BELLSOUTH

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General Counsel

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REC'D TN REGULATORY AUTH.
'00 AUG 18 PM 2 13
OFFICE OF THE EXECUTIVE SECRETARY

August 18, 2000

VIA HAND DELIVERY

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: *Generic Docket to Establish UNE Prices for Line Sharing per FCC 99-355 and Riser Cable and Terminating Wire as Ordered in TRA Docket No. 98-00123*
Docket No. 00-00544

Dear Mr. Waddell:

In the August 10, 2000 Order of the Pre-Hearing Officer, the parties were directed to file interim rate proposals for each of the elements and services for which the Tennessee Regulatory Authority would be establishing permanent rates in this proceeding. Enclosed are 14 copies of BellSouth's interim rate proposals. The supporting affidavits of Mr. Jerry Hendrix and Ms. Daonne Caldwell are also enclosed, together with 13 copies of each affidavit.

Copies of the enclosed have been provided to the parties of record.

Very truly yours,

Guy M. Hicks

GMH/jem

Enclosure

POSTED 8-18-00

225243

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: ***Generic Docket to Establish UNE Prices for Line Sharing per FCC 99-355 and Riser Cable and Terminating Wire as Ordered in TRA Docket No. 98-00123***

Docket No. 00-00544

BELLSOUTH TELECOMMUNICATIONS, INC.'S INTERIM RATE PROPOSAL

Pursuant to the August 10, 2000 Order of the Pre-Hearing Officer, BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits its interim rate proposal for each of the elements and services for which the Tennessee Regulatory Authority ("TRA") will be establishing permanent rates in this proceeding. In order to comply with Pre-Hearing Officer's directive, BellSouth is prepared to offer as interim rates the lowest cost-based rate in BellSouth's region for each of the elements and services at issue in this proceeding. BellSouth's proposed interim rates are set forth in the Affidavit of Jerry Hendrix.[1]

BellSouth developed its proposed interim rates by making a reasonable effort to identify the lowest rate in BellSouth's region for each element and service that has either been approved by a state public service commission or is otherwise available in an existing interconnection agreement. For those elements and services for which there is no commission-approved or negotiated rate, BellSouth

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[1] For simplicity purposes, the interim rates proposed by BellSouth in Mr. Hendrix's Affidavit are state-wide average rates. For all loop elements for which BellSouth has proposed interim rates, BellSouth will deaverage those rates

identified the lowest cost in the region as reflected in BellSouth's cost studies that have been or are being filed with its state public service commissions, including the TRA. In her Affidavit, Ms. Daonne Caldwell explains how these cost studies were developed and demonstrates why use of these cost results is appropriate to establish interim rates.

BellSouth is committed to using the lowest cost-based rate available to establish interim rates in Tennessee. To the extent there is a lower rate somewhere in an existing interconnection agreement, a commission order, or BellSouth cost study that BellSouth has inadvertently overlooked, BellSouth is willing to use that rate in Tennessee on an interim basis subject to true up in order to comply with the Pre-Hearing Officer's August 10, 2000 Order.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

Guy M. Hicks
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333 Commerce Street, Suite 2101
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R. Douglas Lackey
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Atlanta, Georgia 30375

225260

consistent with the interim methodology proposed by BellSouth and adopted by the TRA in Docket 97-01262.

CERTIFICATE OF SERVICE

I hereby certify that on August 18, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	Jon E. Hastings, Esquire Boult, Cummings, et al. P. O. Box 198062 Nashville, TN 37219-8062
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	James Wright, Esq. United Telephone - Southeast 14111 Capitol Blvd. Wake Forest, NC 27587
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	Marc B. Rothschild Swidler Berlin, et al. 3000 K St., NW, #300 Washington, DC 20007-5116
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	Charles B. Welch, Esquire Farris, Mathews, et al. 205 Capitol Blvd, #303 Nashville, TN 37219
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	James Lamoureux, Esquire AT&T 1200 Peachtree St., NE Atlanta, GA 30309
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	T. G. Pappas, Esquire R. Dale Grimes, Esquire Bass, Berry & Sims 315 Deaderick Street Nashville, TN 37238
[ ] Hand [✓] Mail [ ] Facsimile [ ] Overnight	Henry Walker, Esquire Boult, Cummings, et al. 414 Union Ave., #1600 P. O. Box 198062 Nashville, TN 39219-8062

[ ] Hand
[✓] Mail
[ ] Facsimile
[ ] Overnight

Michael Bressman, Esquire
BlueStar Communications
5 Corp. Centre
801 Crescent Centre Drive, #600
Franklin, TN 37067

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: ***Generic Docket to Establish UNE Prices for Line Sharing per FCC 99-355 and Riser Cable and Terminating Wire as Ordered in TRA Docket No. 98-00123***

Docket No. 00-00544

AFFIDAVIT OF JERRY HENDRIX

Comes the affiant, Jerry Hendrix, and being duly sworn, deposes and says:

1. I am Senior Director, Customer Markets, Wholesale Pricing Operations, at BellSouth Telecommunications, Inc. ("BellSouth"). I have been employed by BellSouth since 1979. I am responsible for overseeing the negotiation of Interconnection Agreements between BellSouth and Competing Local Exchange Carriers ("CLECs") and have been directly involved in the negotiation process since May, 1996. I submit this affidavit in support of BellSouth's Interim Rate Proposals.

2. In the August 10, 2000 Order of the Pre-Hearing Officer, the parties were directed to filed interim rate proposals for each of the elements and services for which the Tennessee Regulatory Authority ("TRA") would be establishing permanent rates in this proceeding. These interim rates are to be trued up once permanent rates are established. In order to comply with Pre-Hearing Officer's directive, BellSouth is prepared to offer as interim rates the lowest cost-based rate in BellSouth's region for each of the elements and services at issue in this proceeding. BellSouth's proposed interim rates are set forth in Exhibit JH-1.

3. BellSouth developed its proposed interim rates by making a reasonable effort to identify the lowest rate in BellSouth's region for each element and service that has either been approved by a state public service commission or is otherwise set forth in an existing interconnection agreement. For those elements and services for which there is no commission-approved or negotiated rate, BellSouth identified the lowest cost in the region as reflected in BellSouth's cost studies that have been or are being filed with its state public service commissions in proceedings such as this one. To the extent there is a lower rate somewhere in an existing interconnection agreement, a commission order, or BellSouth cost study that BellSouth has inadvertently overlooked, BellSouth is willing to use that rate in Tennessee on an interim basis subject to true up.

4. Included as part of Exhibit JH-1 is the source of each interim rate proposed by BellSouth. As far as commission-approved or negotiated rates are concerned, BellSouth's interim rates reflect the lowest rates that are contained in its current standard interconnection agreements for the States of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee. In developing its interim rate proposals, BellSouth also has used certain negotiated rates in existing BellSouth interconnection agreements that are even lower than the rates in BellSouth's standard. These agreements include: (a) the April 13, 2000 Amendment to the Interconnection Agreement Between BlueStar Networks, Inc. dated December 28, 1999; (b) the Interconnection Agreement

Between Trivergent Communications, Inc. and BellSouth dated June 30, 2000; and (c) the Interconnection Agreement Between Birch Telecom of the South, Inc. and BellSouth dated July 14, 2000.

5. For those elements and services for which there was no commission-approved or negotiated rate, BellSouth's interim rates reflect the lowest cost results from BellSouth's cost studies that have been or are being filed with its state public service commissions. These include: (a) cost results filed on May 14, 2000 with the Georgia Public Service Commission in Docket Nos. 6863-U/7253-U; (b) cost results filed on July 14, 2000 with the North Carolina Utilities Commission in Docket No. P-100, Sub 133d; and (c) cost results filed on August 16, 2000 with the Florida Public Service Commission in Docket No. 990649-TP. BellSouth's interim rate proposals also reflect some of the results from the cost studies BellSouth has filed in this proceeding, to the extent that they are the lowest in BellSouth's region. In developing its interim rate proposals, BellSouth also has used certain cost results from studies that BellSouth will be filing later this month with the Georgia Public Service Commission in Docket Nos. 6863-U/7253-U. In her Affidavit, Ms. Daonne Caldwell explains how these cost studies were developed and demonstrates why use of these cost results is appropriate to establish interim rates.

Further, affiant sayeth naught.

Jerry Hendrix

Subscribed and sworn to before me this 18th
day of August 2000

Notary Public

225083

MICHEALE F. HOLCOMB
Notary Public, Douglas County, Georgia
My Commission Expires November 3, 2001

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00 **PROPOSED ELEMENT LIST**

Cost Element	Description	Recurring	Source (See Pg. 6)	Non Recurring 1st/Initial	Non Recurring Addl/Sub	Source (See Pg. 6)
A.0	UNBUNDLED LOCAL LOOP					
A.2	SUB-LOOP					
A.2.11	Sub-Loop Distribution Per 4-Wire Analog Voice Grade Loop	$8.32	1	$156.52	$79.66	2
A.2.13	Network Interface Device Cross Connect			$11.68	$11.68	2
A.2.14	Sub-Loop Intrabuilding Network Cable (INC) Per 2-Wire Analog Voice Grade Loop	$1.35	2	$94.56	$29.35	5
A.2.15	Sub-Loop Intrabuilding Network Cable (INC) Per 4-Wire Analog Voice Grade Loop	$2.26	2	$116.14	$37.10	5
A.2.17	Sub-Loop - Per Cross Box Location - CLEC Feeder Facility Set-Up			$421.08		1
A.2.18	Sub-Loop - Per Cross Box Location - Per 25 Pair Panel Set-Up			$45.04		2
A.2.21	Sub-Loop - Per Cross Box Location - CLEC Distribution Facility Set-Up			$421.08		1
A.2.24	Sub-Loop - Per 4-Wire Analog Voice Grade Loop / Feeder Only	$19.91	1	$222.74	$140.22	4
A.2.25	Sub-Loop - Per 2-Wire ISDN Digital Grade Loop / Feeder Only	$17.73	1	$202.01	$105.88	2
A.2.29	Sub-Loop - Per 4-Wire 56 or 64 Kbps Digital Grade Loop / Feeder Only	$24.50	1	$211.32	$128.81	4
A.2.30	Sub-Loop - Per 2-Wire Copper Loop / Feeder Only	$7.22	1	$172.89	$90.81	2
A.2.32	Sub-Loop - Per 4-Wire Copper Loop / Feeder Only	$13.72	1	$207.14	$134.77	2
A.2.40	Sub-Loop - Per 2-Wire Copper Loop / Distribution Only	$5.54	1	$137.10	$60.24	2
A.2.42	Sub-Loop - Per 4-Wire Copper Loop/ Distribution Only	$6.71	2	$162.24	$85.38	2
A.2.44	Network Interface Device (NID) - 2 line			$94.50	$57.22	4
A.2.45	Network Interface Device (NID) - 6 line			$136.75	$99.47	4
A.3	LOOP CHANNELIZATION AND CO INTERFACE (INSIDE CO)					
A.3.12	Unbundled Loop Concentration - System A (TR008)	$308.74	13	$651.05		4
A.3.13	Unbundled Loop Concentration - System B (TR008)	$55.96	4	$271.27		4
A.3.14	Unbundled Loop Concentration - System A (TR303)	$362.87	11	$651.05		4
A.3.15	Unbundled Loop Concentration - System B (TR303)	$94.30	4	$271.27		4
A.3.16	Unbundled Loop Concentration - DS1 Line Interface Card	$5.28	4	$126.61	$92.17	4
A.3.17	Unbundled Loop Concentration - POTS Card	$2.10	4	$21.07	$20.96	4
A.3.18	Unbundled Loop Concentration - ISDN (Brite Card)	$8.38	4	$21.07	$20.96	4
A.3.19	Unbundled Loop Concentration - SPOTS Card	$12.46	4	$21.07	$20.96	4
A.3.20	Unbundled Loop Concentration - Specials Card	$7.43	4	$21.07	$20.96	4
A.3.21	Unbundled Loop Concentration - TEST CIRCUIT Card	$36.31	4	$21.07	$20.96	4
A.3.22	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data	$11.01	4	$21.07	$20.96	4
A.5	2-WIRE ISDN DIGITAL GRADE LOOP	$25.43	6	$233.38	$180.35	6
A.5.6	Universal Digital Channel	$21.64	7	$217.76	$163.88	7
A.6	2-WIRE ASYMMETRICAL DIGITAL SUBSCRIBER LINE (ADSL) COMPATIBLE LOOP	$12.16	8			
A.6.5	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/LMU)			$113.85	$99.61	10
A.6.6	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/o LMU)			$113.85	$99.61	10
A.7	2-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP	$8.78	8			
A.7.5	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU)			$113.85	$99.61	10
A.7.6	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU)			$113.85	$99.61	10
A.8	4-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP	$13.97	15			
A.8.5	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU)			$116.91	$101.71	10
A.8.6	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU)			$116.91	$101.71	10
A.9	4-WIRE DS1 DIGITAL LOOP	$62.78	15	$410.38	$255.48	13
A.9.2.1	Sub-Loop Feeder Per 4-Wire DS1 Digital Loop	$47.02	15	$211.55	$129.04	4

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00

PROPOSED ELEMENT LIST

				Non Recurring		
Cost Element	Description	Recurring	Source (See Pg. 6)	1st/Initial	Addl/Sub	Source (See Pg. 6)
A.12	CONCENTRATION PER SYSTEM PER FEATURE ACTIVATED (OUTSIDE CENTRAL OFFICE)					
A.12.1	Unbundled Loop Concentration - System A (TR008)	$477.76	4	$408.22	$222.37	4
A.12.2	Unbundled Loop Concentration - System B (TR008)	$85.12	4	$408.22	$222.37	4
A.12.3	Unbundled Loop Concentration - System A (TR303)	$512.86	4	$408.22	$222.37	4
A.12.4	Unbundled Loop Concentration - System B (TR303)	$120.21	4	$408.22	$222.37	4
A.12.5	Unbundled Sub-loop Concentration - USLC Feeder Interface	$61.24	4	$211.55	$129.04	4
A.12.6	Unbundled Loop Concentration - POTS Card	$2.12	4	$21.07	$20.96	4
A.12.7	Unbundled Loop Concentration - ISDN (Brite Card)	$8.48	4	$21.07	$20.96	4
A.12.8	Unbundled Loop Concentration - SPOTS Card	$12.61	4	$21.07	$20.96	4
A.12.9	Unbundled Loop Concentration - Specials Card	$7.52	4	$21.07	$20.96	4
A.12.10	Unbundled Loop Concentration - TEST CIRCUIT Card	$36.76	4	$21.07	$20.96	4
A.12.11	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data	$11.14	4	$21.07	$20.96	4
A.13	2-WIRE COPPER LOOP					
A.13.1	2-Wire Copper Loop - short	$11.89	12			
A.13.7	2-Wire Copper Loop - long	$12.16	8			
A.13.8	2-Wire Copper Loop - short (Nonrecurring w/LMU)			$270.01	$234.63	8
A.13.9	2-Wire Copper Loop - short (Nonrecurring w/o LMU)			$131.01	$95.63	17
A.13.10	2-Wire Copper Loop - long (Nonrecurring w/LMU)			$270.01	$234.63	8
A.13.11	2-Wire Copper Loop - long (Nonrecurring w/o LMU)			$131.01	$95.63	17
A.14	4-WIRE COPPER LOOP					
A.14.1	4-Wire Copper Loop - short	$19.15	2			
A.14.7	4-Wire Copper Loop - long	$55.26	6			
A.14.8	4-Wire Copper Loop - short (Nonrecurring w/LMU)			$334.86	$154.19	6
A.14.9	4-Wire Copper Loop - short (Nonrecurring w/o LMU)			$214.80	$162.61	11
A.14.10	4-Wire Copper Loop - long (Nonrecurring w/LMU)			$239.12	$80.46	6
A.14.11	4-Wire Copper Loop - long (Nonrecurring w/o LMU)			$228.94	$72.62	6
A.15	UNBUNDLED NETWORK TERMINATING WIRE (NTW)					
A.15.1	Unbundled Network Terminating Wire (NTW) Per Pair	$0.4555	$4.00	$2.48		11
A.16	HIGH CAPACITY UNBUNDLED LOCAL LOOP					
A.16.1	High Capacity Unbundled Local Loop - DS3 - Facility Termination	$390.34	1	$594.70	$396.54	13
A.16.2	High Capacity Unbundled Local Loop - DS3 - Per Mile	$8.90	1			
A.16.3	High Capacity Unbundled Local Loop -DS3 -Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
A.16.4	High Capacity Unbundled Local Loop - OC3 - Facility Termination	$611.36	15	$947.69	$413.00	1
A.16.5	High Capacity Unbundled Local Loop - OC3 - Per Mile	$6.75	1			
A.16.6	High Capacity Unbundled Local Loopl - OC3 - Incremental Cost Manual Svc Order vs Electronic			$37.55	$37.55	1
A.16.7	High Capacity Unbundled Local Loop - OC12 - Facility Termination	$2,053.00	4	$1,162.00	$413.00	1
A.16.8	High Capacity Unbundled Local Loop - OC12 - Per Mile	$8.31	1			
A.16.9	High Capacity Unbundled Local Loop -OC12 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
A.16.10	High Capacity Unbundled Local Loop - OC48 - Facility Termination	$1,598.00	1	$1,162.00	$413.00	1
A.16.11	High Capacity Unbundled Local Loop - OC48 - Per Mile	$27.25	1			
A.16.12	High Capacity Unbundled Local Loop - OC48 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
A.16.13	High Capacity Unbundled Local Loop - OC48 - Interface OC12 on OC48	$570.54	17	$121.72	$118.54	9
A.16.14	High Capacity Unbundled Local Loop - OC48 - Interface-Incremental Cost-Manual Svc Order vs Electronic			$37.55	$37.55	1
A.16.15	High Capacity Unbundled Local Loop - STS-1 - Facility Termination	$417.70	2	$639.50	$426.40	1
A.16.16	High Capacity Unbundled Local Loop - STS-1 - Per Mile	$8.90	1			
A.16.17	High Capacity Unbundled Local Loop - STS-1 - Incremental Cost - Manual Svc. Order vs. Electronic			$37.55	$37.55	1

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00

PROPOSED ELEMENT LIST

Cost Element	Description	Recurring	Source (See Pg. 6)	Non Recurring 1st/Initial	Non Recurring Addl/Sub	Source (See Pg. 6)
A.17	LOOP CONDITIONING					
A.17.1	Unbundled Loop Modification - Load Coil / Equipment Removal - short			$65.40		4
A.17.2	Unbundled Loop Modification - Load Coil / Equipment Removal - long - First and Additional			$710.71	$23.77	4
A.17.3	Unbundled Loop Modification - Bridged Tap Removal			$65.44		4
A.17.5	Unbundled sub-loop Modification - 2-w/4-w Copper Distribution Load Coil/Equipment removal			$357.81	$8.15	4
A.17.6	Unbundled sub-loop Modification - 2-w/4-w Copper Distribution Bridged Tap Removal			$562.71	$10.19	4
A.19	Loop Testing					
A.19.1	Loop Testing Beyond Voice Grade - Basic Per Half Hour			$116.58	$50.95	1
A.19.2	Loop Testing Beyond Voice Grade - Overtime Per Half Hour			$134.97	$56.98	1
A.19.3	Loop Testing Beyond Voice Grade - Premium Per Half Hour			$153.34	$63.00	1
D.0	UNBUNDLED TRANSPORT AND LOCAL INTEROFFICE TRANSPORT					
D.5	LOCAL CHANNEL - DEDICATED					
D.5.7	Local Channel - Dedicated - DS3 - Per Mile	$6.92	1			
D.5.8	Local Channel - Dedicated - DS3 - Facility Termination	$493.31	16	$526.67	$493.31	14
D.5.9	Local Channel - Dedicated - DS3 -Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.5.10	Local Channel - Dedicated - OC3 - Per Mile	$5.82	1			
D.5.11	Local Channel - Dedicated - OC3 - Facility Termination	$493.31	16	$735.42	$519.31	16
D.5.12	Local Channel - Dedicated - OC3 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.5.13	Local Channel - Dedicated - OC12 - Per Mile	$8.31	1			
D.5.14	Local Channel - Dedicated - OC12 - Facility Termination	$2,068.00	10	$1,162.00	$413.00	1
D.5.15	Local Channel - Dedicated - OC12 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.5.16	Local Channel - Dedicated - OC48 - Per Mile	$27.25	1			
D.5.17	Local Channel - Dedicated - OC48 - Facility Termination	$1,671.00	1	$1,162.00	$413.00	1
D.5.18	Local Channel - Dedicated - OC48 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.5.19	Local Channel - Dedicated - OC48 - Interface OC12 on OC48	$558.07	1	$539.36	$317.38	1
D.5.20	Local Channel - Dedicated - OC48 - Interface - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.5.21	Local Channel - Dedicated - STS-1 - Facility Termination	$481.14	16	$594.71	$396.54	13
D.5.22	Local Channel - Dedicated - STS-1 - Incremental Cost - Manual Svc. Order vs. Electronic			$37.55	$37.55	1
D.5.23	Local Channel - Dedicated - STS-1 -Per Mile	$6.92	1			
D.6	INTEROFFICE TRANSPORT - DEDICATED - DS3					
D.6.1	Interoffice Transport - Dedicated - DS3 - Per Mile	$2.72	1			
D.6.2	Interoffice Transport - Dedicated - DS3 - Facility Termination	$720.38	15	$475.31	$307.62	3
D.6.3	Interoffice Transport - DS3 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.7	INTEROFFICE TRANSPORT - DEDICATED - OC3					
D.7.1	Interoffice Transport - Dedicated - OC3 - Per Mile	$4.37	1			
D.7.2	Interoffice Transport - Dedicated - OC3 - Facility Termination	$1,493.00	3	$819.21	$317.38	1
D.7.3	Interoffice Transport - Dedicated - OC3 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.8	INTEROFFICE TRANSPORT - DEDICATED - OC12					
D.8.1	Interoffice Transport - Dedicated - OC12 - Per Mile	$15.05	1			
D.8.2	Interoffice Transport - Dedicated - OC12 - Facility Termination	$2,122.00	15	$1,034.00	$317.38	1
D.8.3	Interoffice Transport - Dedicated - OC12 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00

PROPOSED ELEMENT LIST

Cost Element	Description	Recurring	Source (See Pg. 6)	Non Recurring 1st/Initial	Non Recurring Addl/Sub	Source (See Pg. 6)
D.9	INTEROFFICE TRANSPORT - DEDICATED - OC48					
D.9.1	Interoffice Transport - Dedicated - OC48 - Per Mile	$25.70	1			
D.9.2	Interoffice Transport - Dedicated - OC48 - Facility Termination	$967.58	16	$1,034.00	$317.38	1
D.9.3	Interoffice Transport - Dedicated - OC48 - Incremental Cost - Manual Svc. Order vs. Electronic			$37.55	$37.55	1
D.9.4	Interoffice Transport - Dedicated - OC48 - Interface OC12 on OC48	$1,137.00	1	$539.36	$317.38	1
D.9.5	Interoffice Transport - OC48 Interface - Incremental Cost-Manual Svc Order vs Elec			$37.55	$37.55	1
D.10	INTEROFFICE TRANSPORT - DEDICATED - STS-1					
D.10.1	Interoffice Transport - Dedicated - STS-1 - Per Mile	$2.72	1			
D.10.2	Interoffice Transport - Dedicated - STS-1 - Facility Termination	$692.52	14	$475.31	$307.62	3
D.10.3	Interoffice Transport - STS-1 - Incremental Cost - Manual Svc Order vs. Electronic			$37.55	$37.55	1
D.12	INTEROFFICE TRANSPORT - DEDICATED - 4-WIRE VOICE GRADE					
D.12.1	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Per Mile	$0.0098	4			
D.12.2	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Facility Termination	$22.16	2	$81.09	$54.83	4
D.12.3	Interoffice Transpor t- Dedicated - 4-Wire VG-Incremental Cost-Manual Svc Order vs Elec			$22.32	$22.32	2
E.0	SIGNALING NETWORK, DATA BASES, & SERVICE MANAGEMENT SYSTEMS					
E.3.7	CCS7 Signaling Connection, Per link (A link) (Same as E.3.1)	$5.00	10	$126.34		13
E.3.8	CCS7 Signaling Connection, Per link (B link) (also known as D link) (Same as E.3.1)	$5.00	10	$126.34		13
E.3.9	CCS7 Signaling Usage, Per ISUP Message (Same as E.3.3)	$0.00001000	10			
E.3.10	CCS7 Signaling Usage Surrogate, per link	$64.00	10			
E.3.11	CCS7 Signaling Point Code, Establishment or Change, per STP affected			$58.04		4
E.4	BELLSOUTH CALLING NAME (CNAM) DATABASE (DB) SERVICE					
E.4.1	CNAM for DB Owners - Service Establishment, Manual			45.92		4
E.4.2	CNAM for Non DB Owners - Service Establishment, Manual			45.92		4
E.4.3	CNAM for DB Owners Service Provisioning with Point Code Establishment			1,982.00	$1,466.00	4
E.4.4	CNAM for Non DB Owners Service Provisioning with Point Code Establishment			684.89	$490.44	4
E.4.5	CNAM for DB and Non DB Owners, Per Query					
E.5	BELLSOUTH ACCESS TO E911 SERVICE					
E.5.1	BellSouth E911 Access - Local Channel - Dedicated - 2-wire Voice Grade (Same as D.5.1)	$13.91	6	$382.95	$62.40	6
E.5.2	BellSouth E911 Access - Interoffice Transport - Dedicated - 2-wire Voice Grade Per Mile (Same as D.2.1)	$0.0222	6			
E.5.3	BellSouth E911 Access - Interoffice Transport - Dedicated - 2-wire Voice Grade Per Facility Termination (Same as D.2.2)	$17.07	6	$79.61	$36.08	6
E.5.4	BellSouth E911 Access - Local Channel - Dedicated - DS1 (Same as D.5.3)	$35.68	2	$356.15	$312.89	6
E.5.5	BellSouth E911 Access - Interoffice Transport - Dedicated - DS1 Per Mile (Same as D.4.1)	$0.4523	6			
E.5.6	BellSouth E911 Access - Interoffice Transport - Dedicated - DS1 Per Facility Termination (Same as D.4.2)	$71.29	2	$147.07	$111.75	6
E.6	LNP QUERY SERVICE					
E.6.1	LNP Cost Per query	$0.0008034	6			
E.6.2	LNP Service Establishment Manual			41.25		2
E.6.3	LNP Service Provisioning with Point Code Establishment			1,563.00	$883.99	2
G.0	SELECTIVE ROUTING					
G.11	SELECTIVE CARRIER ROUTING (AIN SOLUTION)					
G.11.1	Service Establishment per CLEC			$202,271	4	
G.11.2	Service Establishment per End Office			$341.01	4	
G.11.4	Query Cost	$0.0034057	4			

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00

PROPOSED ELEMENT LIST

Cost Element	Description	Recurring	Source (See Pg. 6)	Non Recurring 1st/Initial	Non Recurring Addl/Sub	Source (See Pg. 6)
H.0	COLLOCATION					
H.3	ASSEMBLY POINT					
H.3.1	Assembly Point: 2-Wire Cross Connects	$0.7291	6	$24.95	$23.97	6
H.3.2	Assembly Point: 4-Wire Cross Connects	$1.46	6	$25.14	$24.11	6
H.3.3	Assembly Point: DS-1 Cross Connects	$10.76	6	$44.19	$32.13	6
H.3.4	Assembly Point 2-Wire Cross Connect Incremental Cost Manual vs. Electronic Service Order			$1.53	$1.53	6
H.3.5	Assembly Point 4-Wire Cross Connect Incremental Cost Manual vs. Electronic Service Order			$1.53	$1.53	6
H.3.6	Assembly Point DS1 Cross Connect Incremental Cost Manual vs. Electronic Service Order			$1.53	$1.53	6
H.6	PHYSICAL COLLOCATION IN THE REMOTE TERMINAL					
H.6.1	Physical Collocation in the RT - Application Fee			$616.47		17
H.6.2	Physical Collocation in the RT - per Bay/Rack	$220.12	17			
H.6.3	Physical Collocation in the RT - Security Access - Key			$17.06		17
H.6.4	Physical Collocation in the RT -Space Availability Report per Premises Requested			$232.15		17
J.0	OTHER					
J.1	DARK FIBER					
J.1.2	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Local Channel/Loop	$49.07	12	$1,279.00	$275.82	4
J.1.3	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Interoffice	$24.96	11	$1,279.00	$275.82	4
J.3	LOOP MAKEUP (LMU)					
J.3.1	Mechanized Loop Makeup (Mechanized LMU)	$0.6888	4			
J.3.3	Manual Loop Makeup w/o Facility Reservation Number			$131.22		1
J.3.4	Manual Loop Makeup w/Facility Reservation Number			$136.93		1
J.4	LINE SHARING SPLITTER - DATA					
J.4.1	Line Sharing Splitter, per System 96 Line Capacity	$100.00	9 thru 17	$150.00		9-11,13,17
J.4.2	Line Sharing Splitter, per System 24 Line Capacity	$25.00	9 thru 17	$150.00		9-11,13,17
J.4.3	Line Sharing Splitter - per Line Activation - Central Office	$3.48	5	$48.97	$21.39	5
J.4.4	Line Sharing Splitter - per Subsequent Activity per Line Rearrangement			$33.30	$15.44	5
J.5	ACCESS TO THE DCS					
J.5.1	Customer Reconfiguration Establishment			$2.91		6
J.5.2	DS1 DCS Termination with DS0 Switching	$22.86	6	$32.07	$31.49	6
J.5.3	DS1 DCS Termination with DS1 Switching	$8.64	6	$18.07	$17.49	6
J.5.4	DS3 DCS Termination with DS1 Switching	$151.85	6	$32.07	$31.49	6
L.0	ACCESS DAILY USAGE FILE (ADUF)					
L.1	ACCESS DAILY USAGE FILE (ADUF)					
L.1.1	ADUF, Message Processing, per message	$0.004	9			
L.1.3	ADUF, Data Transmission (CONNECT:DIRECT), per message	$0.0000305	9			
M.0	DAILY USAGE FILES					
M.1	ENHANCED OPTIONAL DAILY USAGE FILE					
M.1.1	Enhanced Optional Daily usage File: Message Processing, Per Message	$0.0034555	6			

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

TENNESSEE INTERIM RATE PROPOSAL - DOCKET NO. 00-00544

8/18/00 PROPOSED ELEMENT LIST

	Cost Element	Description	Recurring	Source (See Pg. 6)	Non Recurring 1st/Initial	Non Recurring Addl/Sub	Source (See Pg. 6)
		INTERIM RATE SOURCE					
		1. Cost results filed on May 14, 2000 with the Georgia Public Service Commission in Docket Nos. 6863-U/7253-U.					
		2. Cost results filed on July 14, 2000 with the North Carolina Public Service Commission in Docket No. P-100, Sub 133d.					
		3. The Interconnection Agreement Between Trivergent Communications, Inc. and BellSouth dated June 30, 2000.					
		4. Cost results filed on August 16, 2000 with the Florida Public Service Commission in Docket No. 99649-TP.					
		5. BellSouth TELRIC Calculator UNE Cost Combined Summary Report filed June 30, 2000 with the Tennessee Regulatory Authority in Docket No. 00-00544.					
		6. Cost results that will be filed later this month with the Georgia Public Service Commission in Docket No. 6863-U/7253-U.					
		7. The Interconnection Agreement Between Birch Telecom of the South, Inc. and BellSouth dated July 14, 2000.					
		8. The April 13, 2000 Amendment to the Interconnection Agreement Between BlueStar Networks, Inc. and BellSouth dated December 28, 1999.					
		9. BellSouth's current standard interconnection agreement for Alabama.					
		10. BellSouth's current standard interconnection agreement for Florida.					
		11. BellSouth's current standard interconnection agreement for Georgia.					
		12. BellSouth's current standard interconnection agreement for Kentucky.					
		13. BellSouth's current standard interconnection agreement for Louisiana.					
		14. BellSouth's current standard interconnection agreement for Mississippi.					
		15. BellSouth's current standard interconnection agreement for North Carolina.					
		16. BellSouth's current standard interconnection agreement for South Carolina.					
		17. BellSouth's current standard interconnection agreement for Tennessee.					

Note: "Incremental cost - Manual Servce Order vs. Electronic Service Order", as specified above, should be added to applicable nonrecurring costs to obtain full nonrecurring price.

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: ***Generic Docket to Establish UNE Prices for Line Sharing per FCC 99-355 and Riser Cable and Terminating Wire as Ordered in TRA Docket No. 98-00123***

Docket No. 00-00544

AFFIDAVIT OF D. DAONNE CALDWELL

Comes the affiant, D. Daonne Caldwell, and being duly sworn, deposes and says:

1. I am a Director in the Finance Department of BellSouth Telecommunications, Inc. ("BellSouth"). My initial employment began with BellSouth in South Central Bell in 1976. I moved to the Pricing and Economic Department in 1984 where I developed methodology for service cost studies. In 1986, I accepted a rotational assignment with Bell Communications Research, Inc. ("Bellcore"), where I was responsible for the 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, 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 cost methodology development and the overall coordination of cost study and discovery response

filings. Additionally, I participate in cost-related dockets as an expert witness on cost issues.

2. In the August 10, 2000 Order of the Pre-Hearing Officer, the parties were directed to file Interim Rate proposals for each of the elements and services for which the Tennessee Regulatory Authority ("TRA") would be establishing permanent rates in this proceeding. In his affidavit, Mr. Jerry Hendrix outlines the rates BellSouth is proposing on an interim basis subject to true up in order to comply with the Pre-Hearing Officer's directive.

3. As Mr. Hendrix's affidavit describes, some of BellSouth's proposed interim rates are based upon the results from cost studies BellSouth has filed or will be filing with public service commissions in Florida, Georgia, and North Carolina. The purpose of my affidavit is to explain how those cost studies were developed and demonstrate why those cost results are appropriate to support interim rates.

4. Since the passage of the Telecommunications Act of 1996 ("1996 Act"), BellSouth has been developing studies to determine the cost of unbundled network elements and interconnection services. These studies have incorporated the following economic principles:

> **Efficient network configuration** – the cost studies should be based on the use of the most current telecommunications technology presently available and the economically efficient configuration, given the existing wire center locations.
>
> **Long run** – the cost studies should consider a timeframe long enough to reflect the variability of the cost components.

Volume sensitive and volume insensitive costs are considered – the cost studies should consider the costs 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. A corollary to this directive is the principle of cost causation, i.e., the costs included in the study are those that are caused because BellSouth offers an unbundled element or a combination of network elements.

Forward-looking – the cost studies should reflect a forward-looking perspective. Thus, embedded costs are excluded from consideration.

Shared and common costs – the cost studies should include a reasonable allocation of shared and common costs.

5. Shared and common costs are components of economic costs. Shared costs are those costs that are unaffected by a change in demand (volume) of any one service or the deletion or addition of a service. Another way to define shared costs is as the portion of incremental cost joint to two or more services offered by a firm, but not by all services offered by the firm. Common costs are costs that are incurred for the benefit of a firm as a whole, but not for the benefit of any individual product or family of products. Such costs do not change with changes in the firm's product mix or volume of output. The Federal Communications Commission ("FCC") adopted pricing rules which recognized that shared and common costs should be considered when setting rates for unbundled

network elements and combinations of elements. The FCC's rules state that prices should be based on the forward-looking economic cost of the network element, which is called the Total Element Long Run Incremental Cost (TELRIC), and includes a reasonable allocation of forward-looking joint and common costs.

6. On July 18, 2000, the United States Court of Appeals for the Eighth Circuit vacated the FCC's pricing rules, concluding that those rules violated the 1996 Act. The Court held that "Congress intended the rates to be 'based on the cost ... of *providing the interconnection or network element," id.* (emphasis added), not on the cost some imaginary carrier would incur by providing the newest, most efficient, and least cost substitute for the actual item or element which will be furnished by the existing [incumbent local exchange carrier] pursuant to Congress's mandate for sharing." *Iowa Utilities Board v. FCC,* Case No. 96-3321. The Court remanded the case to the FCC for further consideration.

7. Notwithstanding the uncertainty caused by the Eighth Circuit's recent decision, BellSouth's cost studies utilize a methodology that reflects the costs BellSouth expects to incur in providing unbundled network elements to competitors on a going-forward basis. These costs are based on an efficient network, designed to incorporate currently available forward-looking technology, but also recognize BellSouth's provisioning practices and network guidelines. Shared and common costs were considered based on a projection of BellSouth's anticipated expenses.

8. In proceedings initiated in late 1996 and 1997 by every state public service commission in BellSouth's region, including the TRA, BellSouth filed its cost studies in support of proposed recurring and nonrecurring rates for unbundled

network elements and interconnection services that BellSouth was required to provide at the time. Each state commission that has established recurring and nonrecurring rates for these elements and services has done so by using BellSouth's cost studies, with certain adjustments.

9. With the FCC's Rule 319 Remand Order and related rulings by the FCC, BellSouth has been required to provide additional unbundled network elements and interconnection services. Proceedings such as this one are currently underway in Georgia and North Carolina to establish rates for these additional elements and services. In connection with those proceedings, BellSouth filed cost studies with the Georgia Public Service Commission on May 14, 2000 in Docket Nos. 6863-U/7253-U and with the North Carolina Utilities Commission on July 14, 2000 in Docket No. P-100, Sub 133d, which established the forward-looking recurring and nonrecurring costs of the additional network elements and services that BellSouth is required to provide. These cost studies use the same methodology used in BellSouth's cost studies filed with the TRA in Docket 97-01262, which the TRA has voted to adopt.

10. The Florida Public Service Commission also has initiated a proceeding to establish recurring and nonrecurring rates for unbundled network elements, combinations of elements, and certain interconnection services. In that proceeding, Docket No. 990649-TP, BellSouth filed cost studies on August 16, 2000 that relied upon a new loop model developed by BellSouth in conjunction with INDETEC International, Inc., CostQuest Associates, and Stopwatch Maps. This new model is

called the BellSouth Telecommunications Loop Model© ("BSTLM"). BellSouth recently has implemented a number of enhancements to the BSTLM after consultations with experts for AT&T and MCI. These experts for AT&T and MCI have concluded that, with a few exceptions, "the underlying way in which the BSTLM constructs the local telephone network is reasonable."

11. Using the cost studies that BellSouth has submitted in other states as the basis for establishing interim rates is appropriate. First, while not Tennessee specific, the cost studies BellSouth has filed in Florida, Georgia, and North Carolina use a forward-looking methodology that has been embraced by the TRA in Docket 97-01262. Second, the inputs utilized in BellSouth's cost studies reflect BellSouth network guidelines, provisioning practices, vendor discounts, labor rates, and factors. This is appropriate, as the Eighth Circuit recently recognized, since rates, even those established on an interim basis, should cover the incremental costs BellSouth will incur in providing unbundled elements and combinations to competitors on a going-forward basis.

Further affiant sayeth naught.

D. Daonne Caldwell

D. Daonne Caldwell

Subscribed and sworn to before me this 18th
day of August 2000

Linda M. Hobbs

Notary Public Notary Public, Gwinnett County Georgia
My Commission Expires [illegible], 2003