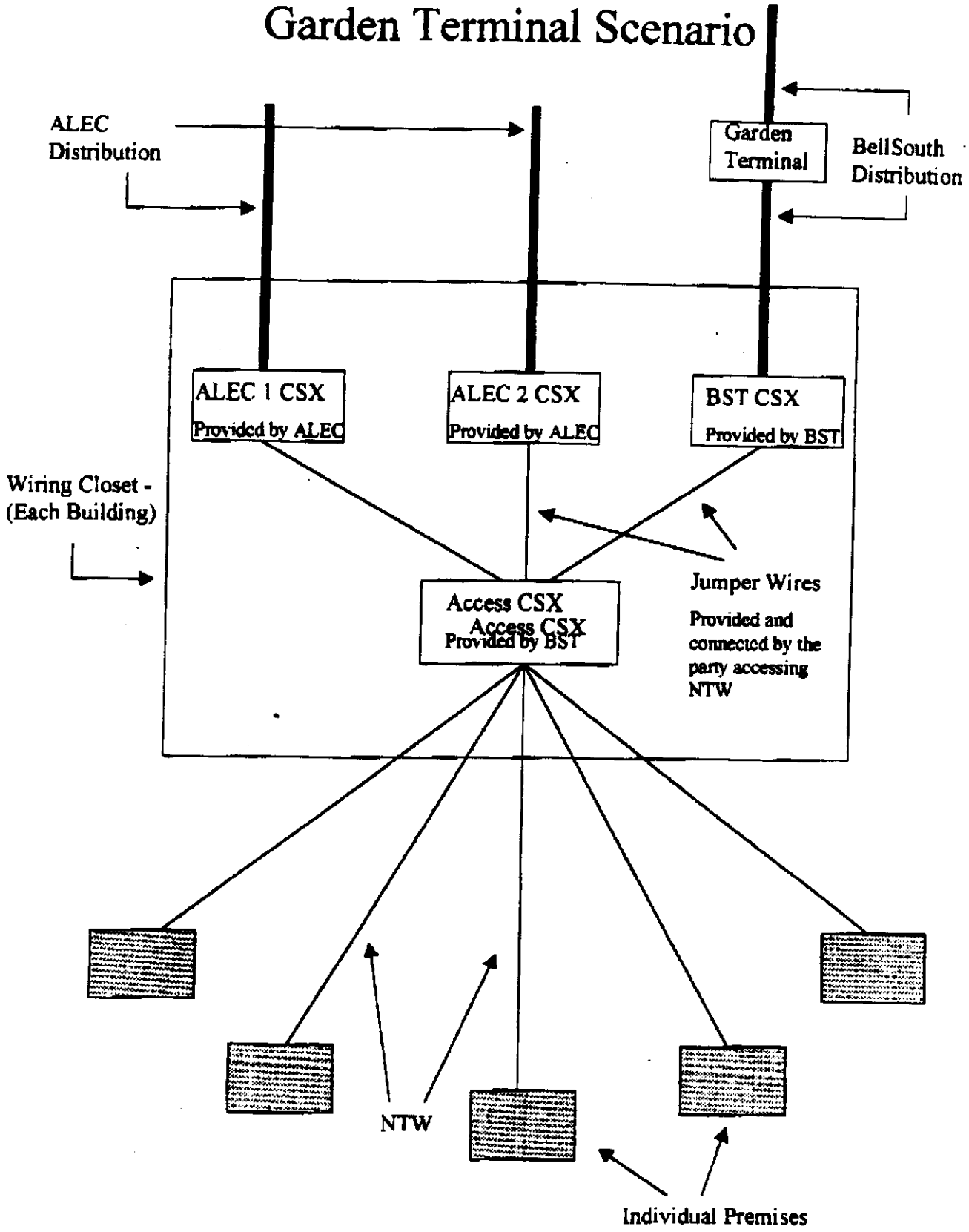


EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: D. DAONNE CALDWELL

PARTY: BST

DESCRIPTION:

1. June 17, 1999 Deposition Transcript - Page 1

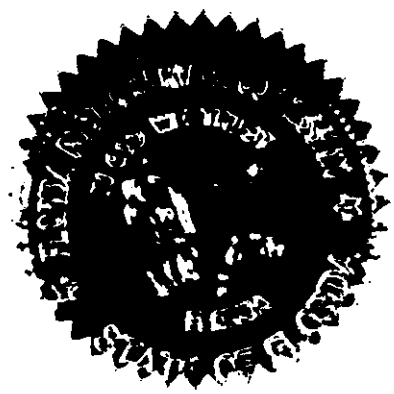
PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 8
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # DDC-2

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: Petition by Media One Florida Telecommunications, Inc. for arbitration of an interconnection agreement with BellSouth Telecommunications, Inc. pursuant to Section 252(b) of the Telecommunications Act of 1996.	DOCKET NO. 990149-TP



TELEPHONIC DEPOSITION OF:	D. DRONNE CALDWELL Located in Atlanta, Georgia
TAKEN AT THE INSTANCE OF:	The Staff of the Florida Public Service Commission
CONDUCTED FROM:	Gerald L. Gunter Building 2540 Shumard Oak Boulevard Room 390-A Tallahassee, Florida
TIME:	Commenced at 1:00 p.m. Concluded at 1:50 p.m.
DATE:	Thursday, June 17, 1999
REPORTED BY:	KIMBERLY K. BERENS, CSR, RPR FPSC Commission Reporter

APPEARANCES:

LEE FORDHAM, FPSC Division of Legal Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Commission Staff.

PHILLIP J. CARVER, BellSouth Telecommunications, 4300 Southern Bell Center, 657 West Peachtree Street, Northeast, Atlanta, Georgia 30375, appearing on behalf of BellSouth Telecommunications, Inc., appearing telephonically.

RICHARD SOX, Graham & Moody, 101 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of MediaOne Florida Telecommunications, Inc., appearing telephonically.

ALSO PRESENT:

Sue Ollila, Ray Kennedy and Laurie King, FPSC Division of Communications.

S T I P U L A T I O N

IT IS STIPULATED that this deposition was taken pursuant to notice in accordance with the applicable Florida Rules of Civil Procedure; that counsel present stipulate that the witness is the person she identified herself as; that objections, except as to the form of the question, are reserved until hearing in this cause; and that reading and signing was not waived.

IT IS ALSO STIPULATED that any off-the-record conversations are with the consent of the deponent.

MR. CARVER: Phillip Carver on behalf of BellSouth.

MR. SOX: Richard Sox, Law Offices of Graham & Moody on behalf of MediaOne.

MR. FORDHAM: I am Lee Fordham and the technical staff here with me today are Ray Kennedy and Sue Ollila. Do you have a Notary there for swearing in the witness?

MR. CARVER: Yes, we do.

MR. FORDHAM: And do you have your own certificate of oath or shall we fax you one?

MR. CARVER: Probably best to fax us one.

MR. FORDHAM: Okay. We'll fax you the certificate, and Madam Notary, if you could at this point -- or Mr. Notary, whichever -- please administer the oath.

MS. BUSH: I'm Norma Dotson Bush. And Daonne Caldwell, would you please raise your right hand, and she has that raised.

D. DAONNE CALDWELL

called as witness telephonically and sworn to tell the truth by the notary present with the witness, testified as follows:

EXAMINATION

BY MR. FORDHAM:

Q We are on the record at this point. So would you please, Ms. Caldwell, go ahead and identify yourself, your name and position in the company?

A My name is Doris Daonne Caldwell. My business address is 675 West Peachtree Street, Atlanta, Georgia. I am employed by BellSouth Telecommunications, Inc. I'm a Director in the Finance Department.

Q Okay. Now, on your Notice, Ms. Caldwell, you were, I think, advised that we would be primarily talking in reference to Exhibit DDC-1. Do you have that exhibit with you, please?

A Yes, I do.

Q For the first questions, if I could direct your attention to the Page 31 -- stamped Page 31, and let me know when you are at that location, please.

A Okay. I'm there.

Q Ms. Caldwell, on Lines 12, 16 and 20 you reference accounts 12C and 52C. Could you tell us

what accounts those are?

A These are the field reporting codes and they are associated with the cable that enters the building, that's your 12C, that's your copper entrance cable. And then 52C is often referred to as the riser cable; the cable that once inside the building actually extends to the various floors.

Q Okay. Now -- and that may account for why only some of the loops terminating in 12C and 52C have network terminating wire?

A That is correct. In other cases it would not be a multitenant location where you would have the network terminating wire. It would be some other type of termination. On the residence loops it could be just a network interface device. On the business locations, as you've noticed, it's not quite as high a percentage there that would possibly have network terminating wire. And the reason there is, the 12C could enter the building and then go direct into some type of terminal that serves the business customer by some other offering rather than going to individual locations in a multitenant location.

Q Okay. How did the network estimate the percent of 12C and 52C loops with NTW? How was that figure arrived at?

A The figure was delivered to the cost department through discussions with the Network individuals based upon their knowledge of the general makeup of our individual network and where they felt, from their previous experience, the type of location -- the percent of the locations that would be the multitenant or the multidwelling unit type locations.

Q And when you refer to "network", can you tell us please what you mean by "network"?

A In this particular category, normally -- well, let me just start. Network is a department in BellSouth that's responsible for all of our operations and the physical cable, et cetera. And the individuals in Network that we would have dealt with in this particular section would be the group that deals with the installation and then the ongoing maintenance of network terminating wire, the individual that would be more responsible with what goes on at the -- what I would determine as the customer's end.

Q Okay. So basically that's the name of a division? That's the title of a division in your organization?

A Yes, sir. More or less a department.

Q Okay. On Line 26, can you tell us, please, what is the name of account 6362.9900?

A Let me see if I have that. The account that's printed on my report, it's OTE-NONCPE. That's N-O-N-C-P-E-other.

Q All right. Backing up just a moment, Ms. Caldwell, on the network estimates that we just talked about, can you tell us, please, if the persons providing those estimates were Florida specific or were they regional?

A These particular estimates would have been regional in terms of a 98 and a 50. Where we brought it down to Florida specific is above when we looked at the loop terminating samples.

Q Okay. Now, back to 6362. Can you tell us what is included in that account?

A Well, basically it is an account that the OTE stands for "other telephone equipment", and it is -- what I'm dealing with here is an expense account and I'm only looking at the expense dollars. That's what the 68M stands for, the maintenance dollars. And the type of dollars that are in this would be -- the network terminating wire itself is actually expensed and it goes into this 68M account.

So we're looking at the material as well as

the network interface device that's located at the customer's end of the material, and then as well as any charges in the past year that would have been charged against this account for maintaining the wire. For -- in other words, if we had a trouble report, and we had to dispatch and do some repair work, that type of expense is what would have been included.

Q Okay. Now, the source for account 6362 is provided as "Cost Matters-MR". Can you tell us what that is, please? What is Cost Matters-MR?

A All right. Cost Matters is my department. I work in finance and the subdivision in finance that I am associated with is Cost Matters. So it's the group of individuals that perform the cost study. Basically what they have done is in -- the information comes from the ledger and what Cost Matters does with the ledger information is we generate a report that will give us the detail that we need for whatever account. So we go into the financial accounting systems and processes and actually pull out a subset of the entire data, and in this case we pulled out all nine states' data associated with this account.

Q Okay. Hold just a moment, please. (Brief pause.) Ms. Caldwell, can you tell us, do you know why that was nine states as opposed to Florida only

data?

A Oh, I'm sorry. The information I have in the cost study that I have provided on this page, on Page 31, that is Florida only. But we, when we generated the report, we pulled all nine states and it is divided out by states. But the only information used in the study for Florida is Florida-specific information, what was charged the 68M in Florida.

Q Okay. On, I think it's Line 28, how did network estimate the percent expense associated with labor for NTW lines? What was their basis for their estimate?

A Based on the knowledge that the fact that -- as I mentioned, that account has the network interface device in it. It also has the actual wiring itself. But predominantly that account is going to be driven by the labor because it is more intensive to install it rather than to actually pay for the material. So it's a very labor intensive activity. So based on their understanding of the activities and what had to be done, they generated the 60%.

Q I think what I'm getting at, was this actual studies or time sheets or estimates or what was the methodology for their arriving at the percentage?

A They actually used a subject matter expert

estimate.

Q Okay. Did the experts who estimated the percent of 12C and 52C we talked about earlier, did they also estimate the percent of expense associated with the labor?

A I'm sorry. Could you repeat the question?

Q Was it the same experts who estimated the percent of the 12C and 52C that we talked about earlier? Were they the same experts who gave this estimate on the expenses associated with labor?

A Yes.

Q The same people?

A Yes, the same people.

Q Okay. Very good. Now, I think if you'll look please at Line 13 and 14. Is the 95 loop sample referred to there the same loop sample that BellSouth used in Docket No. 960833-TP?

A Yes.

Q Identical sample?

A Identical.

Q Okay. Could you give me just a moment please?

A Sure.

Q Let's look next on Page 16 of that exhibit please, Ms. Caldwell?

A Page 16. Okay.

Q Now, under the heading of Specific Study Assumptions is the statement that "the nonrecurring costs associated with the NTW site visit are considered service inquiry activities incurred prior to service provisioning activities and includes site survey and setup activities. These activities involve the work effort of the account team, LCSC, OSPE, AFIG, and an I&M representative dispatched 100% of the time."

Now, if we go back to your direct testimony on Page 6 which you previously provided of course, Line 7 through 9, you state that "this order" -- referring to the PSC 98-0604-FOF-TP, "also removed all local carrier service center cost associated with order processing. Thus, BellSouth's NTW study does not include the costs associated with the LCSC." Can you explain that apparent discrepancy, please?

A Okay. On Line 8 -- Page 6 Line 8, when I use the term "order processing", our understanding is that the LCSC should be removed whenever you have a firm order and you are -- and you're actually providing a service. You're in order -- you have a service order and you are now working that service order. So, we removed all LCSC time associated with

that.

What is included on Page 16 or what he's talking about, is would be the case where you have a service inquiry. They have not ordered anything yet. The CLEC has called in and requested that at a certain location they may want to have access to the network terminating wire. So, we're still in the service inquiry aspect of the study where we are deciding whether or not the service is available and then the CLEC is deciding whether or not they want to purchase NTW or access to NTW. So that's my distinction.

Q Okay. Good enough. Does BellSouth maintain plan account records for the MDUs and the MTUs to which it provides telecommunication services?

A No. Those items are just mixed into that 68M account we were talking about earlier. By MDU, I'm assuming we're talking about the actual terminal itself.

Q Well, MDU, of course, is the multidwelling units.

A Correct. So my comment was that adding multidwelling units, all of the terminals and the network terminating wire, we do not have unique records. It is categorized as an expensed item and is included in that 68M account that we talked about, the

network terminating wire itself.

Q Okay. Right.

A Okay.

Q Now, since an installation will either be a garden terminal or a wiring closet scenario and the hardware appears to be routine "in-truck" type materials, why would a site survey be needed since the only variable is what hardwares you used and where it will be mounted? If the materials are not "in-truck" variety, can't BellSouth's installation personnel take along an access terminal housing if it may be needed, since that appears to be the only variable between the two types of installations?

A Well, I think --

MR. CARVER: Let me just make a comment here. I have no problem with Ms. Caldwell trying to answer the question, but that may be something that Mr. Milner would be better able to address. So, you know, again, I have no objection to her telling you whatever she knows, but I think that is really more his area of expertise.

MR. FORDHAM: Yeah. This, I guess, does get a little more on the technical side of it.

MR. CARVER: If you want her to take a shot at it, that's fine. But, you know, she may not be

able to give you as technical a definition as he could.

Q (By Mr. Fordham) Well, maybe to the best she could, let's -- and we won't hold you to the precision that we would if you were doing the work, of course.

A I think basically the site survey falls into two categories. It's the time in which the CLEC and a BellSouth representative will meet at the location and discuss what is really being required. So from that standpoint we use a -- as you noticed in my study, we use a supervisor -- I think I mentioned that -- that has the authority to make decisions on placement of the facilities and to speak for the company. So, that is one of the areas.

The other area is you may just -- it maybe some type facilities and by meeting there with the CLEC and our representative they can look at the area and decide what is the best way to serve it, and then also whether or not there are facilities that can be used.

Q Okay. That's fine. Under Study Technique category on this same page is a statement that "the components of NTW provisioning of a 25-pair access terminal include the following equipment melded by

percentage of occurrence." Now, what percentage of occurrence was the access terminal housing factored into the material cost?

A Okay. The provisioning that was set up is the weighting was done with a garden terminal and a wiring closet so the garden terminal and everything associated with it was 60% and the wiring closet, which is the second category, was 40%.

Q Okay. Those are estimates or pretty close? Those percentages?

A Those are, again, estimates by the subject matter experts.

Q Okay. What are the cost of each individual material component, the access terminal housing, the 25-pair cross-connect panel and the 15 -- 3.15 feet of amphenol cable?

A Excuse me just a minute. These are propri -- I need to ask the lawyer a question.

Q Okay. Sure.

WITNESS CALDWELL: The proprietary numbers -- is this a closed --

MR. CARVER: It's not a closed hearing.

What Ms. Caldwell has indicated to me is that the numbers are proprietary, but to the extent we're going to be discussing proprietary information,

I guess what we need to do is to seal the deposition during this portion so we can kind of have a starting point now and then talk about whatever is proprietary and then basically I guess we would state when the end of that discussion is, and then I will talk to the court reporter about when the deposition will come out so that I can file notice of intent before the deposition is circulated.

MR. FORDHAM: Might it be more expedient to just provide a late-filed exhibit?

MR. CARVER: We can do it that way also.

MR. FORDHAM: Let's do that on this particular question.

ATTORNEY4:

MR. CARVER: It looks like -- we're kind of having an off-line discussion here while we're talking. It looks like that maybe in some interrogatory answers. Is this something that we provided already?

MS. GARDNER: No. We're going to --

MR. CARVER: Okay. Go ahead and tell them. Go ahead and lodge an appearance on the record.

MS. GARDNER: This is Gerri Gardner and I work for Daonne Caldwell. We were reviewing some --

MR. CARVER: Just tell them your job title.

MS. GARDNER: Oh, I'm the manager in the finance department.

MR. CARVER: Okay. I should have mentioned this earlier. We have another person here in the room and she is looking through the documents and helping us with that.

MR. FORDHAM: We can just leave that for now and make it a matter of a late-filed exhibit.

WITNESS CALDWELL: Well, let me just let you know that in the Staff's fourth set of interrogatories, Item No. 38, we are answering and it includes the material prices for the access terminal, the cross-connects panel, the cable, for both the garden terminal and the wiring closet.

Q (By Mr. Fordham) Okay. Now, were those costs that you provide, are they going to be your cost; the cost to you?

A These are the material prices and the only thing I do with those material prices is to, first of all, I am going to apply a sales tax -- and now this is not proprietary. I apply a sales tax of 6% and then I inflate them to the 1999 to 2000 time frame using the same inflation factor process that I've used throughout the study and that factor is 1.0455. So you would -- for instance, what I did was take the

access terminal material price and that is straight from the vendor; multiply it by the sales tax and that inflation factor, and generate a material price.

Now, in this particular study, this is an expense number, so it is going to be used in two of the rate elements that we have that are your nonrecurring elements. So what happens is the installation associated with these material prices is all explained in the worksheets for you and those are elements 15.5 and 15.4, if that helps.

Q Okay. Also, since the data that we referred to earlier will be provided in the interrogatories, we would not need a separately late-filed exhibit. I think that sounds like it would be adequate, just the answers to the interrogatories. Would BellSouth accept the premise that MediaOne might provide the materials?

A I am going to have to defer that particular question to Mr. Milner. My understanding is, this item is still BellSouth's material. We are still working with our plant and we are giving them a point of access.

Q Okay.

A So that's how the cost study is done. The ownership, I believe, Mr. Milner needs to address.

Q Well, that's okay. We'll move on. And the next question would be, why could every installation -- why could not every installation be a wiring closet installation?

A That is really the physical makeup of the building, and again, Mr. Milner can give you much more details on this. But if you're dealing with a multitenant location that has a physical separate wiring closet that is set up so that you can just connect the panels within that closet so that they are protected, I mean, that is something that has got to be already installed ready to go. If it is not there, then you're going to have to put the housing, the weatherproof housing, over the access terminals to protect the wires.

Q Okay. Now, the monthly charge per pair for NTW, whether used or not by the ALEC, is .6011 cents or -- well, 60.11 cents. However you want to say it. Has BellSouth not charged an ALEC in any agreement for the pairs of NTW not used by the ALEC? Is there a case where BellSouth has not charged?

A I cannot answer that question. I'm not aware of what we're actually charging.

Q Okay. Let's refer now to the -- if you could, flip over in your exhibit to pages 19, 32 and

possibly we'll have to go to 21 and 33. But the ICSC is listed as the customer point of contact for the service inquiry.

A Correct.

Q Now, on Page 32, under the Service Inquiry, the LCSC is listed, not the ICSC. Can you explain the difference there, the discrepancy?

A Yes. In reality, all the numbers included in this study are for the LCSC. The labor rate for the IC -- the labor rate for the ICSC and the labor rate for the LCSC are the same and in our original labor rate file that was built to pull the numbers into the model, it only pulled the term customer point of contact-ICSC. But it is the same in terms of the labor rate, so you should think of this number as the LCSC.

Q Okay. Now we're going to stay on Pages 19 and 32 for the moment. Can you clarify what you mean by site? For example, are we talking about a complex perhaps with multiple buildings or would the entire complex be the site or is each individual within the complex a site, or is it each building with a wiring closet? What exactly is a site?

A The site is going to be the place that BellSouth's cable terminates into either a wiring

closet or a garden terminal. So you could have a complex that had multiple buildings but we only have one site. It is the site of the wiring closet or garden terminal.

Q And if the multiple buildings each had a wiring closet they would be separate sites?

A In most cases you're going to find that what we're talking about here is only one wiring closet because the cable, when it leaves the wiring closet or the garden terminal, becomes NTW to get to the other locations so that is our point of contact to our network for our outside plant.

Q Okay. Can you explain the -- why a half hour is needed for I&M to receive the service inquiry from the account team and to schedule a site visit with a CLEC?

A If we could, I think I need to look at another page, direct you to another page. Just one moment please. (Brief pause.)

If you look on Page 32, Line 54. It says there that it actually gets the service inquiry from the account team and it schedules the visits with the CLEC. This is predominantly what takes up the time in that you're going to have to contact the CLEC and set up a mutual time to meet at the location and that's

what requires the majority of the time here. The rest of the time is going to be associated with, of course, receiving the information, that account team logging it in, look at the schedule for our individuals, which does take time also to see when they would be available.

Q Does the building owner normally become involved in that site visit? Does he show up at the site?

A I can't answer that in all cases. In most cases what you find is the building owner would be involved because they're going to give you access to the location and you would notify them that you're going to be there, that type of thing. Mr. Milner probably has a little more detail on that. But you're going to find that most of the time the building -- manager or owner of the building will be there because you're on their property, at least to get you set up and see what is going on.

Q Now, what actually happens on this site survey? Where do they met and what do they do?

A All right. First of all -- and I'm just trying to think how to best explain this. You have a supervisor from BellSouth that will meet there and then they will meet with the CLEC. They will enter

the location and discuss, you know, exactly what the person or the CLEC wishes to purchase. All right. They want to access to network terminating wire, and there could be other things discussed at that time as to, okay, whether or not they were going to wire all the -- prewire some of the pairs, not all the pairs.

Then you would have to look at the location to see if it was a wiring closet, look at the space inside the location -- inside the wiring closet to see if there is room for another terminal, because depending on the number of terminals that they wanted, it could be more than just one.

The panels come in 25 pair, so you need to look at the space to be sure that that is exactly what -- it meets the requirements to get the -- to provide to the CLEC what they need and request. And that's pretty much what goes on at that point in time.

Q Okay. Now the time estimate on the exhibit is two hours. Was that based on a survey or actual time studies or estimates or what?

A This was by a subject matter expert estimation.

Q Okay. Is that Florida specific?

A Thinking about that one for just a minute. I believe in most of these cases the time estimates

were given from a regional standpoint.

Q And you say they were provided by an expert that would be within your company?

A That's correct.

Q Okay.

A Again, it would be an expert within that same Network Department that I discussed earlier; people who are responsible for installing the wire.

Q Right. Now, if a CLEC's Site Survey Request included site surveys for more than one location, would any of the time under the Service Inquiry be required for the site surveys other than the initial one?

A I'm trying to think how the information was actually provided. Each site itself is going to be very unique, so from that standpoint, I&M, that type of information and the time to get the information processed back through, should be the same.

Q Okay.

A I don't see any difference.

Q Now, if multiple surveys were scheduled for the same day, how would the travel time be affected, the travel time on the exhibit? How would that compute if they were going like directly from one site to the other site?

A The travel time that is included is 28 minutes and that's an average travel time to get from the work center to a typical site, so there -- that is based on an average. Some would be longer; some would be shorter. That's just a pure average.

Q Okay. Now, talking about travel time, is any time included for travel back to the work center after the site visit? Is that included in the 28 minutes?

A I'm sorry. I'm thinking, so give me just a minute. This 28 minutes is calculated looking at -- or excuse me. I don't mean calculated. It's estimated from a standpoint on an average type day.

So, included in that is what would be -- if you look at everything you did, if you did it separately, it would include travel to and from the work center. But included in that estimate is the fact that you don't have to make that trip but once. You go out and you go back. But while you're out there you may go to five or six more locations during that day, so it's not -- on each one of those sites -- on each one of those different locations, that you would not have included -- say you had five locations. You would not have included five times traveling to and five times traveling back. It would be the travel

time on the average for the whole day in simple terms divided by the number of sites you hit.

Q Okay. Now, you indicated in your answer a minute ago something that this 28 minutes was also an estimate. Would this be by the same experts and from the network division? Who provided these estimates is the question, I guess?

A It does come from the Network Department. In this particular case it would not be the same individual because this is travel time for an average I&M person. So it would be another group in the I&M Department that would have provided that. It is the same travel time I use in all of my cost studies I filed for Florida.

Q Okay. Now over on Page 33, Service Inquiry and Site Setup, was this time also an estimate, and if so, by the same experts?

A On what page now? I'm sorry.

Q Page 33.

A Okay.

Q Service Inquiry and Site Setup?

A Yes.

Q So these were again the experts from the Network Division?

A Correct.

Q And do you know if this is Florida specific only?

A I think in this particular case it would be the same answer. I believe these were regional work times.

Q Okay. Next please, if you could turn to Pages 34 and 35. And tell us, first, what is included in the weighted material price?

A Okay. We were talking earlier about the material prices for the garden terminals and wiring closet and the 60/40 weighting. What you had -- and I went through that I took the material price, and let me just take -- without using the numbers, can I just kind of step you through what you have?

Under the garden terminal you have the access terminal, which is your housing. You have a cross-connect panel. You have the amphenol cable. So those three items added together represent the total material price. It then has sales tax of the 6% I mentioned earlier, and a levelization factor of 1.0455 applied to it. So, that would give you then a number that is representative of the garden terminal and it is weighted by 60%.

The wiring closet is a cross-connect panel, the amphenol cable. Those two items are added

together. You apply the sales tax and the levelization inflation factor again, same numbers. And then you take 40% of that and then those two numbers are then added together. That gives you the 7016 that is included on Column E, Line 126.

Q Okay. Now, that's the price listed for the first 25-pair panel. The cost of the second 25-pair panel is listed at only $20.29. Can you explain that difference?

A Okay. If you look at -- and it's hard to kind of do this without the numbers, so just bear with me for a minute. Under the garden terminal, I had an access terminal, a cross-connect panel and the amphenol cable. Okay?

Q Right.

A Included in that garden terminal for those -- the two items, the panel and the cable, that adds to 20.29. So, for the second panel, I'm not having to put a second housing so that's why the different.

Q Okay. Great. Thanks. Now we're going to be looking at Page 34 through 36, the Engineering and Connect & Turn-up Test.

MR. CARVER: I heard a sound on the line. Did somebody join in?

MS. SIMS: It's Nancy Sims. I'm just listening.

MR. FORDHAM: Hello, Nancy Sims.

MS. SIMS: Hello.

MR. FORDHAM: Welcome to the party.

Q (By Mr. Fordham) Ms. Caldwell, the next question then was how was the time determined in those categories under Engineering and Connect & Turn-up Test? Again, was that an estimate or a study or a survey, and also, is it Florida specific?

A I'm going to use the same answers. These are estimates on a regional basis.

Q Regional from your Network Division?

A Correct.

Q Okay. And why are the times for first and additional identical? In other words, is there not a time savings for additional?

A We're still just talking about -- let me just ask you. Which item are we discussing right now? I'm sorry. I got lost.

Q The Engineering and Connect & Turn-up Test.

A On Page 34. For the engineering, see there is a difference for the additional because we only have engineering time. What you're really talking about here is when the Assignment and Facilities Group

has to become involved. That's only on the first. So there wouldn't be any additional there.

On the next one is the physical work that you were doing and you were actually, in this particular case, you are mounting a panel and testing it. So, therefore, that was the time estimate included and it takes the same amount of time to do that.

Q Now, again the same categories here, the Connect & the Turn-up Test, we're on Pages 34 and 35. Why is the time so much greater for the first 25-pair panel than for the second 25-pair panel?

A On what page?

Q 34 and 35.

A Okay. On Page 34 you are actually mounting the access terminal and then putting the first panel in there. Okay. On Page 35 you already have the access terminal up there. You are just now going into that same terminal and placing an additional cross-connect panel.

Q Okay. Sounds reasonable. Now, if I could direct you to Page 37. At the bottom of that chart you'll find an Assumption No. 1. This page is for the Service Visit Charge associated with provisioning --

A Okay.

Q -- same MDU/MTU complex per LSR. Now, assumption No. 1 states that the Service Visit Charge is applicable per LSR and is charged separately. Can you please explain why and how the Service Visit Charge in Assumption No. 1 is charged separately from the Service Visit Charge associated with provisioning same MDU and MTU complex per LSR?

A Okay. Give me just a minute. I need to check one input before I answer. Hold on. (Brief pause.)

All right. The best way to explain this is to talk about really the elements and what they do. If I look at the site visit and -- for the survey and the setup, in 1552, which is my survey, I included the time for the technician to travel out there. Okay. And then when I did the setup, the travel time is already taken care of so I didn't include it a second time when I did 15.3. And that individual working there was a pay grade 57, the supervisor.

Now, in the other elements, which is your 1554, 1555 and 1556, all the work that is being done there is being done by an I&M craft technician, installation and maintenance craft technician. In these elements, if you look at my study, which is on -- beginning on Page 34 and then look at Page 35,

which is element 15.5, and then the element we were on, 15.6, you will see that in each one of these there is no travel time for the installation technician to get there.

So, what we have done is set up a separate element to account for the dispatching. That's what you see on Lines 215 and 216, is the actual work to coordinate and dispatch the individual. And then 219 is just the travel time to get the individual there.

And the reason we did that is you don't know how many panels may be installed at one time or if you're going to connect all the pairs at one time or if you're going to go back on a single pair by pair depending on how the CLEC wishes to purchase it.

So, for instance, if they wanted to purchase an access terminal and at the same time install three panels and at the same time terminate 75 pairs, they would do that on one LSR and we only have to travel one time. So, rather than putting that travel time in each one of the elements, we had it separate. I know that's a little confusing, but does that makes sense how that's done?

Q I think our technical people here can understand anything.

A Good. Took me awhile to figure it out.

Q Can we direct you next to Page 62, please. Okay. We're talking inflation rates. Can you tell us please, are these inflation factors applied only to labor rates?

A Yes. For this study we're only applying them to labor rates, correct.

Q Okay. And can we have a minute to regroup here?

(Discussion off the record.)

MR. FORDHAM: Okay. I think we are okay here. How about MediaOne? Any questions from MediaOne?

MR. SOX: No questions.

MR. FORDHAM: Okay. I have only one last question. When I was in Atlanta two weeks ago, I headed up to Baby Doe's Restaurant. I got there and the building was gone. What did you guys do with the building?

WITNESS CALDWELL: I have no idea. It's just gone is all we know.

MR. FORDHAM: Well, did somebody notify the police? (Laughter.)

Okay. Ms. Caldwell, you've done this many times before. You're familiar with your right to read and you can waive that. Which do you choose in this

case, read and waive or -- read and sign or waive?

WITNESS CALDWELL: We read and sign.

MR. FORDHAM: Okay. All right. And we'll fax you the oath affidavit, and I guess that's all we need.

MR. CARVER: Thank you very much.

MR. FORDHAM: Thank you.

MR. CARVER: Bye-bye.

(Deposition concluded at 1:50 p.m.)

- - - - -

ERRATA SHEET

DO NOT WRITE ON TRANSCRIPT - ENTER CHANGES HERE

IN RE: DOCKET NO. 990149-TP
NAME: D. DAONNE CALDWELL
DATE: June 17, 1999

Page	Line	Change

Under penalties of perjury, I declare that I have read my deposition and that it is true and correct subject to any changes in form or substance entered here.

_____ _____
DATE D. DAONNE CALDWELL

STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, KIMBERLY K. BERENS, CSR, RPR, FPSC Commission Reporter,

DO HEREBY CERTIFY that I was authorized to and did stenographically report the foregoing deposition of D. DAONNE CALDWELL.

I FURTHER CERTIFY that this transcript, consisting of 37 pages, constitutes a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 18th day of June, 1999.

Kimberly K. Berens

KIMBERLY K. BERENS, CSR, RPR
FPSC Commission Reporter
(850) 413-6736

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Greg Beveridge

PARTY: MediaOne

DESCRIPTION:

1. July 6, 1999 Deposition Transcript - (Not yet available.)

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 9
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # GB-10

In The Matter Of:

Petition by MediaOne Florida/for Arbitration of interconnection Agreement with BellSouth

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GREGORY J. BEVERIDGE

July 6, 1999

BROWN REPORTING, INC.
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 990149-TP

In re: Petition by MediaOne Florida Telecommunications, Inc., for Arbitration of an interconnection Agreement with BellSouth Telecommunications, Inc., pursuant to Section 252(b) of the Telecommunications Act of 1996

DEPOSITION OF

GREGORY J. BEVERIDGE

July 6, 1999

1:35 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

BROWN REPORTING, INC.
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Also Present:

Laura King (via telephone)
Gowan Favors (via telephone)
Ray Kennedy (via telephone)

- - -

GREGORY J. BEVERIDGE,

having been first duly sworn, was examined and testified as follows:

CROSS-EXAMINATION

BY MR. CARVER:

Q. Could you state your name for the record.

A. Gregory J. Beveridge.

Q. Mr. Beveridge, let me ask you generally, I would like to clarify a couple of terms. What exactly is a garden terminal?

A. My understanding of the garden terminal is a cross connect facility that happens to be located external to a building in a campus type environment.

Q. And what about a wiring closet terminal?

A. My understanding of a wire closet terminal would be a similar cross connect facility that would be located inside of a building just inside the minimum point of entry or minimum point of penetration.

Q. Other than location, is there any difference between the two types of terminal?

A. They serve generally the same purpose, to provide an interface between the loop outside plant,

so-called distribution facilities and the remaining network termination wire as BellSouth terms it.

Q. I heard your explanation, but bottom line is that, no, there is no difference other than what you mentioned?

A. They are similar in function in terms of providing an interface between distribution facilities and the next step as the wire pairs make their way to individual customers, what BellSouth terms network terminating wire.

Q. Would a terminal that is placed in one location be any different from the layout of a terminal placed in the other location?

A. They may be different in terms of physical appearance and accessibility.

Q. What would be the differences in physical appearance?

A. Physical appearance may be, for example, in the wiring closet punch down blocks known in the art as 66 type cross connect blocks. In terms of older apartment units perhaps they take the form of screw terminals or other older forms of cross connect blocks. In the garden terminal could be a variety of similar means of connecting and disconnecting wire pairs that would depend on the

vintage of the plant.

Q. In your testimony you used the acronym CSX. Could you define that for me, please.

A. CSX is a term for or abbreviation for cross connectability and again it takes the form of different types of hardware but in effect offers the terminal appearance of pairs from both the distribution facilities and in the case of wiring closet riser cable pairs that bring together all of the customers in a given multiple dwelling to one location.

Q. Are garden terminals and wiring closets both types of CSXs?

A. They could be.

Q. What else could be a CSX?

A. Intermediate cross connect facilities that might be located on the respective floors of a multiple dwelling unit perhaps where the particular practice of local exchange carrier might be to have multiple cross connect facilities for the purpose of rearranging and optimizing the riser cable and network wiring in a plant would be an example.

Q. In your testimony I believe you also used the term access terminal; is that correct?

A. I believe I used the term access cross

connect.

Q. Now, what we have discussed, that is the garden terminal and wiring closet terminal, are those types of cross connects?

A. That's correct.

Q. I would like just for clarity sake to have a word, to avoid misunderstanding I will let you suggest a word to me I can use to refer to these cross connects or terminals. What term do you believe would be most appropriate?

A. The term that we have used in my direct testimony is fine with me. I think the term is access cross connect.

Q. Okay. Have you testified concerning this issue before?

A. No, sir.

Q. Have you testified on behalf of -- well, first of all, have you testified at all prior to this proceeding?

A. I have prepared materials of a technical nature for others who have in fact testified before state proceedings in years past and I would have to think about which ones specifically. I have also done ex parte and other types of presentations before the FCC at the federal level.

Q. Were you working for MediaOne in those instances?

A. No. I was working for U.S. West Communications.

Q. How long have you been -- well, let me ask you first of all, are you employed by MediaOne?

A. Yes, I am.

Q. How long have you been employed by them?

A. Since the inception of our company, June 12th, 1997, 1998, excuse me.

MR. KARRE: Pardon me, that was me again, I am sorry.

Q. (By Mr. Carver) So it is 1998?

A. Yes.

Q. Let me go back for a moment to your definition of CSXs. Do you know whether BellSouth uses intermediate cross connect points on a given floor of multitenant buildings that would be labeled as CSX?

A. I have no direct knowledge of intermediate locations, for example, other floors beyond the minimum point of entry.

Q. You just used the term minimum point of entry. Could you define that, please.

A. My understanding and definition of a

minimum point of entry would be the location within a building just inside the wall of a building in the particular case that I am thinking of here, a multiple dwelling unit where a multipair cable that would represent the network appearance of distribution facilities is tied down or connected to a cross connect block and then cross connect wiring is run between that block and a second block, that it would be the appearance of multiple wire pairs to each of the apartment units in that building. There is a more formal definition, but that's the practical understanding.

Q. We will come back to that in a moment. I have a few other questions I wanted to ask you first, though.

A. Okay.

Q. I want to ask you about the portion of BellSouth's proposal that involves MediaOne using jacks that are in the customer's unit. This is one of the things that you talked about in your tape.

A. Yes.

Q. Can you tell me generally what is MediaOne's objection to this process?

A. The process that you are referring to is the use of existing jacks or replacement of existing

jack with a new so-called condominium NID.

Q. Either one. My question goes generically to hooking in your facilities at that point. What are your objections to that under either approach?

A. The issue of connecting our facilities to customer's wiring through network terminating wire or directly at the apartment bypassing network terminating wire I guess would be my question of clarification.

Q. Let's first of all go with bypassing network terminating wire. Let me ask you first of all, is it your understanding that is what BellSouth suggested you could do at the customer premise?

A. I don't believe that is any part of the materials that we have been examining here.

Q. Just to make sure we are on the same page, you did a videotape demonstration that has been provided to me.

A. Yes.

Q. Now, in a portion of that demonstration you spoke about the process whereby you would make the connection using the jackets in the customer's unit, correct?

A. We showed in the videotape the process as we best understand it required of MediaOne in the

event we elect to make use of BellSouth network terminating wire and the necessary work involved in order to allow service to even be possible for a customer we would successfully market to.

Q. So your understanding as reflected in that tape was a procession whereby you would use BellSouth network terminating wire but you would use that facility at the customer's individual unit, correct?

A. That's one end of it, that's correct.

Q. That's what I am trying to ask about. What is your objection to doing that thing that you described on the tape?

A. The objection is that, first of all, it is unnecessary in terms of using existing network terminating wire as it is existing connected to the continuing inside wire in the formal sense through the remainder of the apartment unit in question.

Q. That it is unnecessary?

A. Yes, that's correct.

Q. Why is it unnecessary?

A. Because pair No. 1 is already physically connected to line No. 1 jack appearance in the first and all subsequent jacks in a given apartment unit.

Q. There are other lines that would be

available, though, correct?

A. According to BellSouth in the document that has been provided to me through counsel, additional so-called spare pairs may be available.

Q. Well, let's assume first of all that spare pairs are available. Does MediaOne object to using those spare pairs?

A. We have no objection to using spare pairs in that limited question.

Q. Assuming there are no spare pairs available, do you know whether BellSouth would make available to you the first pair?

A. According to the materials I have been reviewing, it is my understanding if there are no spare pairs, if and only if, then BellSouth would relinquish the first pair of, so-called first pair of that apartment.

Q. Do you know how to identify the first pair?

A. Generally in the classic Bell system color code is the blue-white pair, depends on the bindery unit you are in.

Q. Do you anticipate there would be any difficulty in identifying that? I mean, do you believe that MediaOne's technicians would have any

difficulty?

A. I believe anyone familiar with the color coding scheme as it is known in the traditional telephone industry would have little or no difficulty identifying the pair. Of course, the issue that we are sometimes faced with is pairs go bad for some reason, are abandoned and other so-called spare pairs are pressed into service to make good the service. In that case, testing would be required typically toning the pair, applying test tone and confirming its presence at the other end of riser cable.

Q. So you are saying that is what would have to be done if you were getting ready to use a pair and you wanted to test it to find out if it was operational?

A. That would be one of the ways.

Q. Wouldn't you have to do that in any event?

A. Not necessarily. If service records and design layout records indicated satisfactory service and indicated a print or some record that would be made available then that would be the first logical step.

Q. Now, if MediaOne were attempting to make

that determination through the process you described, would its technicians basically do the same thing that BellSouth's technicians would if they were attempting to determine whether a pair was defective?

A. Certain tests can be made without entering the premises of the apartment. Elaborate testing may be required in certain instances but the process is very similar.

Q. When you say very similar, the MediaOne process and BellSouth process would be very similar?

A. MediaOne process and BellSouth process would be similar in regard to the art as practiced by competent telephone technicians.

Q. Regarding BellSouth's proposal that you could connect BellSouth's terminating wire in the unit, there is a particular piece of equipment that you would need to do that; is that correct?

A. According to BellSouth, the availability of network terminating wire connection or use would require by BellSouth the use of a so-called condominium NID or network interface device.

Q. Let me go back to your video again. In that video there was a particular device you illustrated the use of, was that a condominium NID

or something else?

A. I showed several items of equipment in the videotape. Which are you referring to?

Q. I am referring to the one that had multiple connections. I believe it was a splitter.

A. The splitter device is a plug in device. I also showed the so-called condominium NID, device manufactured by Secor in the particular one I used. I also showed a single ordinary wall jack for telephone and also showed an outside NID device that more typically is found in single family residence environment.

Q. Let's stay with condominium NID. Do you know what it would cost MediaOne to purchase these?

A. The retail price quoted from Secor was $7.48 a piece. I am assuming with quantity that number would drop. I don't know what the quantity number would be per device.

Q. The Secor device, do you know what that would cost?

A. I was referring directly to INI 202, which is exactly what I was showing in the videotape. That was $7.48 a piece.

Q. Do you know, let's assume that MediaOne ends up connecting at the premises in the way that

BellSouth has proposed and the way that you have talked about in your video. Do you know how much time on average it would take a MediaOne technician to accomplish that connection?

A. We have estimated, depending on the windshield time or so-called drive time, somewhere between one and four hours. Depends on how far away it is and what the difficulty of getting into the apartment is and then of course the additional work necessary to discern specifically where the so-called first jack is located because wiring, rewiring other jacks clearly would not fulfill the requirements as we understand them that BellSouth puts forth.

Q. The drive time is going to be the same regardless of how you connect, right?

A. The drive time can be estimated on some average to and from the office. So it is still time paid to our craft technicians.

Q. Here is my question, though. Let's assume that your technicians in a particular instance are going out to a particular location to do a connection. The type of connection that they do when they get there is not going to affect the drive time, is it?

A. No.

Q. Now, what portion of that one to four hours average time is drive time?

A. Approximately half hour.

Q. So your estimate for the on-site time would be one half to 3-1/2 hours?

A. In that range, yes.

Q. How much of that time would be devoted to locating the customer?

A. Again, depends on the specific arrangement -- I am sorry, locating the customer, is that your question?

Q. Yes.

A. If a customer had been marketed successfully by MediaOne, we would certainly have the address, the apartment number and specific information that would allow us to locate the front door of the customer's living unit.

Q. Well, of one-half to 3-1/2 hours that you have as an average not including drive time, how much of that do you attribute to customer location?

A. The time from the parking lot of the apartment building to the apartment. I assume it would be minutes. We did not specifically break that out in our thinking.

Q. Now, in this average that you have come up with, again, how much would the actual work time be?

A. The work time, of course, is going to depend on availability of records. Absent records and an apartment that may have, say, three or four telephone jacks, it would require a systematic inspection of each of those jacks absent records to identify truly where the first jack is and testing that would determine conclusively to our satisfaction where that first jack, in other words, the end of the network terminating wire in that particular living unit actually appears.

Q. So my question again is how much time would that take.

A. In the range of a half hour to 3-1/2 hours.

Q. So that one-half hour to 3-1/2 hours that is not drive time you are assuming would be consumed exclusively by actual work.

A. That's correct.

Q. Now, have you done a comparable projection or estimate for the work time that would be required to cross connect at the access terminal in the way that MediaOne wishes to?

A. At the cross connect location in this minimum point of entry in the so-called wiring closet, clearly there is some time to access, unlock the door and so forth, we will set that aside for the moment. As you have seen in the videotape, it is a question of locating the specific terminals that belong to a given customer, identifying that cross connect and of course then removing as you have seen in the videotape, removing and reinstalling a new cross connect from that particular customer's pair that we would be providing service on to our distribution facility terminal, a similar 66 type block as I used in the example.

Q. Mr. Beveridge, I don't mean to cut off your answers, you can answer any way you want, but you are spending a lot of time answering what I am not asking. My question wasn't could you describe the entire process, my question was how long would it take. Would you answer the question I asked, how long would it take?

A. The answer to the question you asked specifically, 30 minutes.

Q. It would be 30 minutes in every instance?

A. Not necessarily. If there were multiple

cross connects, if the cross connects were clearly marked, it may be very small additional incremental times.

Q. In terms of doing the connection at the customer unit, you told me the time would be one-half hour to 3-1/2 hours. Could you give me a range top to bottom for connecting at the access terminal?

A. That's the range.

Q. From 30 minutes to what?

A. 30 minutes to 3-1/2 hours all in because some of that time could obviously shift away from the work in the apartment and shift to the basement or wiring closet work. It is a very specific case-by-case situation, depending on how easy is it to do the work, how hard is it to do the work.

Q. Now, my question was about the cross connect at the access terminal.

A. About 30 minutes once access to the physical location of the wiring closet was obtained.

Q. My question is would it be 30 minutes every time or would there be a range.

A. There would be a small range, perhaps doubling the time in difficulty, perhaps halving it, so perhaps 15 minutes to an hour. But, again, this

is handling the situation in terms of multiple pairs and difficulty of access and so forth.

MR. CARVER: Excuse me just a moment.

(Discussion ensued off the record.)

Q. (By Mr. Carver) Let me ask a general question, Mr. Beveridge. When technicians for MediaOne go out into the field to do a job, say to connect a new customer service, is there a particular standard work time that you estimate they will spend?

A. I do not have that number so I can't answer your question.

Q. Well, for planning purposes do you make any sort of estimate at all as to how long they will be gone?

A. We do in fact have planning estimates, but I do not have those here.

Q. Where would this work be done? Let me clarify, where does MediaOne currently provide telephone service?

A. We provide telephone service to single family residences and small business environment, so the single family residence environment is quite different from the area of service providing that we are talking about here in multiple dwelling units.

Q. Multiple dwelling units, we will focus on multiple dwelling units, here is the question, what geographic area -- for example, Mr. Lane in his deposition referred to your providing service in Virginia. That's what I am asking. What state do you do work in?

A. We have a variety of locations that we provide telephone service, Pompano Beach; Jacksonville; Atlanta; Richmond, Virginia; Boston; Detroit; and Los Angeles.

Q. Are you providing local service in each of these locations?

A. Yes, we are.

Q. And you are not aware of the average length of a premise visit by your technicians in any of these locations; is that correct?

A. I don't have that information at my fingertips, no; but it is available.

Q. Do you know how many connections are accomplished in a half hour or less of actual work time?

A. Again, I don't have that information.

Q. How many years have you worked in the telephone industry?

A. 34 years with U.S. West in its various

forms and the last year or so with MediaOne specifically as we were spun off from U.S. West.

Q. Based on your I guess all together almost 26 years in the industry, do you have knowledge as to how long an average premise visit takes?

A. I have never personally worked the INM or installation maintenance side of the business but rather staff transmission engineering roles in various jobs I have had throughout those 26 years.

Q. To go back to the connection at the unit that you told me about a moment ago, is that time estimate that you explained to me, is that your estimate or was that estimate made by someone else?

A. This is in consultation with people who actually do that work.

Q. Were you involved in that process?

A. In the process of determining the number, yes.

Q. So basically if I understand what you are telling me, that is your estimate, you made that estimate in consultation with other people.

A. That's correct.

Q. Who did you consult with?

A. Several people that are involved in our digital telephone service, deployment and

operations, who actually have responsibility for that service in the Atlanta area.

Q. Can you tell me their names?

A. Yes.

Q. Would you let me be more specific. Please tell me their names.

A. Jack Armitage would be the principal person and people who work for him I am assuming supported him with a validation of that number, or those numbers.

Q. And the estimate that you gave me of the time it would take for MediaOne to connect at the access cross connect, is that your estimate or did you arrive at that one with consultation from someone else also?

A. The work at the access cross connect itself was my estimation based on the quantity of installations that I have viewed in prior work with the U.S. West company and personally having accomplished a few of those myself.

Q. So no one else was involved in assisting you in making that estimation?

A. Not at the access cross connect.

Q. Let me go back for a moment to the aspect of our discussion where we were talking about the

average time it takes a MediaOne technician to complete a connection on the customer premises. I believe you told me you didn't know the number that occurred in less than 30 minutes. Based on your experience, can you tell me, can you give me an estimated percentage as to how many are completed within 30 minutes?

A. I don't have an estimated percentage I could give you.

Q. Based on your 26 years of experience, do you have any idea at all as to how many times, how many are completed in 30 minutes or less?

A. The specific case of the cross connect or work inside the apartment unit, this is again with the help of people who do that and not my experience. My experience over 26 years does not lend itself to giving a reliable number.

Q. Again, I am not talking about the apartment unit scenario proposed by BellSouth.

A. Okay.

Q. I am talking about the actual experience of MediaOne technicians.

A. As I said previously, the actual time spent in this work activity per event is something that I do not have with me, but the records or the

estimations do exist and could be provided.

Q. Now, you told me that MediaOne provides telephone service in Atlanta. How are the cross connects done in Atlanta?

A. It is my understanding from Mr. Armitage of our company that the only places that we provide in multiple dwelling unit environments our telephone service are those new buildings that we in fact have wired ourselves with twisted copper pair plant.

Q. So basically this issue has not come up in Atlanta.

A. Well, the issue has come up but this is by means of working around the difficulty that we face.

Q. What about in the places where you provide service in Richmond in multidwelling units, has the issue come up there?

A. No.

Q. What about in Massachusetts, has the cross connect issue come up there?

A. To my knowledge, no.

Q. And in Detroit, Michigan, has the issue come up there?

A. Again, no.

Q. Los Angeles, has this been an issue

there?

A. Again, no.

Q. So basically Florida and more specifically this proceeding is the first time this cross connect proposal of MediaOne has actually been made, correct?

A. Could you restate the question.

Q. The particular manner in which MediaOne wishes to cross connect, you have not previously advocated that or practiced that in any other state, correct?

A. We have not had the need to go through these discussions in any other location, specifically the challenges that we face are unique in areas that BellSouth serves.

Q. So is that a no?

A. I am not sure what I am saying no to. Could you ask the question one more time. Excuse me for my poor listening.

Q. MediaOne has made a cross connect proposal. Have you put that particular proposal into practice anywhere else in the country?

A. No.

Q. Thank you.

Have you advocated it before any

regulatory body anywhere else in the country?

A. In one other location, Georgia.

Q. And is that the case that is currently pending?

A. That's correct.

Q. The Georgia commission has not ruled?

A. That is correct.

Q. Are you familiar with the Florida demarcation rule?

A. Yes, I am.

Q. And would you tell me, please, your understanding as to where the demarkation point is in a multidwelling unit environment under this rule.

A. My understanding of the Florida commission's rule in this matter is that the demarcation is actually at a minimum point of entry inside the individual living unit in an apartment situation.

Q. So it is at each individual or owner/renter's premise?

A. Inside the premise, that's correct, that's my understanding.

Q. So in MediaOne's proposal to cross connect, the point at which MediaOne would be

connecting, that is the terminal, that would be part of BellSouth's network, correct?

A. Are we speaking of the apartment or the wiring closet?

Q. We are talking about either the wiring closet or the garden terminal.

A. The wiring closet, the access CSX as we previously discussed would be the desired point of interconnection between our distribution facilities and so-called network terminating wire.

Q. And my question is, that would be part of BellSouth's network, that point at which you interconnect, correct?

A. That's my understanding, yes.

Q. Now, let's assume that the commission adopts your proposal, that is, to interconnect at the access CSX. Would you then purchase network terminating wire from BellSouth to get from that location to the individual customer's location?

A. Yes.

Q. And then that network terminating wire would belong to BellSouth, correct?

A. That's my understanding, yes.

Q. Are you aware of the price for network terminating wire that BellSouth has proposed in this

proceeding?

A. I am aware of what the proposed charges are in their proposal to MediaOne.

Q. I am not sure of the distinction you are making between prices and charges. Maybe if you can tell me what you understand the charges to be.

A. Well, you didn't say the word costs, so I am assuming we are not talking on a cost basis but rather the price proposed to MediaOne for access to so-called number of terminating wire.

Q. Yes, that is what I am asking you about. What do you understand those prices to be?

A. The schedule I have in front of me indicates an initial terminal visit of $171, additional terminal visits of $40.47 and to your question, 60 cents per month per line recurring. That's the most current information I have.

Q. In terms of recurring charge, that is the charge for the use of the wire on an ongoing basis. Does MediaOne object to the price that BellSouth has proposed?

A. No. In terms of the recurring charge, that particular amount is one that has however risen from the initial proposal just a short time ago. We were a little concerned about that. But that is the

recurring charge as we understand BellSouth requires.

Q. My question is do you object to the amount of that charge.

A. No.

Q. And MediaOne has not proposed any different charge in this proceeding for that particular aspect of network terminating wire, has it?

A. We have not.

Q. As I understand it, you object to the nonrecurring charge because of the premise visit by the BellSouth technician that is incorporated into that charge.

A. That's correct.

Q. Let's assume for purposes of this question that the commission determines that it is appropriate to have a BellSouth technician there. In other words, a BellSouth technician will be there, it is just a question of what the charge is for that. With that clarification, do you object to the amount of the charge that has been proposed by BellSouth?

A. We have not examined the amount of time or had it indicated to us what the amount of time

would be required, so we don't have a basis for challenging it at this time; but on its face, it seems excessive to us and unnecessary.

Q. Well, the unnecessary part we are going to talk about in a minute. Why does it seem excessive to you?

A. In terms of the need for it at all. So the issue is competent technicians given reasonable access to facilities that terminate the customers should allow us the ability to remove and run cross connects at no risk to each other's customers, therefore they do not have the additional requirement to have a BellSouth technician at those locations. Your assumption, of course, is they are required.

Q. My question is assuming they are required, why do you believe that the charge is not for an appropriate amount.

A. I don't have a basis for the calculation without understanding more about the estimate of time and so forth from BellSouth so I can't answer your question.

Q. Basically what you are saying is it seems high to you but you really don't know.

A. That's correct.

Q. Has MediaOne filed any testimony in this proceeding to suggest some other appropriate rate for the nonrecurring charge?

A. No, we have not.

Q. Let me go back to something we discussed earlier, where you said it would take a MediaOne technician up to 3-1/2 hours to install a jack inside a customer's premise or to connect at that point. Assuming that a cost-based rate were charged for that 3-1/2 hours of labor, what would MediaOne charge for that?

A. Well, at the lower end of the range, assuming the first jack is already identified or easy to find from records, then it would be our loaded rate for craft plus the necessary materials to effect the addition of a so-called condominium NID. As I said earlier the retail price being --

Q. What is the loaded range for your technician?

A. In the range of $40 an hour.

Q. So labor for that procedure that you described to me which is the 3-1/2 hours it would take you to connect at the jack, based on the loaded labor rate alone it would be anywhere between 20 and $140 to accomplish that.

A. Yes, that's correct.

Q. Correct me if I am wrong, but I believe you said in your testimony that U.S. West has adopted your proposal for how to connect; is that correct?

A. Could you show me or direct me to that page or that section of testimony, please, that you are referring to.

Q. It will take me a minute, but I will look it up if you like.

A. Please.

I found it. I believe Mr. Karre's earlier comment it may not be exactly page and line number, it is Page 4 in the document we produced locally in the rebuttal testimony from me.

Q. I believe in my copy, I found it also, rebuttal testimony, Page 4 beginning with a question on line 22, Do other incumbents allow competitive LECs access to interconnection in the manner proposed by the MediaOne?

A. Yes.

Q. You say, U.S. West allows competitive LECs direct access to cross connect devices; is that correct?

A. That's correct.

Q. Now, in which of those states that you told me about previously that MediaOne does business has this occurred?

A. None.

Q. So does that mean that U.S. West doesn't allow this?

A. No.

Q. Can you clarify for me, on the one hand you say U.S. West allows this, on the other hand it appears MediaOne isn't doing any business in U.S. West states. Are you making a general point based on your experience with U.S. West?

A. Yes.

Q. I see.

How many states does U.S. West do business in as an incumbent LEC?

A. 14.

Q. Do you know what the demarcation rules are in each of these states?

A. Yes, I do.

Q. Are they the same in all 14?

A. I don't know specifically, but I do know for several of the states.

Q. Which ones do you know about?

A. Colorado and Arizona.

Q. What is the Colorado demarkation rule?

A. Demarkation allows for MPOE equivalent, that is what we are discussing as wiring closet access CSX type of cross connect.

Q. What about Arizona?

A. Similar.

Q. So in both of these states, the connection would take place at the demarcation point.

A. Connections always take place at demarcation points.

Q. Well, in Florida MDU, the demarcation is at the customer premise, correct?

A. That's my understanding.

Q. You are proposing a connection other than demarcation point, correct?

A. That is correct.

Q. So they don't always take place there, at least not according to what you proposed, right?

A. What we are proposing is the interconnection of our distribution facilities at a wiring closet in the specific instance that we were talking about in the testimony.

Q. And in Florida, under the Florida rule, an MDU, that would not be the demarcation point,

correct?

A. That's correct. Using the demarcation, the word demarcation very specifically, my understanding is that has been set by the Florida commission as being in a per living unit environment, just inside the living unit.

Q. Now, to go back to my earlier question, in Colorado and Arizona the cross connect would take place at the demarcation point also, it is just that the demarcation point is somewhere different, correct?

A. Yes. In fact, there are several demarcation locations that are allowed, one of which is an MPOE.

Q. Now, just in rough terms so that I understand it, under the MediaOne proposal, you would go to the terminal and for the particular customer that you would be serving, you would disconnect the BellSouth network terminating wire and reconnect your own network terminating wire?

A. No.

Q. Tell me what I said wrong.

A. Well, connect network terminating wire says to me that we in fact are replacing or wiring over additional network terminating wire.

Q. Perhaps we need to define our terms.

A. Yes, please.

Q. The distance from the access terminal to the customer unit, that would be network terminating wire, correct?

A. That's correct.

Q. Now, in my past question when I used the phrase network terminating wire, I was referring to the facilities coming into the terminal from the other direction. Is network terminating wire an okay word to use or would distribution facilities be more accurate?

A. I could probably get a more direct answer right there. Let me give you my understanding of the difference between network terminating wire and distribution facilities. Distribution facilities would be that portion of the outside plant cabling from the ILEC, BellSouth in this case, that appear on one block in the wiring closet. Network terminating wire per their definition, my understanding is that this is the riser cable lateral and other wiring that makes its way from a wiring closet in that example to the multiplicity of apartments in a given building.

Q. For purposes of this discussion, I really

want to focus on your definition. Let me just ask the question. In your testimony when you talk about the cross connect and when you talk about MediaOne cross connecting at the terminal, what do you call that facility that MediaOne is connecting at that point?

A. The specific wire pair is called a jumper and it goes between distribution facilities, either BellSouth's in the originating case to a second block that is their first appearance of network terminating wire as they define it in the building. So what changes in the MediaOne desired arrangement is the removal of the first cross or the cross connect in the first instance and replacing it with a MediaOne provided cross connect wire pair between the termination between network terminating wire pair for that customer and our distribution facilities' termination which would be on a similar type of block.

Q. So in other words you could disconnect the BellSouth distribution facilities to that particular customer and you connect the MediaOne distribution facilities for that particular customer, correct?

A. As a practical matter, yes.

Q. Under your proposal, you would do that without a BellSouth technician being present, correct?

A. That's correct, with an order in hand.

Q. Now, under your proposal is MediaOne the only new entrant that would be allowed to do this?

A. No. Our perception is that this proposed arrangement offers nondiscriminatory access for ALECs or CLECs.

Q. Do you know how many ALECs there are in Florida?

A. I don't have a specific number.

Q. Just for discussion purposes, let's assume it is 50, probably higher than that, just for talking purposes, let's assume it is 50. Under your proposal, would all 50 of those ALECs have access to the terminal?

A. Which terminal are you referring to?

Q. The terminal at which the cross connect occurs, either the garden terminal or wiring terminal.

A. The access CSX block that has all customers in that particular building, if it is that terminal on that end, yes, however many ALECs or CLECs would be certified to offer service within the

jurisdiction should have similar access as we are proposing.

Q. So given that, could you conceivably have a situation where some ALECs would be disconnecting the distribution facilities of -- I am sorry, I said CLECs, in Florida it is ALECs, where some ALECs would be disconnecting the distribution facility of other ALECs?

A. In certain cases, yes. In fact, we fully expect that upon successful remarketing to a given customer that a BellSouth technician, for example, could remove a cross connect from our distribution facilities and reroute it to theirs.

Q. That scenario, let's say you were going to disconnect the distribution facilities to a different ALEC, you would not have a technician from that company present either; is that correct?

A. That's correct.

Q. If one of these 50 other ALECs were able to successfully market to one of your customers, they could just come and disconnect your distribution facilities without your technician being present, correct?

A. That's correct.

Q. Who would keep track of which customer is

being served by which company?

A. The two companies involved, the current provider and of course there is quite a bit of information that needs to pass between companies before a customer service is disconnected from one provider and connected subsequently to the new provider, so the basic information is known in advance by both companies as a minimum.

Q. So just to use a simple example, let's say you obtain a customer, it was formerly a BellSouth customer, then you would inform BellSouth that you were going to go out and disconnect BellSouth's distribution facilities and connect your own?

A. There is a variety of coordination which must take place before any work can happen. Obviously the coordination of directory service, a variety of other things. So in terms of notification and coordination, it has to be carefully timed between two companies such that the customer has in effect uninterrupted telephone service.

Q. But in my example, again, that is a BellSouth customer to whom MediaOne has successfully marketed, they are going to become your customer, in

the first instance MediaOne would have to contact BellSouth --

A. The first step in that larger process, yes.

Q. Now, if I understand your testimony correctly, you told me that if your proposal is accepted, you would have to use BellSouth's network terminating wire to get to the individual unit owner's premises in an MDU environment.

A. Yes.

Q. How would BellSouth know what you were charging? Let me restate that. How would BellSouth know what to charge MediaOne?

A. I guess I don't understand the question. They have proposed charges, so it is on a per pair surrendered or made available basis, so you have some nonrecurring and recurring charges that are previously known. So whether it is a single line customer or perhaps a two line customer, the charges would go accordingly, if we understand the contract language as proposed by BellSouth.

Q. My question wasn't very clear. Let me rephrase it. If the BellSouth technician is not going out to premises at the time you do this connection, how will BellSouth know what network

terminating wire MediaOne is actually using?

A. I guess absent a physical inspection, they wouldn't.

Q. So then BellSouth is going to have to sort of periodically inspect the terminals in its network to try to figure out who is using what wire and who should be billed for it?

A. Not necessarily. I believe our declaration to BellSouth, a truthful business practice should be an acceptable substitute.

Q. So then basically for billing purposes also it would be incumbent upon MediaOne to tell BellSouth what it is using?

A. Yes.

Q. That would be true of any ALECs using BellSouth terminating wire also, wouldn't it?

A. Yes, certainly.

MR. CARVER: I don't have very much more, what I propose is we take a short break, I go through my notes, we can wrap up.

(A recess ensued.)

MR. CARVER: Back on the record. That's all the questions I have for Mr. Beveridge.

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DIRECT EXAMINATION

BY MR. GRAHAM:

Q. This is Bill. I have just one or two questions for clarification purposes. Won't take but a minute or two.

Mr. Beveridge, can you describe why MediaOne did not make this cross connect proposal in any of the other areas where it provides local telephone service?

A. It wasn't necessary.

Q. Why is that?

A. Because we have no trouble obtaining access to the arrangement that we desired.

Q. Earlier you gave some testimony regarding the spare pair that BellSouth proposes to make available.

A. Yes.

Q. Can you describe any reservations that MediaOne has regarding the proposal to offer that spare pair?

A. Yes. The spare pair would be one or more pairs that would be not in service, so to speak, that after the first pair as BellSouth identifies it and such pair would need to be, of course, if it is the second pair, by way of example, become

MediaOne's first service pair.

MR. GRAHAM: That's all I have.

MR. CARVER: I have a couple of follow ups. But, Lee, do you have anything?

MR. FORDHAM: No, nothing of this witness.

MR. CARVER: I need a clarification of the clarification.

MR. GRAHAM: Okay.

RECROSS-EXAMINATION

BY MR. CARVER:

Q. Let's go back to these other locations where MediaOne is doing business. Now, I believe I asked you if the MediaOne proposal in Florida had been proposed anywhere else or if it had been followed in practice anywhere else. I thought you said no to both of those. Am I mistaken?

A. I did not hear the followed in practice part. I believe the question as I recall was specifically did we have, had we implemented this particular proposal and the answer I gave was no.

Q. So the proposal you made you have not implemented anywhere else in the country.

A. We have not had the need to make the proposal is the way I would answer the question.

Q. What you have proposed in this case, has it been implemented anywhere else in this country?

A. I guess it is consistent with the proposal we make here.

Q. So you are saying that the proposal that you are making in the context of this case is the same as the practice that you follow in these other states?

A. Yes.

Q. Now, that's not the case in Georgia, is it?

A. No. I believe that I excluded areas served by BellSouth.

Q. In Virginia, in Richmond, where is the demarcation point under the rule of the Virginia commission?

A. I do not know.

Q. But you do know that you connect your distribution facilities at the access cross connect in Richmond?

A. That's my understanding, yes.

Q. What is the source of that information?

A. The market unit that provides digital telephone service under our brand.

Q. Who specifically told you this?

A. We circulate the testimony and solicit input and to my knowledge all locations who have examined this issue report back that the only place that we are having the issue that requires such a proposal as we have before the commission are the jurisdictions in which BellSouth operates.

Q. So this is not based on your personal knowledge.

A. No.

Q. Again, to go back to Virginia, who is the source of this information regarding Virginia?

A. I don't know.

Q. Who is the source of the information in Massachusetts?

A. We have had no other input that I can tell you specifically. I don't know the answer to that question.

Q. Well, do you know for sure that you're cross connecting in this manner in Massachusetts?

A. By the affirmation of the business unit that provides digital telephone service we have no problems in any of our other areas with regard to this issue.

Q. That really wasn't my question. My question was do you know for a fact that you are

cross connecting in Massachusetts in the manner that you have proposed in this docket?

A. My understanding is that we are cross connecting in this manner.

Q. Who provided you with that information?

A. It is my understanding from our business unit.

Q. Can you give me the name of a person who provided you the information?

A. I can't at this time.

Q. Where is the demarcation point in Massachusetts under the rules of that commission?

A. I don't know the commission's definition of demarcation in that state.

Q. What about in Michigan, where is the demarcation point under the rules of that commission?

A. I don't know the answer to that.

Q. Can you give me the name of whoever your source of information was regarding Detroit?

A. No, I can't.

Q. Regarding Los Angeles, can you give me the name of whoever was your source of information there?

A. No.

Q. Do you know the demarcation rules of the California commission?

A. I know them in a general sense but not specifically enough to answer your question.

Q. Tell me what you know about them.

A. My understanding is that they do allow a minimum point of entry in effect.

Q. Now, in a minimum point of entry situation, the cross connect that you are proposing would occur at the demarkation point, correct?

A. Yes.

Q. So it would not actually be part of the incumbent carrier's network.

A. That's correct.

MR. CARVER: That's all I have. Thank you.

MR. GRAHAM: So Mr. Beveridge is excused.

MR. CARVER: Yes.

(Deposition concluded at 2:55.)

INDEX TO EXAMINATIONS

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STATE OF GEORGIA:
COUNTY OF FULTON:

I hereby certify that the foregoing transcript was reported, as stated in the caption, and the questions and answers thereto were reduced to typewriting under my direction; that the foregoing pages 1 through 50 represent a true, complete, and correct transcript of the evidence given upon said hearing, and I further certify that I am not of kin or counsel to the parties in the case; am not in the employ of counsel for any of said parties; nor am I in anywise interested in the result of said case.

Disclosure Pursuant to O.C.G.A. 9-11-28(d): The party taking this deposition will receive the original and one copy based on our standard and customary per page charges. Copies to other parties will be furnished based on our standard and customary per page charges. Incidental direct expenses of production may be added to either party where applicable. Our customary appearance fee will be charged to the party taking this deposition.

This, the 7th day of July, 1999.

RENDA K. CORNICK, CCR-B-909
My commission expires on the
26th day of November, 2000.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
Docket No. 990149-TP

In re: Petition by MediaOne Florida Telecommunications, Inc., *for Arbitration of an* interconnection Agreement with BellSouth Telecommunications, Inc., pursuant to Section 252(b) of the Telecommunications Act of 1996

DEPOSITION OF
GREGORY J. BEVERIDGE

July 6, 1999

1:35 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

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Ray Kennedy (via telephone)

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GREGORY J. BEVERIDGE,
having been first duly sworn, was examined and
testified as follows:

CROSS-EXAMINATION

BY MR. CARVER:

Q: Could you state your name for the record.

A: Gregory J. Beveridge.

Q: Mr. Beveridge, let me ask you generally, I would like to clarify a couple of terms. What exactly is a garden terminal?

A: My understanding of the garden terminal is a cross connect facility that happens to be located external to a building in a campus type environment.

Q: And what about a wiring closet terminal?

A: My understanding of a wire closet terminal would be a similar cross connect facility that would be located inside of a building just inside the minimum point of entry or minimum point of penetration.

Q: Other than location, is there any difference between the two types of terminal?

A: They serve generally the same purpose, to provide an interface between the loop outside plant,

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so-called distribution facilities and the remaining network termination wire as BellSouth terms it.

Q: I heard your explanation, but bottom line is that, no, there is no difference other than what you mentioned?

A: They are similar in function in terms of providing an interface between distribution facilities and the next step as the wire pairs make their way to individual customers, what BellSouth terms network terminating wire.

Q: Would a terminal that is placed in one location be any different from the layout of a terminal placed in the other location?

A: They may be different in terms of physical appearance and accessibility.

Q: What would be the differences in physical appearance?

A: Physical appearance may be, for example, in the wiring closet punch down blocks known in the art as 66 type cross connect blocks. In terms of older apartment units perhaps they take the form of screw terminals or other older forms of cross connect blocks. In the garden terminal could be a variety of similar means of connecting and disconnecting wire pairs that would depend on the

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vintage of the plant.

Q: In your testimony you used the acronym CSX. Could you define that for me, please.

A: CSX is a term for or abbreviation for cross connectability and again it takes the form of different types of hardware but in effect offers the terminal appearance of pairs from both the distribution facilities and in the case of wiring closet riser cable pairs that bring together all of the customers in a given multiple dwelling to one location.

Q: Are garden terminals and wiring closets both types of CSXs?

A: They could be.

Q: What else could be a CSX?

A: Intermediate cross connect facilities that might be located on the respective floors of a multiple dwelling unit perhaps where the particular practice of local exchange carrier might be to have multiple cross connect facilities for the purpose of rearranging and optimizing the riser cable and network wiring in a plant would be an example.

Q: In your testimony I believe you also used the term access terminal; is that correct?

A: I believe I used the term access cross

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connect.

Q: Now, what we have discussed, that is the garden terminal and wiring closet terminal, are those types of cross connects?

A: That's correct.

Q: I would like just for clarity sake to have a word, to avoid misunderstanding I will let you suggest a word to me I can use to refer to these cross connects or terminals. What term do you believe would be most appropriate?

A: The term that we have used in my direct testimony is fine with me. I think the term is access cross connect.

Q: Okay. Have you testified concerning this issue before?

A: No, sir.

Q: Have you testified on behalf of — well, first of all, have you testified at all prior to this proceeding?

A: I have prepared materials of a technical nature for others who have in fact testified before state proceedings in years past and I would have to think about which ones specifically. I have also done ex parte and other types of presentations before the FCC at the federal level.

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Q: Were you working for MediaOne in those instances?
A: No. I was working for U.S. West Communications.
Q: How long have you been — well, let me ask you first of all, are you employed by MediaOne?
A: Yes, I am.
Q: How long have you been employed by them?
A: Since the inception of our company, June 12th, 1997, 1998, excuse me.
MR. KARRE: Pardon me, that was me again, I am sorry.
Q: (By Mr. Carver) So it is 1998?
A: Yes.
Q: Let me go back for a moment to your definition of CSXs. Do you know whether BellSouth uses intermediate cross connect points on a given floor of multitenant buildings that would be labeled as CSX?
A: I have no direct knowledge of intermediate locations, for example, other floors beyond the minimum point of entry.
Q: You just used the term minimum point of entry. Could you define that, please.
A: My understanding and definition of a

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minimum point of entry would be the location within a building just inside the wall of a building in the particular case that I am thinking of here, a multiple dwelling unit where a multipair cable that would represent the network appearance of distribution facilities is tied down or connected to a cross connect block and then cross connect wiring is run between that block and a second block, that it would be the appearance of multiple wire pairs to each of the apartment units in that building. There is a more formal definition, but that's the practical understanding.
Q: We will come back to that in a moment. I have a few other questions I wanted to ask you first, though.
A: Okay.
Q: I want to ask you about the portion of BellSouth's proposal that involves MediaOne using jacks that are in the customer's unit. This is one of the things that you talked about in your tape.
A: Yes.
Q: Can you tell me generally what is MediaOne's objection to this process?
A: The process that you are referring to is the use of existing jacks or replacement of existing

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jack with a new so-called condominium NID.
Q: Either one. My question goes generically to hooking in your facilities at that point. What are your objections to that under either approach?
A: The issue of connecting our facilities to customer's wiring through network terminating wire or directly at the apartment bypassing network terminating wire I guess would be my question of clarification.
Q: Let's first of all go with bypassing network terminating wire. Let me ask you first of all, is it your understanding that is what BellSouth suggested you could do at the customer premise?
A: I don't believe that is any part of the materials that we have been examining here.
Q: Just to make sure we are on the same page, you did a videotape demonstration that has been provided to me.
A: Yes.
Q: Now, in a portion of that demonstration you spoke about the process whereby you would make the connection using the jackets in the customer's unit, correct?
A: We showed in the videotape the process as we best understand it required of MediaOne in the

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event we elect to make use of BellSouth network terminating wire and the necessary work involved in order to allow service to even be possible for a customer we would successfully market to.
Q: So your understanding as reflected in that tape was a procession whereby you would use BellSouth network terminating wire but you would use that facility at the customer's individual unit, correct?
A: That's one end of it, that's correct.
Q: That's what I am trying to ask about. What is your objection to doing that thing that you described on the tape?
A: The objection is that, first of all, it is unnecessary in terms of using existing network terminating wire as it is existing connected to the continuing inside wire in the formal sense through the remainder of the apartment unit in question.
Q: That it is unnecessary?
A: Yes, that's correct.
Q: Why is it unnecessary?
A: Because pair No. 1 is already physically connected to line No. 1 jack appearance in the first and all subsequent jacks in a given apartment unit.
Q: There are other lines that would be

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available, though, correct?
A: According to BellSouth in the document that has been provided to me through counsel, additional so-called spare pairs may be available.
Q: Well, let's assume first of all that spare pairs are available. Does MediaOne object to using those spare pairs?
A: We have no objection to using spare pairs in that limited question.
Q: Assuming there are no spare pairs available, do you know whether BellSouth would make available to you the first pair?
A: According to the materials I have been reviewing, it is my understanding if there are no spare pairs, if and only if, then BellSouth would relinquish the first pair of, so-called first pair of that apartment.
Q: Do you know how to identify the first pair?
A: Generally in the classic Bell system color code is the blue-white pair, depends on the bindery unit you are in.
Q: Do you anticipate there would be any difficulty in identifying that? I mean, do you believe that MediaOne's technicians would have any

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difficulty?
A: I believe anyone familiar with the color coding scheme as it is known in the traditional telephone industry would have little or no difficulty identifying the pair. Of course, the issue that we are sometimes faced with is pairs go bad for some reason, are abandoned and other so-called spare pairs are pressed into service to make good the service. In that case, testing would be required typically toning the pair, applying test tone and confirming its presence at the other end of riser cable.
Q: So you are saying that is what would have to be done if you were getting ready to use a pair and you wanted to test it to find out if it was operational?
A: That would be one of the ways.
Q: Wouldn't you have to do that in any event?
A: Not necessarily. If service records and design layout records indicated satisfactory service and indicated a print or some record that would be made available then that would be the first logical step.
Q: Now, if MediaOne were attempting to make

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that determination through the process you described, would its technicians basically do the same thing that BellSouth's technicians would if they were attempting to determine whether a pair was defective?
A: Certain tests can be made without entering the premises of the apartment. Elaborate testing may be required in certain instances but the process is very similar.
Q: When you say very similar, the MediaOne process and BellSouth process would be very similar?
A: MediaOne process and BellSouth process would be similar in regard to the art as practiced by competent telephone technicians.
Q: Regarding BellSouth's proposal that you could connect BellSouth's terminating wire in the unit, there is a particular piece of equipment that you would need to do that; is that correct?
A: According to BellSouth, the availability of network terminating wire connection or use would require by BellSouth the use of a so-called condominium NID or network interface device.
Q: Let me go back to your video again. In that video there was a particular device you illustrated the use of, was that a condominium NID

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or something else?
A: I showed several items of equipment in the videotape. Which are you referring to?
Q: I am referring to the one that had multiple connections. I believe it was a splitter.
A: The splitter device is a plug in device. I also showed the so-called condominium NID, device manufactured by Secor in the particular one I used. I also showed a single ordinary wall jack for telephone and also showed an outside NID device that more typically is found in single family residence environment.
Q: Let's stay with condominium NID. Do you know what it would cost MediaOne to purchase these?
A: The retail price quoted from Secor was $7.48 a piece. I am assuming with quantity that number would drop. I don't know what the quantity number would be per device.
Q: The Secor device, do you know what that would cost?
A: I was referring directly to INI 202, which is exactly what I was showing in the videotape. That was $7.48 a piece.
Q: Do you know, let's assume that MediaOne ends up connecting at the premises in the way that

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BellSouth has proposed and the way that you have talked about in your video. Do you know how much time on average it would take a MediaOne technician to accomplish that connection?

A: We have estimated, depending on the windshield time or so-called drive time, somewhere between one and four hours. Depends on how far away it is and what the difficulty of getting into the apartment is and then of course the additional work necessary to discern specifically where the so-called first jack is located because wiring, rewiring other jacks clearly would not fulfill the requirements as we understand them that BellSouth puts forth.

Q: The drive time is going to be the same regardless of how you connect, right?

A: The drive time can be estimated on some average to and from the office. So it is still time paid to our craft technicians.

Q: Here is my question, though. Let's assume that your technicians in a particular instance are going out to a particular location to do a connection. The type of connection that they do when they get there is not going to affect the drive time, is it?

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A: No.

Q: Now, what portion of that one to four hours average time is drive time?

A: Approximately half hour.

Q: So your estimate for the on-site time would be one half to 3-1/2 hours?

A: In that range, yes.

Q: How much of that time would be devoted to locating the customer?

A: Again, depends on the specific arrangement — I am sorry, locating the customer, is that your question?

Q: Yes.

A: If a customer had been marketed successfully by MediaOne, we would certainly have the address, the apartment number and specific information that would allow us to locate the front door of the customer's living unit.

Q: Well, of one-half to 3-1/2 hours that you have as an average not including drive time, how much of that do you attribute to customer location?

A: The time from the parking lot of the apartment building to the apartment. I assume it would be minutes. We did not specifically break that out in our thinking.

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Q: Now, in this average that you have come up with, again, how much would the actual work time be?

A: The work time, of course, is going to depend on availability of records. Absent records and an apartment that may have, say, three or four telephone jacks, it would require a systematic inspection of each of those jacks absent records to identify truly where the first jack is and testing that would determine conclusively to our satisfaction where that first jack, in other words, the end of the network terminating wire in that particular living unit actually appears.

Q: So my question again is how much time would that take.

A: In the range of a half hour to 3-1/2 hours.

Q: So that one-half hour to 3-1/2 hours that is not drive time you are assuming would be consumed exclusively by actual work.

A: That's correct.

Q: Now, have you done a comparable projection or estimate for the work time that would be required to cross connect at the access terminal in the way that MediaOne wishes to?

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A: At the cross connect location in this minimum point of entry in the so-called wiring closet, clearly there is some time to access, unlock the door and so forth, we will set that aside for the moment. As you have seen in the videotape, it is a question of locating the specific terminals that belong to a given customer, identifying that cross connect and of course then removing as you have seen in the videotape, removing and reinstalling a new cross connect from that particular customer's pair that we would be providing service on to our distribution facility terminal, a similar 66 type block as I used in the example.

Q: Mr. Beveridge, I don't mean to cut off your answers, you can answer any way you want, but you are spending a lot of time answering what I am not asking. My question wasn't could you describe the entire process, my question was how long would it take. Would you answer the question I asked, how long would it take?

A: The answer to the question you asked specifically, 30 minutes.

Q: It would be 30 minutes in every instance?

A: Not necessarily. If there were multiple

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cross connects, if the cross connects were clearly marked, it may be very small additional incremental times.

Q: In terms of doing the connection at the customer unit, you told me the time would be one-half hour to 3-1/2 hours. Could you give me a range top to bottom for connecting at the access terminal?

A: That's the range.

Q: From 30 minutes to what?

A: 30 minutes to 3-1/2 hours all in because some of that time could obviously shift away from the work in the apartment and shift to the basement or wiring closet work. It is a very specific case-by-case situation, depending on how easy is it to do the work, how hard is it to do the work.

Q: Now, my question was about the cross connect at the access terminal.

A: About 30 minutes once access to the physical location of the wiring closet was obtained.

Q: My question is would it be 30 minutes every time or would there be a range.

A: There would be a small range, perhaps doubling the time in difficulty, perhaps halving it, so perhaps 15 minutes to an hour. But, again, this

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is handling the situation in terms of multiple pairs and difficulty of access and so forth.

MR. CARVER: Excuse me just a moment.

(Discussion ensued off the record.)

Q: (By Mr. Carver) Let me ask a general question, Mr. Beveridge. When technicians for MediaOne go out into the field to do a job, say to connect a new customer service, is there a particular standard work time that you estimate they will spend?

A: I do not have that number so I can't answer your question.

Q: Well, for planning purposes do you make any sort of estimate at all as to how long they will be gone?

A: We do in fact have planning estimates, but I do not have those here.

Q: Where would this work be done? Let me clarify, where does MediaOne currently provide telephone service?

A: We provide telephone service to single family residences and small business environment, so the single family residence environment is quite different from the area of service providing that we are talking about here in multiple dwelling units.

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Q: Multiple dwelling units, we will focus on multiple dwelling units, here is the question, what geographic area — for example, Mr. Lane in his deposition referred to your providing service in Virginia. That's what I am asking. What state do you do work in?

A: We have a variety of locations that we provide telephone service, Pompano Beach; Jacksonville; Atlanta; Richmond, Virginia; Boston; Detroit; and Los Angeles.

Q: Are you providing local service in each of these locations?

A: Yes, we are.

Q: And you are not aware of the average length of a premise visit by your technicians in any of these locations; is that correct?

A: I don't have that information at my fingertips, no; but it is available.

Q: Do you know how many connections are accomplished in a half hour or less of actual work time?

A: Again, I don't have that information.

Q: How many years have you worked in the telephone industry?

A: 34 years with U.S. West in its various

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forms and the last year or so with MediaOne specifically as we were spun off from U.S. West.

Q: Based on your I guess all together almost 26 years in the industry, do you have knowledge as to how long an average premise visit takes?

A: I have never personally worked the INM or installation maintenance side of the business but rather staff transmission engineering roles in various jobs I have had throughout those 26 years.

Q: To go back to the connection at the unit that you told me about a moment ago, is that time estimate that you explained to me, is that your estimate or was that estimate made by someone else?

A: This is in consultation with people who actually do that work.

Q: Were you involved in that process?

A: In the process of determining the number, yes.

Q: So basically if I understand what you are telling me, that is your estimate, you made that estimate in consultation with other people.

A: That's correct.

Q: Who did you consult with?

A: Several people that are involved in our digital telephone service, deployment and

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operations, who actually have responsibility for that service in the Atlanta area.
Q: Can you tell me their names?
A: Yes.
Q: Would you let me be more specific. Please tell me their names.
A: Jack Armitage would be the principal person and people who work for him I am assuming supported him with a validation of that number, or those numbers.
Q: And the estimate that you gave me of the time it would take for MediaOne to connect at the access cross connect, is that your estimate or did you arrive at that one with consultation from someone else also?
A: The work at the access cross connect itself was my estimation based on the quantity of installations that I have viewed in prior work with the U.S.West company and personally having accomplished a few of those myself.
Q: So no one else was involved in assisting you in making that estimation?
A: Not at the access cross connect.
Q: Let me go back for a moment to the aspect of our discussion where we were talking about the

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average time it takes a MediaOne technician to complete a connection on the customer premises. I believe you told me you didn't know the number that occurred in less than 30 minutes. Based on your experience, can you tell me, can you give me an estimated percentage as to how many are completed within 30 minutes?
A: I don't have an estimated percentage I could give you.
Q: Based on your 26 years of experience, do you have any idea at all as to how many times, how many are completed in 30 minutes or less?
A: The specific case of the cross connect or work inside the apartment unit, this is again with the help of people who do that and not my experience. My experience over 26 years does not lend itself to giving a reliable number.
Q: Again, I am not talking about the apartment unit scenario proposed by BellSouth.
A: Okay.
Q: I am talking about the actual experience of MediaOne technicians.
A: As I said previously, the actual time spent in this work activity per event is something that I do not have with me, but the records or the

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estimations do exist and could be provided.
Q: Now, you told me that MediaOne provides telephone service in Atlanta. How are the cross connects done in Atlanta?
A: It is my understanding from Mr. Armitage of our company that the only places that we provide in multiple dwelling unit environments our telephone service are those new buildings that we in fact have wired ourselves with twisted copper pair plant.
Q: So basically this issue has not come up in Atlanta.
A: Well, the issue has come up but this is by means of working around the difficulty that we face.
Q: What about in the places where you provide service in Richmond in multidwelling units, has the issue come up there?
A: No.
Q: What about in Massachusetts, has the cross connect issue come up there?
A: To my knowledge, no.
Q: And in Detroit, Michigan, has the issue come up there?
A: Again, no.
Q: Los Angeles, has this been an issue

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there?
A: Again, no.
Q: So basically Florida and more specifically this proceeding is the first time this cross connect proposal of MediaOne has actually been made, correct?
A: Could you restate the question.
Q: The particular manner in which MediaOne wishes to cross connect, you have not previously advocated that or practiced that in any other state, correct?
A: We have not had the need to go through these discussions in any other location, specifically the challenges that we face are unique in areas that BellSouth serves.
Q: So is that a no?
A: I am not sure what I am saying no to. Could you ask the question one more time. Excuse me for my poor listening.
Q: MediaOne has made a cross connect proposal. Have you put that particular proposal into practice anywhere else in the country?
A: No.
Q: Thank you. Have you advocated it before any

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regulatory body anywhere else in the country?
A: In one other location, Georgia.
Q: And is that the case that is currently pending?
A: That's correct.
Q: The Georgia commission has not ruled?
A: That is correct.
Q: Are you familiar with the Florida demarcation rule?
A: Yes, I am.
Q: And would you tell me, please, your understanding as to where the demarkation point is in a multidwelling unit environment under this rule.
A: My understanding of the Florida commission's rule in this matter is that the demarcation is actually at a minimum point of entry inside the individual living unit in an apartment situation.
Q: So it is at each individual or owner/renter's premise?
A: Inside the premise, that's correct, that's my understanding.
Q: So in MediaOne's proposal to cross connect, the point at which MediaOne would be

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connecting, that is the terminal, that would be part of BellSouth's network, correct?
A: Are we speaking of the apartment or the wiring closet?
Q: We are talking about either the wiring closet or the garden terminal.
A: The wiring closet, the access CSX as we previously discussed would be the desired point of interconnection between our distribution facilities and so-called network terminating wire.
Q: And my question is, that would be part of BellSouth's network, that point at which you interconnect, correct?
A: That's my understanding, yes.
Q: Now, let's assume that the commission adopts your proposal, that is, to interconnect at the access CSX. Would you then purchase network terminating wire from BellSouth to get from that location to the individual customer's location?
A: Yes.
Q: And then that network terminating wire would belong to BellSouth, correct?
A: That's my understanding, yes.
Q: Are you aware of the price for network terminating wire that BellSouth has proposed in this

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proceeding?
A: I am aware of what the proposed charges are in their proposal to MediaOne.
Q: I am not sure of the distinction you are making between prices and charges. Maybe if you can tell me what you understand the charges to be.
A: Well, you didn't say the word costs, so I am assuming we are not talking on a cost basis but rather the price proposed to MediaOne for access to so-called number of terminating wire.
Q: Yes, that is what I am asking you about. What do you understand those prices to be?
A: The schedule I have in front of me indicates an initial terminal visit of $171, additional terminal visits of $40.47 and to your question, 60 cents per month per line recurring. That's the most current information I have.
Q: In terms of recurring charge, that is the charge for the use of the wire on an ongoing basis. Does MediaOne object to the price that BellSouth has proposed?
A: No. In terms of the recurring charge, that particular amount is one that has however risen from the initial proposal just a short time ago. We were a little concerned about that. But that is the

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recurring charge as we understand BellSouth requires.
Q: My question is do you object to the amount of that charge.
A: No.
Q: And MediaOne has not proposed any different charge in this proceeding for that particular aspect of network terminating wire, has it?
A: We have not.
Q: As I understand it, you object to the nonrecurring charge because of the premise visit by the BellSouth technician that is incorporated into that charge.
A: That's correct.
Q: Let's assume for purposes of this question that the commission determines that it is appropriate to have a BellSouth technician there. In other words, a BellSouth technician will be there, it is just a question of what the charge is for that. With that clarification, do you object to the amount of the charge that has been proposed by BellSouth?
A: We have not examined the amount of time or had it indicated to us what the amount of time

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would be required, so we don't have a basis for challenging it at this time; but on its face, it seems excessive to us and unnecessary.
Q: Well, the unnecessary part we are going to talk about in a minute. Why does it seem excessive to you?
A: In terms of the need for it at all. So the issue is competent technicians given reasonable access to facilities that terminate the customers should allow us the ability to remove and run cross connects at no risk to each other's customers, therefore they do not have the additional requirement to have a BellSouth technician at those locations. Your assumption, of course, is they are required.
Q: My question is assuming they are required, why do you believe that the charge is not for an appropriate amount.
A: I don't have a basis for the calculation without understanding more about the estimate of time and so forth from BellSouth so I can't answer your question.
Q: Basically what you are saying is it seems high to you but you really don't know.
A: That's correct.

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Q: Has MediaOne filed any testimony in this proceeding to suggest some other appropriate rate for the nonrecurring charge?
A: No, we have not.
Q: Let me go back to something we discussed earlier, where you said it would take a MediaOne technician up to 3-1/2 hours to install a jack inside a customer's premise or to connect at that point. Assuming that a cost-based rate were charged for that 3-1/2 hours of labor, what would MediaOne charge for that?
A: Well, at the lower end of the range, assuming the first jack is already identified or easy to find from records, then it would be our loaded rate for craft plus the necessary materials to effect the addition of a so-called condominium NID. As I said earlier the retail price being —
Q: What is the loaded range for your technician?
A: In the range of $40 an hour.
Q: So labor for that procedure that you described to me which is the 3-1/2 hours it would take you to connect at the jack, based on the loaded labor rate alone it would be anywhere between 20 and $140 to accomplish that.

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A: Yes, that's correct.
Q: Correct me if I am wrong, but I believe you said in your testimony that U.S. West has adopted your proposal for how to connect; is that correct?
A: Could you show me or direct me to that page or that section of testimony, please, that you are referring to.
Q: It will take me a minute, but I will look it up if you like.
A: Please.
I found it. I believe Mr. Karre's earlier comment it may not be exactly page and line number, it is Page 4 in the document we produced locally in the rebuttal testimony from me.
Q: I believe in my copy, I found it also, rebuttal testimony, Page 4 beginning with a question on line 22, Do other incumbents allow competitive LECs access to interconnection in the manner proposed by the MediaOne?
A: Yes.
Q: You say, U.S. West allows competitive LECs direct access to cross connect devices; is that correct?
A: That's correct.

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Q: Now, in which of those states that you told me about previously that MediaOne does business has this occurred?
A: None.
Q: So does that mean that U.S. West doesn't allow this?
A: No.
Q: Can you clarify for me, on the one hand you say U.S. West allows this, on the other hand it appears MediaOne isn't doing any business in U.S. West states. Are you making a general point based on your experience with U.S. West?
A: Yes.
Q: I see.
How many states does U.S. West do business in as an incumbent LEC?
A: 14.
Q: Do you know what the demarcation rules are in each of these states?
A: Yes, I do.
Q: Are they the same in all 14?
A: I don't know specifically, but I do know for several of the states.
Q: Which ones do you know about?
A: Colorado and Arizona.

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Q: What is the Colorado demarkation rule?
A: Demarkation allows for MPOE equivalent, that is what we are discussing as wiring closet access CSX type of cross connect.
Q: What about Arizona?
A: Similar.
Q: So in both of these states, the connection would take place at the demarcation point.
A: Connections always take place at demarcation points.
Q: Well, in Florida MDU, the demarcation is at the customer premise, correct?
A: That's my understanding.
Q: You are proposing a connection other than demarcation point, correct?
A: That is correct.
Q: So they don't always take place there, at least not according to what you proposed, right?
A: What we are proposing is the interconnection of our distribution facilities at a wiring closet in the specific instance that we were talking about in the testimony.
Q: And in Florida, under the Florida rule, an MDU, that would not be the demarcation point,

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correct?
A: That's correct. Using the demarcation, the word demarcation very specifically, my understanding is that has been set by the Florida commission as being in a per living unit environment, just inside the living unit.
Q: Now, to go back to my earlier question, in Colorado and Arizona the cross connect would take place at the demarcation point also, it is just that the demarcation point is somewhere different, correct?
A: Yes. In fact, there are several demarcation locations that are allowed, one of which is an MPOE.
Q: Now, just in rough terms so that I understand it, under the MediaOne proposal, you would go to the terminal and for the particular customer that you would be serving, you would disconnect the BellSouth network terminating wire and reconnect your own network terminating wire?
A: No.
Q: Tell me what I said wrong.
A: Well, connect network terminating wire says to me that we in fact are replacing or wiring over additional network terminating wire.

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Q: Perhaps we need to define our terms.
A: Yes, please.
Q: The distance from the access terminal to the customer unit, that would be network terminating wire, correct?
A: That's correct.
Q: Now, in my past question when I used the phrase network terminating wire, I was referring to the facilities coming into the terminal from the other direction. Is network terminating wire an okay word to use or would distribution facilities be more accurate?
A: I could probably get a more direct answer right there. Let me give you my understanding of the difference between network terminating wire and distribution facilities. Distribution facilities would be that portion of the outside plant cabling from the ILEC, BellSouth in this case, that appear on one block in the wiring closet. Network terminating wire per their definition, my understanding is that this is the riser cable lateral and other wiring that makes its way from a wiring closet in that example to the multiplicity of apartments in a given building.
Q: For purposes of this discussion, I really

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want to focus on your definition. Let me just ask the question. In your testimony when you talk about the cross connect and when you talk about MediaOne cross connecting at the terminal, what do you call that facility that MediaOne is connecting at that point?
A: The specific wire pair is called a jumper and it goes between distribution facilities, either BellSouth's in the originating case to a second block that is their first appearance of network terminating wire as they define it in the building. So what changes in the MediaOne desired arrangement is the removal of the first cross or the cross connect in the first instance and replacing it with a MediaOne provided cross connect wire pair between the termination between network terminating wire pair for that customer and our distribution facilities' termination which would be on a similar type of block.
Q: So in other words you could disconnect the BellSouth distribution facilities to that particular customer and you connect the MediaOne distribution facilities for that particular customer, correct?
A: As a practical matter, yes.

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Q: Under your proposal, you would do that without a BellSouth technician being present, correct?
A: That's correct, with an order in hand.
Q: Now, under your proposal is MediaOne the only new entrant that would be allowed to do this?
A: No. Our perception is that this proposed arrangement offers nondiscriminatory access for ALECs or CLECs.
Q: Do you know how many ALECs there are in Florida?
A: I don't have a specific number.
Q: Just for discussion purposes, let's assume it is 50, probably higher than that, just for talking purposes, let's assume it is 50. Under your proposal, would all 50 of those ALECs have access to the terminal?
A: Which terminal are you referring to?
Q: The terminal at which the cross connect occurs, either the garden terminal or wiring terminal.
A: The access CSX block that has all customers in that particular building, if it is that terminal on that end, yes, however many ALECs or CLECs would be certified to offer service within the

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jurisdiction should have similar access as we are proposing.
Q: So given that, could you conceivably have a situation where some ALECs would be disconnecting the distribution facilities of — I am sorry, I said CLECs, in Florida it is ALECs, where some ALECs would be disconnecting the distribution facility of other ALECs?
A: In certain cases, yes. In fact, we fully expect that upon successful remarketing to a given customer that a BellSouth technician, for example, could remove a cross connect from our distribution facilities and reroute it to theirs.
Q: That scenario, let's say you were going to disconnect the distribution facilities to a different ALEC, you would not have a technician from that company present either; is that correct?
A: That's correct.
Q: If one of these 50 other ALECs were able to successfully market to one of your customers, they could just come and disconnect your distribution facilities without your technician being present, correct?
A: That's correct.
Q: Who would keep track of which customer is

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being served by which company?
A: The two companies involved, the current provider and of course there is quite a bit of information that needs to pass between companies before a customer service is disconnected from one provider and connected subsequently to the new provider, so the basic information is known in advance by both companies as a minimum.
Q: So just to use a simple example, let's say you obtain a customer, it was formerly a BellSouth customer, then you would inform BellSouth that you were going to go out and disconnect BellSouth's distribution facilities and connect your own?
A: There is a variety of coordination which must take place before any work can happen. Obviously the coordination of directory service, a variety of other things. So in terms of notification and coordination, it has to be carefully timed between two companies such that the customer has in effect uninterrupted telephone service.
Q: But in my example, again, that is a BellSouth customer to whom MediaOne has successfully marketed, they are going to become your customer, in

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the first instance MediaOne would have to contact BellSouth —
A: The first step in that larger process, yes.
Q: Now, if I understand your testimony correctly, you told me that if your proposal is accepted, you would have to use BellSouth's network terminating wire to get to the individual unit owner's premises in an MDU environment.
A: Yes.
Q: How would BellSouth know what you were charging? Let me restate that. How would BellSouth know what to charge MediaOne?
A: I guess I don't understand the question. They have proposed charges, so it is on a per pair surrendered or made available basis, so you have some nonrecurring and recurring charges that are previously known. So whether it is a single line customer or perhaps a two line customer, the charges would go accordingly, if we understand the contract language as proposed by BellSouth.
Q: My question wasn't very clear. Let me rephrase it. If the BellSouth technician is not going out to premises at the time you do this connection, how will BellSouth know what network

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terminating wire MediaOne is actually using?
A: I guess absent a physical inspection, they wouldn't.
Q: So then BellSouth is going to have to sort of periodically inspect the terminals in its network to try to figure out who is using what wire and who should be billed for it?
A: Not necessarily. I believe our declaration to BellSouth, a truthful business practice should be an acceptable substitute.
Q: So then basically for billing purposes also it would be incumbent upon MediaOne to tell BellSouth what it is using?
A: Yes.
Q: That would be true of any ALECs using BellSouth terminating wire also, wouldn't it?
A: Yes, certainly.
MR. CARVER: I don't have very much more, what I propose is we take a short break, I go through my notes, we can wrap up.
(A recess ensued.)
MR. CARVER: Back on the record. That's all the questions I have for Mr. Beveridge.

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DIRECT EXAMINATION
BY MR. GRAHAM:
Q: This is Bill. I have just one or two questions for clarification purposes. Won't take but a minute or two.
Mr. Beveridge, can you describe why MediaOne did not make this cross connect proposal in any of the other areas where it provides local telephone service?
A: It wasn't necessary.
Q: Why is that?
A: Because we have no trouble obtaining access to the arrangement that we desired.
Q: Earlier you gave some testimony regarding the spare pair that BellSouth proposes to make available.
A: Yes.
Q: Can you describe any reservations that MediaOne has regarding the proposal to offer that spare pair?
A: Yes. The spare pair would be one or more pairs that would be not in service, so to speak, that after the first pair as BellSouth identifies it and such pair would need to be, of course, if it is the second pair, by way of example, become

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MediaOne's first service pair.
MR. GRAHAM: That's all I have.
MR. CARVER: I have a couple of follow ups. But, Lee, do you have anything?
MR. FORDHAM: No, nothing of this witness.
MR. CARVER: I need a clarification of the clarification.
MR. GRAHAM: Okay.
RECROSS-EXAMINATION
BY MR. CARVER:
Q: Let's go back to these other locations where MediaOne is doing business. Now, I believe I asked you if the MediaOne proposal in Florida had been proposed anywhere else or if it had been followed in practice anywhere else. I thought you said no to both of those. Am I mistaken?
A: I did not hear the followed in practice part. I believe the question as I recall was specifically did we have, had we implemented this particular proposal and the answer I gave was no.
Q: So the proposal you made you have not implemented anywhere else in the country.
A: We have not had the need to make the proposal is the way I would answer the question.

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Q: What you have proposed in this case, has it been implemented anywhere else in this country?
A: I guess it is consistent with the proposal we make here.
Q: So you are saying that the proposal that you are making in the context of this case is the same as the practice that you follow in these other states?
A: Yes.
Q: Now, that's not the case in Georgia, is it?
A: No. I believe that I excluded areas served by BellSouth.
Q: In Virginia, in Richmond, where is the demarcation point under the rule of the Virginia commission?
A: I do not know.
Q: But you do know that you connect your distribution facilities at the access cross connect in Richmond?
A: That's my understanding, yes.
Q: What is the source of that information?
A: The market unit that provides digital telephone service under our brand.
Q: Who specifically told you this?

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A: We circulate the testimony and solicit input and to my knowledge all locations who have examined this issue report back that the only place that we are having the issue that requires such a proposal as we have before the commission are the jurisdictions in which BellSouth operates.
Q: So this is not based on your personal knowledge.
A: No.
Q: Again, to go back to Virginia, who is the source of this information regarding Virginia?
A: I don't know.
Q: Who is the source of the information in Massachusetts?
A: We have had no other input that I can tell you specifically. I don't know the answer to that question.
Q: Well, do you know for sure that you're cross connecting in this manner in Massachusetts?
A: By the affirmation of the business unit that provides digital telephone service we have no problems in any of our other areas with regard to this issue.
Q: That really wasn't my question. My question was do you know for a fact that you are

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cross connecting in Massachusetts in the manner that you have proposed in this docket?
A: My understanding is that we are cross connecting in this manner.
Q: Who provided you with that information?
A: It is my understanding from our business unit.
Q: Can you give me the name of a person who provided you the information?
A: I can't at this time.
Q: Where is the demarcation point in Massachusetts under the rules of that commission?
A: I don't know the commission's definition of demarcation in that state.
Q: What about in Michigan, where is the demarcation point under the rules of that commission?
A: I don't know the answer to that.
Q: Can you give me the name of whoever your source of information was regarding Detroit?
A: No, I can't.
Q: Regarding Los Angeles, can you give me the name of whoever was your source of information there?
A: No.

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Q: Do you know the demarcation rules of the California commission?
A: I know them in a general sense but not specifically enough to answer your question.
Q: Tell me what you know about them.
A: My understanding is that they do allow a minimum point of entry in effect.
Q: Now, in a minimum point of entry situation, the cross connect that you are proposing would occur at the demarkation point, correct?
A: Yes.
Q: So it would not actually be part of the incumbent carrier's network.
A: That's correct.
MR. CARVER: That's all I have. Thank you.
MR. GRAHAM: So Mr. Beveridge is excused.
MR. CARVER: Yes.
(Deposition concluded at 2:55.)

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INDEX TO EXAMINATIONS

STATE OF GEORGIA:
COUNTY OF FULTON:

I hereby certify that the foregoing transcript was reported, as stated in the caption, and the questions and answers thereto were reduced to typewriting under my direction; that the foregoing pages 1 through 50 represent a true, complete, and correct transcript of the evidence given upon said hearing, and I further certify that I am not of kin or counsel to the parties in the case; am not in the employ of counsel for any of said parties; nor am I in anywise interested in the result of said case.

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This, the 7th day of July, 1999.

RENDA K. CORNICK, CCR-B-909
My commission expires on the
26th day of November, 2000.

Lawyer's Notes

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Lawyer's Notes

EXHIBIT NO. _____

DOCKET NO.: 990149-TP

WITNESS: Gary Lane

PARTY: MediaOne

DESCRIPTION:

1. July 6, 1999 Deposition Transcript - (Not yet available.)

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 10
COMPANY/ WITNESS: FPSC Staff
DATE: 1-9-99

I.D. # GL-2

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 990149-TP

In re: Petition by MediaOne Florida Telecommunications, Inc., for Arbitration of an interconnection Agreement with BellSouth Telecommunications, Inc., pursuant to Section 252(b) of the Telecommunications Act of 1996

DEPOSITION OF

GARY LANE

July 6, 1999

1:15 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

BROWN REPORTING, INC.
1740 PEACHTREE STREET
ATLANTA, GEORGIA 30309
(404) 876-8979

APPEARANCES OF COUNSEL

On behalf of BellSouth Telecommunications, Inc.:

J. PHILLIP CARVER, Esq.
BellSouth Telecommunications, Inc.
675 West Peachtree Street
Atlanta, Georgia 30375

On behalf of the Florida Public Service Commission:

LEE FORDHAM, Esq. (via telephone)
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

On behalf of MediaOne:

WILLIAM B. GRAHAM, Esq. (via telephone)
Graham & Moody
101 North Gadsden Street
Tallahassee, Florida 32301

DICK KARRE, Esq. (via telephone)
SUSAN KEESON, Esq.
MediaOne Group, Inc.
5613 DTC Parkway
Suite 800
Englewood, Colorado 80111

Also Present:

Laura King (via telephone)
Gowan Favors (via telephone)
Ray Kennedy (via telephone)

- - -

MR. CARVER: What I would like to do is have everybody identify on the phone themselves, both lawyers. I will start. This is Phil Carver for BellSouth, I am here with the court reporter and Keith Milner and Kathy Blake.

MR. GRAHAM: This is Bill Graham for MediaOne. I am in Tallahassee, here by myself and I will ask the Media participants in Denver to identify themselves.

MR. KARRE: This is Dick Karre, in Denver, on behalf of MediaOne. With me is Susan Keeson, also on behalf of MediaOne. Gary Lane is here with us. He is the first witness to be deposed as well as Greg Beveridge the second witness to be deposed. Paula Eden who is a notary who can swear the witnesses for us is here. Jim Maher will be here later on.

MR. FORDHAM: Lee Fordham, legal counsel, Florida Public Service Commission and I will just let each of the technical people identify themselves.

MS. KING: Laura King, communications staff.

MR. FAVORS: Gowan Favors, communication staff, that's it.

MR. CARVER: The court reporter missed one of the staff person's name. Who was the second one?

MR. KENNEDY: Ray Kennedy.

MR. CARVER: We have everyone now? Okay. Ms. Eden, could you please swear in the witness.

GARY LANE,

having been first duly sworn, was examined and testified as follows:

CROSS-EXAMINATION

BY MR. CARVER:

Q. Mr. Lane, could you please state your full name and business address.

A. Gary Lane, G-a-r-y, L-a-n-e. My address, 9785 Maroon Circle in Denver. Englewood. Close to Denver.

Q. And you are employed by MediaOne; is that correct?

A. Yes, sir, I am.

Q. What is your position?

A. Vice president of telecommunications services. I have responsibility for Florida -- I

should back up and say national markets group; and the national markets group has the responsibility for Florida, Virginia, New York, and some -- I have some responsibility for Minnesota as well.

Q. So the states that you are personally responsible for are Minnesota, Virginia, and Florida?

A. Yes.

Q. And any others?

A. We have New York as part of the national markets group, we do not provide telephone service there. We are not currently providing telephone services in Minnesota as well.

Q. New York is under your jurisdiction, so to speak.

A. It is, yes.

Q. In your capacity with MediaOne, do you participate in negotiations?

A. Yes.

Q. And have you participated in the negotiations of the agreement with BellSouth that is at issue in this case?

A. No.

Q. And as part of your responsibilities, do you routinely testify in regulatory proceedings of

this type?

A. I would say not routinely, but I have testified in proceedings of this type before.

Q. Can you tell me to the best of your recollection what substantive topics you have addressed in your prior testimony?

A. Primarily the last one I did, I believe, had to do with shared services concept in the state of Iowa which was probably seven, eight, nine years ago. I can't recall.

Q. Was that the last time you testified?

A. It was.

Q. Mr. Lane, most of the questions I have today relate to the position of MediaOne on CNAM. I believe you addressed that in your direct testimony and Mr. Maher addresses that in his rebuttal. I would like to avoid asking the same questions twice; if I need to, I will. Just to clarify at the outset, is there one or the other of you that would be best to speak on behalf of MediaOne?

A. I would say Jim is better qualified to speak about CNAM than I am.

Q. Do you know if he has any direct responsibility for the product?

A. I can't answer that. I don't know.

Q. Do you have any direct responsibility?

A. For the product?

Q. Yes.

A. No.

Q. Let me go ahead and ask a few general questions about CNAM since I have you here. If you would prefer to refer those to Mr. Maher, that's fine, just let me know.

First of all, generally, what does MediaOne do with CNAM database information?

A. Well, we use it to provide services to our customers as it relates to caller ID.

Q. Do you use it to provide anything other than caller ID services?

A. Not that I am aware.

Q. Can you explain to me technically how the process works whereby you would access the information?

A. I can describe it generally to you.

Q. Okay.

A. That is that we would access the information to acquire the customer name and address and then pass that information on where it would show up to our, you know, at our customer's site relative to their caller ID box, for example. It

would give them the capability to identify the calling party.

Q. And how would you access that information?

A. I can't -- technically I can't tell you.

Q. Is it done electronically?

A. Yes.

Q. Do you know if it is done before or after the call is completed?

A. Well, it is done before. To my knowledge it is done before.

Q. But beyond just telling me it is before the call is completed, you can't describe the sequence to me?

A. I am probably not well qualified to describe that to you, no.

Q. Okay. Do you know if this information is accessed every time a call is placed?

A. Yes, it is.

Q. Now, there is an existing CNAM contract existing between MediaOne and BellSouth, is there not?

A. I believe that is part of the interconnect agreement we currently have although I am not certain of that.

Q. Would Mr. Maher be more knowledgeable about that contract?

A. I can't say what he knows about the contract.

Q. Let me make sure first of all I understand your testimony. It is your testimony that is part of the arbitrated agreement or negotiated agreement as opposed to a separate agreement?

A. That's my understanding, yes. Again, I am not close to that agreement, so you should understand that as well.

Q. Do you know when the agreement expires?

A. Which agreement are you talking about?

Q. The agreement for CNAM.

A. No, I do not.

Q. In this case is MediaOne trying to be relieved of any obligation it has under that contract?

A. I don't have any knowledge of that.

Q. Of whether they are or whether they aren't?

A. That's correct.

Q. Well, as you understand it, what is the CNAM issue in this case?

A. As I understand it, the primary issue has to do with the prices we are being charged for CNAM services.

Q. Do you know whether those prices are included in the CNAM contract in place?

A. I am sorry, I didn't understand the question.

Q. Do you know if prices for CNAM are part of the contract that are currently in place?

A. No, I don't. I assume they are, but I don't.

Q. Let me approach this a little differently. Does MediaOne have a proposed rate for CNAM?

A. I believe we have discussed that in negotiations; but, again, I am not part of the negotiations, I can't tell you exactly.

Q. Do you know if there is any means at MediaOne's disposal to obtain BellSouth's CNAM data other than obtaining it directly from BellSouth?

A. I am not aware if there is.

Q. Do you know whether MediaOne has explored any other options for obtaining the data from anyone else?

A. I am not aware that we have.

Q. Let me be a little more specific in terms of my question about other sources. The staff sent to BellSouth an interrogatory on May 20, 1999. It was answered by Mr. Varner. This is interrogatory No. 23. In that interrogatory answer Mr. Varner states that BellSouth provides access to the information contained in the CNAM database on a reciprocal basis with other companies that have maintained a CNAM database and this sharing arrangement enables any company which stores their end user names in a CNAM database to have access to the names in the databases of the sharing agreement companies.

Do you have any personal knowledge as to whether or not that is a true statement?

A. I do not.

Q. Other than BellSouth, does MediaOne currently have contracts with any other incumbent carriers under which it could obtain CNAM database information?

A. We provide similar service in the Richmond, Virginia, area and obviously have an agreement in place there. I am not certain who it is with.

Q. Do you know who the RBOC is that provides

service in that area?

A. As I talk about this I don't think Bell Atlantic provides a CNAM service. I am not sure about that. They may do. We may buy that service from Illuminet in the Bell Atlantic territory.

Q. Who is Illuminet?

A. It is a provider of SS-7 type services. Also I believe they provide other services, but I can't tell you much about Illuminet.

Q. Do you know what, beyond what you have told me, do you know what services MediaOne obtains from Illuminet?

A. I can tell you that the only service that we buy from them to my knowledge in the national markets group assuming what I said is correct is the CNAM service. I think that other regions of U.S. West may do business with -- MediaOne may do business with Illuminet for other services but I am not sure.

MR. CARVER: Let me just ask, I heard someone help the witness out there. If you believe the witness misspoke and you want to correct it, please identify yourself and make the comment out loud, please.

MR. KARRE: I apologize. This is Dick

Karre, he said U.S. West, he did misspeak, he meant MediaOne.

MR. CARVER: I understand. I don't have any problem with the correction being made, I just want the record to be clear.

MR. KARRE: Fair enough.

Q. (By Mr. Carver) Do you know if MediaOne could obtain the database information from Illuminet in Florida?

A. I do not.

Q. Do you know whether that possibility has been explored?

A. I do not know if it has been explored.

Q. Does MediaOne currently provide the telephone service in any states in which U.S. West is the incumbent provider?

A. I don't believe we do today.

Q. Now, the database service, the CNAM database service you purchase from Illuminet, do you know what the price for that service is?

A. No, I don't know the price. I also do not know if we purchase it.

Q. Right.

(Discussion ensued off the record.)

Q. (By Mr. Carver) In your direct testimony

on Page 13, there is a question and answer on lines 18 and 19, the question is what does BellSouth propose to charge MediaOne for CNAM access, do you see that?

MR. KARRE: I need to explain something. We have been exchanging, we did all this testimony electronically, so our line numbers may not match up to yours. We found it but just make sure you do tell us the question and answer.

Q. (By Mr. Carver) The question on my line 18 is what does BellSouth charge for this service, in your answer, you state 1.6 cents per CNAM query. What is your source for that information?

A. The source for that information at that time was my legal counsel.

Q. Do you know if that is what BellSouth is currently proposing to charge?

A. I understand that there is another price that has been proposed which I understand to be a cent.

Q. Is 1 cent per query a rate that is acceptable to MediaOne?

A. I can't answer that.

MR. CARVER: That's all I have. Thank

you.

MR. KARRE: Is Mr. Lane excused?

MR. CARVER: Yes.

(Deposition concluded 1:35 p.m.)

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In The Matter Of:

Petition by MediaOne Florida/for Arbitration of interconnection Agreement with BellSouth

---

GARY LANE

July 6, 1999

BROWN REPORTING, INC.
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Docket No. 990149-TP

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GARY LANE

July 6, 1999

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Renda K. Cornick, CCR-B-909, RPR

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(404) 876-8979

APPEARANCES OF COUNSEL

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Atlanta, Georgia 30375

On behalf of the Florida Public Service Commission:
LEE FORDHAM, Esq. (via telephone)
Florida Public Service Commission
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Tallahassee, Florida 32399-0850

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A: I can't answer that. I don't know.

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Q: Do you have any direct responsibility?
A: For the product?
Q: Yes.
A: No.
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A: I can't answer that.

MR. CARVER: That's all I have. Thank

you.

MR. KARRE: Is Mr. Lane excused?

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(Deposition concluded 1:35 p.m.)

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My commission expires on the
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Lawyer's Notes

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DOCKET NO.: 990149-TP

WITNESS: Jim Maher

PARTY: MediaOne

DESCRIPTION:

1. **July 6, 1999 Deposition Transcript - (Not yet available.)**

PROFFERING PARTY: STAFF

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 11
COMPANY/ WITNESS: FPSC Staff
DATE: 7-9-99

I.D. # JM-3

In The Matter Of:

Petition by MediaOne Florida/for Arbitration of interconnection Agreement with BellSouth

---

JAMES F. MAHER

July 6, 1999

BROWN REPORTING, INC.
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No. 990149-TP

In re: Petition by MediaOne Florida Telecommunications, Inc., for Arbitration of an interconnection Agreement with BellSouth Telecommunications, Inc., pursuant to Section 252(b) of the Telecommunications Act of 1996

DEPOSITION OF

JAMES F. MAHER

July 6, 1999

2:55 p.m.

675 West Peachtree Street
Atlanta, Georgia

Renda K. Cornick, CCR-B-909, RPR

BROWN REPORTING, INC.
1740 PEACHTREE STREET
ATLANTA, GEORGIA 30309
(404) 876-8979

APPEARANCES OF COUNSEL

On behalf of BellSouth Telecommunications, Inc.:

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BellSouth Telecommunications, Inc.
675 West Peachtree Street
Atlanta, Georgia 30375

On behalf of the Florida Public Service Commission:

LEE FORDHAM, Esq. (via telephone)
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

On behalf of MediaOne:

WILLIAM B. GRAHAM, Esq. (via telephone)
Graham & Moody
101 North Gadsden Street
Tallahassee, Florida 32301

DICK KARRE, Esq. (via telephone)
SUSAN KEESON, Esq.
MediaOne Group, Inc.
5613 DTC Parkway
Suite 800
Englewood, Colorado 80111

Also Present:

Laura King (via telephone)
Gowan Favors (via telephone)
Ray Kennedy (via telephone)

- - -

you don't have a database?

A. We do not maintain a database with calling name at MediaOne, we lease out that capacity

testimony, if we are talking about data storage or data access, my understanding is that the CNAM access for BellSouth data is part of the interconnection agreement.

MR. CARVER: Excuse me just a moment.

(Discussion ensued off the record.)

Q. (By Mr. Carver) Do you have a copy of the CNAM contract with you?

A. I don't.

Q. Have you had occasion to review it prior to today?

A. I know I just reviewed the pricing provisions but the contract itself, no.

Q. Let me ask you, I have in front of me a contract, since we are doing this over the telephone, it is a little hard to access, it is Annex 314, Calling Name Delivery CNAM Database Services Annex. It appears to be executed by the parties on March 4th, 1997. Is this the contract that you understand to be the CNAM contract between the parties?

MR. KARRE: We are going to see if we have a copy of it up here if you give us a minute.

MR. CARVER: It is attached to Mr.

Varner's direct testimony if that helps.

Q. (By Mr. Carver) It is AJV1.

MR. KARRE: We have it now.

Q. (By Mr. Carver) Mr. Maher, could you take a look at this document and tell me if there is anything on the face of the document that shows it is a part of the prior interconnection agreement between the parties?

A. Doesn't look like it is part of the interconnection agreement. But it looks like it is a separate agreement.

Q. And did you tell me previously you have not reviewed the agreement?

A. I have previously -- no, I have not reviewed the agreement, that's right. I knew the pricing provided in the agreement, but I had not reviewed the agreement itself.

Q. In your rebuttal testimony on page, I believe it is, Page 2, line 20, you state MediaOne fully intends to live up its to obligations under the existing agreement. Do you see that?

A. Yes.

Q. Do you see what I just read?

A. Right.

Q. Is that still an accurate statement?

A. Yes.

Q. So to the extent this contract provides for price, MediaOne is willing to pay that price for the service?

A. Right.

Q. What exactly as you understand it is the dispute in this case concerning CNAM?

A. The dispute in this case is a pricing dispute, but our existing arrangement is $50 for each thousand access lines per month and it is basically a flat rate although there are some minor adjustments so that in that what is being considered is a rate of a penny per CNAM query.

Q. Do you know if the contract, the existing contract between the parties contemplate changing over to a per query rate approach at some point?

A. Right.

Q. So basically the dispute is what the per query rate will be when that process goes into effect?

A. That's correct.

Q. What is your understanding as to the rate that BellSouth proposes?

A. My understanding of the rate BellSouth proposes is a penny per CNAM query to MediaOne for

each calling name query we make.

Q. Has MediaOne proposed a per query rate?

A. What we proposed is that the cost study be run. We stated that in the interim that the LNP query rate be adopted until the cost study is completed.

Q. You mentioned a little earlier in your deposition some contractors with whom MediaOne works in various places around the country.

A. Right.

Q. For example, to take one of them, Bell Atlantic.

A. Yes.

Q. Do you know if you could obtain the database information of BellSouth from Bell Atlantic?

A. When you say obtain the database information, my understanding is that the only location where BellSouth customer calling name data is housed is in a BellSouth database, so we could potentially get access to the database through Bell Atlantic but Bell Atlantic does not have the BellSouth calling name data directly in their database.

Q. But you could make an arrangement with

Bell Atlantic in order to obtain the BellSouth data?

A. We could make arrangement to get access to the BellSouth data but Bell Atlantic would not have the BellSouth data for us to access directly.

Q. You could make the same arrangement with Ameritech to obtain the BellSouth data, correct?

A. Yes, to get access.

Q. You could make the same arrangement with Illuminet to get the access to the BellSouth data; is that correct?

A. That's correct.

Q. Have you explored with any of these three companies the prospect of doing that?

A. No, we haven't, not for BellSouth data.

Q. So I take it you have no idea what they would charge you for this if you were to do it.

A. Right.

Q. Are you generally familiar with Illuminet other than what you have told me already?

A. Yeah, some general familiarity with Illuminet, depending on the specifics.

Q. Does MediaOne use Illuminet for signalling services?

A. In two of our regions, we do.

Q. Which two regions are those?

A. That's our western region and our northeast region.

Q. Who do you use for signalling services in the other regions?

A. The incumbent LEC in each of the regions.

MR. CARVER: Excuse me just a moment.

(Discussion ensued off the record.)

Q. (By Mr. Carver) Remind me again, what are the locations in which MediaOne does business in Bell Atlantic's region?

A. We do business in the northeast, I mean in the Boston region in the northeast and in Richmond, Virginia.

Q. And what does Bell Atlantic charge you to access their CNAM database in those areas?

A. I believe it is 1 dot 6 cents.

Q. Per query?

A. Per query.

Q. And in the region or areas in which you use Illuminet for database services what do they charge you to access their -- well, to access the caller name database of the incumbent in that area?

A. Of the incumbent in that area I don't know because Illuminet has a different charge depending on whether we get data within their

database or it goes to its ILEC's database. The charges, I believe, are different.

Q. Do you know approximately what they are?

A. I believe approximately they range from 1-1/2 or about 1 dot 4 cents up to 1 dot 8 cents.

Q. First of all let's start with the rates you pay to Bell Atlantic where you use their services. Do you know if those rates are cost based?

A. I don't know.

Q. And whatever rate you are charged by Illuminet, do you know if it is cost based?

A. I don't know that.

MR. CARVER: Thank you. That's all I have.

EXAMINATION

BY MR. FORDHAM:

Q. Just a little clarification.

Mr. Maher, in your rebuttal testimony dated May 4 you had testified that BellSouth was MediaOne's only option for the CNAM database. And as you just testified apparently you acknowledged that there are other options in Florida. Have you pursued those other options at all?

A. In the rebuttal testimony, I said -- and

there was a mixing of words, we need to make a distinction and then that distinction would be access to the data and as I pointed out today, we could get access to the BellSouth database through a variety of SS-7 providers. The signalling networks are connected together so we could get access to BellSouth CNAM data to other providers but the data itself and the per queries rates we are paying to get that data is only available from BellSouth so BellSouth CNAM data itself is not housed anywhere else where we could obtain it.

Q. But there apparently are other options. Have you pursued any of those?

A. No, we haven't. But again, as I said, there is other options for access but not for knowing that we would have to go to BellSouth for the data itself. We haven't pursued those other options because our assumption is that if we go through another provider to get to BellSouth data, it will just be that much more expensive than getting the data or having the query made directly to BellSouth.

Q. But that is just an assumption on your part, it would end up costing more?

A. Yeah. That assumption is based on us

thinking that BellSouth would charge the same per query rate to anyone retrieving that data.

MR. FORDHAM: I don't have any further questions.

MR. CARVER: I guess we are through.

(Deposition concluded 3:17 p.m.)

INDEX TO EXAMINATIONS

- - -

STATE OF GEORGIA:
COUNTY OF FULTON:

I hereby certify that the foregoing transcript was reported, as stated in the caption, and the questions and answers thereto were reduced to typewriting under my direction; that the foregoing pages 1 through 16 represent a true, complete, and correct transcript of the evidence given upon said hearing, and I further certify that I am not of kin or counsel to the parties in the case; am not in the employ of counsel for any of said parties; nor am I in anywise interested in the result of said case.

Disclosure Pursuant to O.C.G.A. 9-11-28(d): The party taking this deposition will receive the original and one copy based on our standard and customary per page charges. Copies to other parties will be furnished based on our standard and customary per page charges. Incidental direct expenses of production may be added to either party where applicable. Our customary appearance fee will be charged to the party taking this deposition.

This, the 7th day of July, 1999.

RENDA K. CORNICK, CCR-B-909
My commission expires on the
26th day of November, 2000.

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Docket No. 990149-TP

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Ray Kennedy (via telephone)

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JAMES F. MAHER,
having been first duly sworn, was examined and
testified as follows:

CROSS-EXAMINATION

BY MR. CARVER:

Q: Mr. Maher, could you please state your full name and your business address.

A: James F. Maher, and my business address is 188 Inverness Drive West, Fourth Floor, Englewood, Colorado 80112.

Q: Are you employed by MediaOne?

A: Yes.

Q: And what is your position with them?

A: I am a product manager of access services.

Q: In your capacity as a product manager, are you responsible for the CNAM database or more specifically the products that utilize it?

A: When you say responsible for the CNAM database, we don't have one here at MediaOne so I don't have direct responsibility; but I am responsible for looking at the pricing arrangements that we do negotiate for storage and access to CNAM data.

Q: When you say you don't have one, you mean

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you don't have a database?

A: We do not maintain a database with calling name at MediaOne, we lease out that capacity.

Q: So someone maintains that database on your behalf, some contractor?

A: That's right. Depends on our regions, how that is handled.

Q: Could you tell me the names of those contractors and the region in which they work?

A: I believe that for our LA western region and for our Boston region it is Illuminet. For our Atlanta region it is BellSouth as well as for our — BellSouth also handles our Florida CNAM data storage and then for our northeast and Richmond regions it is Bell Atlantic North and Bell Atlantic South.

Q: What about in Detroit?

A: It would be Ameritech or it is Ameritech.

Q: Let's focus for a moment just for an example on Florida. The CNAM information that you wish to obtain from BellSouth from its database, what do you do with that information?

A: The CNAM data is — CNAM is an enhancement to caller ID, so as we set up our subscribers, our residential subscribers with

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MediaOne telephony services we provide caller ID as a vertical service and then the caller name is part of the caller ID service. So when a BellSouth caller calls a MediaOne telephony customer, then the BellSouth — BellSouth CNAM database is queried and we go ahead and pass that to the end user so they know who is calling in.

Q: Do you use the information for any service other than the name portion of the caller ID?

A: No.

Q: And at what point in the process of the transmission of the telephone call does the query take place?

A: The query takes place when the incoming call is — when the calling party is calling a MediaOne end user. At the time it hits the MediaOne switch, the MediaOne switch knows that that telephone number has caller ID and initiates then a signalling message to retrieve the caller name so it can pass it to the called party while they are getting ringing.

Q: Now, if for some reason at that point the customer name information cannot be obtained electronically, what happens?

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A: If it can't be obtained because the number isn't passed, then the ID or the unit, the caller ID unit of subscriber's premise will say unavailable.

Q: But the call will be nevertheless completed?

A: That is right.

Q: So this information, then, isn't necessary to complete the call itself, correct?

A: Right.

Q: Were you present during any of the deposition of Mr. Lane?

A: I wasn't.

Q: Most of the questions I have for you I asked of him but if you weren't there, I guess they will be new to you. I apologize to everyone else for repetition. Basically it is the same thing.

There is an existing CNAM contract currently between MediaOne and BellSouth; is that correct?

A: Right. It is part of the interconnection agreement. Right.

Q: Well —

A: I need to clarify that. I am not sure if we are talking about — that's where on the

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testimony, if we are talking about data storage or data access, my understanding is that the CNAM access for BellSouth data is part of the interconnection agreement.

MR. CARVER: Excuse me just a moment.

(Discussion ensued off the record.)

Q: (By Mr. Carver) Do you have a copy of the CNAM contract with you?

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This, the 7th day of July, 1999.

RENDA K. CORNICK, CCR-B-909
My commission expires on the 26th day of November, 2000.

Lawyer's Notes

ATTACHMENT 1

Unbundled Network Terminating Wire

MediaOne Information Package

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-A EXHIBIT NO. 12
COMPANY/ WITNESS: Benvidez
DATE: 7-9-99

Contents

Service Overview

Service Description

The Unbundled Network Terminating Wire (UNTW) is a dedicated transmission facility that BellSouth provides from the Wiring Closet/Garden Terminal (or other type of cross-connect point) at the point of termination of BellSouth's loop distribution facilities to the end user premises. UNTW circuits are non-designed and can be provisioned as 2 or 4-wire elements. The UNTW will not include a Network Interface Device (NID).

When properly connected to the CLEC's loop distribution and NID facilities, this element will provide a communication pathway from the CLEC's facility to the end user's inside wire. It is the last segment of the field-side loop facilities which, in multi-subscriber configurations, represents the point at which the network branches out to serve individual subscribers. This facility will allow an end user to send and receive telecommunications traffic when it is properly connected to the CLEC's required network elements such as a loop distribution; loop feeder facility; Network Interface Device (NID); and either a circuit or packet switch.

UNTW will be provided in Multi-Dwelling Units (MDUs) and/or Multi-Tenants Units (MTUs) where BellSouth's network extends to the end-users premises. BellSouth will not provide UNTW in those locations where the property owner provides their own wiring to the end-user's premises.

UNTW will be made available in states where BellSouth is required to offer "sub-loop unbundling". These states are Florida, Georgia, Kentucky and Tennessee.

BellSouth will maintain a minimum of one pair, which is called the "first pair", of UNTW for the provision of its local services to its end user customers. BellSouth will provision, to the CLEC any additional spare pairs (after the first pair) that are available. Typical scenarios are illustrated on page 5 & 6 for Wiring Closet and Garden Terminal connections.

If all spare pairs to a particular end user are being utilized and the end user wishes to change service providers (e.g., from BellSouth to CLEC-1), BellSouth will relinquish the pair that it holds in reserve (the first pair) in order for the CLEC to provide service to the end user. Likewise, if the end user wants to change back to BellSouth (or to another CLEC) and all spare pairs are being utilized, BellSouth will use the pair that is being disconnected to provide service to it's end user or to the new CLEC.

Service Capabilities

The bandwidth capability of UNTW will vary greatly depending on the actual length of the UNTW and numerous other conditions.

BellSouth will not be providing any telecommunication services associated with these facilities.

No Design Layout Record (DLR) will be provided on UNTW.

These facilities are not connected to BellSouth's switch or other mechanized testing facilities. Therefore, the CLEC must perform testing on these facilities in order to isolate and verify if a problem exists with the BellSouth's UNTW. Once a trouble has been reported to BellSouth, BellSouth will dispatch a technician to verify and correct the fault. If no trouble is found with the BellSouth provided UNTW, BellSouth will bill the CLEC a time and materials charge associated with the technician's efforts to verify the UNTW's working status.

Performance Standards and Reliability

If the spare UNTW pair fails to provide electrical continuity after testing by the CLEC, the CLEC will inform BellSouth of the failure. At this point, BellSouth will attempt to establish continuity or will utilize another spare pair to that end users premises. If the spare pair(s) cannot be repaired, the inoperable pair(s) will be designated as not spare and not available.

If no spare pairs are available, and the end user will no longer be using BellSouth as its local service provider, BellSouth will use its pair (the first pair) to provide a UNTW to the CLEC. However, if the end user is still utilizing BellSouth as its local service provider, BellSouth would be unable to provide UNTW to that end user until such time as the end user changes local service providers.

Provisioning

For an initial installation of UNTW, The CLEC will issue a Service Inquiry (SI) through the appropriate Account Team Representative in order to determine the availability of UNTW facilities. The SI will initiate the first site visit at the MDU/NTU complex between the CLEC and BellSouth Installation & Maintenance (I&M). The first site visit will include verification of facilities and site set-up for provisioning.

During the site visit, BellSouth and the CLEC will also determine a mutually agreed upon due date for completing UNTW provisioning for initial installations. Where facilities are available, the due date will not exceed thirty days from receipt of a correct Local Service Request (LSR).

A cancellation charge will apply if the CLEC cancels the order after the order has been processed by the LCSC.

As a chargeable option, BellSouth will perform order coordination activities for disconnect and/or number portability orders. BellSouth will notify the CLEC of the appropriate conversion time and will perform the work within the negotiated interval. In addition, if the CLEC requires a specific conversion time, BellSouth will make every effort to accommodate the CLEC request. If the request can be accommodated, BellSouth will bill the CLEC a non-recurring charge associated with this activity. Overtime rates apply for work outside of 8:00 a.m. to 5:00 p.m. local time.

Contract Specific Provisions

The Service Overview applies to the UNTW general offering and is part of the standard BellSouth agreement. However, CLEC specific contract terms and conditions for UNTW as negotiated with BellSouth will prevail for the term of the agreement. However, for items not addressed in a CLEC specific agreement, the terms of the UNTW general offering for the item in question will prevail.

UNTW features and options that are available in the standard agreement may not be addressed in a CLEC specific agreement. These UNTW features and options can be made available to the CLEC through an addendum to their contract.

Rate Elements

MediaOne Rate Elements

MediaOne Contract Language	Rate Element Description	Recurring	Application of Rates
Site Preparation and install pairs in Garden Terminal, each terminal	Access Terminal Provisioning, first 25 pair panel, per terminal	-	$ 94.00 per terminal, first time site preparation
Additional pairs installed in same Garden Terminal, per visit	Existing Access Terminal Provisioning, second 25 pair panel, per terminal	-	$ 33.50 per terminal, per visit, for subsequent visits to already prepared terminals
Terminating wire, each pair used	UNTW pair provisioning, per pair	$ .49	Monthly recurring charge for each pair reserved

Note: These rate elements, rate descriptions and rates are based on MediaOne's (Georgia) contract that is in effect as of August 5, 1998.

Pricing Configuration Example

MediaOne Pricing Configuration Example

Situation	
200 Unit MDU	20 Buildings
1 Garden Terminal per Building	10 Living Units per Building

1st Order	1st Order Price-Out
Bldg/Terminal A - 5 UNTW pairs Bldg/Terminal B - 10 UNTW pairs Bldg/Terminal C - 6 UNTW pairs Bldg/Terminal D - 10 UNTW pairs Bldg/Terminal H - 15 UNTW pairs	Non-Recurring 5 Terminals @ $ 94.00 = $ 470.00 Monthly Recurring 46 UNTW pairs @ $ .49 = $ 22.54

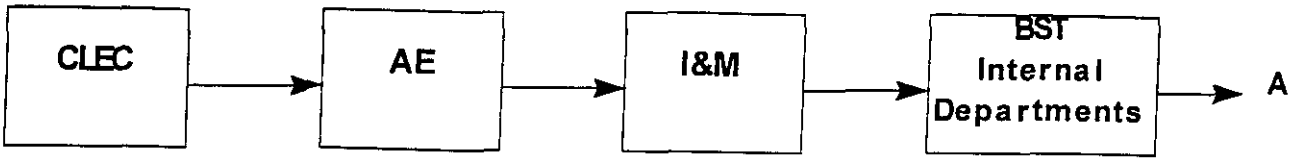
2nd Order	2nd Order Price-Out
Bldg/Terminal A * - 3 UNTW pairs Bldg/Terminal C * - 6 UNTW pairs Bldg/Terminal E ** - 5 UNTW pairs Bldg/Terminal F ** - 12 UNTW pairs Bldg/Terminal H * - 1 UNTW pair * Previously Prepared Terminal ** New Terminal	Non-Recurring 3 Terminals @ $33.50 = $ 100.50 2 Terminals @ $94.00 = $ 188.00 Total Non-Recurring $288.50 Monthly Recurring 27 UNTW pairs @ $.49 = 13.23

Note (from Contract, Attachment A-1)

In addition to the monthly and non-recurring rates shown, special construction charges, determined as specified in Section A5 of the Tariff, may apply to recover any costs associated with extraordinary work. Applicable Service Order Charges, per Section A4 of the Tariff, will apply on each service request and Premises Visit Charges, per Section B7.1 of this Tariff, will apply on each subsequent visit to install additional pairs. Only one Service Order Charge and one Premise Visit Charge apply when a single service request is made to terminate wires at the same premises at the same time.

Ordering Process

Ordering Process Flow



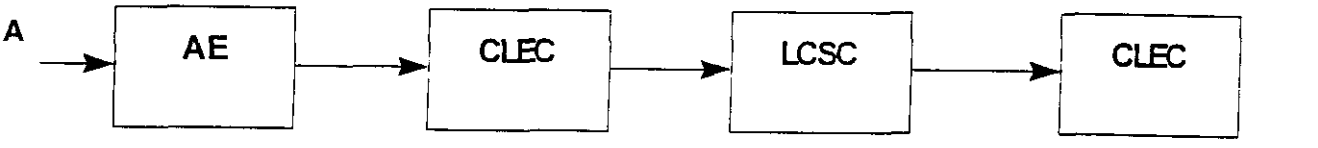
To initiate a site visit:

1. CLEC prepares Part I of the Service Inquiry (SI).
2. CLEC sends SI to BellSouth Account Executive (AE).

AE forwards SI request to appropriate I&M manager.

1. Contact CLEC to plan site visit.
2. Meet CLEC at site.
3. Plan interconnection
4. Prepare SI with terminal addresses
5. Send a copy of SI to BST internal departments for completion

1. Complete SI for internal requirements
2. Send completed SI to AE



1. AE sends copy of Part I & II of SI with terminal addresses to CLEC.
2. AE retains copy for file.

To order UNTW:

1. CLEC prepares LSR and includes UNTW information.
2. CLEC sends completed LSR to LCSC.

1. Process order if LSR prepared with complete and correct information.
2. If LSR is not correct, return to CLEC.
3. When service order issued, send FOC to CLEC

CLEC receives FOC.

Service Inquiry Process

- A Site Visit is always required when a CLEC desires to inquire about purchasing access to BellSouth's Unbundled Network Terminating Wire (UNTW) for the first time at a Multi-Dwelling Unit/Multi-Tenant Unit (MDU/MTU) complex.
- The Site Visit is initiated by the Service Inquiry (SI) Process.
- The CLEC must prepare Part I of the SI and send to their Account Executive.
- The first page of the SI requires the following information from the CLEC:

This information corresponds with the numbered sections on Part I of the SI that is attached.

1 **SI #** - This number is developed by the CLEC and consists of the following format:

ACNA - 3 characters

State - 2 characters

mmddyy - 6 characters

hr - 2 characters

min - 2 characters

a or p (a.m. or p.m.) - 1 character

Example SI #

AAAGA0615980130p

2 Check either "Firm Order" or "Update" or "Cancel"

3 BellSouth Account Executive Name, Telephone and Fax numbers

4 CLEC company name, contact name, address information and telephone & fax numbers & ACNA

5 MDU/MTU street address information

6 WC CLLI - CLEC should obtain the wire center CLLI information from access to Regional Street Address Guide (RSAG) information

Service Order Process (continued)

- In addition to the standard information required on the LSR form, the CLEC must also include the following information for ordering UNTW pairs provisioning:

#'s correspond with #'s on Part II SI

UNTW Item:	Placed on:	Found:
Service Inquiry # (SI# from Service Inquiry)	LSR - **PROJECT** box	7 On SI - SI #
Access Terminal ID #	LSR - **Remarks** *	10 On SI - LOC FIR
Number of UNTW pairs per Apartment	LSR - **Remarks** *	8 From SI (based on what CLEC decided during the site visit)
Total number of UNTW pairs	LSR - **Remarks** *From CLEC	CLEC calculates the total
Number of Access Terminals	EU - **DQTY** box	CLEC counts # of terminals with same Service Addr On SI
MDU/MTU complex name	EU - **NAME** box	From CLEC
Access Terminal address	EU - **SASN** box	9 On SI - Service Addr

* The **LOC FLR** is the access terminal ID and will be placed in the **Remarks** section of the **LSR** followed by # of pairs per end user apartment. Must also include **Total UNTW pairs** in **Remarks**. For example:

Example 1

AAANTW1 - 2 pair per Apt

Total UNTW pairs - 24 pairs

Example 2

AAANTW1 - 2 pair per Apt 100, 1 pair per Apt 101, 3 pair per Apt 102, 2 pair per Apt 103 - Apt 111

Total UNTW - 24 pairs

Service Order Process (continued)

- A LSR is required for each **Service Address** which identifies the address of each UNTW access terminal. The Service Address is found on the Service Inquiry.
- Once a correct LSR is submitted to the LCSC and the LCSC processes the order, a Firm Order Confirmation (FOC) will be sent to the CLEC. It will include standard FOC information as well as the **Circuit ID** assigned to the access terminal.
- The Circuit ID will be used by the CLEC in the event the CLEC isolates and reports a trouble to the Unbundled Network Element Center (UNE Center). (See Maintenance & Repair section)

BellSouth Unbundled Network Terminating Wire

Service Inquiry Form

Form revised 7/15/98, 07:00 pm

1 SI#_____ Page _____ of _____

Service Inquiry
Unbundled NETWORK TERMINATING WIRE

[Flows: Account Team to: I&M, OSPE, AFIG, LCSC, Account Team, CLEC)

PART I - ORDERING SECTION

2 FIRM ORDER_____ UPDATE_____ CANCEL_____

Date&Time submitted to I&M _____ Date response needed_____

3 **BellSouth Marketing representative**

Name_____
Title_____
Department_____
Address_____
_____
Tel No_____
FAX No_____

4 **CLEC information**

Company name_____
Contact name_____
Title_____
Department_____
Address_____
_____
Tel No_____
FAX No_____
ACNA # _____

Site Visit Information:

CLEC requests UNTW at the following site. I&M supervisor, please contact CLEC contact named above to arrange site visit.

5 MDU/MTU Address: _____ (Name of Apartment complex)
_____
_____
_____
_____

6 WC CLLI _____

REMARKS: Request for site visit between CLEC and BST to determine feasibility of providing NTW.

7 SI# _____ Page _____ of _____

PART II I&M Output to OSPE

I&M will visit the site detailed in Part I and input the following terminal data. OSPE will then verify the terminal addresses before forwarding the SI to AFIG for input into LFACS and to LCSC. (Duplicate for each terminal being inventoried.)

Date & Time received from Account Team _____

8 Remarks on Meeting with CLEC: _____

_____

_____

Type and number of wires used for NTW _____

Remarks: _____

_____

_____

BILLING FOR: (Chose one)
☐ SITE VISIT ONLY (Send SI directly to LCSC for Billing)
☐ SITE VISIT PLUS SETUP (Send SI to OSPE)

Date & Time sent to OSPE _____

LFACS SECTION LFACS WC _____

RULE TO APPLY TO FICTICIOUS XBOX-NTW ONLY TERMINAL:

rule	cnst	stat	act	data entry
10		OK	1	STOP=Y,NITYP=N,NICA=HCA,NIPR=NR

The following terminal is a fictitious xbox created to allow correct assignment and flow through for the actual NTW terminals on the following pages.

New NTW Cross Box Address: _____

IND UNK Taper Code _____ (Use taper code of existing terminal)
RMK: FOR UNTW SERVICE ONLY - DO NOT ASSIGN BST SERVICE

IN COUNT: (NONE)

OUT COUNT: _____

TYPE: FIXED RZ 13 RLOE: DCBTK

BellSouth Unbundled Network Terminating Wire

SI# _____ Page _____ of _____

PART II I&M Output to OSPE (CONT)

Existing Terminal Address: _____

Telephone number working from terminal _____

Apartment addresses served by existing terminal: _____

LFACS Information on new NTW terminal :

9 **New Terminal Address:** _____ 10

Service Addr: _____ LOC FLR: **NTW**

IND **UNK** Taper Code _____ COUNT: _____

RMK: **FOR UNTW SERVICE ONLY - DO NOT ASSIGN BST SERVICE**

Community: _____ TYPE: **FIXED** RZ **13**

Existing Terminal Address: _____

Telephone number working from terminal _____

Apartment addresses served by existing terminal: _____

LFACS Information on new NTW terminal:

9 **New Terminal Address:** _____ 10

Service Addr: _____ LOC FLR: **NTW**

IND **UNK** Taper Code _____ COUNT: _____

RMK: **FOR UNTW SERVICE ONLY - DO NOT ASSIGN BST SERVICE**

Community: _____ TYPE: **FIXED** RZ **13**

Existing Terminal Address: _____

Telephone number working from terminal _____

Apartment addresses served by existing terminal: _____

LFACS Information on new NTW terminal:

9 **New Terminal Address:** _____ 10

Service Addr: _____ LOC FLR: **NTW**

IND **UNK** Taper Code _____ COUNT: _____

RMK: **FOR UNTW SERVICE ONLY - DO NOT ASSIGN BST SERVICE**

Community: _____ TYPE: **FIXED** RZ **13**

Subsequent Orders

- To order additional UNTW pairs in an existing Access Terminal, the **CLEC must complete a LSR for each Service Address** for which pairs are being requested. The same standard LSR information is required on the LSR as well as the UNTW specific information (refer to Order Process section for details) for all subsequent orders.

- The **Project Number** on the **LSR** must be the same number as the project number on the LSR requesting initial installation of UNTW at the MDU/MTU complex. This indicates that a Initial Site visit has already taken place.

- In the **LSR - Remarks** section, the CLEC will include the following:

  ⇒ Indicate this is a "subsequent installation of additional pairs in an existing terminal"

  ⇒ Appropriate LOC FLOOR information (Access Terminal ID(s)) from the Service Inquiry

  ⇒ Specific apartment numbers for which additional pairs are being requested

  ⇒ Number of pairs per apartment

  ⇒ Total number of pairs

- The **End User Information - Administrative** section must contain the following:

  ⇒ The number of existing access terminals in which work is being done

  ⇒ The Name of the MDU/MTU complex

  ⇒ Access Terminal Address which is the appropriate **Service Addr** from the SI

Maintenance & Repair Process

Maintenance & Repair

The CLEC is responsible for testing and pre-screening any trouble conditions to make sure the trouble is with UNTW before calling BellSouth. If the CLEC's testing isolates the repair problem to BellSouth's UNTW, the CLEC should notify the Unbundled Network Element (UNE) Center. The target interval for maintenance resolution is 24 hours from the time the trouble is reported to the UNE center.

The CLEC must provide the following information to UNE Center when reporting a repair problem:

- Circuit ID of the Access Terminal in which UNTW trouble has been isolated
- Address of the end user to which the UNTW is connected
- Description of the trouble

The above information is necessary in order for the BellSouth technician to know and identify the UNTW pair on which work is to be performed. If complete information is not provided, a BellSouth technician cannot be dispatched to work on the UNTW trouble.

If BellSouth dispatches a technician on a CLEC reported trouble call and no UNTW trouble is found, BellSouth will charge the CLEC for time spent on the dispatch and for time spent testing UNTW.

ATTACHMENT 2

Alternative Contract Language for NTW

Definitions for General Terms and Conditions – Part B

Garden Terminal is a pedestal or comparable facility equipped with building entrance protectors which acts as an interface between outside plant distribution cable and UNTW, or equivalent functionality.

Network Interface Device (NID) is a single-line termination device or that portion of a multiple-line termination device required to terminate a single line or circuit. The fundamental function of the NID is to establish the official network demarcation point between a carrier and its end-user customer. The NID features two independent chambers or divisions, which separate the service provider's network from the customer's inside wiring. Each chamber or division contains the appropriate connection points or posts to which the service provider and the end-user customer each make their connections. The NID provides a protective ground connection, and is capable of terminating cables such as twisted pair cable.

When used with Unbundled Network Terminating Wire, the NID is a device which serves to interconnect inside wiring within each living unit to one or more carriers' network services. The NID incorporates modular jack and plug connectors, which easily facilitates connection to each carrier's services by the end user/tenant, thus minimizing or eliminating field dispatches by each carrier.

Provisioning Party is defined as a Party who, at the request of the other Party, provides facilities under its ownership and/or control as part of the Unbundled Network Elements, Network Terminating Wire, or other services described in this Agreement.

Requesting Party is defined as a Party who requests access to facilities under the ownership and control of the other Party as part of the Unbundled Network Elements, Network Terminating Wire, or other services described in this Agreement.

Spare Capacity or Spare Pair is defined as a Provisioning Party's pair of two metallic copper conductors, which, at the time of the Requesting Party's order, is available. "Available," as that term is used herein, shall mean a pair that (1) is not the Provisioning Party's first pair or (2) is not being utilized by the Provisioning Party or by a third party to provide an end-user with working service or (3) is being utilized by the Provisioning Party or a third party to provide an end-user with service(s), but such service is subject to disconnect request from the end-user; provided that the pair is "operational," i.e., the pair is capable of carrying end-user services based upon generally acceptable standards in the telecommunications industry. The Provisioning Party shall use best efforts to ensure that a pair is operational at the time of initial provisioning of the pair to the Requesting Party. If the Provisioning Party is subsequently advised by the Requesting Party that a spare pair

is not operational, the pair will be repaired or the next spare pair available will be provided to the Requesting Party for no additional nonrecurring charge.

Special Construction is defined as the installation, removal, move or rearrangement of plant facilities for which there are no charges specified in BellSouth's filed tariffs or otherwise specified in this Agreement. Generally, special construction charges would apply to modifications of outside plant shielded cable, feeder and distribution terminals and shielded cable utilized for intra or inter-building purposes (excluding for example, intermediate connection blocks including, but not limited to, 66-type and 110-type blocks utilized by BellSouth when BellSouth is the Provisioning Party, or 66-type and 110-type blocks utilized by MediaOne when MediaOne is the Provisioning Party, used in Wiring Closet Interconnection) not set forth in this Agreement.

Wiring Closet is defined as an interior enclosed room or enclosed area which contains the cross-connect field that is used as the interface between UNTW and building entrance or riser distribution cable, or equivalent functionality.

Attachment 2 – UNTW Language

6.4 Unbundled Network Terminating Wire (UNTW)

6.4.1 Provisioning party agrees to offer its network terminating wire to requesting party pursuant to the following terms and conditions and rates set forth in attachment 11.

6.4.2 Both parties hereby agree that in new residential apartment complexes or other situations where installation of UNTW is feasible and permissible, then each party will install its own separate UNTW. Neither party will attempt to discourage a property owner from allowing separate installation of UNTW. In cases where BellSouth or MediaOne install the inside wiring within each unit, a Network Interface Device will be installed coincident with the inside wiring which incorporates modular plug and jack connectivity that facilitates an end user's easy access to either or both carriers' services. In cases where neither BellSouth nor MediaOne install the inside wiring, both parties will meet to decide on a mutually acceptable Network Interface Device arrangement, which incorporates plug and jack connectivity.

6.5 Definition of Unbundled Network Terminating Wire (UNTW)

6.5.1 UNTW is twisted copper wire that extends from the Provisioning Parties Garden Terminal or Wiring Closet into an end

users/tenant's multi-dwelling unit (MDU). In new construction, where possible and if allowed by the property owner, both Parties should install their own UNTW. Where the Parties share UNTW, the Provisioning Party shall install a minimum of six (6) pair, Category 3 or higher rated UNTW. In existing construction, neither Party shall be required to install new or additional UNTW to provision the Services to the other Party, except as otherwise provided in this Agreement.

6.5.1.1 The Parties agree that interconnection at the Garden Terminals and Wiring Closet applies to residential multi-dwelling unit ("MDU") properties. Notwithstanding the foregoing, if spare facilities are available in a non-residential multi-tenant building, the Provisioning Party shall use best efforts to make these facilities available to the Requesting Party, in accordance with the charges set forth in Attachment 11 and subject to the ordering and provisioning guidelines as set forth in Attachment 6, Section 4 for UNTW.

Attachment 6 Section 4 Language

4. Ordering and Provisioning Guidelines for Unbundled Network Terminating Wire

4.1 The parties agree to meet prior to the Requesting Party's issuance of a Service Order requesting to use the Provisioning Party's UNTW at the Garden Terminal or Wiring Closets. The purpose of the meeting will be to discuss specific procedures for interconnection and to set a mutually agreed upon due date for each site, procedures for the initial site preparation and for ordering of pairs on an ongoing basis at the particular MDU, which procedures shall be consistent in all respects with this Agreement. Such requests shall be made in writing through the Service Inquiry process to the appropriate Account Team assigned to the Requesting Party's account and shall communicate the Requesting Party's commitment to provide service to a complex. The Parties further agree that each will use best efforts to meet within five (5) business days after either Party receives a written request for such meeting. In the event that the Provisioning Party refuses or otherwise fails to meet with the Requesting Party within the time frames specified in this Section, the due date for initial site preparation and any corresponding initial pair shall nevertheless be no later than the due dates set forth in paragraphs 4.1.1.6 and 4.1.2.7 below. Appropriate licenses, permits, and permissions to provide service in the particular MDU will be available upon the reasonable request by the Provisioning Party. The Provisioning Party and Requesting Party shall work cooperatively within the MDU.

Within the end user's premises, a Network Interface Device with modular plug and jack connectivity that will provide the end user with the capability to easily connect to either or both of the Provisioning and Requesting Party's network services shall be installed. The installation of the Network Interface Device will be the responsibility of the Requesting Party; however, the Requesting Party may at its option have the Provisioning Party install the Network Interface Device. In those situations where the Provisioning Party has been requested to install the Network Interface Device, it will be the Requesting Party's responsibility to arrange access to the end-user's premise so that the Provisioning Party may gain entrance to install the Network Interface Device. Prices for installation of the Network Interface Device shall be as set forth in Attachment 11. **[Karen I need all the appropriate UNTW prices]**

4.1.1 Garden Terminal Interconnection. The following terms and conditions apply to interconnection of UNTW at a Garden Terminal:

4.1.1.1 Where Spare Capacity exists, the Provisioning Party shall provide access to the UNTW through the Garden Terminal to the Requesting Party, as specified below, in accordance with the schedule of prices set forth in Attachment 11 to this Agreement, which is incorporated herein by reference.

4.1.1.2 After the initial site visit survey and site set-up, the Requesting Party will install its Garden Terminal or equivalent at the relevant MDU. The Requesting Party will extend an interconnect cable from its Garden Terminal to an access terminal designed for UNTW access that has been installed by the Provisioning Party. Then the Provisioning Party will terminate the requested spare pairs within the access terminal. The Requesting Party will then terminate their interconnect cable on the requested Spare Pair(s) that has been connected in the access terminal. To ensure safety, the Requesting Party will electrically bond its outside plant protector units and cable shield, if shielded cable is used, to the same ground source used by the Provisioning Party. If the requesting party believes that the Provisioning Party's terminal is improperly grounded, then the Requesting Party will initiate discussions with the Provisioning Party in order to resolve any situation which could result in life/safety issues.

4.1.1.3 The Requesting Party will be assigned the first available Spare Pair UNTW after the first pair. If more than one (1) Spare Pair UNTW is available, the Provisioning Party shall also make those pair(s) available to the Requesting Party if so ordered by the Requesting Party in accordance with this Agreement. If it is determined that no Spare Pair is available for the use by the Requesting Party, then the Provisioning Party shall make available the first pair. If after the Provisioning Party has had to relinquish

the first pair and the end user decides to change local service providers to the Provisioning Party, the Requesting Party will relinquish the first back to the Provisioning Party.

4.1.1.4 If an end-user of MediaOne desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to the BellSouth UNTW to provide local exchange service to the end-user, then MediaOne agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by BellSouth.

4.1.1.5 If an end-user of BellSouth desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to MediaOne's UNTW to provide local exchange service to the end-user, then BellSouth agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by MediaOne.

4.1.1.6 The Parties agree that initial requests for access to the Provisioning Parties' Garden Terminals, Wiring Closets and associated UNTW (i.e., the initial site preparation) shall be provisioned and completed within thirty (30) calendar days after the issuance of a correct Service Order by the Requesting Party, unless the Parties, at the site meeting referenced in Paragraph 4.1 above, mutually agree otherwise in writing due to Special Construction requirements. Subsequent requests for pairs shall be handled on a per Service Order basis and shall be provisioned at the intervals set forth in paragraph 4.2 below.

4.1.2 Wiring Closet Interconnection. The following terms and conditions apply to interconnection of UNTW at a Wiring Closet:

4.1.2.1 The Provisioning Party shall provide access to Spare Pair(s) through Wiring Closet Interconnection to the Requesting Party in accordance with the schedule of prices set forth in Attachment 11 to this Agreement which is incorporated herein by reference. If it is determined that no Spare Pair is available for the use by the Requesting Party, then the Provisioning Party shall make available the first pair. If after the Provisioning Party has had to relinquish the first pair and the end user decides to change local service providers to the Provisioning Party, the Requesting Party will relinquish the first back to the Provisioning Party.

4.1.2.2 After the initial site visit survey and site set-up, the Requesting Party will install its cross connect or equivalent within the Wiring Closet at the relevant MDU. As part of access terminal installation and UNTW pair

provisioning for Wiring Closet Interconnection, the Provisioning Party will terminate the ordered Spare Pair(s) within the access terminal on a connecting block at a mutually agreeable location within the wiring closet, which agreement shall not be unreasonably withheld by either Party. The Provisioning Party will use a 66-type connecting block. The Requesting Party will then terminate their interconnect cable on the requested Spare Pair(s) that has been connected in the access terminal. All requests for pairs shall be service order driven.

4.1.2.3 If the Provisioning Party has not yet installed its intra-building wiring, connections and terminations at an MDU, but it has received a Service Order from the Requesting Party for Wiring Closet Interconnection, the Provisioning Party shall install a minimum of six- (6-) pair UNTW capable of handing at least that number of pairs, in order to ensure an adequate number of pairs for both the Requesting Party's and the Provisioning Party's respective uses.

4.1.2.4 If either Party requires the use of additional pair(s) to provide for the activation of additional lines in an end-user's premises in response to a service order from such end-user, both Parties agree to surrender their inactive spare pair(s) upon request by the other Party.

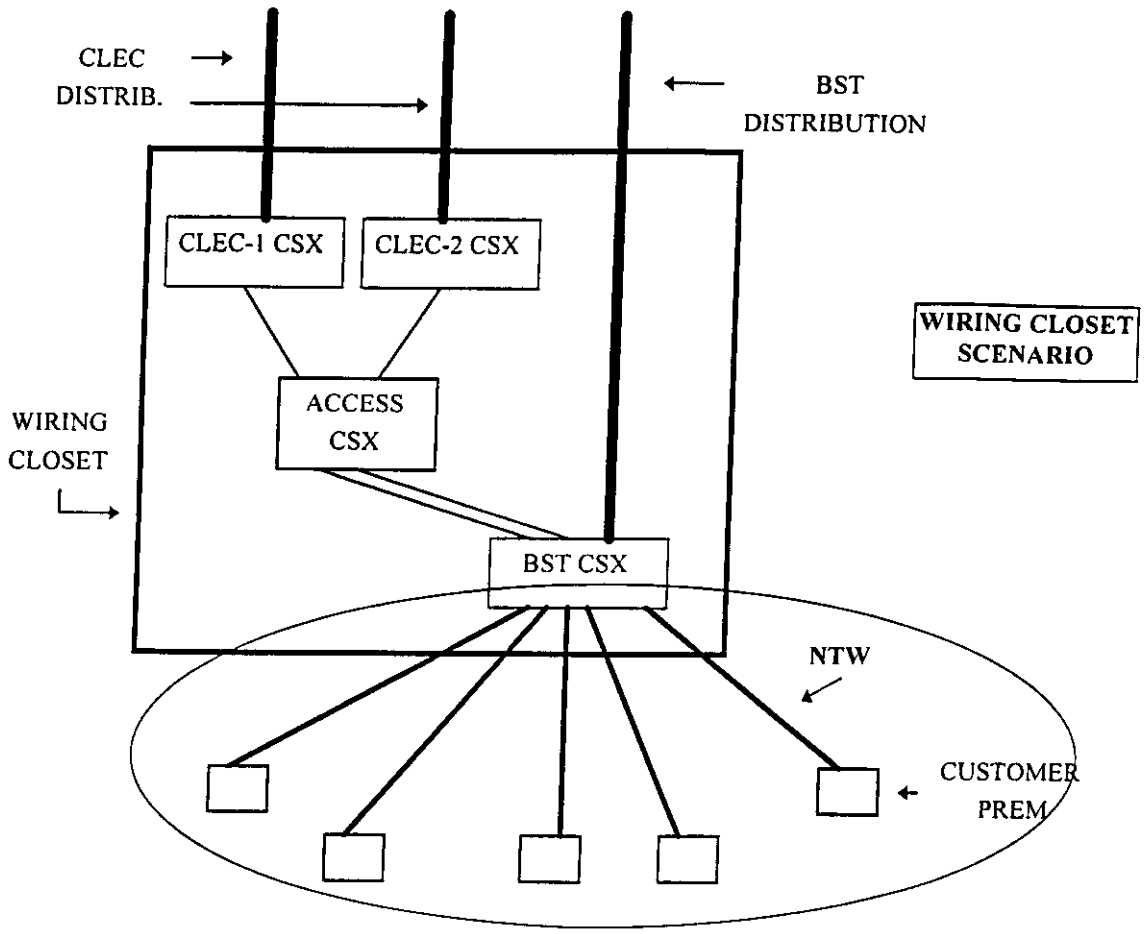
4.1.2.5 If an end-user of MediaOne desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to the BellSouth UNTW to provide local exchange service to the end-user, then MediaOne agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by BellSouth, which third-party termination shall be made at the Common Connecting Block.

4.1.2.6 If an end-user of BellSouth desires to receive local exchange service from a service provider who is not a party to this Agreement. and such third-party service provider needs access to MediaOne's UNTW to provide local exchange service to the end-user. then BellSouth agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by MediaOne. which third-party termination shall be made at the Common Connecting Block.

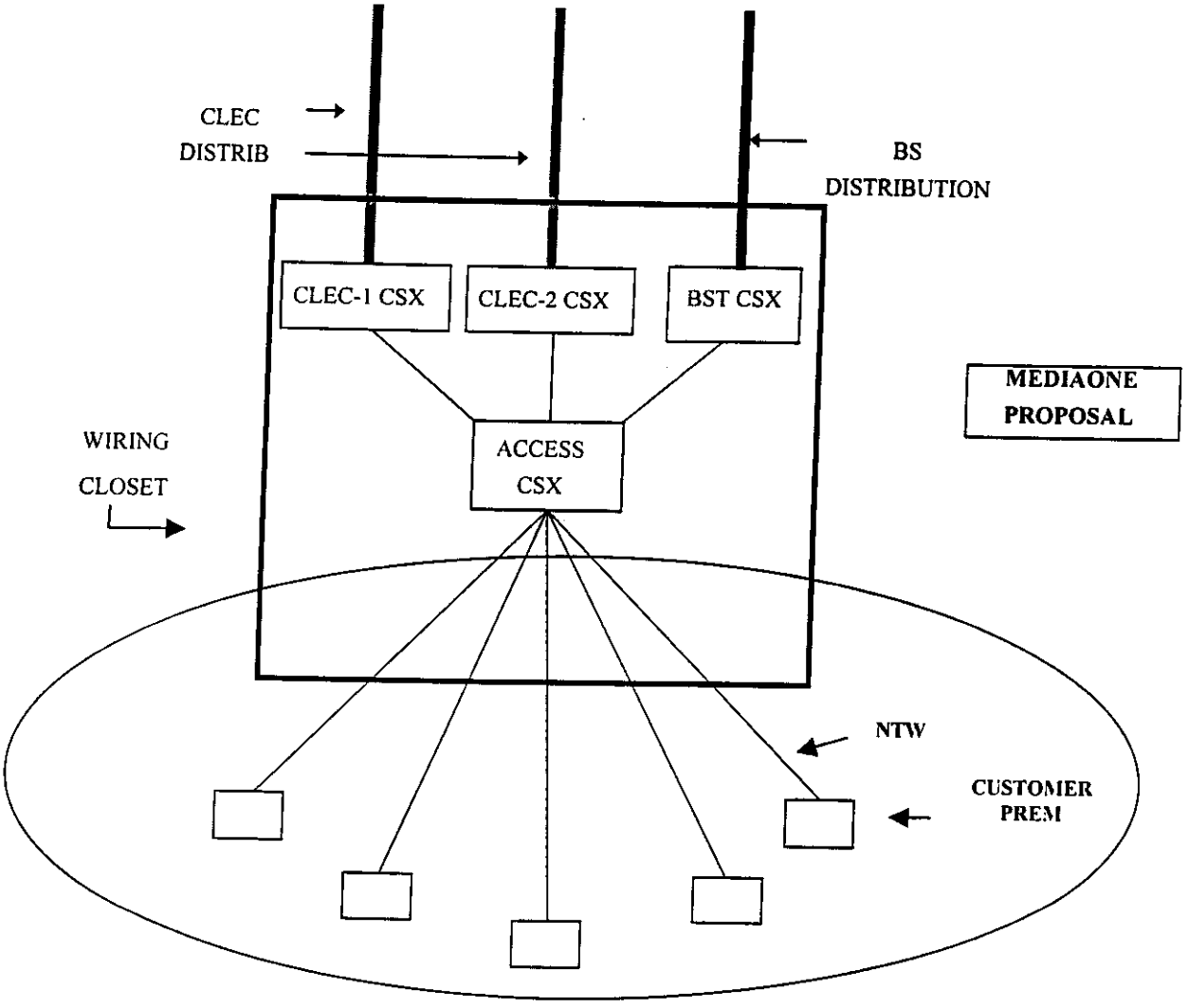
4.1.2.7 The Parties agree that initial requests for access to the Provisioning Parties UNTW shall be provisioned within thirty (30) calendar days after the issuance of a correct Service Order by the Requesting Party, unless the Parties. at the site meeting referenced in paragraph 4.1 above, mutually agree otherwise in writing due to Special Construction requirements. Subsequent requests for pairs shall be handled on a per Service Order basis and will be provisioned at the intervals set forth in paragraph 4.2 below.

4.1.3 Other Forms of MDU Premises Interconnection. In the event that MediaOne requests a form of MDU premises interconnection using UNTW that is substantially different than the forms of interconnection envisioned in this Agreement, any other agreement or BellSouth tariff, then MediaOne will utilize the Bona Fide Request Process set forth in Attachment 9 of this Agreement to determine the appropriate means for interconnection and to establish rates.

ATTACHMENT 3



ATTACHMENT 4



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by BellSouth Telecommunications, Inc. for approval of interconnection, unbundling, and resale agreement negotiated with Comcast Telephony Communications of Florida, Inc. and Comcast MH Telephony Communications of Florida, Inc. pursuant to Sections 251, 252 and 271 of the Telecommunications Act of 1996.	DOCKET NO. 971407-TP ORDER NO. PSC-98-0209-FOF-TP ISSUED: February 4, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING INTERCONNECTION, UNBUNDLING, AND RESALE AGREEMENT

BY THE COMMISSION:

On October 23, 1997, BellSouth Telecommunications, Inc. (BST) and Comcast Telephony Communications of Florida, Inc. and Comcast MH Telephony Communications of Florida, Inc. (collectivelly Comcast) filed a request for approval of an interconnection, unbundling, and resale agreement under the Telecommunications Act of 1996, 47 U.S.C. §252(e) of the Telecommunications Act of 1996 (the Act). The agreement is attached to this Order as Attachment A and incorporated by reference herein.

Both the Act and Chapter 364, Florida Statutes, encourage parties to enter into negotiated agreements to bring about local exchange competition as quickly as possible. Under the requirements of 47 U.S.C. § 252(e), negotiated agreements must be submitted to the state commission for approval. Section 252(e)(4)

requires the state to reject or approve the agreement within 90 days after submission or it shall be deemed approved.

This agreement covers a 3-year period and governs the relationship between the companies regarding local interconnection and the exchange of traffic pursuant to 47 U.S.C. § 251. Under 47 U.S.C. § 252(a)(1), the agreement shall include a detailed schedule of itemized charges for interconnection and each service or network element included in the agreement.

Upon review of the proposed agreement, we find that it complies with the Telecommunications Act of 1996; thus, we hereby approve it. BST and Comcast must file any supplements or modifications to their agreement with the Commission for review under the provisions of 47 U.S.C. § 252(e). We note that approval of this agreement does not constitute a determination that BST has met the requirements of Section 271 of the Telecommunications Act.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the interconnection, unbundling, and resale agreement between BellSouth Telecommunications, Inc. and Comcast Telephony Communications of Florida, Inc. and Comcast MH Telephony Communications of Florida, Inc., as set forth in Attachment A and incorporated by reference in this Order, is hereby approved. It is further

ORDERED that any supplements or modifications to this agreement must be filed with the Commission for review under the provisions of 47 U.S.C. § 252(e). It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 4th day of February, 1998.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

KMP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review in Federal district court pursuant to the Federal Telecommunications Act of 1996, 47 U.S.C. § 252(e)(6).

AGREEMENT
BETWEEN
BELLSOUTH TELECOMMUNICATIONS, INC.,
AND
COMCAST TELEPHONY COMMUNICATIONS OF FLORIDA, INC.,
COMCAST MH TELEPHONY COMMUNICATIONS OF FLORIDA, INC.

THIS AGREEMENT (the "Agreement") is effective as of this 24th day of September, 1997 (the "Effective Date"), by and among Comcast Telephony Communications of Florida, Inc., Comcast MH Telephony Communications of Florida, Inc. (jointly, "ALEC"), both Florida corporations with offices at 1500 Market Street, Philadelphia, PA 19102-2148, and BellSouth Telecommunications, Inc. ("BellSouth"), a Georgia corporation, with offices at 675 W. Peachtree Street, N.E., Atlanta, GA 30375.

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ALEC and BellSouth (individually, a "Party" and collectively, the "Parties") hereby agree as follows:

1. **PURPOSE.** This Agreement sets forth the terms, conditions and pricing under which the Parties will offer and provide access to certain services (the "Services"), consisting of interconnection to each other's (1) Garden Terminals and their associated Network Terminating Wire ("NTW"); (2) Wiring Closets and their associated NTW; and (3) other forms of premises Multi-Dwelling Unit ("MDU") interconnection, as specified in Section 5(c) below, in the State of Florida.

The provisions and rates set forth in the Agreement assume that (1) Spare Capacity in Garden Terminals and Wiring Closets exists; (2) no overtime is required by the Provisioning Party's technician when working the Requesting Party's request for service; and (3) no Special Construction is required.

In addition to the monthly and nonrecurring rates displayed on Attachment A-1 to this Agreement, a Party's Special Construction charges, determined as specified in Section A5 of BellSouth's General Subscriber Service Tariff, may apply to recover any costs associated with extraordinary work. Special Construction requirements shall be determined and agreed to by the Parties as part of the initial site meeting.

The Parties further agree that in instances where overtime is required by the Provisioning Party's technician to complete the Requesting Party's request for service, the Requesting Party will pay the Provisioning Party's overtime rate in addition to the rates set forth in Attachments A-1 of this Agreement. A Provisioning Party shall use best efforts to fill a Requesting Party's request for service during its normal business hours.

2. **DEFINITIONS.** The following terms are used throughout this Agreement and have the meanings ascribed to them below:

(a) "Garden Terminal" means a pedestal or comparable facility equipped with building entrance protectors which acts as an interface between outside plant cable and NTW, or equivalent functionality.

(b) "Holiday" means Christmas Day (December 25), New Year's Day (January 1), Independence Day (July 4), Thanksgiving Day and Labor Day, and a day when Washington's Birthday, Memorial Day or Columbus Day is legally observed.

(c) "Provisioning Party" means a Party who, at the request of the other Party, provides facilities under its ownership and/or control as part of the Services described in this Agreement.

(d) "Requesting Party" means a Party who requests access to facilities under the ownership and control of the other Party as part of the Services described in this Agreement.

(e) "Service Order" means a written request submitted by a Requesting Party to a Provisioning Party for the provisioning of Spare Pairs following the initial site preparation described in Section 5(a).

(f) "Spare Capacity" or "Spare Pair" means a Provisioning Party pair which, at the time of the Requesting Party's order, is available. "Available," as that term is used herein, shall mean a pair that (1) is not being utilized by the Provisioning Party or by a third party to provide an end-user with working service or (2) is being utilized by the Provisioning Party or a third party to provide an end-user with service(s), but such service is subject to disconnect request from the end-user; provided that the pair is "operational," i.e., the pair is capable of carrying end-user services based upon generally acceptable standards in the telecommunications industry. The Provisioning Party shall use best efforts to ensure that a pair is operational at the time of initial provisioning of the pair to the Requesting Party, e.g., through appropriate pair testing of the pair. If the Provisioning Party is subsequently advised by the Requesting Party that a spare pair is not

operational, the next spare pair available will be provided to the Requesting Party for no additional nonrecurring charge.

(g) "Special Construction" means the installation, removal, move or rearrangement of plant facilities for which there are no charges specified in BellSouth's filed tariffs or otherwise specified in this Agreement. Generally, special construction charges would apply to modifications of outside plant shielded cable, feeder and distribution terminals and shielded cable utilized for intra or inter-building purposes (excluding for example, intermediate connection blocks including, but not limited to, 66-type blocks utilized by BellSouth when BellSouth is the Provisioning Party, or 66-type and 110-type blocks utilized by ALEC when ALEC is the Provisioning Party, used in Wiring Closet Interconnection) not set forth in this Agreement.

(h) "Wiring Closet" means a room or area which contains the cross-connect field that is used as the interface between NTW and building riser distribution cable, or equivalent functionality.

3. LIMITATIONS.

(a) The Parties agree that interconnection at the Garden Terminals and Wiring Closet applies to residential multi-dwelling unit ("MDU") properties in the State of Florida. Notwithstanding the foregoing, if spare facilities are available in a non-residential multi-tenant building, the Provisioning Party shall use best efforts to make these facilities available to the Requesting Party, in accordance with the charges set forth in Attachment A-1 and subject to Sections 5(a) and 5(b).

(b) The term "NTW", as used in this Agreement shall mean Unshielded Twisted Pair (UTP) copper telecommunications wiring. In new construction, where possible, both Parties may at their option install their own NTW. Where the Parties share NTW, the Provisioning Party shall install a minimum of six (6) pair NTW. In existing construction, neither Party shall be required to install new or additional NTW to provision the Services to the other Party, except as otherwise provided in this Agreement.

4. **TERM.**

(a) The term of this Agreement shall be three (3) years, beginning with the Effective Date hereof, unless terminated as provided herein (the "Initial Term"). The Parties agree that at least six (6) months prior to the expiration of the Initial Term, they shall commence negotiations, and shall proceed promptly in good faith and using best efforts, to reach agreement with regard to the terms, conditions and prices of the Services to be effective after the expiration of the Initial Term.

(b) If the Parties, as of the date of the expiration of the Initial Term, have not agreed upon the terms, conditions and prices for renewal of this Agreement, then the Parties shall be permitted to keep in place those interconnections that they have established pursuant to this Agreement, at the then-existing terms, conditions and prices for such interconnections, until a new agreement based upon voluntary negotiation or through arbitration is executed. This Agreement shall remain in effect until such time as the abovementioned terms, conditions and prices for renewal become effective.

5. **NATURE OF SERVICES.**

The parties agree to meet prior to the Requesting Party's issuance of a Service Order requesting to use the Provisioning Party's NTW at the Garden Terminal or Wiring Closets. The purpose of the meeting will be to discuss specific procedures for interconnection and to set a mutually agreed upon due date for each site, procedures for the initial site preparation and for ordering of pairs on an ongoing basis at the particular MDU, which procedures shall be consistent in all respects with this Agreement. Such requests shall be made in writing to the appropriate Account Team assigned to the Requesting Party's account and shall communicate the Requesting Party's commitment to provide service to a complex. The Parties further agree to meet within five (5) business days after a written request for such meeting is received by either Party. In the event that the Provisioning Party refuses or otherwise fails to meet with the Requesting Party within the time frames specified in this Section, the due date for initial site preparation and any corresponding initial pair shall nevertheless be no later than the due dates set forth in this Section 5(a)6 and 5(b)7. Appropriate licenses, permits, and permissions to provide service in the particular MDU will be available upon the reasonable request by the Provisioning Party.

Within the end user's premises, the Requesting Party shall install a Siecor 200 jack or equivalent arrangement which provides the end user with the ability to connect the inside wire to either or both of the parties' respective first lines.

(a) Garden Terminal Interconnection. The following terms and conditions apply to Garden Terminal Interconnection:

(1) Where Spare Capacity exists, the Provisioning Party shall provide access to the NTW through the Garden Terminal to the Requesting Party, as specified below, in accordance

with the schedule of prices set forth in Attachment A-1 to this Agreement, which is incorporated herein by reference.

(2) Prior to initial site preparation, the Requesting Party will install its Garden Terminal or equivalent containing a cross-connect block at the relevant MDU. The Requesting Party will extend an interconnect cable from its cross-connect block to the Provisioning Party's Garden Terminal. As part of initial site preparation, and thereafter upon the issuance of a Service Order by the Requesting Party, the Provisioning Party will terminate the interconnect cable on the Spare Pair(s) requested by the Requesting Party. To ensure safety, the Requesting Party will electrically bond its outside plant protector units and cable shield, if shielded cable is used, to the same ground source used by the Provisioning Party.

(3) The Requesting Party will be assigned the first available Spare Pair NTW after the first pair (the next available pair). If more than one (1) Spare Pair NTW is available, the Provisioning Party shall also make those pair(s) available to the Requesting Party. The Requesting Party may order and the Provisioning Party will, at a minimum, reserve one (1) pair of wires going into each end-user premises. This pair will be the pair designated as the first pair. Notwithstanding the foregoing, should either Party subsequently require the use of additional pair(s) to provide for the activation of additional lines in an end-user's premises in response to a request from such end-user, both Parties agree to surrender their Spare Pair(s) upon request by the other Party.

(4) If an end-user of the ALEC desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider

needs access to the BellSouth NTW to provide local exchange service to the end-user, then the ALEC agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by BellSouth.

(5) If an end-user of BellSouth desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to the ALEC NTW to provide local exchange service to the end-user, then BellSouth agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by the ALEC.

(6) The Parties agree that initial requests for access to the Provisioning Parties' Garden Terminals, Wiring Closets and associated NTW (i.e., the initial site preparation) shall be provisioned and completed within thirty (30) calendar days after the issuance of a Service Order by the Requesting Party, unless the Parties, at the site meeting referenced in Section 5, mutually agree otherwise in writing due to Special Construction requirements. Subsequent requests for pairs shall be handled on a per Service Order basis and shall be provisioned at the intervals set forth in Section 6(b) of the Agreement.

(b) Wiring Closet Interconnection.

The following terms and conditions apply to Wiring Closet Interconnection:

(1) A Provisioning Party shall provide access to Spare Pair(s) through Wiring Closet Interconnection to the Requesting Party in accordance with the schedule of prices set forth in Attachment A-1 to this Agreement which is incorporated herein by reference.

(2) As part of initial site preparation for Wiring Closet Interconnection, the Provisioning Party will terminate the Spare Pair on a connecting block ("Common Connecting Block") at a mutually agreeable location within the wiring closet, which agreement shall not be unreasonably withheld by either Party. When BellSouth is the Provisioning Party, a 66-type connecting block will be used. When the ALEC is the Provisioning Party, the ALEC will use a 66-type or a 110-type connecting block as determined and agreed upon at the initial site meeting. The Requesting Party will cross connect its distribution to the Spare Pair(s) on the aforementioned Common Connecting Block on an as needed basis, which Common Connecting Block the Provisioning Party shall have clearly marked with the apartment number using permanent marker. Prior to the Provisioning Party's release of Spare Pair(s) in the Wiring Closet, the Parties agree to work together in developing a mutually agreeable Reporting and Auditing arrangement by which the Requesting Party shall report to the Provisioning Party the number of Spare Pair(s) active within a given period of time. Such report shall be used by the Provisioning Party to assess Monthly Recurring Charges, as set forth in Attachment A-1, to the Requesting Party for access to Spare Pair(s) in the Wiring Closet at an MDU.

(3) If the Provisioning Party has not yet installed its intra-building wiring, connections and terminations at an MDU, but it has received a Service Order from the Requesting Party for Wiring Closet Interconnection, the Provisioning Party shall install a minimum of six- (6-) pair NTW capable of handing at least that number of pairs, in order to ensure an adequate number of pairs for both the Requesting Party's and the Provisioning Party's respective uses.

(4) If either Party requires the use of additional pair(s) to provide for the activation of additional lines in an end-user's premises in response to a service order from such end-user, both Parties agree to surrender their inactive spare pair(s) upon request by the other Party.

(5) If an end-user of the ALEC desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to the BellSouth NTW to provide local exchange service to the end-user, then the ALEC agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by BellSouth, which third-party termination shall be made at the Common Connecting Block.

(6) If an end-user of BellSouth desires to receive local exchange service from a service provider who is not a party to this Agreement, and such third-party service provider needs access to the ALEC NTW to provide local exchange service to the end-user, then BellSouth agrees to surrender the requisite number of its Spare Pair(s) if no other Spare Pair is available and upon request by the ALEC, which third-party termination shall be made at the Common Connecting Block.

(7) The Parties agree that initial requests for access to the Provisioning Parties NTW shall be provisioned within thirty (30) calendar days after the issuance of a Service Order by the Requesting Party, unless the Parties, at the site meeting referenced in Section 5 mutually agree otherwise in writing due to Special Construction requirements. Subsequent requests for pairs

shall be handled on a per Service Order basis and will be provisioned at the intervals set forth in Section 7(b) of the Agreement.

(c) Other Forms of MDU Premises Interconnection.

In the event that the ALEC requests a form of MDU premises interconnection using UTP that is substantially different than the forms of interconnection envisioned in this Agreement, any other agreement or BellSouth tariff, then the ALEC will utilize the Bona Fide Request Process set forth in Attachment B of this Agreement to determine the appropriate means for interconnection and to establish rates.

6. COORDINATION OF CUSTOMER CONVERSION.

Within thirty (30) days of the effectiveness of this Agreement, or as otherwise agreed to by the Parties, the Parties shall use best efforts to develop coordination procedures for the Services involving end-user conversions from the end-user network access line service of BellSouth to the end-user network access line service of the ALEC and from the end-user network access line service of the ALEC to the end-user network access line service of BellSouth, including, but not limited to, the development of procedures for provisioning Service Provider Number Portability.

7. PROVISIONING PERFORMANCE MEASUREMENTS

(a) The parties agree that in providing Services to each other pursuant to this Agreement, both Parties shall provide the other the same quality of service that it provides itself and its end-users. The Parties have agreed to two (2) categories of performance to be measured: (1) Provisioning of NTW; and (2) Maintenance of NTW. Each category includes measurements

which focus on timeliness, accuracy and quality. The Parties shall measure the following activities against the goals provided herein:

Except as otherwise provided in this Section, the Provisioning Party shall provide data to the Requesting Party on a monthly basis. The data shall be reported in a mutually agreed upon format which will enable the Requesting Party to compare the Provisioning Party's performance for itself and it affiliates with respect to a specific measure to the Provisioning Party's performance for the Requesting Party for that same specific measure.

(b) Provisioning performed by the Provisioning Party shall be reported utilizing the following measurements as they related to access to the NTW:

(1) Desired Due Date: Measures as a percent how often the Provisioning Party is able to meet the Requesting Party's desired due dates for provisioning Services after the initial installation of the garden terminal or wiring closet installation and for provisioning of the interconnection services provided pursuant to Section 5. The Parties cannot provide these measurements at this time. When these measurements are available, and at such reasonable intervals thereafter, the Parties agree to review each Party's ability to provide Services by the Desired Due Date for both categories. Until such time as such measurements are available, the Parties agree to provide a range of intervals, on an interim basis, that they represent are reflective of the time it takes to install both categories of services.

In addition to the due dates established in Section 5 for the initial interconnection at the Garden Terminals and Wiring Closets, the Parties agree to provision all subsequent requests for access to NTW as follows:

1 - 5 pairs	-	3 business days*
6 - 10 pairs	-	6 business days*
11 - 15 pairs	-	9 business days*
Over 15 pairs	-	As Negotiated

*under normal business conditions

(2) Committed Due Date Met after initial interconnection installation:

Measures as a percent the actual date service provisioned compared to the date service was scheduled to be provisioned.

Measurement:

N = Total Appointments Met
D = Total Appointments Set

(3) No Trouble Reported Within 30 Days of Order Completion of subsequent requests for access to NTW after initial interconnection : Measures reliability of service provided to the ALEC customers in first 30 days of service.

Measurement:

POTS: N = All troubles on service installed ≤ 30 days in a calendar month
D = Installations in a calendar month
Note: N and D are not the same order base.

Specials: N = Troubles on service installed ≤ 30 days
D = Installations in a calendar month
Note: N and D are in the same order base.

(4) Firm Order Confirmation:

Measures the timeliness of receiving a validation that the Service ordered will be provisioned.

Measurement:

N = Total Number of FOCs Sent for the segment of each 24 hour period
D = Total Number of FOCs Sent in a 24 hour period

BellSouth agrees to collect and measure data in 4 hour segments through March 31, 1998. At that time, the Parties will review BellSouth's ability to provide an Electronic FOC in four hours or less.

(5) Notice of Reject or Error Status Within 1 Hour of Receipt (Paper/Electronic):

Measures the timeliness of receiving notification that a Service Order is incorrect and needs to be corrected.

Measurement:

N = Number of Rejects or Error Status Sent in ≤ 1 hour
D = Total Number of Rejects or Error Status Sent

(6) Service Orders Provisioned As Requested:

(The Parties agree to review appropriate information and develop a proposal to provide this measurement no later than March 31, 1998.)

(c) **MAINTENANCE MEASUREMENTS**

(1) Time to Restore

Measures average time it takes to restore to service Local Services, Network Elements, or Combinations.

Measurement:

N = Total Duration Time
D = Total Troubles

For Specials and Local Interconnection/Trunking:

N = Responsible Duration Time
D = Total Troubles

(2) Repeat Troubles

Measures trouble reports from the same customer in a 30 day period.

N = Total Repeats < 30 days
D = Total Troubles

(3) Trouble Resolution Notification

BellSouth shall inform the ALEC of the restoration of service after an outage has occurred by means of a telephone call until such time as a mechanized means of notification becomes available.

(4) The ALEC will transmit repair calls to the BellSouth repair bureau by telephone until it is able to make use of the Electronic Interfaces. BellSouth shall measure the average length of time it takes for the BellSouth repair bureau attendant to answer the telephone.

(5) Missed Appointments

Measures when BellSouth misses meeting end user appointments that require a premise visit.

Measurement:
N = Total Appointments met
D = Total Appointment set

(6) Report Rate

Measures the frequency of troubles reported within BellSouth's network.

Measurement:

N = Number of Trouble Reports per month
D = Total number of Lines

8. **MAINTENANCE.**

(a) The Parties agree to work cooperatively to maintain reliable Services, including but not limited to the development of maintenance contact numbers and escalation procedures. Maintenance and control of a Provisioning Party's Garden Terminal, Wiring Closet/Boards, and associated wiring and cabling shall remain the responsibility of the Provisioning Party. A Provisioning Party shall provide the Requesting Party with prior written notice of regularly scheduled maintenance ("Regularly Scheduled Maintenance") which has the potential to cause disruption to the Requesting Party's end-users. Furthermore, a Provisioning Party shall conduct such Regularly Scheduled Maintenance in such a manner so as to minimize disruption to the Requesting Party and its end-users.

(b) A Provisioning Party will also provide the Requesting Party with at least sixty (60) days' prior written notice of any technical or engineering change to an interconnection arrangement developed pursuant to this Agreement which will have an impact on the Requesting Party's rendering of service to its end-users.

9. **REPAIRS**

A Provisioning Party shall provide repairs equal in quality to that provided by the Provisioning Party to itself. For the purposes of this Agreement, "equal in quality" means that (a)

clearing any troubles shall be no less favorable than those applicable to comparable arrangements, facilities or services provided by the repairing Party to itself or to any other carrier; and (b) the non-repairing party shall be promptly notified of all repairs impacting the Services. The Provisioning Party shall provide notification of all such repairs consistent to that provided to its own customers.

10. **SINGLE POINT OF CONTACT.** Each Party shall make available and identify an individual (including facsimile number) to serve as the single point of contact for the purpose of ordering and facilitating the Services in accordance with the terms of this Agreement. Each Party will notify the other Party in writing within five (5) days of any change in the identity or location of its respective point of contact. Information sent to this point of contact by facsimile will be deemed to have been received by that single point of contact on the day of transmission of the facsimile, except Saturdays, Sundays, and Holidays as set forth in Section 2(b) preceding, where the date of receipt shall be the next business day.

11. **UNAUTHORIZED CHANGE OF SERVICE.** If an unauthorized change in local service provider occurs, the Provisioning Party will reestablish service with the appropriate local service provider as requested by the end user and will assess the Party responsible for initiating the change the Unauthorized Change Charge described in BellSouth's F.C.C. Tariff No. 1, Section 13, in the case of BellSouth, and an equal amount, in the case of the ALEC. The appropriate nonrecurring charges to reestablish the end-user's service with the appropriate local service provider will also be assessed to the Party responsible for the unauthorized charge.

12. **ORDERING PROVISIONS.** The Parties agree to provide ordering and provisioning of services to each other that are equal to the ordering and provisioning services currently provided to itself and its affiliates.

13. **PAYMENT AND BILLING ARRANGEMENTS.**

(a) Billing. The Parties will establish a bill day each month. The bill will cover charges applicable to each interconnection arrangement for the ensuing billing period for which the bill is rendered, any known unbilled charges for the period after the last bill day through the current bill day. BellSouth provides billing through the Carrier Access Billing System (CABS) and through the Customer Records Information System (CRIS) depending on the particular service(s) that the ALEC requests.

(b) Payment Responsibility. Payment of all charges will be the responsibility of Requesting Party. The Requesting party shall make payment to the Provisioning Party for all services billed. The Provisioning Party is not responsible for payments not received by the Requesting Party from the Requesting Party's end-user. The Provisioning Party will not become involved in billing disputes that may arise between the Requesting Party and its end-user. Payments made to the Provisioning Party as payment on account will be credited to an accounts receivable master account and not to an end user's account.

(c) Payment Due. The payment will be due by the next bill date (i.e., same date in the following month as the bill date) and is payable in immediately available funds. Payment is considered to have been made when received by the Provisioning Party.

If the payment due date falls on a Sunday or on a Holiday which is observed on a Monday, the payment due date shall be the first non-Holiday day following such Sunday or Holiday. If the payment due date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment due date shall be the last non-Holiday day preceding such Saturday or Holiday. If payment is not received by the payment due date, a late payment penalty, as set forth in Section 13(e), below, shall apply.

(d) Tax Exemption. Upon proof of tax exempt certification from the Requesting Party, the total amount billed to the Requesting Party will not include any taxes due from the end user. The Requesting Party will be solely responsible for the computation, tracking, reporting and payment of all federal, state and/or local jurisdiction taxes associated with the services resold to the end user.

(e) Late Payment. If any portion of the payment is received by the Provisioning Party after the payment due date as set forth preceding, or if any portion of the payment is received by the Provisioning Party in funds that are not immediately available to the Provisioning Party, then a late payment penalty shall be due to the Provisioning Party. The late payment penalty shall be the portion of the payment not received by the payment due date times a late factor. The late factor shall be as set forth in Section E2 of BellSouth's Intrastate Access Tariff, in the case of BellSouth, and the lesser of one-point-five percent (1.5%) or the maximum amount permitted by law, in the case of the ALEC.

(f) Discontinuing Service to the Requesting Party. The procedures for discontinuing service to the Requesting Party due to nonpayment are as follows:

(1) The Provisioning Party reserves the right to suspend or terminate Service for nonpayment or in the event of prohibited or unlawful or improper use of the Provisioning Party's facilities or service or any other material violation of or noncompliance with this Agreement or the rules and regulations of the Florida Public Service Commission or applicable rules and regulations contained in BellSouth's tariffs, by the Requesting Party.

(2) If payment of account is not received when due, as set forth in Section 13(c), the Provisioning Party shall provide written notice of such nonpayment to the Requesting Party, and the Provisioning Party may refuse additional applications for Service, and any pending orders for Service will not be completed, if payment is not received by the fifteenth (15th) day following the date of the foregoing notice. If the Provisioning Party does not refuse additional applications for Service on the date specified in the notice and the Requesting Party's noncompliance continues, nothing contained herein shall preclude the Provisioning Party's right to refuse additional applications for service without further notice.

(3) Subject to the requirements of prior written notice set forth in Section 13(f)(4), if payment of the account is not received or arrangements made by the bill day in the second consecutive month, the account will be considered in default and will be subject to denial or disconnection, or both.

(4) If the Requesting Party fails to comply with the provisions of this Agreement, including any payments to be made by it on the dates and times specified in Section 13(c), the Provisioning Party may, on thirty (30) days prior written notice to the person designated by the Requesting Party to receive notices of noncompliance, discontinue the provision of existing

Services to the Requesting Party at any time thereafter. In the case of such discontinuance, all billed charges, as well as applicable termination charges, if any, shall become due. If the Provisioning Party does not discontinue the provision of the Services involved on the date specified in the thirty- (30-) day notice and the Requesting Party's noncompliance continues, nothing contained herein shall preclude the Provisioning Party's right to discontinue the provision of the Services to the Requesting Party without further notice.

(5) If payment is not received or arrangements made for payment by the date given in the written notification referenced in Section 12(f)(4), the Requesting Party's services will be discontinued. Upon discontinuance of service on the Requesting Party's account, service to the Requesting Party's end-users will be denied. The Provisioning Party will reestablish service at the request of the end user or the Requesting Party upon payment of the appropriate connection fee and subject to the Provisioning Party's normal application procedures. The Requesting Party is solely responsible for notifying the end user of the proposed service disconnection.

(6) If within fifteen (15) days after an end user's service has been denied no contact has been made in reference to restoring service, the end user's service will be disconnected.

14. TAX.

(a) Definition. For purposes of this Section 13, the terms "taxes" and "fees" shall include but not limited to federal, state or local sales, use, excise, gross receipts or other taxes or tax-like fees of whatever nature and however designated (including tariff surcharges and any fees, charges or other payments, contractual or otherwise, for the use of public streets or rights of way, whether designated as franchise fees or otherwise) imposed, or sought to be imposed, on or with

respect to the services furnished hereunder or measured by the charges or payments therefore, excluding any taxes levied on income.

(b) Taxes and Fees Imposed Directly On Either Provisioning Party or Requesting Party.

(1) Taxes and fees imposed on the Provisioning Party, with respect to the Services, which are not permitted or required to be passed on by the Provisioning Party to the Requesting Party, shall be borne and paid by the Provisioning Party.

(2) Taxes and fees imposed on the Requesting Party, which are not required to be collected and/or remitted by the Provisioning Party, shall be borne and paid by the Requesting Party.

(c) Taxes and Fees Imposed on Requesting Party But Collected And Remitted By Provisioning Party.

(1) Taxes and fees imposed on the Requesting Party with respect to the Services shall be borne by the Requesting Party, even if the obligation to collect and/or remit such taxes or fees is placed on the Provisioning Party.

(2) To the extent permitted by applicable law, any such taxes and/or fees described in Section 14(c)(1) shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the Requesting Party will remain liable for any such taxes and fees regardless of whether they are actually billed by the Provisioning Party at the time that the respective service is billed; provided, however, that the Requesting Party shall not be liable for any penalties for failure of the Provisioning Party to bill and/or remit such taxes and/or fees in an accurate and/or timely manner pursuant to Sections 14(c)(1)-(2).

(d) Taxes or Fees for Which An Exemption Is Sought by Requesting Party.

(1) If the Requesting Party determines that in its opinion any such taxes or fees are not payable, the Provisioning Party shall not bill such taxes or fees to the Requesting Party if the Requesting Party provides written certification, reasonably satisfactory to the Provisioning Party, stating that it is exempt or otherwise not subject to the tax or fee, setting forth the basis therefor, and satisfying any other requirements under applicable law. If any authority seeks to collect any such tax or fee that the Requesting Party has determined and certified not to be payable, or any such tax or fee that was not billed by the Provisioning Party, the Requesting Party may contest the same in good faith, at its own expense. In any such contest, the Requesting Party shall promptly furnish the Provisioning Party with copies of all filings in any proceeding, protest, or legal challenge, all rulings issued in connection therewith, and all correspondence between the Requesting Party and the taxing authority.

(2) In the event that all or any portion of an amount sought to be collected pursuant to Section 14(d)(1) must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the Provisioning Party during the pendancy of such contest, the Requesting Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

(3) If it is ultimately determined that any additional amount of such a tax or fee specified in Section 14(d)(1) is due to the imposing authority, the Requesting Party shall pay such additional amount, including any interest and penalties thereon.

(4) Notwithstanding any provision to the contrary, the Requesting Party shall protect, indemnify and hold harmless (and defend at the Requesting Party's expense) the Provisioning Party from and against any such tax or fee, interest or penalties thereon, or other charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the Provisioning Party in connection with any claim for or contest of any such tax or fee.

(5) Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than twenty (20) days after receipt of such assessment, proposed assessment or claim.

(d) Taxes and Fees Imposed on Provisioning Party But Passed On To Requesting Party.

(1) Taxes and fees imposed on the Provisioning Party, which are permitted or required to be passed on by the Provisioning Party to its end-user, shall be borne by the Requesting Party.

(2) To the extent permitted by applicable law, any such taxes and/or fees shall be shown as separate items on applicable billing documents between the Parties. Notwithstanding the foregoing, the Requesting Party shall remain liable for any such taxes and fees regardless of whether they are actually billed by the Provisioning Party at the time that the respective service is billed; provided, however, that the Requesting Party shall not be liable for any penalties for failure

of the Provisioning Party to bill such taxes and/or fees in a timely manner pursuant to Section 14(e)(1)-(2).

(3) If the Requesting Party disagrees with the Provisioning Party's determination as to the application or basis for any such tax or fee, the Parties shall consult with respect to the imposition and billing of such tax or fee, the Parties shall consult with respect to the imposition of such tax or fee. Notwithstanding the foregoing, the Provisioning Party shall retain ultimate responsibility for determining whether and to what extent any such taxes or fees are applicable, and the Requesting Party shall abide by such determination and pay such taxes or fees to the Provisioning Party. The Provisioning Party shall further retain ultimate responsibility for determining whether and how to contest the imposition of such taxes and fees; provided, however, that any such contest undertaken at the request of the Requesting Party shall be at the Requesting Party's expense.

(4) In the event that all or any portion of an amount withheld by the Requesting Party sought pursuant to Section 14(e)(3) must be paid in order to contest the imposition of any such tax or fee, or to avoid the existence of a lien on the assets of the Provisioning Party during the pendancy of such contest, the Requesting Party shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery.

(5) If it is ultimately determined that any additional amount of such a tax or fee is due to the imposing authority, the Requesting Party shall pay such additional amount, including any interest and penalties thereon.

(6) Notwithstanding any provision to the contrary, the Requesting Party shall protect indemnify and hold harmless (and defend at the Requesting Party's expense) the Provisioning Party from and against any such tax or fee, interest or penalties thereon, or other reasonable charges or payable expenses (including reasonable attorney fees) with respect thereto, which are incurred by the Provisioning Party in connection with any claim for or contest of any such tax or fee.

(7) Each Party shall notify the other Party in writing of any assessment, proposed assessment or other claim for any additional amount of such a tax or fee by a taxing authority; such notice to be provided, if possible, at least ten (10) days prior to the date by which a response, protest or other appeal must be filed, but in no event later than twenty (20) days after receipt of such assessment, proposed assessment or claim.

(e) Mutual Cooperation. In any contest of a tax or fee by one Party, the other Party shall cooperate fully by providing records, testimony and such additional information or assistance as may reasonably be necessary to pursue the contest. Further, the other Party shall be reimbursed for any reasonable and necessary out-of-pocket copying and travel expenses incurred in assisting in such contest.

15. **DEFAULT.** If a Party defaults in the payment of any amount due hereunder, or if a Party fails to provide Services as agreed hereunder, and such default or failure shall continue for thirty (30) days after written notice thereof (or if such default cannot reasonably be cured within said thirty (30) day period and the defaulting Party fails to commence a cure within such time and to diligently pursue it to completion), the other Party may terminate this Agreement with ten (10)

days' written notice; provided, however, that the Provisioning Party shall abide by all rules and regulations requiring the maintenance of "warmline" service subsequent to such disconnection.

16. **MORE FAVORABLE PROVISIONS; TRUE UP.**

(a) In the event that any legislative, regulatory, judicial or other legal action materially affects any material terms of this Agreement, or the ability of either Party to perform any material terms of this Agreement, either Party may, upon notice to the other require that such terms be renegotiated, and the Parties shall renegotiate in good faith such mutually acceptable new terms as may be required in order to be consistent with such action. In the event that agreements cannot be reached within ninety (90) days of the notice, the issues shall be brought to the Florida Public Service Commission or other governmental agency having such jurisdiction. The revised agreement shall have an effective date that coincides with the effective date of the action giving rise to such negotiations. The Parties agree that the rates, terms and conditions of any new agreement shall not be applied retroactively to any period prior to such effective date except to the extent that such retroactive effect is expressly required by such legislative, regulatory, judicial or other legal actions.

(b) In the event that BellSouth, either before or after the effective date of this Agreement, enters into an agreement with any other telecommunications carrier (an "Other Interconnection Agreement") which provides for the provision within a particular state covered under this Agreement of any of the arrangements covered by this Agreement to be provided in a particular state upon rates, terms or conditions that differ in any material respect from the rates, terms and conditions for such arrangements set forth in this Agreement ("Other Terms"), then

except as provided in Section 16(f), BellSouth shall be deemed thereby to have offered such arrangements to the ALEC for that state upon such Other Terms, which the ALEC may accept as provided in Section 16(e). In the event that the ALEC accepts such offer, such Other Terms shall be effective between BellSouth and the ALEC as of the date on which the ALEC accepts such offer.

(c) In the event that after the effective date of this Agreement the FCC or the Commission enters an order (an "Interconnection Order") requiring BellSouth to provide within a particular state covered under this Agreement any of the arrangements covered by this Agreement to be provided in a particular state upon Other Terms, then upon such Interconnection Order becoming final and not subject to further administrative or judicial review, except as provided in Section 16(f), BellSouth shall be deemed to have offered such arrangements in that state to the ALEC upon such Other Terms, which the ALEC may accept as provided in Section 16(e). In the event that the ALEC accepts such offer, such Other Terms shall be effective between BellSouth and the ALEC as of the date on which the ALEC accepts such offer.

(d) In the event that after the effective date of this Agreement BellSouth files and subsequently receives approval for one or more intrastate or interstate tariffs (each, an "Interconnection Tariff") offering to provide in a particular state covered under this Agreement any of the arrangements covered by this Agreement to be provided in a particular state upon Other Terms, then upon such Interconnection Tariff becoming effective, except as provided in Section 16(f), BellSouth shall be deemed thereby to have offered such arrangements in that state to the ALEC upon such Other Terms, which the ALEC may accept as provided in Section 16(f).

In the event that the ALEC accepts such offer, such Other Terms shall be effective between BellSouth and the ALEC as of the date on which the ALEC accepts such offer.

(e) In the event that BellSouth is deemed to have offered the ALEC the arrangements covered by this Agreement upon Other Terms, the ALEC in its sole discretion may accept such other terms in its entirety provided, however, that the terms of this Agreement, other than those affected by the Other Terms accepted by the ALEC, shall remain in full force and effect.

(f) Corrective Payment. In the event that BellSouth and the ALEC revise this Agreement pursuant to Section 16(a) or the ALEC accepts a deemed offer of Other Terms pursuant to Section 16(e), then BellSouth or the ALEC as applicable, shall make a corrective payment to the other Party to correct for the difference between the rates set forth herein and the rates in such revised agreement or Other Terms for substantially similar services for the period from the effective date of such revised agreement or Other Terms until the date that the Parties execute such revised agreement or the ALEC accepts such Other Terms, plus simple interest at a rate equal to the thirty (30) day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of $1,000.00 as regularly published in the most recent edition of The Wall Street Journal.

17. DISPUTE RESOLUTION

(a) Dispute Escalation and Resolution

Except as otherwise provided herein, any dispute, controversy or claim (individually and collectively, a "Dispute") arising under this Agreement shall be resolved in accordance with the procedures set forth in this Section. In the event of a Dispute between the Parties relating to this

Agreement and upon the written request of either Party, each of the Parties shall appoint a designated representative who has authority to settle the dispute. The designated representatives shall meet as often as they reasonably deem necessary in order to discuss the Dispute and negotiate in good faith in an effort to resolve such Dispute. The specific format for such discussions will be left to the discretion of the designated representatives, however, all reasonable requests for relevant information made by one party to the other Party shall be honored. If the Parties are unable to resolve issues related to a dispute within 30 days, then either Party may file a complaint with the FCC or applicable Commission in accordance with the procedures applicable to the resolution of disputes among carriers in the applicable state.

(b) Disputed Amounts

If any portion of an amount due to a Party (the "Billing Party") under this Agreement is subject to a bona fide dispute between the Parties, the Party billed (the "Non-Paying Party") shall within sixty (60) days of its receipt of the invoice containing such disputed amount give notice to the Billing Party of the amounts it disputes ("Disputed Amounts") and include in such notice the specific details and reasons for disputing each item. The Non-Paying Party shall pay when due (i) all undisputed amounts to the Billing Party and (ii) all Disputed Amounts into an interest bearing escrow account with a third party escrow agent mutually agreed upon by the Parties.

If the Parties are unable to resolve the issues related to the Disputed Amounts in the normal course of business within sixty (60) days after delivery to the Billing Party of notice of the Disputed Amounts, each of the Parties shall appoint a designated representative who has authority to settle the dispute and who is at a higher level of management than the persons with direct

responsibility for administration of this Agreement. The designated representatives shall meet as often as they reasonably deem necessary in order to discuss the dispute and negotiate in good faith in an effort to resolve such dispute. The specific format for such discussions will be left to the discretion of the designated representatives, however, all reasonable requests for relevant information made by one Party to the other Party shall be honored.

If the parties are unable to resolve issued related to the Disputed Amounts within forty-five (45) days after the Parties' appointment of designated representatives pursuant to this Section, then either Party may file a complaint with the Commission or the FCC to resolve such issues or proceed with any other remedy pursuant to law or equity. The Commission or the FCC may direct release of any or all funds (including any accrued interest) in the escrow account, plus applicable late fees, to be paid to either Party.

The Parties agree that all negotiations pursuant to this Section shall remain confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence; provided, however, that a Party may disclose the substance of such negotiations to the FCC or the Commission pursuant to this Section for purposes other than to determine liability.

Any undisputed amounts not paid when due shall accrue interest from the date such amounts were due at the lesser of (i) one percent (1%) per month and (ii) the highest rate of interest that may be charged under applicable law.

Notwithstanding anything to the contrary in this Section 17(b), each Party shall have the right to contest any amounts paid to the other Party hereunder for a period of one (1) year after

such amounts were paid. The Party contesting such amounts shall deliver written notice to such other Party within one (1) year of its payment and include in such notice the specific details and reasons for disputing such amounts. If the Parties are unable to resolve such contested amounts in the normal course of business within thirty (3) days after delivery of notice of the contested amounts, such dispute shall be handled in accordance with Section 17(a).

(c) Each Party reserves any rights it may have to seek judicial review of any ruling made by the FCC or a Commission concerning this Agreement.

18. **LIABILITY AND INDEMNIFICATION** The Party's shall take financial responsibility for its own actions in causing or its lack of action in preventing, unbillable or uncollectible ALEC revenues.

(a) Liability for Acts or Omissions of Third Parties. Neither BellSouth not the ALEC shall be liable for any act or omission of an unaffiliated telecommunications company providing a portion of the Services provided under this Agreement.

(b) Limitation of Liability.

(1) Each Party's liability to the other, except as provided in Section 18(b)(3), for any loss, cost, claim, injury or liability or expense, including reasonable attorney's fees relating to or arising out of any negligent act or omission in its performance of this Agreement whether in contract or in tort, shall be limited to a credit for the actual cost of the services or functions not performed or improperly performed.

(2) Limitations in Tariffs. A Party may, in its sole discretion, provide in its tariffs and contracts with its end-user and third parties that relate to any service, product or function

provided or contemplated under this Agreement, that to the maximum extent permitted by Applicable Law, such Party shall not be liable to such end-users or third parties for (i) any loss relating to or arising out of this Agreement, whether in contract, tort or otherwise, that exceeds the amount such party would have charged that applicable person for the service, product or function that gave rise to such loss and (ii) consequential damages. To the extent that a Party elects not to place in its tariffs on contracts such limitations of liability, and the other Party incurs a loss as a result thereof, such Party shall indemnify and reimburse the other Party for that portion of the loss that would have been limited had the first Party included in its tariffs and contracts the limitations of liability that such other Party included in its own tariffs at the time of such loss.

(3) Neither BellSouth nor the ALEC shall be liable for damages to the other's terminal location, point of interconnection ("POI") or other Party's end-users' premises resulting from the furnishing of Service, including, but not limited to, the installation and removal of equipment or associated wiring, except to the extent caused by the other Party's negligence or willful misconduct or by a company's failure to properly ground a pair after disconnection.

(4) Under no circumstance shall a Party be responsible or liable for indirect, incidental, or consequential damages, including, but not limited to, economic loss or lost business or profits, damages arising from the use or performance of equipment or software, or the loss of use of software or equipment, or accessories attached thereto, delay, error, or loss of data. In connection with this limitation of liability, each Party recognizes that the other Party may, from time to time, provide advice, make recommendations, or supply other analyses related to the Services, or facilities described in this Agreement, and, while each Party shall use diligent efforts

in this regard, the Parties acknowledge and agree that this limitation of liability shall apply to provision of such advice, recommendations, and analyses.

(c) Indemnification for Certain Claims. A Provisioning Party, its affiliates and its parent company(s), shall be indemnified, defended and held harmless by each other against any claim, loss or damage arising from the Requesting Party's use of the services provided under this Agreement pertaining to (1) claims for libel, slander, invasion of privacy or copyright infringement arising from the content of the Requesting Party's own communications and the communications of its end-user, or (2) any claim, loss or damage claimed by the Requesting Party's end-user arising from the Requesting Party's use or reliance on the Provisioning Party's Services, unless such claim, loss or damage is due to the negligent or willful misconduct of the Provisioning Party.

(d) No liability for Certain Inaccurate Data. Neither BellSouth nor the ALEC assumes any liability for the accuracy of data provided by one Party to the other and each Party agrees to indemnify and hold harmless the other for any claim, action, cause of action, damage, or injury that might result from the supply of inaccurate data in conjunction with the provision of any service provided pursuant to this Agreement.

(e) Disclaimer. EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES TO THE OTHER PARTY CONCERNING THE SPECIFIC QUALITY OF ANY SERVICES, OR FACILITIES PROVIDED UNDER THIS AGREEMENT. THE PARTIES DISCLAIM, WITHOUT LIMITATION, ANY WARRANTY OR GUARANTEE OF

MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR FROM USAGES OF TRADE.

19. **CONFIDENTIALITY.**

(a) Both Parties agree that it may be necessary to provide each other during the term of this Agreement with certain confidential information, including trade secret information, including but not limited to technical and business plans, technical information, proposals, specifications, drawings, procedures, and aggregated and disaggregated end-user account data and like information (hereinafter collectively referred to as "Information"). Both Parties agree that all Information shall be in writing or other tangible form and clearly marked with a confidential, private or proprietary legend and that the Information will be returned to the owner within a reasonable time. Both Parties agree that the Information shall not be copied or reproduced in any form. Both Parties will use the same standard of care to protect Information received as they would to protect their own confidential and proprietary information.

(b) Both Parties agree to receive such Information and not to disclose such Information to persons who do not have a need to know pursuant to this Agreement. Furthermore, a Party receiving Information from a Party disclosing the Information agrees not to disclose that Information to the receiving Party's sales and marketing employees, agents, and other sales and marketing parties under the direction, supervision and control of the receiving Party.

(c) Notwithstanding the foregoing, both Parties agree that there will be no obligation to protect any portion of the Information that is either: (1) made publicly available by the owner

of the Information or lawfully disclosed by a nonparty to this Agreement; (2) lawfully obtained from any source other than the owner of the Information; (3) previously known to the receiving Party without an obligation to keep it confidential; or (4) disclosed pursuant to the order of a court or government agency of competent jurisdiction, provided reasonable measures are taken to obtain a protective order to maintain the confidentiality of the Information.

(d) Upon request by the disclosing Party, the receiving Party shall return all tangible copies of Information, whether written, graphic or otherwise, except that the receiving Party may retain one copy for archival purposes only.

20. **NOTICES.** All communications to any party thereunder shall be in writing and delivered in person or sent by facsimile, by registered or certified mail (postage prepaid, return receipt requested) or by reputable overnight courier to the respective parties at the following addresses or at such other address for a party as shall be specified in a notice given in accordance with this Section 20 (and shall be deemed to have been given, dated and received when so delivered personally or by courier or sent by facsimile, or if mailed, 48 hours after the time of mailing):

If to ALEC:

William G. Kingsley, Vice President-Telecommunications Businesses
Comcast Telephony Communications of Florida, Inc.
Comcast MH Telephony Communications of Florida, Inc.
1500 Market Street
Philadelphia, PA 19102-2148
Tel. (215) 981-7384
Fax (215) 981-8593

with a copy to:

Stanley Wang, General Counsel

Comcast Corporation
1500 Market Street
Philadelphia, PA 19102-2148

If to Bell South:

BellSouth Account Team
3535 Colonnade Parkway
Suite E4E1
Birmingham, AL
Tel. (205) 977-0535
Fax (205)

with a copy to:
General Attorney
Customer Operations Unit
BellSouth Telecommunications, Inc.
675 W. Peachtree Street, N.E.
Suite 4300
Atlanta, Georgia 30375

21. **WAIVER.** Any failure by a Party to insist upon strict performance by the other Party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions of the Agreement, and each Party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.

22. **FORCE MAJEURE.** In the event performance of this Agreement, or any obligation hereunder, is either directly or indirectly prevented, restricted, or interfered with by reason of fire, flood, earthquake or like acts of God, wars, revolution, civil commotion, explosion, acts of public enemy, embargo, acts of the government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing, or boycotts, unavailability of equipment from vendor, changes requested by Customer, or any other circumstances beyond the

reasonable control and without the fault or negligence of the Party affected, the Party affected, upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis to the extent of such prevention, restriction, or interference (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis until the delay, restriction or interference has ceased); provided however, that the Party so affected shall use diligent efforts to avoid or remove such causes of non-performance and both Parties shall proceed whenever such causes are removed or cease.

23. **GOVERNING LAW.** This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Florida, without regard to conflict of laws principles.

24. **SEVERABILITY.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating remaining provisions hereof or affecting the validity or enforceability of such provisions in any other jurisdiction. The Parties agree to use their reasonable efforts to substitute one or more valid, legal and enforceable provisions which, insofar as practicable, implement the purposes and intent hereof.

25. **ENTIRE AGREEMENT.** This Agreement shall be of no force or effect until executed and delivered by both Parties hereto. This Agreement (including the attachments hereto) constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior oral and written agreements and all prior or contemporaneous oral negotiations, commitments and understandings between such Parties, and this Agreement shall be

amended, modified or canceled, and the terms and conditions hereof may be waived, only by a written instrument signed by each of the Parties hereto.

26. **ASSIGNMENT.** Any assignment by either Party to any non-affiliated entity of any right, obligation or duty, or of any other interest hereunder, in whole or in part, without the prior written consent of the other Party shall be void, which consent shall not be unreasonably withheld or denied. A Party may assign this Agreement or any right, obligation, duty or other interest hereunder to an affiliate, subsidiary or parent company of the Party without the consent of the other Party. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party. No assignment of delegation hereof shall relieve the assignor of its obligations under this Agreement in the event that the assignee fails to perform such obligations.

27. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto, their successors and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the Effective Date set forth above.

BellSouth Telecommunications, Inc.

By: _____
Name: Jerry D. Hendrix
Title: Director-Interconnection Services
Date: 09/24/97

Comcast Telephony Communications of Florida, Inc.

Comcast MH Telephony Communications of Florida, Inc.

By: _____
Name: William G. Kingsley
Title: Vice President-Telecommunication Business
Date: 9/24/97

ATTACHMENT A1

RATES FOR ACCESS TO NETWORK TERMINATING WIRE [1]

Nonrecurring Charges (premises visit, site preparation, pair installation)

	Nonrecurring	Monthly
Site preparation and install initial pairs in Garden Terminal, each terminal	$94.00	--
Site preparation and install initial pairs in Wiring Closet, first 25 pair common connecting block	$94.00	--
Site preparation and install initial pairs in Wiring Closet, additional 25 pair common block, at same premises, on same visit as initial common block	$33.50	--
Additional pairs installed in same Garden Terminal, per subsequent visit	$33.50	--
Additional pairs installed in same Wiring Closet, per subsequent visit	$33.50	
Terminating wire, each pair used [2]	--	$0.49

Note 1:
If determined by the Parties at the initial site meeting, then, in addition to the monthly and nonrecurring rates shown, special construction charges, determined as specified in Section A5 of the Tariff in the case of BellSouth, and such equal charges to be assessed by the ALEC in the case of the ALEC, may apply to recover any costs associated with extraordinary work. Applicable Service Order Charges, per Section A4 of the General Subscriber Services Tariff, will apply on each service request. Only one Service Order Charge applies when a single service request is made to terminate wires at the same premises at the same time.

Note 2:
Monthly Recurring Charges will be assessed when Spare Pairs are active with the Requesting Party's end-user service.

ATTACHMENT B

BONA FIDE REQUEST PROCESS

1.0 Bona Fide Requests are to be used when ALEC-1 requests a change to any Services and Elements, including any new features, capabilities or functionalities.

1.1 A Bona Fide Request shall be submitted in writing by ALEC-1 and shall specifically identify the required service date, technical requirements, space requirements and/or such specifications that clearly define the request such that BellSouth has sufficient information to analyze and prepare a response. Such a request also shall include a ALEC-1's designation of the request as being (i) pursuant to the Telecommunications Act of 1996 or (ii) pursuant to the needs of the business. The request shall be sent to ALEC-1's Account Executive.

1.2 The requesting Party may cancel a Bona Fide Request at any time but will pay the other Party reasonable and demonstrable costs of processing and/or implementing the request up to the date of cancellation.

1.3 Within ten (10) business days of its receipt, BellSouth shall acknowledge in writing, the receipt of the Bona Fide Request and identify a single point of contact and any additional information needed to process the request.

1.4 Except under extraordinary circumstances, within thirty (30) days of its receipt of a Bona Fide Request, BellSouth shall provide to ALEC-1 a preliminary analysis of the Bona Fide Request. The preliminary analysis will include an estimate of BellSouth's development costs (plus or minus 25 percent) and state whether BellSouth can meet ALEC-1's requirements, the requested availability date, or, if BellSouth cannot meet such date, provide an alternative

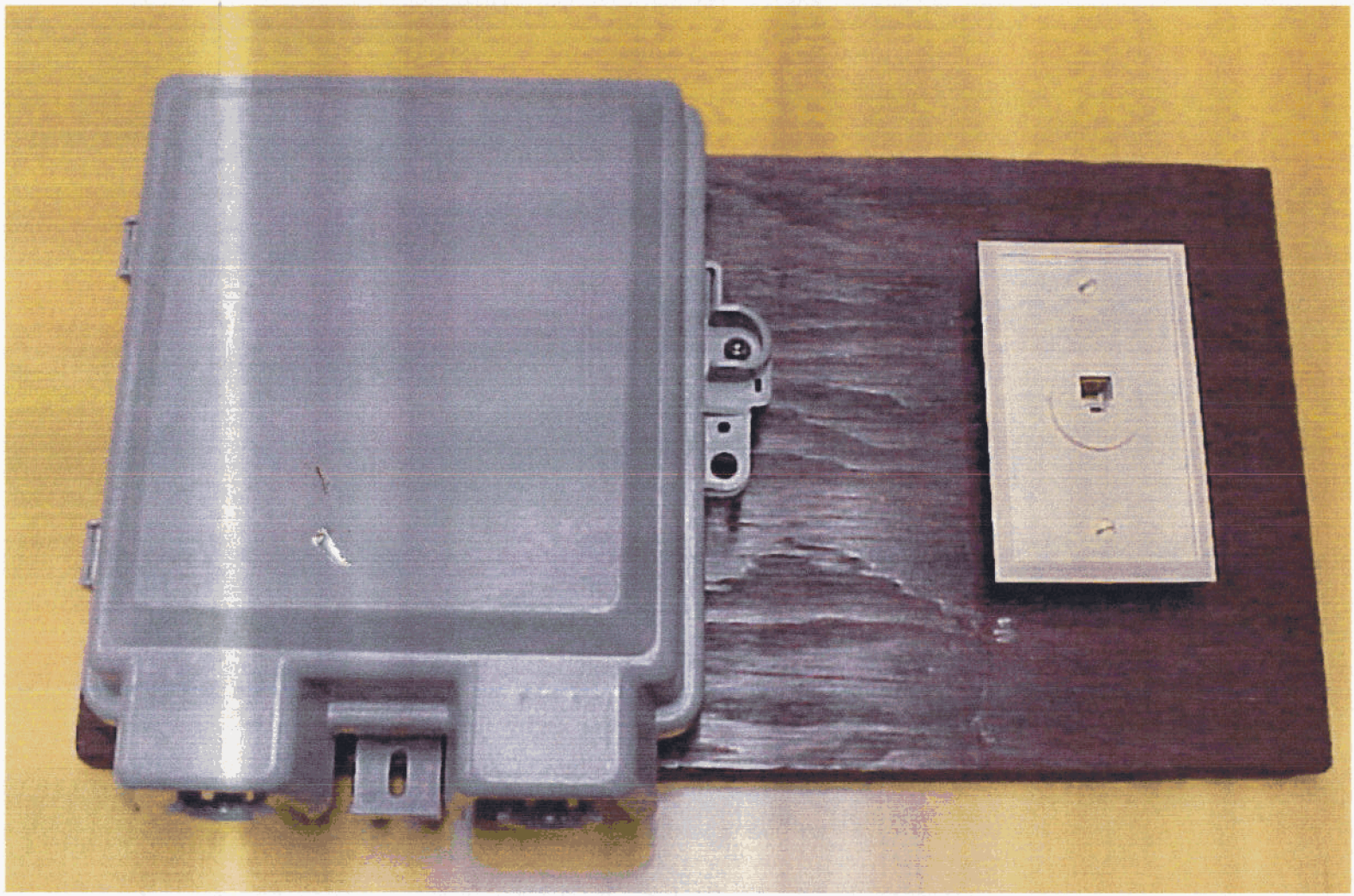
proposed date together with a detailed explanation as to why BellSouth is not able to meet ALEC-1's requested availability date. BellSouth also shall indicate in this analysis its agreement or disagreement with ALEC-1's designation of the request as being pursuant to the Act or pursuant to the need of the business. In no event shall any such disagreement delay BellSouth's processing of the request. If BellSouth determines that it is not able to provide ALEC-1 with a preliminary analysis within thirty (30) days of BellSouth's receipt of a Bona Fide Request, BellSouth will inform ALEC-1 as soon as practicable. ALEC-1 and BellSouth will then determine a mutually agreeable date for receipt of the preliminary analysis.

1.5 As soon as possible, but in no event more than ninety (90) days after receipt of the request, BellSouth shall provide ALEC-1 with a firm Bona Fide Request quote which will include, at a minimum, the firm availability date, the applicable rates and the installation intervals, and a binding price quote.

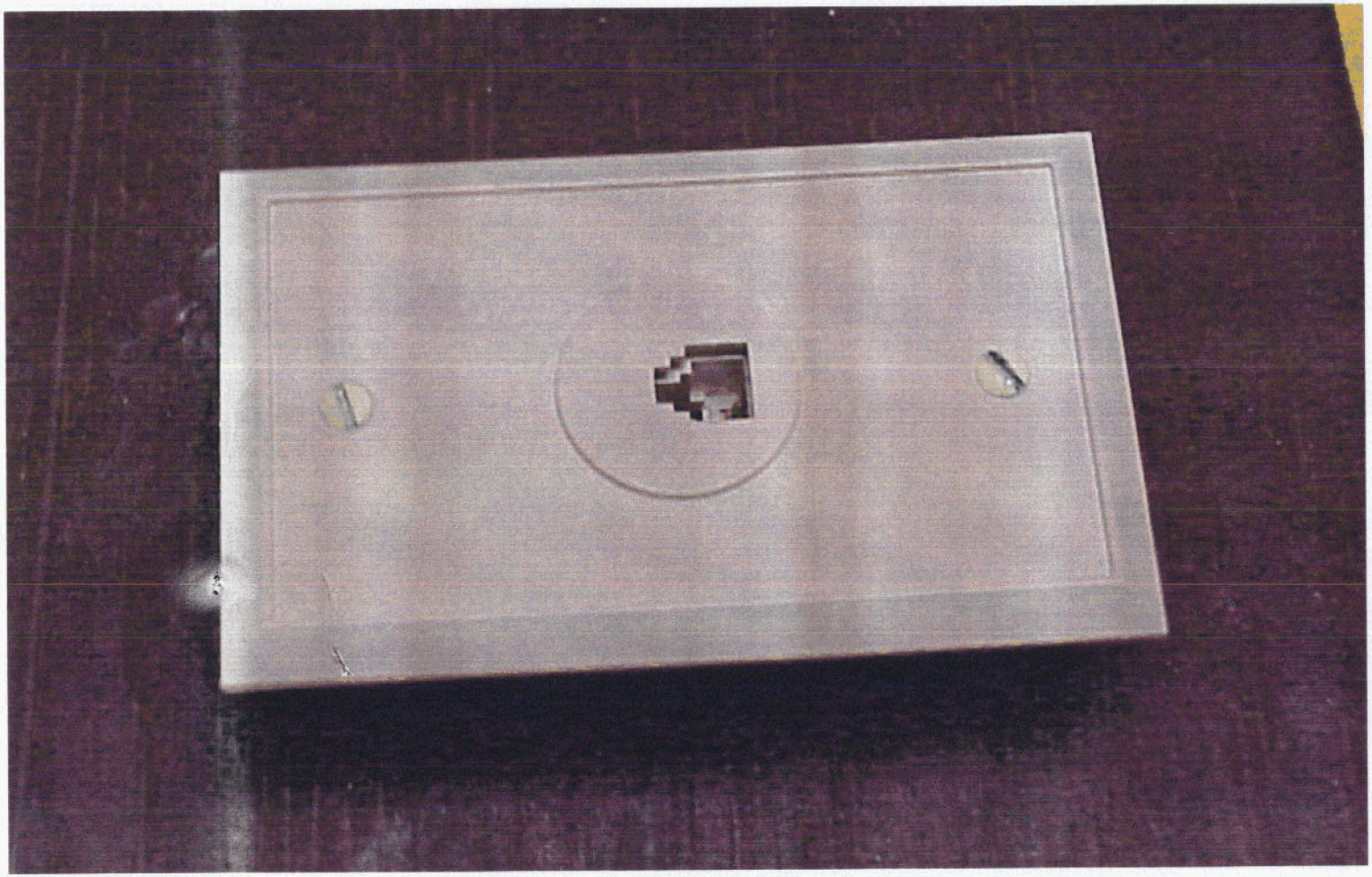
1.6 Unless ALEC-1 agrees otherwise, all proposed prices shall be in accordance with the pricing principles of the Act, and any applicable FCC and Commission rules and regulations.

1.7 Within thirty (30) days after receiving the firm Bona Fide Request quote from BellSouth, ALEC-1 will notify BellSouth in writing of its acceptance or rejection of BellSouth's proposal.

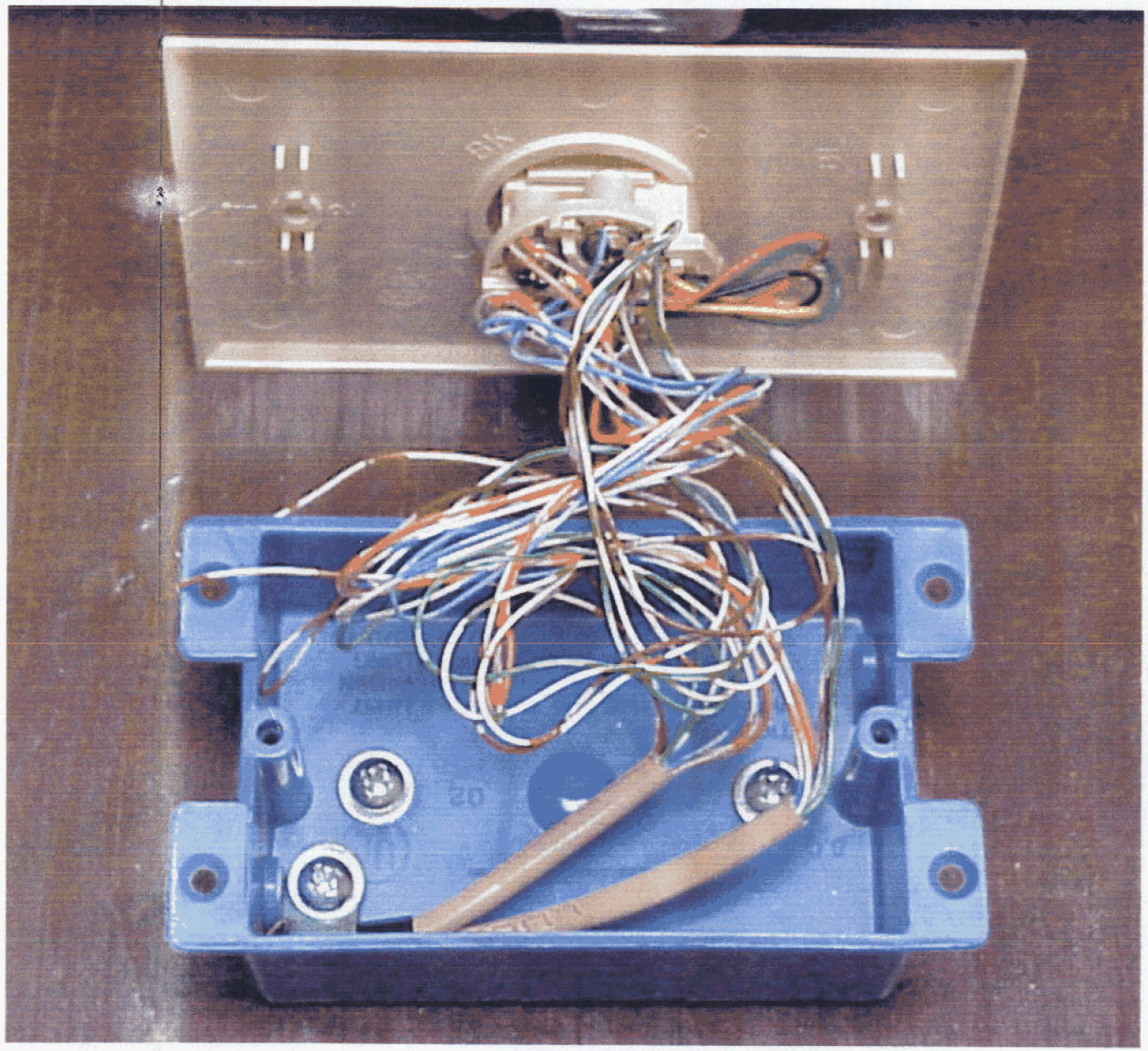
Network Interface Device (NID) with Wall Jack



Telephone Wall Jack



Wall Jack Exposed



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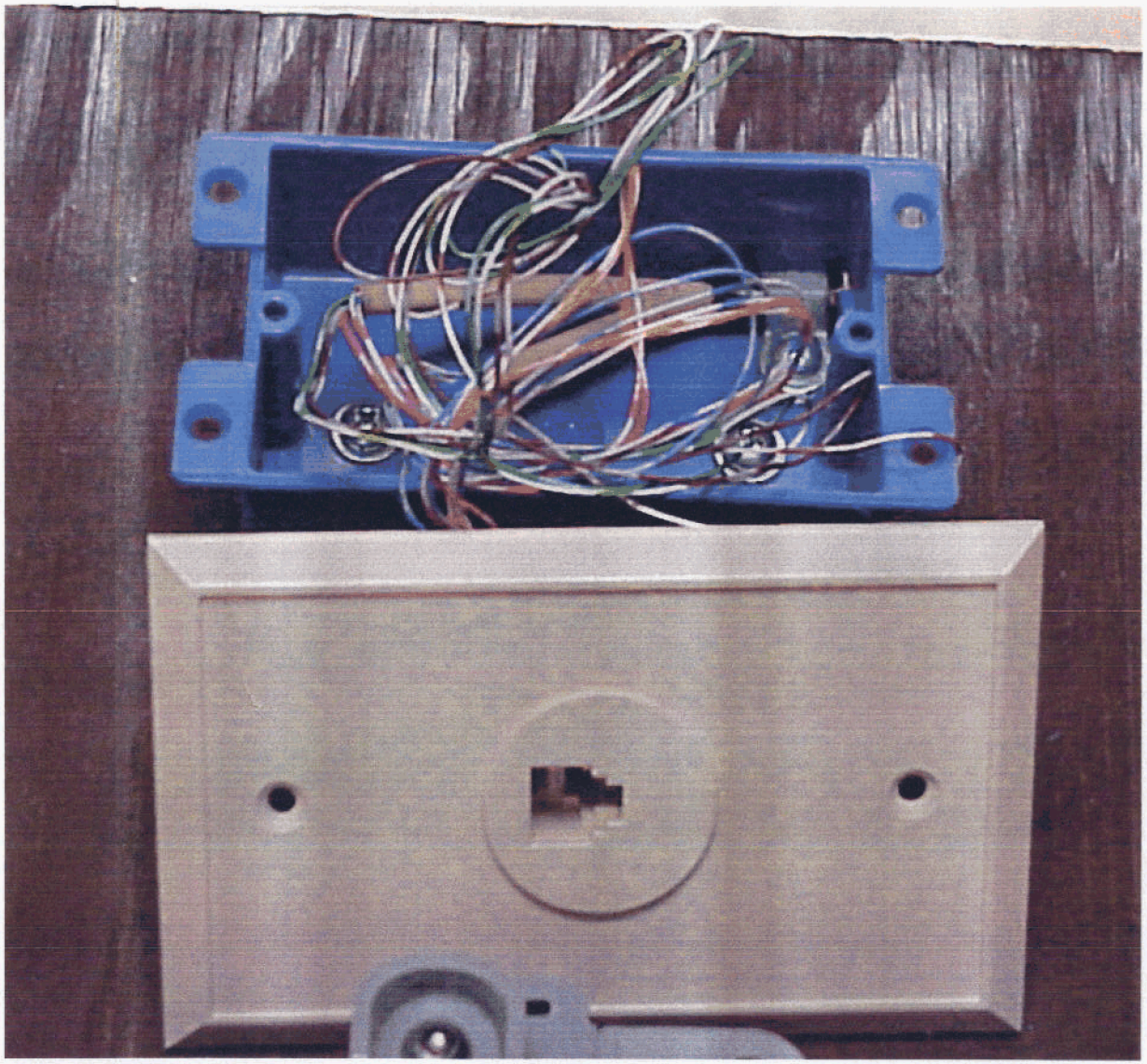
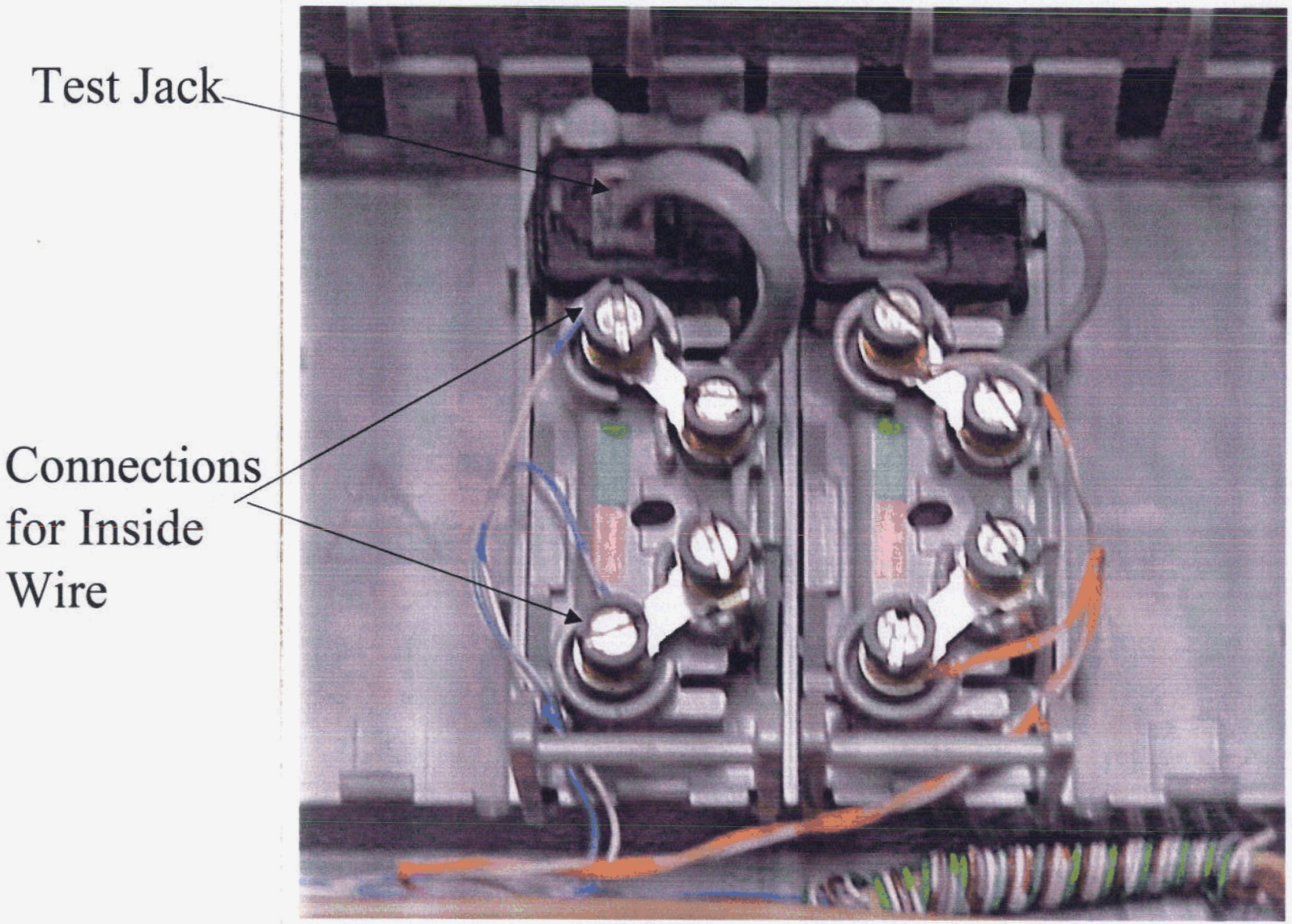
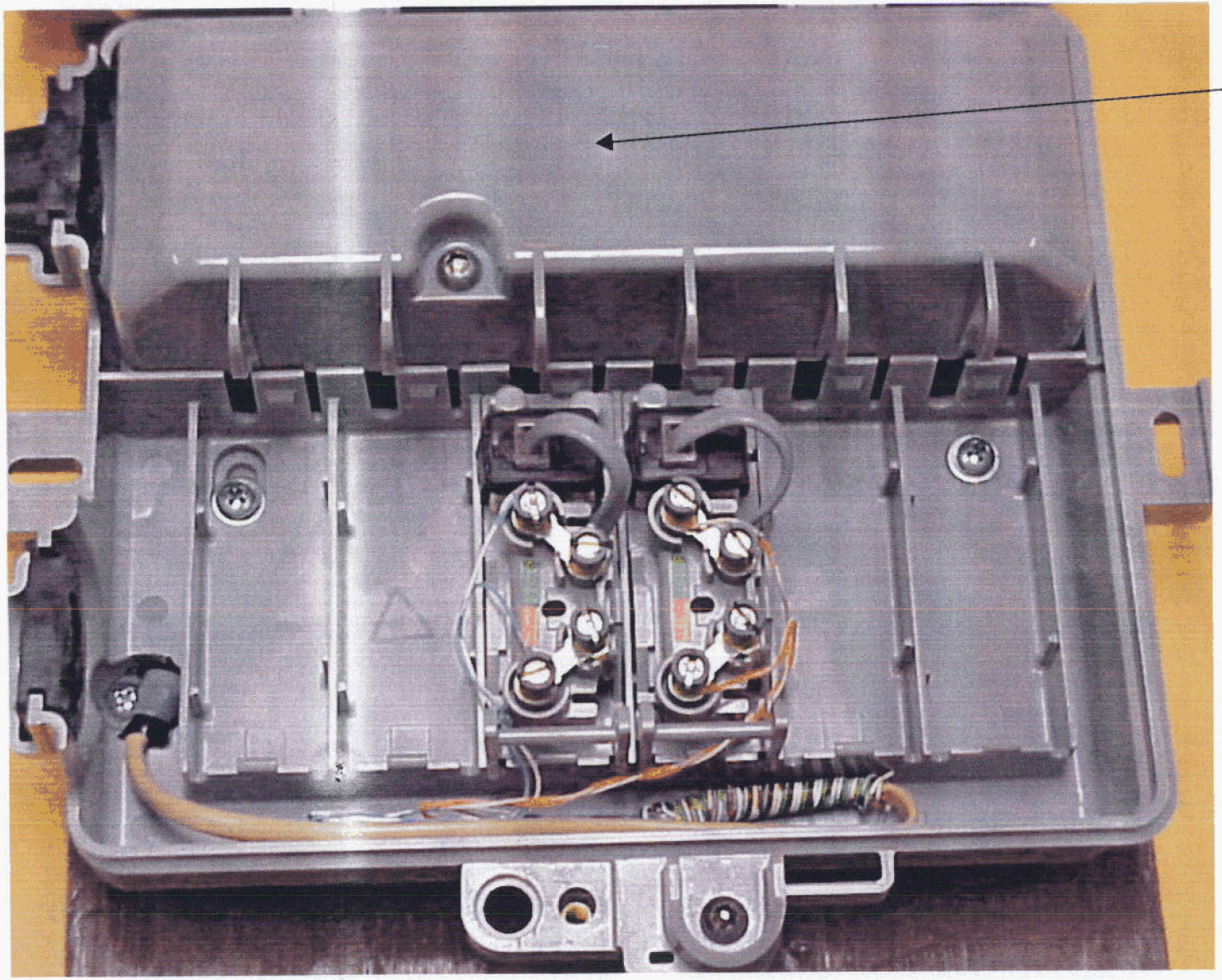


Customer Access Within the NID

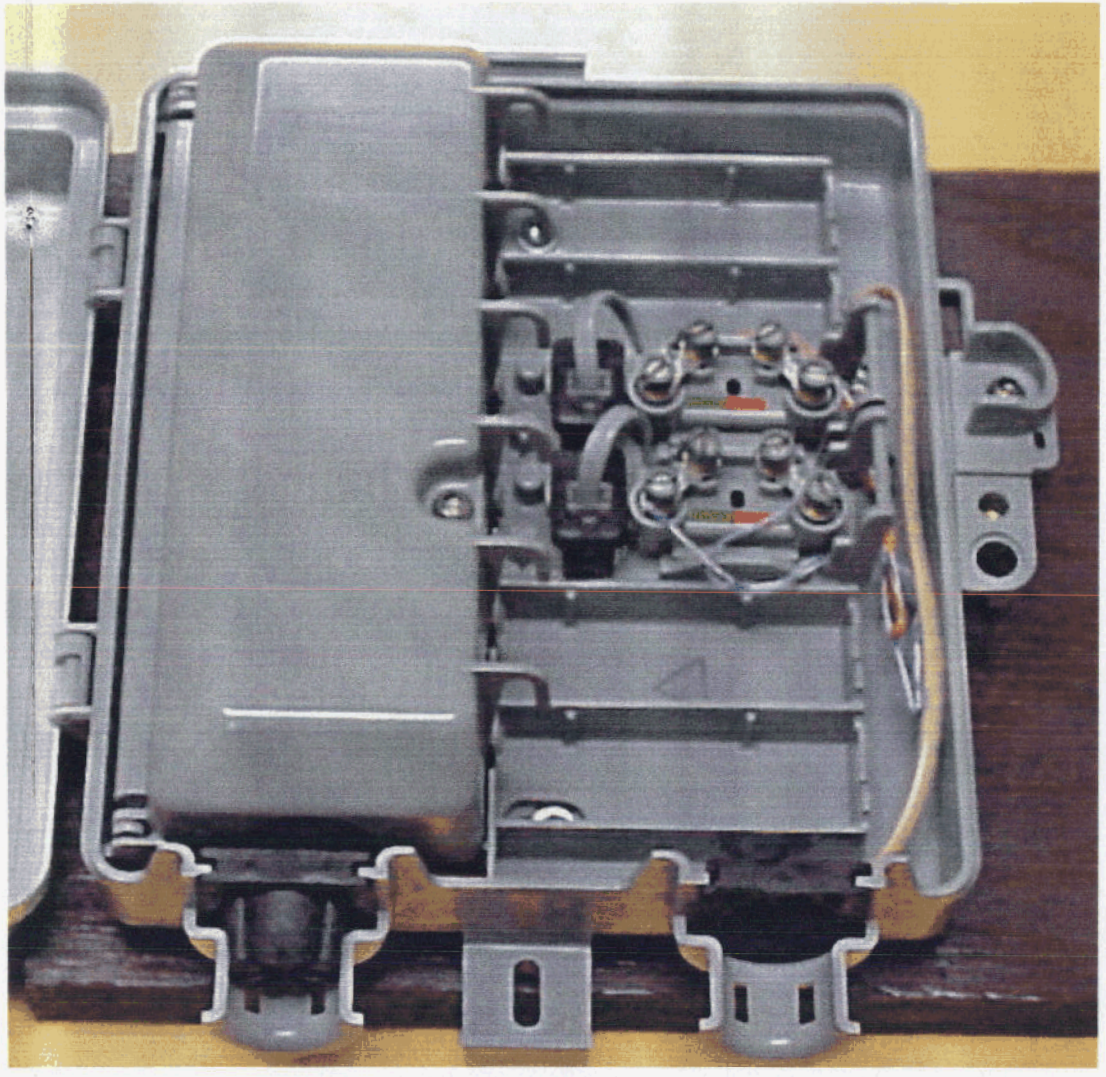


NID Exposed

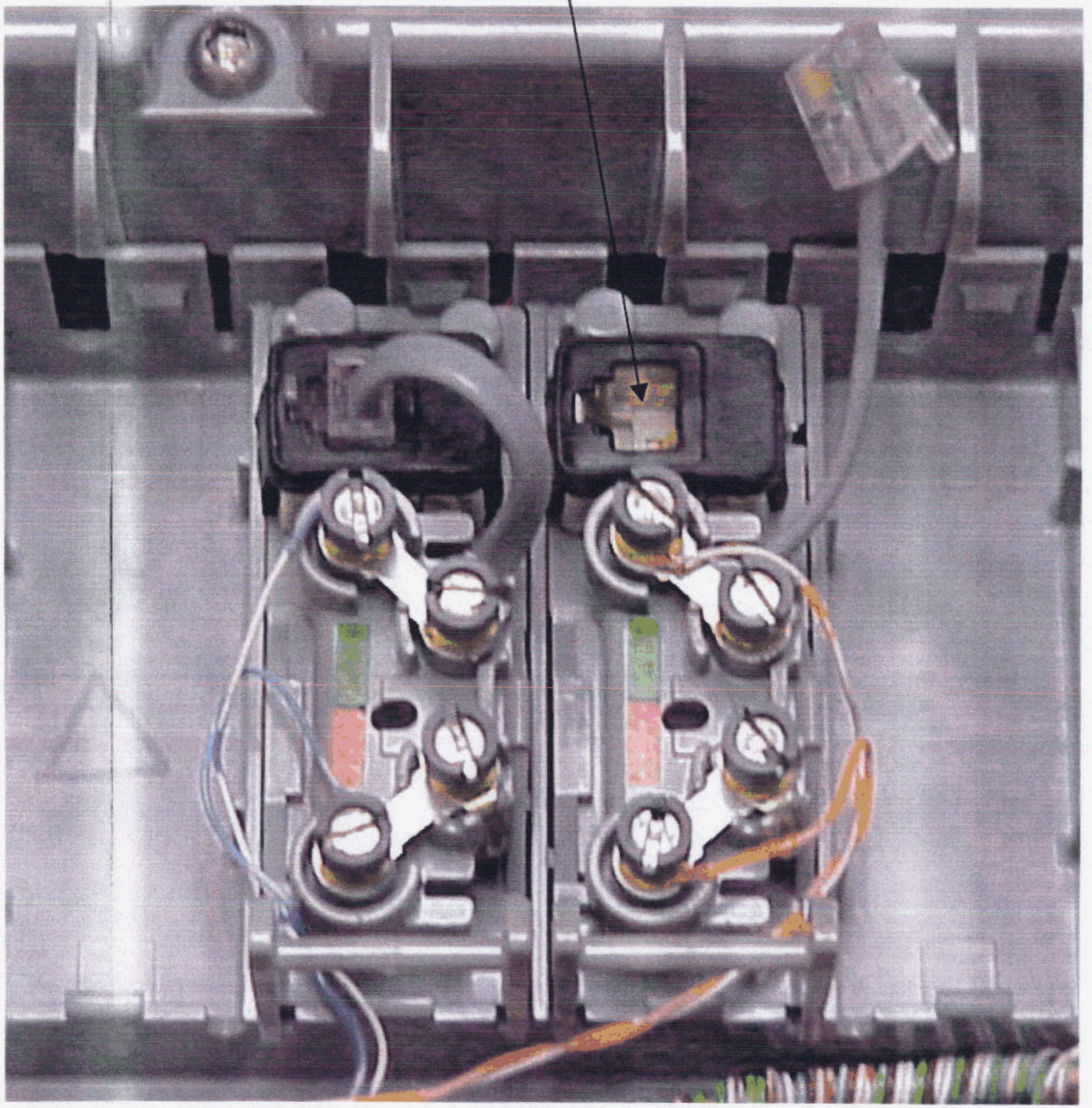


Telco Protective Circuitry Inside

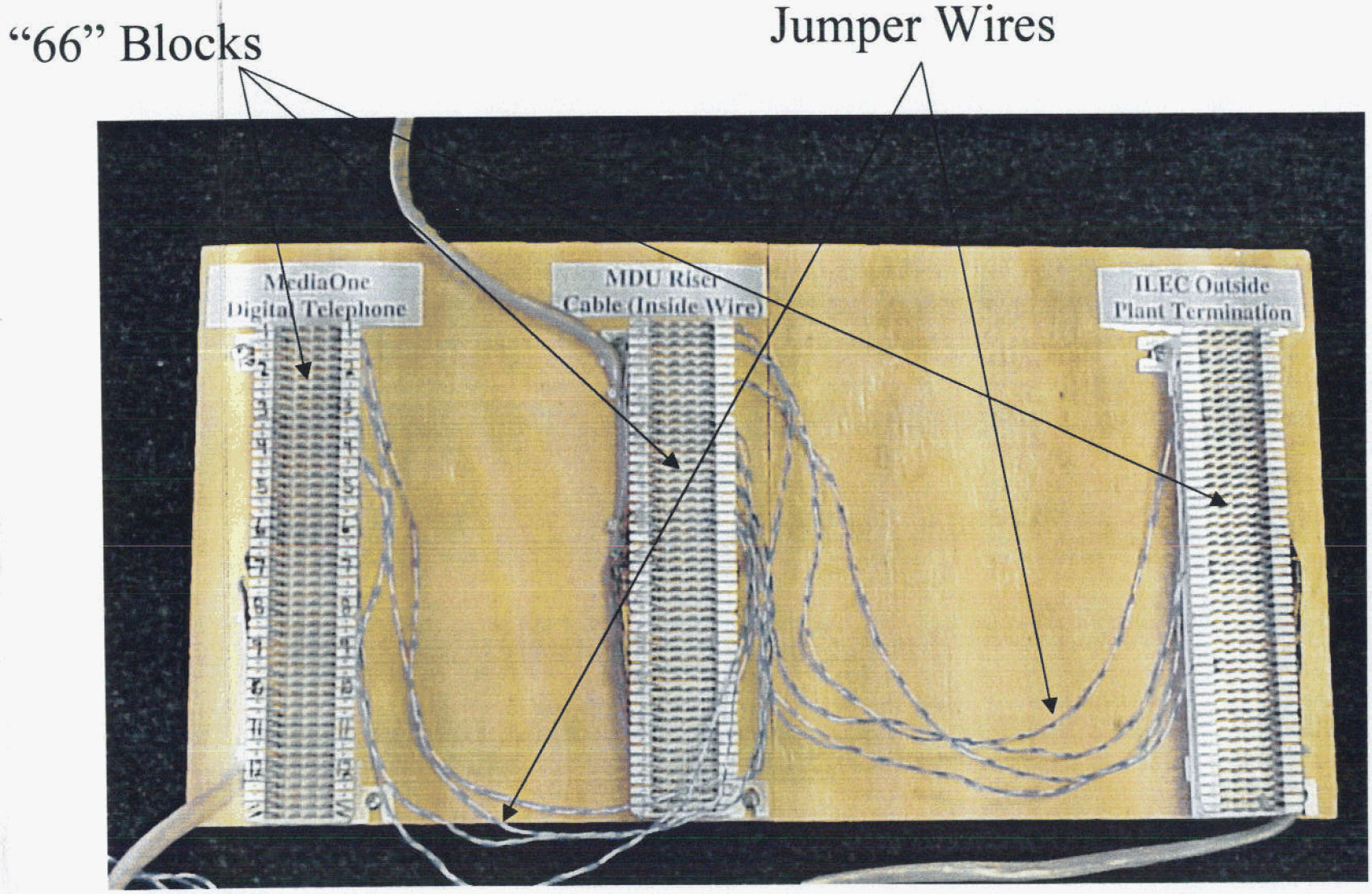
NID Exposed



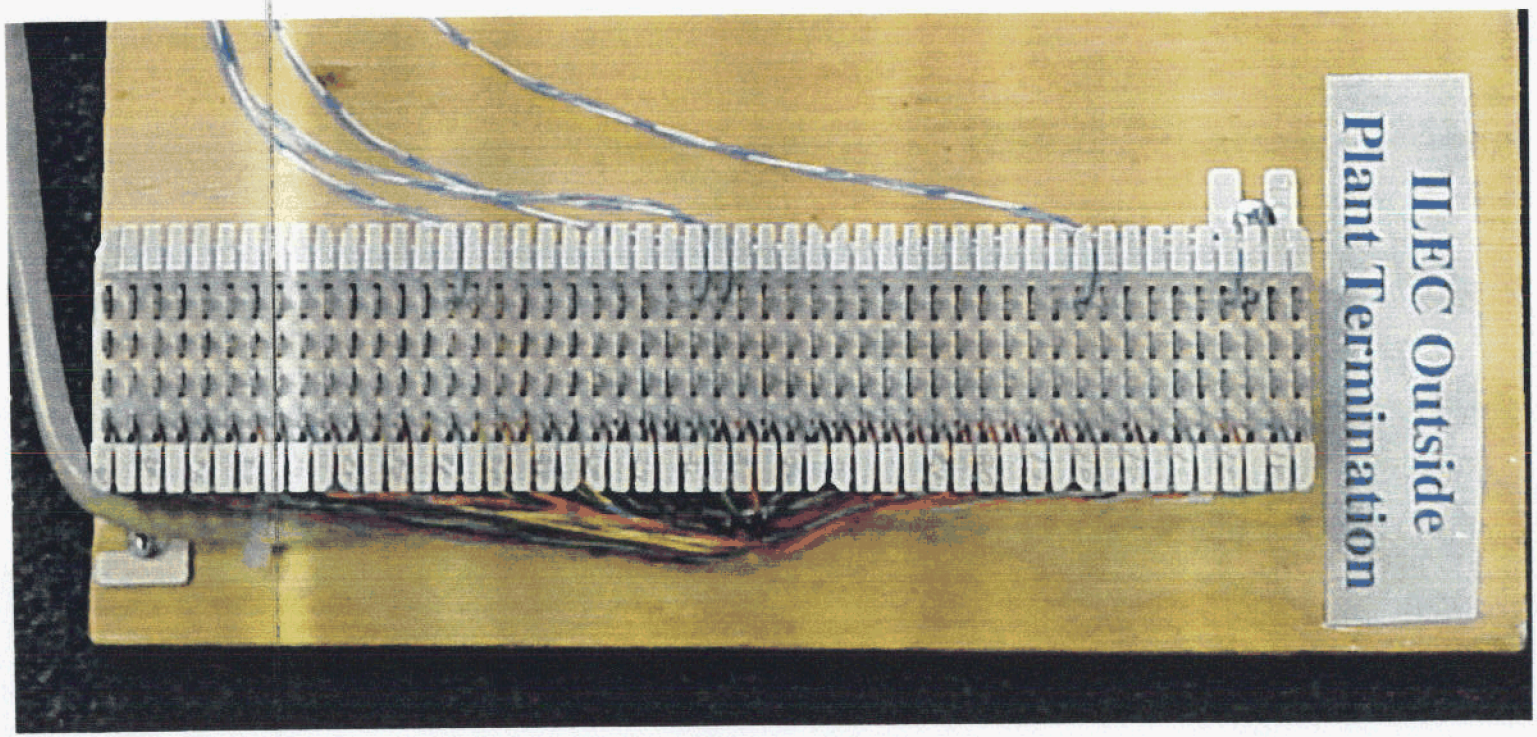
Test Access to Telco Line



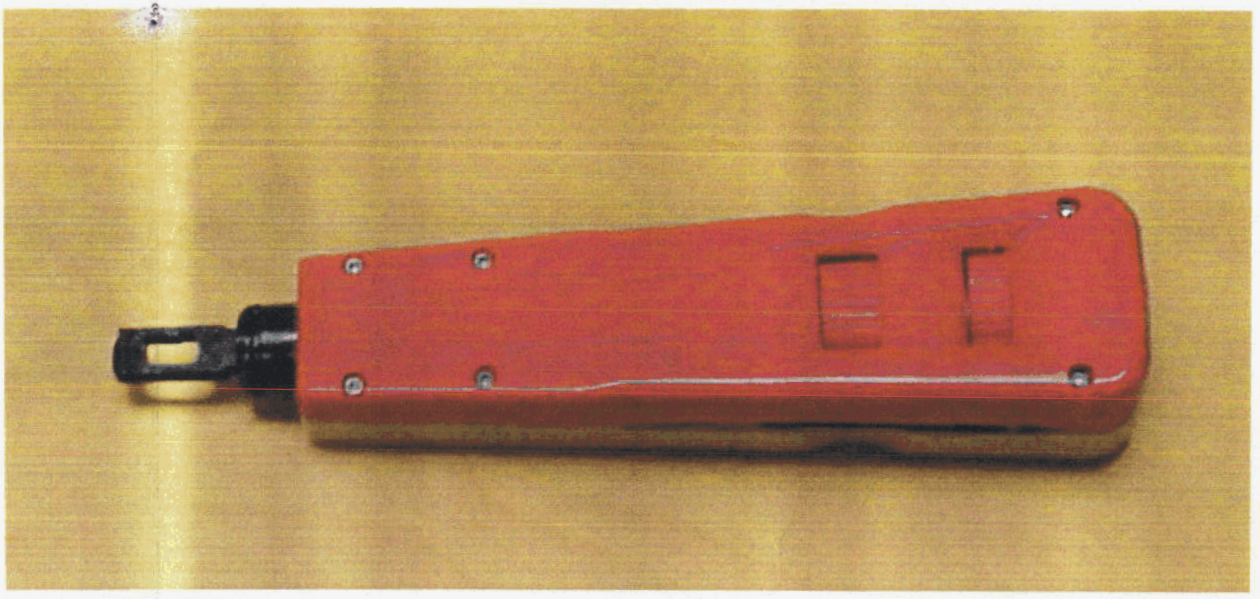
Typical Telephone Equipment Room (Wiring Closet)



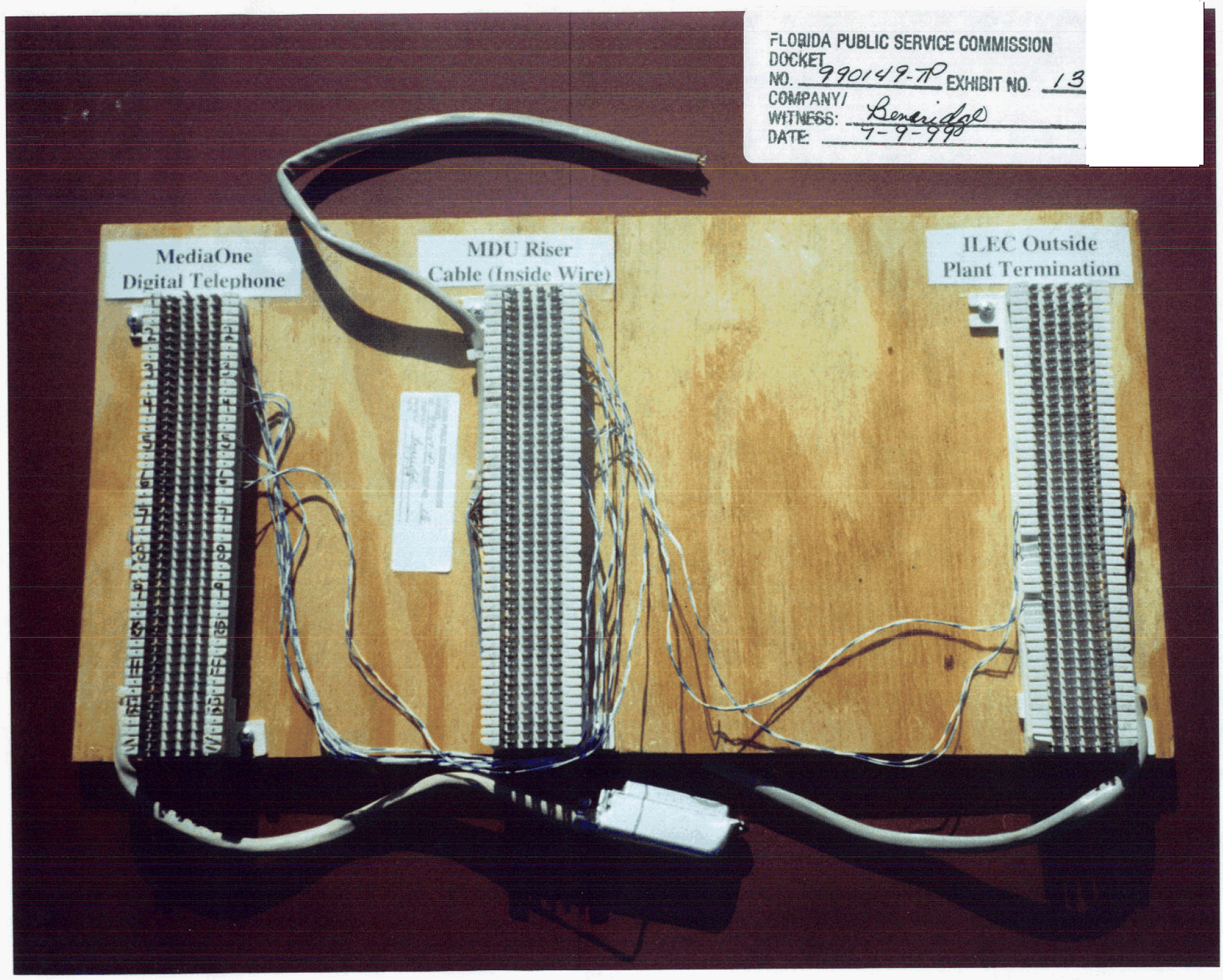
“66” Cross-Connect Block



Punch Down Tool for Placing and Lifting Wires on a Cross-Connect Block

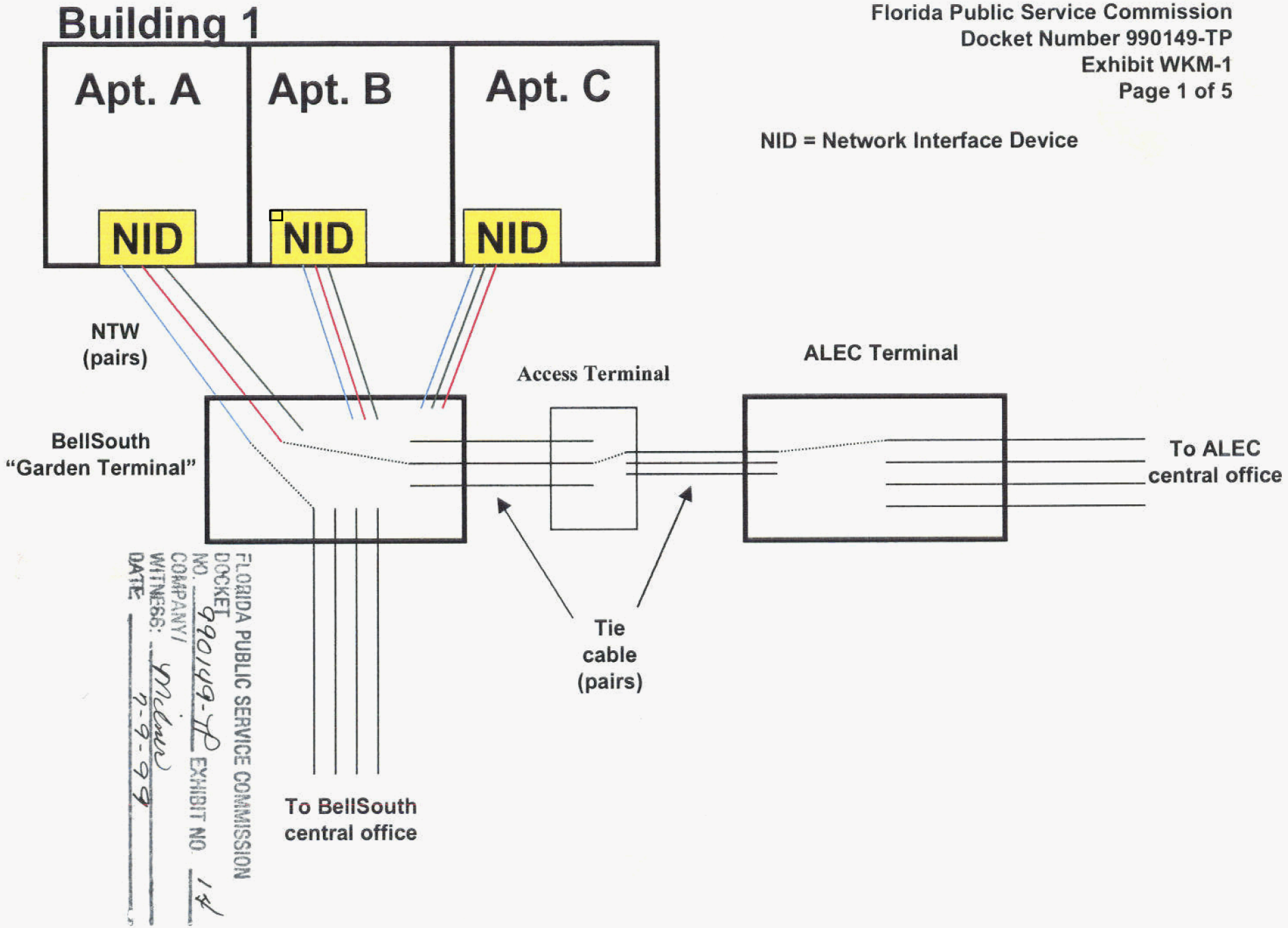


FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 13
COMPANY/ WITNESS: Beneridge
DATE: 7-9-99



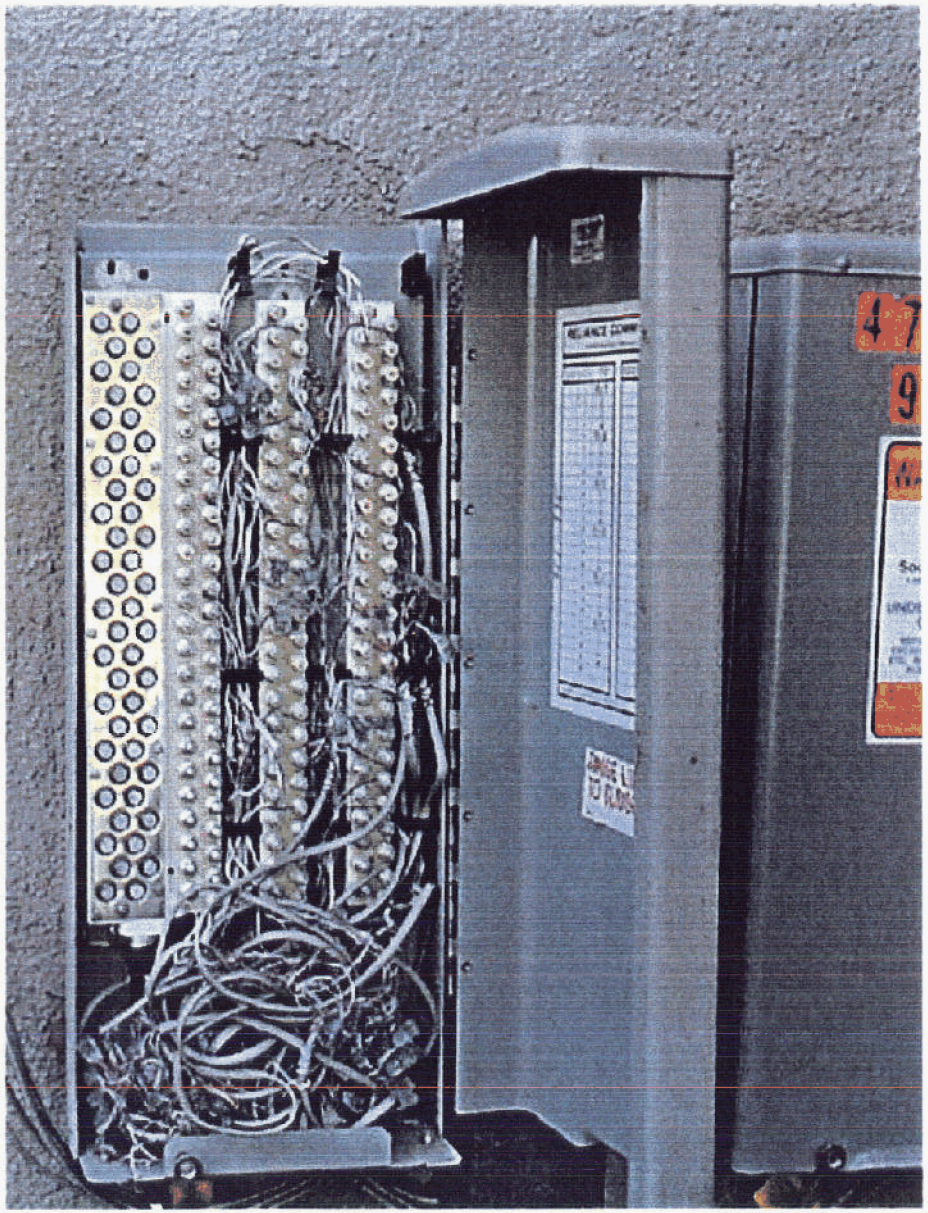
Access to Network Terminating Wire

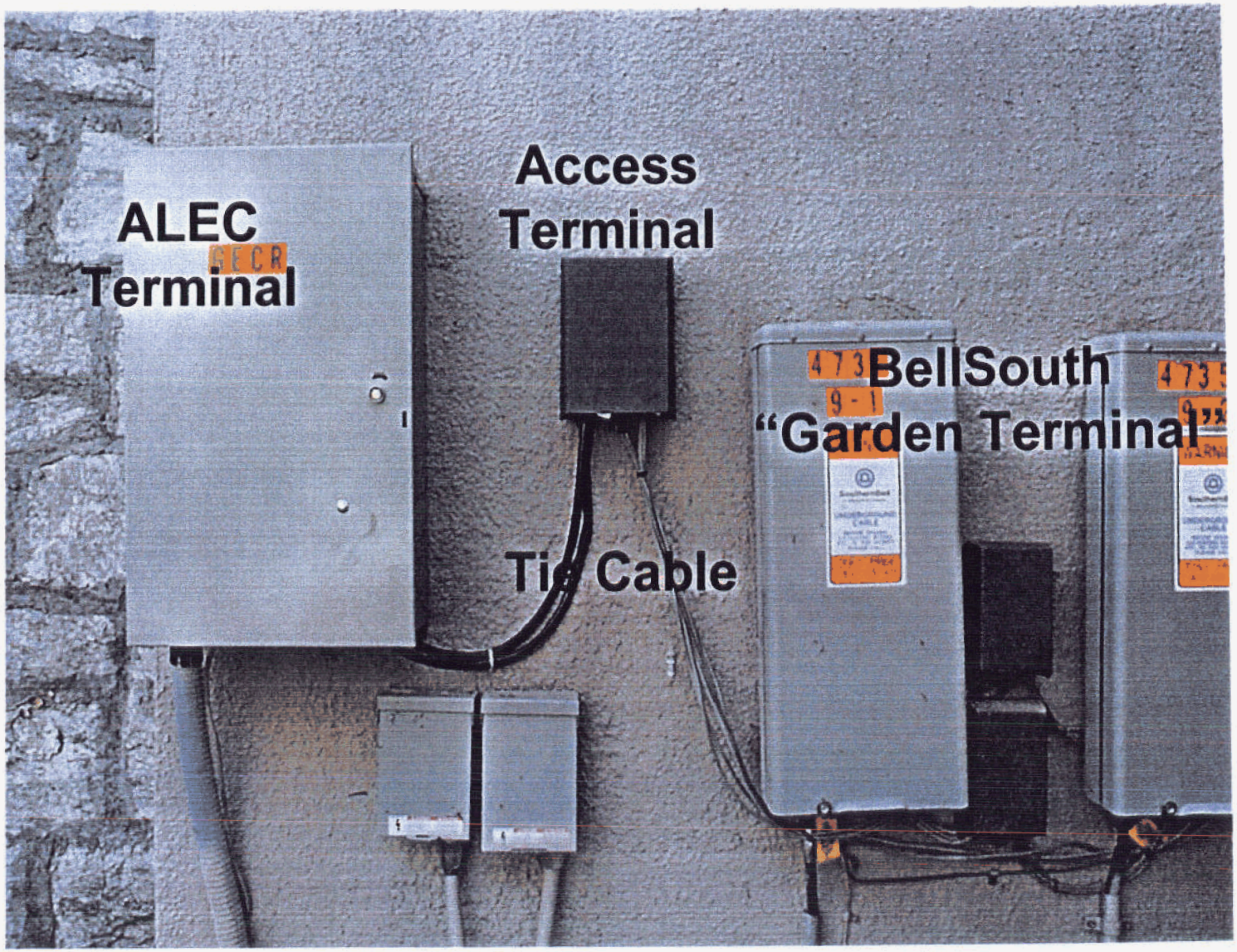
NID = Network Interface Device



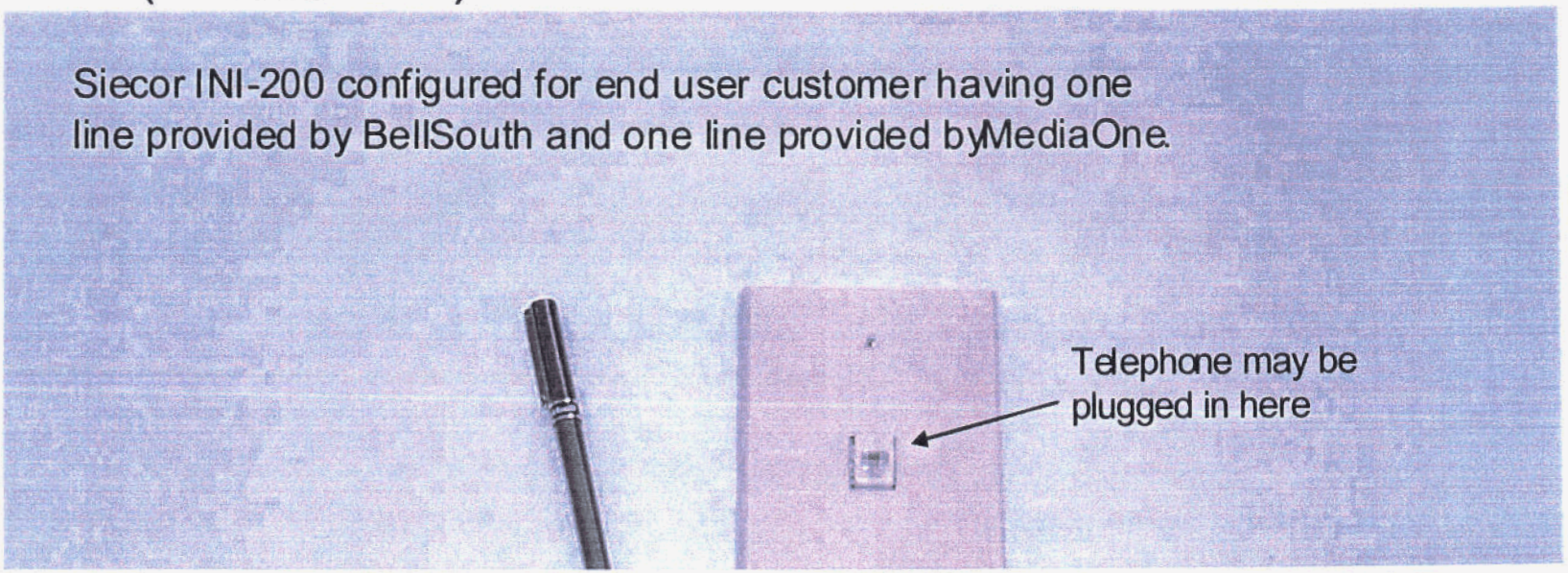
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 1
COMPANY/ WITNESS: Milner
DATE: 2-9-99

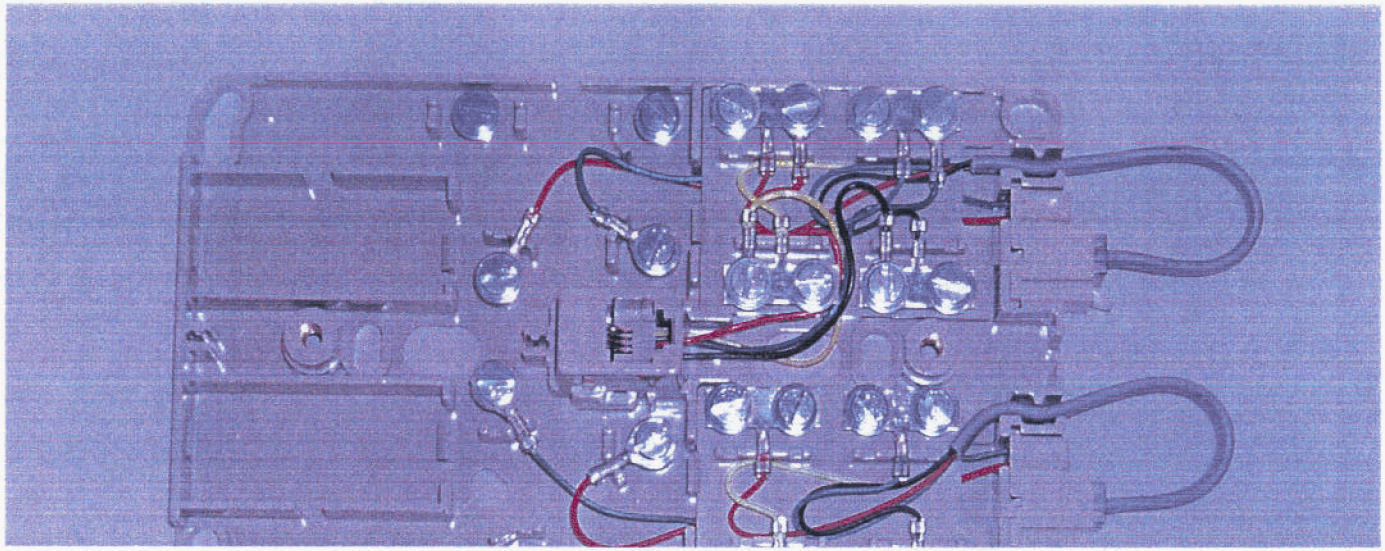
"Garden terminal" Interior view




ALEC
Terminal
Access
Terminal
BellSouth
"Garden Terminal
Tie Cable

Siecor INI-200
Network Interface Device
(exterior view)





Siecor INI-200 Network Interface Device (interior view)

ANNEX 314

CALLING NAME DELIVERY (CNAM) DATABASE SERVICES ANNEX

Effective: _____

This Annex between BellSouth Telecommunications, Inc., a corporation under the laws of the state of Georgia (herein called BellSouth), and MediaOne, Inc., a corporation under the laws of the state of Georgia, herein called the Competitve Local Exchange Carrier (CLEC), sets forth the terms and conditions under which Calling Name Delivery (CNAM) Database Services will be provided by BellSouth to the CLEC.

1.00 DEFINITIONS

For the purpose of this Annex and its Exhibits, the following terms shall be defined as:

CALLING NAME DELIVERY DATABASE SERVICE (CNAM) - The ability to associate a name with the calling party number, allowing the subscriber (to which a call is being terminated) to view the calling party's name before the call is answered. This service also provides the CLEC the opportunity to load and store its subscriber names in the BellSouth CNAM SCPs.

CALLING PARTY NUMBER (CPN) - The number of the calling party that is delivered to the terminating switch using common channel signaling system 7 (CCS7) technology, and that is contained in the Initial Address Message (IAM) portion of the CCS7 call setup.

COMMON CHANNEL SIGNALING SYSTEM 7 (CCS7) - A network signaling technology in which all signaling information between two or more nodes is transmitted over high-speed data links, rather than over voice circuits.

SERVICE CONTROL POINTs (SCPs) - The real-time data base systems that contain the names to be provided in response to queries received from CNAM SSPs.

SERVICE MANAGEMENT SYSTEM (SMS) - The main operations support system of CNAM DATABASE SERVICE. CNAM records are loaded into the SMS, which in turn downloads into the CNAM SCP.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 990149-TP EXHIBIT NO. 15
COMPANY/ WITNESS: Varner
DATE: 7-9-99

SERVICE SWITCHING POINTs (SSPs) - Features of computerized switches in the telephone network that determine that a terminating line has subscribed to CNAM service, and then communicate with CNAM SCPs in order to provide the name associated with the calling party number.

SUBSYSTEM NUMBER (SSN) - The address used in the Signaling Connection Control Part (SCCP) layer of the SS7 protocol to designate an application at an end signaling point. A SSN for CNAM at the end office designates the CNAM application within the end office. BellSouth uses the CNAM SSN of 232.

2.00 SCOPE OF ANNEX

This Annex will cover the terms and conditions and the various scenarios for which BellSouth will provide to the CLEC access to the BellSouth CNAM SCP for query or record storage purposes.

3.00 PHYSICAL CONNECTION AND COMPENSATION

BellSouth's provision of CNAM Database Services to the CLEC requires interconnection from the CLEC's operating area to a BellSouth CNAM Service Control Points (SCPs). Such interconnections shall be established by mutual agreement between BellSouth and the CLEC. The associated compensation shall be described in Exhibit A included in and made a part of this Annex.

In order to formulate a CNAM query to be sent to the BellSouth CNAM SCP, the CLEC must provide its own CNAM SSP. The CLEC CNAM SSPs must be compliant with TR-NWT-001188, "CLASS Calling Name Delivery Generic Requirements".

If the CLEC elects to access the BellSouth CNAM SCP via a third party CCS7 transport provider, the third party CCS7 provider shall interconnect with the BellSouth CCS7 network according to BellSouth's Common Channel Signaling Interconnection Guidelines and Bellcore's CCS Network Interface Specification document, TR-TSV-000905. In addition, the third party provider shall establish CCS7 interconnection at the BellSouth Local Signal Transfer Points (LSTPs) serving the BellSouth CNAM SCPs that the CLEC desires to query.

4.00 CNAM RECORD INITIAL LOAD AND UPDATES

The mechanism to be used by the CLEC for initial CNAM record load and/or updates shall be determined on an individual company basis. The initial load and all updates shall be provided by the CLEC in the BellSouth specified format and shall contain records for every working telephone number that can originate phone calls.

Updates to the SMS shall occur no less than once a week, reflect service order activity affecting either name or telephone number, and involve only record additions, deletions or changes.

5.00 MODIFICATION AND COMPLIANCE

Neither this Annex nor its Exhibits, Supplements or Attachments may be modified except by written agreement signed by authorized officials of both parties.

In addition, no course of dealing or failure of either party to enforce any provision of this Annex or any of its Exhibits shall be construed as a waiver of such provision or any other rights under this Annex or any of its Exhibits.

6.00 TERM OF ANNEX

This Annex and its Exhibits shall remain in effect until canceled by either party with or without cause upon giving the other party three months written notice thereof, subject to termination liability as reflected in individual Exhibits, Supplements or Attachments made a part of this Annex.

Cancellation of the entire Annex will include cancellation of all Exhibits, Supplements, and Attachments thereof; however, such cancellation shall not negate any termination liability specified in individual Exhibits, Supplements or Attachments.

7.00 PROTECTION OF PROPRIETARY INFORMATION

Each party agrees to protect the proprietary information entrusted to it by the other party. Such proprietary information shall include this Annex and its Exhibits, Supplements and Attachments, and shall be held in confidence by the receiving party and only be disclosed to those employees, contractors or agents who have a

need for it in order to provide telecommunications services required to fulfill this Annex and its Exhibits. BellSouth agrees to use the customer names and numbers provided by the CLEC for the purposes of Customer Name Delivery Database Services only.

Any proprietary informnation that is furnished to either party shall be clearly marked as proprietary and shall be treated as such by the receiving party. Such information shall remain the property of the originating party and shall be returned upon request.

Each party agrees to give immediate notice to the other party of any legal demands to disclose proprietary information prior to disclosing such information.

CLEC CNAM records provided for storage in the BellSouth CNAM SCP shall be available, on a SCP query basis only, to all parties querying the BellSouth CNAM SCP. Further, CNAM service shall be provided by each party consistent with state and/or federal regulations on privacy treatment.

8.00 INDEMNIFICATION

To the extent not prohibited by law, BellSouth and the CLEC agree to indemnify the other and hold the other harmless against any loss, cost, claim, injury, or liability relating to or arising out of negligence or willful misconduct by the indemnifying party or its agents or contractors in connection with the indemnifying party's provision of services and facilities, or the other party's provision of services and facilities to the indemnifying party, under this Annex; provided, however, that any indemnity for any loss, cost, claim, injury or liability arising out of or relating to errors or omissions in the provision of services or facilities under this Annex shall be limited as otherwise specified in this Annex. The indemnifying party under this Section agrees to defend any suit brought against the other party for any such loss, cost, claim, injury or liability. The indemnified party agrees to notify the other party promptly, in writing, of any written claims, lawsuits, or demands for which the other party is responsible under this section and to cooperate in every reasonable way to facilitate defense or settlement of claims. The indemnifying party shall not be liable under this Section for settlement by the indemnified party of any claim, lawsuit, or demand tendered to it in writing, and for which it has failed to assume such defense.

BellSouth and the CLEC agree with respect to services and facilities provided hereunder, to indemnify and save the other party harmless from liabilities, claims or demands (including the costs, expenses and reasonable attorneys, fees, on account thereof) that may be made by persons furnished by the other party or by any of its subcontractors, under Worker's Compensation or similar statutes. BellSouth and the CLEC agree to defend any such suit brought

against the non-owner for any such liability, claim or demand. Each party agrees to notify the other party promptly, in writing, of any claims or demands for which it is claimed that the other party is responsible and to cooperate in every reasonable way to facilitate defense or settlement of claims.

No claims or adjustments of such charges, or any other claims with respect to this Annex may be made more than two years after the-date of the event that gave rise to the claim, except where such limitations are contrary to law; provided, however, that claims for indemnity under this section may be made within two years of the commencement of the proceeding on the cause of action for which indemnity is sought, except where such limitations are contrary to law.

IN WITNESS WHEREOF, the parties hereto have caused this Annex to be signed by duly authorized officers this 4TH day of March, 1997.

WITNESS:

Notary Public, Fulton County, Georgia
My Commission Expires July 24, 1999

MediaOne, Inc.

BY:

TITLE: Director - Interconnection & Telephony Interface Services

WITNESS:

Notary Public, [illegible] County, GA
My Commission Expires Feb. 19, 2000

BELLSOUTH TELECOMMUNICATIONS, INC.

BY:

TITLE: VP - Marketing

EXHIBIT A

CALLING NAME DELIVERY (CNAM) DATABASE SERVICES COMPENSATION

Effective: 4/21/97
LCIP

Attached to and made part of the Calling Name Delivery Database Services Annex 314.

The following recurring flat rate will be the charge for access to the BellSouth CNAM SCP:

$50.00 per 1,000 access lines per month

The access line count is determined by the number of working access lines in every switch in which the CNAM capability is installed.

The recurring flat rate will convert to a per query usage rate once query usage measurement capability becomes available.

A non-recurring fee of $595.00 is applicable when the CLEC uses the Character Based User Interface (CHUI) method to transmit the names to the BellSouth CNAM database.

Executed this 4TH day of March, 1997.

WITNESS:
Linda M Barley
Notary Public, Fulton County, Georgia
My Commission Expires July 24, 1999

MediaOne, Inc.
BY: Linda L. Rogers
TITLE: Director- Interconnection & Telephony Interface Services

WITNESS:
Janice E Padgett
Notary Public, Gwinnett County, GA
My Commission Expires Feb. 19, 2000

BELLSOUTH TELECOMMUNICATIONS, INC.
BY: W. Keith Lee
TITLE: VP - Marketing

BellSouth Telecommunications, Inc
Florida PSC Docket No. 990149-TP
Exhibit AJV-2
Page 1 of 4

BellSouth Calling Name Database Service (CNAM)

Related Documents/Sites:
* CNAM Brochure (in PDF format, 141 Kb)

On This Page:

Service Description

CNAM Database Storage allows CLECs, independent companies, wireless providers and paging companies to store and access name and number information in the BellSouth Calling Name Database. It's an efficient solution for customers that don't have their own CNAM database nor want to maintain one.

BellSouth's SS7 and AIN network reliability and integrity, as well as the large and accurate database of names, give the BellSouth CNAM service a decided edge over the competition.

Caller ID is woven into the fabric of end-users' telephone communications. In fact, more than 30 percent of customers in the Southeast use Caller ID, making it **one of the most popular features** in a short time since its introduction.

In such a competitive environment, carriers need to ensure they offer the features customers want to have and use. CNAM Database Storage enables you to do just that.

Benefits

CNAM Database Storage frees you from establishing and/or maintaining your own database. This service enables you to provide calling name delivery services, which can ultimately increase company value to the end user and positively impact your profits.

That's money in your pockets.

With a market price for Calling Name at $7.50 per customer per month, you could be missing out on a lot of potential revenue. The average cost for you to use CNAM is $2.25 per customer per month (based on an average number of 225 database queries per month, at $0.01 per query). Using this example, you can **increase your contribution by $5.25 per customer per month** - with no

minimums.

Note: The above are estimates based on averages. Actual prices and revenues depend on your pricing of Calling Name and number of queries per customer per month.

With BellSouth CNAM, you have access to a large volume of names -- from the extensive BellSouth customer database plus sharing agreements with other large database owners. Many out-of-region calls WILL provide the caller's name instead of just city, state, and number. That makes customers happy and increases their satisfaction with the service.

Plus, you have the confidence that the BellSouth CNAM database contains CURRENT customers. The database is **updated daily** to ensure the accuracy of the names provided.

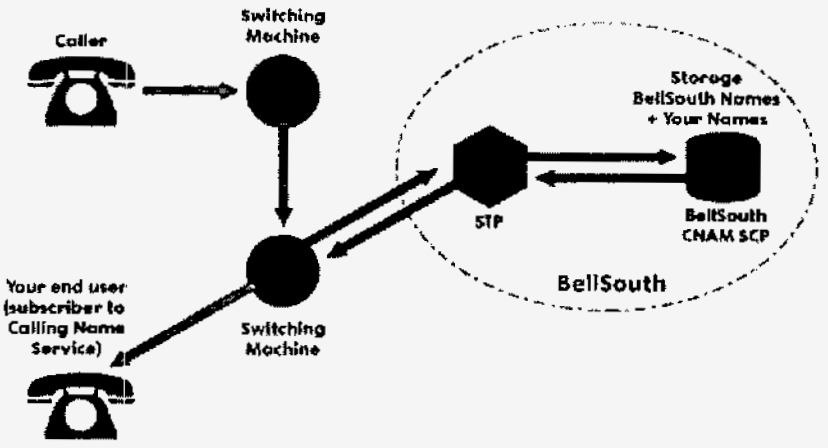
With BellSouth CNAM, we not only provide you with the information to make your Calling Name feature a winner; we also give you the tools to enhance sales efforts to reach your end users.

BellSouth Interconnection Services will provide you with a Calling Name Database Service Starter Kit. The Starter Kit is a comprehensive manual full of sample marketing materials and suggestions, such as advertisements, direct mail pieces and a press release. The Starter Kit also includes detailed implementation and technical information to ensure that you are accessing and using the Calling Name Database Service effectively.

Service Design

When one of your end users initiates a call to another end user subscribed to your Calling Name Service, call setup information is passed to the called party's switch. The called party's switch then queries the BellSouth STP for Calling Name Information. If necessary, this connectivity can be accomplished through a third party STP. The BellSouth STP then passes the query to the BellSouth CNAM SCP for resolution. Calling Name Information is then passed back through the BellSouth STP to your switch and the subscriber's Caller ID unit.

BellSouth Calling Name Database Service



When an out-of-region caller places a call to your subscriber, call setup information is passed to your subscriber's switch. Your switch queries the BellSouth STP for Calling Name Information as before. For out-of-region callers, the BellSouth STP then passes the query to an out-of-region CNAM SCP for resolution. Calling Name Information is returned through the BellSouth STP to your switch and the called party.

BellSouth's extensive CNAM Database gives you the reach beyond our region, offering more detail to your customers.

Availability & Pricing

You can easily get started with BellSouth CNAM because there are no monthly rates to tie up your funds. You simply pay for each query you perform on the CNAM Database.

We've developed a simple example to demonstrate the contribution generating potential CNAM offers your business. Assuming that you place 225 CNAM queries per month per customer (an expense of $2.25 per customer), that you have a penetration Calling Name service penetration rate of 30%, and that you charge your customers $7.50 per month for the service, you can expect the following:

With 1,000 customers --

Contribution = 1,000 * 30% * ($7.50 - $2.25) = **$1,575 per month**

That means for each Calling Name service customer (again assuming 225 CNAM queries) you stand to make an additional $5.25 each month.

CNAM is currently available to carriers in the Southeast only - but the caller names available in the database stretch well beyond the region. **This storage service will soon be available nationwide.**

Ordering & Implementation

BellSouth CNAM is not a tariffed product. The service is provided on a contract basis -- for more information or to sign a contract, contact your dedicated Account Team.

Once you have decided on BellSouth CNAM service, your Account Team will provide you with the Starter Kit which includes the CNAM Implementation Package. The Implementation Package includes the following:

- Data Transmission Methods
- Record Layout
- Switch Translations
- Trouble Resolution
- Implementation Form

BellSouth Telecommunications, Inc.
Florida PSC Docket No. 990149-TP
Exhibit AJV-2
Page 4 of 4

Florida Price List

Cost Ref. #	Rate Element	Recurring	Nonrecurring	
			First	Additional
A.15	*UNBUNDLED NETWORK TERMINATING WIRE*			
A.15.1	Unbundled Network Terminating Wire (NTW)	.6011		
A.15.2	NTW Site Visit – Survey, per MDU/MTU Complex		171.16	
A.15.3	NTW Site Visit – Setup, per terminal		75.28	48.37
A.15.4	NTW Access Terminal Provisioning including first 25 pair panel, per terminal		101.09	100.25
A.15.5	NTW Existing Access Terminal Provisioning, second 25 pair panel, per terminal		29.75	28.90
A.15.6	NTW Pair Provisioning, per pair		4.48	3.64
A.15.7	NTW Service Visit, Per Request, per MDU/MTU Complex		40.47	

BellSouth Interconnection Services
675 West Peachtree Street
Atlanta, Georgia 30375

Customer Letter / Announcement
SN91081384

Date: November 11, 1998

To: All BellSouth Interconnection Services Customers

Subject: Local Number Portability Deployment

Local Number Portability (LNP) is mandated in the Federal Communications Commission's (FCC) Order in CC Docket 95-116 (Telephone Number Portability). By the end of 1998, BellSouth will have deployed LNP in twenty-one Metropolitan Statistical Areas (MSAs). Pursuant to the FCC's Order, the deployment began with the largest MSA and continued with the next largest until fully deployed.

While the order provided the sequence of MSAs, it did not address which switches should be equipped for LNP within the MSA. The carriers that participate in the Southeast Region Operations Workshop have developed a mutually agreeable switch selection process[1]. Generally, the selection process was as follows:

1. Incumbent Local Exchange Carriers provided a list of their switches within the MSA to the carriers.
2. The carriers selected the switches of interest and prioritized them as high, medium or low.[2]
3. Based on the data, BellSouth developed an office by office (ObO) schedule.
4. The ObO schedule was provided to the carriers in the Southeast Region Operations Workshop.
5. Carriers used this information to develop implementation plans.

For offices outside this initial twenty-one MSAs, there was no schedule mandated. The FCC recognized that further scheduling of offices should be left to the carriers.

To allow for an orderly scheduling and deployment of offices, BellSouth developed a preliminary schedule for 1999 and first quarter of 2000. This schedule was developed in a manner similar to the original FCC Order. That is, as a general rule, the largestMSAs within each state are scheduled first and proceed by size to the smallest.

BellSouth presented this schedule to the carriers at the Southeast Region Operations Workshop on August 18, 1998. During September, carriers provided proposed modifications to the schedule.

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[1] The Southeast Region Operations Workshop is a voluntary participation of southeast telecommunications carriers who meet regularly to develop inter-company processes and arrangements.

[2] Any office marked high, medium or low was equipped.

Attached is the deployment schedule developed from these discussions and agreements

We hope that this advance scheduling will assist you in your LNP planning activities for the coming year. If you have any questions, please contact your account team representative.

Sincerely,

ORIGINAL SIGNED BY JIM BRINKLEY

Jim Brinkley - Director
Interconnection Services

Attachment

State	MSA	Ready to Port	Wire Center	CLLI Code
AL	AL - ANTN	6/30/99	ANNISTON-LENLOCK	ANTNALLEDS0
AL	AL - ANTN	6/30/99	ANNISTON-M&T	ANTNALMTDS0
AL	AL - ANTN	6/30/99	ANNISTON-OXFORD	ANTNALOXDS0
AL	AL - ANTN	6/30/99	JACKSONVILLE	JCVLALMADS0
AL	AL - ANTN	6/30/99	OHATCHEE	OHTCALMARS0
AL	AL - ANTN	6/30/99	PIEDMONT	PDMTALMARS0
AL	AL - BRHM	6/30/99	DORA	DORAALMARS0
AL	AL - BRHM	6/30/99	HANCEVILLE-MAIN	HNVLALNMRS0
AL	AL - DCTR	9/30/99	CULL-FAIRVIEW	CLMNALFARS0
AL	AL - DCTR	9/30/99	CULL-MAIN	CLMNALMADS0
AL	AL - DCTR	9/30/99	COURTLAND	CRLDALMARS0
AL	AL - DCTR	9/30/99	DECATUR	DCTRALMTDS0
AL	AL - DCTR	9/30/99	HARTSELLE-MAIN	HRTSALNMRS0
AL	AL - DCTR	9/30/99	HARTSELLE-PENCE	HRTSALPERS0
AL	AL - DCTR	9/30/99	MOULTON	MOLTALNMDS0
AL	AL - DCTR	9/30/99	TOWNCREEK	TWCKALMARS0
AL	AL - FLRN	12/31/99	FLORENCE	FLRNALMADS0
AL	AL - FLRN	12/31/99	KILLEN	KLLNALMARS0
AL	AL - FLRN	12/31/99	LEXINGTON	LXTNALMARS0
AL	AL - FLRN	12/31/99	RUSSELLVILLE	RLVLALMADS0
AL	AL - FLRN	12/31/99	ROGERSVILLE	RRVLALMARS0
AL	AL - FLRN	12/31/99	SHEFFIELD	SHFDALMTDS0
AL	AL - GDSD	6/30/99	ATTALLA	ATTLALNMRS0
AL	AL - GDSD	12/31/99	BOAZ	BOAZALMADS0
AL	AL - GDSD	6/30/99	GADSD-HILLSIDE	GDSDALHSDS0
AL	AL - GDSD	6/30/99	GADSD-M&T	GDSDALMTDS0
AL	AL - GDSD	6/30/99	GADSD-RAINBOW DR	GDSDALRDDS0
AL	AL - HNVI	9/30/99	ATHENS-ELK RIVER	ATHNALERRS0
AL	AL - HNVI	9/30/99	ATHENS-MAIN	ATHNALMADS0
AL	AL - HNVI	6/30/99	GURLEY	GRLYALMARS0
AL	AL - HNVI	6/30/99	HUNTS-LAKEWOOD	HNVIALLWDS0
AL	AL - HNVI	6/30/99	HUNTS-M&T	HNVIALMTDS0
AL	AL - HNVI	6/30/99	HUNTS-PARKWAY	HNVIALPWDS0
AL	AL - HNVI	6/30/99	HUNTS-REDSTONE AR	HNVIALRADS0
AL	AL - HNVI	6/30/99	HUNTS-RESEARCH W	HNVIALRWDS0
AL	AL - HNVI	9/30/99	HUNTS-STRATEGIC DEF	HNVIALSDRS0
AL	AL - HNVI	6/30/99	HUNTS-UNIVERSITY	HNVIALUNDS0
AL	AL - HNVI	6/30/99	HAZEL GREEN	HZGRALMARS0
AL	AL - HNVI	6/30/99	MADISON	MDSNALNMDS0
AL	AL - HNVI	9/30/99	MADISON	MDSNALOMRS0
TN	AL - HNVI	9/30/99	PULASKI	PLSKTNMADS0
AL	AL - MTGM	6/30/99	ALEX CITY	ALCYALMTDS0
AL	AL - MTGM	6/30/99	CLANTON	CLANALMADS0
AL	AL - MTGM	6/30/99	HOLTVILLE	HLVIALMARS0
AL	AL - MTGM	6/30/99	MAPLESVILLE	MPVLALMARS0
AL	AL - MTGM	6/30/99	MONT-DALRAIDA	MTGMALDADS0
AL	AL - MTGM	6/30/99	MONT-MILLBROOK	MTGMALMBRS0
AL	AL - MTGM	6/30/99	MONT-M&T	MTGMALMT26E
AL	AL - MTGM	6/30/99	MONT-M&T	MTGMALMTDS0
AL	AL - MTGM	6/30/99	MONT-NORMANDALE	MTGMALNO28E
AL	AL - MTGM	6/30/99	PRATTVILLE	PRVLALMADS0
AL	AL - MTGM	6/30/99	SELMA	SELMALMTDS0

State	MSA	Ready to Port	Wire Center	CLLI Code
AL	AL - MTGM	6/30/99	WETUMPKA	WTMPALMADS0
AL	AL - OSMSA	3/31/00	ALBERTVILLE	ALVLALMADS0
AL	AL - OSMSA	6/30/99	AUBURN	AUBNALMADS0
AL	AL - OSMSA	3/31/00	CHILDERSBURG	CHBGALMARS0
AL	AL - OSMSA	3/31/00	CULL-JONES CHPEL	CLMNALJCRS0
AL	AL - OSMSA	3/31/00	CENTREVILLE	CNVIALMARS0
AL	AL - OSMSA	3/31/00	CORDOVA	CRDVALMARS0
AL	AL - OSMSA	3/31/00	CLAYTON	CYTNALMARS0
AL	AL - OSMSA	3/31/00	DADEVILLE	DDVLALMARS0
AL	AL - OSMSA	3/31/00	DEMOPOLIS	DMPLALMADS0
AL	AL - OSMSA	3/31/00	EVERGREEN	EVRGALMARS0
AL	AL - OSMSA	3/31/00	FORT DEPOSIT	FTDPALMARS0
AL	AL - OSMSA	3/31/00	GOODWATER	GDWRALMARS0
AL	AL - OSMSA	3/31/00	GREENSBORO	GNBOALMARS0
AL	AL - OSMSA	3/31/00	GUNTERSVILLE	GTVLALNMRS0
AL	AL - OSMSA	3/31/00	HANCEVILE-BREMEN	HNVLALBRRS0
AL	AL - OSMSA	3/31/00	JACKSON	JCSNALNMRS0
AL	AL - OSMSA	3/31/00	JASPER	JSPRALMTDS0
AL	AL - OSMSA	3/31/00	LAFAYETTE	LFYTALRSRS0
AL	AL - OSMSA	3/31/00	LINDEN	LNDNALMARS0
AL	AL - OSMSA	3/31/00	MARION	MARNALNMRS0
AL	AL - OSMSA	3/31/00	MCINTOSH	MCINALMARS0
AL	AL - OSMSA	3/31/00	MUNFORD	MNFDALMARS0
AL	AL - OSMSA	3/31/00	RED BAY	RDBAALMARS0
AL	AL - OSMSA	3/31/00	SYLACAUGA	SYLCALMTDS0
AL	AL - OSMSA	3/31/00	THOMASVILLE	THVLALMARS0
AL	AL - OSMSA	3/31/00	TALLADEGA-MAIN	TLDGALMADS0
AL	AL - OSMSA	3/31/00	TALLADEGA-RENFRO	TLDGALRFRS0
AL	AL - OSMSA	3/31/00	UNIONTOWN	UNTWALNMRS0
AL	AL - TSCL	12/31/99	BESS-BUCKSVILLE	BSMRALBURS0
AL	AL - TSCL	6/30/99	TUSCA-DRUID HILL	TSCLALDHDS0
AL	AL - TSCL	6/30/99	TUSCA-M&T	TSCLALMT75E
AL	AL - TSCL	6/30/99	TUSCA-NORTHPORT	TSCLALNODS0
AL	AL - TSCL	12/31/99	WEST BLOCTON	WBTNALNMRS0
FL	FL - DYBH	9/30/99	BUNNELL	BNNLFLMARS0
FL	FL - DYBH	9/30/99	DEBARY DELTONA	DBRYFLDLDS0
FL	FL - DYBH	9/30/99	DEBARY MAIN	DBRYFLMARS1
FL	FL - DYBH	9/30/99	DELAND	DELDFLMADS0
FL	FL - DYBH	9/30/99	DELEON SPRINGS	DLSPFLMARS0
FL	FL - DYBH	9/30/99	DYBH-FENTRESS	DYBHFLFNRS0
FL	FL - DYBH	9/30/99	DYBH-MAIN	DYBHFLMADS0
FL	FL - DYBH	9/30/99	DYBH-ORMOND BEACH	DYBHFLOBDS0
FL	FL - DYBH	9/30/99	DYBH-OCEAN SHORES	DYBHFLOSRS0
FL	FL - DYBH	9/30/99	DYBH-PORT ORANGE	DYBHFLPODS0
FL	FL - DYBH	9/30/99	FLAGLER BEACH	FLBHFLMARS0
FL	FL - DYBH	12/31/99	NEW SMYRNA BCH	NSBHFLMA42E
FL	FL - DYBH	9/30/99	OAK HILL	OKHLFLMARS0
FL	FL - DYBH	9/30/99	PALM COAST	PLCSFLMADS0
FL	FL - DYBH	9/30/99	PALATKA	PLTKFLMADS0
FL	FL - DYBH	9/30/99	PIERSON	PRSNFLFDRS0
FL	FL - DYBH	9/30/99	SANFORD-O-WS	SNFRFLMADS0
FL	FL - DYBH	9/30/99	SANFORD-O-WS	SNFRFLMADS1

State	MSA	Ready to Port	Wire Center	CLLI Code
FL	FL - FTPR	12/31/99	FORT PIERCE MAIN	FTPRFLMACG0
FL	FL - FTPR	12/31/99	FORT PIERCE MAIN	FTPRFLMARS0
FL	FL - FTPR	12/31/99	HOBE SOUND MAIN	HBSDFLMADS0
FL	FL - FTPR	12/31/99	HUTCHINSON IS. MN.	HTISFLMADS0
FL	FL - FTPR	12/31/99	PORT ST. LUCIE MAIN	PTSLFLMADS0
FL	FL - FTPR	12/31/99	PTSL SOUTH PTSL	PTSLFLSOCG0
FL	FL - FTPR	12/31/99	STUART MAIN	STRTFLMADS0
FL	FL - GSVL	6/30/99	ARCHER	ARCHFLMARS0
FL	FL - GSVL	6/30/99	GSVL-MAIN	GSVLFLMADS0
FL	FL - GSVL	6/30/99	GSVL-MAIN	GSVLFLMADS1
FL	FL - GSVL	6/30/99	GSVL-NORTHWEST	GSVLFLNW33E
FL	FL - GSVL	6/30/99	HAWTHORNE	HWTHFLMARS0
FL	FL - GSVL	6/30/99	MICANOPY	MCNPFLMARS0
FL	FL - GSVL	6/30/99	NEWBERRY	NWBYFLMARS0
FL	FL - MIAM	6/30/99	KYLR LARGO SOUND	KYLRFLLSRS0
FL	FL - MIAM	6/30/99	N. KEY LARGO MAIN	NKLRFLMARS0
FL	FL - MLBR	6/30/99	CAPE CANAVERAL	CCBHFLAFRS0
FL	FL - MLBR	6/30/99	COCOA BEACH	CCBHFLMADS0
FL	FL - MLBR	6/30/99	COCOA-MAIN	COCOFLMADS0
FL	FL - MLBR	6/30/99	COCOA-MERRITT ISLAND	COCOFLMEDS0
FL	FL - MLBR	6/30/99	EGLL-BOWE GARDENS	EGLLFLBGDS0
FL	FL - MLBR	6/30/99	EGLL-INDIAN HRBR BCH	EGLLFLIHDS0
FL	FL - MLBR	6/30/99	BAREFOOT BAY	MICCFLBBRS0
FL	FL - MLBR	6/30/99	MELBOURNE	MLBRFLMADS0
FL	FL - MLBR	6/30/99	TITUSVILLE	TTVLFLMADS0
FL	FL - OCAL	12/31/99	DUNNELLON	DNLNFLWMRS0
FL	FL - ORLD	6/30/99	VERO BEACH MAIN	VRBHFLMADS0
FL	FL - OSMSA	3/31/00	KEY WEST-BOCA	BCCHFLNSRS0
FL	FL - OSMSA	3/31/00	BIG PINE KEY MAIN	BGPIFLMARS0
FL	FL - OSMSA	6/30/99	BRONSON	BRSNFLMARS0
FL	FL - OSMSA	3/31/00	CEDAR KEY	CDKYFLMARS0
FL	FL - OSMSA	3/31/00	CHIEFLAND	CFLDFLMARS0
FL	FL - OSMSA	6/30/99	CHIPLEY	CHPLFLJADS0
FL	FL - OSMSA	3/31/00	CROSS CITY	CSCYFLBARS0
FL	FL - OSMSA	3/31/00	GRACEVILLE	GCVLFLMARS0
FL	FL - OSMSA	3/31/00	ISLAMORADA MAIN	ISLMFLMARS0
FL	FL - OSMSA	3/31/00	KEY LARGO MAIN	KYLRFLMARS0
FL	FL - OSMSA	3/31/00	KEY WEST MAIN	KYWSFLMADS0
FL	FL - OSMSA	3/31/00	LAKE CITY	LKCYFLMADS0
FL	FL - OSMSA	3/31/00	MRTH VACA KEY	MRTHFLVERS0
FL	FL - OSMSA	3/31/00	OLD TOWN	OLTWFLLNRS0
FL	FL - OSMSA	3/31/00	POMONA PARK	PMPKFLMARS0
FL	FL - OSMSA	3/31/00	SBST FELLSMERE	SBSTFLFERS0
FL	FL - OSMSA	3/31/00	SEBASTIAN MAIN	SBSTFLMADS0
FL	FL - OSMSA	3/31/00	SUGARLOAF KEY MAIN	SGKYFLMARS0
FL	FL - OSMSA	3/31/00	SUNNY HILLS	SYHSFLCCRS0
FL	FL - OSMSA	6/30/99	TRENTON	TRENFLMARS0
FL	FL - OSMSA	3/31/00	VERNON	VERNFLMARS0
FL	FL - OSMSA	3/31/00	VRBH BEACHLAND	VRBHFLBERS0
FL	FL - OSMSA	3/31/00	WELAKA	WELKFLMARS0
FL	FL - OSMSA	3/31/00	YANKEETOWN	YNTWFLMARS0
FL	FL - PNCY	6/30/99	LYNNHAVEN	LYHNFLOHDS0

State	MSA	Ready to Port	Wire Center	CLLI Code
FL	FL - PNCY	6/30/99	PANAMA CITY BEACH	PCBHFLNTDS0
FL	FL - PNCY	6/30/99	PANAMA CITY CALLAWA	PNCYFLCARS0
FL	FL - PNCY	6/30/99	PANAMA CITY MAIN	PNCYFLMADS0
FL	FL - PNCY	6/30/99	YOUNGSTOWN-FOUNTAI	YNFNFLMARS0
AL	FL - PNSC	9/30/99	BREWTON	BRTOALMADS0
FL	FL - PNSC	6/30/99	CANTONMENT	CNTMFLLEDS1
AL	FL - PNSC	9/30/99	FLOMATON	FMTNALMTRS0
FL	FL - PNSC	6/30/99	GULF BREEZE	GLBRFLMCDS0
FL	FL - PNSC	6/30/99	HOLLEY-NAVARRE	HLNVFLMADS1
FL	FL - PNSC	6/30/99	JAY	JAY-FLMARS0
FL	FL - PNSC	6/30/99	MILTON RAVINE	MLTNFLRADS0
FL	FL - PNSC	6/30/99	MUNSON	MNSNFLMARS0
FL	FL - PNSC	6/30/99	PACE PINE VILLA	PACEFLPVRS0
FL	FL - PNSC	12/31/99	PNSC-BELMONT	PNSCFLBL43E
FL	FL - PNSC	9/30/99	PNSC-FERRY PASS	PNSCFLFPDS0
FL	FL - PNSC	9/30/99	PNSC-HILLCREST	PNSCFLHCRS0
FL	FL - PNSC	9/30/99	PNSC-PERDIDO BAY	PNSCFLPBDS0
FL	FL - PNSC	6/30/99	PNSC-WARRINGTON	PNSCFLWADS0
FL	FL - TLHS	12/31/99	HAVANA	HAVNFLMADS0
GA	GA - AGST	6/30/99	AUGUSTA MARTINEZ E	AGSTGAAU86C
GA	GA - AGST	6/30/99	AUGUSTA MAINE	AGSTGAMT72C
GA	GA - AGST	6/30/99	AUGUSTA MAINE	AGSTGAMT84A
GA	GA - AGST	6/30/99	AUGUSTA THE HILL	AGSTGATH73C
SC	GA - AGST	6/30/99	AIKEN MA	AIKNSCMA64E
GA	GA - AGST	6/30/99	APPLING MAINE	APNGGAES54F
SC	GA - AGST	6/30/99	BATH MA	BATHSCMARS1
SC	GA - AGST	6/30/99	BEECH ISLAND MA	BHISSCMARS1
SC	GA - AGST	6/30/99	EDGEFIELD MA	EDFDSCMARS1
SC	GA - AGST	6/30/99	GRANITEVILLE MA	GIVLSCMARS1
GA	GA - AGST	6/30/99	HEPHZIBAH MAINE	HPHZGAESRS1
GA	GA - AGST	6/30/99	HARLEM MAINE	HRLMGAMARS1
SC	GA - AGST	6/30/99	JOHNSTON MA	JHTNSCMARS1
SC	GA - AGST	6/30/99	NORTH AUGUSTA MA	NAGSSCMA27E
SC	GA - AGST	6/30/99	NEW ELLENTON MA	NWELSCMARS1
SC	GA - AGST	6/30/99	SPRINGFIELD MAIN	SPFDSCMARS1
GA	GA - AGST	6/30/99	THOMSON MAIN	THSNGAMA59C
GA	GA - ALBY	6/30/99	ALBANY MAIN	ALBYGAMA45A
GA	GA - ALBY	6/30/99	ALBANY MAIN	ALBYGAMA88C
GA	GA - ALBY	6/30/99	LEARY MAIN	LERYGAMA79A
GA	GA - ALBY	6/30/99	LEESBURG MAINE	LSBGGAMA75C
GA	GA - ALBY	6/30/99	SMITHVILLE MAINE	SMVLGAMARS1
GA	GA - ATHN	6/30/99	ATHENS MAIN	ATHNGAMADS1
GA	GA - ATHN	6/30/99	BOGART MAINE	BGRTGAMA72C
GA	GA - ATHN	12/31/99	ROYSTON MAINE	RYTNGAMA24A
GA	GA - ATHN	6/30/99	WATKINSVILLE MAINE	WTVLGAES76C
GA	GA - ATLN	6/30/99	BREMEN MAINE	BRMNGAES53A
GA	GA - ATLN	6/30/99	FLOWERY BR. M.	FLBRGAMADS1
GA	GA - ATLN	6/30/99	HOGANSVILLE MAINE	HGVLGAMARS1
GA	GA - ATLN	6/30/99	LUTHERSVILLE MAINE	LTVLGACSRS1
GA	GA - ATLN	6/30/99	MONTICELLO MAINE	MNTIGAMARS1
GA	GA - ATLN	6/30/99	ROCKMART MAINE	RCKMGAESRS1
GA	GA - ATLN	6/30/99	RUTLEDGE MAINE	RTLGGAMARS1

State	MSA	Ready to Port	Wire Center	CLLI Code
GA	GA - ATLN	6/30/99	TALLAPOOSA MAINE	TLLPGAES57F
GA	GA - CLMB	6/30/99	COLUMBUS BAKER VILLA	CLMBGABV68C
GA	GA - CLMB	6/30/99	COLUMBUS MAINE	CLMBGAMT32C
GA	GA - CLMB	6/30/99	COLUMBUS MAINE	CLMBGAMT64A
GA	GA - CLMB	6/30/99	COLUMBUS MEADOWOODE	CLMBGAMW56C
GA	GA - CLMB	6/30/99	CUSSETA MAINE	CSSTGAMARS1
AL	GA - CLMB	12/31/99	EUFAULA	EUFLALMADS0
GA	GA - CLMB	6/30/99	HAMILTON MAINE	HMTNGAMARS1
AL	GA - CLMB	12/31/99	HURTSBORO	HRBOALOMRS0
GA	GA - CLMB	12/31/99	LAGRANGE MAINE	LGRNGAMA88C
GA	GA - CLMB	12/31/99	LAGRANGE MAINE	LGRNGAMARS1
AL	GA - CLMB	6/30/99	OPELIKA	OPLKALMTDS0
AL	GA - CLMB	6/30/99	PHNIX CY-FT MITC	PHCYALFMRS0
AL	GA - CLMB	6/30/99	PHNIX CY-MAIN	PHCYALMADS0
GA	GA - CLMB	12/31/99	PINE MOUNTAIN MAINE	PNMTGAMARS1
GA	GA - MACN	6/30/99	FORSYTH	FRSYGAMA99A
GA	GA - MACN	6/30/99	FORT VALLEY MAINE	FTVYGAMA82C
GA	GA - MACN	6/30/99	MACON GUY PAINE	MACNGAGP78C
GA	GA - MACN	6/30/99	MACON MAINE	MACNGAMT74C
GA	GA - MACN	6/30/99	MACON MAINE	MACNGAMT75A
GA	GA - MACN	6/30/99	MACON VINEVILLE	MACNGAVN47C
GA	GA - OSMSA	3/31/00	AMERICUS MAINE	AMRCGAMADS1
GA	GA - OSMSA	3/31/00	ARLINGTON MAIN	ARTNGAES72A
GA	GA - OSMSA	6/30/99	BUCHANAN MAINE	BCHNGAES64A
GA	GA - OSMSA	6/30/99	BACONTON MAINE	BCTNGAMA78A
GA	GA - OSMSA	3/31/00	BLACKSHEAR MAINE	BLCSGAES44C
GA	GA - OSMSA	3/31/00	BAINBRIDGE	BNBRGAMA24E
GA	GA - OSMSA	6/30/99	BARNESVILLE MAIN	BRVIGAMA35A
GA	GA - OSMSA	3/31/00	BRUNSWICK MAINE	BRWKGAMA26C
GA	GA - OSMSA	3/31/00	BAXLEY MAINE	BXLYGAES36A
GA	GA - OSMSA	3/31/00	COCHRAN MAIN	CCHRGAMA93A
GA	GA - OSMSA	6/30/99	CEDARTOWN MAIN	CDTWGAMA74C
GA	GA - OSMSA	3/31/00	CALHOUN MAINE	CLHNGAESDS1
GA	GA - OSMSA	6/30/99	CLERMONT	CLMTGAMA98C
GA	GA - OSMSA	3/31/00	COLQUITT MAINE	CLQTGAES75C
GA	GA - OSMSA	6/30/99	CAMILLA MAIN	CMLLGAMA33E
GA	GA - OSMSA	6/30/99	CONCORD MAIN	CNCRGAMA49C
GA	GA - OSMSA	3/31/00	CORDELE MAIN	CORDGAMA27C
GA	GA - OSMSA	3/31/00	CAVE SPRING MAINE	CVSPGAMA77A
GA	GA - OSMSA	3/31/00	CLAXTON MAIN	CXTNGAMA73A
GA	GA - OSMSA	3/31/00	DUBLIN MAINE	DBLNGAMA27C
GA	GA - OSMSA	3/31/00	ELBERTON MAINE	EBTNGAMA28A
GA	GA - OSMSA	3/31/00	EASTMAN MAIN	ESMNGAES37A
GA	GA - OSMSA	3/31/00	EATONTON MAINE	ETTNGAESRS1
GA	GA - OSMSA	3/31/00	FRANKLIN MAINE	FKLNGAMA67C
GA	GA - OSMSA	6/30/99	GAY MAIN	GAY-GAMA53A
GA	GA - OSMSA	3/31/00	GIBSON MAINE	GBSNGAES59A
GA	GA - OSMSA	3/31/00	GREENSBORO MAINE	GNBOGAESRS1
GA	GA - OSMSA	3/31/00	GREENVILLE MAINE	GNVLGAMARS1
GA	GA - OSMSA	3/31/00	GAINESVILLE MAINE	GSVLGAMADS1
GA	GA - OSMSA	3/31/00	HAZLEHURST MAIN	HZLHGAMA37C
GA	GA - OSMSA	6/30/99	JACKSON MAINE	JCSNGAMARS1

State	MSA	Ready to Port	Wire Center	CLLI Code
GA	GA - OSMSA	3/31/00	JESUP MAINE	JESPGAES42A
GA	GA - OSMSA	3/31/00	JOHNSON CORNER MAINE	JHCRGAESRS1
GA	GA - OSMSA	3/31/00	JEKYLL ISLAND MAINE	JKISGAMA63C
GA	GA - OSMSA	3/31/00	LAKE PARK MAINE	LKPKGAMA55C
GA	GA - OSMSA	3/31/00	LUMBER CITY MAIN	LMCYGAMA36C
GA	GA - OSMSA	3/31/00	LUMPKIN MAINE	LMKNGAMARS1
GA	GA - OSMSA	3/31/00	LOUISVILLE MAINE	LSVLGAMARS1
GA	GA - OSMSA	6/30/99	LULA MAINE	LULAGAMA86C
GA	GA - OSMSA	3/31/00	LYONS MAIN	LYNSGAMA52E
GA	GA - OSMSA	3/31/00	MADISON MAINE	MDSNGAMA34E
GA	GA - OSMSA	3/31/00	MILLEN MAIN	MLLNGAMARS1
GA	GA - OSMSA	6/30/99	NEWTON MAINE	NWTNGAHDRS1
GA	GA - OSMSA	3/31/00	PELHAM MAIN	PLHMGAMARS1
GA	GA - OSMSA	3/31/00	RICHLAND MAINE	RCLDGAMARS1
GA	GA - OSMSA	3/31/00	SANDERSVILLE MAIN	SNVLGAESRS1
GA	GA - OSMSA	3/31/00	SPARKS MAIN	SPRKGAMA54C
GA	GA - OSMSA	3/31/00	SPARTA MAINE	SPRTGAMARS1
GA	GA - OSMSA	3/31/00	SARDIS MAINE	SRDSGAES56A
GA	GA - OSMSA	3/31/00	ST. SIMONS MAINE	SSISGAESRS1
GA	GA - OSMSA	3/31/00	SWAINSBORO MAINE	SWBOGAESRS1
GA	GA - OSMSA	3/31/00	SYLVESTER MAINE	SYLVGAES77A
GA	GA - OSMSA	3/31/00	TIFTON	TFTNGAMA38C
GA	GA - OSMSA	3/31/00	THOMASVILLE MAIN	THVLGAMA22C
GA	GA - OSMSA	3/31/00	VIDALIA MAINE	VDALGAMARS1
GA	GA - OSMSA	3/31/00	VALDOSTA MAINE	VLDSGAMADS0
GA	GA - OSMSA	3/31/00	WOODBURY MAINE	WDBYGAES55A
GA	GA - OSMSA	3/31/00	WADLEY MAINE	WDLYGAMARS1
GA	GA - OSMSA	3/31/00	WRIGHTSVILLE MAINE	WGVLGAES86C
GA	GA - OSMSA	3/31/00	WRENS MAINE	WRNSGAMARS1
GA	GA - OSMSA	3/31/00	WARRENTON MAINE	WRTNGAMARS1
GA	GA - OSMSA	3/31/00	WAYNESBORO MAINE	WYBOGAES55A
GA	GA - OSMSA	3/31/00	WAYCROSS MAINE	WYCRGAMA28C
GA	GA - OSMSA	6/30/99	ZEBULON MAINE	ZBLNGAMA56C
GA	GA - SVNH	9/30/99	POOLER MAINE	POLRGAMA74E
GA	GA - SVNH	9/30/99	SAVANNAH BULL ST	SVNHGABS23A
GA	GA - SVNH	9/30/99	SAVANNAH BULL ST	SVNHGABS65A
GA	GA - SVNH	9/30/99	SAVANNAH DERENNE E	SVNHGADE35C
GA	GA - SVNH	9/30/99	SVNH GARDEN CITY E	SVNHGAGC96A
GA	GA - SVNH	9/30/99	SKIDAWAY ISLAND MAIN	SVNHGASI59E
GA	GA - SVNH	9/30/99	SVNH WHITE BLUFF E	SVNHGAWB92C
GA	GA - SVNH	9/30/99	SVNH WILMINGTON E	SVNHGAWI89A
GA	GA - SVNH	9/30/99	TYBEE ISLAND MAINE	TBISGAMA78C
KY	IN - EVVL	9/30/99	CORYDON	CYDNKYMADS0
KY	IN - EVVL	9/30/99	HEBBARDSVILLE	HBVLKYMADS0
KY	IN - EVVL	9/30/99	HENDERSON	HNSNKYMADS0
KY	IN - EVVL	9/30/99	ROBARDS	RBRDKYMADS0
KY	KY - LSVL	6/30/99	BEDFORD	BDFRKYMADS0
KY	KY - LXTN	6/30/99	FORD	FORDKYMADS0
KY	KY - LXTN	6/30/99	FRANKFORT-EAST	FRFTKYESDS0
KY	KY - LXTN	6/30/99	GEORGETOWN	GRTWKYMADS0
KY	KY - LXTN	6/30/99	KIRKSVILLE	KKVLKYMADS0
KY	KY - LXTN	6/30/99	RICHMOND	RCMDKYMADS0

State	MSA	Ready to Port	Wire Center	CLLI Code
KY	KY - LXTN	6/30/99	SADIEVILLE	SDVLKYMADS0
KY	KY - LXTN	6/30/99	STAMPING GROUND	STGRKYMADS0
KY	KY - LXTN	6/30/99	WACO	WACOKYMADS0
KY	KY - LXTN	6/30/99	WINCHESTER	WNCHKYMADS0
KY	KY - LXTN	6/30/99	PILOT VIEW	WNCHKYPVDS0
KY	KY - OSMSA	3/31/00	ALLEN	ALLNKYMADS0
KY	KY - OSMSA	3/31/00	AURORA	AURRKYMADS0
KY	KY - OSMSA	3/31/00	BAGDAD	BGDDKYMADS0
KY	KY - OSMSA	3/31/00	BLOOMFIELD	BLFDKYMADS0
KY	KY - OSMSA	3/31/00	BENHAM LYNCH	BNLYKYMADS0
KY	KY - OSMSA	3/31/00	BENTON	BNTNKYMADS0
KY	KY - OSMSA	3/31/00	BURGIN	BRGNKYMADS0
KY	KY - OSMSA	3/31/00	BREMEN	BRMNKYMADS0
KY	KY - OSMSA	3/31/00	BARDSTOWN	BRTWKYESDS0
KY	KY - OSMSA	3/31/00	BEAVER DAM	BVDMKYMADS0
KY	KY - OSMSA	3/31/00	BOWLING GREEN	BWLGKYMADS0
KY	KY - OSMSA	3/31/00	BG-RICHARDSVILLE	BWLGKYRVDS0
KY	KY - OSMSA	3/31/00	BEATTYVILLE	BYVLKYMADS0
KY	KY - OSMSA	3/31/00	CHAPLIN	CHPLKYMADS1
KY	KY - OSMSA	3/31/00	CLAY	CLAYKYMADS0
KY	KY - OSMSA	3/31/00	CALHOUN	CLHNKYMADS0
KY	KY - OSMSA	3/31/00	CLOVERPORT	CLPTKYMADS0
KY	KY - OSMSA	3/31/00	CLINTON	CLTNKYESDS0
KY	KY - OSMSA	3/31/00	CAMPBELLSBURG	CMBGKYMADS0
KY	KY - OSMSA	3/31/00	CENTRAL CITY	CNCYKYMADS0
KY	KY - OSMSA	3/31/00	CANTON	CNTNKYMADS0
KY	KY - OSMSA	3/31/00	CENTERTOWN	CNTWKYMADS1
KY	KY - OSMSA	3/31/00	CORBIN	CRBNKYMADS0
KY	KY - OSMSA	3/31/00	CRAB ORCHARD	CRBOKYMADS0
KY	KY - OSMSA	3/31/00	CARROLLTON	CRTNKYMADS0
KY	KY - OSMSA	3/31/00	DANVILLE	DAVLKYMADS0
KY	KY - OSMSA	3/31/00	DIXON	DIXNKYMADS0
KY	KY - OSMSA	3/31/00	DRAKESBORO	DRBOKYESDS0
KY	KY - OSMSA	3/31/00	EDDYVILLE	EDVLKYMADS0
KY	KY - OSMSA	3/31/00	ELKTON	EKTNKYMADS0
KY	KY - OSMSA	3/31/00	EMINENCE	EMNNKYESDS0
KY	KY - OSMSA	3/31/00	PLEASUREVILLE	EMNNKYPLDS0
KY	KY - OSMSA	3/31/00	EARLINGTON	ERTNKYMADS0
KY	KY - OSMSA	3/31/00	FEDSCREEK	FDCKKYESDS0
KY	KY - OSMSA	3/31/00	FORDSVILLE	FDVLKYMADS0
KY	KY - OSMSA	3/31/00	FREEBURN	FEBRKYMADS0
KY	KY - OSMSA	3/31/00	FRANKLIN	FKLNKYMADS0
KY	KY - OSMSA	3/31/00	FINCHVILLE	FNVLKYMADS1
KY	KY - OSMSA	3/31/00	FREDONIA	FRDNKYMADS0
KY	KY - OSMSA	3/31/00	FRANKFORT-MAIN	FRFTKYMADS0
KY	KY - OSMSA	3/31/00	GILBERTSVILLE	GBVLKYMADS0
KY	KY - OSMSA	3/31/00	GHENT	GHNTKYMADS1
KY	KY - OSMSA	3/31/00	GREENVILLE	GNVLKYMADS0
KY	KY - OSMSA	3/31/00	HANSON	HANSKYMADS0
KY	KY - OSMSA	3/31/00	HICKMAN	HCMNKYMADS0
KY	KY - OSMSA	3/31/00	HARRODSBURG	HDBGKYMADS0
KY	KY - OSMSA	3/31/00	HARDINSBURG	HRBGKYESDS0

State	MSA	Ready to Port	Wire Center	CLLI Code
KY	KY - OSMSA	3/31/00	HARTFORD	HRFRKYMADS0
KY	KY - OSMSA	3/31/00	HARLAN	HRLNKYMADS0
KY	KY - OSMSA	3/31/00	HAWESVILLE	HWVLKYMADS0
KY	KY - OSMSA	3/31/00	INEZ	INEZKYMADS0
KY	KY - OSMSA	3/31/00	ISLAND	ISLDKYMADS0
KY	KY - OSMSA	3/31/00	JACKSON	JCSNKYMADS0
KY	KY - OSMSA	3/31/00	JUNCTION CITY	JNCYKYMADS0
KY	KY - OSMSA	3/31/00	LOUISA	LOUSKYESDS0
KY	KY - OSMSA	3/31/00	LAWRENCEBURG	LRBGKYMADS0
KY	KY - OSMSA	3/31/00	LIVERMORE	LVMRKYMADS0
KY	KY - OSMSA	3/31/00	MARION	MARNKYMADS0
KY	KY - OSMSA	3/31/00	MARTIN	MARTKYMADS0
KY	KY - OSMSA	3/31/00	MC DANIELS	MCDNKYMADS0
KY	KY - OSMSA	3/31/00	MC DOWELL	MCWLKYMADS0
KY	KY - OSMSA	3/31/00	MIDDLESBORO	MDBOKYMADS0
KY	KY - OSMSA	3/31/00	MADISONVILLE	MDVIKYMADS0
KY	KY - OSMSA	3/31/00	MORGANFIELD	MGFDKYMADS0
KY	KY - OSMSA	3/31/00	MORGANTOWN	MGTWKYMADS0
KY	KY - OSMSA	3/31/00	MILTON	MLTNKYMADS0
KY	KY - OSMSA	3/31/00	MORTONS GAP	MRGPKYMADS0
KY	KY - OSMSA	3/31/00	MURRAY	MRRYKYMADS0
KY	KY - OSMSA	3/31/00	MT. EDEN	MTEDKYMADS0
KY	KY - OSMSA	3/31/00	MAYFIELD	MYFDKYMADS0
KY	KY - OSMSA	3/31/00	NEBO	NEBOKYMADS0
KY	KY - OSMSA	3/31/00	NEON	NEONKYESDS0
KY	KY - OSMSA	3/31/00	NEW HAVEN	NWHNKYMADS0
KY	KY - OSMSA	3/31/00	OWENTON	OWTNKYMADS0
KY	KY - OSMSA	3/31/00	PADUCAH-INFO. PK.	PDCHKYIPDS0
KY	KY - OSMSA	3/31/00	PADUCAH-LONE OAK	PDCHKYLODS0
KY	KY - OSMSA	3/31/00	PADUCAH-MAIN	PDCHKYMADS0
KY	KY - OSMSA	3/31/00	PADUCAH-REIDLAND	PDCHKYRLDS0
KY	KY - OSMSA	3/31/00	PINEVILLE	PIVLKYMADS0
KY	KY - OSMSA	3/31/00	PIKEVILLE-GAR VI	PKVLKYGVDS0
KY	KY - OSMSA	3/31/00	PIKEVILLE-MAIN	PKVLKYMADS0
KY	KY - OSMSA	3/31/00	PIKEVILLE-META	PKVLKYMTDS0
KY	KY - OSMSA	3/31/00	PAINTSVILLE	PNVLKYMADS0
KY	KY - OSMSA	3/31/00	PRESTONSBURG	PRBGKYESDS0
KY	KY - OSMSA	3/31/00	PRINCETON	PRTNKYESDS0
KY	KY - OSMSA	3/31/00	PROVIDENCE	PRVDKYMADS0
KY	KY - OSMSA	3/31/00	PERRYVILLE	PRVLKYMADS0
KY	KY - OSMSA	3/31/00	PORT ROYAL	PTRYKYMADS0
KY	KY - OSMSA	3/31/00	RUSSELLVILLE	RLVLKYMADS0
KY	KY - OSMSA	3/31/00	ROSE TERRACE	RSTRKYESDS0
KY	KY - OSMSA	3/31/00	SACRAMENTO	SCRMKYMADS0
KY	KY - OSMSA	3/31/00	SEBREE	SEBRKYMADS0
KY	KY - OSMSA	3/31/00	SHARON GROVE	SHGVKYMADS1
KY	KY - OSMSA	3/31/00	SHELBYVILLE	SHVLKYMADS0
KY	KY - OSMSA	3/31/00	SLAUGHTERS	SLGHKYMADS0
KY	KY - OSMSA	3/31/00	SULPHUR	SLPHKYMADS1
KY	KY - OSMSA	3/31/00	SALVISA	SLVSKYMADS0
KY	KY - OSMSA	3/31/00	STANTON	SNTNKYMADS0
KY	KY - OSMSA	3/31/00	SPRINGFIELD	SPFDKYMADS0

State	MSA	Ready to Port	Wire Center	CLLI Code
KY	KY - OSMSA	3/31/00	SIMPSONVILLE	SSVLKYMADS0
KY	KY - OSMSA	3/31/00	SAINT CHARLES	STCHKYMADS0
KY	KY - OSMSA	3/31/00	STANFORD	STFRKYMADS0
KY	KY - OSMSA	3/31/00	STONE	STONKYMADS0
KY	KY - OSMSA	3/31/00	STURGIS	STRGKYMADS0
KY	KY - OSMSA	3/31/00	SOUTH WILLIAMSON	SWSNKYMADS0
KY	KY - OSMSA	3/31/00	TAYLORSVILLE	TYVLKYMADS0
KY	KY - OSMSA	3/31/00	VIRGIE	VIRGKYMADS0
KY	KY - OSMSA	3/31/00	WADDY	WDDYKYMADS0
KY	KY - OSMSA	3/31/00	WHITESBURG	WHBGKYMADS0
KY	KY - OSMSA	3/31/00	WILLIAMSBURG	WLBGKYMADS0
KY	KY - OSMSA	3/31/00	WALLINS CREEK	WLCKKYESDS0
KY	KY - OSMSA	3/31/00	WARFIELD	WRFDKYMADS0
KY	KY - OSMSA	3/31/00	WILLISBURG	WSBGKYMADS0
KY	KY - OSMSA	3/31/00	WAYLAND	WYLDKYESDS0
KY	KY - OWBO	9/30/99	ENSOR	ENSRKYMADS0
KY	KY - OWBO	9/30/99	HABIT	HABTKYMADS0
KY	KY - OWBO	9/30/99	MACEO	MACEKYMADS0
KY	KY - OWBO	9/30/99	OWENSBORO	OWBOKYMADS0
KY	KY - OWBO	9/30/99	OWENSBORO	OWBOKYMADS1
KY	KY - OWBO	9/30/99	PLEASANT RIDGE	PLRGKYMADS0
KY	KY - OWBO	9/30/99	PANTHER	PNTHKYMADS0
KY	KY - OWBO	9/30/99	SORGHO	SRGHKYMADS0
KY	KY - OWBO	9/30/99	STANLEY	STNLKYMADS0
KY	KY - OWBO	9/30/99	UTICA	UTICKYMADS0
KY	KY - OWBO	9/30/99	WHITESVILLE	WHVLKYMADS0
KY	KY - OWBO	9/30/99	WEST LOUISVILLE	WLVLKYMADS0
LA	LA - ALXN	12/31/99	ALEX-DEVILLE	ALXNLADVRS1
LA	LA - ALXN	12/31/99	ALEX-MAIN	ALXNLAMADS0
LA	LA - ALXN	12/31/99	ALEX-TIOGA	ALXNLATGDS0
LA	LA - ALXN	12/31/99	BOYCE	BOYCLAMARS1
LA	LA - ALXN	12/31/99	COLFAX	CLFXLAMARS1
LA	LA - ALXN	12/31/99	LECOMPTE	LCMPLAMARS1
LA	LA - BTRG	6/30/99	INDEPENDENCE	INDPLAMARS1
LA	LA - BTRG	6/30/99	ST. GABRIEL	STGBLAMARS1
LA	LA - HOUM	12/31/99	CHACKBAY	CHBYLAMARS1
LA	LA - HOUM	12/31/99	DULAC	DULCLAMARS1
LA	LA - HOUM	12/31/99	GIBSON	GBSNLAMARS1
LA	LA - HOUM	12/31/99	HOUMA	HOUMLAMADS0
LA	LA - HOUM	12/31/99	LOCKPORT	LCPTLAMARS1
LA	LA - HOUM	12/31/99	MGN.CITY-AMELIA	MRCYLAAMRS1
LA	LA - HOUM	12/31/99	RACELAND	RCLDLAMADS0
LA	LA - HOUM	12/31/99	THIBODAUX	THBDLAMADS0
LA	LA - LFYT	6/30/99	BROUSSARD	BRSSLAMADS0
LA	LA - LFYT	6/30/99	CARENCRO	CRNCLAMADS0
LA	LA - LFYT	9/30/99	CROWLEY	CRWYLAMADS0
LA	LA - LFYT	6/30/99	DUSON	DUSNLAMARS1
LA	LA - LFYT	9/30/99	EUNICE	EUNCLAMADS0
LA	LA - LFYT	9/30/99	JENNINGS	JNGSLAMADS0
LA	LA - LFYT	6/30/99	LAF-MAIN	LFYTLAMACG1
LA	LA - LFYT	6/30/99	LAF-MAIN	LFYTLAMADS0
LA	LA - LFYT	9/30/99	LOREAUVILLE	LRVLLAMARS1

State	MSA	Ready to Port	Wire Center	CLLI Code
LA	LA - LFYT	9/30/99	MGN.CITY-INGLWD	MRCYLAINDS0
LA	LA - LFYT	9/30/99	NEW IBERIA	NWIBLAMADS0
LA	LA - LFYT	9/30/99	OPELOUSAS	OPLSLATLDS0
LA	LA - LFYT	9/30/99	PIERRE PART	PRPRLAMARS1
LA	LA - LFYT	9/30/99	RAYNE	RAYNLAMARS1
LA	LA - LFYT	9/30/99	ST. MARTINVILLE	SMVLLAMARS1
LA	LA - LFYT	6/30/99	YOUNGSVILLE	YNVLLAMARS3
LA	LA - LKCH	6/30/99	LKCH-MOSS BLUFF	LKCHLAMBRS1
LA	LA - LKCH	6/30/99	LKCH-MAPLEWOOD	LKCHLAMWRS1
LA	LA - LKCH	6/30/99	LKCH-UNIVERSITY	LKCHLAUNDS0
LA	LA - LKCH	6/30/99	SULPHUR	SLPHLAMARS1
LA	LA - LKCH	6/30/99	SWEETLAKE	SWLKLAMARS1
LA	LA - LKCH	9/30/99	VINTON	VNTNLAMARS1
LA	LA - MONR	12/31/99	CALHOUN	CLHNLAMARS1
LA	LA - MONR	6/30/99	MONR-DESIARD	MONRLADSDS0
LA	LA - MONR	6/30/99	MONR-MAIN	MONRLAMADS0
LA	LA - MONR	6/30/99	MONR-WEST MONROE	MONRLAWMDS0
LA	LA - MONR	12/31/99	STERLINGTON	STTNLAMARS1
LA	LA - NWOR	6/30/99	PONCHATOULA	PNCHLAMARS1
LA	LA - OSMSA	3/31/00	ABBEVILLE	ABVLLAMADS0
LA	LA - OSMSA	3/31/00	AMITE	AMITLAMARS1
LA	LA - OSMSA	3/31/00	BERNICE-MAIN	BERNLAMARS1
LA	LA - OSMSA	3/31/00	BERNICE-SPEARSVL	BERNLASPRS1
LA	LA - OSMSA	3/31/00	BOGALUSA	BGLSLAMARS1
LA	LA - OSMSA	3/31/00	BALDWIN	BLDWLAMARS1
LA	LA - OSMSA	3/31/00	BASTROP	BSTRLAMADS0
LA	LA - OSMSA	3/31/00	BUNKIE	BUNKLAMARS1
LA	LA - OSMSA	3/31/00	COLUMBIA	CLMALAMARS1
LA	LA - OSMSA	3/31/00	CLINTON	CLTNLAMARS1
LA	LA - OSMSA	3/31/00	CENTERVILLE	CNVLLAMARS1
LA	LA - OSMSA	3/31/00	CROWVILLE	CWVLLAMARS1
LA	LA - OSMSA	3/31/00	DUBACH	DBCHLAMARS1
LA	LA - OSMSA	3/31/00	DELHI	DELHLAMADS0
LA	LA - OSMSA	3/31/00	DERIDDER	DRDRLAMARS1
LA	LA - OSMSA	3/31/00	DRY PRONG	DRPGLAMARS1
LA	LA - OSMSA	3/31/00	EPPS	EPPSLAMARS1
LA	LA - OSMSA	3/31/00	ERATH	ERTHLAMARS1
LA	LA - OSMSA	3/31/00	FRANKLIN	FKLNLAMARS1
LA	LA - OSMSA	3/31/00	FORT NECESSITY	FTNCLAMARS1
LA	LA - OSMSA	3/31/00	GRAMBLING	GRNGLAMARS1
LA	LA - OSMSA	3/31/00	GEORGETOWN	GRTWLAMARS1
LA	LA - OSMSA	3/31/00	GUEYDAN	GYDNLAMARS1
LA	LA - OSMSA	3/31/00	HAMMOND	HMNDLAMADS0
LA	LA - OSMSA	3/31/00	JACKSON	JCSNLAMARS1
LA	LA - OSMSA	3/31/00	JONESBORO	JNBOLAMARS1
LA	LA - OSMSA	3/31/00	JEANERETTE	JNRTLAMARS1
LA	LA - OSMSA	3/31/00	KENTWOOD	KNWDLAMARS1
LA	LA - OSMSA	3/31/00	LABADIEVILLE	LBVLLAMARS1
LA	LA - OSMSA	3/31/00	LESVL-BURR FERRY	LEVLLABFRS2
LA	LA - OSMSA	3/31/00	LESVL-FORT POLK	LEVLLAFPRS1
LA	LA - OSMSA	3/31/00	LESVL-MAIN	LEVLLAMADS0
LA	LA - OSMSA	3/31/00	LAKE ARTHUR	LKARLAMARS1

State	MSA	Ready to Port	Wire Center	CLLI Code
LA	LA - OSMSA	3/31/00	LK.PROV.-ALSATIA	LKPRLAALRS1
LA	LA - OSMSA	3/31/00	LK. PROV.-MAIN	LKPRLAMARS1
LA	LA - OSMSA	3/31/00	MORGANZA	MRGZLAMARS1
LA	LA - OSMSA	3/31/00	MER ROUGE	MRRGLAMARS1
LA	LA - OSMSA	3/31/00	MONTGOMERY	MTGMLAMARS1
LA	LA - OSMSA	3/31/00	NAPOLEONVILLE	NPVLLAMARS1
LA	LA - OSMSA	3/31/00	NATCH-MAIN	NTCHLAMADS0
LA	LA - OSMSA	3/31/00	NEW ROADS	NWRDLAMARS1
LA	LA - OSMSA	3/31/00	NEWELLTON	NWTNLAMARS1
LA	LA - OSMSA	3/31/00	OAKDALE	OKDLLAMARS1
LA	LA - OSMSA	3/31/00	OAK GROVE	OKGVLAMARS1
LA	LA - OSMSA	3/31/00	PASN-BAYOU VISTA	PASNLABVRS1
LA	LA - OSMSA	3/31/00	PATTERSON	PASNLAMNRS1
LA	LA - OSMSA	3/31/00	POLLOCK	PLLCLAMARS1
LA	LA - OSMSA	3/31/00	PLAQ-CRESCENT	PLQMLACRRS2
LA	LA - OSMSA	3/31/00	RUSTON	RSTNLAMADS0
LA	LA - OSMSA	3/31/00	RAYVILLE	RYVLLAMARS1
LA	LA - OSMSA	3/31/00	ST. FRANCISVILLE	SFVLLAMARS1
LA	LA - OSMSA	3/31/00	ST. LANDRY	STLNLAMARS1
LA	LA - OSMSA	3/31/00	TALLULAH	TLLHLAMARS1
LA	LA - OSMSA	3/31/00	TUNICA	TUNCLAMARS1
LA	LA - OSMSA	3/31/00	WHITE CASTLE	WHCSLAMARS1
LA	LA - OSMSA	3/31/00	WEEKS ISLAND	WKISLAMARS1
LA	LA - OSMSA	3/31/00	WILSON	WLSNLAMARS2
LA	LA - OSMSA	3/31/00	WINNFIELD-CALVIN	WNFDLACARS1
LA	LA - OSMSA	3/31/00	WINNFIELD-MAIN	WNFDLAMARS1
LA	LA - SHPT	6/30/99	BLANCHARD	BLNCLAMARS1
LA	LA - SHPT	6/30/99	BENTON	BNTNLAMARS1
LA	LA - SHPT	6/30/99	DOYLINE	DYLNLAMARS1
LA	LA - SHPT	6/30/99	GREENWOOD	GNWDLAMARS1
LA	LA - SHPT	6/30/99	HAUGHTON-KORAN	HGTNLAKNRS1
LA	LA - SHPT	6/30/99	HAUGHTON-MAIN	HGTNLAMARS1
LA	LA - SHPT	6/30/99	KEATCHIE	KTCHLAMARS1
LA	LA - SHPT	6/30/99	KEITHVILLE	KTVLLAMARS1
LA	LA - SHPT	6/30/99	MINDEN	MINDLAMADS0
LA	LA - SHPT	6/30/99	OIL CITY	OLCYLAMARS1
LA	LA - SHPT	6/30/99	SHPT-BOSSIER	SHPTLABSDS0
LA	LA - SHPT	6/30/99	SHPT-COLLEGE	SHPTLACLDS0
LA	LA - SHPT	6/30/99	SHPT-MAIN	SHPTLAMACG0
LA	LA - SHPT	6/30/99	SHPT-MAIN	SHPTLAMADS0
LA	LA - SHPT	6/30/99	SHPT-QUEENSBORO	SHPTLAQBCG0
LA	LA - SHPT	6/30/99	SHPT-SUM GROVE	SHPTLASGDS0
MS	MS - BILX	6/30/99	BILX D'IBERVILLE	BILXMSDIRS9
MS	MS - BILX	6/30/99	BILX EDGEWATER	BILXMSEDDS0
MS	MS - BILX	6/30/99	BILX HOWARD AVE	BILXMSMADS0
MS	MS - BILX	6/30/99	BAYSTLOUIS	BSLSMSMARS9
MS	MS - BILX	6/30/99	GLPT LYMAN	GLPTMSLYDS0
MS	MS - BILX	6/30/99	GLPT 22ND AVE	GLPTMSTSDS0
MS	MS - BILX	6/30/99	MOSS POINT	MSPNMSMADS0
MS	MS - BILX	6/30/99	STENNIS SPACE CTR	MSTFMSCUDS1
MS	MS - BILX	6/30/99	OCEANSPRINGS	OCSPMSGODS0
MS	MS - BILX	6/30/99	PICAYUNE	PCYNMSMARS9

State	MSA	Ready to Port	Wire Center	CLLI Code
MS	MS - BILX	6/30/99	PEARLINGTON	PLTNMSMARS1
MS	MS - BILX	6/30/99	PSCG GAUTIER	PSCGMSGARS9
MS	MS - BILX	6/30/99	PSCG MAIN	PSCGMSMADS0
MS	MS - BILX	6/30/99	PSCH BAYOU LAT	PSCHMSLTDS1
MS	MS - BILX	6/30/99	PSCH MAIN	PSCHMSMADS1
MS	MS - BILX	6/30/99	SINGING RIV ISLAND	SRISMSMADS1
MS	MS - BILX	6/30/99	VAN CLEAVE	VNCLMSMADS0
MS	MS - HTBG	9/30/99	COLUMBIA	CLMAMSMARS9
MS	MS - HTBG	9/30/99	HATTIESBURG MAIN	HTBGMSMADS0
MS	MS - HTBG	9/30/99	HATTIESBURG WEST	HTBGMSWEDS0
MS	MS - HTBG	9/30/99	LUMBERTON	LMTNMSSSDS1
MS	MS - HTBG	9/30/99	PURVIS	PRVSMSMADS1
MS	MS - HTBG	9/30/99	SUMRALL	SMRLMSMADS1
MS	MS - JCSN	6/30/99	BOLTON	BOTNMSMADS1
MS	MS - JCSN	6/30/99	BRANDON	BRNDMSESDS0
MS	MS - JCSN	6/30/99	EDWARDS	EDWRMSDSDS1
MS	MS - JCSN	6/30/99	FLORA	FLORMSMADS1
MS	MS - JCSN	6/30/99	JCS BELVEDERE	JCSNMSBLDS0
MS	MS - JCSN	6/30/99	JCS CLINTON BLVD	JCSNMSCBCG0
MS	MS - JCSN	6/30/99	JCS CAP PEARL	JCSNMSCPDS2
MS	MS - JCSN	6/30/99	JCS MEADOWBROOK	JCSNMSMBDS0
MS	MS - JCSN	6/30/99	JCS NORTHRANKIN	JCSNMSNRDS0
MS	MS - JCSN	6/30/99	JCS PEARL CITY	JCSNMSPCDS0
MS	MS - JCSN	6/30/99	JCS RIDGEWOOD	JCSNMSRWDS0
MS	MS - JCSN	6/30/99	MADISON	MDSNMSESDS0
MS	MS - JCSN	6/30/99	PELAHATCHIE	PLHTMSMADS1
MS	MS - JCSN	6/30/99	RAYMOND	RYMNMSDSDS1
MS	MS - JCSN	6/30/99	TERRY	TRRYMSMADS1
MS	MS - JCSN	6/30/99	UTICA	UTICMSDSDS1
MS	MS - OSMSA	3/31/00	ASHLAND	ASLDMSMADS1
MS	MS - OSMSA	3/31/00	BLUEMOUNTAIN	BEMTMSMADS1
MS	MS - OSMSA	3/31/00	BRHN BOGUECHITTO	BGCHMSSUDS1
MS	MS - OSMSA	3/31/00	BALDWYN	BLDWMSMFDS1
MS	MS - OSMSA	3/31/00	BRHN MAIN	BRHNMSMADS0
MS	MS - OSMSA	6/30/99	BRIARWOOD	BRWDMSMADS0
MS	MS - OSMSA	3/31/00	BATESVILLE	BTVLMSDSRS9
MS	MS - OSMSA	3/31/00	COLUMBUSAFB	CAFBMSMADS1
MS	MS - OSMSA	3/31/00	MRD CHUNKY	CHNKMSSURS1
MS	MS - OSMSA	3/31/00	CALEDONIA	CLDNMSMARS5
MS	MS - OSMSA	3/31/00	COLUMBUS	CLMBMSMADS0
MS	MS - OSMSA	3/31/00	COLLINS	CLNSMSMARS9
MS	MS - OSMSA	6/30/99	MRD COLLINSVILLE	COVLMSSURS1
MS	MS - OSMSA	3/31/00	CRENSHAW	CRNSMSMARS2
MS	MS - OSMSA	3/31/00	MRD CAUSEYVILLE	CSVLMSSURS1
MS	MS - OSMSA	6/30/99	DUFFEE	DFFEMSMARS0
MS	MS - OSMSA	3/31/00	ELLISVILLE	ELVLMSMADS1
MS	MS - OSMSA	3/31/00	EUPORA	EUPRMSFADS1
MS	MS - OSMSA	3/31/00	GREENVILLE	GNVLMSMADS0
MS	MS - OSMSA	3/31/00	GNWD MAIN	GNWDMSMADS0
MS	MS - OSMSA	3/31/00	HEIDLEBERG	HDLBMSMADS1
MS	MS - OSMSA	3/31/00	JONESTOWN	JNTWMSMARS2
MS	MS - OSMSA	3/31/00	LAUREL MAIN	LARLMSMADS0

State	MSA	Ready to Port	Wire Center	CLLI Code
MS	MS - OSMSA	3/31/00	LULA	LULAMSMARS2
MS	MS - OSMSA	3/31/00	MABEN	MABNMSMADS1
MS	MS - OSMSA	3/31/00	MCCM SUMMIT	MCCMMSSMDS1
MS	MS - OSMSA	6/30/99	NAVAL AIR STATION	MNASMSMADS0
MS	MS - OSMSA	3/31/00	MONTICELLO	MNTIMSMADS1
MS	MS - OSMSA	6/30/99	MRD 23RD AVE	MRDNMSTLDS0
MS	MS - OSMSA	3/31/00	NATCHEZ	NTCHMSMADS0
MS	MS - OSMSA	3/31/00	NETTLETON	NTTNMSMARS5
MS	MS - OSMSA	6/30/99	OBADIAH	OBDHMSMADS0
MS	MS - OSMSA	3/31/00	OXFORD	OXFRMSMADS0
MS	MS - OSMSA	3/31/00	POPLARVILLE	PPVLMSMADS1
MS	MS - OSMSA	3/31/00	SHANNON	SHNNMSMARS5
MS	MS - OSMSA	3/31/00	SKVL MAIN	SKVLMSMADS0
MS	MS - OSMSA	3/31/00	SILVERCREEK	SLCKMSMADS1
MS	MS - OSMSA	3/31/00	SALTILLO	SLTLMSSURS5
MS	MS - OSMSA	3/31/00	SKVL STURGIS	STRGMSSUDS1
MS	MS - OSMSA	6/30/99	TOOMSUBA	TMSBMSMARS1
MS	MS - OSMSA	3/31/00	TUPL MAIN	TUPLMSMADS0
MS	MS - OSMSA	3/31/00	VICKSBURG	VCBGMSMADS0
MS	MS - OSMSA	3/31/00	VERONA	VRNAMSMARS5
MS	MS - OSMSA	3/31/00	WALNUT	WLNTMSMADS1
MS	MS - OSMSA	3/31/00	WESSON	WSSNMSMADS1
MS	MS - OSMSA	3/31/00	WATERVALLEY	WTVYMSMARS9
NC	NC - AHVL	9/30/99	AHVL-BILTMORE	AHVLNCBI27F
NC	NC - AHVL	9/30/99	AHVL-O HENRY	AHVLNCOH25G
NC	NC - AHVL	9/30/99	AHVL-OTEEN	AHVLNCOT29F
NC	NC - AHVL	9/30/99	ARDN-CENTRAL	ARDNNCCE68G
NC	NC - AHVL	9/30/99	BLACK MT-CENTRAL	BCMTNCCERS0
NC	NC - AHVL	9/30/99	ENKA-MAIN	ENKANCMA66F
NC	NC - AHVL	9/30/99	FAIRVIEW-MAIN	FRVWNCMARS0
NC	NC - AHVL	6/30/99	LEICESTER-MAIN	LCSRNCMA68F
NC	NC - AHVL	9/30/99	SWANNANOA-MAIN	SWNNNCMARS1
NC	NC - CHRL	6/30/99	KINGS MOUNTAIN-MAIN	KGMTNCMA73F
NC	NC - CHRL	6/30/99	LAWNDALE-CENTRAL	LWDLNCCERS0
NC	NC - GLBO	12/31/99	GOLDSBORO-ADAMSVILLE	GLBONCAD77F
NC	NC - GLBO	12/31/99	GOLDSBORO-MAIN	GLBONCMA73F
NC	NC - GLBO	12/31/99	GRANTHAM-MAIN	GNHMNCMARS0
NC	NC - GLBO	12/31/99	MT. OLIVE-CENTRAL	MTOLNCCE65F
NC	NC - GNBO	6/30/99	ANDERSON-MAIN	ARSNNCMARS0
NC	NC - GNBO	6/30/99	REIDSVILLE-MAIN	RDVLNCMA34F
NC	NC - HCKR	9/30/99	BLOWING ROCK-CENTRAI	BLRKNCCERS0
NC	NC - HCKR	9/30/99	CLAREMONT-MAIN	CLMTNCMARS0
NC	NC - HCKR	9/30/99	LENOIR-HARPER	LENRNCHA75F
NC	NC - HCKR	9/30/99	LENOIR-HUDSON	LENRNCHU72F
NC	NC - HCKR	9/30/99	MAIDEN-CENTRAL	MADNNCCERS0
NC	NC - HCKR	9/30/99	MGTN-GLEN ALPINE	MGTNNCGLRS0
NC	NC - HCKR	9/30/99	MGTN-SOUTH GREEN	MGTNNCGR43F
NC	NC - HCKR	9/30/99	NEWLAND-CENTRAL	NWLDNCCE73F
NC	NC - HCKR	9/30/99	NEWTON-MAIN	NWTNNCMA46F
NC	NC - HCKR	9/30/99	SPRUCE PINE-MAIN	SPPNNCMA76F
NC	NC - HCKR	9/30/99	STATESVILLE-JENNINGS	SSVLNCJERS0
NC	NC - HCKR	9/30/99	STONY POINT-MAIN	STPNNCMARS1

State	MSA	Ready to Port	Wire Center	CLLI Code
NC	NC - HCKR	9/30/99	TROUTMAN-MAIN	TRMNNCMARS0
NC	NC - HCKR	9/30/99	TAYLORSVILLE-MAIN	TYVLNCMA63F
NC	NC - OSMSA	3/31/00	ATKINSON-MAIN	ATSNNCMARS0
NC	NC - OSMSA	3/31/00	BOONE-KING	BOONNCKI26F
NC	NC - OSMSA	3/31/00	BURGAW-MAIN	BRGWNCMA25F
NC	NC - OSMSA	3/31/00	CANTON-MAIN	CNTNNCMA64F
NC	NC - OSMSA	3/31/00	CAROLEEN-MAIN	CRLNNCMARS0
NC	NC - OSMSA	3/31/00	ELLENBORO-MAIN	ELBONCMARS1
NC	NC - OSMSA	3/31/00	FAIRMONT-MAIN	FAMTNCMARS0
NC	NC - OSMSA	3/31/00	FOREST CITY-CENTRAL	FRCYNCCE24G
NC	NC - OSMSA	3/31/00	GIBSON-MAIN	GBSNNCMARS0
NC	NC - OSMSA	3/31/00	GROVER-MAIN	GRVRNCMARS0
NC	NC - OSMSA	3/31/00	GATEWOOD-MAIN	GTWDNCMA38F
NC	NC - OSMSA	3/31/00	HAMLET-MAIN	HMLTNCMA58F
NC	NC - OSMSA	3/31/00	HNVL-CHURCH ST	HNVLNCCH69G
NC	NC - OSMSA	3/31/00	HNVL-MILLS RIVER	HNVLNCMI89G
NC	NC - OSMSA	3/31/00	LUMBERTON-MAIN	LMTNNCMA73F
NC	NC - OSMSA	3/31/00	LAURINBURG-MAIN	LRBGNCMA27F
NC	NC - OSMSA	6/30/99	LATTIMORE-CENTRAL	LTMRNCCERS0
NC	NC - OSMSA	3/31/00	MAGGIE VALLEY-CENTRA	MGVANCCERS0
NC	NC - OSMSA	3/31/00	MILTON-MAIN	MLTNNCMA23F
NC	NC - OSMSA	3/31/00	PEMBROKE-CENTRAL	PMBRNCCE52F
NC	NC - OSMSA	3/31/00	ROCKINGHAM-MAIN	RCHMNCMA89F
NC	NC - OSMSA	3/31/00	REIDSVL-SIMPSONVILLE	RDVLNCSIRS1
NC	NC - OSMSA	3/31/00	RTTN-CENTRAL	RTTNNCCE28G
NC	NC - OSMSA	3/31/00	ROWLAND-MAIN	RWLDNCMARS0
NC	NC - OSMSA	3/31/00	SHELBY-MAIN	SHLBNCMA48G
NC	NC - OSMSA	3/31/00	STATESVILLE-MAIN	SSVLNCMA87F
NC	NC - OSMSA	3/31/00	WAYNESVILLE-MAIN	WYVLNCMA45F
NC	NC - WLMG	6/30/99	CAROLINA BEACH-CENTR	CRBHNCCE45F
NC	NC - WLMG	6/30/99	CASTLE HAYNE-MAIN	CSHYNCMA67F
NC	NC - WLMG	6/30/99	LONG BEACH-MAIN	LNBHNCMA27F
NC	NC - WLMG	6/30/99	SCOTTS HILL-MAIN	SCHLNCMA68F
NC	NC - WLMG	6/30/99	SOUTHPORT-CENTRAL	SOPTNCCERS0
NC	NC - WLMG	6/30/99	WRIGHTSVILLE-MAIN	WGVLNCMA25G
NC	NC - WLMG	6/30/99	WLMG-FOURTH ST.	WLMGNCFO76G
NC	NC - WLMG	6/30/99	WLMG-LELAND	WLMGNCLERS0
NC	NC - WLMG	6/30/99	WLMG-WINTER PARK	WLMGNCWI79F
SC	SC - FLRN	6/30/99	FLORENCE MAIN	FLRNSCMA66F
SC	SC - FLRN	6/30/99	TIMMONSVILLE MAIN	TMVLSCMARS1
SC	SC - GNVL	6/30/99	UNION MAIN	UNINSCMA42E
SC	SC - OSMSA	3/31/00	ALLENDALE MA	ALDLSCMARS1
SC	SC - OSMSA	3/31/00	BLACKVILLE MA	BAVLSCMARS1
SC	SC - OSMSA	3/31/00	BENNETTSVILLE MAIN	BEVLSCMA47E
SC	SC - OSMSA	3/31/00	BLENHEIM MAIN	BLNHSCMARS1
SC	SC - OSMSA	3/31/00	BAMBERG MA	BMBRSCMARS1
SC	SC - OSMSA	3/31/00	BARNWELL MA	BRWLSCBERS1
SC	SC - OSMSA	3/31/00	CHERAW MAIN	CHRWSCES53E
SC	SC - OSMSA	3/31/00	CLIO MAIN	CLIOSCMARS1
SC	SC - OSMSA	3/31/00	CLINTON MAIN	CLTNSCMA83E
SC	SC - OSMSA	3/31/00	CAMDEN LUGOFF	CMDNSCLGRS1
SC	SC - OSMSA	3/31/00	DILLON MAIN	DLLNSCMA77E

State	MSA	Ready to Port	Wire Center	CLLI Code
SC	SC - OSMSA	3/31/00	DENMARK MA	DNMKSCESRS1
SC	SC - OSMSA	3/31/00	DARLINGTON MAIN	DRTNSCMA39F
SC	SC - OSMSA	3/31/00	HARTSVILLE MAIN	HTVLSCMA33E
SC	SC - OSMSA	3/31/00	JONESVILLE MAIN	JNVLSCMARS1
SC	SC - OSMSA	3/31/00	JOANNA MAIN	JONNSCESRS1
SC	SC - OSMSA	3/31/00	LATTA MAIN	LATTSCLSRS1
SC	SC - OSMSA	3/31/00	LAKE VIEW MAIN	LKVWSCMARS1
SC	SC - OSMSA	3/31/00	MARN BRITTONS NECK	MARNSCBNRS1
SC	SC - OSMSA	3/31/00	MARION MAIN	MARNSCMA42E
SC	SC - OSMSA	3/31/00	MCCOLL MAIN	MCCLSCMARS1
SC	SC - OSMSA	3/31/00	MULLINS MAIN	MLNSSCWP46E
SC	SC - OSMSA	3/31/00	NEWBERRY MA	NWBYSCMA27E
SC	SC - OSMSA	3/31/00	ORANGEBURG MA	ORBGSCMA53E
SC	SC - OSMSA	3/31/00	PROSPERITY MA	PRSRSCMARS1
SC	SC - OSMSA	3/31/00	SALEM MAIN	SALMSCMARS1
SC	SC - OSMSA	3/31/00	SOCIETY HILL MAIN	SCHLSCESRS1
SC	SC - OSMSA	3/31/00	SENECA MAIN	SENCSCMA88E
SC	SC - OSMSA	3/31/00	SENECA TOKEENA CR	TKNASCSTRS1
SC	SC - OSMSA	3/31/00	WHITMIRE MA	WHTMSCMARS1
SC	SC - OSMSA	3/31/00	WALHALLA MAIN	WLHLSCESRS1
SC	SC - OSMSA	3/31/00	WESTMINSTER MAIN	WMNSSCESRS1
SC	SC - SMTR	6/30/99	CAMDEN MA	CMDNSCMA43F
TN	TN - CHTG	6/30/99	CHTG-BRAINERD	CHTGTNBRDS0
TN	TN - CHTG	6/30/99	CHTG-DODDS	CHTGTNDTDS0
TN	TN - CHTG	6/30/99	CHTG-HARRISON	CHTGTNHTDS0
TN	TN - CHTG	6/30/99	CHTG-MIDD.VALLEY	CHTGTNMVDS0
TN	TN - CHTG	6/30/99	CHTG-NINTH ST.	CHTGTNNSDS0
TN	TN - CHTG	6/30/99	CHTG-NINTH ST.	CHTGTNNSDS1
TN	TN - CHTG	6/30/99	CHTG-RED BANK	CHTGTNRBDS0
GA	TN - CHTG	6/30/99	ROSSVILLE MAIN	CHTGTNRODS0
TN	TN - CHTG	6/30/99	CHTG-ST. ELMO	CHTGTNSEDS0
TN	TN - CHTG	6/30/99	CHTG-SIGNAL MT.	CHTGTNSMRS5
TN	TN - CHTG	6/30/99	CLEVELAND	CLEVTNMADS0
TN	TN - CHTG	6/30/99	SODDY-DAISY	SDDSTNMARS5
TN	TN - CHTG	6/30/99	SOUTH PITTSBURG	SPBGTNMARS0
KY	TN - CLVL	9/30/99	BLUFF SPRINGS	BLSPKYMADS1
KY	TN - CLVL	9/30/99	CADIZ	CADZKYMADS0
TN	TN - CLVL	9/30/99	CLARKSVILLE	CLVLTNMADS0
TN	TN - CLVL	9/30/99	CUNNINGHAM	CNHMTNMARS5
KY	TN - CLVL	9/30/99	CROFTON	COTNKYMADS0
KY	TN - CLVL	9/30/99	DAWSON SPRINGS	DWSPKYESDS0
TN	TN - CLVL	9/30/99	FREDONIA	FRDNTNMARS5
KY	TN - CLVL	9/30/99	GRACEY	GRACKYMADS0
KY	TN - CLVL	9/30/99	GUTHRIE	GTHRKYMADS0
KY	TN - CLVL	9/30/99	HOPKINSVILLE	HPVLKYMADS0
KY	TN - CLVL	9/30/99	LAFAYETTE	LFYTKYMADS0
KY	TN - CLVL	9/30/99	NORTONVILLE	NRVLKYMADS0
KY	TN - CLVL	9/30/99	OAK GROVE	OKGVKYESDS0
TN	TN - CLVL	9/30/99	PALMYRA	PLMYTNMARS5
KY	TN - CLVL	9/30/99	PEMBROKE	PMBRKYMADS0
TN	TN - CLVL	9/30/99	SANGO	SANGTNMTRS5
KY	TN - CLVL	9/30/99	TRENTON	TRENKYMADS0

State	MSA	Ready to Port	Wire Center	CLLI Code
TN	TN - JCSN	9/30/99	BETHEL SPRINGS	BTSPTNMARS0
TN	TN - JCSN	9/30/99	HUMBOLDT	HMBLTNMADS1
TN	TN - JCSN	9/30/99	HENDERSON	HNSNTNMTRS0
TN	TN - JCSN	9/30/99	JACKSON NRTHSIDE	JCSNTNNSDS0
TN	TN - JHCY	12/31/99	BULLS GAP	BLGPTNMARS0
TN	TN - KNVL	6/30/99	SWEETWATER	SWTWTNMTRS0
MS	TN - MMPH	6/30/99	TUNICA-MAIN	TUNCMSMADS0
MS	TN - MMPH	6/30/99	TUNICA	TUNCMSMARS2
TN	TN - MMPH	6/30/99	WHITEVILLE	WHVLTNMTRS0
TN	TN - NSVL	6/30/99	HARTSVILLE	HTVLTNMARS5
TN	TN - NSVL	6/30/99	LYLES	LYLSTNMARS0
TN	TN - NSVL	7/30/99	SPRING HILL	SPHLTNMTRS0
TN	TN - OSMSA	3/31/00	ATHENS	ATHNTNMADS0
TN	TN - OSMSA	3/31/00	BIG SANDY	BGSNTNMARS0
TN	TN - OSMSA	3/31/00	BELLS	BLLSTNMARS0
TN	TN - OSMSA	3/31/00	BENTON	BNTNTNMTRS0
TN	TN - OSMSA	3/31/00	BROWNSVILLE	BWVLTNMADS1
TN	TN - OSMSA	3/31/00	CHARLESTON	CHTNTNMTRS0
TN	TN - OSMSA	3/31/00	CUMBERLAND GAP	CLDGTNMADS1
TN	TN - OSMSA	3/31/00	COLUMBIA	CLMATNMADS0
TN	TN - OSMSA	3/31/00	CUMBERLAND CITY	CMCYTNMTRS5
TN	TN - OSMSA	3/31/00	CENTERVILLE	CNVLTNMARS0
TN	TN - OSMSA	3/31/00	COPPER HILL	CRHLTNCBRS0
TN	TN - OSMSA	3/31/00	CARTHAGE	CRTHTNMARS5
TN	TN - OSMSA	3/31/00	CULLEOKA	CULKTNMARS5
TN	TN - OSMSA	3/31/00	DECATUR	DCTRTNMTRS5
TN	TN - OSMSA	3/31/00	DOVER	DOVRTNMTRS5
TN	TN - OSMSA	3/31/00	DYERSBURG	DYBGTNMADS0
TN	TN - OSMSA	3/31/00	DYER	DYERTNMTRS0
TN	TN - OSMSA	3/31/00	ETOWAH	ETWHTNMTRS0
KY	TN - OSMSA	3/31/00	FULTON-MAIN	FLTNKYMADS0
TN	TN - OSMSA	3/31/00	FAYETTEVILLE	FYVLTNMADS0
TN	TN - OSMSA	3/31/00	GIBSON	GBSNTNMTRS0
TN	TN - OSMSA	3/31/00	GLEASON	GLSNTNMARS0
TN	TN - OSMSA	3/31/00	HOHENWALD	HHNWTNMARS5
TN	TN - OSMSA	3/31/00	HALLS	HLLSTNMTRS5
TN	TN - OSMSA	3/31/00	HAMPSHIRE	HMPSTNMARS5
TN	TN - OSMSA	3/31/00	HENNING	HNNGTNMARS5
TN	TN - OSMSA	3/31/00	HARTFORD	HRFRTNMARS0
TN	TN - OSMSA	3/31/00	HORNBEAK	HRNBTNMTRS5
TN	TN - OSMSA	3/31/00	JEFFERSON CITY	JFCYTNMADS1
TN	TN - OSMSA	3/31/00	JELLICO	JLLCTNMARS0
TN	TN - OSMSA	3/31/00	KINGSTON	KGTNTNMTDS0
TN	TN - OSMSA	3/31/00	KENTON	KNTNTNMARS5
TN	TN - OSMSA	3/31/00	LAFOLLETTE	LFLTTNMADS0
TN	TN - OSMSA	3/31/00	LAWRENCEBURG	LRBGTNMADS0
TN	TN - OSMSA	3/31/00	LEWISBURG	LWBGTNMADS0
TN	TN - OSMSA	3/31/00	LEXINGTON	LXTNTNMADS1
TN	TN - OSMSA	3/31/00	LYNCHBURG	LYBGTNMTRS0
TN	TN - OSMSA	3/31/00	LYNNVILLE	LYVLTNMARS5
TN	TN - OSMSA	3/31/00	MCKENZIE	MCKNTNMARS0
TN	TN - OSMSA	3/31/00	MADISONVILLE	MDVITNMTDS0

State	MSA	Ready to Port	Wire Center	CLLI Code
TN	TN - OSMSA	3/31/00	MILAN	MILNTNMARS0
TN	TN - OSMSA	3/31/00	MOUNT PLEASANT	MNPLTNMARS5
TN	TN - OSMSA	3/31/00	MORRISTOWN	MRTWTNMADS0
TN	TN - OSMSA	3/31/00	NEWBERN	NWBRTNMARS5
TN	TN - OSMSA	3/31/00	NEWPORT	NWPTTNMTDS0
TN	TN - OSMSA	3/31/00	PARIS	PARSTNMADS1
TN	TN - OSMSA	3/31/00	PETERSBURG	PTBGTNMARS0
TN	TN - OSMSA	3/31/00	RIDGELY	RDGLTNMARS5
TN	TN - OSMSA	3/31/00	RIPLEY	RPLYTNMADS0
TN	TN - OSMSA	3/31/00	SHELBYVILLE	SHVLTNMADS0
TN	TN - OSMSA	3/31/00	SUMMERTOWN	SMTWTNMARS5
TN	TN - OSMSA	3/31/00	SANTA FE	SNTFTNMARS5
TN	TN - OSMSA	3/31/00	SNEEDVILLE	SNVLTNMARS0
TN	TN - OSMSA	3/31/00	SPRING CITY	SPCYTNMTRS0
TN	TN - OSMSA	3/31/00	SAVANNAH	SVNHTNMTDS0
TN	TN - OSMSA	3/31/00	TULLAHOMA	TLLHTNMADS0
TN	TN - OSMSA	3/31/00	TIPTONVILLE	TPVLTNMARS0
TN	TN - OSMSA	3/31/00	TROY	TROYTNMTRS5
TN	TN - OSMSA	3/31/00	UNION CITY	UNCYTNMADS0
TN	TN - OSMSA	3/31/00	WILLIAMSPORT	WLPTTNMARS0
TN	TN - OSMSA	3/31/00	WINCHESTER	WNCHTNMADS0
TN	TN - OSMSA	3/31/00	WARTRACE	WRTRTNMTRS5
TN	TN - OSMSA	3/31/00	WAVERLY	WVRLTNMTRS5

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Inter-Carrier Compensation	)	CC Docket No. 99-68
for ISP-Bound Traffic	)	

COMMENTS

BELLSOUTH CORPORATION
BELLSOUTH TELECOMMUNICATIONS, INC.

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Date: April 12, 1999

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SUMMARY

The purpose of the *NPRM* is to consider the adoption of a rule "regarding the compensation for ISP-bound traffic.

BellSouth suggests that the Commission should adopt an inter-carrier compensation approach that: (1) recognizes that ISP traffic is interstate; (2) calls for negotiations between the carriers jointly providing the Internet access service; (3) is based on revenue sharing with the primary carrier sharing revenue with the secondary carrier; and (4) uses negotiation to determine the amount of inter-carrier compensation. Such an inter-carrier compensation approach promotes the Commission's goals and objectives.

Further, the Commission should find that ISP-bound traffic cannot be separated into its interstate and intrastate components. Any single Internet session can result in an Internet user accessing information in his/her own state, another state, or another country. The same user could "chat" online with people across the street or on the other side of the world. The inability to distinguish the jurisdictional nature of each communication that travels across the Internet leads to the conclusion that Internet traffic is inseverable and must be considered jurisdictionally interstate.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Inter-Carrier Compensation	)	CC Docket No. 99-68
for ISP-Bound Traffic	)	

COMMENTS

BellSouth Corporation and BellSouth Telecommunications, Inc. ("BellSouth") hereby submit the following comments on the *Notice of Proposed Rulemaking,* released on February 26, 1999,[1] regarding inter-carrier compensation for ISP-bound traffic.

I. INTRODUCTION

In its *Declaratory Ruling*, the Commission found that Internet-bound communications do not terminate at an Internet Service Provider's ("ISP") local server but "continue to the ultimate destination or destinations, specifically at an Internet website that is often located in another state."[2] The Commission also concluded that a substantial portion of Internet traffic involves accessing interstate or foreign websites and hence is jurisdictionally interstate.[3] The purpose of

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1 *In the Matter of Inter-Carrier Compensation for ISP-Bound Traffic,* CC Docket No. 99-68, *Notice of Proposed Rulemaking,* FCC 99-38, released February 26, 1999 ("*NPRM*").

2 *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996,* CC Docket No. 96-98, *Declaratory Ruling*, FCC 99-38, released February 26, 1999 at ¶ 12 ("*Declaratory Ruling*").

3 *Id.* at ¶¶ 18 and 20.

the *NPRM* is to consider the adoption of a rule governing inter-carrier compensation for ISP-bound traffic.[4]

As a preliminary matter, it is necessary to establish the framework within which the issue of inter-carrier compensation should be considered. The interstate connection that permits an ISP to communicate with its subscribers falls within the scope of exchange access and, accordingly, constitutes an access service as defined by the Commission:

> *Access Service* includes services and facilities provided for the origination or termination of any interstate or foreign telecommunication.[5] (emphasis added)

The fact that the Commission has exempted enhanced service providers, including ISPs, from paying interstate access charges does not alter the fact that the connection an ISP obtains is an access connection. Instead, the exemption limits the compensation that a local exchange carrier ("LEC") in providing such a connection can obtain from an ISP.[6] Further, under the access charge exemption, the compensation derived by a LEC providing the service to an ISP has been limited to the rates and charges associated with business exchange services. Nevertheless, the ISP's service involves interstate communications. The ISP obtains a service that enables a communications path to be established by its subscriber. The ISP, in turn, recovers the cost of the telecommunications services it uses to deliver its service through charges it assesses on the subscribers of the ISP's service.

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4 *NPRM* at ¶ 28.

5 47 C.F.R. § 69.2(b).

6 The access charge exemption only applies to LECs that are subject to the Commission's access charge rules (47 C.F.R. § 69.1 *et. seq.*).

Where two or more carriers are involved in establishing the communications path between the ISP and the ISP's subscriber, the access service to the ISP is jointly provided. Such jointly provided access arrangements are not new or unique nor are the associated mechanisms to handle inter-carrier compensation. The services ISPs obtain for access to their subscribers are technically similar to the line side connections available under Feature Group A. For such line side arrangements, the Commission has relied on revenue sharing agreements for the purpose of inter-carrier compensation. The long history and precedent regarding inter-carrier compensation for interstate services are instructive and relevant to the Commission's determinations in this proceeding.

II. INTER-CARRIER COMPENSATION FOR ISP-BOUND INTERSTATE TRAFFIC

The *NPRM* expresses the Commission's preference that any rule pertaining to inter-carrier compensation be based upon negotiations entered into by the respective carriers.[7] BellSouth supports a federal rule that calls for negotiation between the carriers to determine inter-carrier compensation for jointly provided interstate-services. Negotiation has long been a mechanism employed by the Commission with regard to other jointly provided access arrangements that involved potential revenue sharing. Relying on the negotiation process enables agreements to reflect the differing circumstances that arise and permits carriers to craft agreements that are particular to those circumstances.

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[7] *NPRM* at ¶ 28.

The *NPRM* presents an approach to inter-carrier compensation based on the negotiation process established in Sections 251 and 252 of the Communications Act.[8] As explained more fully below, such an approach is not acceptable because the Commission does not have the statutory authority to adopt it. In response to the *NPRM*'s invitation, BellSouth submits an alternative approach that is consistent with the revenue sharing approaches followed by the Commission in connection with jointly provided access service.

A. The Commission Should Not Adopt The Alternative Set Forth In The *NPRM*

The approach for interstate inter-carrier compensation set forth in the *NPRM* would make the negotiations for such compensation subject to the negotiation process established by Sections 251 and 252 of the Communications Act. The proposal contemplates that a failure on the part of the parties to reach an agreement would be subject to the arbitration procedures set forth in Section 252 of the Communications Act, wherein state commissions would have the responsibility of arbitrating any unresolved issues. Under this proposal, the Commission would have no oversight role unless the state commission failed to act in accordance with the provisions of Section 252. This proposal is fundamentally flawed.

Neither Section 251 nor Section 252 governs interstate inter-carrier compensation arrangements. The duty to negotiate under Section 251 pertains only to fulfilling the duties set forth in subsections (b) and (c) of Section 251. Section 251(b) relates to local exchange carriers' obligations regarding resale, number portability, dialing parity, access to rights-of-way, and reciprocal compensation. Inter-carrier compensation for jointly provided interstate services is

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[8] 47 U.S.C. §§ 251 and 252.

unrelated to any of these Section 251(b) obligations.[9] Likewise, there is no nexus between Section 251(c) and interstate inter-carrier compensation. The duty to negotiate under Section 251(c) pertains to the terms and conditions that relate to interconnection, access to unbundled network elements, resale, and collocation. There is nothing in Section 251(c) that would govern interstate inter-carrier compensation.

A state commission's arbitration authority under Section 252 extends only to agreements negotiated pursuant to the requirements of Section 251. Because inter-carrier compensation for interstate services is not governed by Section 251, state commissions are without the statutory authority to arbitrate disputes over such matters. Further, the Commission does not have the authority to rewrite the Communications Act and vest the state commissions with the power to regulate matters relating to interstate communications that, under the Act, are specifically reserved to the Commission.[10]

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[9] Indeed, of the five obligations enumerated in Section 251(b), only reciprocal compensation could be remotely relevant. The Commission's *Declaratory Ruling*, however, is dispositive:

> As noted, section 251(b)(5) of the Act and our rules promulgated pursuant to that provision concern inter-carrier compensation for interconnected *local* telecommunications traffic. We conclude in this Declaratory Ruling, however, that ISP-bound traffic is non-local interstate traffic. Thus, the reciprocal compensation requirements of section 251(b)(5) of the Act and Section 251, Subpart H (Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic) of the Commission's rules do not govern inter-carrier compensations for this traffic.

Declaratory Ruling at n. 87.

[10] *See* 47 U.S.C. §§ 151 and 152(a). Similarly, the Commission does not have the statutory authority to vest federal district courts with the authority to review decisions regarding inter-carrier compensation for interstate communications. Under Section 252, federal district courts only have jurisdiction to review state commission actions "to determine whether the agreement

As an alternative to relying on Sections 251 and 252, the *NPRM* proposes that the Commission adopt "a set of federal rules governing inter-carrier compensation for ISP-bound traffic pursuant to which parties would engage in negotiations concerning rates, terms and conditions applicable to delivery of interstate ISP-bound traffic."[11] Without question, the only type of mechanism that can govern inter-carrier compensation for interstate services must be one over which the Commission has oversight. Federal rules that bind interstate inter-carrier compensation obligations would be appropriate.

The *NPRM*, however, assumes that for federal rules to operate properly, an arbitration-like process needs to be in-place. Arbitration is not an essential element for effective negotiation of interstate inter-carrier compensation agreements. Further, while the Commission has considerable latitude in managing its proceedings, it must be mindful that in conducting its affairs, it must do so in a manner that is consistent with the Administrative Procedures Act and the Communications Act. Thus, the Commission cannot divest the courts of appeal of jurisdiction to review final Commission orders or to force carriers to engage in binding arbitration. To the extent disputes arise during the inter-carrier compensation negotiations, the statutory complaint process and the Commission's implementing rules already provide an effective dispute resolution mechanism.

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or statement meets the requirements of section 251 and this section." 47 U.S.C. § 252(e)(6). Inter-carrier compensation for interstate services is unrelated to the requirements of Sections 251 or 252.

[11] *NPRM* at ¶ 31.

B. The Parameters Of A Properly Crafted Inter-Carrier Compensation Mechanism

At the outset, the Commission must recognize that any interstate inter-carrier compensation mechanism adopted in this proceeding gives rise to interstate costs that must be recovered through interstate rates. As obvious as this principle is, nothing in the *NPRM* indicates that the Commission has given any consideration to this basic concept. Yet, Commission precedent regarding inter-carrier compensation, *i.e.*, primary/secondary carrier agreements, revenue sharing agreements and meet point billing, firmly establishes that compensation between one carrier and another is for the purpose of recovering costs of jointly provided services and the cost of such compensation is borne by the subscriber of the jointly provided service.

For ISP-bound traffic, the ISP is purchasing an access service to receive communications from its subscribers. It uses the telecommunications service to provide its enhanced services and recovers its costs through fees charged to its subscribers. For dial-up connections, the ISP is obtaining a service that is analogous to a Feature Group A access service in that it obtains a dial tone service that has a 7/10 digit local number associated with it. The primary difference between Feature Group A and the ISP dial-up connection is that Feature Group A is based on two-way usage sensitive prices, whereas the Commission has limited the price for an ISP dial-up connection to the equivalent business exchange service rate.[12] Notwithstanding the pricing differences, the Feature Group A and the ISP dial-up services provide the customers of these services with the ability to communicate with their subscribers, and the fees paid by these

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[12] For BellSouth, exchange rates are generally flat-rated.

customers (*e.g.*, Interexchange carriers or ISPs) are supposed to compensate the LEC(s) for providing this service.[13]

Further, the Commission has correctly found that the preponderance of ISP communications is jurisdictionally interstate. As discussed below, there is no practical means of distinguishing intrastate and interstate components of ISP communications. For this reason the dial-up connection obtained by the ISP should be considered jurisdictionally interstate.[14] Such jurisdictional assignment does not implicate the access charge exemption for enhanced service providers. An interstate dial-up access connection for ISPs can be provided by simply adding a regulation for ISP dial-up connections to the interstate access tariff that cross-references the applicable business exchange rates that ISPs obtain from intrastate tariffs. Thus, ISPs would retain the current rate treatment of paying a rate that is no higher than a business exchange rate, but the service revenues and costs would properly be assigned to the interstate jurisdiction. Use of a cross-reference would have the further beneficial effect of making the jurisdictional alignment of service, revenues and costs transparent to the ISPs.

With regard to inter-carrier compensation for jointly-provided Internet access service, the LEC providing dial-tone to the ISP is the primary LEC and receives the interstate equivalent of a business exchange rate. The non-dial-tone LEC, or secondary LEC, receives no interstate revenues other than the subscriber line charge. Nevertheless, the secondary LEC incurs

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[13] The interstate cost components of the service include the subscriber's common line, the subscriber's switch, interoffice transport, the customer's dial-tone switch and the transport to the customer's location.

[14] At a minimum, a substantial portion of the dial-up connection must be considered jurisdictionally interstate in light of the Commission's finding in the *Declaratory Ruling*.

switching and trunking costs associated with the provision of this interstate service. Consistent with Commission precedent, the primary LEC, which has the relationship with the ISP, should compensate or share revenues with the secondary LEC.[15]

The Commission, accordingly, should adopt an inter-carrier compensation approach that: (1) recognizes that ISP traffic is interstate; (2) calls for negotiations between the carriers jointly providing the Internet access service; (3) is based on revenue sharing with the primary carrier sharing revenue with the secondary carrier; and (4) uses negotiation to determine the amount of inter-carrier compensation. Such an inter-carrier compensation approach promotes Commission goals and objectives. First and foremost, the approach does not disrupt the enhanced service providers access charge exemption. Next, while the enhanced service provider exemption remains intact, the mechanism crafted by BellSouth follows the same path that the Commission has unwaveringly pursued over the last fifteen years when it addressed LEC inter-carrier compensation matters. Finally, but equally important, the approach is procompetitive. It avoids creating regulatory incentives that artificially reward carriers that only serve selected customers. It promotes efficient networks and encourages carriers to compete across a broad range of services and customers because it ensures that carriers are compensated fairly.[16]

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[15] Prior to revenue sharing for Feature Group A, the Commission had established guidelines applicable to primary carrier/secondary carrier agreements.

[16] For example, the mechanism proposed by BellSouth would share the revenues derived from the services provided to ISPs. If such services are flat-rated, then the inter-carrier compensation would not be usage based.

C. ISP-Bound Traffic Cannot Practically Be Separated Into Its Interstate and Intrastate Components

In the *Declaratory Ruling*, the Commission determined that ISP-bound traffic was substantially interstate in nature. The Commission, however, reserved until this proceeding any determination regarding the severability of such traffic into intrastate and interstate components. It is beyond dispute that no carrier involved in delivering ISP-bound traffic has any way of determining how an ISP's subscriber is using the connection established between himself and the ISP. The only party that could theoretically track the jurisdictional use of the connection is the ISP itself. In BellSouth's opinion the tools to transform a theoretical possibility into a practical reality do not exist.

Hosts that are connected to the Internet can be located anywhere. Indeed, the fact that they are not tied to a particular geographic location represents one of the fundamental values of the Internet. Neither the IP address of the host nor its domain name links the host to a specific geographical location. Hence, there is no practical means to identify where the host is physically located. Neither the ISP's subscriber nor the ISP has any technical or operational tools that would enable them to determine which communications initiated by the subscriber or received by the subscriber are related to hosts that are located within the same local area as the ISP's local server or in another state or in another country. The dispersion of servers world-wide and the lack of duplication attests to the fact that use of the Internet will invariably involve substantial interstate communications.[17]

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[17] The WWW Consortium has compiled an extensive list of servers by geographic locations. The list is available at http://vlib.stanford.edu/Servers.html.

In addition, an ISP's subscriber typically communicates with more than one destination point on (or beyond) the Internet during a single Internet session and may do so either sequentially or simultaneously. For example, an ISP's subscriber in a single Internet session may access websites that reside on servers located in various states or in foreign countries; communicate directly with another Internet user; and "chat" online, in real time, with a group of Internet users located around the corner or around the world. Standard Internet "browsers" enable an ISP's subscriber to do all of these things simultaneously. In another example, an ISP's subscriber may download incoming e-mail from the ISP's server (which may or may not be located in the same state as the user), while accessing his stockbroker's website in another state, and listen to an audio feed that originates from a radio station in another country.[18] The dynamic capabilities of the Internet render it impossible to segregate intrastate from interstate communications.[19]

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[18] Indeed, one website, www.broadcast.com, offers an Internet user access to 984 different radio and television stations. With real-time audio and video streaming capabilities, which are available for most web browsers, Internet users can listen to radio stations and watch TV broadcasts from around the world.

[19] In a working paper, the FCC Office of Plans and Policy explained that:

> [B]ecause the Internet is a dynamically routed, packet-switched network, only the origination point of an Internet connection can be identified with clarity. Users generally do not open Internet connections to "call" a discreet recipient, but access various Internet sites during the course of a single conversation.... One Internet "call" may connect the user to information both across the street and on the other side of the world.

The paper concludes that Internet traffic "has no built-in jurisdictional divisions." Kevin Werbach, *Digital Tornado: The Internet and Telecommunications Policy*, FCC, OPP Working Paper No. 29 (March 1997) at 45.

The inability to distinguish the jurisdictional nature of each communication that traverses an Internet connection coupled with the predominant interstate nature of Internet communications lead to the inescapable conclusion that Internet traffic is inseverable and must be considered jurisdictionally interstate.

III. CONCLUSION

ISP-bound traffic is inherently and inseverably interstate traffic. As such, it requires an interstate inter-carrier compensation mechanism over which the Commission maintains oversight authority. BellSouth has provided an approach to address inter-carrier compensation for ISP-

bound traffic that recognizes the interstate character of such traffic and is consistent with Commission policies and goals.

Respectfully submitted

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I do hereby certify that I have this 12th day of April 1999 served the following parties to this action with a copy of the foregoing COMMENTS by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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* **VIA HAND DELIVERY**

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Inter-Carrier Compensation	)	CC Docket No. 99-68
For ISP-Bound Traffic	)	

REPLY COMMENTS

BellSouth Corporation and BellSouth Telecommunications, Inc. ("BellSouth") hereby submit their Reply Comments in the above referenced proceeding.

I. INTRODUCTION

In this proceeding the Commission is considering adopting rules to govern inter-carrier compensation for interstate ISP-bound traffic. For some commenters, this proceeding is an opportunity for the Commission to "show me the money" and make inter-carrier compensation a euphemism for corporate welfare. Inter-carrier compensation becomes an excuse for transfer payments from ILECs to CLECs.

Inter-carrier compensation is more complex. The underlying concept is one in which all carriers participating in the provision of a jointly provided service are compensated for the jointly provided service. Thus, inter-carrier compensation necessarily involves consideration of the revenues associated with the jointly provided service because it is from such revenues that inter-carrier compensation is derived. In the case of ISP-bound traffic, the issue is more difficult because the Commission's access charge exemption policy constrains the prices that can be charged for ISP-bound traffic.

Calls for the Commission to emulate local reciprocal compensation schemes simply ignore the realities surrounding ISP-bound traffic. The decision the Commission must make in

this proceeding requires a more thoughtful and analytical approach if the Commission is going to foster fair competition and encourage the development of advanced services and technologies.

II. THE PARADIGM FOR INTER-CARRIER COMPENSATION

The CLECs and some enhanced service providers portray the Commission's decision here to be one of simply adopting an approach that mirrors the reciprocal compensation mechanisms reflected in local interconnection agreements.[1] All of these comments share the same fundamental shortcoming. These parties apparently believe that the only task before the Commission is simply to establish an interstate payment mechanism between carriers. None of these parties consider the interstate revenue sources from which such payments must come. It is the height of folly to suggest, as these parties do, that a usage-based compensation scheme that is not accompanied by a usage sensitive charge that would be assessed on either the ISP or the ISP's subscriber could be imposed by the Commission.

Interstate compensation and interstate revenue sources are two sides of the same coin. The revenue sources for interstate ISP-bound traffic are two: (1) the subscriber line charge assessed to the ISP's subscriber and (2) the service charge assessed to the ISP.[2] The subscriber line charge, however, does not even cover of the full interstate nontraffic sensitive costs associated with facilities between the subscriber's premises and the serving central office of that subscriber. The remaining interstate nontraffic sensitive costs, as well as the switching and

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[1] *See e.g.*, RCN at 6; CompTel at 2-5; Choice Communications 2-3; Focal at 14; AOL at 10; AT&T at 8.

[2] As further discussed below, the comments in this proceeding make clear that all ISP traffic should be treated as interstate. Even if there is some jurisdictionally intrastate components of ISP traffic, such components cannot be severed from interstate communications that predominate ISP traffic. Accordingly, the services used by ISPs should be treated as interstate with the revenues associated with such services considered interstate revenues.

trunking costs associated with the communications path to the ISP, in the interstate jurisdiction, would typically be recovered from the ISP. Indeed, the Commission has recognized that the main source of revenue for LECs transporting ISP-bound traffic are from the service charges that ISPs pay to use local exchange facilities. [3]

In light of these facts, it is remarkable that CLECs that serve ISPs contend that the Commission should implement an inter-carrier compensation scheme that would result in usage-based payments being made to the carrier that provides service to the ISP. In an arrangement where two carriers are providing service to establish the connection between the ISP and its subscriber, the carrier serving the ISP's subscriber currently receives no interstate revenue for its switching and trunking facilities that are used in making the connection to the ISP. It is patently absurd to impose a compensation obligation on the carrier that serves the ISP's subscriber unless the Commission concomitantly creates a new mechanism for that carrier to recover these additional costs.

In stark contrast to the proposals that call for the Commission to mimic local reciprocal compensation is BellSouth's revenue sharing approach. BellSouth's proposal is guided by and consistent with Commission precedent regarding inter-carrier compensation for jointly provided interstate services.[4] It recognizes, as the Commission does, that the primary revenue source for ISP-bound traffic is derived from the service provided to the ISP. Equally important, BellSouth's proposal ties the level of inter-carrier compensation directly to the level of

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[3] *See* In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing and End User Common Line Charges, CC Docket Nos. 96-262, 94-1, 91-213 and 95-72, *First Report and Order*, 12 FCC Rcd 15982, 16133-16134 (1997).

[4] Numerous commenters urge the Commission to use the compensation mechanisms established for jointly provided access services.

compensation that carriers derive from the jointly provided service. The link between revenue and compensation has always been fundamental to the Commission's determinations regarding inter-carrier compensation for jointly provided access. This link is of no less importance to the ultimate resolution of the issue of inter-carrier compensation for ISP-bound traffic. Indeed, given the Commission's policies that surround enhanced services, the revenue/compensation link is a paramount consideration that cannot be ignored by the Commission.

A. The Commission Should Establish Guidelines Regarding Inter-Carrier Compensation

The comments reveal a consensus across a broad spectrum of parties participating in this proceeding that it is the Commission's responsibility to oversee inter-carrier compensation for interstate traffic and to adopt rules governing such compensation.[5] While there is a diversity of opinion regarding the specific content of the Commission's rules, most parties agree that the rules should provide guidelines including general principles governing such inter-carrier compensation and the procedures to be followed to establish compensation agreements.

Among the general principles to which most parties agree is that inter-carrier compensation agreements for ISP-bound traffic should be a product of negotiations. Negotiations have the benefit of enabling parties to recognize differing circumstances. With properly structured guidelines promulgated by the Commission, the concerns of some parties that negotiations would not be effective or fair are removed.[6] In its comments, BellSouth's proposed

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5 *See e.g.*, Focal at 8; RCN at 5; GSA at 12; CIX at 4; GST Telecom at 13.

6 *See e.g.*, Cox at 3; CT Cube and Leaco at 2; GST Telecom at 11-13.

a revenue sharing plan. The revenue sharing plan provides the foundation for the Commission to use in promulgating inter-carrier compensation guidelines. It would provide the parameters to be considered in the negotiation process, and, thus, provide a structured base upon which negotiations could take place.

B. Sections 251 And 252 Have No Applicability

One of the most significant differences among the parties arises in the context of the applicability of the negotiation and arbitration process set forth in Sections 251and 252 of the Communications Act. Many CLECs argue that inter-carrier compensation agreements regarding interstate ISP-bound traffic should be governed by the same process as local interconnection agreements.[7] Most just assert that the local interconnection agreements form the appropriate foundation for interstate ISP-bound traffic, and, thus, believe that the same process, including state commission arbitration of disputes, should apply.[8] A few attempt to rationalize having the state commissions oversee the negotiation and arbitration of inter-carrier compensation agreements because of a perceived inability of the Commission to fulfill its statutory obligations.[9] None of these parties, however, provide any legal basis that would support the application of Sections 251 and 252 to interstate ISP-bound traffic.

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7 There are some parties, such as MCIWorldCom, that dispute the Commission's jurisdictional determination regarding the interstate nature of ISP-bound traffic. They presume the traffic to be local and view the process regarding inter-carrier compensation to be no different than that for reciprocal compensation.

8 *See e.g.*, KMC Telecom at 2-5; CTSI at 11-13.

9 *See e.g.*, Focal at 7-8; ALTS at 8.

In its Comments, BellSouth demonstrated that neither Section 251 nor Section 252 govern interstate inter-carrier compensation.[10] The Act simply does not provide state commissions with any authority regarding interstate inter-carrier compensation. Nor can the Commission rewrite the Communications Act and vest state commissions with the power to regulate matters relating to interstate communications that, under the Act, are specifically reserved to the Commission.

The Commission has the responsibility to regulate interstate communications. It cannot delegate that responsibility to state commissions. Even if the Commission had the statutory authority to do so, which it does not, delegation to the state commissions would constitute poor public policy. ISP-bound traffic falls within the Commission's access charge exemption, a federal policy. The access charge exemption creates an interstate subsidy that clearly can be impacted by inter-carrier compensation. Accordingly, these matters require a cohesive, singular administration of policy. Such administration can and should only take place at the federal level.

C. Interstate Inter-carrier Compensation Should Not Mirror Local Reciprocal Compensation

Many of the CLECs urge the Commission to follow the local reciprocal compensation model, claiming that there is no difference between the transport and termination of local calls and jointly providing interstate service for ISP-bound traffic.[11] In these parties' view, a minute is a minute and there should be symmetry between these types of calls.

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[10] BellSouth at 4-5. Many parties share BellSouth's view. *See e.g.*, Frontier at 5-6; ICG at 3-5; SBC at 4-7.

[11] *See e.g.*, ALTS at 12-18; AT&T at 8; AOL at 10; CTSI at 5-7; Time Warner at 3-8; CompTel at 2.

These arguments are makeweight. There are minutes associated with local traffic, with access traffic and with toll traffic. These minutes are treated differently by regulators for policy reasons and more importantly, they are treated differently in interconnection agreements. To suggest that ISP-bound traffic should be treated as local traffic amounts to little more than an argument of convenience for the CLECs.

It would be the epitome of absurdity to contend that local exchange rates take into account and fully compensate the originating LEC for ISP-bound traffic. Despite the arguments by some that ISP-bound traffic has always been considered local, the fact remains that ISP-bound traffic characteristics were never considered when local rates were established. Further, the comments show that ISP-bound traffic bears little resemblance to local traffic.[12] Indeed, for BellSouth the typical call duration for a local call is between 3 and 4 minutes. On the other hand, an Internet session, on average, is between 20 and 25 minutes. There is simply no similarity between local exchange traffic and ISP-bound traffic.

A companion argument asserted by CLECs is that, like local exchange traffic, CLECs save incumbent LECs the costs for the portion of ISP-bound communication that they handle.[13] The fallacy in this argument is two-fold. First, the CLECs ignore the fact that they displace the primary revenue source for ISP-bound traffic. Next, they omit any mention of the additional costs that originating LECs have been incurring as a result of ISP-bound traffic. TANE, for example, pointed out the additional trunking costs the LECs are incurring because of the increase in ISP-bound traffic.[14] This proceeding is not the first time that the Commission was made

12 *See e.g.*, NTCA at 3; TANE at 2.

13 *See e.g.*, RCN at 11.

14 TANE at 2.

aware that ISP-bound traffic was increasing public switched network costs and increasing network congestion. Three years ago the Commission was advised during its review of the access charge exemption that ISP-bound traffic was causing network congestion and that the exemption would continue to cause ISP use of the public switched network to grow and would require additional network investment if network quality was to be maintained.[15] The comments in this proceeding confirm prior LEC predictions. There is nothing that CLECs have done to lessen the additional cost burden associated with ISP-bound traffic. There is no substance to claims that incumbent LECs have experienced cost savings because CLECs serve ISPs. To the contrary their network costs are increasing because of the exponential growth of ISP-bound traffic with its peculiar traffic characteristics and these too are costs to be considered for compensation purposes.

The symmetry that CLECs want the Commission to establish is achieved, not by treating ISP-bound traffic like local, but rather by recognizing that interstate ISP-bound traffic is no different than any other interstate traffic that uses local exchange facilities. When ISP-bound traffic is considered in its proper context, it becomes evident that compensation is not an issue that is reserved to the carrier serving the ISP. It pertains to the entire connection between the ISP subscriber and the ISP. An inter-carrier compensation mechanism must consider not only costs but also the revenue sources for such compensation. This is precisely how BellSouth's revenue sharing proposal operates.

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[15] *See* Comments and Reply Comments filed in connection with the Commission's proceeding, In the Matter of Usage of the Public Switched Network by Information Service and Internet Access Providers, CC Docket No. 96-263, *Notice of Inquiry,* 11 FCC Rcd 21354 (1996).

D. ISP-Bound Traffic Is Jurisdictionally Inseverable

Some commenters use this proceeding to indirectly question the Commission's declaratory ruling that ISP-bound traffic is primarily interstate. Thus, often in arguing in favor of replicating the local reciprocal compensation model for ISP-bound traffic, some commenters describe the traffic as terminating at an ISP location. Others contend that an end-to-end analysis does not fit with Internet communications.

The Commission's declaratory ruling is not at issue here. Parties have adequate remedies, reconsideration or judicial review, to challenge the Commission's ruling. Nevertheless, it is clear that the Commission's jurisdictional determination is unassailable. The Commission's ruling reflects a consistent application of past Commission and judicial precedent. No party has shown otherwise.

What is clear from the comments, however, is that interstate and intrastate components of an Internet communication are inseverable.[16] No party's comments contradict the fact the ISP's do not track the jurisdictional nature of Internet traffic. Further, no commenter has shown that a practical mechanism with widespread availability exists for tracking the jurisdiction of Internet traffic. The inability to distinguish the jurisdictional nature of the communications that traverse Internet connections and the predominate interstate nature of Internet communications lead to the inescapable conclusion that Internet traffic is inseverable and must be considered jurisdictionally interstate.

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[16] ISP-bound traffic can be identified. Where two LECs jointly provide the ISP connection, the two LECs would have to cooperate and exchange information in order to identify ISP-bound traffic. For example, the LEC serving the ISP would have to provide the originating LEC with the ISP dial-up numbers. The Commission, in its order here, should unequivocally make clear that LECs jointly providing services must work cooperatively and share information that is necessary or required to properly identify ISP-bound traffic.

IV. CONCLUSION

The Commission must reject the call for inter-carrier compensation for interstate ISP-bound traffic to emulate local reciprocal compensation. Such an approach would be inconsistent with existing Commission policies such as the access charge exemption for enhanced services. To reconcile its access charge exemption and inter-carrier compensation for ISP-bound traffic, the Commission will have to consider not only the costs of providing interstate services, but also the revenues derived from providing such services. The revenue sharing approach presented by BellSouth in its comments takes these factors into account and, accordingly, should be adopted by the Commission.

Respectfully submitted,

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STATEMENT OF PURPOSE

On February 9, 1999, MediaOne Florida Telecommunications, Inc. filed a Petition for Arbitration with the Florida Public Service Commission (FPSC). BellSouth Telecommunications, Inc. (hereinafter referred to as BellSouth or the Company) is filing in this document a Total Service Long Run Incremental Cost (TSLRIC) study, including shared and common costs, which complies with orders and regulations set forth by the FPSC.

OVERVIEW

BellSouth's TSLRIC plus shared and common study complies with the FPSC's requirements for determining the costs of Unbundled Network Elements (UNEs).

REQUIREMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION'S RULES

The Florida Public Service Commission stated on page 25 of Order No. PSC-96-1579-FOF-TP that:

> We find TSLRIC should be defined as the costs to the firm, both volume sensitive and volume insensitive, that will be avoided by discontinuing, or incurred by offering, an entire product or service, holding all other products or services offered by the firm constant.

The Commission further stated on page 33 that:

> Upon consideration of the evidence in the record and based on the Act, we find it appropriate to set permanent rates based on BellSouth's TSLRIC cost studies. The rates are for the unbundled network elements we consider to be technically feasible. The rates cover BellSouth's TSLRIC cost and provide some contribution toward joint and common costs.

BellSouth TELRIC Calculator
Unbundled Network Cost Elements Summary Report
Florida
TSLRIC Plus Shared and Common

3/15/99

	Cost Element	Recurring	Non Recurring	Non-Recurring First	Non-Recurring Additional	Non-Recurring Initial	Non-Recurring Subsequent
A.0	UNBUNDLED LOCAL LOOP						
A.15	UNBUNDLED NETWORK TERMINATING WIRE (NTW)						
A.15.1	Unbundled Network Terminating Wire (NTW) - Recurring	$0.6011					
A.15.2	NTW Site Visit - Survey, per MDU/MTU Complex		$171.16				
A.15.3	NTW Site Visit - Setup, per terminal			$75.28	$48.37		
A.15.4	NTW Access Terminal Provisioning including first 25 pair panel, per terminal			$101.09	$100.25		
A.15.5	NTW Existing Access Terminal Provisioning, second 25 pair panel, per terminal			$29.75	$28.90		
A.15.6	NTW Pair Provisioning, per pair			$4.48	$3.64		
A.15.7	NTW Service Visit, Per Request, per MDU/MTU Complex		$40.47				

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SECTION 2
STUDY METHODOLOGY

TOTAL SERVICE LONG RUN INCREMENTAL COST (TSLRIC)

The basis for TSLRIC studies is a forward-looking incremental cost methodology. This Long Run Incremental Cost (LRIC) methodology incorporates forward-looking technology placement and deployment guidelines in order to represent the costs incurred by an efficient firm to produce a level of output. Only costs which are directly caused by the particular item being studied are included in a LRIC analysis. Volume sensitive and volume insensitive costs, the combination of which are typically called Total Service Long Run Incremental Costs (TSLRIC), are identified to develop the direct costs caused by providing the particular service being studied.

There are two generic types of costs which have been studied: recurring and nonrecurring.

RECURRING COSTS

The monthly costs resulting from capital investments deployed to provision network elements are called recurring costs. Recurring costs include capital and operating costs. Capital costs include depreciation, cost of money and income tax. Operating costs include the expenses for maintenance, ad valorem and other taxes and represent ongoing costs associated with upkeep of the initial capital investment. Gross receipts tax (which includes municipal license taxes and PSC fees) is added.

The first step in developing recurring TSLRIC studies is to determine the forward-looking network architectures that, when deployed, represent the most efficient way to provision the network element. Material prices for the cables and associated equipment are gathered. Next, account specific Telephone Plant Indices are applied, when necessary, to trend material prices to the base study period. Because telecommunications equipment and plant placements are typically "lumpy", utilization factors are applied to the material prices in order to represent BellSouth's forward looking actual utilization of the plant. When multiple vendors are used, it is necessary to determine the average material price for a typical element by Uniform System of Accounts - Field Reporting Code (USOA-FRC), i.e., the plant account. Inflation Factors, by plant account code, are then applied to the material prices to trend the base year material price to levelized amounts that are valid for a three year planning period. In order to convert the material prices to installed investments, account specific inplant loadings are applied to material prices. The inplant loadings include engineering and installation labor (both BellSouth and vendor), exempt material and sales taxes.

Supporting equipment and power loadings are added, as appropriate to specific investment accounts. Next, supporting structure investments for land, building, poles and conduit are developed. These supporting structure investments are identified by their relationship to the respective item of plant being supported. For example, the pole investment is developed by applying a pole loading against the aerial cable investment.

1998 - 2000 level TSLRIC Annual Cost Factors are used to calculate the direct cost of capital, plant specific expenses and taxes. Account specific factors for each USOA-FRC are applied to investments by account code, yielding an annual cost per account code. Account specific shared cost factors and the common cost allocation factor are applied to produce forward-looking TSLRIC plus shared and common costs. The gross receipts tax factor is also applied.

The generic steps for developing recurring cost can be summarized as shown below. The unique technical characteristics and physical makeup of each service cost element must be taken into consideration.

Step 1: Determine the forward looking network designs (architectures) which will be used in deployment of the network element.

Step 2: Determine current material prices for the items of plant used in each design. Material prices are obtained from BellSouth contracts with various vendors.

Step 3: Apply material Telephone Plant Indices (TPIs) as appropriate to determine the base year material prices. Material TPIs estimate the changes in material prices over time.

Step 4: Adjust the material prices for utilization to account for spare capacity using a reasonable projection of actual total usage.

Step 5: Weight the material prices, as appropriate, to determine the average material price for a typical element by USOA-FRC, i.e., plant account.

Step 6: Apply material inflation factors, referred to as levelization factors, to the material prices to convert the utilized base year material prices to material prices representative of a three year planning period.

Step 7: Apply inplant loadings to the levelized material prices to convert the material prices to an installed investment, which includes the cost of material, engineering labor and installation labor.

Step 8: Apply support loadings to the investments to determine investments for support equipment and power, land, buildings, poles and conduit as appropriate.

Step 9: Convert the investments by FRC to annual costs by applying account specific TSLRIC annual cost factors to the various investments. The annual cost factors calculate the capital costs (depreciation, cost of money, and income tax) and operating expenses (plant specific expense, ad valorem taxes, and other taxes). Add the annual costs for the various FRCs. Next divide by 12 to determine the direct monthly cost.

Step 10: Apply the shared cost (account specific) factors. Then apply the gross receipts tax factor.

Step 11: Apply the common cost allocation factor to determine the TSLRIC plus shared and common costs.

NONRECURRING COSTS

Nonrecurring costs are one-time expenses associated with provisioning, installing and disconnecting an unbundled network element. The specific elements studied for this filing are the provisioning and disconnecting of an unbundled network element. Service order activity expenses are not included in the nonrecurring costs included in this filing. Examples of the work activities in each of these categories are as follows:

Engineering - Assign cable and pair; design circuit; order plug-in; perform translations in the switch
Connect and Test - Install circuit; test circuit; disconnect
Technician Travel Time - Travel to the customer's premises

The first step in developing nonrecurring costs is to determine the cost elements associated with the unbundled network element. These cost elements are then described by the individual activities required to provision the cost element. Individuals identify which activities are applicable. Subject matter experts identify the amount of time required to perform the task and also determine the probability that the activity will occur. Provisioning costs are developed by multiplying the work time for each work function by the labor rate for the work group performing the function.

Utilizing work functions, work times, and labor rates, disconnect costs are calculated in the same manner as the installation costs.

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The generic steps for developing nonrecurring costs are summarized in the following steps:

Step 1: Determine the cost elements to be developed.
Step 2: Define the work functions.
Step 3: Establish work flows.
Step 4: Determine work times for each work function.
Step 5: Develop labor costs for each work function (labor rate x work time).
Step 6: Accumulate work function costs to determine the total nonrecurring costs for each cost element. Add gross receipts tax. The result is TSLRIC.
Step 7. Apply the Common Cost Allocation factor to determine the TSLRIC plus common costs.

The TELRIC Calculator© is a model developed by BellSouth to produce long run incremental cost studies. The model was designed to accept variable inputs that are applied according to a user controlled matrix and can produce TSLRIC studies as well as TELRIC studies. The TELRIC Calculator© was used to produce the study included in this filing.

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SECTION 3
DESCRIPTION OF MODELS AND PRICE CALCULATORS

1. TELRIC Calculator©

The TELRIC Calculator© consists of three Microsoft Excel templates. The templates consist of twenty-one sheets each, eight for receiving input data and thirteen for calculations. All templates perform calculations in exactly the same manner and differ only in the number of decimal places displayed. It should be noted that no rounding is done in any of the sheets. The TELRIC Calculator©, developed to produce TELRIC studies, can also be used to produce TSLRIC studies.

The TELRIC Calculator© User Interface takes information from the default data sources or from the user modified sources and inputs them into the appropriate template depending on the cost element selected. Investments are entered by Field Reporting Code (FRC), Sub Field Reporting Code (Sub-FRC), and cost element number into the sheet called "Investments". The sub-FRC is used by the TELRIC Calculator© to determine the appropriate application of factors and loadings, which are applied based on a matrix contained in the sheet called "Factor Matrix". Factors and loadings are placed by FRC on the sheet labeled "Factors". Recurring and nonrecurring work times are placed by function and Job Function Code (JFC) or Payband into the sheets labeled "Recurring Labor" and "Nonrecurring Labor", respectively. Other recurring and nonrecurring expenses are entered by description into the sheet called "Additives". Lastly, direct labor rates are placed by JFC or Payband into the sheet called "Labor Rates".

The inputs then flow automatically through the "calculator" portions of the template. These sheets are labeled TELRIC Recurring Summary, INVEST-VS, INVEST-VI, LBPC-VS, LBPC-VI, FRCTELRIC-VS, FRCTELRIC-VI, RECEXP, TELRIC NRC Summary A, NR-NR, TELRIC NRC Summary B, NR-1A, and NR-IS. The function and detail of these sheets are outlined in the following narrative.

TELRIC Calculator© Recurring Worksheets

Investment Development (Excluding Land, Building, Pole, & Conduit)
Investment development begins in the worksheets INVEST-VS and INVEST-VI, where volume sensitive and volume insensitive investments by FRC and sub-FRC flow from the input sheets. The inflation factors, inplant loadings and supporting equipment and/or power loadings are applied, if applicable. As stated previously, the application of these factors/loadings is driven by a matrix contained within the template. If the factor/loading is not applicable to the FRC and sub-FRC, the investment is multiplied by the default value of one. All

calculations are detailed above each cell. These investments flow to the Land, Building, Pole, & Conduit Development sheet and to the Recurring Cost Development sheet.

Land, Building, Pole, & Conduit Investment Development
Investments from the Investment Development sheets flow into the sheets LBPC-VS and LBPC-VI. These worksheets apply land, building, pole, and conduit loadings to the investments. Land, building, pole, and conduit investments carried from the Investment Development sheets are multiplied by a factor of one. If one or all of these factors do not apply to an FRC, excluding land, building, pole, and conduit FRCs, the factor defaults to zero. The results are then summed and totaled at the top of the sheet and flow to the next sheet. All calculations are detailed above each cell.

Recurring Cost Development
The investments from the Investment Development and the Land, Building, Pole, and Conduit Investment Development sheets are summed to the FRC level and flow into the sheets called FRCTELRIC-VS and FRCTELRIC-VI. These sheets apply depreciation, cost of money (COM), income tax, plant specific, and ad valorem tax factors to the investments. If a factor does not apply, the default is zero. These results are then summed to produce direct cost. All calculations are detailed above each cell. The shared cost factor is applied to the investments to produce shared cost and then added to direct cost to produce TSLRIC plus shared cost. If the input investments are annual investments, these resulting costs are divided by twelve to produce monthly costs and the results then flow to the summary sheet.

Recurring Labor Expense Development
Recurring labor work times flow to the worksheet called RECEXP. The times are associated with a work function and a JFC or Payband. The associated direct labor rates, determined by the JFC or Payband, are applied to the work times to produce direct expenses. These expenses flow to the summary sheet. All calculations are detailed above each cell.

Recurring Cost Development
Recurring direct costs from sheets FRCTELRIC-VS and FRCTELRIC-VI, recurring direct expenses from sheet RECEXP, and other expenses from the input sheet "Additives" flow to the sheet called TSLRIC Recurring Summary. All costs and expenses are summed to a total cost. This cost is then multiplied by Gross Receipts Tax and Common Cost factors to obtain the volume sensitive and volume insensitive recurring costs. These two costs are summed to produce TSLRIC plus shared and conmmon costs.

All, some, or none of the previously described recurring cost development sheets will be included with a cost element, depending on their applicability.

TELRIC Calculator© Nonrecurring Worksheets

Nonrecurring Cost Development
Installation and disconnect work times by work function and JFC or Payband flow from the input sheet "Nonrecurring Labor" to the three nonrecurring cost development sheets called NR-NR, NR-1A, and NR-IS. The three sheets exist to accommodate different types of nonrecurring charge structures. The sheet NR-NR develops cost for a single nonrecurring charge, the sheet NR-1A develops cost for charges which are first and additional, and the sheet NR-IS develops cost for charges which are initial and subsequent. Only one of these three sheets is populated with actual work times for a cost element; the other sheets receive work time values of zero. The cost development methodology is the same for all three sheets.

The TELRIC Calculator© User Interface calculates the disconnect factor and places this factor into the "Factors" input sheet which causes it to flow to the three nonrecurring cost development sheets. Disconnect factors are used to develop the present value of a labor cost that will take place in the future. The interface develops this factor by first locating the factor associated with the study midpoint date in the working database. The end-point date is then determined by adding the cost element life, in months, to the midpoint date. The factor associated with this date is then divided by the midpoint factor. If there is no cost element life indicated (i.e., value equals zero), the disconnect factor is one. Since disconnects costs will be collected when the element is disconnected, the the cost element life will be shown as zero in this filing.

To develop the direct cost, the appropriate direct labor rate for the JFC or Payband is applied to the installation and disconnect work times for each function to produce the install cost and the disconnect cost. The costs then flow to the appropriate summary sheet. All calculations are detailed above each cell.

Nonrecurring Cost Development

Nonrecurring direct costs from sheets NR-NR, NR-1A, NR-IS, and other expenses from the input sheet "Additives" flow to the sheets called "TELRIC NRC Summary A" and "TELRIC NRC Summary B". The first sheet summarizes a single nonrecurring cost; the second sheet summarizes first and additional costs or initial and subsequent costs. Costs and expenses are summed to a total cost. This cost is then multiplied by Gross Receipts Tax and Common Cost factors to produce the Nonrecurring TSLRIC plus shared and common costs.

Depending on the structure of the nonrecurring cost, only two of the cost development sheets will be included with a cost element. The sheets NR-NR and TELRIC NRC Summary A will be included with the single cost structure. The sheets NR-1A and TELRIC NRC Summary B will be included with the first and additional cost structure. The sheets NR-IS and TELRIC NRC Summary B will be included with the initial and subsequent cost structure. The previously described nonrecurring cost development sheets will not be included with a cost element for which nonrecurring costs are not applicable.

2. Shared and Common Cost Model

The Shared and Common Cost Model used in this filing, is the version developed by the Florida Public Service Commission Staff and used by the Commission as the basis for the Shared and Common Allocation factors established in Order No. PSC-98-0604-FOF-TP. It includes all adjustments considered necessary by the Commission.

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SECTION 4
INPUTS - LOADINGS AND FACTORS

GROSS RECEIPTS TAX FACTOR

Some states and municipalities tax the revenues that a company receives from services provided within the state/municipality. The taxes may be designed to fund such things as PSC fees, franchise taxes, license taxes, or other similar items, but because the taxes are levied on the basis of revenues, they are commonly referred to as a gross receipts tax. Unlike some taxes that are billed to the customer and flowed through to the taxing authority, a gross receipts tax is a cost of doing business to BellSouth.

The BellSouth Tax Department provides the effective tax rate at which BellSouth is charged by the taxing authority and that rate is "grossed up" to reflect the following formula:

$$\frac{\text{GROSS RECEIPTS TAX RATE}}{(1 - \text{GROSS RECEIPTS TAX RATE})}$$

A summary of the gross receipts tax factor used in this study is included in Appendix A.

LABOR RATES

Labor rates for specific work groups are developed annually based on extracts of previous year's data from the Financial Processor. This extract collects labor expense and hours and a PC application processes the information to produce labor rates. During processing, the actual costs for a given work group are accumulated by expenditure type (e.g., direct labor productive, premium, other employee, etc.). These actual costs are divided by the actual hours (classified productive hours for plant and engineering work groups and total productive hours for cost groups) reported by work group to determine the basic rates. A factor from the BellSouth Region TPIs is applied to inflate these rates to the study period 1998 - 2000.

LABOR RATE COMPONENTS:
The following are various cost components that make up labor rates:

DIRECT SALARIES AND WAGES

1. Direct Labor - Productive (EXPENDITURE TYPE CODE (EXTC) KP1
   Identifies the cost of the actual straight time wages paid to occupational work reporting employees during the month for regularly scheduled time and

overtime spent performing productive work. Also includes the costs of salaries paid to management employees when performing productive work. Classified and unclassified productive hours are used as the basis for Direct Labor Costs.

2. Direct Labor - Premium (EXTC KP2)
Identifies the cost of the actual wages paid to occupational work reporting employees during the month for premium hours.

3. Direct Labor - Other Employee (EXTC KP3)
Identifies the cost of the actual wages and salaries paid to occupational work reporting employees during the month for allowances and special differentials, merit awards, wage adjustments, team incentive awards, pay in lieu of vacation, etc.

4. Direct Labor - Annualized Holidays, Vacations and Excused Days (EXTC KP5)
Identifies the cost of a monthly prorata share of payments to be made over the year to occupational work reporting employees for accrued costs of holidays, vacations, and excused days.

5. Direct Administration (EXTC KP6)
Identifies the costs of salaries paid during the month to the first level of supervision responsible for supervising occupational work reporting employees, and salaries and wages paid to employees and immediate supervisors who perform basic office services for occupational work reporting employees. Also included are the wages paid to occupational work reporting employees loaned to perform supervisory or clerical functions.

6. Plant Other Work Equipment - Salaries and Wages (EXTC CQR)
Identifies the salary and wage portion of the costs associated with other work equipment used by Facilities and Network Services employees (4XX0-9).

7. Plant Motor Vehicle - Salary and Wage Distribution (EXTC CQM)
Identifies the salary and wage portion of the plant motor vehicle expenses for construction, removal or plant specific operations expense accounts based on the classified productive hours of the labor groups using the motor vehicles.

OTHER DIRECT

1. Direct Labor - Other Costs (EXTC KP4)
   Identifies the costs incurred during the month for office, traveling and other costs of Facilities and Network Services employees whose wage and salary costs are direct labor or direct administration.

2. Direct Other Costs - Bellcore Billing (EXTC KP8)
   Identifies the costs incurred during the month for Bellcore billing costs of Facilities and Network Services employees whose wage and salary costs are direct labor or direct administration.

3. Plant Other Work Equipment - Benefits (EXTC CQS)
   Identifies the benefit costs associated with other work equipment used by Facilities and Network Services employees (4XX0-9).

4. Plant Other Work Equipment - Rents (EXTC CQK)
   Identifies the rent costs associated with other work equipment used by Facilities and Network Services employees (4XX0-9).

5. Plant Other Work Equipment - Other Expenses (EXTC CQL)
   Identifies the other expense costs associated with other work equipment used by Facilities and Network Services employees (4XX0-9).

6. Plant Motor Vehicle - Benefit Distribution (EXTC CQN)
   Identifies the benefit portion of the plant motor vehicle expenses for construction, removal or plant specific operations expense accounts based on the classified productive hours of the labor groups using the motor vehicles.

7. Plant Motor Vehicle - Rent Distribution (EXTC CQP)
   Identifies the rent portion of the plant motor vehicle expenses for construction, removal or plant specific operation expense accounts based on the classified productive hours of the labor groups using the motor vehicle.

8. Plant Motor Vehicle - Other Costs Distribution (EXTC CQQ)
   Identifies the other cost portion of the plant motor vehicle expenses for construction, removal or plant specific operations expense accounts based on the classified productive hours of the labor groups using the motor vehicle.

9. Benefits (EXTC KPL)
   Identifies the costs of the payroll related benefits and taxes for active Facilities and Network Services employees. These costs include pension accruals; company matching portion of savings plan; dental, medical, and group insurance plan reimbursements; and company portion of social security and unemployment payroll taxes.

TOTAL PRODUCTIVE HOURS

1. Classified Productive Hours
   Hours of work reporting employees which are reported to final accounting classifications.

2. Unclassified Productive Hours
   The working hours of plant work reporters devoted to activities of such a general nature as to not be assignable to specific accounting classifications. Unclassified activities include: attending conferences or meetings (including travel time) which are general in nature; attending first aid classes or safety meetings; paid time spent on union activities; paid time spent on quality of work life activities; time spent in a classroom (including travel time) for general or job specific training; and other unclassified activities such as attending assessment centers. This time will be work reported to special purpose function codes (SPFCs).

Labor Rate worksheets are included in Appendix A.

SHARED AND COMMON COST ALLOCATION FACTORS

The Shared and Common Cost Model used in this filing, is the version developed by the Florida Public Service Commission Staff and used by the Commission as the basis for the Shared and Common Allocation factors established in Order No. PSC-98-0604-FOF-TP. It includes all adjustments considered necessary by the Commission.

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SECTION 5
UNBUNDLED NETWORK ELEMENT (UNE) STUDIES

INTRODUCTION

This section contains a description of cost elements and an overview of the study process for each category of elements studied by BellSouth. Additionally, inputs and workpapers for each individual UNE are provided.

The study included in this filing is based on a three (3) year study period (1998 - 2000). All long run costs associated with providing the service cost elements are identified and included in the TSLRIC study. The forward-looking cost of money is 9.9%.

The following spreadsheet contains a listing of the unbundled network cost elements provided in this filing package. Each cost element is represented by a designated cost element number that is referenced throughout the studies.

Following this spreadsheet is a narrative describing the elements, study technique, and specific study assumptions. After the narrative are the TELRIC Calculator© outputs. Following the outputs, Microsoft Excel spreadsheets containing the inputs and workpapers are included.

	Florida TELRIC Summary - 03/15/99	Template Type	Filename	Files Used	Proprietary
A.0	**UNBUNDLED LOCAL LOOP**				
A.15	*UNBUNDLED NETWORK TERMINATING WIRE (NTW)*				
A.15.1	Unbundled Network Terminating Wire (NTW) - Recurring	5	Finewele.xls	Finewele.xls	
A.15.2	NTW Site Visit - Survey, per MDU/MTU Complex	5	Finewele.xls	Finewele.xls	
A.15.3	NTW Site Visit - Setup, per terminal	5	Finewele.xls	Finewele.xls	
A.15.4	NTW Access Terminal Provisioning including first 25 pair panel, per terminal	5	Finewele.xls	Finewele.xls	
A.15.5	NTW Existing Access Terminal Provisioning, second 25 pair panel, per terminal	5	Finewele.xls	Finewele.xls	
A.15.6	NTW Pair Provisioning, per pair	5	Finewele.xls	Finewele.xls	
A.15.7	NTW Service Visit, Per Request, per MDU/MTU Complex	5	Finewele.xls	Finewele.xls	

A.15	UNBUNDLED NETWORK TERMINATING WIRE (NTW)
A.15.1	UNBUNDLED NETWORK TERMINATING WIRE (NTW)-RECURRING
A.15.2	NTW SITE VISIT - SURVEY, PER MDU/MTU COMPLEX
A.15.3	NTW SITE VISIT - SETUP, PER TERMINAL
A.15.4	NTW ACCESS TERMINAL PROVISIONING INCLUDING FIRST 25 PAIR PANEL, PER TERMINAL
A.15.5	NTW EXISTING ACCESS TERMINAL PROVISIONING SECOND 25 PAIR PANEL, PER TERMINAL
A.15.6	NTW PAIR PROVISIONING, PER PAIR
A.15.7	NTW SERVICE VISIT, PER REQUEST, PER MDU/MTU COMPLEX

Element Description

The Unbundled Network Terminating Wire (NTW) is a dedicated transmission facility that BellSouth provides from the Wiring Closet/Garden Terminal at the point of termination of BellSouth's loop facilities to the end user premises. This facility will allow an end user to send and receive telecommunications traffic when it is properly connected to the ALEC's required network elements such as a loop distribution; loop feeder facility; Network Interface Device (NID); and either a circuit or packet switch.

These elements will be provided in Multi-Dwelling Units (MDUs) and/or Multi-Tenants Units (MTUs) where BellSouth provides wiring all the way to the end user premises. BellSouth will maintain a minimum of one pair (i.e., the first pair) and will provision additional pairs for the ALEC. If all spare pairs to a particular end user are being utilized and the end user wishes to change service providers, BellSouth will relinquish the pair that it holds in reserve.

In a Wiring Closet scenario, the requested NTW pair(s) will be moved (by a BellSouth technician) from the BellSouth cross-connect panel to a cross-connect panel designed for ALEC access to the NTW (e.g., RJ21X, 66 block, etc.) inside the wiring closet (or similar point of access). Once the spare pairs have been connected to this access point, the ALEC would place a cross-connect from their facilities (which also terminate inside the wiring closet) to the cross-connect panel used for the ALEC access.

In the Garden Terminal (GT) scenario, the ALEC will place its own GT in close proximity to the BellSouth GT. BellSouth will install an access terminal close to

the BellSouth GT in which the ALEC requested NTW pairs will be terminated. The ALEC will then provide a tie-cable from its GT to the BellSouth provided access terminal. At this point, a BellSouth technician will terminate the ALEC-provided tie-cable to a cross-connect panel within the access terminal. The BellSouth technician will then cross connect the requested spare NTW pairs to the ALEC's tie-cable.

Study Technique

A Microsoft Excel spreadsheet is used to develop the NTW Recurring cost. This spreadsheet reflects the cost to maintain the facility to which the ALEC has access.

The components of NTW provisioning of a 25-pair access terminal include the following equipment melded by percentage of occurrence and are based on current material prices as seen on the Microsoft Excel spreadsheet:

Garden Terminal includes:
- access terminal housing
- 25-pair cross-connect panel
- 15 feet of amphenal cable

Wiring Closet includes:
- 25-pair cross-connect panel
- 15 feet of amphenal cable

Specific Study Assumptions

The nonrecurring costs associated with the NTW site visit are considered service inquiry activities incurred prior to service provisioning activities and includes site survey and setup activities. These activities involve the work effort of the account team, LCSC, OSPE, AFIG, and an I&M representative dispatched 100% of the time.

The nonrecurring costs associated with provisioning activities include the following activities and assumptions:

- work group assistance for fall-out orders
- work groups to place and mount the access terminal
- work groups to extend, terminate, and tag equipment components
- material associated with the access terminal and amphenal cable

Recurring Cost Summary

Florida
A.15.1 - Unbundled Network Terminating Wire (NTW) - Recurring

3/15/99

	Volume Sensitive			Volume Insensitive		
	Direct Cost	Shared Cost	TELRIC	Direct Cost	Shared Cost	TELRIC
Other Expenses						
Unbundled Network Termination Wire (NTW) -	$0.5641	$0.0000	$0.5641	$0.0000	$0.0000	$0.0000
Total Monthly Cost	$0.5641	$0.0000	$0.5641	$0.0000	$0.0000	$0.0000
Gross Receipts Tax Factor			X 1.0137			X 1.0137
Cost (including Gross Receipts Tax)			$0.5718			$0.0000
Common Cost Factor			X 1.0512			X 1.0512
Monthly Economic Cost			$0.6011			$0.0000

Total Monthly Economic Cost : $0.6011

000017

Nonrecurring Cost Summary

Florida
A.15.2 - NTW Site Visit - Survey, per MDU/MTU Complex

3/15/99

Nonrecurring Cost

	Direct Cost	Shared Cost		TELRIC
Nonrecurring Cost Development Sheet Col H	$160.6262	$0.0000		$160.6262
Total Cost	$160.6262	$0.0000		$160.6262
Gross Receipts Tax Factor			X	1.0137
Cost (including Gross Receipts Tax)				$162.8263
Common Cost Factor			X	1.0512
Nonrecurring Economic Cost				**$171.1630**

Nonrecurring Cost Development

Florida
A.15.2 - NTW Site Visit - Survey, per MDU/MTU Complex

3/15/99

			A	B	C	D=AxC	E=BxC	F	G=ExF	H=D+G
Function	JFC/ Payband	JFC/Payband Description	Installation Worktime	Disconnect Worktime	Direct Labor Rate	Install Cost	Disconnect Cost	Disconnect Discount Factor	Discounted Disconnect Cost	Direct Cost
SERVICE INQUIRY	AEWOC	Acct Executive wo/Sales Comp	0.0833	0.0000	$59.93	$4.9942	$0.0000	1.0000	$0.0000	$4.9942
SERVICE INQUIRY	410X	Install & Mtce - Pots	0.5000	0.0000	$41.00	$20.5000	$0.0000	1.0000	$0.0000	$20.5000
SERVICE INQUIRY	2300	Customer Point Of Contact - ICSC	0.5000	0.0000	$44.86	$22.4300	$0.0000	1.0000	$0.0000	$22.4300
SITE SURVEY	NWPB57	Network Pay Band 57	2.0000	0.0000	$45.69	$91.3800	$0.0000	1.0000	$0.0000	$91.3800
TRAVEL	NWPB57	Network Pay Band 57	0.4667	0.0000	$45.69	$21.3220	$0.0000	1.0000	$0.0000	$21.3220
									Total	160.6261667

Function	JFC/ Payband	JFC/Payband Description	Installation Worktime	Disconnect Worktime	TELRIC Labor Rate	Install Cost	Disconnect Cost	Disconnect Discount Factor	Discounted Disconnect Cost	TELRIC
SERVICE INQUIRY	AEWOC	Acct Executive wo/Sales Comp	0.0833	0.0000	$59.93	$4.9942	$0.0000	1.0000	$0.0000	$4.9942
SERVICE INQUIRY	410X	Install & Mtce - Pots	0.5000	0.0000	$41.00	$20.5000	$0.0000	1.0000	$0.0000	$20.5000
SERVICE INQUIRY	2300	Customer Point Of Contact - ICSC	0.5000	0.0000	$44.86	$22.4300	$0.0000	1.0000	$0.0000	$22.4300
SITE SURVEY	NWPB57	Network Pay Band 57	2.0000	0.0000	$45.69	$91.3800	$0.0000	1.0000	$0.0000	$91.3800
TRAVEL	NWPB57	Network Pay Band 57	0.4667	0.0000	$45.69	$21.3220	$0.0000	1.0000	$0.0000	$21.3220
									Total	160.6261667

000049

Nonrecurring Cost Summary

Florida
A.15.3 - NTW Site Visit - Setup, per terminal

3/15/99

Nonrecurring Cost

	First				Additional			
	Direct Cost	Shared Cost		TELRIC	Direct Cost	Shared Cost		TELRIC
Nonrecurring Cost Development Sheet Col H	$70.6445	$0.0000		$70.6445	$45.3895	$0.0000		$45.3895
Total Cost	$70.6445	$0.0000		$70.6445	$45.3895	$0.0000		$45.3895
Gross Receipts Tax Factor			X	1.0137			X	1.0137
Cost (including Gross Receipts Tax)				$71.6121				$46.0112
Common Cost Factor			X	1.0512			X	1.0512
Nonrecurring Economic Cost				**$75.2787**				**$48.3670**

020000

Nonrecurring Cost Development

Florida
A.15.3 - NTW Site Visit - Setup, per terminal

3/15/99

			A		B		C	D=AxC		E=BxC		F	G=ExF		H=D+G	
			Installation Worktimes		Disconnect Worktimes		Direct Labor	Install Cost		Disconnect Cost		Disconnect Discount	Discounted Disconnect Cost		Direct Cost	
Function	JFC/ Payband	JFC/Payband Description	First	Additional	First	Additional	Rate	First	Additional	First	Additional	Factor	First	Additional	First	Additional
SERVICE INQUIRY	2300	Customer Point Of Contact - ICSC	0.7500	0.2500	0.0000	0.0000	$44.86	$33.6450	$11.2150	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$33.6450	$11.2150
SITE SETUP	NWPB57	Network Pay Band 57	0.3000	0.3000	0.0000	0.0000	$45.69	$13.7070	$13.7070	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$13.7070	$13.7070
SITE SETUP	32XX	Outside Plant Eng (FG30)	0.2500	0.2500	0.0000	0.0000	$47.97	$11.9925	$11.9925	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$11.9925	$11.9925
SITE SETUP	400X	Address & Facility Inventory (AFIG)	0.3333	0.2500	0.0000	0.0000	$33.90	$11.3000	$8.4750	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$11.3000	$8.4750
														Total	70.6445	45.3895

			Installation Worktimes		Disconnect Worktimes		TELRIC Labor	Install Cost		Disconnect Cost		Disconnect Discount	Discounted Disconnect Cost		TELRIC	
Function	JFC/ Payband	JFC/Payband Description	First	Additional	First	Additional	Rate	First	Additional	First	Additional	Factor	First	Additional	First	Additional
SERVICE INQUIRY	2300	Customer Point Of Contact - ICSC	0.7500	0.2500	0.0000	0.0000	$44.86	$33.6450	$11.2150	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$33.6450	$11.2150
SITE SETUP	NWPB57	Network Pay Band 57	0.3000	0.3000	0.0000	0.0000	$45.69	$13.7070	$13.7070	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$13.7070	$13.7070
SITE SETUP	32XX	Outside Plant Eng (FG30)	0.2500	0.2500	0.0000	0.0000	$47.97	$11.9925	$11.9925	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$11.9925	$11.9925
SITE SETUP	400X	Address & Facility Inventory (AFIG)	0.3333	0.2500	0.0000	0.0000	$33.90	$11.3000	$8.4750	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$11.3000	$8.4750
														Total	70.6445	45.3895

000021

Nonrecurring Cost Summary

Florida

A.15.4 - NTW Access Terminal Provisioning including first 25 pair panel, per terminal

3/15/99

Nonrecurring Cost

	First			Additional		
	Direct Cost	**Shared Cost**	**TELRIC**	**Direct Cost**	**Shared Cost**	**TELRIC**
Nonrecurring Cost Development Sheet Col H	$24.7077	$0.0000	$24.7077	$23.9167	$0.0000	$23.9167
Other Expenses						
MATERIAL	$70.1600	$0.0000	$70.1600	$70.1600	$0.0000	$70.1600
Total Cost	$94.8677	$0.0000	$94.8677	$94.0767	$0.0000	$94.0767
Gross Receipts Tax Factor			X 1.0137			X 1.0137
Cost (including Gross Receipts Tax)			$96.1671			$95.3652
Common Cost Factor			X 1.0512			X 1.0512
Nonrecurring Economic Cost			**$101.0908**			**$100.2479**

000022

Nonrecurring Cost Development

Florida

A.15.4 - NTW Access Terminal Provisioning including first 25 pair panel, per terminal

3/15/99

Function	JFC/ Payband	JFC/Payband Description	A Installation Worktimes First	A Installation Worktimes Additional	B Disconnect Worktimes First	B Disconnect Worktimes Additional	C Direct Labor Rate	D=AxC Install Cost First	D=AxC Install Cost Additional	E=BxC Disconnect Cost First	E=BxC Disconnect Cost Additional	F Disconnect Discount Factor	G=ExF Discounted Disconnect Cost First	G=ExF Discounted Disconnect Cost Additional	H=D+G Direct Cost First	H=D+G Direct Cost Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Mtce - Pots	0.5833	0.5833	0.0000	0.0000	$41.00	$23.9167	$23.9167	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$23.9167	$23.9167
														Total	24.70766667	23.91666667

Function	JFC/ Payband	JFC/Payband Description	Installation Worktimes First	Installation Worktimes Additional	Disconnect Worktimes First	Disconnect Worktimes Additional	TELRIC Labor Rate	Install Cost First	Install Cost Additional	Disconnect Cost First	Disconnect Cost Additional	Disconnect Discount Factor	Discounted Disconnect Cost First	Discounted Disconnect Cost Additional	TELRIC First	TELRIC Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Mtce - Pots	0.5833	0.5833	0.0000	0.0000	$41.00	$23.9167	$23.9167	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$23.9167	$23.9167
														Total	24.70766667	23.91666667

000023

Nonrecurring Cost Summary

Florida
A.15.5 - NTW Existing Access Terminal Provisioning, second 25 pair panel, per terminal

3/15/99

Nonrecurring Cost

	First			Additional		
	Direct Cost	**Shared Cost**	**TELRIC**	**Direct Cost**	**Shared Cost**	**TELRIC**
Nonrecurring Cost Development Sheet Col H	$7.6243	$0.0000	$7.6243	$6.8333	$0.0000	$6.8333
Other Expenses						
MATERIAL	$20.2900	$0.0000	$20.2900	$20.2900	$0.0000	$20.2900
Total Cost	$27.9143	$0.0000	$27.9143	$27.1233	$0.0000	$27.1233
Gross Receipts Tax Factor			X 1.0137			X 1.0137
Cost (including Gross Receipts Tax)			$28.2967			$27.4948
Common Cost Factor			X 1.0512			X 1.0512
Nonrecurring Economic Cost			**$29.7455**			**$28.9026**

000024

Nonrecurring Cost Development

Florida

A.15.5 - NTW Existing Access Terminal Provisioning, second 25 pair panel, per terminal

3/15/99

			A		B		C	D=AxC		E=BxC		F	G=ExF		H=D+G	
			Installation Worktimes		Disconnect Worktimes		Direct Labor	Install Cost		Disconnect Cost		Disconnect Discount	Discounted Disconnect Cost		Direct Cost	
Function	JFC/ Payband	JFC/Payband Description	First	Additional	First	Additional	Rate	First	Additional	First	Additional	Factor	First	Additional	First	Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Misc - Pots	0.1667	0.1667	0.0000	0.0000	$41.00	$6.8333	$6.8333	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$6.8333	$6.8333
														Total	7.624333333	6.833333333

Function	JFC/ Payband	JFC/Payband Description	Installation Worktimes First	Installation Worktimes Additional	Disconnect Worktimes First	Disconnect Worktimes Additional	TELRIC Labor Rate	Install Cost First	Install Cost Additional	Disconnect Cost First	Disconnect Cost Additional	Disconnect Discount Factor	Discounted Disconnect Cost First	Discounted Disconnect Cost Additional	TELRIC First	TELRIC Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Misc - Pots	0.1667	0.1667	0.0000	0.0000	$41.00	$6.8333	$6.8333	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$6.8333	$6.8333
														Total	7.624333333	6.833333333

000025

Nonrecurring Cost Summary

Florida
A.15.6 - NTW Pair Provisioning, per pair

3/15/99

Nonrecurring Cost

	First				Additional			
	Direct Cost	Shared Cost		TELRIC	Direct Cost	Shared Cost		TELRIC
Nonrecurring Cost Development Sheet Col H	$4.2077	$0.0000		$4.2077	$3.4167	$0.0000		$3.4167
Total Cost	$4.2077	$0.0000		$4.2077	$3.4167	$0.0000		$3.4167
Gross Receipts Tax Factor			X	1.0137			X	1.0137
Cost (including Gross Receipts Tax)				$4.2653				$3.4635
Common Cost Factor			X	1.0512			X	1.0512
Nonrecurring Economic Cost				**$4.4837**				**$3.6408**

000026

Nonrecurring Cost Development

Florida
A.15.6 - NTW Pair Provisioning, per pair

3/15/98			A		B		C	D=AxC		E=BxC		F	G=ExF		H=D+G	
			Installation Worktimes		Disconnect Worktimes		Direct Labor	Install Cost		Disconnect Cost		Disconnect Discount	Discounted Disconnect Cost		Direct Cost	
Function	JFC/ Payband	JFC/Payband Description	First	Additional	First	Additional	Rate	First	Additional	First	Additional	Factor	First	Additional	First	Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Mtce - Pots	0.0833	0.0833	0.0000	0.0000	$41.00	$3.4167	$3.4167	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$3.4167	$3.4167
														Total	4.207666667	3.416666667

Function	JFC/ Payband	JFC/Payband Description	Installation Worktimes First	Installation Worktimes Additional	Disconnect Worktimes First	Disconnect Worktimes Additional	TELRIC Labor Rate	Install Cost First	Install Cost Additional	Disconnect Cost First	Disconnect Cost Additional	Disconnect Discount Factor	Discounted Disconnect Cost First	Discounted Disconnect Cost Additional	TELRIC First	TELRIC Additional
ENGINEERING	400X	Address & Facility Inventory (AFIG)	0.0233	0.0000	0.0000	0.0000	$33.90	$0.7910	$0.0000	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$0.7910	$0.0000
CONNECT & TURN-UP TEST	410X	Install & Mtce - Pots	0.0833	0.0833	0.0000	0.0000	$41.00	$3.4167	$3.4167	$0.0000	$0.0000	1.0000	$0.0000	$0.0000	$3.4167	$3.4167
														Total	[illegible]	[illegible]

220027

Nonrecurring Cost Summary

Florida
A.15.7 - NTW Service Visit, Per Request, per MDU/MTU Complex

3/15/99

Nonrecurring Cost

	Direct Cost	Shared Cost		TELRIC
Nonrecurring Cost Development Sheet Col H	$37.9758	$0.0000		$37.9758
Total Cost	$37.9758	$0.0000		$37.9758
Gross Receipts Tax Factor			X	1.0137
Cost (including Gross Receipts Tax)				$38.4960
Common Cost Factor			X	1.0512
Nonrecurring Economic Cost				**$40.4670**

000028

Nonrecurring Cost Development

Florida
A.15.7 - NTW Service Visit, Per Request, per MDU/MTU Complex

3/15/99

			A	B	C	D=AxC	E=BxC	F	G=ExF	H=D+G
Function	JFC/ Payband	JFC/Payband Description	Installation Worktime	Disconnect Worktime	Direct Labor Rate	Install Cost	Disconnect Cost	Disconnect Discount Factor	Discounted Disconnect Cost	Direct Cost
SERVICE ORDER	4WXX	Work Management Center (WMC)	0.2500	0.0000	$34.37	$8.5925	$0.0000	1.0000	$0.0000	$8.5925
SERVICE ORDER	410X	Install & Mtce - Pots	0.2500	0.0000	$41.00	$10.2500	$0.0000	1.0000	$0.0000	$10.2500
TRAVEL	410X	Install & Mtce - Pots	0.4667	0.0000	$41.00	$19.1333	$0.0000	1.0000	$0.0000	$19.1333
									Total	37.97583333

Function	JFC/ Payband	JFC/Payband Description	Installation Worktime	Disconnect Worktime	TELRIC Labor Rate	Install Cost	Disconnect Cost	Disconnect Discount Factor	Discounted Disconnect Cost	TELRIC
SERVICE ORDER	4WXX	Work Management Center (WMC)	0.2500	0.0000	$34.37	$8.5925	$0.0000	1.0000	$0.0000	$8.5925
SERVICE ORDER	410X	Install & Mtce - Pots	0.2500	0.0000	$41.00	$10.2500	$0.0000	1.0000	$0.0000	$10.2500
TRAVEL	410X	Install & Mtce - Pots	0.4667	0.0000	$41.00	$19.1333	$0.0000	1.0000	$0.0000	$19.1333
									Total	37.97583333

620029

The following Microsoft Excel spreadsheet , flnewele.xls contains the development of and TELRIC calculator sheets for the following unbundled network cost element(s):

A.15.1	Unbundled Network Terminating Wire (NTW) - Recurring
A.15.2	NTW Site Visit - Survey, per MDU/MTU Complex
A.15.3	NTW Site Visit - Setup, per terminal
A.15.4	NTW Access Terminal Provisioning including first 25 pair panel, per Terminal
A.15.5	NTW Existing Access Terminal Provisioning, second 25 pair panel, per Terminal
A.15.6	NTW Pair Provisioning, per pair
A.15.7	NTW Service Visit, Per Request, per MDU/MTU Complex

	A	B	C	D	E	F	G	H	I
1	**Unbundled Network Terminating Wire (UNTW)**								
2	**Recurring Cost Development**								
3									
4		**Cost Element #:**		**A.15.1**					
5		**Level:**		**1998-2000**					
6									
7	**Description**	**Source**		**FL**					
8	**Access Lines**								
9	**Residence**	CRIS Report EOY97		4,277,648					
10	**Business**	CRIS Report EOY97		1,388,039					
11									
12	**% Sampled Loops Terminating in 12C/52C**								
13	**Residence**	95 Loop Sample		14.94%					
14	**Business**	95 Loop Sample		62.86%					
15									
16	**Estimated Loops Terminating with 12C/52C**								
17	**Residence**	Line 9 * Line 13		639,081					
18	**Business**	Line 10 * Line 14		872,521					
19									
20	**% of 12C/52C Loops with NTW**								
21	**Residence**	Network		98.00%					
22	**Business**	Network		50.00%					
23									
24	**Estimated Loops with NTW**	(C21*C17)+(C22*C1		1,062,560					
25									
26	**Account 6362.9900 68M $ (State YE97)**	Cost Matters - MR		$ 11,987,936					
27									
28	**% Expense Associated with Labor for NTW Lines**	Network		60%					
29									
30	**Estimated 68M NTW Annual Labor Expense**	Line 26 * Line 28		$ 7,192,762					
31									
32	**Annual UNTW labor cost/line**	Line 30/Line 24		$ 6.77					
33									
34	**Monthly UNTW labor cost/line**	Line 32 / 12		$ 0.56					
35									
36									
37	**Assumptions:**								
38	- 1997 access lines and EOY 68M booked data are assumed to bear a consistent relationship in future years								
39	- BellSouth is providing access to the NTW only (the CLEC will install their own NID at the customer premises)								
40									

	A	B	C	D	E	F	G	H	I
41	**NONRECURRING COST STUDY INPUT - VERSION 1.0**	**---ASSUMES MANUAL SERVICE ORDER ENTRY---**							
42	**NTW Site Survey per MDU/MTU Complex**								
43				**DISCONNECT LOCATION LIFE (MOS.):**			**0**		
44	**STATE:**	**FL**							
45	**COST ELEMENT #:**	**A.15.2**							
46	**LEVEL:**	**1998 - 2000**							
47					**(A)**				
48					**Non-Recurring**				
49	**DESCRIPTION**	**SME**		**JFC**	**Worktimes (Hrs.)**				
50									
51	**SERVICE INQUIRY**								
52	Account Team (AE) takes CLEC request for site visit, records information on Service Inquiry (SI) form, passes firm order	Interconnection		AEWOC	0.0833				
53	SI to I&M, receives SI from LCSC when work is completed, FAXes SI to CLEC, & retains file copy.								
54	I&M receives SI from Account Team & schedules I&M site visit w/ CLEC	Network		410X	0.5000				
55	LCSC receives SI w/site survey data from I&M & completes a service order for billing purposes	Interconnection		2300	0.5000				
56									
57	**SITE SURVEY**								
58	I&M Svr (PG 57) meets with CLEC representative, checks for available facilities, advises CLEC of the availability	Network		NWPB57	2.0000				
59	of facilities, determines the method of interconnection (space availability) in garden terminal or wiring closet, indicates								
60	billing for site survey & sends SI to LCSC for billing								
61									
62	**TRAVEL**								
63	I&M Svr (PG 57) travels from work center to site	Network		NWPB57	0.4667				
64									
65									
66	**ASSUMPTIONS:**								
67	**1) Assumes 100% I&M dispatch to site is required for site survey.**								
68	**2) Install additional & disconnect first & additional worktimes are not applicable.**								
69									
70									
71									

000032

	A	B	C	D	E	F	G	H	I
72	**NONRECURRING COST STUDY INPUT - VERSION 1.0**	**---ASSUMES MANUAL SERVICE ORDER ENTRY---**							
73	**NTW Site Setup per Access Terminal at same MDU/MTU Complex**								
74					**DISCONNECT LOCATION LIFE (MOS.):**		**0**		
75	**STATE:**	**FL**							
76	**COST ELEMENT #:**	**A.15.3**							
77	**LEVEL:**	**1998 - 2000**				**(A) INSTALL Worktimes (Hrs.)**		**(B) DISCONNECT Worktimes (Hrs.)**	
78									
79									
80	**DESCRIPTION**	**SME**		**JFC**	**FIRST**	**ADDTL**	**FIRST**	**ADDTL**	
81									
82	**SERVICE INQUIRY**								
83	LCSC receives SI w/site survey & setup information from OSPE, issues service order, & FAXes SI to Account Team (AE)	Interconnection		2300	0.7500	0.2500	n/a	n/a	
84	(worktime includes time associated with site setup only--worktime associated with site survey is included in								
85	UNTW Element No. A.15.2)								
86									
87	**SITE SETUP**								
88	I&M Svr adds to SI existing terminal address, new terminal suffix, working number for OSPE, associated bldg & end user	Network		NWPB57	0.3000	0.3000	n/a	n/a	
89	addresses, sizes the NTW prewire, schedules & plans job including ordering supplies for job, sends SI to OSPE, &								
90	completes order indicating billing for site setup								
91	OSPE receives SI from I&M, uses working number to pull up premise address in LFACS, validates existing terminal address,	Network		32XX	0.2500	0.2500	n/a	n/a	
92	creates new terminal address and wiring limits, and sends SI to the AFIG and LCSC.								
93	AFIG receives SI from OSPE; builds an NTW terminal to reflect availability of UNTW, an NTW address and associates	Network		400X	0.3333	0.2500	n/a	n/a	
94	address to NTW terminal, & rules at facility address instructing LFACS not to assign facilities on any service orders								
95	that carry the NTW address per garden terminal regardless of # pairs per terminal ; and builds a single cross-box terminal per								
96	apartment complex								
97									
98									
99	**ASSUMPTIONS:**								
100	**1) Assumes 100% I&M dispatch to site required for site survey.**								
101	**2) Assumes I&M Svr has already completed the site survey and is already at the site.**								
102	**3) The LCSC service order time is incremental to the site survey service order time and if applicable the site survey &**								
103	**the setup will be included on the same order.**								
104	**4) First install assumes first GT at site; additional install assumes each additional GT at same site on same order.**								
105	**5) Assumes average 25 pr per GT, 6 pr wire per living unit (LU), or 12 LU per terminal.**								
106	**6) Assumes average 25 pr per access terminal & 25 pr per block in wiring closet.**								
107	**7) Assumes average 2 lines per LU.**								
108	**8) Disconnect first & additional work times are not applicable.**								

	A	B	C	D	E	F	G	H	I
109	NONRECURRING COST STUDY INPUT - VERSION 1.0	----ASSUMES ELECTRONIC SERVICE ORDER ENTRY----							
110	Provisioning Terminal for First 25 Pair Panel at same MDU/MTU Complex, same order, per terminal				DISCONNECT LOCATION LIFE (MOS.):		0		
111									
112	STATE:	FL							
113	COST ELEMENT #:	A.15.4							
114	LEVEL:	1998 - 2000				(A)		(B)	
115						INSTALL		DISCONNECT	
116						Worktimes (Hrs.)		Worktimes (Hrs.)	
117	DESCRIPTION	SME		JFC	FIRST	ADDTL	FIRST	ADDTL	
118	ENGINEERING								
119	AFIG provides manual assistance for fallout orders.	Network		400X	0.0233	n/a	n/a	n/a	
120									
121	CONNECT & TURN-UP TEST								
122	I&M places access terminal box, mounts first 25 pair cross-connect block (RJ21X), & terminates amphenol plug on common	Network		410X	0.5833	0.5833	n/a	n/a	
123	block, includes travel between buildings								
124									
125	MATERIAL								
126	Total weighted material price for GT or Wiring Closet (WC) Scenario	Network			$70.16	$70.16	n/a	n/a	
127									
128									
129	ASSUMPTIONS:								
130	1) First install assumes first terminal at site; additional install assumes each additional terminal at same site on same order.								
131	2) AFIG provides manual assistance for non-flow through orders (20% total fallout--10% fallout due to no available spare,								
132	and 10% because we must provide the CLEC our spare.)								
133	3) Terminal provisioning is ordered via an electronic interface.								
134	4) When applicable, the Manual Service Order Charge is charged separately.								
135	5) An I&M Service Visit Charge is applicable per LSR and is charged separately.								
136	6) Incremental Manual Order Coordination by the UNE Center (connect & turn-up test) is charged separately.								
137	Incremental time associated with handling CLEC Specified Conversion time is also charged separately.								
138	7) Assumes average 25 pr per GT, 6 pr wire per living unit (LU), or 12 LU per terminal.								
139	8) Assumes average 25 pr per access terminal & 25 pr per block in wiring closet.								
140	9) Assumes average 2 lines per LU.								
141	10) Disconnect first & additional work times are not applicable.								

	A	B	C	D	E	F	G	H	I
142	NONRECURRING COST STUDY INPUT - VERSION 1.0	----ASSUMES ELECTRONIC SERVICE ORDER ENTRY----							
143	Provisioning Second 25 Pair Panel at same MDU/MTU Complex, same order, per terminal								
144					DISCONNECT LOCATION LIFE (MOS.):		0		
145	STATE:	FL							
146	COST ELEMENT #:	A.15.5							
147	LEVEL:	1998 - 2000			(A)		(B)		
148					INSTALL		DISCONNECT		
149					Worktimes (Hrs.)		Worktimes (Hrs.)		
150	DESCRIPTION	SME		JFC	FIRST	ADDTL	FIRST	ADDTL	
151	ENGINEERING								
152	AFIG provides manual assistance for fallout orders.	Network		400X	0.0233	n/a	n/a	n/a	
153									
154	CONNECT & TURN-UP TEST								
155	I&M mounts another 25 pair cross-connect block (RJ21X) in the existing access terminal, & terminates amphenol plug on	Network		410X	0.1667	0.1667	n/a	n/a	
156	common block								
157									
158	MATERIAL								
159	Total Material Price	Network			$20.29	$20.29	n/a	n/a	
160									
161									
162	ASSUMPTIONS:								
163	1) First install assumes first terminal at site; additional install assumes each additional terminal at same site on same order.								
164	2) AFIG provides manual assistance for non-flow through orders (20% total fallout--10% fallout due to no available spare,								
165	and 10% because we must provide the CLEC our spare.)								
166	3) Terminal provisioning is ordered via an electronic interface.								
167	4) When applicable, the Manual Service Order Charge is charged separately.								
168	5) An I&M Service Visit Charge is applicable per LSR and is charged separately.								
169	6) Incremental Manual order Coordination by the UNE Center (connect & turn-up test) is charged separately.								
170	Incremental time associated with handling CLEC Specified Conversion time is also charged separately.								
171	7) Assumes average 25 pr per GT, 6 pr wire per living unit (LU), or 12 LU per terminal.								
172	8) Assumes average 25 pr per access terminal & 25 pr per block in wiring closet.								
173	9) Assumes average 2 lines per LU.								
174	10) Disconnect first & additional work times are not applicable.								

	A	B	C	D	E	F	G	H	I
175	NONRECURRING COST STUDY INPUT - VERSION 1.0	—ASSUMES ELECTRONIC SERVICE ORDER ENTRY—							
176	Provisioning NTW Pair at same MDU/MTU Complex, same order, per pair per terminal								
177					DISCONNECT LOCATION LIFE (MOS.):		0		
178	STATE:	FL							
179	COST ELEMENT #:	A.15.6							
180	LEVEL:	1998 - 2000							
181						(A)		(B)	
182						INSTALL		DISCONNECT	
183						Worktimes (Hrs.)		Worktimes (Hrs.)	
184	DESCRIPTION	SME		JFC	FIRST	ADDTL	FIRST	ADDTL	
185	ENGINEERING								
186	AFIG provides manual assistance for fallout orders.	Network		400X	0.0233	n/a	n/a	n/a	
187									
188	CONNECT & TURN-UP TEST								
189	I&M identifies cable & extends NTW from BST terminal in common cross-connect block, terminates & punches	Network		410X	0.0833	0.0833	n/a	n/a	
190	down bare wire, tags wire, & completes order								
191									
192	ASSUMPTIONS:								
193	1) First install assumes first terminal at site; additional install assumes each additional terminal at same site on same order.								
194	2) AFIG provides manual assistance for non-flow through orders (20% total fallout--10% fallout due to no available spare,								
195	and 10% because we must provide the CLEC our spare.)								
196	3) NTW Pair provisioning is ordered via an electronic interface.								
197	4) When applicable, the Manual Service Order Charge is charged separately.								
198	5) An I&M Service Visit Charge is applicable per LSR and is charged separately.								
199	6) Incremental Manual order Coordination by the UNE Center (connect & turn-up test) is charged separately.								
200	Incremental time associated with handling CLEC Specified Conversion time is also charged separately.								
201	7) Assumes average 25 pr per GT, 6 pr wire per living unit (LU), or 12 LU per terminal.								
202	8) Assumes average 25 pr per access terminal & 25 pr per block in wiring closet.								
203	9) Assumes average 2 lines per LU.								
204	10) Disconnect first & additional work times are not applicable.								

	A	B	C	D	E	F	G	H	I
205	NONRECURRING COST STUDY INPUT - VERSION 1.0	---ASSUMES MANUAL SERVICE ORDER ENTRY---							
206	Service Visit Charge associated with provisioning, same MDU/MTU Complex, per LSR								
207				DISCONNECT LOCATION LIFE (MOS.):			0		
208	STATE:	FL							
209	COST ELEMENT #:	A.15.7							
210	LEVEL:	1998 - 2000							
211					(A)				
212					Non-Recurring				
213	DESCRIPTION	SME		JFC	Worktimes (Hrs.)				
214	SERVICE ORDER								
215	WMC coordinates dispatched technicians per order	Network		4WXX	0.2500				
216	I&M handles svc request per order	Network		410X	0.2500				
217									
218	TRAVEL								
219	I&M travels from work center to site	Network		410X	0.4667				
220									
221									
222	ASSUMPTIONS:								
223	1) Assumes Service Visit Charge is applicable per LSR and is charged separately.								
224	2) Incremental Manual order Coordination by the UNE Center (connect & turn-up test) is charged separately.								
225	Incremental time associated with handling CLEC Specified Conversion time is also charged separately.								
226	3) Disconnect first & additional work times are not applicable.								
227									
228									

000037

	A	B	C	D	E	F	G	H
1		**TELRIC INPUT FORM - MATERIAL/INVESTMENT DATA**						
2								
3		**Instructions:**						
4		**1. Use this worksheet to record material and/or investments to be input into the**						
5		**TELRIC calculations.**						
6		**2. All amounts shown are per unit (e.g., per call, per loop, per MOU).**						
7		**3. Input data, by Cost Element, leaving no blank lines. On next row**						
8		**after last line of data, type END in Cost Element Column.**						
9		**4. All data on this form should be cell-referenced to study workpapers.**						
10		**5. Do NOT change columns, headings, sheet name.**						
11								
12					**Volume**	**Volume**		
13		**Cost**		**Sub**	**Sensitive**	**Insensitive**		
14	**State**	**Element #**	**FRC**	**FRC**	**$ Amount**	**$ Amount**		
15		END						
16								
17								
18								

000038

	A	B	C	D	E	F
1		**TELRIC INPUT FORM - RECURRING EXPENSES DATA**				
2						
3		**Instructions:**				
4		**1. Use this worksheet to record recurring non-labor expenses to be input into the**				
5		**TELRIC calculations.**				
6		**2. All amounts shown are per unit (e.g., per call, per loop, per MOU).**				
7		**3. Input data, by Cost Element, leaving no blank lines. On next row**				
8		**after last line of data, type END in Cost Element Column.**				
9		**4. All data on this form should be cell-referenced to study workpapers.**				
10		**5. Do NOT change columns, headings, sheet name.**				
11						
12						
13						
14				**Recurring**	**Recurring**	
15			**Recurring**	**Volume**	**Volume**	
16		**Cost**	**Expense Description**	**Sensitive**	**Insensitive**	
17	**State**	**Element #**	**(Limited to 25 characters)**	**$ Amount**	**$ Amount**	
18	FL	A.15.1	Unbundled Network Termination Wire (NTW) - Recurring	$ 0.56		
19		END				
20						
21			Maximum 10 entries per Cost Element #			
22						
23						
24						

000039

TELRIC INPUT FORM - NONRECURRING EXPENSES DATA

Instructions:

1. Use this worksheet to record nonrecurring non-labor expenses to be input into the TELRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.
6. Use column D when cost element has a single nonrecurring cost; use columns E & F for elements with a first and additional nonrecurring cost; use columns G & H for elements with an initial and subsequent nonrecurring cost.

State	Cost Element #	Nonrecurring Expense Description (Limited to 25 characters)	onrecurring $ Amount	Nonrecurring First $ Amount	Nonrecurring Additional $ Amount	onrecurring Initial $ Amount	onrecurring Subsequent $ Amount
FL	A.15.4	MATERIAL		$70.16	$70.16		
FL	A.15.5	MATERIAL		$20.29	$20.29		
	END						

Maximum 10 entries per Cost Element #

000040

	A	B	C	D	E	F	G	H
1		**TELRIC INPUT FORM - RECURRING LABOR EXPENSES DATA**						
2								
3		**Instructions:**						
4		**1. Use this worksheet to record recurring expensed labor times to be input into the**						
5		**TELRIC calculations.**						
6		**2. All amounts shown are per unit (e.g., per call, per loop, per MOU).**						
7		**3. Input data, by Cost Element, leaving no blank lines. On next row**						
8		**after last line of data, type END in Cost Element Column.**						
9		**4. All data on this form should be cell-referenced to study workpapers.**						
10		**5. Do NOT change columns, headings, sheet name.**						
11								
12								
13						**Work Time (Hours)**		
14		**Cost**	**xpense Desc**	**JFC/**		**Volume**	**Volume**	
15	**State**	**Element #**	**d to 25 chara**	**Payband**		**Sensitive**	**Insensitive**	
16		END						
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28			Maximum 20 entries per Cost Element #					

000041

TELRIC INPUT FORM - NONRECURRING LABOR TIMES

Instructions:

1. Use this worksheet to record nonrecurring labor times to be input into the TELRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.
6. Use columns F & G when cost element has a single nonrecurring cost; use columns H, I, J, & K for elements with a first and additional nonrecurring cost; use columns L, M, N & O for elements with an initial and subsequent nonrecurring cost.
7. Study midpoint date is set for Georgia studies at 6/98.
8. Input Cost Element Life (in months) on first row of data for each cost element. It is not necessary to repeat on each line.

Study Mid-Point Date (Mos.): Jun-99

						(For use w/ one NR)									
						Installation	Disconnect	First Installation	First Disconnect	Additional Installation	Additional Disconnect	Initial Installation	Initial Disconnect	Subsequent Installation	Subsequent Disconnect
		Cost	Cost Element	Labor Expense Description	JFC/	Time	Time	Time	Time	Time	Time	Time	Time	Time	Time
	State	Element #	Life (Mo)	(Limited to 25 characters)	Payband	(Hours)	Hours	(Hours)	Hours	(Hours)	Hours	(Hours)	Hours	(Hours)	Hours
21	FL	A.15.2	0	SERVICE INQUIRY	AEWOC	0.0833									
22	FL	A.15.2	0	SERVICE INQUIRY	410X	0.5000									
23	FL	A.15.2	0	SERVICE INQUIRY	2300	0.5000									
24	FL	A.15.2	0	SITE SURVEY	NWPB57	2.0000									
25	FL	A.15.2	0	TRAVEL	NWPB57	0.4667									
26	FL	A.15.3	0	SERVICE INQUIRY	2300			0.7500		0.2500					
27	FL	A.15.3	0	SITE SETUP	NWPB57			0.3000		0.3000					
28	FL	A.15.3	0	SITE SETUP	32XX			0.2500		0.2500					
29	FL	A.15.3	0	SITE SETUP	400X			0.3333		0.2500					
30	FL	A.15.4	0	ENGINEERING	400X			0.0233							
31	FL	A.15.4	0	CONNECT & TURN-UP TEST	410X			0.5833		0.5833					
32	FL	A.15.5	0	ENGINEERING	400X			0.0233							
33	FL	A.15.5	0	CONNECT & TURN-UP TEST	410X			0.1667		0.1667					
34	FL	A.15.6	0	ENGINEERING	400X			0.0233							
35	FL	A.15.6	0	CONNECT & TURN-UP TEST	410X			0.0833		0.0833					
36	FL	A.15.7	0	SERVICE ORDER	4WXX	0.2500									
37	FL	A.15.7	0	SERVICE ORDER	410X	0.2500									
38	FL	A.15.7	0	TRAVEL	410X	0.4667									
39		END													
40															
41															
42				Maximum 20 entries per Cost Element #											

0000042

APPENDIX A
UNBUNDLED NETWORK ELEMENT (UNE) STUDIES

Gross Receipts Tax Factor

File: 98stuse.xls

GROSS RECEIPTS TAX CALCULATIONS

AREA a	GROSS RECEIPTS NET TAX b	GROSS RECEIPTS REVENUES c	GROSS RECEIPTS TAX RATE d=b/c	GROSS RECEIPTS MARKUP FACTOR e=1/(1-d)-1
FLORIDA	31,338,361	2,319,335,633	0.0135	0.0137

APPENDIX A
UNBUNDLED NETWORK ELEMENT (UNE) STUDIES

Labor rates

File: Laborate.xls

SUMMARY

State	JFC/Payband	Description	Direct Labor Date	Direct Labor Rate	Telric Labor Rate	Telric Labor Date
RW	400X	Address & Facility Inventory (AFIG)	7-15-98	$ 33.90	$ 33.90	7-15-98
RW	4M1X	Address & Facility Inventory (AFIG)	7-15-98	$ 33.90	$ 33.90	7-15-98
RW	401X	Work Management Center (WMC)	7-15-98	$ 34.37	$ 34.37	7-15-98
RW	410X	Install & Mtce - Pots	7-15-98	$ 41.00	$ 41.00	7-15-98
RW	411X	Install & Mtce - Spec Svcs (SSIM)	7-15-98	$ 44.45	$ 44.45	7-15-98
RW	420X	Outside Plant Constr (OSPC)	7-15-98	$ 45.05	$ 45.05	7-15-98
RW	421X	Outside Plant Constr (OSPC)	7-15-98	$ 45.05	$ 45.05	7-15-98
RW	424X	Outside Plant Admin Cntr (OPAC)	7-15-98	$ 34.41	$ 34.41	7-15-98
RW	422X	Cable Repair Technician (CRT)	7-15-98	$ 46.96	$ 46.96	7-15-98
RW	423X	Cable Repair Technician (CRT)	7-15-98	$ 46.96	$ 46.96	7-15-98
RW	425X	Cable Repair Technician (CRT)	7-15-98	$ 46.96	$ 46.96	7-15-98
RW	426X	Cable Repair Technician (CRT)	7-15-98	$ 46.96	$ 46.96	7-15-98
RW	430X	CO Install & Mtce Field - Switch Eq	7-15-98	$ 44.88	$ 44.88	7-15-98
RW	431X	CO Install & Mtce Field - Ckt & Fac	7-15-98	$ 42.88	$ 42.88	7-15-98
RW	431XB	CO I&M Field, Basic Time - Ckt & Fac	7-15-98	$ 41.24	$ 41.24	7-15-98
RW	431XO	CO I&M Field, OT - Ckt & Fac	7-15-98	$ 52.06	$ 52.06	7-15-98
RW	431XP	CO I&M Field, Prem Time - Ckt & Fac	7-15-98	$ 62.88	$ 62.88	7-15-98
RW	4321	Recent Chng Line Trans (RCMAG)	7-15-98	$ 38.86	$ 38.86	7-15-98
RW	4N1X	Recent Chng Line Trans (RCMAG)	7-15-98	$ 38.86	$ 38.86	7-15-98
RW	4320	Switch & Trunk Based Translations	7-15-98	$ 45.34	$ 45.34	7-15-98
RW	4N2X	Switch & Trunk Based Translations	7-15-98	$ 45.34	$ 45.34	7-15-98
RW	4322	CO Install, Mtce & Admin - Software	7-15-98	$ 49.48	$ 49.48	7-15-98
RW	4323	CO Install, Mtce & Admin - Software	7-15-98	$ 49.48	$ 49.48	7-15-98
RW	4324	CO Install, Mtce & Admin - Software	7-15-98	$ 49.48	$ 49.48	7-15-98
RW	4331	Trunk & Carrier Group (TCG)	7-15-98	$ 43.55	$ 43.55	7-15-98
RW	4342	Trunk & Carrier Group (TCG)	7-15-98	$ 43.55	$ 43.55	7-15-98
RW	473X	Trunk & Carrier Group (TCG)	7-15-98	$ 43.55	$ 43.55	7-15-98
RW	4N5X	Trunk & Carrier Group (TCG)	7-15-98	$ 43.55	$ 43.55	7-15-98
RW	4330	Network Reliability Center (NRC)	7-15-98	$ 37.80	$ 37.80	7-15-98
RW	4341	Network Reliability Center (NRC)	7-15-98	$ 37.80	$ 37.80	7-15-98
RW	4LXX	Network Reliability Center (NRC)	7-15-98	$ 37.80	$ 37.80	7-15-98
RW	4332	Proactive Analysis/Repair Ctr (PAR)	7-15-98	$ 35.77	$ 35.77	7-15-98
RW	4PXX	Proactive Analysis/Repair Ctr (PAR)	7-15-98	$ 35.77	$ 35.77	7-15-98
RW	470X	Circuit Provisioning Group (CPG)	7-15-98	$ 37.06	$ 37.06	7-15-98
RW	4N4X	Circuit Provisioning Group (CPG)	7-15-98	$ 37.06	$ 37.06	7-15-98
RW	471X	Acc Cust Advocate Cntr (ACAC)	7-15-98	$ 38.31	$ 38.31	7-15-98
RW	471XB	Acc Cust Adv Cntr, Bas Time (ACAC)	7-15-98	$ 37.09	$ 37.09	7-15-98
RW	471XO	Acc Cust Adv Cntr, OT (ACAC)	7-15-98	$ 46.99	$ 46.99	7-15-98
RW	471XP	Acc Cust Adv Cntr, Prem Time (ACAC)	7-15-98	$ 56.88	$ 56.88	7-15-98
RW	4AXX	Acc Cust Advocate Cntr (ACAC)	7-15-98	$ 38.31	$ 38.31	7-15-98
RW	472X	Equip Bill Accuracy Cont (EBAC)	7-15-98	$ 38.56	$ 38.56	7-15-98
RW	4N3X	Equip Bill Accuracy Cont (EBAC)	7-15-98	$ 38.56	$ 38.56	7-15-98
RW	4BXX	Business Repair Center (BRC)	7-15-98	$ 39.11	$ 39.11	7-15-98
RW	4RXX	Residence Repair Center (RRC)	7-15-98	$ 34.89	$ 34.89	7-15-98
RW	4WXX	Work Management Center (WMC)	7-15-98	$ 34.37	$ 34.37	7-15-98
RW	30XX	Land And Buildings (FG10)	7-15-98	$ 67.04	$ 67.04	7-15-98
RW	350X	Land And Buildings (FG10)	7-15-98	$ 67.04	$ 67.04	7-15-98
RW	31XX	Ntwk & Eng Planning (FG20)	7-15-98	$ 56.20	$ 56.20	7-15-98
RW	34XX	Ntwk & Eng Planning (FG20)	7-15-98	$ 56.20	$ 56.20	7-15-98
RW	3AXX	Ntwk & Eng Planning (FG20)	7-15-98	$ 56.20	$ 56.20	7-15-98
RW	3BXX	Ntwk & Eng Planning (FG20)	7-15-98	$ 56.20	$ 56.20	7-15-98

RW	341X	Ntwk Plug-In Admin (PICS)	7-15-98	$ 36.96	$ 36.96	7-15-98
RW	3A2X	Ntwk Plug-In Admin (PICS)	7-15-98	$ 36.96	$ 36.96	7-15-98
RW	32XX	Outside Plant Eng (FG30)	7-15-98	$ 47.97	$ 47.97	7-15-98
RW	356X	Outside Plant Eng (FG30)	7-15-98	$ 47.97	$ 47.97	7-15-98
RW	1200	Cabs Accounting	7-15-98	$ 43.32	$ 43.32	7-15-98
RW	2300	Customer Point Of Contact - ICSC	7-15-98	$ 44.86	$ 44.86	7-15-98
RW	2300B	Cust Pnt Of Cont, Basic Time - ICSC	7-15-98	$ 44.00	$ 44.00	7-15-98
RW	2300O	Cust Pnt Of Cont, OT - ICSC	7-15-98	$ 53.06	$ 53.06	7-15-98
RW	2300P	Cust Pnt Of Cont, Prem Time - ICSC	7-15-98	$ 62.11	$ 62.11	7-15-98
RW	2120	Pots Operator	7-15-98	$ 32.58	$ 32.58	7-15-98
RW	2940	Directory Assistance Operator	7-15-98	$ 29.69	$ 29.69	7-15-98
RW	2600	Coin Collector	7-15-98	$ 35.83	$ 35.83	7-15-98
RW	2E40	Collections Rep - Residence	7-15-98	$ 35.30	$ 35.30	7-15-98
RW	2840	Collections Rep - Business	7-15-98	$ 34.65	$ 34.65	7-15-98
RW	2E50	Bus Ofc Svc Rep - Residence	7-15-98	$ 37.73	$ 37.73	7-15-98
RW	2E70	Bus Ofc Svc Rep - Residence	7-15-98	$ 37.73	$ 37.73	7-15-98
RW	2850	Bus Ofc Svc Rep - Business	7-15-98	$ 37.39	$ 37.39	7-15-98
RW	2870	Bus Ofc Svc Rep - Business	7-15-98	$ 37.39	$ 37.39	7-15-98
RW	1240	Comptrollers Clerical	7-15-98	$ 40.86	$ 40.86	7-15-98
RW	1250	Comptrollers Clerical	7-15-98	$ 40.86	$ 40.86	7-15-98
RW	1260	Comptrollers Clerical	7-15-98	$ 40.86	$ 40.86	7-15-98
RW	1270	Comptrollers Clerical	7-15-98	$ 40.86	$ 40.86	7-15-98
RW	2700	Network Services Clerical	7-15-98	$ 37.19	$ 37.19	7-15-98
RW	2730	Network Services Clerical	7-15-98	$ 37.19	$ 37.19	7-15-98
RW	AEWC	Acct Executive w/Sales Comp	7-15-98	$ 73.78	$ 73.78	7-15-98
RW	AEWOC	Acct Executive wo/Sales Comp	7-15-98	$ 59.93	$ 59.93	7-15-98
RW	SDWC	Systems Designer w/Sales Com	7-15-98	$ 67.26	$ 67.26	7-15-98
RW	SDWOC	Systems Designer wo/Sales Com	7-15-98	$ 61.84	$ 61.84	7-15-98
RW	SVCC	Service Consultant	7-15-98	$ 45.01	$ 45.01	7-15-98
RW	NWPB56	Network Pay Band 56	7-15-98	$ 43.90	$ 43.90	7-15-98
RW	NWPB57	Network Pay Band 57	7-15-98	$ 45.69	$ 45.69	7-15-98
RW	NWPB58	Network Pay Band 58	7-15-98	$ 50.31	$ 50.31	7-15-98
RW	NWPB59	Network Pay Band 59	7-15-98	$ 55.78	$ 55.78	7-15-98
RW	NWPB61	Network Pay Band 61	7-15-98	$ 68.43	$ 68.43	7-15-98
RW	NWWS10	Network Wage Scale 10	7-15-98	$ 32.96	$ 32.96	7-15-98
RW	MKPB56	Marketing Pay Band 56	7-15-98	$ 43.28	$ 43.28	7-15-98
RW	MKPB57	Marketing Pay Band 57	7-15-98	$ 45.08	$ 45.08	7-15-98
RW	MKPB58	Marketing Pay Band 58	7-15-98	$ 49.39	$ 49.39	7-15-98
RW	MKPB59	Marketing Pay Band 59	7-15-98	$ 55.17	$ 55.17	7-15-98
RW	MKPB61	Marketing Pay Band 61	7-15-98	$ 67.85	$ 67.85	7-15-98
RW	MKWS10	Marketing Wage Scale 10	7-15-98	$ 32.31	$ 32.31	7-15-98
RW	ITPB54	IT Pay Band 54	7-15-98	$ 38.59	$ 38.59	7-15-98
RW	ITPB55	IT Pay Band 55	7-15-98	$ 40.53	$ 40.53	7-15-98
RW	ITPB56	IT Pay Band 56	7-15-98	$ 46.03	$ 46.03	7-15-98
RW	ITPB57	IT Pay Band 57	7-15-98	$ 47.82	$ 47.82	7-15-98
RW	ITPB58	IT Pay Band 58	7-15-98	$ 52.44	$ 52.44	7-15-98
RW	ITPB59	IT Pay Band 59	7-15-98	$ 57.92	$ 57.92	7-15-98
RW	ITPB60	IT Pay Band 60	7-15-98	$ 64.53	$ 64.53	7-15-98
RW	ITPB61	IT Pay Band 61	7-15-98	$ 70.60	$ 70.60	7-15-98
RW	ITWS10	IT Wage Scale 10	7-15-98	$ 35.06	$ 35.06	7-15-98
RW	ITWS14	IT Wage Scale 14	7-15-98	$ 36.02	$ 36.02	7-15-98
RW	ITWS16	IT Wage Scale 16	7-15-98	$ 36.68	$ 36.68	7-15-98
RW	ITWS18	IT Wage Scale 18	7-15-98	$ 37.18	$ 37.18	7-15-98
RW	ITWS32	IT Wage Scale 32	7-15-98	$ 43.73	$ 43.73	7-15-98

RW	FRPB56	Finance/Regualtory Pay Band 56	7-15-98	$	41.72	$	41.72	7-15-98
RW	FRPB57	Finance/Regualtory Pay Band 57	7-15-98	$	43.50	$	43.50	7-15-98
RW	FRPB58	Finance/Regualtory Pay Band 58	7-15-98	$	48.12	$	48.12	7-15-98
RW	FRPB59	Finance/Regualtory Pay Band 59	7-15-98	$	53.59	$	53.59	7-15-98
RW	FRPB61	Finance/Regualtory Pay Band 61	7-15-98	$	66.24	$	66.24	7-15-98
RW	FRWS10	Finance/Regualtory Wage Scale 10	7-15-98	$	30.78	$	30.78	7-15-98
RW	FRWS16	Finance/Regulatory Wage Scale 16	7-15-98	$	32.39	$	32.39	7-15-98

1998 - 2000 TELRIC LABOR RATES				7-15-98
PLANT WORK CENTERS	**JFC**	**REGIONAL**		**REFERENCE**
ADDRESS & FACILITY INVENTORY (AFIG)	400X 4M1X	$	33.90	TELRIC DETAIL H11
INSTALL & MTCE - POTS	410X	$	41.00	TELRIC DETAIL H13
INSTALL & MTCE - SPEC SVCS (SSIM)	411X	$	44.45	TELRIC DETAIL H14
OUTSIDE PLANT CONSTRUCTION (OSPC)	420X 421X	$	45.05	TELRIC DETAIL H15
OUTSIDE PLANT ADMIN CENTER (OPAC)	424X	$	34.41	TELRIC DETAIL H16
CABLE REPAIR TECHNICIAN (CRT)	422X 423X 425X 426X	$	46.96	TELRIC DETAIL H17
CO INSTALL & MTCE FIELD - SWITCH EQUIP	430X	$	44.88	TELRIC DETAIL H18
CO INSTALL & MTCE FIELD - CIRCUIT & FAC	431X	$	42.88	TELRIC DETAIL H19
RECENT CHANGE LINE TRANSLATIONS (RCMAG)	4321 4N1X	$	38.86	TELRIC DETAIL H20
SWITCH & TRUNK BASED TRANSLATIONS	4320 4N2X	$	45.34	TELRIC DETAIL H21
CO INSTALL, MTCE & ADMIN - SOFTWARE	4322 4323 4324	$	49.48	TELRIC DETAIL H22
TRUNK & CARRIER GROUP (TCG)	4331 4342 473X 4N5X	$	43.55	TELRIC DETAIL H23
NETWORK RELIABILITY CENTER (NRC)	4330 4341 4LXX	$	37.80	TELRIC DETAIL H24
PROACTIVE ANALYSIS & REPAIR CTR (PAR)	4332 4PXX	$	35.77	TELRIC DETAIL H25
CIRCUIT PROVISIONING GROUP (CPG)	470X 4N4X	$	37.06	TELRIC DETAIL H26
ACCESS CUSTOMER ADVOCATE CENTER (ACAC)	471X 4AXX	$	38.31	TELRIC DETAIL H27
EQUIPMENT BILLING ACCURACY CONT (EBAC)	472X 4N3X	$	38.56	TELRIC DETAIL H28
BUSINESS REPAIR CENTER (BRC)	4BXX	$	39.11	TELRIC DETAIL H29
RESIDENCE REPAIR CENTER (RRC)	4RXX	$	34.89	TELRIC DETAIL H30
WORK MANAGEMENT CENTER (WMC)	4WXX 401X	$	34.37	TELRIC DETAIL H31
ENGINEERING FORCE GROUPS	**JFC**	**REGIONAL**		**REFERENCE**
LAND AND BUILDINGS (FG10)	30XX 350X	$	67.04	TELRIC DETAIL H43
NETWORK & ENGINEERING PLANNING (FG20)	31XX 34XX 3AXX 3BXX	$	56.20	TELRIC DETAIL H44
NETWORK PLUG-IN ADMINISTRATION (PICS)	341X 3A2X	$	36.96	TELRIC DETAIL H45
OUTSIDE PLANT ENGINEERING (FG30)	32XX 356X	$	47.97	TELRIC DETAIL H46
COST GROUPS	**JFC**	**REGIONAL**		**REFERENCE**
CABS ACCOUNTING	1200	$	43.32	TELRIC DETAIL H56
CUSTOMER POINT OF CONTACT - ICSC/LSCS	2300	$	44.86	TELRIC DETAIL H57
POTS OPERATOR	2120	$	32.58	TELRIC DETAIL H58
DIRECTORY ASSISTANCE OPERATOR	2940	$	29.69	TELRIC DETAIL H59
COIN COLLECTOR	2600	$	35.83	TELRIC DETAIL H60
COLLECTIONS REP - RESIDENCE	2E40	$	35.30	TELRIC DETAIL H61
COLLECTIONS REP - BUSINESS	2840	$	34.65	TELRIC DETAIL H62
BUS OFC SVC REP - RESIDENCE	2E50 2E70	$	37.73	TELRIC DETAIL H63
BUS OFC SVC REP - BUSINESS	2850 2870	$	37.39	TELRIC DETAIL H64
COMPTROLLERS CLERICAL	1240 1250 1260 1270	$	40.86	TELRIC DETAIL H65
NETWORK SERVICES CLERICAL	2700 2730	$	37.19	TELRIC DETAIL H66
ACCOUNT EXECUTIVE	NOT APPLICABLE			
WITH SALES COMPENSATION		$	73.78	TELRIC DETAIL H80
WITHOUT SALES COMPENSATION		$	59.93	TELRIC DETAIL H81
SYSTEMS DESIGNER	NOT APPLICABLE			
WITH SALES COMPENSATION		$	67.26	TELRIC DETAIL H83
WITHOUT SALES COMPENSATION		$	61.84	TELRIC DETAIL H84
SERVICE CONSULTANT	NOT APPLICABLE	$	45.01	TELRIC DETAIL H85

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1998 - 2000 TELRIC LABOR RATES

BST IT	HOURLY RATE	REFERENCE
PAY BAND 54	$ 38.59	TELRIC IT PB DETAIL H11
PAY BAND 55	$ 40.53	TELRIC IT PB DETAIL H12
PAY BAND 56	$ 46.03	TELRIC IT PB DETAIL H13
PAY BAND 57	$ 47.82	TELRIC IT PB DETAIL H14
PAY BAND 58	$ 52.44	TELRIC IT PB DETAIL H15
PAY BAND 59	$ 57.92	TELRIC IT PB DETAIL H16
PAY BAND 60	$ 64.53	TELRIC IT PB DETAIL H17
PAY BAND 61	$ 70.60	TELRIC IT PB DETAIL H18
WAGE SCALE 10	$ 35.06	TELRIC IT PB DETAIL H19
WAGE SCALE 14	$ 36.02	TELRIC IT PB DETAIL H20
WAGE SCALE 16	$ 36.68	TELRIC IT PB DETAIL H21
WAGE SCALE 18	$ 37.18	TELRIC IT PB DETAIL H22
WAGE SCALE 32	$ 43.73	TELRIC IT PB DETAIL H23

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1998 - 2000 TELRIC LABOR RATES			
BST MARKETING	**HOURLY RATE**		**REFERENCE**
PAY BAND 56	$	43.28	TELRIC MKTG PB DETAIL H11
PAY BAND 57	$	45.08	TELRIC MKTG PB DETAIL H12
PAY BAND 58	$	49.39	TELRIC MKTG PB DETAIL H13
PAY BAND 59	$	55.17	TELRIC MKTG PB DETAIL H14
PAY BAND 61	$	67.85	TELRIC MKTG PB DETAIL H15
WAGE SCALE 10	$	32.31	TELRIC MKTG PB DETAIL H16

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1998 - 2000 TELRIC LABOR RATES

BST NETWORK		HOURLY RATE	REFERENCE
PAY BAND 56	$	43.90	TELRIC NTWK PB DETAIL H11
PAY BAND 57	$	45.69	TELRIC NTWK PB DETAIL H12
PAY BAND 58	$	50.31	TELRIC NTWK PB DETAIL H13
PAY BAND 59	$	55.78	TELRIC NTWK PB DETAIL H14
PAY BAND 61	$	68.43	TELRIC NTWK PB DETAIL H15
WAGE SCALE 10	$	32.96	TELRIC NTWK PB DETAIL H16

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1998 - 2000 TELRIC LABOR RATES

BST FINANCE/REGULATORY	HOURLY RATE	REFERENCE
PAY BAND 56	$ 41.72	TELRIC FINANCE PB DETAIL H11
PAY BAND 57	$ 43.50	TELRIC FINANCE PB DETAIL H12
PAY BAND 58	$ 48.12	TELRIC FINANCE PB DETAIL H13
PAY BAND 59	$ 53.59	TELRIC FINANCE PB DETAIL H14
PAY BAND 61	$ 66.24	TELRIC FINANCE PB DETAIL H15
WAGE SCALE 10	$ 30.78	TELRIC FINANCE PB DETAIL H16
WAGE SCALE 16	$ 32.39	TELRIC FINANCE PB DETAIL H17

TELRIC SECURITY SUM

SECURITY ESCORT		7-15-98	
	1998 - 2000 TELRIC		REFERENCE
ACAC			
BASIC	$	37.09	SECURITY ACAC B15
OVERTIME	$	46.99	SECURITY ACAC B26
PREMIUM	$	56.88	SECURITY ACAC B37
COIM - CIR & FAC			
BASIC	$	41.24	SECURITY COIM-CIR&FAC B15
OVERTIME	$	52.06	SECURITY COIM-CIR&FAC B26
PREMIUM	$	62.88	SECURITY COIM-CIR&FAC B37
ICSC/LCSC			
BASIC	$	44.00	SECURITY ICSC LCSC B15
OVERTIME	$	53.06	SECURITY ICSC LCSC B26
PREMIUM	$	62.11	SECURITY ICSC LCSC B37

1998 - 2000 DIRECTLY ASSIGNED LABOR RATES				7-15-98
PLANT WORK CENTERS	**JFC**	**REGIONAL**		**REFERENCE**
ADDRESS & FACILITY INVENTORY (AFIG)	400X 4M1X	$	33.90	DIR ASSG DETAIL F10
INSTALL & MTCE - POTS	410X	$	41.00	DIR ASSG DETAIL F12
INSTALL & MTCE - SPEC SVCS (SSIM)	411X	$	44.45	DIR ASSG DETAIL F13
OUTSIDE PLANT CONSTRUCTION (OSPC)	420X 421X	$	45.05	DIR ASSG DETAIL F14
OUTSIDE PLANT ADMIN CENTER (OPAC)	424X	$	34.41	DIR ASSG DETAIL F15
CABLE REPAIR TECHNICIAN (CRT)	422X 423X 425X 426X	$	46.96	DIR ASSG DETAIL F16
CO INSTALL & MTCE FIELD - SWITCH EQUIP	430X	$	44.88	DIR ASSG DETAIL F17
CO INSTALL & MTCE FIELD - CIRCUIT & FAC	431X	$	42.88	DIR ASSG DETAIL F18
RECENT CHANGE LINE TRANSLATIONS (RCMAG)	4321 4N1X	$	38.86	DIR ASSG DETAIL F19
SWITCH & TRUNK BASED TRANSLATIONS	4320 4N2X	$	45.34	DIR ASSG DETAIL F20
CO INSTALL, MTCE & ADMIN - SOFTWARE	4322 4323,4324	$	49.48	DIR ASSG DETAIL F21
TRUNK & CARRIER GROUP (TCG)	4331 4342 473X 4N5X	$	43.55	DIR ASSG DETAIL F22
NETWORK RELIABILITY CENTER (NRC)	4330 4341 4LXX	$	37.80	DIR ASSG DETAIL F23
PROACTIVE ANALYSIS & REPAIR CTR (PAR)	4332 4PXX	$	35.77	DIR ASSG DETAIL F24
CIRCUIT PROVISIONING GROUP (CPG)	470X 4N4X	$	37.06	DIR ASSG DETAIL F25
ACCESS CUSTOMER ADVOCATE CENTER (ACAC)	471X 4AXX	$	38.31	DIR ASSG DETAIL F26
EQUIPMENT BILLING ACCURACY CONT (EBAC)	472X 4N3X	$	38.56	DIR ASSG DETAIL F27
BUSINESS REPAIR CENTER (BRC)	4BXX	$	39.11	DIR ASSG DETAIL F28
RESIDENCE REPAIR CENTER (RRC)	4RXX	$	34.89	DIR ASSG DETAIL F29
WORK MANAGEMENT CENTER (WMC)	4WXX 401X	$	34.37	DIR ASSG DETAIL F30
ENGINEERING FORCE GROUPS	**JFC**	**REGIONAL**		**REFERENCE**
LAND AND BUILDINGS (FG10)	30XX 350X	$	67.04	DIR ASSG DETAIL F37
NETWORK & ENGINEERING PLANNING (FG20)	31XX 34XX 3AXX 3BXX	$	56.20	DIR ASSG DETAIL F38
NETWORK PLUG-IN ADMINISTRATION (PICS)	341X 3A2X	$	36.96	DIR ASSG DETAIL F39
OUTSIDE PLANT ENGINEERING (FG30)	32XX 356X	$	47.97	DIR ASSG DETAIL F40
COST GROUPS	**JFC**	**REGIONAL**		**REFERENCE**
CABS ACCOUNTING	1200	$	43.32	DIR ASSG DETAIL F49
CUSTOMER POINT OF CONTACT - ICSC/LSCS	2300	$	44.86	DIR ASSG DETAIL F50
POTS OPERATOR	2120	$	32.58	DIR ASSG DETAIL F51
DIRECTORY ASSISTANCE OPERATOR	2940	$	29.69	DIR ASSG DETAIL F52
COIN COLLECTOR	2600	$	35.83	DIR ASSG DETAIL F53
COLLECTIONS REP - RESIDENCE	2E40	$	35.30	DIR ASSG DETAIL F54
COLLECTIONS REP - BUSINESS	2840	$	34.65	DIR ASSG DETAIL F55
BUS OFC SVC REP - RESIDENCE	2E50 2E70	$	37.73	DIR ASSG DETAIL F56
BUS OFC SVC REP - BUSINESS	2850 2870	$	37.39	DIR ASSG DETAIL F57
COMPTROLLERS CLERICAL	1240 1250 1260 1270	$	40.86	DIR ASSG DETAIL F58
NETWORK SERVICES CLERICAL	2700 2730	$	37.19	DIR ASSG DETAIL F59
ACCOUNT EXECUTIVE	NOT APPLICABLE			
WITH SALES COMPENSATION		$	73.78	DIR ASSG DETAIL F61
WITHOUT SALES COMPENSATION		$	59.93	DIR ASSG DETAIL F62
SYSTEMS DESIGNER	NOT APPLICABLE			
WITH SALES COMPENSATION		$	67.26	DIR ASSG DETAIL F64
WITHOUT SALES COMPENSATION		$	61.84	DIR ASSG DETAIL F65
SERVICE CONSULTANT	NOT APPLICABLE	$	45.01	DIR ASSG DETAIL F66

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1998 - 2000 DIRECTLY ASSIGNED LABOR RATES

BST IT	1998 - 2000 DIRECTLY ASSIGNED	REFERENCE
PAY BAND 54	$ 38.59	DIR ASSG IT PB DETAIL E10
PAY BAND 55	$ 40.53	DIR ASSG IT PB DETAIL E11
PAY BAND 56	$ 46.03	DIR ASSG IT PB DETAIL E12
PAY BAND 57	$ 47.82	DIR ASSG IT PB DETAIL E13
PAY BAND 58	$ 52.44	DIR ASSG IT PB DETAIL E14
PAY BAND 59	$ 57.92	DIR ASSG IT PB DETAIL E15
PAY BAND 60	$ 64.53	DIR ASSG IT PB DETAIL E16
PAY BAND 61	$ 70.60	DIR ASSG IT PB DETAIL E17
WAGE SCALE 10	$ 35.06	DIR ASSG IT PB DETAIL E18
WAGE SCALE 14	$ 36.02	DIR ASSG IT PB DETAIL E19
WAGE SCALE 16	$ 36.68	DIR ASSG IT PB DETAIL E20
WAGE SCALE 18	$ 37.18	DIR ASSG IT PB DETAIL E21
WAGE SCALE 32	$ 43.73	DIR ASSG IT PB DETAIL E22

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1998 - 2000 DIRECTLY ASSIGNED LABOR RATES

BST MARKETING	1998 - 2000 DIRECTLY ASSIGNED	REFERENCE
PAY BAND 56	$ 43.28	DIR ASSG MKTG PB DETAIL E10
PAY BAND 57	$ 45.08	DIR ASSG MKTG PB DETAIL E11
PAY BAND 58	$ 49.39	DIR ASSG MKTG PB DETAIL E12
PAY BAND 59	$ 55.17	DIR ASSG MKTG PB DETAIL E13
PAY BAND 61	$ 67.85	DIR ASSG MKTG PB DETAIL E14
WAGE SCALE 10	$ 32.31	DIR ASSG MKTG PB DETAIL E15

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1998 - 2000 DIRECTLY ASSIGNED LABOR RATES

BST NETWORK	1998 - 2000 DIRECTLY ASSIGNED	REFERENCE
PAY BAND 56	$ 43.90	DIR ASSG NTWK PB DETAIL E10
PAY BAND 57	$ 45.69	DIR ASSG NTWK PB DETAIL E11
PAY BAND 58	$ 50.31	DIR ASSG NTWK PB DETAIL E12
PAY BAND 59	$ 55.78	DIR ASSG NTWK PB DETAIL E13
PAY BAND 61	$ 68.43	DIR ASSG NTWK PB DETAIL E14
WAGE SCALE 10	$ 32.96	DIR ASSG NTWK PB DETAIL E15

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1998 - 2000 DIRECTLY ASSIGNED LABOR RATES

BST FINANCE/REGULATORY	1998 - 2000 DIRECTLY ASSIGNED	REFERENCE
PAY BAND 56	$ 41.72	DIR ASSG FIN PB DETAIL E10
PAY BAND 57	$ 43.50	DIR ASSG FIN PB DETAIL E11
PAY BAND 58	$ 48.12	DIR ASSG FIN PB DETAIL E12
PAY BAND 59	$ 53.59	DIR ASSG FIN PB DETAIL E13
PAY BAND 61	$ 66.24	DIR ASSG FIN PB DETAIL E14
WAGE SCALE 10	$ 30.78	DIR ASSG FIN PB DETAIL E15
WAGE SCALE 16	$ 32.39	DIR ASSG FIN PB DETAIL E16

SECURITY DIR ASSG SUM

SECURITY ESCORT			7-15-98
	1998 - 2000 DIRECTLY ASSIGNED		REFERENCE
ACAC			
BASIC	$	37.09	SECURITY DIR ASSG ACAC B12
OVERTIME	$	46.99	SECURITY DIR ASSG ACAC B21
PREMIUM	$	56.88	SECURITY DIR ASSG ACAC B30
COIM - CIR & FAC			
BASIC	$	41.24	SECURITY DIR ASSG COIM-CIR&FAC B12
OVERTIME	$	52.06	SECURITY DIR ASSG COIM-CIR&FAC B21
PREMIUM	$	62.88	SECURITY DIR ASSG COIM-CIR&FAC B30
ICSC/LCSC			
BASIC	$	44.00	SECURITY DIR ASSG ICSC LCSC B12
OVERTIME	$	53.06	SECURITY DIR ASSG ICSC LCSC B21
PREMIUM	$	62.11	SECURITY DIR ASSG ICSC LCSC B30

SHARED LABOR FACTOR

SHARED LABOR FACTOR	
	1997 - 1999
	SHARED
PLANT WORK CENTERS	LABOR FACTOR
ADDRESS & FACILITY INVENTORY (AFIG)	0.0000
WORK MANAGEMENT CENTER (WMC) - JFC 401X	0.0000
INSTALLATION & MTCE - POTS	0.0000
INSTALLATION & MTCE - SPEC SVCS (SSIM)	0.0000
OUTSIDE PLANT CONSTRUCTION (OSPC)	0.0000
OUTSIDE PLANT ADMIN CENTER (OPAC)	0.0000
CABLE REPAIR TECHNICIAN (CRT)	0.0000
CO INSTALL & MTCE FIELD - SWITCH EQUIP	0.0000
CO INSTALL & MTCE - CIRCUIT & FACILITY	0.0000
RECENT CHANGE LINE TRANS (RCMAG)	0.0000
SWITCH & TRUNK BASED TRANSLATIONS	0.0000
CO INSTALL, MTCE & ADMIN - SOFTWARE	0.0000
TRUNK & CARRIER GROUP (TCG)	0.0000
NETWORK RELIABILITY CENTER (NRC)	0.0000
PROACTIVE ANALYSIS & REPAIR CTR (PAR)	0.0000
CIRCUIT PROVISIONING GROUP (CPG)	0.0000
ACCESS CUSTOMER ADVOCATE CTR (ACAC)	0.0000
EQUIP BILLING ACCURACY CONTROL (EBAC)	0.0000
BUSINESS REPAIR CENTER (BRC)	0.0000
RESIDENCE REPAIR CENTER (RRC)	0.0000
WORK MANAGEMENT CENTER (WMC) - JFC 4WX	0.0000
ENGINEERING FORCE GROUPS	
LAND & BUILDINGS (FG10)	0.0000
NETWORK & ENGINEERING PLANNING (FG20)	0.0000
NETWORK PLUG-IN ADMINISTRATION (PICS)	0.0000
OUTSIDE PLANT ENGINEERING (FG30)	0.0000
COST GROUPS	
CARRIER ACCESS BILLING SYSTEM (CABS)	0.0000
CUSTOMER POINT OF CONTACT - ICSC/LCSC	0.0000
POTS OPERATOR	0.0000
DIRECTORY ASSISTANCE OPERATOR	0.0000
COIN COLLECTOR	0.0000
COLLECTIONS REPRESENTATIVE - RES	0.0000
COLLECTIONS REPRESENTATIVE - BUS	0.0000
BUSINESS OFFICE SERVICE REP - RES	0.0000
BUSINESS OFFICE SERVICE REP - BUS	0.0000
COMPTROLLERS CLERICAL	0.0000
NETWORK SERVICES CLERICAL	0.0000
ACCOUNT EXECUTIVE	
WITH SALES COMPENSATION	0.0000
WITHOUT SALES COMPENSATION	0.0000
SYSTEMS DESIGNER	
WITH SALES COMPENSATION	0.0000
WITHOUT SALES COMPENSATION	0.0000
SERVICE CONSULTANT	0.0000
OTHER THAN IOT, COE & OSP	0.0000

1998 - 2000 TELRIC INFLATION RATE			
PLANT AND COST GROUPS			
1998 - 2.8%	1.028000		
1999 - 3.0%	1.058840	(1.028000*1.030)	
2000 - 3.2%	1.092723	(1.058840*1.032)	
	3.179563	/ 3 =	**1.059854**
ENGINEERING COST GROUPS			
1998 - 2.8%	1.028000		
1999 - 3.0%	1.058840	(1.028000*1.030)	
2000 - 3.2%	1.092723	(1.058840*1.032)	
	3.179563	/ 3 =	**1.059854**
AS OF 9-97			
SOURCE: BELLSOUTH REGION TELEPHONE PLANT INDEXES			

TELRIC DETAIL

A	B	C	D	E	F	G	H
			1998 - 2000 TELRIC LABOR RATES				7-15-98
PLANT WORK CENTERS	DIRECT S&W*	OTHER DIRECT**	SHARED LABOR FACTOR***	SHARED COSTS (B*D)	LABOR RATES (B+C+E)	1998 - 2000 INFLATION FACTOR****	1998 - 2000 TELRIC LABOR RATES (F*G)
ADDRESS & FACILITY INVENTORY (AFIG)	$ 24.23	$ 7.76	0.0000	$ -	$ 31.98	1.059854	$ 33.90
INSTALLATION & MTCE - POTS	$ 27.78	$ 10.90	0.0000	$ -	$ 38.68	1.059854	$ 41.00
INSTALLATION & MTCE - SPEC SVCS (SSIM)	$ 30.66	$ 11.29	0.0000	$ -	$ 41.94	1.059854	$ 44.45
OUTSIDE PLANT CONSTRUCTION (OSPC)	$ 29.58	$ 12.93	0.0000	$ -	$ 42.51	1.059854	$ 45.05
OUTSIDE PLANT ADMIN CENTER (OPAC)	$ 23.49	$ 8.98	0.0000	$ -	$ 32.46	1.059854	$ 34.41
CABLE REPAIR TECHNICIAN (CRT)	$ 31.58	$ 12.73	0.0000	$ -	$ 44.31	1.059854	$ 46.96
CO INSTALL & MTCE FIELD - SWITCH EQUIP	$ 30.30	$ 12.05	0.0000	$ -	$ 42.35	1.059854	$ 44.88
CO INSTALL & MTCE - CIRCUIT & FACILITY	$ 28.75	$ 11.70	0.0000	$ -	$ 40.46	1.059854	$ 42.88
RECENT CHANGE LINE TRANS (RCMAG)	$ 25.11	$ 11.56	0.0000	$ -	$ 36.66	1.059854	$ 38.86
SWITCH & TRUNK BASED TRANSLATIONS	$ 30.72	$ 12.06	0.0000	$ -	$ 42.78	1.059854	$ 45.34
CO INSTALL, MTCE & ADMIN - SOFTWARE	$ 35.37	$ 11.31	0.0000	$ -	$ 46.68	1.059854	$ 49.48
TRUNK & CARRIER GROUP (TCG)	$ 29.18	$ 11.91	0.0000	$ -	$ 41.09	1.059854	$ 43.55
NETWORK RELIABILITY CENTER (NRC)	$ 25.28	$ 10.38	0.0000	$ -	$ 35.66	1.059854	$ 37.80
PROACTIVE ANALYSIS & REPAIR CTR (PAR)	$ 25.87	$ 7.88	0.0000	$ -	$ 33.75	1.059854	$ 35.77
CIRCUIT PROVISIONING GROUP (CPG)	$ 24.97	$ 10.00	0.0000	$ -	$ 34.97	1.059854	$ 37.06
ACCESS CUSTOMER ADVOCATE CTR (ACAC)	$ 27.88	$ 8.27	0.0000	$ -	$ 36.14	1.059854	$ 38.31
EQUIP BILLING ACCURACY CONTROL (EBAC)	$ 24.85	$ 11.54	0.0000	$ -	$ 36.39	1.059854	$ 38.56
BUSINESS REPAIR CENTER (BRC)	$ 28.62	$ 8.29	0.0000	$ -	$ 36.90	1.059854	$ 39.11
RESIDENCE REPAIR CENTER (RRC)	$ 24.26	$ 8.66	0.0000	$ -	$ 32.92	1.059854	$ 34.89
WORK MANAGEMENT CENTER (WMC)	$ 24.65	$ 7.77	0.0000	$ -	$ 32.43	1.059854	$ 34.37

*** TOTAL DIR ASSG WORK SHEETS D19+22+26**

**** TOTAL DIR ASSG WORK SHEETS D31-D26-D22-D19**

***** SHARED LABOR FACTOR**

****** INFL FACTOR E14**

000063

TELRIC DETAIL

A	B	C	D	E	F	G	H
ENGINEERING FORCE GROUPS	**DIRECT S&W***	**OTHER DIRECT****	**SHARED LABOR FACTOR*****	**SHARED COSTS (B*D)**	**LABOR RATES (B+C+E)**	**1998 - 2000 INFLATION FACTOR******	**1998 - 2000 TELRIC LABOR RATES (F*G)**
LAND & BUILDINGS (FG10)	$ 47.56	$ 15.70	0	$ -	$ 63.26	1.059854	$ 67.04
NETWORK & ENGINEERING PLANNING (FG20)	$ 40.53	$ 12.50	0	$ -	$ 53.03	1.059854	$ 56.20
NETWORK PLUG-IN ADMINISTRATION (PICS)	$ 25.74	$ 9.13	0	$ -	$ 34.87	1.059854	$ 36.96
OUTSIDE PLANT ENGINEERING (FG30)	$ 34.60	$ 10.66	0	$ -	$ 45.26	1.059854	$ 47.97
* TOTAL DIR ASSG WORK SHEETS D18							
** TOTAL DIR ASSG WORK SHEETS D22-D18							
*** SHARED LABOR FACTOR							
**** INFL FACTOR E26							
COST GROUPS	**DIRECT S&W***	**OTHER DIRECT****	**SHARED LABOR FACTOR*****	**SHARED COSTS (B*D)**	**LABOR RATES (B+C+E)**	**1998 - 2000 INFLATION FACTOR******	**1998 - 2000 TELRIC LABOR RATES (F*G)**
CARRIER ACCESS BILLING SYSTEM (CABS)	$ 26.97	$ 13.91	0	$ -	$ 40.88	1.059854	$ 43.32
CUSTOMER POINT OF CONTACT - ICSC/LCSC	$ 25.33	$ 16.99	0	$ -	$ 42.32	1.059854	$ 44.86
POTS OPERATOR	$ 23.79	$ 6.94	0	$ -	$ 30.74	1.059854	$ 32.58
DIRECTORY ASSISTANCE OPERATOR	$ 21.19	$ 6.83	0	$ -	$ 28.01	1.059854	$ 29.69
COIN COLLECTOR	$ 26.96	$ 6.85	0	$ -	$ 33.80	1.059854	$ 35.83
COLLECTIONS REPRESENTATIVE - RES	$ 25.77	$ 7.54	0	$ -	$ 33.31	1.059854	$ 35.30
COLLECTIONS REPRESENTATIVE - BUS	$ 25.07	$ 7.62	0	$ -	$ 32.69	1.059854	$ 34.65
BUSINESS OFFICE SERVICE REP - RES	$ 27.97	$ 7.63	0	$ -	$ 35.60	1.059854	$ 37.73
BUSINESS OFFICE SERVICE REP - BUS	$ 27.46	$ 7.82	0	$ -	$ 35.28	1.059854	$ 37.39
COMPTROLLERS CLERICAL	$ 25.43	$ 13.12	0	$ -	$ 38.56	1.059854	$ 40.86
NETWORK SERVICES CLERICAL	$ 27.27	$ 7.82	0	$ -	$ 35.09	1.059854	$ 37.19
* TOTAL DIR ASSG WORK SHEETS D19							
** TOTAL DIR ASSG WORK SHEETS D22-D19							
*** SHARED LABOR FACTOR							

000064

**** INFL FACTOR E14 A COST GROUPS (CONTINUED)	B DIRECT S&W*	C OTHER DIRECT**	D SHARED LABOR FACTOR***	E SHARED COSTS (B*D)	F LABOR RATES (B+C+E)	G 1998 - 2000 INFLATION FACTOR****	H 1998 - 2000 TELRIC LABOR RATES (F*G)
ACCOUNT EXECUTIVE							
WITH SALES COMPENSATION	$ 56.38	$ 13.23	0	$ -	$ 69.61	1.059854	$ 73.78
WITHOUT SALES COMPENSATION	$ 45.80	$ 10.74	0	$ -	$ 56.55	1.059854	$ 59.93
SYSTEMS DESIGNER							
WITH SALES COMPENSATION	$ 51.40	$ 12.06	0	$ -	$ 63.46	1.059854	$ 67.26
WITHOUT SALES COMPENSATION	$ 47.26	$ 11.08	0	$ -	$ 58.34	1.059854	$ 61.84
SERVICE CONSULTANT	$ 34.39	$ 8.07	0	$ -	$ 42.47	1.059854	$ 45.01
* TOTAL DIR ASSG WORK SHEET AE SD SC							
** TOTAL DIR ASSG WORK SHEET AE SD SC							
*** SHARED LABOR FACTOR							
**** INFL FACTOR E14							

S90065

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: ADDRESS AND FACILITY INVENTORY			
WCT: AFIG			
JFC: 400X OR 4M1X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$20,767,037.17	$15.97	$16.40
DIRECT LABOR-PREMIUM	$696,625.21	$0.54	$0.55
DIRECT LABOR-OTHER EMP	$934,334.70	$0.72	$0.74
DIRECT LABOR-ANN PD ABS	$2,983,591.45	$2.29	$2.36
DIRECT ADMINISTRATION	$5,292,146.29	$4.07	$4.18
TOTAL DIRECT LABOR	$30,673,734.82	$23.59	$24.23
DIRECT LABOR-OTHER COST	$533,163.49	$0.41	$0.42
DIRECT LABOR-OTH COST-BC	$0.00	$0.00	$0.00
OTHER TOOLS-SALARIES	$0.00	$0.00	$0.00
OTHER TOOLS-BENEFITS	$0.00	$0.00	$0.00
OTHER TOOLS-RENTS	$0.00	$0.00	$0.00
OTHER TOOLS-OTHER	$0.00	$0.00	$0.00
MOTOR VEHICLES-SALARIES	$166.13	$0.00	$0.00
MOTOR VEHICLES-BENEFITS	$39.65	$0.00	$0.00
MOTOR VEHICLES-RENTS	$15.64	$0.00	$0.00
MOTOR VEHICLES-OTHER	$1,202.92	$0.00	$0.00
BENEFITS	$9,286,366.89	$7.14	$7.33
TOTAL DIRECTLY ASSIGNED	$40,494,689.54	$31.14	$31.98
TOTAL CLASSIFIED HOURS	1,300,291.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

I&M POTS

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: INSTALLATION AND MTCE - POTS			
WCT: I&MPOTS			
JFC: 410X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 293,113,391.21	$ 18.90	$ 19.41
DIRECT LABOR - PREMIUM	$ 36,749,886.67	$ 2.37	$ 2.43
DIRECT LABOR - OTHER EMPLOYEE	$ 8,805,705.73	$ 0.57	$ 0.58
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 35,490,861.81	$ 2.29	$ 2.35
DIRECT ADMINISTRATION	$ 41,092,889.82	$ 2.65	$ 2.72
TOTAL DIRECT LABOR	$ 415,252,735.24	$ 26.78	$ 27.50
DIRECT LABOR - OTHER COSTS	$ 9,915,902.30	$ 0.64	$ 0.66
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ 651,295.94	$ 0.04	$ 0.04
OTHER TOOLS - BENEFITS	$ 200,032.46	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 480,665.55	$ 0.03	$ 0.03
OTHER TOOLS - OTHER	$ 17,063,990.60	$ 1.10	$ 1.13
MOTOR VEHICLES - SALARIES	$ 3,571,284.18	$ 0.23	$ 0.24
MOTOR VEHICLES - BENEFITS	$ 1,048,184.19	$ 0.07	$ 0.07
MOTOR VEHICLES - RENTS	$ 1,702,720.98	$ 0.11	$ 0.11
MOTOR VEHICLES - OTHER	$ 18,096,258.31	$ 1.17	$ 1.20
BENEFITS	$ 116,059,106.18	$ 7.49	$ 7.69
TOTAL DIRECTLY ASSIGNED	$ 584,042,175.93	$ 37.67	$ 38.68
TOTAL CLASSIFIED PROD HOURS	15,505,130.29		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: INSTALLATION & MTCE - SPECIAL SERVICES			
WCT: SSIM			
JFC: 4110			
		1996 CLASSIFIED	1997 CLASSIFIED
COMPONENT	1996 DOLLARS**	HOURLY COST (B/B32)	HOURLY COST (C*B3)
DIRECT LABOR - PRODUCTIVE	$ 56,009,546.61	$ 21.69	$ 22.27
DIRECT LABOR - PREMIUM	$ 5,803,083.87	$ 2.25	$ 2.31
DIRECT LABOR - OTHER EMPLOYEE	$ 1,421,513.87	$ 0.55	$ 0.57
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 6,049,415.27	$ 2.34	$ 2.41
DIRECT ADMINISTRATION	$ 7,125,736.54	$ 2.76	$ 2.83
TOTAL DIRECT LABOR	$ 76,409,296.16	$ 29.59	$ 30.38
DIRECT LABOR - OTHER COSTS	$ 2,625,976.81	$ 1.02	$ 1.04
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ 95,054.97	$ 0.04	$ 0.04
OTHER TOOLS - BENEFITS	$ 29,239.56	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 70,863.99	$ 0.03	$ 0.03
OTHER TOOLS - OTHER	$ 2,500,621.59	$ 0.97	$ 0.99
MOTOR VEHICLES - SALARIES	$ 586,514.07	$ 0.23	$ 0.23
MOTOR VEHICLES - BENEFITS	$ 171,063.04	$ 0.07	$ 0.07
MOTOR VEHICLES - RENTS	$ 264,735.94	$ 0.10	$ 0.11
MOTOR VEHICLES - OTHER	$ 2,963,712.92	$ 1.15	$ 1.18
BENEFITS	$ 19,756,722.69	$ 7.65	$ 7.86
TOTAL DIRECTLY ASSIGNED	$ 105,473,801.74	$ 40.84	$ 41.94
TOTAL CLASSIFIED PROD HOURS	2,582,681.02		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: OUTSIDE PLANT CONSTRUCTION			
WCT: OSPC			
JFC: 420X OR 421X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 155,896,205.91	$ 20.09	$ 20.63
DIRECT LABOR - PREMIUM	$ 8,753,828.19	$ 1.13	$ 1.16
DIRECT LABOR - OTHER EMPLOYEE	$ 6,487,978.93	$ 0.84	$ 0.86
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 19,817,979.99	$ 2.55	$ 2.62
DIRECT ADMINISTRATION	$ 29,392,458.82	$ 3.79	$ 3.89
TOTAL DIRECT LABOR	$ 220,348,451.84	$ 28.39	$ 29.16
DIRECT LABOR - OTHER COSTS	$ 7,297,604.01	$ 0.94	$ 0.97
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ 324,187.80	$ 0.04	$ 0.04
OTHER TOOLS - BENEFITS	$ 99,284.23	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 206,043.72	$ 0.03	$ 0.03
OTHER TOOLS - OTHER	$ 8,381,558.92	$ 1.08	$ 1.11
MOTOR VEHICLES - SALARIES	$ 2,852,690.71	$ 0.37	$ 0.38
MOTOR VEHICLES - BENEFITS	$ 849,310.45	$ 0.11	$ 0.11
MOTOR VEHICLES - RENTS	$ 1,471,970.90	$ 0.19	$ 0.19
MOTOR VEHICLES - OTHER	$ 14,882,348.57	$ 1.92	$ 1.97
BENEFITS	$ 64,520,731.87	$ 8.31	$ 8.54
TOTAL DIRECTLY ASSIGNED	$ 321,234,183.02	$ 41.39	$ 42.51
TOTAL CLASSIFIED PROD HOURS	7,760,965.04		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: OUTSIDE PLANT ADMINISTRATION CENTER			
WCT: OPAC			
JFC: 424X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 10,700,954.29	$ 15.68	$ 16.10
DIRECT LABOR - PREMIUM	$ 206,523.19	$ 0.30	$ 0.31
DIRECT LABOR - OTHER EMPLOYEE	$ 529,764.71	$ 0.78	$ 0.80
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 1,711,135.10	$ 2.51	$ 2.57
DIRECT ADMINISTRATION	$ 2,463,655.70	$ 3.61	$ 3.71
TOTAL DIRECT LABOR	$ 15,612,032.99	$ 22.87	$ 23.49
DIRECT LABOR - OTHER COSTS	$ 657,132.05	$ 0.96	$ 0.99
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ -	$ -	$ -
OTHER TOOLS - BENEFITS	$ -	$ -	$ -
OTHER TOOLS - RENTS	$ -	$ -	$ -
OTHER TOOLS - OTHER	$ -	$ -	$ -
MOTOR VEHICLES - SALARIES	$ -	$ -	$ -
MOTOR VEHICLES - BENEFITS	$ -	$ -	$ -
MOTOR VEHICLES - RENTS	$ -	$ -	$ -
MOTOR VEHICLES - OTHER	$ -	$ -	$ -
BENEFITS	$ 5,310,175.39	$ 7.78	$ 7.99
TOTAL DIRECTLY ASSIGNED	$ 21,579,340.43	$ 31.61	$ 32.46
TOTAL CLASSIFIED PROD HOURS	682,645.56		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: CABLE REPAIR TECHNICIAN			
WCT: CRT			
JFC: 422X OR 423X OR 425X OR 426X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 143,901,243.54	$ 20.46	$ 21.01
DIRECT LABOR - PREMIUM	$ 19,481,078.66	$ 2.77	$ 2.84
DIRECT LABOR - OTHER EMPLOYEE	$ 5,725,641.82	$ 0.81	$ 0.84
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 18,355,953.10	$ 2.61	$ 2.68
DIRECT ADMINISTRATION	$ 25,884,288.98	$ 3.68	$ 3.78
TOTAL DIRECT LABOR	$ 213,348,206.10	$ 30.33	$ 31.15
DIRECT LABOR - OTHER COSTS	$ 5,744,956.20	$ 0.82	$ 0.84
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ 301,738.03	$ 0.04	$ 0.04
OTHER TOOLS - BENEFITS	$ 92,319.34	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 183,140.85	$ 0.03	$ 0.03
OTHER TOOLS - OTHER	$ 7,601,887.85	$ 1.08	$ 1.11
MOTOR VEHICLES - SALARIES	$ 2,654,988.32	$ 0.38	$ 0.39
MOTOR VEHICLES - BENEFITS	$ 772,679.10	$ 0.11	$ 0.11
MOTOR VEHICLES - RENTS	$ 1,127,060.67	$ 0.16	$ 0.16
MOTOR VEHICLES - OTHER	$ 13,429,958.55	$ 1.91	$ 1.96
BENEFITS	$ 58,225,008.52	$ 8.28	$ 8.50
TOTAL DIRECTLY ASSIGNED	$ 303,481,943.53	$ 43.14	$ 44.31
TOTAL CLASSIFIED PROD HOURS	7,034,659.01		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: CO INSTALLATION & MTCE - CIRCUIT & FACILITY			
WCT: COIM-CIR & FAC			
JFC: 431X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 41,494,225.63	$ 19.88	$ 20.42
DIRECT LABOR - PREMIUM	$ 3,134,795.31	$ 1.50	$ 1.54
DIRECT LABOR - OTHER EMPLOYEE	$ 1,529,570.99	$ 0.73	$ 0.75
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 5,637,555.36	$ 2.70	$ 2.77
DIRECT ADMINISTRATION	$ 6,429,727.89	$ 3.08	$ 3.16
TOTAL DIRECT LABOR	$ 58,225,875.18	$ 27.90	$ 28.65
DIRECT LABOR - OTHER COSTS	$ 3,366,047.94	$ 1.61	$ 1.66
DIRECT LABOR - OTHER COSTS - BC	$ 94.40	$ 0.00	$ 0.00
OTHER TOOLS - SALARIES	$ 72,170.93	$ 0.03	$ 0.04
OTHER TOOLS - BENEFITS	$ 22,286.48	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 33,011.29	$ 0.02	$ 0.02
OTHER TOOLS - OTHER	$ 1,895,485.70	$ 0.91	$ 0.93
MOTOR VEHICLES - SALARIES	$ 137,268.19	$ 0.07	$ 0.07
MOTOR VEHICLES - BENEFITS	$ 39,692.14	$ 0.02	$ 0.02
MOTOR VEHICLES - RENTS	$ 53,645.46	$ 0.03	$ 0.03
MOTOR VEHICLES - OTHER	$ 658,370.24	$ 0.32	$ 0.32
BENEFITS	$ 17,711,009.58	$ 8.49	$ 8.72
TOTAL DIRECTLY ASSIGNED	$ 82,214,957.53	$ 39.39	$ 40.46
TOTAL CLASSIFIED PROD HOURS	2,087,108.85		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: CO INSTALLATION AND MTCE FIELD - SWITCH EQUIP			
WCT: COIM-SW EQ			
JFC: 430X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 77,413,727.48	$ 21.42	$ 22.00
DIRECT LABOR - PREMIUM	$ 4,974,801.00	$ 1.38	$ 1.41
DIRECT LABOR - OTHER EMPLOYEE	$ 2,626,166.98	$ 0.73	$ 0.75
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 9,871,074.66	$ 2.73	$ 2.81
DIRECT ADMINISTRATION	$ 11,330,657.69	$ 3.14	$ 3.22
TOTAL DIRECT LABOR	$ 106,216,427.81	$ 29.40	$ 30.19
DIRECT LABOR - OTHER COSTS	$ 6,313,990.24	$ 1.75	$ 1.79
DIRECT LABOR - OTHER COSTS - BC	$ 140.51	$ 0.00	$ 0.00
OTHER TOOLS - SALARIES	$ 141,888.03	$ 0.04	$ 0.04
OTHER TOOLS - BENEFITS	$ 43,266.63	$ 0.01	$ 0.01
OTHER TOOLS - RENTS	$ 129,493.17	$ 0.04	$ 0.04
OTHER TOOLS - OTHER	$ 3,307,011.46	$ 0.92	$ 0.94
MOTOR VEHICLES - SALARIES	$ 248,584.76	$ 0.07	$ 0.07
MOTOR VEHICLES - BENEFITS	$ 71,058.80	$ 0.02	$ 0.02
MOTOR VEHICLES - RENTS	$ 92,408.11	$ 0.03	$ 0.03
MOTOR VEHICLES - OTHER	$ 1,248,962.60	$ 0.35	$ 0.35
BENEFITS	$ 31,183,978.52	$ 8.63	$ 8.86
TOTAL DIRECTLY ASSIGNED	$ 148,997,210.64	$ 41.24	$ 42.35
TOTAL CLASSIFIED PROD HOURS	3,613,360.58		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: RECENT CHANGE MEMORY LINE TRANSLATION			
WCT: RCMAG			
JFC: 4321 OR 4N1X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$9,627,740.30	$16.09	$16.52
DIRECT LABOR-PREMIUM	$703,316.51	$1.18	$1.21
DIRECT LABOR-OTHER EMP	$417,025.35	$0.70	$0.72
DIRECT LABOR-ANN PD ABS	$1,587,096.44	$2.65	$2.72
DIRECT ADMINISTRATION	$2,237,899.06	$3.74	$3.84
TOTAL DIRECT LABOR	$14,573,077.66	$24.35	$25.01
DIRECT LABOR-OTHER COST	$996,889.16	$1.67	$1.71
DIRECT LABOR-OTH COST-BC	$35.08	$0.00	$0.00
OTHER TOOLS-SALARIES	$20,115.95	$0.03	$0.03
OTHER TOOLS-BENEFITS	$6,154.23	$0.01	$0.01
OTHER TOOLS-RENTS	$12,128.21	$0.02	$0.02
OTHER TOOLS-OTHER	$510,688.45	$0.85	$0.88
MOTOR VEHICLES-SALARIES	$38,160.91	$0.06	$0.07
MOTOR VEHICLES-BENEFITS	$10,925.19	$0.02	$0.02
MOTOR VEHICLES-RENTS	$15,890.38	$0.03	$0.03
MOTOR VEHICLES-OTHER	$194,706.46	$0.33	$0.33
BENEFITS	$4,987,138.03	$8.33	$8.56
TOTAL DIRECTLY ASSIGNED	$21,365,909.71	$35.70	$36.66
TOTAL CLASSIFIED HOURS	598,511.50		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

TRANSLATIONS

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: SWITCH AND TRUNK BASED TRANSLATIONS			
WCT: TRANSLATIONS			
JFC: 432X OR 4N2X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 14,216,474.48	$20.69	$21.25
DIRECT LABOR - PREMIUM	$ 1,291,663.99	$1.88	$1.93
DIRECT LABOR - OTHER EMPLOYEE	$ 502,307.41	$0.73	$0.75
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 1,870,076.80	$2.72	$2.80
DIRECT ADMINISTRATION	$ 2,597,286.30	$3.78	$3.88
TOTAL DIRECT LABOR	$ 20,477,808.98	$29.81	$30.61
DIRECT LABOR - OTHER COSTS	$ 1,153,275.91	$1.68	$1.72
DIRECT LABOR - OTHER COSTS - BC	$ 36.88	$0.00	$0.00
OTHER TOOLS - SALARIES	$ 23,773.15	$0.03	$0.04
OTHER TOOLS - BENEFITS	$ 7,224.62	$0.01	$0.01
OTHER TOOLS - RENTS	$ 12,095.45	$0.02	$0.02
OTHER TOOLS - OTHER	$ 596,665.21	$0.87	$0.89
MOTOR VEHICLES - SALARIES	$ 46,979.99	$0.07	$0.07
MOTOR VEHICLES - BENEFITS	$ 13,306.41	$0.02	$0.02
MOTOR VEHICLES - RENTS	$ 16,744.06	$0.02	$0.03
MOTOR VEHICLES - OTHER	$ 238,415.06	$0.35	$0.36
BENEFITS	$ 6,027,415.87	$8.77	$9.01
TOTAL DIRECTLY ASSIGNED	$ 28,613,741.59	$41.65	$42.78
TOTAL CLASSIFIED PROD HOURS	686,970.22		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

SOFTWARE

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: CO INSTALLATION, MAINTENANCE AND ADMINISTRATION-SOFTWARE			
WCT: SOFTWARE			
JFC: 4322 OR 4323 OR 4324			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$187,293.48	$27.45	$28.19
DIRECT LABOR-PREMIUM	$8,947.20	$1.31	$1.35
DIRECT LABOR-OTHER EMP	$8,659.32	$1.27	$1.30
DIRECT LABOR-ANN PD ABS	$17,357.96	$2.54	$2.61
DIRECT ADMINISTRATION	$12,689.40	$1.86	$1.91
TOTAL DIRECT LABOR	$234,947.36	$34.44	$35.37
DIRECT LABOR-OTHER COST	$6,891.94	$1.01	$1.04
DIRECT LABOR-OTH COST-BC	$0.00	$0.00	$0.00
OTHER TOOLS-SALARIES	$5.83	$0.00	$0.00
OTHER TOOLS-BENEFITS	$1.64	$0.00	$0.00
OTHER TOOLS-RENTS	$0.08	$0.00	$0.00
OTHER TOOLS-OTHER	$3,610.20	$0.53	$0.54
MOTOR VEHICLES-SALARIES	$24.86	$0.00	$0.00
MOTOR VEHICLES-BENEFITS	$8.62	$0.00	$0.00
MOTOR VEHICLES-RENTS	$59.52	$0.01	$0.01
MOTOR VEHICLES-OTHER	$170.18	$0.02	$0.03
BENEFITS	$64,423.23	$9.44	$9.70
TOTAL DIRECTLY ASSIGNED	$310,143.46	$45.46	$46.68
TOTAL CLASSIFIED HOURS	6822.76		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION REGION:*	1.027		
STATE: REGION			
FG/FSG: TRUNK AND CARRIER GROUP			
WCT: TCG			
JFC: 4331 OR 4342 OR 473X OR 4N5X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOULY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 7,385,510.60	$20.17	$20.71
DIRECT LABOR - PREMIUM	$ 361,466.28	$0.99	$1.01
DIRECT LABOR - OTHER EMPLOYEE	$ 264,876.68	$0.72	$0.74
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 990,453.24	$2.70	$2.78
DIRECT ADMINISTRATION	$ 1,370,358.11	$3.74	$3.84
TOTAL DIRECT LABOR	$ 10,372,664.91	$28.33	$29.09
DIRECT LABOR - OTHER COSTS	$ 634,109.03	$1.73	$1.78
DIRECT LABOR - OTHER COSTS - BC	$ 25.21	$0.00	$0.00
OTHER TOOLS - SALARIES	$ 10,570.65	$0.03	$0.03
OTHER TOOLS - BENEFITS	$ 3,285.57	$0.01	$0.01
OTHER TOOLS - RENTS	$ 3,821.75	$0.01	$0.01
OTHER TOOLS - OTHER	$ 277,042.12	$0.76	$0.78
MOTOR VEHICLES - SALARIES	$ 21,850.11	$0.06	$0.06
MOTOR VEHICLES - BENEFITS	$ 6,222.74	$0.02	$0.02
MOTOR VEHICLES - RENTS	$ 8,615.66	$0.02	$0.02
MOTOR VEHICLES - OTHER	$ 110,357.33	$0.30	$0.31
BENEFITS	$ 3,202,466.06	$8.75	$8.98
TOTAL DIRECTLY ASSIGNED	$ 14,651,031.14	$40.01	$41.09
TOTAL CLASSIFIED PROD HOURS	366,195.54		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: NETWORK RELIABILITY CENTER			
WCT: NRC			
JFC: 4LXX OR 4330 OR 4341			
		1996	1997
		PRODUCTIVE	PRODUCTIVE
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 5,622,421.97	$17.18	$17.64
DIRECT LABOR - PREMIUM	$ 547,748.91	$1.67	$1.72
DIRECT LABOR - OTHER EMPLOYEE	$ 226,115.87	$0.69	$0.71
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 830,317.30	$2.54	$2.61
DIRECT ADMINISTRATION	$ 809,148.85	$2.47	$2.54
TOTAL DIRECT LABOR	$ 8,035,752.91	$24.55	$25.21
DIRECT LABOR - OTHER COSTS	$ 806,879.24	$2.47	$2.53
DIRECT LABOR - OTHER COSTS - BC	$ -	$0.00	$0.00
OTHER TOOLS - SALARIES	$ 344.20	$0.00	$0.00
OTHER TOOLS - BENEFITS	$ 116.64	$0.00	$0.00
OTHER TOOLS - RENTS	$ 24.27	$0.00	$0.00
OTHER TOOLS - OTHER	$ 17,266.29	$0.05	$0.05
MOTOR VEHICLES - SALARIES	$ 21,734.94	$0.07	$0.07
MOTOR VEHICLES - BENEFITS	$ 6,457.55	$0.02	$0.02
MOTOR VEHICLES - RENTS	$ 12,303.75	$0.04	$0.04
MOTOR VEHICLES - OTHER	$ 57,591.63	$0.18	$0.18
BENEFITS	$ 2,407,015.27	$7.35	$7.55
TOTAL DIRECTLY ASSIGNED	$ 11,365,486.69	$34.72	$35.66
TOTAL PRODUCTIVE HOURS	327,299.89		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: PROACTIVE ANALYSIS AND REPAIR CENTER			
WCT: PAR			
JFC: 4PXX OR 4332			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$744,785.41	$17.23	$17.69
DIRECT LABOR-PREMIUM	$5,416.72	$0.13	$0.13
DIRECT LABOR-OTHER EMP	$30,145.58	$0.70	$0.72
DIRECT LABOR-ANN PD ABS	$100,632.79	$2.33	$2.39
DIRECT ADMINISTRATION	$207,864.42	$4.81	$4.94
TOTAL DIRECT LABOR	$1,088,844.92	$25.19	$25.87
DIRECT LABOR-OTHER COST	$21,668.28	$0.50	$0.51
DIRECT LABOR-OTH COST-BC	$0.00	$0.00	$0.00
OTHER TOOLS-SALARIES	$29.18	$0.00	$0.00
OTHER TOOLS-BENEFITS	$8.71	$0.00	$0.00
OTHER TOOLS-RENTS	$1.82	$0.00	$0.00
OTHER TOOLS-OTHER	$715.28	$0.02	$0.02
MOTOR VEHICLES-SALARIES	$60.74	$0.00	$0.00
MOTOR VEHICLES-BENEFITS	$16.57	$0.00	$0.00
MOTOR VEHICLES-RENTS	$0.42	$0.00	$0.00
MOTOR VEHICLES-OTHER	$173.46	$0.00	$0.00
BENEFITS	$309,237.42	$7.15	$7.35
TOTAL DIRECTLY ASSIGNED	$1,420,756.80	$32.86	$33.75
TOTAL CLASSIFIED HOURS	43,231.25		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A		B	C	D
INFLATION FACTOR:*		1.027		
STATE: REGION				
FG/FSG: CIRCUIT PROVISIONING GROUP				
WCT: CPG				
JFC: 470X OR 4N4X				
			1996 CLASSIFIED	1997 CLASSIFIED
		1996	HOURLY COST	HOURLY COST
COMPONENT		DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$	9,042,764.47	$16.62	$17.07
DIRECT LABOR - PREMIUM	$	240,423.35	$0.44	$0.45
DIRECT LABOR - OTHER EMPLOYEE	$	380,143.67	$0.70	$0.72
DIRECT LABOR - ANNUAL PAID ABSENCE	$	1,456,469.39	$2.68	$2.75
DIRECT ADMINISTRATION	$	2,104,619.55	$3.87	$3.97
TOTAL DIRECT LABOR	$	13,224,420.43	$24.31	$24.97
DIRECT LABOR - OTHER COSTS	$	817,903.09	$1.50	$1.54
DIRECT LABOR - OTHER COSTS - BC	$	23.77	$0.00	$0.00
OTHER TOOLS - SALARIES	$	82.12	$0.00	$0.00
OTHER TOOLS - BENEFITS	$	26.52	$0.00	$0.00
OTHER TOOLS - RENTS	$	16.95	$0.00	$0.00
OTHER TOOLS - OTHER	$	2,265.60	$0.00	$0.00
MOTOR VEHICLES - SALARIES	$	115.75	$0.00	$0.00
MOTOR VEHICLES - BENEFITS	$	44.12	$0.00	$0.00
MOTOR VEHICLES - RENTS	$	137.83	$0.00	$0.00
MOTOR VEHICLES - OTHER	$	477.99	$0.00	$0.00
BENEFITS	$	4,476,221.70	$0.00	$0.00
TOTAL DIRECTLY ASSIGNED	$	18,521,735.87	$34.05	$34.97
TOTAL CLASSIFIED PROD HOURS		543,952.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES				
**DATA EXTRACT FROM FINANCIAL PROCESSOR				

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: ACCESS CUSTOMER ADVOCATE CENTER			
WCT: ACAC			
JFC: 4AXX OR 471X			
		1996 PRODUCTIVE HOURLY COST (B/B32)	1997 INFLATED HOURLY COST (C*B3)
COMPONENT	1996 DOLLARS**		
DIRECT LABOR - PRODUCTIVE	$ 1,202,074.42	$18.19	$18.68
DIRECT LABOR - PREMIUM	$ 73,913.25	$1.12	$1.15
DIRECT LABOR - OTHER EMPLOYEE	$ 42,109.64	$0.64	$0.65
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 166,637.80	$2.52	$2.59
DIRECT ADMINISTRATION	$ 309,049.41	$4.68	$4.80
TOTAL DIRECT LABOR	$ 1,793,784.52	$27.14	$27.87
DIRECT LABOR - OTHER COSTS	$ 57,651.93	$0.87	$0.90
DIRECT LABOR - OTHER COSTS - BC	$ -	$0.00	$0.00
OTHER TOOLS - SALARIES	$ 29.24	$0.00	$0.00
OTHER TOOLS - BENEFITS	$ 9.71	$0.00	$0.00
OTHER TOOLS - RENTS	$ 2.24	$0.00	$0.00
OTHER TOOLS - OTHER	$ 898.75	$0.01	$0.01
MOTOR VEHICLES - SALARIES	$ 306.70	$0.00	$0.00
MOTOR VEHICLES - BENEFITS	$ 70.46	$0.00	$0.00
MOTOR VEHICLES - RENTS	$ 279.81	$0.00	$0.00
MOTOR VEHICLES - OTHER	$ 1,471.46	$0.02	$0.02
BENEFITS	$ 471,595.10	$7.13	$7.33
TOTAL DIRECTLY ASSIGNED	$ 2,326,099.92	$35.19	$36.14
TOTAL PRODUCTIVE HOURS	66,096.58		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: EQUIPMENT BILLING ACCURACY CONTROL			
WCT: EBAC			
JFC: 472X OR 4N3X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$1,996,679.45	$16.32	$16.76
DIRECT LABOR-PREMIUM	$91,003.96	$0.74	$0.76
DIRECT LABOR-OTHER EMP	$86,583.73	$0.71	$0.73
DIRECT LABOR-ANN PD ABS	$322,454.47	$2.63	$2.71
DIRECT ADMINISTRATION	$450,965.09	$3.69	$3.78
TOTAL DIRECT LABOR	$2,947,686.70	$24.09	$24.74
DIRECT LABOR-OTHER COST	$198,466.05	$1.62	$1.67
DIRECT LABOR-OTH COST-BC	$4.67	$0.00	$0.00
OTHER TOOLS-SALARIES	$4,436.33	$0.04	$0.04
OTHER TOOLS-BENEFITS	$1,322.66	$0.01	$0.01
OTHER TOOLS-RENTS	$3,956.21	$0.03	$0.03
OTHER TOOLS-OTHER	$110,091.25	$0.90	$0.92
MOTOR VEHICLES-SALARIES	$8,965.16	$0.07	$0.08
MOTOR VEHICLES-BENEFITS	$2,572.17	$0.02	$0.02
MOTOR VEHICLES-RENTS	$3,175.88	$0.03	$0.03
MOTOR VEHICLES-OTHER	$44,076.68	$0.36	$0.37
BENEFITS	$1,010,985.17	$8.26	$8.48
TOTAL DIRECTLY ASSIGNED	$4,335,738.93	$35.43	$36.39
TOTAL CLASSIFIED HOURS	122,374.50		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: BUSINESS REPAIR CENTER			
WCT: BRC			
JFC: 4BXX			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$20,742,404.71	$18.94	$19.46
DIRECT LABOR-PREMIUM	$1,686,270.39	$1.54	$1.58
DIRECT LABOR-OTHER EMP	$1,484,224.07	$1.36	$1.39
DIRECT LABOR-ANN PD ABS	$3,146,818.17	$2.87	$2.95
DIRECT ADMINISTRATION	$3,441,459.11	$3.14	$3.23
TOTAL DIRECT LABOR	$30,501,176.45	$27.86	$28.61
DIRECT LABOR-OTHER COST	$514,441.86	$0.47	$0.48
DIRECT LABOR-OTH COST-BC	$7.26	$0.00	$0.00
OTHER TOOLS-SALARIES	$242.05	$0.00	$0.00
OTHER TOOLS-BENEFITS	$82.84	$0.00	$0.00
OTHER TOOLS-RENTS	$74.89	$0.00	$0.00
OTHER TOOLS-OTHER	$13,736.12	$0.01	$0.01
MOTOR VEHICLES-SALARIES	$5,180.16	$0.00	$0.00
MOTOR VEHICLES-BENEFITS	$1,618.39	$0.00	$0.00
MOTOR VEHICLES-RENTS	$2,972.94	$0.00	$0.00
MOTOR VEHICLES-OTHER	$20,511.80	$0.02	$0.02
BENEFITS	$8,281,421.72	$7.56	$7.77
TOTAL DIRECTLY ASSIGNED	$39,341,466.48	$35.93	$36.90
TOTAL CLASSIFIED HOURS	1,094,881.25		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: RESIDENCE REPAIR CENTER			
WCT: RRC			
JFC: 4RXX			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$7,402,890.40	$15.44	$15.85
DIRECT LABOR-PREMIUM	$658,872.75	$1.37	$1.41
DIRECT LABOR-OTHER EMP	$393,338.58	$0.82	$0.84
DIRECT LABOR-ANN PD ABS	$1,129,071.66	$2.35	$2.42
DIRECT ADMINISTRATION	$1,741,062.48	$3.63	$3.73
TOTAL DIRECT LABOR	$11,325,235.87	$23.62	$24.26
DIRECT LABOR-OTHER COST	$98,561.13	$0.21	$0.21
DIRECT LABOR-OTH COST-BC	$0.00	$0.00	$0.00
OTHER TOOLS-SALARIES	$0.00	$0.00	$0.00
OTHER TOOLS-BENEFITS	$0.00	$0.00	$0.00
OTHER TOOLS-RENTS	$0.00	$0.00	$0.00
OTHER TOOLS-OTHER	$0.00	$0.00	$0.00
MOTOR VEHICLES-SALARIES	$1,012.18	$0.00	$0.00
MOTOR VEHICLES-BENEFITS	$272.58	$0.00	$0.00
MOTOR VEHICLES-RENTS	$319.61	$0.00	$0.00
MOTOR VEHICLES-OTHER	$4,693.99	$0.01	$0.01
BENEFITS	$3,939,398.87	$8.22	$8.44
TOTAL DIRECTLY ASSIGNED	$15,369,494.23	$32.05	$32.92
TOTAL CLASSIFIED HOURS	479,529.25		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: WORK MANAGEMENT CENTER			
WCT: WMC			
JFC: 4WXX OR 401X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B32)	(C*B3)
DIRECT LABOR - PRODUCTIVE	$ 29,221,595.01	$ 15.52	$ 15.94
DIRECT LABOR - PREMIUM	$ 1,454,467.12	$ 0.77	$ 0.79
DIRECT LABOR - OTHER EMPLOYEE	$ 1,356,262.39	$ 0.72	$ 0.74
DIRECT LABOR - ANNUAL PAID ABSENCE	$ 4,340,668.73	$ 2.31	$ 2.37
DIRECT ADMINISTRATION	$ 8,820,855.65	$ 4.69	$ 4.81
TOTAL DIRECT LABOR	$ 45,193,848.90	$ 24.01	$ 24.65
DIRECT LABOR - OTHER COSTS	$ 830,562.12	$ 0.44	$ 0.45
DIRECT LABOR - OTHER COSTS - BC	$ -	$ -	$ -
OTHER TOOLS - SALARIES	$ -	$ -	$ -
OTHER TOOLS - BENEFITS	$ -	$ -	$ -
OTHER TOOLS - RENTS	$ -	$ -	$ -
OTHER TOOLS - OTHER	$ -	$ -	$ -
MOTOR VEHICLES - SALARIES	$ 4,394.43	$ 0.00	$ 0.00
MOTOR VEHICLES - BENEFITS	$ 1,441.18	$ 0.00	$ 0.00
MOTOR VEHICLES - RENTS	$ 3,138.21	$ 0.00	$ 0.00
MOTOR VEHICLES - OTHER	$ 20,770.03	$ 0.01	$ 0.01
BENEFITS	$ 13,384,005.02	$ 7.11	$ 7.30
TOTAL DIRECTLY ASSIGNED	$ 59,438,159.89	$ 31.57	$ 32.43
TOTAL CLASSIFIED PROD HOURS	1,882,565.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: LAND AND BUILDINGS (FG10)			
JFC: 30XX OR 0030 OR 350X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT ENG-PRODUCTIVE	$5,416,377.00	$30.82	$31.65
DIRECT ENG-PREMIUM	$5,636.00	$0.03	$0.03
DIRECT ENG-OTHER EMP	$838,645.00	$4.77	$4.90
DIRECT ENG-ANN PD ABS	$637,632.00	$3.63	$3.73
DIRECT ADMINISTRATION	$1,240,520.00	$7.06	$7.25
TOTAL DIRECT LABOR	$8,138,810.00	$46.31	$47.56
DIRECT ENG-OTHER COSTS	$971,879.00	$5.53	$5.68
DIRECT ENG-OTHER-BC	$0.00	$0.00	$0.00
BENEFITS	$1,714,429.00	$9.76	$10.02
TOTAL DIRECTLY ASSIGNED	$10,825,118.00	$61.59	$63.26
TOTAL CLASSIFIED HOURS	175,747.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: NETWORK AND ENGINEERING PLANNING (FG20)			
JFC: 0031 OR 0036 OR 31XX OR 34XX OR 3A0X OR 3A1 OR 3A2 OR 3B1X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT ENG-PRODUCTIVE	$50,185,617.00	$25.70	$26.39
DIRECT ENG-PREMIUM	$414,942.00	$0.21	$0.22
DIRECT ENG-OTHER EMP	$7,480,794.00	$3.83	$3.93
DIRECT ENG-ANN PD ABS	$6,813,944.00	$3.49	$3.58
DIRECT ADMINISTRATION	$12,177,768.00	$6.24	$6.40
TOTAL DIRECT LABOR	$77,073,065.00	$39.46	$40.53
DIRECT ENG-OTHER COSTS	$6,912,226.00	$3.54	$3.63
DIRECT ENG-OTHER-BC	$0.00	$0.00	$0.00
BENEFITS	$16,849,312.00	$8.63	$8.86
TOTAL DIRECTLY ASSIGNED	$100,834,603.00	$51.63	$53.03
TOTAL CLASSIFIED HOURS	1,952,963.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: NETWORK PLUG-IN ADMINISTRATION (PICS)			
JFC: 3A2X OR 341X			
		1996 CLASSIFIED	1997 CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT ENG-PRODUCTIVE	$1,215,509.34	$16.04	$16.47
DIRECT ENG-PREMIUM	$75,492.60	$1.00	$1.02
DIRECT ENG-OTHER EMP	$130,531.31	$1.72	$1.77
DIRECT ENG-ANN PD ABS	$197,718.23	$2.61	$2.68
DIRECT ADMINISTRATION	$280,041.06	$3.70	$3.80
TOTAL DIRECT LABOR	$1,899,292.55	$25.07	$25.74
DIRECT ENG-OTHER COSTS	$114,813.13	$1.52	$1.56
DIRECT ENG-OTHER-BC	$0.00	$0.00	$0.00
BENEFITS	$558,821.89	$7.37	$7.57
TOTAL DIRECTLY ASSIGNED	$2,572,927.57	$33.96	$34.87
TOTAL CLASSIFIED HOURS	75,773.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
FG/FSG: OUTSIDE PLANT ENGINEERING (FG30)			
JFC: 0032 OR 32XX OR 356X			
		1996	1997
		CLASSIFIED	CLASSIFIED
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT ENG-PRODUCTIVE	$93,878,832.00	$22.26	$22.86
DIRECT ENG-PREMIUM	$1,043,839.00	$0.25	$0.25
DIRECT ENG-OTHER EMP	$11,466,632.00	$2.72	$2.79
DIRECT ENG-ANN PD ABS	15579213.00	$4.77	$4.90
DIRECT ADMINISTRATION	$20,108,042.00	$4.77	$4.90
TOTAL DIRECT LABOR	$142,076,558.00	$33.69	$34.60
DIRECT ENG-OTHER COSTS	$7,089,252.00	$1.68	$1.73
DIRECT ENG-OTHER-BC	$0.00	$0.00	$0.00
BENEFITS	$36,693,327.00	$8.70	$8.94
TOTAL DIRECTLY ASSIGNED	$185,859,137.00	$44.07	$45.26
TOTAL CLASSIFIED HOURS	4,216,929.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: CARRIER ACCESS BILLING SYSTEM (CABS)			
JFC: 1200			
		1996	1997
COMPONENT	1996 DOLLARS**	HOURLY COST (B/B23)	HOURLY COST (C*B3)
DIRECT LABOR-PRODUCTIVE	$2,578,216.32	$18.53	$19.03
ADMINISTRATIVE CLERICAL	$54,256.78	$0.39	$0.40
DIRECT ADMINISTRATION	$354,419.33	$2.55	$2.62
DIRECT LABOR-PREMIUM	$11,228.64	$0.08	$0.08
DIRECT LABOR-ANN PD ABS	$260,831.07	$1.87	$1.93
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$394,241.92	$2.83	$2.91
TOTAL DIRECT LABOR	$3,598,937.28	$26.26	$26.97
DIRECT LABOR-OTHER COST	$42.00	$0.00	$0.00
BENEFITS	$1,884,023.84	$13.54	$13.91
TOTAL DIRECTLY ASSIGNED	$5,483,003.12	$39.80	$40.88
TOTAL HOURS	139,119.94		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: CUSTOMER POINT OF CONTACT-ICSC/LCSC			
JFC: 2300			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$5,333,747.99	$16.64	$17.09
ADMINISTRATIVE CLERICAL	$278,193.18	$0.87	$0.89
DIRECT ADMINISTRATION	$1,093,135.54	$3.41	$3.50
DIRECT LABOR-PREMIUM	$253,304.88	$0.79	$0.81
DIRECT LABOR-ANN PD ABS	$738,210.57	$2.30	$2.37
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$208,883.61	$0.65	$0.67
TOTAL DIRECT LABOR	$7,905,475.77	$24.67	$25.33
DIRECT LABOR-OTHER COST	$5,656.50	$0.02	$0.02
BENEFITS	$5,296,990.76	$16.53	$16.97
TOTAL DIRECTLY ASSIGNED	$13,208,123.03	$41.21	$42.32
TOTAL HOURS	320,490.84		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: OPERATOR SERVICES (POTS)			
JFC: 2120 OR 2129 OR 212G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$22,421,436.96	$15.10	$15.51
ADMINISTRATIVE CLERICAL	$89,084.16	$0.06	$0.06
DIRECT ADMINISTRATION	$2,311,589.80	$1.56	$1.60
DIRECT LABOR-PREMIUM	$1,480,095.96	$1.00	$1.02
DIRECT LABOR-ANN PD ABS	$3,853,768.12	$2.60	$2.67
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$4,240,278.89	$2.86	$2.93
TOTAL DIRECT LABOR	$34,396,253.89	$23.17	$23.79
DIRECT LABOR-OTHER COST	$65,749.81	$0.04	$0.05
BENEFITS	$9,974,393.07	$6.72	$6.90
TOTAL DIRECTLY ASSIGNED	$44,436,396.77	$29.93	$30.74
TOTAL HOURS	1,484,736.06		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

DIR ASST OPER

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: DIRECTORY ASSISTANCE			
JFC: 2940 OR 2949 OR 294G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$84,034,521.44	$14.75	$15.15
ADMINISTRATIVE CLERICAL	$0.00	$0.00	$0.00
DIRECT ADMINISTRATION	$5,250,054.66	$0.92	$0.95
DIRECT LABOR-PREMIUM	$5,070,960.29	$0.89	$0.91
DIRECT LABOR-ANN PD ABS	$13,024,914.19	$2.29	$2.35
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$10,163,335.16	$1.78	$1.83
TOTAL DIRECT LABOR	$117,543,785.74	$20.63	$21.19
DIRECT LABOR-OTHER COST	$144,712.98	$0.03	$0.03
BENEFITS	$37,739,210.16	$6.62	$6.80
TOTAL DIRECTLY ASSIGNED	$155,427,708.88	$27.28	$28.01
TOTAL HOURS	5,698,241.82		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: COIN COLLECTOR			
JFC: 2600 OR 260G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$5,156,591.68	$17.25	$17.71
ADMINISTRATIVE CLERICAL	$421,571.80	$1.41	$1.45
DIRECT ADMINISTRATION	$846,133.46	$2.83	$2.91
DIRECT LABOR-PREMIUM	$531,024.11	$1.78	$1.82
DIRECT LABOR-ANN PD ABS	$691,612.21	$2.31	$2.38
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$200,455.45	$0.67	$0.69
TOTAL DIRECT LABOR	$7,847,388.71	$26.25	$26.96
DIRECT LABOR-OTHER COST	$1,165.50	$0.00	$0.00
BENEFITS	$1,992,137.48	$6.66	$6.84
TOTAL DIRECTLY ASSIGNED	$9,840,691.69	$32.91	$33.80
TOTAL HOURS	298,987.09		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: COLLECTIONS REP-RESIDENCE			
JFC: 2E40 OR 2E4G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$40,225,062.20	$16.67	$17.12
ADMINISTRATIVE CLERICAL	$3,235,351.80	$1.34	$1.38
DIRECT ADMINISTRATION	$4,496,677.20	$1.86	$1.91
DIRECT LABOR-PREMIUM	$1,756,578.39	$0.73	$0.75
DIRECT LABOR-ANN PD ABS	$5,992,543.58	$2.48	$2.55
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$4,860,214.20	$2.01	$2.07
TOTAL DIRECT LABOR	$60,566,427.37	$25.09	$25.77
DIRECT LABOR-OTHER COST	$43,874.00	$0.02	$0.02
BENEFITS	$17,668,267.79	$7.32	$7.52
TOTAL DIRECTLY ASSIGNED	$78,278,569.16	$32.43	$33.31
TOTAL HOURS	2,413,700.12		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: COLLECTIONS REP-BUSINESS			
JFC: 2840 OR 284G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$7,015,243.41	$16.39	$16.83
ADMINISTRATIVE CLERICAL	$543,720.97	$1.27	$1.30
DIRECT ADMINISTRATION	$986,201.16	$2.30	$2.37
DIRECT LABOR-PREMIUM	$176,064.52	$0.41	$0.42
DIRECT LABOR-ANN PD ABS	$1,029,902.37	$2.41	$2.47
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$699,420.43	$1.63	$1.68
TOTAL DIRECT LABOR	$10,450,552.86	$24.41	$25.07
DIRECT LABOR-OTHER COST	$5,811.00	$0.01	$0.01
BENEFITS	$3,171,093.82	$7.41	$7.61
TOTAL DIRECTLY ASSIGNED	$13,627,457.68	$31.83	$32.69
TOTAL HOURS	428,126.75		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

SVC REP-RES

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: SERVICE REP-RESIDENCE			
JFC: 2E50 OR 2570 OR 2E5G OR 2E7G			
COMPONENT	**1996 DOLLARS****	**1996 HOURLY COST (B/B23)**	**1997 HOURLY COST (C*B3)**
DIRECT LABOR-PRODUCTIVE	$134,733,682.37	$17.70	$18.18
ADMINISTRATIVE CLERICAL	$11,114,002.82	$1.46	$1.50
DIRECT ADMINISTRATION	$18,703,117.40	$2.46	$2.52
DIRECT LABOR-PREMIUM	$8,515,830.49	$1.12	$1.15
DIRECT LABOR-ANN PD ABS	$18,195,022.23	$2.39	$2.45
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$16,058,420.98	$2.11	$2.17
TOTAL DIRECT LABOR	$207,320,076.29	$27.23	$27.97
DIRECT LABOR-OTHER COST	$248,764.42	$0.03	$0.03
BENEFITS	$56,282,318.30	$7.39	$7.59
TOTAL DIRECTLY ASSIGNED	$263,851,159.01	$34.66	$35.60
TOTAL HOURS	7,612,330.70		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

SVC REP-BUS

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: SERVICE REP-BUSINESS			
JFC: 2850 OR 2870 OR 2880 OR 285G OR 287G OR 288G			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$31,963,354.14	$17.61	$18.08
ADMINISTRATIVE CLERICAL	$2,359,798.91	$1.30	$1.34
DIRECT ADMINISTRATION	$5,420,291.69	$2.99	$3.07
DIRECT LABOR-PREMIUM	$1,261,150.51	$0.69	$0.71
DIRECT LABOR-ANN PD ABS	$4,905,651.67	$2.70	$2.78
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$2,623,952.83	$1.45	$1.48
TOTAL DIRECT LABOR	$48,534,199.75	$26.74	$27.46
DIRECT LABOR-OTHER COST	$26,123.50	$0.01	$0.01
BENEFITS	$13,797,535.71	$7.60	$7.81
TOTAL DIRECTLY ASSIGNED	$62,357,858.96	$34.35	$35.28
TOTAL HOURS	1,815,229.93		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

COMP CLER

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: COMPTROLLERS CLERICAL			
JFC: 1240 OR 1250 OR 1260 OR 1270			
		1996	1997
	1996	HOURLY COST	HOURLY COST
COMPONENT	DOLLARS**	(B/B23)	(C*B3)
DIRECT LABOR-PRODUCTIVE	$17,011,712.79	$17.05	$17.51
ADMINISTRATIVE CLERICAL	$712,129.08	$0.71	$0.73
DIRECT ADMINISTRATION	$1,545,230.42	$1.55	$1.59
DIRECT LABOR-PREMIUM	$1,106,955.98	$1.11	$1.14
DIRECT LABOR-ANN PD ABS	$1,715,562.33	$1.72	$1.77
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$2,611,722.54	$2.62	$2.69
TOTAL DIRECT LABOR	$24,703,313.14	$24.77	$25.43
DIRECT LABOR-OTHER COST	$1,921.50	$0.00	$0.00
BENEFITS	$12,742,931.69	$12.77	$13.12
TOTAL DIRECTLY ASSIGNED	$37,448,166.33	$37.54	$38.56
TOTAL HOURS	997,509.00		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

A	B	C	D
INFLATION FACTOR:*	1.027		
STATE: REGION			
GROUP: NETWORK SERVICES CLERICAL			
JFC: 2700 OR 2730			
		1996	1997
COMPONENT	1996 DOLLARS**	HOURLY COST (B/B23)	HOURLY COST (C*B3)
DIRECT LABOR-PRODUCTIVE	$6,077,541.30	$17.65	$18.13
ADMINISTRATIVE CLERICAL	$86,419.90	$0.25	$0.26
DIRECT ADMINISTRATION	$1,188,266.84	$3.45	$3.54
DIRECT LABOR-PREMIUM	$151,970.69	$0.44	$0.45
DIRECT LABOR-ANN PD ABS	$664,828.85	$1.93	$1.98
TRAINING	$0.00	$0.00	$0.00
DIRECT LABOR-OTHER EMP	$973,896.24	$2.83	$2.91
TOTAL DIRECT LABOR	$9,142,923.82	$26.56	$27.27
DIRECT LABOR-OTHER COST	$2,648.07	$0.01	$0.01
BENEFITS	$2,618,596.28	$7.61	$7.81
TOTAL DIRECTLY ASSIGNED	$11,764,168.17	$34.17	$35.09
TOTAL HOURS	344,293.44		
*BELLSOUTH REGION TELEPHONE PLANT INDEXES			
**DATA EXTRACT FROM FINANCIAL PROCESSOR			

DIRECTLY ASSIGNED LABOR RATES FOR ACCOUNT EXECUTIVE, SYSTEMS DESIGNER AND SERVICE CONSULTANT				
INFLATION FACTOR:*		1.027		
ACCOUNT EXECUTIVE		**1996 HOURLY RATE**		**1997 HOURLY RATE (B*B4)**
DIRECT SALARIES AND WAGES	$	54.90	$	56.38
OTHER DIRECT	$	12.88	$	13.23
DIRECTLY ASSIGNED WITH SALES COMP	**$**	**67.78**	**$**	**69.61**
DIRECT SALARIES AND WAGES	$	44.60	$	45.80
OTHER DIRECT	$	10.46	$	10.74
DIRECTLY ASSIGNED WITHOUT SALES COMP	**$**	**55.06**	**$**	**56.55**
SYSTEMS DESIGNER				
DIRECT SALARIES AND WAGES	$	50.05	$	51.40
OTHER DIRECT	$	11.74	$	12.06
DIRECTLY ASSIGNED WITH SALES COMP	**$**	**61.79**	**$**	**63.46**
DIRECT SALARIES AND WAGES	$	46.02	$	47.26
OTHER DIRECT	$	10.79	$	11.08
DIRECTLY ASSIGNED WITHOUT SALES COMP	**$**	**56.81**	**$**	**58.34**
SERVICE CONSULTANT				
DIRECT SALARIES AND WAGES	$	33.49	$	34.39
OTHER DIRECT	$	7.86	$	8.07
DIRECTLY ASSIGNED	**$**	**41.35**	**$**	**42.47**
*BELLSOUTH REGION TELEPHONE PLANT INDEXES				
SOURCE: FINANCE DEPARTMENT/BELLSOUTH BUSINESS SYSTEMS				

TELRIC IT PB DETAIL

A	B	C	D	E	F	G	H
1998 - 2000 TELRIC LABOR RATES							7-15-98
BST IT	DIRECT S&W*	OTHER DIRECT**	SHARED LABOR FACTOR***	SHARED COSTS (B*D)	LABOR RATES (B+C+E)	1998 - 2000 INFLATION FACTOR****	1998 - 2000 TELRIC LABOR RATES (F*G)
PAY BAND 54	$ 25.95	$ 10.46	0	$ -	$ 36.41	1.059854	$ 38.59
PAY BAND 55	$ 27.38	$ 10.86	0	$ -	$ 38.24	1.059854	$ 40.53
PAY BAND 56	$ 31.46	$ 11.97	0	$ -	$ 43.43	1.059854	$ 46.03
PAY BAND 57	$ 32.79	$ 12.33	0	$ -	$ 45.12	1.059854	$ 47.82
PAY BAND 58	$ 36.22	$ 13.26	0	$ -	$ 49.48	1.059854	$ 52.44
PAY BAND 59	$ 40.28	$ 14.37	0	$ -	$ 54.65	1.059854	$ 57.92
PAY BAND 60	$ 45.18	$ 15.71	0	$ -	$ 60.89	1.059854	$ 64.53
PAY BAND 61	$ 49.68	$ 16.93	0	$ -	$ 66.61	1.059854	$ 70.60
WAGE SCALE 10	$ 23.33	$ 9.75	0	$ -	$ 33.08	1.059854	$ 35.06
WAGE SCALE 14	$ 24.05	$ 9.94	0	$ -	$ 33.99	1.059854	$ 36.02
WAGE SCALE 16	$ 24.53	$ 10.08	0	$ -	$ 34.61	1.059854	$ 36.68
WAGE SCALE 18	$ 24.90	$ 10.18	0	$ -	$ 35.08	1.059854	$ 37.18
WAGE SCALE 32	$ 29.76	$ 11.50	0	$ -	$ 41.26	1.059854	$ 43.73
*IT PAY BAND B6:B23							
**IT PAY BAND B24:B29							
***SHARED LABOR FACTOR B56							
**** INFL FACTOR E14							

000102

IT PAY BAND

BST IT
AREA: REGION
SOURCE: FINANCIAL MANAGEMENT/EXPENSE ACTUALS - BY EXTC DETAIL

COMPONENT	PAY BAND 54	PAY BAND 55	PAY BAND 56	PAY BAND 57	PAY BAND 58	PAY BAND 59	PAY BAND 60	PAY BAND 61
BASIC SALARIES	$ 17.63	$ 19.06	$ 23.14	$ 24.47	$ 27.90	$ 31.96	$ 36.86	$ 41.36
CLERICAL WAGES	$ 3.87	$ 3.87	$ 3.87	$ 3.87	$ 3.87	$ 3.87	$ 3.87	$ 3.87
PREMIUM OT-MGMT	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23
PREMIUM OT-NON-MGMT	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18
PAID ABSENCE-MGMT	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47
PAID ABSENCE-NON-MGMT	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53
IND INCENT AWARD-MGMT	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90
IND INCENT AWARD-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TEAM INCENT AWARD-MGMT	$ 1.65	$ 1.65	$ 1.65	$ 1.65	$ 1.65	$ 1.65	$ 1.65	$ 1.65
TEAM INCENT AWARD-NON-MGM	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
OTHER PLANS-MGMT	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13
OTHER PLANS-NON-MGMT	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02
ALL OTHER-MGMT	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16
ALL OTHER-NON-MGMT	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
PENSIONS/BENEFITS	$ 5.09	$ 5.38	$ 6.18	$ 6.44	$ 7.11	$ 7.91	$ 8.87	$ 9.75
TAXES	$ 1.98	$ 2.09	$ 2.40	$ 2.50	$ 2.76	$ 3.07	$ 3.45	$ 3.79
CONFERENCE & TRAVEL	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11
RELOCATION	$ 0.36	$ 0.36	$ 0.36	$ 0.36	$ 0.36	$ 0.36	$ 0.36	$ 0.36
SUPPLIES	$ 1.27	$ 1.27	$ 1.27	$ 1.27	$ 1.27	$ 1.27	$ 1.27	$ 1.27
OTHER DIRECT	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65
DIRECTLY ASSIGNED	$ 36.41	$ 38.24	$ 43.43	$ 45.12	$ 49.48	$ 54.65	$ 60.89	$ 66.61

IT PAY BAND

BST IT
AREA: REGION
SOURCE: FINANCIAL MANAGEMENT/EXPENSE ACTUALS - BY EXTC DETAIL

COMPONENT	WAGE SCALE 10	WAGE SCALE 14	WAGE SCALE 16	WAGE SCALE 18	WAGE SCALE 32
BASIC SALARIES	$ 15.01	$ 15.73	$ 16.21	$ 16.58	$ 21.44
CLERICAL WAGES	$ 3.87	$ 3.87	$ 3.87	$ 3.87	$ 3.87
PREMIUM OT-MGMT	$ 0.23	$ 0.23	$ 0.23	$ 0.23	$ 0.23
PREMIUM OT-NON-MGMT	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18
PAID ABSENCE-MGMT	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47
PAID ABSENCE-NON-MGMT	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53
IND INCENT AWARD-MGMT	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.90
IND INCENT AWARD-NON-MGMT	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-MGMT	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-NON-MGMT	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-MGMT	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-NON-MGMT	$ -	$ -	$ -	$ -	$ -
TEAM INCENT AWARD-MGMT	$ 1.65	$ 1.65	$ 1.65	$ 1.65	$ 1.65
TEAM INCENT AWARD-NON-MGM	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
OTHER PLANS-MGMT	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13
OTHER PLANS-NON-MGMT	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02
ALL OTHER-MGMT	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16
ALL OTHER-NON-MGMT	$ 0.07	$ 0.07	$ 0.07	$ 0.07	$ 0.07
PENSIONS/BENEFITS	$ 4.58	$ 4.72	$ 4.82	$ 4.89	$ 5.84
TAXES	$ 1.78	$ 1.83	$ 1.87	$ 1.90	$ 2.27
CONFERENCE & TRAVEL	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11
RELOCATION	$ 0.36	$ 0.36	$ 0.36	$ 0.36	$ 0.36
SUPPLIES	$ 1.27	$ 1.27	$ 1.27	$ 1.27	$ 1.27
OTHER DIRECT	$ 0.65	$ 0.65	$ 0.65	$ 0.65	$ 0.65
DIRECTLY ASSIGNED	$ 33.08	$ 33.99	$ 34.61	$ 35.08	$ 41.26

A	B	C	D	E	F	G	H
1998 - 2000 TELRIC LABOR RATES							7-15-98
BST MARKETING	DIRECT S&W*	OTHER DIRECT**	SHARED LABOR FACTOR***	SHARED COSTS (B*D)	LABOR RATES (B+C+E)	1998 - 2000 INFLATION FACTOR****	1998 - 2000 TELRIC LABOR RATES (F*G)
PAY BAND 56	$ 28.50	$ 12.34	0	$ -	$ 40.84	1.059854	$ 43.28
PAY BAND 57	$ 29.83	$ 12.70	0	$ -	$ 42.53	1.059854	$ 45.08
PAY BAND 58	$ 33.26	$ 13.34	0	$ -	$ 46.60	1.059854	$ 49.39
PAY BAND 59	$ 37.32	$ 14.73	0	$ -	$ 52.05	1.059854	$ 55.17
PAY BAND 61	$ 46.72	$ 17.30	0	$ -	$ 64.02	1.059854	$ 67.85
WAGE SCALE 10	$ 20.37	$ 10.12	0	$ -	$ 30.49	1.059854	$ 32.31
*MARKETING PAY BAND B6:B23							
**MARKETING PAY BAND B24:B29							
***SHARED LABOR FACTOR B56							
**** INFL FACTOR E14							

MARKETING PAY BAND

BST MARKETING
AREA: REGION
SOURCE: FINANCIAL MANAGEMENT/EXPENSE ACTUALS - BY EXTC DETAIL

COMPONENT	PAY BAND 56	PAY BAND 57	PAY BAND 58	PAY BAND 59	PAY BAND 61	WAGE SCALE 10
BASIC SALARIES	$ 23.14	$ 24.47	$ 27.90	$ 31.96	$ 41.36	$ 15.01
CLERICAL WAGES	$ 1.72	$ 1.72	$ 1.72	$ 1.72	$ 1.72	$ 1.72
PREMIUM OT-MGMT	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02
PREMIUM OT-NON-MGMT	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03
PAID ABSENCE-MGMT	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.45	$ 0.45
PAID ABSENCE-NON-MGMT	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
IND INCENT AWARD-MGMT	$ 0.88	$ 0.88	$ 0.88	$ 0.88	$ 0.88	$ 0.88
IND INCENT AWARD-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
TEAM INCENT AWARD-MGMT	$ 1.72	$ 1.72	$ 1.72	$ 1.72	$ 1.72	$ 1.72
TEAM INCENT AWARD-NON-MGM	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05
OTHER PLANS-MGMT	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
OTHER PLANS-NON-MGMT	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
ALL OTHER-MGMT	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16	$ 0.16
ALL OTHER-NON-MGMT	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02
PENSIONS/BENEFITS	$ 5.59	$ 5.85	$ 6.23	$ 7.31	$ 9.16	$ 3.99
TAXES	$ 2.17	$ 2.27	$ 2.53	$ 2.84	$ 3.56	$ 1.55
CONFERENCE & TRAVEL	$ 2.43	$ 2.43	$ 2.43	$ 2.43	$ 2.43	$ 2.43
RELOCATION	$ 0.37	$ 0.37	$ 0.37	$ 0.37	$ 0.37	$ 0.37
SUPPLIES	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.89
OTHER DIRECT	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.89	$ 0.89
DIRECTLY ASSIGNED	$ 40.84	$ 42.53	$ 46.60	$ 52.05	$ 64.02	$ 30.49

TELRIC NTWK PB DETAIL

A	B	C	D	E	F	G	H
	1998 - 2000 TELRIC LABOR RATES						7-15-98
BST NETWORK	DIRECT S&W*	OTHER DIRECT**	SHARED LABOR FACTOR***	SHARED COSTS (B*D)	LABOR RATES (B+C+E)	1998 - 2000 INFLATION FACTOR****	1998 - 2000 TELRIC LABOR RATES (F*G)
PAY BAND 56	$ 28.73	$ 12.69	0	$ -	$ 41.42	1.059854	$ 43.90
PAY BAND 57	$ 30.06	$ 13.05	0	$ -	$ 43.11	1.059854	$ 45.69
PAY BAND 58	$ 33.49	$ 13.98	0	$ -	$ 47.47	1.059854	$ 50.31
PAY BAND 59	$ 37.55	$ 15.08	0	$ -	$ 52.63	1.059854	$ 55.78
PAY BAND 61	$ 46.95	$ 17.62	0	$ -	$ 64.57	1.059854	$ 68.43
WAGE SCALE 10	$ 20.60	$ 10.50	0	$ -	$ 31.10	1.059854	$ 32.96
*NETWORK PAY BAND B6:B23							
**NETWORK PAY BAND B24:B29							
***SHARED LABOR FACTOR B47							
**** INFL FACTOR E14							

000107

NETWORK PAY BAND

BST NETWORK
AREA: REGION
SOURCE: FINANCIAL MANAGEMENT/EXPENSE ACTUALS - BY EXTC DETAIL

COMPONENT	PAY BAND 56	PAY BAND 57	PAY BAND 58	PAY BAND 59	PAY BAND 61	WAGE SCALE 10
BASIC SALARIES	$ 23.14	$ 24.47	$ 27.90	$ 31.96	$ 41.36	$ 15.01
CLERICAL WAGES	$ 1.59	$ 1.59	$ 1.59	$ 1.59	$ 1.59	$ 1.59
PREMIUM OT-MGMT	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
PREMIUM OT-NON-MGMT	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
PAID ABSENCE-MGMT	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53	$ 0.53
PAID ABSENCE-NON-MGMT	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.17
IND INCENT AWARD-MGMT	$ 1.16	$ 1.16	$ 1.16	$ 1.16	$ 1.16	$ 1.16
IND INCENT AWARD-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -
TEAM INCENT AWARD-MGMT	$ 1.86	$ 1.86	$ 1.86	$ 1.86	$ 1.86	$ 1.86
TEAM INCENT AWARD-NON-MGM	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05
OTHER PLANS-MGMT	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.13
OTHER PLANS-NON-MGMT	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
ALL OTHER-MGMT	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02	$ 0.02
ALL OTHER-NON-MGMT	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05	$ 0.05
PENSIONS/BENEFITS	$ 5.60	$ 5.86	$ 6.53	$ 7.32	$ 9.15	$ 4.02
TAXES	$ 2.17	$ 2.27	$ 2.53	$ 2.84	$ 3.55	$ 1.56
CONFERENCE & TRAVEL	$ 2.91	$ 2.91	$ 2.91	$ 2.91	$ 2.91	$ 2.91
RELOCATION	$ 0.74	$ 0.74	$ 0.74	$ 0.74	$ 0.74	$ 0.74
SUPPLIES	$ 0.61	$ 0.61	$ 0.61	$ 0.61	$ 0.61	$ 0.61
OTHER DIRECT	$ 0.66	$ 0.66	$ 0.66	$ 0.66	$ 0.66	$ 0.66
DIRECTLY ASSIGNED	$ 41.42	$ 43.11	$ 47.47	$ 52.63	$ 64.57	$ 31.10

TELRIC FINANCE PB DETAIL

A	B	C	D	E	F	G	H
1998 - 2000 TELRIC LABOR RATES							7-15-98
BST FINANCE/REGULATORY	DIRECT S&W*	OTHER DIRECT**	SHARED LABOR FACTOR***	SHARED COSTS (B*D)	LABOR RATES (B+C+E)	1998 - 2000 INFLATION FACTOR****	1998 - 2000 TELRIC LABOR RATES (F*G)
PAY BAND 56	$ 29.13	$ 10.23	0	$ -	$ 39.36	1.059854	$ 41.72
PAY BAND 57	$ 30.46	$ 10.58	0	$ -	$ 41.04	1.059854	$ 43.50
PAY BAND 58	$ 33.89	$ 11.51	0	$ -	$ 45.40	1.059854	$ 48.12
PAY BAND 59	$ 37.95	$ 12.61	0	$ -	$ 50.56	1.059854	$ 53.59
PAY BAND 61	$ 47.35	$ 15.15	0	$ -	$ 62.50	1.059854	$ 66.24
WAGE SCALE 10	$ 21.00	$ 8.04	0	$ -	$ 29.04	1.059854	$ 30.78
WAGE SCALE 16	$ 22.20	$ 8.36	0	$ -	$ 30.56	1.059854	$ 32.39
*FINANCE PAY BAND B6:B23							
**FINANCE PAY BAND B24:B29							
***SHARED LABOR FACTOR B56							
**** INFL FACTOR E14							

FINANCE PAY BAND

BST FINANCE/REGULATORY
AREA: REGION
SOURCE: FINANCIAL MANAGEMENT/EXPENSE ACTUALS - BY EXTC DETAIL

COMPONENT	PAY BAND 56	PAY BAND 57	PAY BAND 58	PAY BAND 59	PAY BAND 61	WAGE SCALE 10	WAGE SCALE 16
BASIC SALARIES	$ 23.14	$ 24.47	$ 27.90	$ 31.96	$ 41.36	$ 15.01	$ 16.21
CLERICAL WAGES	$ 2.18	$ 2.18	$ 2.18	$ 2.18	$ 2.18	$ 2.18	$ 2.18
PREMIUM OT-MGMT	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06
PREMIUM OT-NON-MGMT	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
PAID ABSENCE-MGMT	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47	$ 0.47
PAID ABSENCE-NON-MGMT	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28
IND INCENT AWARD-MGMT	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84	$ 0.84
IND INCENT AWARD-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
INCENT PROT PLAN-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MKT INC PAY-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
TEAM INCENT AWARD-MGMT	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.75
TEAM INCENT AWARD-NON-MGM	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06	$ 0.06
OTHER PLANS-MGMT	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11	$ 0.11
OTHER PLANS-NON-MGMT	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ALL OTHER-MGMT	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20
ALL OTHER-NON-MGMT	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03	$ 0.03
PENSIONS/BENEFITS	$ 5.67	$ 5.92	$ 6.59	$ 7.38	$ 9.21	$ 4.09	$ 4.32
TAXES	$ 2.20	$ 2.30	$ 2.56	$ 2.87	$ 3.58	$ 1.59	$ 1.68
CONFERENCE & TRAVEL	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11	$ 1.11
RELOCATION	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
SUPPLIES	$ 0.46	$ 0.46	$ 0.46	$ 0.46	$ 0.46	$ 0.46	$ 0.46
OTHER DIRECT	$ 0.69	$ 0.69	$ 0.69	$ 0.69	$ 0.69	$ 0.69	$ 0.69
DIRECTLY ASSIGNED	$ 39.36	$ 41.04	$ 45.40	$ 50.56	$ 62.50	$ 29.04	$ 30.56

A	B		C
SECURITY ESCORT			7-15-98
1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM			
ACAC	**HOURLY RATE**		**REFERENCE**
BASIC			
DIRECT S&W	$	27.87	ACAC D19
LESS PREMIUM	$	1.15	ACAC D15
DIRECT S&W LESS PREM	$	26.72	
SHARED COST	$	-	B11*SHARED LABOR FACTOR B22
OTHER DIRECT	$	8.27	ACAC D31-ACAC D19
BASIC LESS PREMIUM	$	34.99	
TOTAL 1998 - 2000 TELRIC	$	37.09	B14*INFL FACTOR E14
OVERTIME (1 1/2)			
DIRECT S&W	$	27.87	ACAC D19
LESS PREMIUM	$	1.15	ACAC D15
DIRECT S&W LESS PREM	$	26.72	
1/2 PROD LABOR	$	9.34	ACAC D14/2
SHARED COST	$	-	B21+B22*SHARED LABOR FACTOR B22
OTHER DIRECT	$	8.27	ACAC D31-ACAC D19
OT LESS PREM + 1/2 PROD	$	44.33	
TOTAL 1998 - 2000 TELRIC	$	46.99	B25*INFL FACTOR E14
PREMIUM (2X)			
DIRECT S&W	$	27.87	ACAC D19
LESS PREMIUM	$	1.15	ACAC D15
DIRECT S&W LESS PREM	$	26.72	
1X PROD LABOR	$	18.68	ACAC D14
SHARED COST	$	-	B32+B33*SHARED LABOR FACTOR B22
OTHER DIRECT	$	8.27	ACAC D31-ACAC D19
PREM LESS PREM + 1X PROD	$	53.67	
TOTAL 1998 - 2000 TELRIC	$	56.88	B25*INFL FACTOR E14

A		B	C
SECURITY ESCORT			7-15-98
1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM			
COIM - CIR & FAC	**HOURLY RATE**		**REFERENCE**
BASIC			
DIRECT S&W	$	28.75	COIM-CIR&FAC D19+D22+D26
LESS PREMIUM	$	1.54	COIM-CIR&FAC D15
DIRECT S&W LESS PREM	$	27.21	
SHARED COST	$	-	B11*SHARED LABOR FACTOR B14
OTHER DIRECT	$	11.70	COIM-CIR&FAC D31-D19-D22-D26
BASIC LESS PREMIUM	$	38.91	
TOTAL 1998 - 2000 TELRIC	**$**	**41.24**	B14*INFL FACTOR E14
OVERTIME (1 1/2)			
DIRECT S&W	$	28.75	COIM-CIR&FAC D19+D22+D26
LESS PREMIUM	$	1.54	COIM-CIR&FAC D15
DIRECT S&W LESS PREM	$	27.21	
1/2 PROD LABOR	$	10.21	COIM-CIR&FAC D14/2
SHARED COST	$	-	B21+B22*SHARED LABOR FACTOR B14
OTHER DIRECT	$	11.70	COIM-CIR&FAC D31-D19-D22-D26
OT LESS PREM + 1/2 PROD	$	49.12	
TOTAL 1998 - 2000 TELRIC	**$**	**52.06**	B25*INFL FACTOR E14
PREMIUM (2X)			
DIRECT S&W	$	28.75	COIM-CIR&FAC D19+D22+D26
LESS PREMIUM	$	1.54	COIM-CIR&FAC D15
DIRECT S&W LESS PREM	$	27.21	
1X PROD LABOR	$	20.42	COIM-CIR&FAC D14
SHARED COST	$	-	B32+B33*SHARED LABOR FACTOR B14
OTHER DIRECT	$	11.70	COIM-CIR&FAC D31-D19-D22-D26
PREM LESS PREM + 1X PROD	$	59.33	
TOTAL 1998 - 2000 TELRIC	**$**	**62.88**	B36*INFL FACTOR E14

A	B		C
	SECURITY ESCORT		7-15-98
	1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM		
ICSC/LCSC	HOURLY RATE		REFERENCE
BASIC			
DIRECT S&W	$	25.33	ICSC LCSC D19
LESS PREMIUM	$	0.81	ICSC LCSC D15
DIRECT S&W LESS PREM	$	24.52	
SHARED COST	$	-	B11*SHARED LABOR FACTOR B38
OTHER DIRECT	$	16.99	ICSC LCSC D22-D19
BASIC LESS PREMIUM	$	41.51	
TOTAL 1998 - 2000 TELRIC	$	44.00	B14*INFL FACTOR E14
OVERTIME (1 1/2)			
DIRECT S&W	$	25.33	ICSC LCSC D19
LESS PREMIUM	$	0.81	ICSC LCSC D15
DIRECT S&W LESS PREM	$	24.52	
1/2 PROD LABOR	$	8.55	ICSC LCSC D12/2
SHARED COST	$	-	B21+B22*SHARED LABOR FACTOR B38
OTHER DIRECT	$	16.99	ICSC LCSC D22-D19
OT LESS PREM + 1/2 PROD	$	50.06	
TOTAL 1998 - 2000 TELRIC	$	53.06	B25*INFL FACTOR E14
PREMIUM (2X)			
DIRECT S&W	$	25.33	ICSC LCSC D19
LESS PREMIUM	$	0.81	ICSC LCSC D15
DIRECT S&W LESS PREM	$	24.52	
1X PROD LABOR	$	17.09	ICSC LCSC D12
SHARED COST	$	-	B32+B33*SHARED LABOR FACTOR B38
OTHER DIRECT	$	16.99	ICSC LCSC D22-D19
PREM LESS PREM + 1X PROD	$	58.60	
TOTAL 1998 - 2000 TELRIC	$	62.11	B36*INFL FACTOR E14

A	B	C	D	E	F
1998 - 2000 DIRECTLY ASSIGNED LABOR RATES					7-15-98
PLANT WORK CENTERS	JFC	DIRECTLY ASSIGNED	COLUMN C REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED LABOR RATE (C*E)
ADDRESS & FACILITY INVENTORY (AFIG)	400X 4M1X	$ 31.98	AFIG D31	1.059854	$ 33.90
INSTALL & MTCE - POTS	410X	$ 38.68	I&M POTS D31	1.059854	$ 41.00
INSTALL & MTCE - SPEC SVCS (SSIM)	411X	$ 41.94	SSIM D31	1.059854	$ 44.45
OUTSIDE PLANT CONSTRUCTION (OSPC)	420X 421X	$ 42.51	OSPC D31	1.059854	$ 45.05
OUTSIDE PLANT ADMIN CENTER (OPAC)	424X	$ 32.46	OPAC D31	1.059854	$ 34.41
CABLE REPAIR TECHNICIAN (CRT)	422X 423X 425X 426X	$ 44.31	CRT D31	1.059854	$ 46.96
CO INSTALL & MTCE FIELD - SWITCH EQUIP	430X	$ 42.35	COIM-SW EQ D31	1.059854	$ 44.88
CO INSTALL & MTCE FIELD - CIRCUIT & FAC	431X	$ 40.46	COIM-CIR&FAC D31	1.059854	$ 42.88
RECENT CHANGE LINE TRANSLATIONS (RCMAG)	4321 4N1X	$ 36.66	RCMAG D31	1.059854	$ 38.86
SWITCH & TRUNK BASED TRANSLATIONS	4320 4N2X	$ 42.78	TRANSLATIONS D31	1.059854	$ 45.34
CO INSTALL, MTCE & ADMIN - SOFTWARE	4322 4323,4324	$ 46.68	SOFTWARE D31	1.059854	$ 49.48
TRUNK & CARRIER GROUP (TCG)	4331 4342 473X 4N5X	$ 41.09	TCG D31	1.059854	$ 43.55
NETWORK RELIABILITY CENTER (NRC)	4330 4341 4LXX	$ 35.66	NRC D31	1.059854	$ 37.80
PROACTIVE ANALYSIS & REPAIR CTR (PAR)	4332 4PXX	$ 33.75	PAR D31	1.059854	$ 35.77
CIRCUIT PROVISIONING GROUP (CPG)	470X 4N4X	$ 34.97	CPG D31	1.059854	$ 37.06
ACCESS CUSTOMER ADVOCATE CENTER (ACAC)	471X 4AXX	$ 36.14	ACAC D31	1.059854	$ 38.31
EQUIPMENT BILLING ACCURACY CONT (EBAC)	472X 4N3X	$ 36.39	EBAC D31	1.059854	$ 38.56
BUSINESS REPAIR CENTER (BRC)	4BXX	$ 36.90	BRC D31	1.059854	$ 39.11
RESIDENCE REPAIR CENTER (RRC)	4RXX	$ 32.92	RRC D31	1.059854	$ 34.89
WORK MANAGEMENT CENTER (WMC)	4WXX 401X	$ 32.43	WMC D31	1.059854	$ 34.37
* INFL FACTOR E14					
ENGINEERING FORCE GROUPS	JFC	DIRECTLY ASSIGNED	COLUMN C REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED LABOR RATE (C*E)
LAND AND BUILDINGS (FG10)	30XX 350X	$ 63.26	FG10 D22	1.059854	$ 67.04
NETWORK & ENGINEERING PLANNING (FG20)	31XX 34XX 3AXX 3BXX	$ 53.03	FG20 D22	1.059854	$ 56.20
NETWORK PLUG-IN ADMINISTRATION (PICS)	341X 3A2X	$ 34.87	PICS D22	1.059854	$ 36.96
OUTSIDE PLANT ENGINEERING (FG30)	32XX 356X	$ 45.26	FG30 D22	1.059854	$ 47.97
* INFL FACTOR E26					

000114

DIR ASSG DETAIL

A	B	C	D	E	F
COST GROUPS	JFC	DIRECTLY ASSIGNED	COLUMN C REFERL..	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED LABOR RATE (C*E)
CABS ACCOUNTING	1200	$ 40.88	CABS D22	1.059854	$ 43.32
CUSTOMER POINT OF CONTACT - ICSC/LSCS	2300	$ 42.32	ICSC LCSC D22	1.059854	$ 44.86
POTS OPERATOR	2120	$ 30.74	POTS OPER D22	1.059854	$ 32.58
DIRECTORY ASSISTANCE OPERATOR	2940	$ 28.01	DIR ASST OPER D22	1.059854	$ 29.69
COIN COLLECTOR	2600	$ 33.80	COIN COLL D22	1.059854	$ 35.83
COLLECTIONS REP - RESIDENCE	2E40	$ 33.31	COLL REP-RES D22	1.059854	$ 35.30
COLLECTIONS REP - BUSINESS	2840	$ 32.69	COLL REP-BUS D22	1.059854	$ 34.65
BUS OFC SVC REP - RESIDENCE	2E50 2E70	$ 35.60	SVC REP-RES D22	1.059854	$ 37.73
BUS OFC SVC REP - BUSINESS	2850 2870	$ 35.28	SVC REP-BUS D22	1.059854	$ 37.39
COMPTROLLERS CLERICAL	1240 1250 1260 1270	$ 38.56	COMP CLER D22	1.059854	$ 40.86
NETWORK SERVICES CLERICAL	2700 2730	$ 35.09	NTWK SVC CLER D22	1.059854	$ 37.19
ACCOUNT EXECUTIVE	NOT APPLICABLE				
WITH SALES COMPENSATION		$ 69.61	AE SD SC B8	1.059854	$ 73.78
WITHOUT SALES COMPENSATION		$ 56.55	AE SD SC B12	1.059854	$ 59.93
SYSTEMS DESIGNER	NOT APPLICABLE				
WITH SALES COMPENSATION		$ 63.46	AE SD SC B18	1.059854	$ 67.26
WITHOUT SALES COMPENSATION		$ 58.34	AE SD SC B22	1.059854	$ 61.84
SERVICE CONSULTANT	NOT APPLICABLE	$ 42.47	AE SD SC B28	1.059854	$ 45.01
* INFL FACTOR E14					

000115

DIR ASSG IT PB DETAIL

A	B	C	D	E
1998 - 2000 DIRECTLY ASSIGNED LABOR RATES				7-15-98
BST IT	HOURLY RATE	COLUMN B REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED (B*D)
PAY BAND 54	$ 36.41	TELRIC IT PB DETAIL B11+C11	1.059854	$ 38.59
PAY BAND 55	$ 38.24	TELRIC IT PB DETAIL B12+C12	1.059854	$ 40.53
PAY BAND 56	$ 43.43	TELRIC IT PB DETAIL B13+C13	1.059854	$ 46.03
PAY BAND 57	$ 45.12	TELRIC IT PB DETAIL B14+C14	1.059854	$ 47.82
PAY BAND 58	$ 49.48	TELRIC IT PB DETAIL B15+C15	1.059854	$ 52.44
PAY BAND 59	$ 54.65	TELRIC IT PB DETAIL B16+C16	1.059854	$ 57.92
PAY BAND 60	$ 60.89	TELRIC IT PB DETAIL B17+C17	1.059854	$ 64.53
PAY BAND 61	$ 66.61	TELRIC IT PB DETAIL B18+C18	1.059854	$ 70.60
WAGE SCALE 10	$ 33.08	TELRIC IT PB DETAIL B19+C19	1.059854	$ 35.06
WAGE SCALE 14	$ 33.99	TELRIC IT PB DETAIL B20+C20	1.059854	$ 36.02
WAGE SCALE 16	$ 34.61	TELRIC IT PB DETAIL B21+C21	1.059854	$ 36.68
WAGE SCALE 18	$ 35.08	TELRIC IT PB DETAIL B22+C22	1.059854	$ 37.18
WAGE SCALE 32	$ 41.26	TELRIC IT PB DETAIL B23+C23	1.059854	$ 43.73
* INFL FACTOR E14				

DIR ASSG MKTG PB DETAIL

A	B	C	D	E
1998 - 2000 DIRECTLY ASSIGNED LABOR RATES				7-15-98
BST MARKETING	HOURLY RATE	COLUMN B REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED (B*D)
PAY BAND 56	$ 40.84	TELRIC MKTG PB DETAIL B11+C11	1.059854	$ 43.28
PAY BAND 57	$ 42.53	TELRIC MKTG PB DETAIL B12+C12	1.059854	$ 45.08
PAY BAND 58	$ 46.60	TELRIC MKTG PB DETAIL B13+C13	1.059854	$ 49.39
PAY BAND 59	$ 52.05	TELRIC MKTG PB DETAIL B14+C14	1.059854	$ 55.17
PAY BAND 61	$ 64.02	TELRIC MKTG PB DETAIL B15+C15	1.059854	$ 67.85
WAGE SCALE 10	$ 30.49	TELRIC MKTG PB DETAIL B16+C16	1.059854	$ 32.31
* INFL FACTOR E14				

DIR ASSG NTWK PB DETAIL

A	B	C	D	E
1998 - 2000 DIRECTLY ASSIGNED LABOR RATES				7-15-98
BST NETWORK	HOURLY RATE	COLUMN B REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED (B*D)
PAY BAND 56	$ 41.42	TELRIC NTWK PB DETAIL B11+C11	1.059854	$ 43.90
PAY BAND 57	$ 43.11	TELRIC NTWK PB DETAIL B12+C12	1.059854	$ 45.69
PAY BAND 58	$ 47.47	TELRIC NTWK PB DETAIL B13+C13	1.059854	$ 50.31
PAY BAND 59	$ 52.63	TELRIC NTWK PB DETAIL B14+C14	1.059854	$ 55.78
PAY BAND 61	$ 64.57	TELRIC NTWK PB DETAIL B15+C15	1.059854	$ 68.43
WAGE SCALE 10	$ 31.10	TELRIC NTWK PB DETAIL B16+C16	1.059854	$ 32.96
* INFL FACTOR E14				

000148

DIR ASSG FIN PB DETAIL

A	B	C	D	E
1998 - 2000 DIRECTLY ASSIGNED LABOR RATES				7-15-98
BST FINANCE/REGULATORY	HOURLY RATE	COLUMN B REFERENCE	1998 - 2000 INFLATION FACTOR*	1998 - 2000 DIRECTLY ASSIGNED (B*D)
PAY BAND 56	$ 39.36	TELRIC FINANCE PB DETAIL B11+C11	1.059854	$ 41.72
PAY BAND 57	$ 41.04	TELRIC FINANCE PB DETAIL B12+C12	1.059854	$ 43.50
PAY BAND 58	$ 45.40	TELRIC FINANCE PB DETAIL B13+C13	1.059854	$ 48.12
PAY BAND 59	$ 50.56	TELRIC FINANCE PB DETAIL B14+C14	1.059854	$ 53.59
PAY BAND 61	$ 62.50	TELRIC FINANCE PB DETAIL B15+C15	1.059854	$ 66.24
WAGE SCALE 10	$ 29.04	TELRIC FINANCE PB DETAIL B16+C16	1.059854	$ 30.78
WAGE SCALE 16	$ 30.56	TELRIC FINANCE PB DETAIL B17+C17	1.059854	$ 32.39
* INFL FACTOR E14				

000119

A	B		C
SECURITY ESCORT			7-15-98
1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM			
ACAC	**HOURLY RATE**		**REFERENCE**
BASIC			
DIRECTLY ASSIGNED	$	36.14	ACAC D31
LESS PREMIUM	$	1.15	ACAC D15
DA LESS PREM	$	34.99	
TOTAL 1998 - 2000 DA	**$**	**37.09**	B11*INFL FACTOR E14
OVERTIME (1 1/2)			
DIRECTLY ASSIGNED	$	36.14	ACAC D31
LESS PREMIUM	$	1.15	ACAC D15
DA LESS PREM	$	34.99	
1/2 PROD LABOR	$	9.34	ACAC D14/2
DA LESS PREM +1/2 PROD	$	44.33	
TOTAL 1998 - 2000 DA	**$**	**46.99**	B20*INFL FACTOR E14
PREMIUM (2X)			
DIRECTLY ASSIGNED	$	36.14	ACAC D31
LESS PREMIUM	$	1.15	ACAC D15
DA LESS PREM	$	34.99	
1X PROD LABOR	$	18.68	ACAC D14
DA LESS PREM + 1X PROD	$	53.67	
TOTAL 1998 - 2000 DA	**$**	**56.88**	B29*INFL FACTOR E14

A	B	C
SECURITY ESCORT		7-15-98
1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM		
COIM - CIR&FAC	HOURLY RATE	REFERENCE
BASIC		
DIRECTLY ASSIGNED	$ 40.46	COIM-CIR&FAC D31
LESS PREMIUM	$ 1.54	COIM-CIR&FAC D15
DA LESS PREM	$ 38.91	
TOTAL 1998 - 2000 DA	**$ 41.24**	B11*INFL FACTOR E14
OVERTIME (1 1/2)		
DIRECTLY ASSIGNED	$ 40.46	COIM-CIR&FAC D31
LESS PREMIUM	$ 1.54	COIM-CIR&FAC D15
DA LESS PREM	$ 38.91	
1/2 PROD LABOR	$ 10.21	COIM-CIR&FAC D14/2
DA LESS PREM +1/2 PROD	$ 49.12	
TOTAL 1998 - 2000 DA	**$ 52.06**	B20*INFL FACTOR E14
PREMIUM (2X)		
DIRECTLY ASSIGNED	$ 40.46	COIM-CIR&FAC D31
LESS PREMIUM	$ 1.54	COIM-CIR&FAC D15
DA LESS PREM	$ 38.91	
1X PROD LABOR	$ 20.42	COIM-CIR&FAC D14
DA LESS PREM + 1X PROD	$ 59.33	
TOTAL 1998 - 2000 DA	**$ 62.88**	B29*INFL FACTOR E14

A	B		C
	SECURITY ESCORT		7-15-98
	1998 - 2000 DIRECTLY ASSIGNED - BASIC, OVERTIME, PREMIUM		
ICSC/LCSC	HOURLY RATE		REFERENCE
BASIC			
DIRECTLY ASSIGNED	$	42.32	ICSC LCSC D22
LESS PREMIUM	$	0.81	ICSC LCSC D15
DA LESS PREM	$	41.51	
TOTAL 1998 - 2000 DA	$	44.00	B11*INFL FACTOR E14
OVERTIME (1 1/2)			
DIRECTLY ASSIGNED	$	42.32	ICSC LCSC D22
LESS PREMIUM	$	0.81	ICSC LCSC D15
DA LESS PREM	$	41.51	
1/2 PROD LABOR	$	8.55	ICSC LCSC D12/2
DA LESS PREM +1/2 PROD	$	50.06	
TOTAL 1998 - 2000 DA	$	53.06	B20*INFL FACTOR E14
PREMIUM (2X)			
DIRECTLY ASSIGNED	$	42.32	ICSC LCSC D22
LESS PREMIUM	$	0.81	ICSC LCSC D15
DA LESS PREM	$	41.51	
1X PROD LABOR	$	17.09	ICSC LCSC D12
DA LESS PREM + 1X PROD	$	58.60	
TOTAL 1998 - 2000 DA	$	62.11	B29*INFL FACTOR E14