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EXECUTIVE SECRETARY

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August 25, 2000

VIA HAND DELIVERY

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

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:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s Response to the Interim Rate Proposals submitted by the Data Coalition, MCI/WorldCom, Broadslate, NEXTLINK, Time Warner and Sprint. Attached to BellSouth's Response are the affidavits of William H. Greer and Jerry Latham. Mr. Latham's affidavit has been executed, but not notarized. A notarized affidavit will be submitted as soon as possible.

Copies of the enclosed are being provided to counsel of record for all parties.

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure

226178

POSTED

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 RESPONSE TO INTERIM RATE PROPOSALS OF THE DATA COALITION; MCI/WORLDCOM, INC.; BROADSLATE NETWORKS, INC.; NEXTLINK TENNESSEE, INC.; TIME WARNER TELECOM OF THE MIDSOUTH, L.P.; AND UNITED TELEPHONE-SOUTHEAST, INC.

BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits its response to the interim rate proposals submitted by The Data Coalition ("Data Coalition")[1]; MCI/WorldCom, Inc. ("WorldCom"); Broadslate Networks, Inc. ("Broadslate"); NEXTLINK Tennessee, Inc. ("NEXTLINK"); Time Warner Telecom of the MidSouth, L.P. ("Time Warner"); and United-Telephone Southeast, Inc. ("Sprint") (collectively "the CLECs"). To the extent that the CLECs' interim rate proposals differ from BellSouth's interim rate proposal, the Tennessee Regulatory Authority ("the Authority") should reject the CLECs' interim rate proposals for the reasons set forth below.[2]

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[1] The "Data Coalition", which has not filed a petition to intervene in this proceeding, is presumably comprised of BlueStar, COVAD, Broadslate and Vectris Telecom, Inc., the signatories to the Coalition's Comments. Vectris is not certified as a CLEC in Tennessee. Vectris' petition to intervene, which was filed in this proceeding on August 1, 2000, has not been granted.

[2] While having proposed interim rates as shown herein and in its initial filing, BellSouth does not necessarily agree the Authority may impose interim rates without a hearing in this matter as stated at the August 3, 2000 Pre-Hearing

As a general matter, BellSouth disputes any suggestion by the CLECs that its rates have been "anticompetitive" or that it has attempted to "stifle competition." To the contrary, competition in Tennessee and elsewhere in BellSouth's region is flourishing. This is evident from the fact that as of January 2000, there were approximately 203,000 CLEC-provided access lines in Tennessee and 147 certified CLECs. CLECs obviously have been able to compete, notwithstanding the allegedly "outrageous" fees negotiated by BellSouth about which the Data Coalition so vociferously complain.

Moreover, BellSouth expects competition will continue to grow. For those elements for which the Authority has not yet established rates, such as the unbundled network elements required by the FCC's 319 Remand Order, BellSouth has negotiated and will continue to negotiate interim rates subject to true-up so that carriers can compete in Tennessee prior to the completion of this proceeding. For example, while urging the Authority to establish "interim rates" for line sharing, the Data Coalition neglects to mention that both Covad and BlueStar have agreed to interim line sharing rates with BellSouth. Furthermore, during the Pre-Hearing Conference, NEXTLINK acknowledged that it had negotiated and executed an amendment to its interconnection agreement with BellSouth establishing rates for unbundled copper loops, subject to a retroactive true-up. (Transcript of August 3, 2000 Pre-Hearing Conference at 17.) NEXTLINK's amendment, which was

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Conference in this matter. (Pre-hearing Conference Transcript, at 71). With that understanding and reservation of rights, BellSouth responds to the interim rate

executed on July 17, 2000, also established agreed-upon rates for loop conditioning and loop makeup information. Despite the CLECs' allegations to the contrary, therefore, negotiations are happening around the region, and competition is growing in Tennessee.

BellSouth addresses each CLEC interim rate proposal in this proceeding as follows:[3]

A. Proposed Interim Rates of The Data Coalition

Despite the rhetoric in the Data Coalition's Comments, BellSouth and the Data Coalition have several areas of agreement with respect to proposed interim rates. BellSouth will discuss each of the Coalition's proposed interim rates below:

1. Unbundled Copper Loops (UCL)

In its initial filing, BellSouth proposed certain interim rates for nonrecurring charges for 2-wire copper loops. Since BellSouth's initial filing, BellSouth has discovered lower rates for two of these offerings in the Kentucky BlueStar Interconnection Agreement. Consequently, BellSouth hereby revises its proposed nonrecurring interim rates as follows:

A.13.9	2-wire Copper Loop – short (NRC w/o LMU)	
	Initial	$120.01
	Additional	$ 85.63

proposals filed above.

[3] For the majority of UNEs and services required by the FCC's 319 Remand Order, the CLECs did not submit proposed interim rates. BellSouth's proposed interim rates for all of the UNEs required by the FCC's Order were set forth in its August 18, 2000 interim rate proposal. For each element for which the CLECs did not propose an interim rate, the Authority should adopt BellSouth's interim proposal, if any interim rates are adopted.

A.13.11	2-wire Copper Loop – long (NRC w/o LMU)	
	Initial	$120.01
	Additional	$ 85.63

BellSouth respectfully requests that the Authority adopt these rates.

The Data Coalition, on the other hand, proposes that the Authority adopt as interim rates for the UCL the current rates in Tennessee for a basic 2-wire analog voice grade loop (SL1). With respect to the recurring rates, BellSouth's proposed interim rate for the 2-wire UCL-short and UCL-long are both lower than the current recurring rate for the SL1 in Tennessee. Thus, BellSouth believes the Data Coalition will accept BellSouth's proposal for the recurring rates.[4]

With respect to the nonrecurring rates for the UCL, the Authority should reject the Data Coalition's proposal to use the SL1 loop as a proxy for the UCL because it ignores the fundamental premise that BellSouth is entitled to recover its costs incurred in provisioning elements and services to CLECs. Simply because a CLEC has proposed a rate that is lower than a BellSouth rate does not mean that the CLEC's proposed rate is appropriate or legally sustainable. Rather, the Authority must adopt rates that most closely approximate cost recovery for the elements and services BellSouth actually is providing.

The Data Coalition contends that the UCL is "no different than one used for analog voice services" and therefore need not be a designed loop. To the contrary, there are a number of reasons why the SL1 is not an appropriate proxy for the

UCL. An SL1 loop is a 2-wire voice grade non-designed loop that is intended to support POTS-like voice grade services. It may be provisioned using any technology that will provide voice grade services. This includes copper, Digital Loop Carrier, fiber etc. These loops are not provisioned with test points and do not come with a Design Layout Record or any type of coordinated conversion activity. (Affidavit of Jerry Latham, ¶ 2)(attached hereto). Thus, the resulting costs for an SL1 loop are lower than the costs for designed loops.

By contrast, xDSL loops such as HDSL-compatible and ADSL-compatible loops and UCLs are designed loops that are intended to support the transmission of higher frequency signals used in xDSL technologies. In many instances, electronic equipment such a Digital Loop Carrier used to provide SL1 service will not pass the higher frequency xDSL signals. Thus, while it is possible for a carrier to use a SL1 loop to provide xDSL service to its customer, the xDSL service may or may not work. If, for example, the SL1 loop is provided using a Digital Loop Carrier system, or is provided using loaded copper pairs, or if the SL1 has excessive bridged tap, the xDSL service may not function properly. If, on the other hand, the requesting carrier knows that the SL1 loop is provisioned over non-loaded copper plant and the loop is within the distance limitations for the xDSL technology being used, or if the carrier utilizes BellSouth's loop makeup process to screen the loop facility at a particular customer address, the carrier may decide to use an SL1 loop for its xDSL

[4] In fact, on page 6 of its Comments, the Data Coalition proposed $12.16 as the recurring rate for a UCL loop, regardless of length. BellSouth proposed $12.16

service. In short, while SL1 loops may be available as a means to support xDSL service (although not recommended by BellSouth), there are real and important differences between a SL1 loop and a UCL that necessitate the UCL being a designed loop. (Latham Affd., ¶ 3).

The crucial point for the Authority to remember is that all of BellSouth's xDSL offerings are optional. Thus, if a provider wishes to purchase an SL1 loop to provide xDSL services, that certainly is the provider's option; however, BellSouth cannot guarantee that the SL1 loop will support the xDSL service to be provisioned. BellSouth's xDSL-capable loops (including the UCL) simply represent another service offering from which requesting carriers can choose. (Latham Affd., ¶ 4).

BellSouth does not offer designed loops to CLECs to drive up the costs, as the Data Coalition argues, but rather to provide greater specificity about what a given loop type will provide and greater certainty that a given service offering can be successfully provisioned. For example, if a CLEC wants to sell ADSL service to its end user, the CLEC can choose an SL1 loop, an SL2 loop, an ADSL-compatible loop, or a UCL – short or long – in order to provision the service. Each of these loop types has different design criteria and thus different inherent technical capabilities. Correspondingly, there are different rates for each of these loop types and these rates are reflective of the actual network elements used and the associated work required of BellSouth to provision them. It is up to the CLEC to

for the UCL-long, and $11.89 for the UCL-short.

determine in each situation which of these loop types offers the needed technical requirements at the lowest rate. (Affidavit of William Greer, ¶ 2)(attached hereto).

The Data Coalition also contends that UCLs can be provisioned over existing voice grade loops and therefore the dispatch BellSouth includes in its costs is unnecessary. This contention is incorrect. Whether or not the same loop that is providing voice service can be reused to provide xDSL service, a dispatch is required to provision a UCL to ensure that certain parameters are met so that the loop will be suitable to support the intended xDSL service. These parameters, as stated in BellSouth's TR 73600, include loading, foreign voltage, capacitance, resistance, and actual measured loss. If these parameters are met, the field technician will then attempt to test cooperatively with the CLEC. These parameters cannot be tested accurately without a technician in the field to send or receive the appropriate tones and/or read the measurements, which necessitates a dispatch 100% of the time. (Greer Affd., ¶ 3).

Finally, the Data Coalition argues that BellSouth should not be able to recover its costs for manual intervention in pre-ordering and ordering. As will be discussed at length with respect to loop makeup, the Data Coalition's position that BellSouth is not entitled to recover the costs it incurs in manually processing orders is inconsistent with the Eighth Circuit's admonition that the 1996 Act requires that rates be based on "the cost of providing the actual facilities and equipment that will be used by the competitor (and not some state of the art presently available technology ideally configured but neither deployed by the ILEC nor to be used by

the competitor ..."). *Iowa Utilities Board*, Docket No. 96-3321, *Slip Op.* at 7. Given the inconsistency between the Coalition's position and the law, the Authority should reject the Coalition's proposal.

In short, the rates for the 2-wire analog voice grade loop are not appropriate, even on an interim basis, for the UCL. The Authority should adopt BellSouth's proposed rates, as modified in this filing, until permanent rates are set.

2. Loop Conditioning

The Data Coalition proposed a series of rates for loop conditioning, none of which the Authority should adopt. First, the Coalition proposed a rate of $0.00 for loop conditioning on loops less than 18 kft. based on the assumptions that "as part of routine maintenance and grooming" most load coils and bridged taps have been removed from short loops, and that all costs for such removal have already been recovered from ratepayers. This position is in direct conflict with recent rulings of the FCC. The FCC has recognized that load coils, bridged taps, etc. are often present on loops, and that the ILEC incurs costs in removing them. The FCC stated that "under our rules, the incumbent should be able to charge for conditioning such loops." *UNE Remand Order*, ¶ 193. Notably, Covad, a member of the Data Coalition, petitioned the FCC for reconsideration of the *UNE Remand Order* apparently recognizing that BellSouth currently is allowed to recover its costs for loop conditioning. Even in the case of interim rates, in situations in which BellSouth must condition loops less than 18 kft., the Authority is obligated to

permit BellSouth the opportunity to recover the costs it incurs for such line conditioning.

For loops greater than 18 kft., the Data Coalition proposed as interim rates the loop conditioning rates recently adopted by the Texas Commission. This proposal is utterly without merit, especially in light of the Eighth Circuit's recent ruling. Not surprisingly, the Data Coalition does not address the Eighth Circuit's recent decision when making its proposal because the Data Coalition's suggestion to use Texas rates is akin to using a methodology the Eighth Circuit has expressly repudiated. The Eighth Circuit expressly held that rates established under the 1996 Act, while they may be forward-looking in nature, must reflect the "cost to the ILEC of providing its existing facilities and equipment either through interconnection or by providing the specifically-requested existing network elements that the competitor will in fact be obtaining through use ..." *Iowa Utilities*, at 8. Thus, to the extent the CLECs will be obtaining and using requested xDSL products and services from BellSouth in Tennessee, rates from another region, and an entirely different ILEC, are irrelevant. *Id.* ("The new entrant competitor, in effect piggybacks on the ILEC's existing facilities and equipment. It is the cost to the ILEC of providing that ride on those facilities that the statute permits the ILEC to recoup.") Because the Texas rates proposed by the Coalition have no bearing on BellSouth's actual costs in Tennessee, the Authority should reject them out of hand.

In addition, the Texas rates are substantively inappropriate because they are based on conditioning loops in full binder groups as opposed to only one or ten at a time (depending on the loop length). Although this subject is more appropriate for the hearing in this matter scheduled later this year, it is important that BellSouth make the Authority aware of the fallacies in the Data Coalition's position. First, BellSouth's 10-pair assumption is based upon BellSouth's own experiences and practices in administering its network. The same assumption is incorporated into the cost studies for BellSouth's own tariffed Business Class ADSL service, which assume that BellSouth will remove load coils and related equipment from loops less than 18 kft at 10 pairs at one time on average. Incorporating the same 10-pair load coil removal assumption in both its ADSL and UNE cost studies ensures consistency.

Second, it is not feasible to always unload 25 pair at one time as the Data Coalition proposes. BellSouth's loop plant must accommodate both POTS services and special services, including digital services. At any given crossbox, there are only three possible loop provisioning scenarios: (1) all loops are served entirely over copper; (2) all loops are served by Digital Loop Carrier; or (3) some loops are served by copper and some by DLC. All loop feeder pairs in a given crossbox must be capable of serving any loop distribution pair in that crossbox. As such, the feeder pairs must be uniform. If the design of the distribution area requires loaded pairs (that is, the longest loop served by that crossbox will be longer than 18 kft.), then the entire feeder complement will be loaded. (Greer Affd., ¶ 4).

Sometimes a small complement of unloaded facilities is available in the crossbox. In that instance, some pairs in the crossbox were specifically unloaded for the express purpose of putting digital services on them. Not all of BellSouth's crossboxes have this situation where both loaded and unloaded pairs are present. Generally, BellSouth only provisions these unloaded pairs if there is a demand for digital services such as DS1, ISDN or DDAS in the area served by that crossbox. Obviously, since before the advent of DSL services one would not have expected demand for digital services in residential areas, most crossboxes do not have both loaded and unloaded pair complements. In the case of ISDN, where the serving crossbox has both copper loops and loops served via DLC, the ISDN service is normally provisioned via DLC and the loops are not unloaded. (Greer Affd., ¶ 4).

Thus, the Authority should decline to adopt the Coalition's loop conditioning proposals both because they are in direct conflict with rulings from the FCC and the Eighth Circuit, and because they are substantively flawed.

3. Loop Makeup Information

BellSouth and the Data Coalition agree on an interim rate for electronic access to loop makeup information (LMU), namely $0.6888.

Where BellSouth and the Coalition differ, however, is on the applicable rate for manual access to LMU. The Coalition proposes that it is entitled to the $0.6888 rate regardless of whether it uses electronic or manual access to LMU. This position flies directly in the face of the Eighth Circuit's recent ruling that provided that rates be based on "the cost of providing the actual facilities and

equipment that will be used by the competitor (and not some state of the art presently available technology ideally configured but neither deployed by the ILEC nor to be used by the competitor ...") *Iowa Utilities Board*, at 8. The Eighth Circuit's ruling is clear that BellSouth is entitled to recover the actual costs that it incurs in providing elements and services to CLECs and is not limited to costs that it would incur (or not incur) in a hypothetical network. Under this ruling, therefore, BellSouth is entitled to recover the costs incurred in providing manual LMU.

Second, while the Data Coalition complains about the charges for manual loop makeup inquiry, this information currently is provided through a service inquiry process, which is manually accomplished in substantially the same time and manner for competing carriers as BellSouth does for itself. Moreover, BellSouth is in the process of providing CLECs with electronic access to LMU. As the Data Coalition itself pointed out, BellSouth began beta testing the system on July 29, 2000. As soon as the beta testing is complete, BellSouth will begin readiness testing for interested CLECs. Until this electronic process is actually implemented, however, CLECs are not entitled to pay for a manual process based upon the cost of an electronic process that has not yet been "deployed." *See Iowa Utilities Board*, Slip Op. at 8.

Even after such electronic access is available, however, BellSouth's interim rates for manual access to LMU are still appropriate. The Authority must keep in mind that although the Data Coalition professes an interest in electronic access, there may be other CLECs who do not wish to incur the expense of developing

electronic systems. For such CLECs, BellSouth must have a rate pursuant to which it can recover its costs for conducting the manual LMU.

For LMU, the Authority should adopt the interim rate of $0.6888, upon which BellSouth and the Data Coalition agree, for electronic ordering. For non-mechanized LMU, the Authority should recognize the Eighth Circuit's ruling and adopt BellSouth's proposed interim rates.

4. Line Sharing

The Data Coalition proposed that the rates contained in the BlueStar Line Sharing Agreement, dated June 7, 2000 (Tennessee) be used as interim rates, subject to true up. BellSouth is willing to accept this proposal.[5]

5. Intrabuilding Network Cable (INC) Riser Cable/Network Terminating Wire (NTW)

The Data Coalition proposed that the rates for INC and NTW contained in the BlueStar Arbitration Agreement, 8/8/00, (Kentucky) be used as interim rates, subject to true up. BellSouth is willing to accept this proposal so long as the Coalition's rates are in addition to, as opposed to in lieu of, the rates in BellSouth's interim proposal for Sub-Loop Intrabuilding Network Cable Per 2-wire AVGL (A.2.14); Sub-Loop Intrabuilding Network Cable Per 4-wire AVGL (A.2.15) and the nonrecurring rates for Unbundled Network Terminating Wire Per Pair (A.15.1). In addition, BellSouth inadvertently failed to add two additional rate elements to its

[5] The Data Coalition notes what it characterizes as "glaring problems" with BellSouth's cost studies. While BellSouth obviously disagrees with the Coalition's

initial filing and hereby requests that the Authority adopt these interim rates as well:

A.2.19	Sub-Loop – per bldg equipment room – CLEC feeder facility setup NCR:	$313.01
A.2.20	Sub-Loop – per bldg equipment room – per 25 pair panel setup NCR:	$108.06

B. Proposed Interim Rates of MCI WorldCom Inc. and Broadslate Networks, Inc.

MCIWorldCom and Broadslate Networks, Inc. (collectively "WorldCom Coalition") proposed two sets of rates. First, the WorldCom Coalition supported the interim rates proposed by the Data Coalition. These proposed rates were fully discussed in Section A above and need not be addressed again. Second, the WorldCom Coalition proposed additional interim rates purportedly based on "modification of BellSouth's most recent cost model filed in Florida on April 17, 2000." The Authority should not adopt this second set of proposed rates, even on an interim basis, for the following reasons:

Pursuant to the August 10, 2000 Order of the Pre-Hearing Officer, each interested party in this proceeding had the opportunity to submit interim rate proposals for each of the elements and services for which the Authority will be establishing permanent rates in this proceeding. While the WorldCom Coalition submitted a series of proposed rates on August 18, it failed to submit any

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discussion, BellSouth will address the contentions later in the proceeding given that

supporting documentation for those rates. Instead, the WorldCom Coalition claimed that its proposed rates were based on "modifications" to the BellSouth Florida cost studies and that the WorldCom Coalition was not at liberty to elaborate on such modifications in this proceeding due to confidentiality concerns.

The Authority should not excuse the WorldCom Coalition's failure to provide evidentiary support for its proposed rates on the grounds it sets forth. Specifically, if the WorldCom Coalition believed the BellSouth Florida cost study was the appropriate basis for interim rates, it could have used the non-proprietary version of the study to make its case. Moreover, the "modifications" the WorldCom Coalition contends are necessary are, for the most part, not proprietary in that they include such things as cost of capital and depreciation rates. Claiming that the Authority simply should adopt its proposed interim rates on faith, without any evidentiary support, is hardly a compelling position for the WorldCom Coalition to take.

Moreover, this is not the appropriate point in the proceedings for the Authority to address the details of BellSouth's cost studies, particularly the details of a Florida study. In October of this year, BellSouth is scheduled to file cost studies with the Authority for the purpose of establishing permanent rates. There is no need for the Authority to expend time and resources analyzing Florida cost studies when it will have Tennessee-specific rates to consider in less than two months. When BellSouth files its Tennessee cost studies, the WorldCom Coalition will have ample opportunity to address the Tennessee-specific inputs to the study

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the parties appear to have reached agreement on interim rates.

and to raise any other issues it believes exist to the Authority. Engaging in such a labor-intensive process at this juncture, with a Florida-specific cost study, would not be an effective use of the Authority's resources.

For these reasons, the Authority should not adopt the additional interim rates proposed by the WorldCom Coalition. Rather, the Authority should adopt BellSouth's proposed interim rates, which represent the lowest available rates in the region, until such time as the Authority has the opportunity to consider Tennessee-specific cost models.

C. Proposed Interim Rates of United Telephone-Southeast, Inc.

In lieu of comments proposing interim rates, United Telephone-Southeast, Inc. ("Sprint") filed a cost study setting forth proposed rates for Tennessee for line sharing, including rates for loop qualification; line sharing; loop conditioning and cross-connects. According to Sprint, the costing methodology upon which its proposed interim rates are based is "the 'least-cost most efficient' standard established by the FCC." (Sprint Study, at 31). The Authority should not adopt any of the interim rates proposed by Sprint in that such rates are based on a cost methodology that even Sprint believes is not compliant with the law as interpreted by the Eighth Circuit.

In the Florida UNE proceeding, Docket No. 990649-TP, Sprint-Florida filed a similar cost study apparently based on the same "least-cost most efficient standard" used in Tennessee. On August 2, 2000, however, Sprint-Florida asked the Florida Commission to permit Sprint-Florida to withdraw its cost study on the

grounds that the hypothetical network, upon which the cost study was based, "reflects a forward-looking, most efficient network architecture" and therefore "is not in compliance with the law as interpreted by the Eighth Circuit." *Motion To Bifurcate Proceeding, For A Continuance and Leave To Withdraw Cost Studies And Certain Testimony*, Docket No. 990649-TP, August 2, 2000, at 3. Specifically, Sprint-Florida told the Florida Commission as follows:

> Sprint-Florida's cost studies, particularly its loop cost study, are based entirely upon the FCC's TELRIC methodology, including the use of the hypothetical network. Indeed, the hypothetical network, which reflects a forward-looking, most efficient network architecture, is at the very heart of Sprint's TELRIC-based studies...It is clear that until it is precisely known whether the FCC's mandated use of a hypothetical network violates the 1996 Act, or if it does, what alternative methodology must be used, the Sprint-Florida cost study is not in compliance with the law as interpreted by the Eighth Circuit.

Id. Sprint-Florida went on to state that its "use of the hypothetical network is so integral to the development of its cost studies, it would be impossible for Sprint to revise its cost studies to reflect the impact of the Eighth Circuit decision in time to be considered in the current schedule for [the Florida] proceeding." *Id.* at 4. Indeed, the earliest Sprint predicted it could file a new cost study in Florida would be April to June 2001. *Id.*

Given Sprint's representations to the Florida Commission that its cost study does not comply with the law as interpreted by the Eighth Circuit, the Authority should not rely on the study to set interim rates. Sprint will have ample opportunity to file a cost study it believes does comply with the Eighth Circuit's ruling during the course of this proceeding. At this juncture, however, adopting

interim rates that even Sprint believes do not comply with the law would be nonsensical.

D. Proposed Interim Rates of NEXTLINK Tennessee, Inc. and Time Warner Telecom of the MidSouth, L.P.

NEXTLINK's and Time Warner's proposal is in three parts: First, NEXTLINK and Time Warner voice support for the rates proposed by the Data Coalition. Such rates were addressed in Subpart A above and need not be addressed again. Second, they support the rates for high capacity loops filed by the WorldCom Coalition. Such rates were addressed in Subpart B above and need not be addressed again. Third, in lieu of the Authority adopting either the rates of the Data Coalition or the WorldCom Coalition, NEXTLINK and Time Warner take the position that the Authority should adopt the approach set forth by BellSouth. As discussed throughout this filing, BellSouth believes that its approach to interim rates is the most appropriate and the one that the Authority should adopt.

CONCLUSION

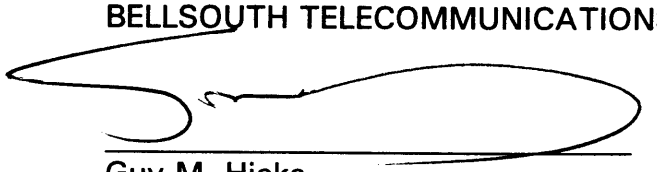
Pursuant to the August 10, 2000 Order of the Pre-Hearing Officer, BellSouth submitted its interim rate proposal for each of the elements and services for which the Authority will be establishing permanent rates in this proceeding. BellSouth proposed to offer, as interim rates, the lowest cost-based rate in BellSouth's region for each of the elements and services at issue in this proceeding. BellSouth agrees to make these rates available to the parties subject to a retroactive true-up.[6] The

[6] *See* Footnote 2 herein.

Authority should adopt BellSouth's proposal as an appropriate proxy for just and reasonable rates on an interim basis. Moreover, for the foregoing reasons, the Authority should deny certain aspects of the interim rate proposal of the Data Coalition, and the interim rate proposals of MCI WorldCom, Broadslate Networks, Inc. and United Telephone-Southeast, Inc. in total.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.



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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 WILLIAM H. B. GREER

Comes the affiant, William H. B. Greer, and duly sworn, deposes and says:

1. I am a Staff Manager in BellSouth's Transmission Engineering group in the Network Planning and Support Organization. I have served in my present role since August 1990, and I provide technical support regarding technical engineering issues to various BellSouth entities. I have expertise regarding BellSouth's provision of Unbundled Copper Loops (UCL) and line conditioning.

2. BellSouth offers designed loops such as UCLs to CLECs to provide greater specificity about what a given loop type will provide and greater certainty that a given service offering can be successfully provisioned than can be offered with an SL1. For example, if a CLEC wants to sell ADSL service to its end user, the CLEC can choose an SL1 loop, an SL2 loop, an ADSL-compatible loop, or a UCL – short or long – in order to provision the service. Each of these loop types has different design criteria and thus different inherent technical capabilities. Correspondingly, there are different rates for each of these loop types reflective of the actual network elements used and the associated work required of BellSouth to provision them. It is up to the CLEC to determine in a particular situation which of these loop types offers the needed technical requirements at the lowest rate.

3. Whether or not the same loop that is providing voice service can be reused to provide xDSL service, a dispatch is required to provision a UCL to ensure that certain parameters are met so that the loop will be suitable to support the intended xDSL service. These parameters, as stated in BellSouth's TR 73600, include loading, foreign voltage, capacitance, resistance, and actual measured loss. If these parameters are met, the field technician will then attempt to test cooperatively with the CLEC. These parameters cannot be tested accurately without a technician in the field to send or receive the appropriate tones and/or read the measurements, which necessitates a dispatch 100% of the time.

4. With respect to line conditioning, it is infeasible to always unload 25 pair at one time. BellSouth's loop plant must accommodate both POTS services and special services, including digital services. At any given crossbox, there are only three possible loop provisioning scenarios: (1) all loops are served entirely over copper; (2) all loops are served by Digital Loop Carrier; or (3) some loops are served by copper and some by DLC. All loop feeder pairs in a given crossbox must be capable of serving any loop distribution pair in that crossbox. As such, the feeder pairs must be uniform. If the design of the distribution area requires loaded pairs (that is, the longest loop served by that crossbox will be longer than 18 kft.), then the entire feeder complement will be loaded.

Sometimes a small complement of unloaded facilities is available in the crossbox. In that instance, some pairs in the crossbox were specifically unloaded for the express purpose of putting digital services on them. Not all of BellSouth's crossboxes have this situation where both loaded and unloaded pairs are present. Generally, BellSouth only

provisions these unloaded pairs if there is a demand for digital services such as DS1, ISDN or DDAS in the area served by that crossbox. Obviously, since before the advent of DSL services one would not have expected demand for digital services in residential areas, most crossboxes do not have both loaded and unloaded pair complements. In the case of ISDN, where the serving crossbox has both copper loops and loops served via DLC, the ISDN service is normally provisioned via DLC and the loops are not unloaded.

Further, affiant sayeth naught.

William H.B. Greer

Subscribed and sworn to before me this 24th day of August, 2000.

Notary Public

Notary Public, Gwinnett County, Georgia
My Commission Expires March 17, 2003

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 WILEY G. (JERRY) LATHAM

Comes the affiant, Wiley G. (Jerry) Latham, and duly sworn, deposes and says:

1. I am BellSouth's Product Manager for Unbundled Loops within Interconnection Services – Marketing and have been employed by BellSouth for fifteen years. I have expertise regarding Unbundled Copper Loops (UCLs).

2. An SL1 loop is a 2-wire voice grade non-designed loop that is intended to support POTS-like voice grade services. It may be provisioned using any technology that will provide voice grade services. This includes copper, Digital Loop Carrier, fiber etc. In order to reduce the cost for these loops, they are not provisioned with test points and do not come with a Design Layout Record or any type of coordinated conversion activity.

3. By contrast, xDSL loops such as HDSL-compatible and ADSL-compatible loops and UCLs are designed loops that are intended to support the transmission of higher frequency signals used in xDSL technologies. In many instances, electronic equipment such a Digital Loop Carrier used to provide SL1 service will not pass the higher frequency xDSL signals. Thus, while it is possible for a carrier to use an SL1 loop to provide xDSL service to its customer, the xDSL service may or may not work. If, for example, the SL1 loop is provided using a Digital Loop Carrier system, is provided using loaded copper pairs, or if the SL1 has excessive bridged tap, the xDSL service may not function properly. If, on the other hand, the requesting carrier knows

that the SL1 loop is provisioned over non-loaded cooper plant and the loop is within the distance limitations for the xDSL technology being used, or if the carrier utilizes BellSouth's loop makeup process to screen the loop facility at a particular customer address, the carrier may decide to use an SL1 loop for its xDSL service. In short, SL1 loops are available to a requesting carrier as a means to support its xDSL service (although not recommended by BellSouth), but there are real and important differences between the offerings that necessitate the UCL being a designed loop.

4. All of BellSouth's xDSL offerings are optional – in other words, if a provider wishes to purchase an SL1 loop to provide xDSL services, that certainly is the provider's option. BellSouth, however, cannot guarantee that the SL1 loop will support the xDSL service to be provisioned. BellSouth's xDSL-capable loops (including the UCL) simply represent another service offering from which requesting carriers can choose.

Further, affiant sayeth naught.

Wiley G. (Jerry) Latham

Subscribed and sworn to before me this ___
day of August, 2000.

Notary Public

CERTIFICATE OF SERVICE

I hereby certify that on August 25, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

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