BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 22, 2001

IN RE:	)	
	)	
UNIVERSAL SERVICE GENERIC CONTESTED CASE	))	**DOCKET NO. 97-00888**

SECOND INTERIM ORDER ON PHASE II

This matter came before the Tennessee Regulatory Authority (the "Authority") at a regularly scheduled Authority Conference held on February 21, 2001 upon *BellSouth's Revised Revenue Benchmarks and Access Line Counts*, filed by BellSouth Telecommunications, Inc. ("BellSouth") on October 24, 2000; *UTSE's Revised Revenue Benchmark and Access Line Count*, filed by United Telephone-Southeast, Inc. ("UTSE") on October 24, 2000; *Comments of AT&T on Revised Revenue Benchmarks and Updated Access Line Counts*, filed by AT&T Communications of the South Central States, Inc. ("AT&T") on November 3, 2000; and *Comments of the Tennessee Cable Telecommunications Association*, filed by the Tennessee Cable Television Association ("TCTA") on November 3, 2000.

I. HISTORY OF THE CASE

The Authority convened the Universal Service Docket to establish an intrastate Universal Service funding mechanism pursuant to Tenn. Code Ann. § 65-5-207; Section 214 of the Telecommunications Act of 1996 (the "Act");[1] and Federal Communications Commission ("FCC")

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[1] 47 U.S.C. § 214 (Supp. 2000)

Order 97-157.[2] The Authority initially determined that it would divide the docket into two phases, but later added a third phase to address rate rebalancing.

In Phase I, the Authority defined the general parameters for "determining the appropriate size of the intrastate [fund]" and recognized that "the size of the fund could have significant impact upon competition."[3] The Authority further concluded that the intrastate Universal Service fund will provide support to carriers providing discounted educational lines to schools and libraries and to carriers serving low-income customers.[4] Further, the Authority determined that the intrastate Universal Service fund would support high cost areas if the Authority found in Phase II that high cost areas exist.[5] To calculate the amount of high cost support necessary, the Authority first defined the revenue benchmark to be used in calculating support at the wire center level. Next, the Authority determined that the cost studies for each wire center should reflect the forward-looking costs of providing the services included in the revenue benchmark.[6]

In Phase II, the Authority addressed the appropriate level of cost for the Authority to use in determining needed support for BellSouth and UTSE. Two models were presented for estimating Universal Service costs, the Benchmark Cost Proxy Model ("BCPM") by BellSouth and UTSE and the HAI model by AT&T. The Authority ordered twenty-five (25) common adjustments to the different models.[7] After the parties submitted their amended cost models, the Authority adopted the

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[2] *See In re Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 97-157, 12 FCC Rcd. 8776 (May 8, 1997) (Report and Order).

[3] *In re: Universal Service Proceeding*, Docket No. 97-00888, *Interim Order on Phase I of Universal Service*, p. 4 (May 20, 1998) (hereinafter *May 20, 1998 Order*).

[4] *See id.* at 43, 46-47.

[5] *See id.* at 34 (implying the need for support to high cost areas).

[6] *Id.* at 41.

[7] *See In re: Universal Service Proceeding*, Docket No. 97-00888, *Interim Order on Phase II of Universal Service*, pp. 72-75 (Sept. 16, 1999) (hereinafter *September 16, 1999 Order*).

HAI model for estimating Universal Service costs.[8] The Authority also determined that it was necessary for BellSouth and UTSE to revise their respective revenue benchmarks so that the benchmark calculations are compliant with the methodologies adopted by the Authority for calculating the revenue benchmark.[9]

In compliance with the Authority's *September 22, 2000 Order*, BellSouth and UTSE submitted revised revenue benchmarks on October 24, 2000. On November 3, 2000, AT&T and TCTA filed comments on the October 24th filings.

II. ISSUES

As Phase II comes to a close, there are various issues the Authority must address before moving into Phase III. These include: 1) the need for an intrastate Universal Service fund for high cost areas; 2) compliance of the October 24, 2000 revenue benchmark filings with previous Authority orders; 3) the effect of the implementation of the federal CALLS Plan[10] when establishing an intrastate Universal Service fund; 4) clarification of Eligible Telecommunications Carrier ("ETC")[11] and Carrier of Last Resort ("COLR")[12] obligations; 5) funding for the Tennessee Relay Center ("TRC"); 6) inclusion of advanced services in the Universal Service fund; 7) inclusion of residential secondary lines in the Universal Service fund; and 8) necessary funding for intrastate discounts to schools and libraries.

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[8] *See In re: Universal Service Proceeding*, Docket No. 97-00888, *Phase II Order Re: Determination of Cost Model and Revenue Benchmarks*, p. 5 (Sept. 22, 2000) (hereinafter *September 22, 2000 Order*).
[9] *See id* 7, 9-10.
[10] CALLS in an acronym for Coalition for Affordable Local and Long Distance Service. For further information on this plan, see *infra* part IIIC.
[11] The Authority adopted the use of the term ETC and the criteria for receiving ETC designation from federal legislation. Designation as an ETC by the Authority for state purposes permits a telecommunications carrier to receive intrastate Universal Service fund support. *See May 20, 1998 Order*, pp. 17-19, 25-26.
[12] The Authority uses the term "COLR" in these proceedings to describe a telecommunication service provider that has carrier-of-last-resort obligations as provided for in Tenn. Code Ann. § 65-5-207(a).

III. FINDINGS AND CONCLUSIONS

A. The Need for a Universal Service Support Fund in High Cost Areas

The Authority opened this docket on May 13, 1997 for the purpose of determining the need for an intrastate Universal Service Fund.[13] Throughout this docket comments have been provided relative to the universal service needs in the high cost areas served by BellSouth and UTSE. Based on the revenue benchmark and cost information submitted, the Authority finds that under the present rate structure, some prices contain implicit subsidies. The presence of these implicit subsidies reveals that BellSouth and UTSE provide services below cost in some wire centers while charging rates in excess of costs in other areas. Such implicit subsidies inhibit the alignment of prices with the cost of providing some services; the creation of a high cost intrastate Universal Service fund will aid in the elimination of implicit subsidies found in existing rates.

Based on a comparison of costs contained in the HAI model adopted by the Authority in the *September 22, 2000 Order*[14] and the revenue benchmarks of BellSouth and UTSE adopted herein in part IIIB, there are wire centers in which the cost of providing service exceeds the average revenue per residential line. In order to maintain affordable rates in these high cost areas, it appears necessary to continue the Authority's efforts to develop an intrastate Universal Service fund in the high cost areas served by BellSouth and UTSE. This finding is consistent with the Authority's previous findings in the *May 20, 1998 Order.*[15]

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[13] *See Order Convening Generic Contested Case* (May 29, 1997).
[14] *See September 22, 2000 Order*, p. 11.
[15] *See, for example, May 20, 1998 Order*, p. 34.

B. October 24, 2000 Revenue Benchmark Filings

1. Comments of AT&T and TCTA

AT&T argues that the data provided by BellSouth and UTSE is insufficient if the Authority intended to run the HAI model using updated access line counts. AT&T also contends that the Authority should determine the size of the Universal Service fund by considering both deficits and surpluses in each wire center as opposed to the method previously adopted by the Authority. TCTA argues that BellSouth's and UTSE's results cannot be reconciled with their financial results because they used data for the month ended August 2000, which does not represent a fiscal quarter or year end accounting period. TCTA next argues that the Authority should require BellSouth and UTSE to revise the HAI model using the August 2000 access line count if the Authority adopts the August 2000 access line count for the revenue benchmark. Finally, TCTA argues that the Authority should use a cost benchmark approach for identifying high cost areas instead of using the approach previously adopted by the Authority.

2. Findings and Conclusions

In the *May 20, 1998 Order*, the Authority found that the revenue benchmark for a wire center should equal the "average revenue per residential line for that wire center."[16] The Authority determined that the revenue benchmark must include revenues from: local service, intrastate toll, directory assistance, all vertical features, touch-tone, zone charge, interstate and intrastate access charges, Subscriber Line Charges ("SLC"), and white pages.[17]

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[16] *Id.* at 36.

[17] *See id.* Initially, the Authority ordered the inclusion of yellow page subsidies in the benchmark calculation. *See May 20, 1998 Order*, pp. 36-37. After further consideration, however, the Authority determined that yellow page subsidies should be excluded because these earnings are not portable across competing carriers. *See September 22, 2000 Order*, p. 10.

In the *September 22, 2000 Order*, the Authority ordered BellSouth and UTSE to adjust the revenue benchmarks so that the benchmarks would be compliant with the Authority's previous orders. Particularly, the Authority ordered UTSE to include non-recurring revenues and secondary line SLC revenues in its benchmark calculations. The Authority also ordered BellSouth and UTSE to provide updated revenues and access line counts for calculating the revenue benchmarks.

The methodologies contained in the revenue benchmarks submitted by BellSouth and UTSE on October 24, 2000 are consistent with the Authority's *September 22, 2000 Order*. Specifically, the benchmarks contain revenues from the core services adopted by the Authority and capture and calculate the revenues from these core services in a manner consistent with the methodologies set forth by the Authority in its previous orders. BellSouth and UTSE used data from the latest twelve (12) months, ending August 2000, to calculate revenues for usage sensitive services such as toll and access. Further, BellSouth's and UTSE's studies calculated revenues associated with non-usage sensitive services based on August 2000 unit data.

The Authority rejects the arguments of AT&T and TCTA. First, the Authority finds that the argument that the cost model needs to be rerun to include the same access line counts used in developing the revenue benchmark is without merit. It is not necessary to use the same access line counts, because the purpose of the HAI model is to estimate forward-looking costs whereas the revenue benchmark is calculated from historical data.

Second, TCTA's argument regarding the use of the August 2000 data must fail. TCTA did not object when the Authority requested that BellSouth and UTSE choose a date on which both parties would submit the most recent data. More important, TCTA did not establish that the data submitted by BellSouth and UTSE was flawed.

Finally, the Authority rejects AT&T's argument that the Authority should abandon its method for determining the total size of the fund and TCTA's contention that the Authority should use a cost benchmark instead of revenue/cost comparison for calculating the size of the fund. Both of these arguments are clearly outside the scope of the requested comments and could be dismissed on that basis alone. Nevertheless, the Authority has further reasons. The Authority determined the cost calculation method in the *September 16, 1999 Order*. AT&T failed to object to this finding after the issuance of the Authority's Order. As to TCTA's contention, the Authority finds that the revenue/cost comparison method is preferable to the cost benchmark method at this time. Moreover, the cost benchmark method ignores geographic variations in rates.

Given the above findings, the Authority voted unanimously to approve the methodologies contained in BellSouth's and UTSE's revised revenue benchmarks filed on October 24, 2000.

C. The Effect of the Federal CALLS Plan

On May 31, 2000, the FCC adopted the modified version of a proposal submitted by the Coalition for Affordable Local and Long Distance Service, "the federal CALLS Plan."[18] The federal CALLS Plan required local exchange carriers ("LECs") to reduce their interstate access charges while increasing the SLC in order to help offset reduced revenues resulting from lower access charges. Because the increased SLC revenues do not fully offset the access charge reduction, the FCC established a universal support mechanism funded by the interexchange carriers for distribution to the LECs.

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[18] *See In re Access Charge Reform*, CC Docket No. 96-262, *Price Cap Performance Review For Local Exchange Carriers*, CC Docket No. 94-1, *Low-Volume Long-Distance Users*, CC Docket No. 99-249, *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, FCC 00-193, 15 FCC Rcd. 12962 (May 31, 2000) (Sixth Report and Order in CC Docket Nos. 96-262 and 94-1 Report and Order in CC Docket No. 99-249 Eleventh Report and Order in CC Docket No. 96-45). The federal CALLS Plan does not does not designate funds for any specific service or customer type.

The Authority previously ordered that "the minimum amount of universal service support necessary for the high cost areas is to be determined by summing the amounts by which costs exceed the revenue benchmark in all high cost wire centers, then subtracting the amount of federal support."[19] Given the adoption of the federal CALLS Plan and this agency's previous decision, this Authority needs to consider the impact of the federal CALLS Plan on the size of the intrastate Universal Service fund. Specifically, should federal CALLS Plan support be included in the federal support to be subtracted from the total high cost support needed for each wire center?

Based on these facts, the Authority voted unanimously to request that all parties to this docket file briefs on how support received from the federal CALLS Plan should be accounted for in establishing the intrastate Universal Service fund. In addition, the Authority voted unanimously to order BellSouth and UTSE to submit a schedule showing the amount of Universal Service support, by wire center, received from the federal CALLS Plan in 2000 and anticipated in 2001 along with all supporting calculations.

D. Clarifying ETC and COLR Obligations

In the *May 20, 1998 Order*, the Authority addressed the need to designate carriers as COLRs. The Authority first recognized that Tenn. Code Ann. § 65-5-207(a) provides that "carrier-of-last-resort obligations must be maintained after the local telecommunications markets are opened."[20] The Authority next found that FCC Rule 54.205[21] contains barriers to the exit of an ETC from a particular service area that prevent the possibility that customers will be left without service, the

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[19] *September 16, 1999 Order*, p. 8.
[20] *May 20, 1998 Order*, p. 20.
[21] 47 C.F.R § 54.205.

intent of COLR designation.[22] Thereafter, the Authority held that the effect of FCC Rule 54.205 is to make COLR designation necessary only in service areas serviced by one ETC.[23]

Currently, all incumbent local exchange carriers ("ILECs") are designated as ETCs for federal purposes and qualify to receive federal, interstate Universal Service support under Section 254(c) of the Act.[24] The Authority has not yet designated any carrier as an ETC for state purposes. Therefore, in order to fulfill the objectives of Tenn. Code Ann. § 65-5-207(a) and to ensure the continuous and reliable delivery of Universal Service, the Authority voted unanimously to modify the *May 20, 1998 Order* to automatically designate each ILEC as the COLR in its service area during any time period in which there is no designated ETC for intrastate Universal Service support in an ILEC's service area.

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[22] *May 20, 1998 Order*, pp. 20-21.

[23] *Id.* at 21.

[24] On December 17, 1997, the Authority entered an order designating certain carriers and cooperatives as ETCs for the purpose of receiving federal, interstate Universal Service support. The order stated:

> The following carriers are designated by this Authority as Eligible Telecommunications Carriers: Ardmore Telephone Company; BellSouth Telecommunications, Inc.; Century Telephone of Adamsville, Inc.; Century Telephone of Claiborne, Inc.; Century Telephone of Ooltewah Collegedale, Inc.; Citizens Telecommunications Company of Tennessee, LLC; Citizens Telecommunications Company of the Volunteer State, LLC; Concord Telephone Exchange, Inc.; Crockett Telephone Company; Humphreys County Telephone Company; Loretto Telephone Company; Millington Telephone Company; People's Telephone Company; Tellico Telephone Company; Tennessee Telephone Company; United Telephone Company; United Telephone-Southeast, Inc.; West Tennessee Telephone; Ben Lomand Rural Telephone Cooperative; Bledsoe Telephone Cooperative, Inc.; DeKalb Telephone Cooperative, Inc.; Highland Telephone Cooperative, Inc.; North Central Telephone Cooperative, Inc.; Skyline Telephone Membership Corporation; Twin Lakes Telephone Cooperative Corporation; Yorkville Telephone Cooperative; and West Kentucky Rural Telephone Cooperative, Inc.

Order Designating Eligible Telecommunications Carriers Pursuant to 47 U.S.C. § 214(e), The Telecommunications Act of 1996, Section 254(c) and FCC Order 97-157, p. 4 (Dec. 18, 1997). On January 8, 2001, the Authority entered a second order designating Ben Lomand Communications, Inc. as an ETC for the purpose of receiving federal, interstate Universal Service support. *See Order Designating Ben Lomand Communications, Inc. as an Eligible Telecommunications Carrier*, pp. 3-4 (Jan. 8, 2001).

E. Funding for TRC

In the *May 20, 1998 Order*, the Authority stated:

> The Authority further finds that neither the [TRC], nor public interest payphones should be addressed in this proceeding. Such issues are more appropriately addressed in separate proceedings where current and future needs, the criteria for determining such needs, and the cost of public interest payphones can be determined.[25]

The Authority further concluded that if TRC or public interest payphones require support, the Authority should administer the funding of such support in conjunction with the intrastate Universal Service fund.[26]

The current funding mechanism for TRC is disproportionately burdensome on rural and small companies, as many telecommunication providers who benefit from using TRC currently do not contribute to TRC funding. As previously held, the administration of the TRC fund should be in conjunction with the Universal Service fund. Because the mechanics of funding the TRC differ from that of the Universal Service fund, it may be appropriate to modify the *May 20, 1998 Order* such that the Authority would consider TRC in this docket. Given this possibility, the Authority voted unanimously to request that any interested party file briefs as to whether the Authority should establish a mechanism to fund the TRC through the Universal Service fund at this time.

F. Inclusion of Advanced Services in the Intrastate Universal Service Fund

The Authority did not designate advanced services[27] in the category of services to be supported by the Universal Service fund. Section 254 of the Act provides:

> Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and

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[25] *May 20, 1998 Order*, p.13.

[26] *Id.*

[27] The Act defines Advanced Telecommunications Capability, referred to herein as "advance services," as "high-speed, switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, telecommunications using any technology." 47 U.S.C. § 157 (statutory notes) (Supp. 2000).

information services, including interexchange services and advance telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.[28]

Section 254 also provides guidance for determining whether to include a telecommunication service in the Universal Service fund. Specifically, this section provides that the Federal-State Joint Board on Universal Service may consider the extent to which a telecommunication service is "essential to education, public health, or safety," "has, through the operation of market choices by customers, been subscribed to by a majority of residential customers," "is being deployed in public telecommunications networks by telecommunications carriers," and "is consistent with the public interest, convenience, and necessity."[29]

The Authority recognizes that there will be a segment of the population whose interests with regard to advanced services will not be served by the operation of market forces. This segment includes persons such as those living in sparsely populated areas, minority consumers, Native Americans, and persons with disabilities.[30] Thus, the Authority recognizes that it may be appropriate to reconsider this decision in the future. For this reason, the Authority voted unanimously to request that the parties submit briefs on the deployment of advanced services in Tennessee, particularly in the rural areas served by BellSouth and UTSE; the deployment level of advanced services in Tennessee; how the Authority could use the Universal Service fund to accelerate the deployment of advanced services; and whether the Universal Service Fund should be used to advance the deployment and availability of advanced services consistent with the Act.

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[28] 47 U.S.C. § 254(b)(3) (Supp. 2000).

[29] *Id.* § 254(c)(1)(A)-(D).

[30] *See 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 Docket No. 98-146, FCC 00-290, 2000 WL 1199533, ¶ 8(3) (FCC Aug. 21, 2000) (Second Report).

G. Inclusion of Residential Secondary Lines in the Intrastate Universal Service Fund

In the *May 20, 1998 Order*, the Authority ordered that intrastate Universal Service support would include primary residential lines, but not business or secondary residential lines.[31] Even though a majority of residential customers have only one telephone line, excluding support for secondary lines could possibly delay or impede competition by foreclosing a portion of customers' services from competing carriers. Accordingly, the Authority finds that this issue warrants additional review. Therefore, the Authority voted unanimously to request that the parties file briefs as to whether secondary residential lines in high cost areas should be supported by the Universal Service fund, including any analysis of the relationship between secondary residential lines and advanced services. In addition, the commenting parties shall discuss how line sharing could impact the need for the Universal Service fund to support secondary lines.

H. Discounts to Schools and Libraries

In the *May 20, 1998 Order*, the Authority determined that the Universal Service fund would provide support to carriers providing discounted telephone services to schools and libraries.[32] Upon review of the *May 20, 1998 Order*, the Authority finds that it is necessary to clarify the manner in which the Authority will calculate and account for educational discounts in the Universal Service fund. The Authority finds that the Universal Service fund will support educational discounts to schools and libraries and such support shall be provided through a specific fund within the overall Universal Service fund.[33]

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[31] *See May 20, 1998 Order*, p. 12.

[32] *See id.* at 46-47.

[33] For example, BellSouth provides schools with Distance Video Learning Service at a rate of $70.00 per digital local loop as compared to the standard business rate of $106.00. Therefore, the amount of the discount, $36.00, multiplied by the number of digital local loops provided to schools and libraries would equal the amount of funding necessary to support Distance Video Learning for BellSouth.

At this time, the Authority does not have the necessary information to calculate the appropriate level of support for discounted telephone lines provided to schools and libraries. Therefore, the Authority voted unanimously to order BellSouth and UTSE to submit a schedule along with supporting calculations indicating the amount of support necessary to fund existing intrastate educational discounts provided to schools and libraries.

IV. ADDITIONAL INFORMATION

More information is needed on each high cost wire center. Thus, the Authority voted unanimously to order BellSouth and UTSE to file a summary sheet for each high cost wire center. The summary shall include: 1) the revenue benchmark; 2) the cost per line; 3) the number of initial residential lines; and 4) the necessary Universal Service support.

The Authority ordered in the *May 20, 1998 Order* that Lifeline shall be "funded through a separate, specific fund within the intrastate [Universal Service fund]."[34] The Authority then ordered in its *September 16, 1999 Order* that "the intrastate cost of Lifeline should be determined by multiplying the number of Lifeline customers by the interstate Lifeline credit of $3.50."[35] Neither BellSouth nor UTSE has submitted the information needed to calculate these amounts. Therefore, the Authority voted unanimously to order BellSouth and UTSE to submit a schedule showing the amount of support necessary to fund their respective intrastate Lifeline programs along with supporting calculations.

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[34] *May 20, 1998 Order*, p. 13.
[35] *September 16, 1999 Order*, p. 71.

IT IS THEREFORE ORDERED THAT:

1. The methodologies contained in the revenue benchmarks submitted by BellSouth Telecommunications, Inc. and United Telephone-Southeast, Inc. on October 24, 2000 are approved.

2. Parties to this docket may file briefs on how support received from the federal CALLS Plan should be accounted for in establishing the intrastate Universal Service fund. These briefs shall be filed **no later than Noon, March 14, 2000**.

3. BellSouth Telecommunications, Inc. and United Telephone-Southeast, Inc. shall each submit a schedule by wire center showing the amount of Universal Service support received from the federal CALLS Plan in 2000 and anticipated in 2001 along with all supporting calculations **no later than Noon, March 7, 2000**.

4. The *May 20, 1998 Order* is modified such that each Incumbent Local Exchange Carrier shall serve as the carrier of last resort in its service area where there is no designated intrastate eligible telecommunication carrier for that area.

5. Parties to this docket may file briefs on whether the Authority should establish a mechanism to fund the Tennessee Relay Center through the Universal Service fund at this time. These briefs shall be filed **no later than Noon, March 14, 2000**.

6. Parties to this docket may submit briefs on the deployment of advanced services in Tennessee, particularly the rural areas served by BellSouth Telecommunications, Inc. and United Telephone-Southeast, Inc.; the deployment level of advanced services in Tennessee; how the Authority could use the Universal Service fund to accelerate the deployment of advanced services; and the availability of advanced services in a manner consistent with the Federal Telecommunications Act of 1996. These briefs shall be filed **no later than Noon, March 14, 2000**.

7. Parties to this docket may file briefs as to whether the Universal Service fund should support secondary residential lines in high cost areas, including analysis of the relationship between secondary residential lines and advanced services and on how line sharing could impact the need for the Universal Service fund to support secondary lines. These briefs shall be filed **no later than Noon, March 14, 2000**. Parties may file reply briefs **no later than Noon, March 28, 2000**.

8. The *May 20, 1998 Order* is clarified such that the Universal Service fund will support educational discounts to schools and libraries and such support shall be provided through a specific fund within the overall Universal Service fund.

9. BellSouth Telecommunications, Inc. and United Telephone-Southeast, Inc. shall each submit a schedule showing the amount of support necessary to fund their existing intrastate educational discount provided to schools and libraries along with supporting calculations **no later than Noon, March 7, 2000**. The calculations contained in such schedule shall be based on data for the twelve (12) months ended August 2000.

10. BellSouth Telecommunications and United Telephone-Southeast, Inc. shall each file a summary sheet for each high cost wire center **no later than Noon on March 7, 2000**. The summaries shall include: 1) the revenue benchmark; 2) the cost per line; 3) the number of initial residential lines; and 4) the necessary Universal Service support.

11. BellSouth Telecommunications, Inc. and United Telephone-Southeast, Inc. shall each submit a schedule showing the amount of support necessary to fund their respective intrastate Lifeline programs along with supporting calculations **no later than Noon, March 7, 2000**. The

calculations contained in such schedule shall be based on data for the twelve (12) months ended August 2000.

12. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Tennessee Regulatory Authority within fifteen (15) days from and after the date of this Order.

Sara Kyle, Chairman

H. Lynn Greer, Jr., Director

Melvin J. Malone, Director

ATTEST:

K. David Waddell, Executive Secretary