LAW OFFICES
STRANG, FLETCHER, CARRIGER, WALKER, HODGE & SMITH, PLLC

CARLOS C SMITH
WILLIAM C CARRIGER
RICHARD T HUDSON
FREDERICK L HITCHCOCK
EWING STRANG
LARRY L CASH *
CHRISTINE MABE SCOTT *
J ROBIN ROGERS # *
G MICHAEL LUHOWIAK
JAMES L CATANZARO, JR +
GREGORY D WILLETT
MARK W SMITH *
TIMOTHY H NICHOLS

OF COUNSEL
F THORNTON STRANG
ROBERT KIRK WALKER

400 KRYSTAL BUILDING
ONE UNION SQUARE
CHATTANOOGA TENNESSEE 37402-2514
TELEPHONE 423-265-2000
FACSIMILE 423-756-5861

S BARTOW STRANG
1882-1954

JOHN S FLETCHER
1879-1961

JOHN S CARRIGER
1902-1989

JOHN S FLETCHER JR
1911-1974

ALBERT L HODGE
1910-1997

* ALSO LICENSED IN GEORGIA
# ALSO LICENSED IN ALABAMA
+ ALSO LICENSED IN ARIZONA

February 26, 1998

REC'D TN
REGULATORY AUTH.
'98 FEB 27 AM 10:28
OFFICE OF THE
EXECUTIVE SECRETARY

Mr. K. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Application of the Electric Power Board of Chattanooga for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunication Services -- Docket No. 97-07488

Dear David:

We are enclosing an original and thirteen (13) copies of the Prefiled Testimony of Harold E. DePriest, Ronald N. Fugatt and Rose M. Baxter filed in behalf of the Electric Power Board of Chattanooga, Tennessee.

Sincerely yours,

William C. Carriger
For the Firm

WCC:as
Enclosures
cc: Parties of Record
77803

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC POWER BOARD OF CHATTANOOGA FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES	)	Docket No. 97-07488

DIRECT TESTIMONY OF HAROLD E. DEPRIEST, PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ELECTRIC POWER BOARD OF CHATTANOOGA

FILED ON BEHALF OF
THE ELECTRIC POWER BOARD OF CHATTANOOGA

February 26, 1998

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Harold E. DePriest, and I am the President and Chief Executive Officer of the Electric Power Board of Chattanooga ("Electric Power Board"). My business address is P.O. Box 182255, Chattanooga, Tennessee 37422-7255.

Q. PLEASE DESCRIBE YOUR POSITION AND BACKGROUND.

A. The position of President and Chief Executive Officer is the highest ranking employee of the Electric Power Board, and I report directly to a Board of Directors appointed in accordance with the Electric Power Board's Private Act Enabling Legislation. On October 1, 1996, I became General Manager of the Electric Power Board and shortly thereafter, the Board of the Electric Power Board changed my title to President and Chief Executive Officer, in keeping with similar leadership positions in the business community. I am an electrical engineer, and I began my career with the Electric Power Board in 1971 as Junior Engineer. I worked in the Electric Power Board's Engineering Division for 13 years, advancing in 1977 to Superintendent of the Underground Engineering Department. In 1984, I was promoted to Manager of the General Services Division, and in 1986, I became Manager of the Operating Division, a position which I held until May 20, 1996, when I was appointed Assistant General Manager. I received my Bachelor of Science in Electrical Engineering from Tennessee Technological University in Cookeville, Tennessee, and I later received my Masters Degree in Business

Administration from the University of Tennessee at Chattanooga.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE REGULATORY AUTHORITY?

A. No. This is my first opportunity to testify before the Tennessee Regulatory Authority.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to furnish the Tennessee Regulatory Authority with testimony in support of the Electric Power Board's Application for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services (the "Application"), which was filed on October 21, 1997. In my testimony, I will describe the Electric Power Board, demonstrate the Electric Power Board's commitment to adhere to all applicable policies, rules and orders of the Tennessee Regulatory Authority, discuss the financial ability of the Electric Power Board, demonstrate that the Electric Power Board possesses sufficient managerial abilities to provide the applied-for services, and describe the Electric Power Board's small and minority-owned telecommunications business plan. I have asked the Electric Power Board's Executive Vice President, Ron Fugatt to address the Electric Power Board's technical abilities to provide telecommunications services.

Q. PLEASE DESCRIBE THE ELECTRIC POWER BOARD.

A. The Electric Power Board is an independent Board of the City of Chattanooga, Tennessee, a Tennessee municipal corporation. The Electric Power Board was originally created under Chapter 455 of the Private Acts of the 1935 Tennessee General Assembly and currently provides retail electric power to both business and residential customers in the City of Chattanooga, most of Hamilton County, Tennessee, parts of Bledsoe, Bradley, Marion, Rhea, and Sequatchie Counties in Tennessee, and parts of Catoosa, Dade and Walker Counties in Georgia. The Electric Power Board's principal office is in Chattanooga, Tennessee.

Q. PLEASE EXPLAIN WHY YOU DESCRIBE THE ELECTRIC POWER BOARD AS AN "INDEPENDENT" BOARD OF THE CITY OF CHATTANOOGA.

A. The Private Act Enabling Legislation, as amended, created the Electric Power Board as an operationally-distinct Board of the City of Chattanooga. The Board of the Electric Power Board is vested with the "exclusive management and control of the operation" of the Electric Power Board. The Board of the Electric Power Board consists of five (5) members whose replacements are subject to confirmation by the Mayor and City Council of the City of Chattanooga. The current members of the Board are: Mr. James B. Robinson, Chairman; Mr. Jimmie Williams, Vice Chairman; Mr. L. Joe Ferguson; Mr. Lamar J. Partridge; and Mr. Jim Lail.

Q. HOW WILL THE ELECTRIC POWER BOARD'S TELECOMMUNICATIONS OPERATIONS BE STRUCTURED?

A. Following certification, the Electric Power Board will create a separate telecommunications division of the Electric Power Board to conduct the Electric Power Board's regulated telecommunications operations. This division will obtain necessary capital from two sources. First, as authorized under Tennessee Code Annotated 7-52-402(2), the Telecommunications Division plans to obtain funds through an inter-division loan, subject to the approval of the State Director of Local Finance. The Electric Power Board will also obtain approval from the Tennessee Valley Authority of this inter-division loan. Second, additional capital may be obtained through contractual arrangements with third party vendors providing switching and other equipment needs.

Q. DOES THE ELECTRIC POWER BOARD HAVE THE FINANCIAL ABILITY TO FUND THE CAPITAL REQUIREMENTS FOR THE TELECOMMUNICATIONS DIVISION?

A. Yes. The Electric Power Board has total assets of over 260 million dollars. It has current assets of close to 60 million dollars. The Electric Power Board has no long-term debt. Its current and accrued liabilities are a little over 40 million dollars. The Electric Power Board's retained earnings are close to 200 million dollars.

Q. WHAT IS THE ELECTRIC POWER BOARD'S FISCAL YEAR?

A. The Electric Power Board's fiscal year ends June 30.

Q. WHAT HAS BEEN THE RESULTS OF THE ELECTRIC POWER BOARD'S OPERATIONS SINCE THE LAST ANNUAL REPORT THAT WAS FILED AS EXHIBIT B TO THE APPLICATION?

A. The Electric Power Board continues to do well. A copy of the Electric Power Board's balance sheet as at January 31, 1998 and its income and expense statement for the month of January showing the first seven month's results since June 30, 1997 is attached as Exhibit HED-1 to this testimony. The unaudited net revenues for the first seven months total almost 9 million dollars.

Q. HOW WILL THE ELECTRIC POWER BOARD SEPARATELY ACCOUNT FOR THE TELECOMMUNICATIONS DIVISION?

A. The Electric Power Board takes considerable pride in its accounting system and its Accounting Division has already begun work on the telecommunications project. Ms. Rose Baxter, the Electric Power Board's Vice President in charge of the Accounting Division, will file testimony with information regarding the Electric Power Board's progress so far in establishing accounting procedures for the Telecommunications Division.

Q. WILL THE ELECTRIC POWER BOARD ADHERE TO ALL APPLICABLE POLICIES, RULES AND ORDERS OF THE TENNESSEE REGULATORY AUTHORITY?

A. Yes. The Electric Power Board has reviewed the current rules of the Tennessee Regulatory Authority and stands ready to comply with them. The Electric Power Board understands that the Tennessee Regulatory Authority is considering revising and adopting new rules and regulations, and the Electric Power Board stands ready to abide by such rules once they are adopted. Likewise, the Electric Power Board stands ready to adhere to any applicable policies and orders approved by the Tennessee Regulatory Authority.

Q. DOES THE TENNESSEE REGULATORY AUTHORITY NEED TO ADOPT ANY SPECIAL RULES OR REGULATIONS BEFORE GRANTING THE ELECTRIC POWER BOARD A CERTIFICATE OF CONVENIENCE AND NECESSITY?

A. No. Tennessee Code Annotated Section 7-52-401, enacted as part of Chapter 531 of the Public Acts of 1997, subjects municipal electric systems providing telecommunications to the regulatory oversight of the Tennessee Regulatory Authority "in the same manner and to the same extent as other certificated providers of telecommunications services . . . ." The Electric Power Board respectfully submits that Chapter 531 did not create any additional requirements for the Electric Power Board's certification as a competitive local exchange carrier and submits that the requirements of Tennessee Code Annotated Section 65-4-201(c) apply to the Electric Power Board "in the

same manner and to the same extent" as those requirements apply to other certificated providers.

Q. PLEASE DESCRIBE THE ELECTRIC POWER BOARD'S MANAGERIAL ABILITIES TO PROVIDE THE APPLIED-FOR SERVICES.

A. The Electric Power Board possesses sufficient managerial abilities to provide the applied-for services. The Electric Power Board has an excellent senior management team, backed by experienced employees, who are competent in engineering, operations, customer service and marketing. Since the Electric Power Board submitted its Application, the Electric Power Board has undergone some changes in its senior management team. I have attached to my testimony as Exhibit HED-2 a revised listing of the Electric Power Board's senior management team and a description of each member's background and experience. This exhibit updates Exhibit A, which was attached to the Application.

The Electric Power Board has served the public for nearly 60 years in a facilities-based utility business and is qualified to manage a facilities-based telecommunications operation as well. The Electric Power Board is the 15th largest municipal electric utility in the nation as measured by the number of customers served. At the end of the 1996-97 fiscal year, the Electric Power Board served 151,767 customers who consumed over 5.5 billion kilowatt-hours. The sales resulted in $288,674,000 of billed electric sales revenues from customers

in the Electric Power Board's 600 square mile service area. These and the continued good financial results demonstrate that the Electric Power Board's senior management team has substantial managerial experience in areas of utility engineering, utility operations, utility customer service, and utility marketing.

To supplement the Electric Power Board's existing managerial abilities, the Electric Power Board has retained the services of Competitive Communications Group, a telecommunications consulting group comprised primarily of consultants formerly associated with John Starulakis, Inc., to provide necessary support to the Electric Power Board in telecommunications-specific managerial matters. From a managerial perspective, the Electric Power Board will utilize Competitive Communications Group to assist the Electric Power Board in the development of its business plans and feasibility studies and in complying with regulatory requirements of the Tennessee Regulatory Authority, including the preparation of the Electric Power Board's tariffs.

In addition, the Electric Power Board has requested proposals from qualified telecommunications providers to assist the Electric Power Board in the purchase and/or lease of telephone digital switching capacity by the Electric Power Board, the provision of necessary training required to supply the Electric Power Board with telephone billing services, and

customer service capability for telecommunications services and to assist the Electric Power Board in the additional development of the Electric Power Board's fiber optic network and related electronics as part of a distribution/transport system for the Telecommunications Division. A copy of the Request for Proposal is attached as Exhibit HED-3 to this testimony. Currently the Electric Power Board is negotiating with a qualified telecommunications provider that responded to the Request for Proposal to assist the Electric Power Board and to furnish these services and expertise to augment the existing abilities of the Electric Power Board.

Q. HAS THE ELECTRIC POWER BOARD DEVELOPED A SMALL AND MINORITY-OWNED BUSINESS PLAN?

A. Yes. The Electric Power Board attached a copy of its small and minority-owned business plan as Exhibit C to the Application. Approximately twenty-four years ago, the Electric Power Board voluntarily adopted its affirmative action program, which it updates annually. The small and minority-owned business plan attached to the Application as Exhibit C is not original to the Electric Power Board, but has been modeled after a plan submitted by another competing local exchange carriger with modifications due to bidding requirements imposed upon the Electric Power Board as a governmental entity under Tennessee law. Following certification, the Electric Power Board will implement this plan.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Electric Power Board is committed to adhere to all applicable policies, rules, and orders of the Tennessee Regulatory Authority, the Electric Power Board has sufficient financial, managerial and technical abilities to provide the applied-for services, and the Electric Power Board has submitted a small and minority-owned telecommunications business participation plan developed to satisfy the requirements of Tennessee Code Annotated § 65-5-212. Should this Authority allow the Electric Power Board entry into the telecommunications market, our goal will be to provide our communication customers with a greater choice of services, reduced rates, and improved levels of service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

Dennis P. McNamee, Esquire
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Guy M. Hicks, General Counsel
BellSouth Communications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300

Val Sanford, Esquire
Gullett, Sanford, Robinson & Martin
P.O. Box 198888
Nashville, Tennessee 37219-8888

James P. Lamoureux, Esquire
AT&T Communications of the South Central States, Inc.
1200 Peachtree Street N.E.
Room 4060
Atlanta, Georgia 30309

Charles B. Welch, Jr., Esquire
Farris, Mathews, Gilman, Branan & Hellen, P.L.C.
2400 Nashville City Center
511 Union Street
Nashville, Tennessee 37219

Vance L. Broemel, Esquire
Assistant Attorney General
Consumer Advocate Division
Cordell Hull Building
Second Floor
425 Fifth Avenue, North
Nashville, Tennessee 37243-0500

Henry Walker, Esquire
Attorney for ACSI & NextLink
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, Tennessee 37219

Dana Shaffer, Esquire
NextLink Tennessee, LLC
105 Malloy Street, Suite 300
Nashville, Tennessee 37201

Jon E. Hastings, Esquire
Boult, Cummings, Conners & Berry
P. O. Box 198062
Nashville, Tennessee 37219

Michael R. Knauff
Tennessee Power Company
4612 Maria Street
Chattanooga, Tennessee 37411

This 26th day of February, 1998.

Strang, Fletcher, Carriger, Walker
Hodge & Smith, PLLC

77559 02

EXHIBIT HED — 1

ASSETS AND OTHER DEBITS	THIS YEAR	LAST YEAR
ELECTRIC PLANT		
Electric Plant In Service	$ 295,722,963.49	$ 284,566,812.54
Construction Work In Progress	9,509,448.35	7,264,825.14
Total Electric Plant	$ 305,232,411.84	$ 291,831,637.68
Provision for Depreciation	(122,368,352.88)	(115,242,626.61)
Net Electric Plant	$ 182,864,058.96	$ 176,589,011.07
SEGREGATED FUNDS		
Renewal and Replacement Fund	$ 8,325,336.55	$ 5,413,177.93
Contingency Fund	2,250,000.00	2,250,000.00
Total Segregated Funds	$ 10,575,336.55	$ 7,663,177.93
CURRENT AND ACCRUED ASSETS		
Electric Fund - Cash and Investments	$ 19,405,936.33	$ 33,413,292.54
Petty Cash Funds	76,300.00	75,700.00
Accounts Receivable - Electric Service	16,122,312.90	16,020,379.90
Provision for Uncollectible Accounts	(373,319.52)	(921,147.22)
Accounts Receivable - Merchandise	1,245.56	1,970.56
Accounts Receivable - Conservation Programs	1,047,963.79	1,975,024.08
Accounts Receivable - Miscellaneous	836,045.34	573,943.87
Provision for Uncollectible Accounts	(4,095.06)	(5,102.04)
Unbilled Electric Sales	15,940,862.00	18,710,372.00
Material and Supplies	4,270,773.26	3,645,366.75
Merchandise	8,152.59	6,802.24
Prepayments	821,348.16	914,466.79
Interest Receivable	75,134.14	38,651.05
Rents Receivable	758,240.58	708,086.12
Total Current and Accrued Assets	$ 58,986,900.07	$ 75,157,806.64
DEFERRED DEBITS		
Clearing Accounts	$ 123,966.78	$ 62,940.45
TVA Conservation Program Loans	8,834,915.65	10,547,895.69
Other Deferred Debits	172,817.78	491,241.82
Total Deferred Debits	$ 9,131,700.21	$ 11,102,077.96
TOTAL ASSETS AND OTHER DEBITS	$ 261,557,995.79	$ 270,512,073.60

LIABILITIES AND OTHER CREDITS	THIS YEAR	LAST YEAR
CAPITALIZATION		
Accumulated Net Income Invested in Electric Plant and Utilized for Bond Retirements and Working Capital	$ 196,842,316.57	$ 187,153,194.64
NONCURRENT LIABILITIES		
Accumulated Provision for Postretirement Benefits	$ 11,129,249.02	$ 11,149,024.86
Advances for TVA Conservation Programs	10,080,157.08	12,671,350.37
Total Other Noncurrent Liabilities	$ 21,209,406.10	$ 23,820,375.23
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable - TVA - Purchased Power	$ 25,653,984.86	$ 42,860,447.68
Accounts Payable - Vouchers	173,965.90	99,337.71
Accounts Payable - Other	1,771,517.86	1,424,037.43
Customer Deposits	6,383,690.00	6,146,735.00
Interest Accrued on Customer Deposits	1,565,634.07	1,466,631.28
Accrued Taxes and Tax Equivalents	3,789,575.13	3,801,085.94
Accrued Vacation	1,002,928.91	1,002,928.91
Other Current and Accrued Liabilities	716,916.89	614,589.25
Total Current and Accrued Liabilities	$ 41,058,213.62	$ 57,415,693.20
DEFERRED CREDITS		
Sick Leave Compensation	$ 1,788,174.31	$ 1,758,133.30
Supplemental Pension Benefits	114,213.07	14,984.15
Other Deferred Credits	545,672.12	349,693.08
Total Deferred Credits	$ 2,448,059.50	$ 2,122,810.53
TOTAL LIABILITIES AND OTHER CREDITS	$ 261,557,995.79	$ 270,512,073.60

	CURRENT MONTH	FISCAL YEAR TO DATE THIS YEAR	FISCAL YEAR TO DATE LAST YEAR
OPERATING REVENUE			
Electric Sales			
Residential	$ 13,960,277.23	$ 78,737,598.64	$ 70,700,183.61
Small Commercial and Power	2,051,925.69	14,491,052.57	13,197,954.41
Large Commercial and Power	13,213,005.59	94,289,532.58	87,794,273.88
Outdoor Lighting	392,013.75	2,722,556.80	2,570,401.91
Total Billed Electric Sales	$ 29,617,222.26	$ 190,240,740.59	$ 174,262,813.81
Change in Unbilled Electric Sales	(1,941,171.00)	1,626,189.00	1,807,106.00
Total Electric Sales	$ 27,676,051.26	$ 191,866,929.59	$ 176,069,919.81
Other Electric Revenue			
Payments in Excess of Net Rates	$ 218,437.31	$ 1,224,498.51	$ 1,201,826.13
Miscellaneous Service Revenue	59,111.91	432,260.38	410,294.06
Rent from Electric Property	169,772.34	892,910.29	944,273.00
Miscellaneous Electric Revenue	848.14	5,361.95	6,391.37
Total Other Electric Revenue	$ 448,169.70	$ 2,555,031.13	$ 2,562,784.56
Total Operating Revenue	$ 28,124,220.96	$ 194,421,960.72	$ 178,632,704.37
OPERATING EXPENSES			
Purchased Power	$ 22,697,121.50	$ 154,543,889.15	$ 145,000,689.13
Transmission	$ 81,292.57	$ 593,758.15	$ 581,226.44
Distribution	1,411,688.65	10,067,663.08	9,549,262.49
Customer Accounts	521,960.39	3,494,033.13	3,460,892.38
Customer Assistance	109,797.58	612,106.35	890,144.18
Marketing	34,049.83	446,377.90	426,132.93
Administrative and General	947,631.05	6,316,719.36	5,927,347.98
Operating Exp. Excl. Purchased Power	$ 3,106,420.07	$ 21,530,657.97	$ 20,835,006.40
Operating Exp. Incl. Purchased Power	$ 25,803,541.57	$ 176,074,547.12	$ 165,835,695.53
Depreciation	838,389.93	5,819,759.58	5,611,430.41
Property Tax Equivalents	546,411.88	3,819,201.06	3,840,828.25
Social Security and Other Taxes	96,493.08	723,503.60	703,442.83
Total Operating Expenses	$ 27,284,836.46	$ 186,437,011.36	$ 175,991,397.02
Operating Income	$ 839,384.50	$ 7,984,949.36	$ 2,641,307.35
OTHER INCOME			
Interest Income on Invested Funds	$ 173,235.71	$ 1,142,332.33	$ 994,592.15
Other	586.67	904.71	346.56
Total Other Income	$ 173,822.38	$ 1,143,237.04	$ 994,938.71
OTHER DEDUCTIONS			
Interest Expense	$ 26,068.68	$ 180,766.84	$ 172,194.35
Other	-	-	-
Total Other Deductions	$ 26,068.68	$ 180,766.84	$ 172,194.35
Net Income	$ 987,138.20	$ 8,947,419.56	$ 3,464,051.71

EXHIBIT HED — 2

EXHIBIT A

Harold E. DePriest, President and Chief Executive Officer

Harold E. DePriest, an electrical engineer who began his career at the Electric Power Board of Chattanooga in 1971 as a Junior Engineer, became its General Manager on October 1, 1996. He succeeded Kenneth S. Baxter, becoming the sixth General Manager in EPB history. Shortly after his appointment, Mr. DePriest's title was changed to President and Chief Executive Officer in keeping with similar leadership positions in the business community.

Mr. DePriest worked in EPB's Engineering Division for 13 years, advancing in 1977 to Superintendent of the Underground Engineering Department. He was promoted to Manager of the General Services Division in 1984 and became Operating Division Manager in 1986. On May 20, 1996, he was appointed Assistant General Manager.

While Mr. DePriest was Manager of the Operating Division, which installs, operates, and maintains EPB's electric system, he focused on finding ways to increase the reliability of the system and to shorten the response time when power outages occur. He led the division efforts to restore service following the Blizzard of 1993, the Ice Storm of 1994, Hurricane Opal in 1995, and the Ice Storm of 1996.

A native of Linden, Tennessee, Mr. DePriest graduated with honors from Tennessee Technological University in Cookeville with a degree in Electrical Engineering and he obtained an MBA degree from the University of Tennessee at Chattanooga. He is a member of the Rotary Club and serves on the boards of the Chamber of Commerce, the Southeastern Industrial Development Association, the United Way, and RiverValley Partners.

Ronald N. Fugatt, Executive Vice President

Ronald N. Fugatt, an electrical engineer, who began his career at the Electric Power Board in 1968 as an Assistant Engineer, became Executive Vice President on September 1, 1997.

Mr. Fugatt worked in EPB's Operating Division for 18 years, advancing to Manager of that division in 1979. In 1986 he was named Manager of the General Services Division and in 1989 became Manager of the Engineering Division and in December 1996 his title was changed to Vice President, Engineering.

During Mr. Fugatt's career he has been instrumental in moving EPB into new opportunities, having developed the first computer-based Supervisor Control and Data Acquisition System for EPB and outlined a new protection scheme that led to significant improvements in outage reduction and improvement in customer service. As Manager of Engineering, Mr. Fugatt oversaw the development of Customer

EXHIBIT A

Service policies and the design of rates in addition to the provisioning of electric service to 150,000 customers.

A native of Hixson, Tennessee, Mr. Fugatt graduated with High Honors from the University of Tennessee at Knoxville with a degree in Electrical Engineering and he is a registered professional engineer in Tennessee. He is a member of the Hixson Kiwanis Club and he serves on the Board of the A.I.M. Center, a mental health advocacy group.

Stephen W. Lawrence, Vice President, Engineering

Steve Lawrence, an electrical engineer who began his career at EPB as a Junior Engineer in 1970, became Vice President, Engineering on September 1, 1997.

Mr. Lawrence has worked continuously in EPB's Engineering Division advancing to Manager of Planning and Network Department prior to his appointment as Vice President, Engineering.

During Mr. Lawrence's career he has been instrumental in developing mainframe computer programs for work order design, work scheduling, and plant record accounting. Additionally, Mr. Lawrence oversaw the provisioning of overhead facilities. Prior to becoming Vice President, Engineering, he oversaw the planning function of the electric system and the development of EPB's underground network.

A native of Watertown, Tennessee Mr. Lawrence graduated from Tennessee Technological University in Cookeville with a degree in Electrical Engineering.

Rose M. Baxter, Vice President, Accounting

Rose M. Baxter, an accountant, began her career with the Electric Power Board of Chattanooga in 1972 as an accountant in the Finance Division. Mrs. Baxter has worked her entire career in EPB's Finance Division, advancing from Accountant to Manager of the Division in 1993. Her title was changed to Vice President, Finance in December 1996.

During Mrs. Baxter's years here at EPB, she has been responsible for the General Accounting function as well as for cash management of EPB funds. In addition to these responsibilities she serves as Secretary-Controller of the Electric Power Board.

Mrs. Baxter is a native of Chattanooga; graduated from the University of Tennessee at Chattanooga with a degree in Business Administration. She is a Certified Public Accountant in Tennessee -- earned her certificate in 1971. Mrs. Baxter is a member of the Kiwanis Club of Chattanooga.

EXHIBIT A

Jackson L. Case, III, Vice President, Operating Division

Mr. Case, an electrical engineer, began his career with the Electric Power Board of Chattanooga in 1967 as a Junior Engineer in the Operating Division. He served as Manager of the System Operating Department and then the Overhead Line Department before being promoted to Vice President, Operating Division in May 1996.

Throughout his career in this division, Mr. Case has been responsible for outside electric plant construction, maintenance, and operations. Construction includes the installation of facilities necessary to connect all new electric customers. Mr. Case oversaw the installation of EPB's fiber loop when it was installed in 1996.

A native of Chattanooga, Mr. Case graduated from the University of Tennessee at Knoxville with a degree in Electrical Engineering. He is a member of the Chattanooga Civitan Club.

Steve L. Clark, Vice President, General Services Division

Steve Clark, an Electrical Engineer, began his career at EPB in 1975 as a Junior Engineer in the Engineering Division. He transferred to the Operating Division in 1982 and became the Superintendent of System Operating in 1992. He was named Vice President, General Services in 1997.

As Vice President of General Services, Mr. Clark is responsible for EPB's communication needs both wire and wireless. EPB owns and is responsible for maintaining a complex PBX switch and a two-way radio and microwave system.

In System Operating Mr. Clark was responsible for the implementation and operation of a sophisticated service restoration system and developed an outage reporting system that is used to analyze system conditions to determine reliability statistics and to establish maintenance priorities.

A native of Chattanooga, Mr. Clark graduated from Tennessee Technological University, Cookeville with a degree in Electrical Engineering. He is past president and member of the executive committee for the Chattanooga Electric League and is an officer of the Chattanooga Chapter of the International Association of Electrical Inspectors. He has also served on the Board of Directors of the North River YMCA.

EXHIBIT A

Richard L. Garner, Vice President, Pricing and Policy Development

Richard L. Garner, also an electrical engineer, began his career at EPB in 1958 as a Junior Engineer in the Engineering Division. Mr. Garner worked in that division for 31 years, advancing to the position of Manager of the division in 1983. In 1989 he was named Manager of the General Services Division -- title was changed in December 1996 to Vice President, General Services. In November 1997 Mr. Garner became Vice President, Pricing and Policy Development.

As Vice President, Pricing and Policy Development, Mr. Garner is responsible for developing and coordinating the pricing and policies for electric service and for coordinating these with changes to the electric industry (restructuring) that is being debated.

As Vice President, General Services, Mr. Garner was responsible for EPB's communication needs both wire and wireless. EPB owns and is responsible for maintaining a complex PBX switch, and a complex two-way radio and microwave system.

In Engineering, Mr. Garner was responsible for the enhancement of EPB's Service Restoration System, which enables EPB to respond quickly and to manage small and catastrophic system disturbances and subsequent customer outages.

Reared in Lafollette, Tennessee, Mr. Garner graduated from the University of Tennessee at Knoxville with a degree in Electrical Engineering. He is a member of the Brainerd Kiwanis Club.

W. PRESTON SUGGS, Vice President, Customer Services

W. Preston Suggs, a Certified Public Accountant, began his career with the Electric Power Board of Chattanooga, as an accountant in 1977. He served as Manager of Cash Management prior to his being promoted to Vice President, Customer Services in October 1997.

Mr. Suggs is responsible for Customer Revenue which includes Marketing, Billing, and Collecting sections as well as Customer Service, which includes EPB's Customer Information Center. Mr. Suggs is also familiar with EPB's finances due to his years of experience in Cash Management.

A native of Rossville, Georgia (a community which adjoins Chattanooga), Mr. Suggs is a graduate of the University of Georgia. For the past five year Mr. Suggs has been a representative on The

Metropolitan Planning Organization; a group that deals with transportation issues within the Chattanooga metropolitan area, including communities in North Georgia.

EXHIBIT HED — 3

REQUEST FOR PROPOSAL
FOR
THE DEVELOPMENT OF A LOCAL TELEPHONY NETWORK
INCLUDING
SWITCHING, BILLING/CUSTOMER SERVICE
THE UTILIZATION OF EXCESS NETWORK CAPACITY
FOR
THE ELECTRIC POWER BOARD OF CHATTANOOGA

The Electric Power Board of Chattanooga (sometimes "EPB") is a Board of the City of Chattanooga, a Tennessee municipal corporation, and is charged by state law with the exclusive control and management of the electric distribution system serving the greater Chattanooga area EPB is requesting proposals from qualified telecommunications providers to assist and perhaps participate in a contractual arrangement with EPB in 1) the purchase and/or lease of telephone digital switching capacity, 2) the provision and necessary training required to supply EPB with a telephone billing/ customer service capability for telephony services, and/or 3) the further development of a fiber optic network and related electronics as part of its distribution/transport system

Introduction

Independently, through a business contractual arrangement and/or through a professional services arrangement, EPB is exploring entry into the local telephony and telecommunications market as a facilities-based competitive local exchange carrier (CLEC) Through its present and future developed fiber optic network EPB anticipates that it will provide new services, telecommunications, electric and otherwise, for its residential, commercial and industrial customers

EPB believes that fiber optic capabilities present now and in the future provide the foundation for an advanced telecommunications network that will bring definable and sustainable benefits to its customer base in and around Chattanooga These benefits include the provision of certain telecommunications services such as state of the art residential and business local dialtone services, long distance services, and switched and dedicated data transport services, along with the capability for remote load control, switching and related services for its electric distribution system

Objectives

EPB has determined that it may purchase and install or otherwise contract for the construction of an expansion of its present fiber optic network in its designated power space located on utility poles, in its conduit and underground facilities, or in a combination of both EPB is considering that it will own and control further development of its fiber optic network EPB may or may not intend to own the electronic equipment necessary to transmit or distribute non-EPB electronic media that will utilize the fibers EPB foresees that its excess fiber optic capacity will be available to prospective users on a non-exclusive basis so as to encourage broader utilization of the fiber optic technologies for the benefit of the citizens, businesses, and educational and public institutions of the greater Chattanooga area

EPB further has determined that as part of operations as a CLEC, it may be beneficial to purchase and install, or lease in whole or in part, a digital switching facility for the completion of local and toll calls. The purchase and installation of a digital switch would be anticipated to be located within the EPB franchised operating territory Leased switch capacity is not required to be located within EPB territory However, EPB is also willing to explore the option of leasing switching capacity located in its operating territory with the option of eventually purchasing such facilities from the lessor.

EPB also has determined that it may require both billing and customer service capabilities in order to service new telephony customers By billing, EPB means a system that is capable of recording, rating, printing, mailing and collecting customer telephony bills for all services rendered. Such a billing system would have the capacity to perform ancillary billing functions such as Carrier Access Billing (CABs), operator service billing, credit card billing, directory assistance billing, and all normal billing functions performed by a telephone company By customer service, EPB means those functions required to handle customer applications, inquiries, maintenance and service orders Such functions include handling customer application for new service, handling customer inquiries about services and billing, adding, modifying or terminating certain services at customer locations, and general customer service and maintenance EPB would prefer that the customer service and maintenance functions ultimately be handled using EPB personnel, but is willing to consider proposals that include using non-EPB personnel

EPB will consider the following responses to this RFP 1) A single proposal including switching, fiber/electronics, business and billing/customer service through either a contractual arrangement or professional services agreement, 2) A business arrangement for switch provisioning and maintenance or a leased switching arrangement separate from the billing/customer service and fiber/electronics solutions, and 3) a billing and customer service business arrangement or professional services arrangement separate from the switching and fiber/electronics proposal

Scope of the Project

The proposals sought under this request are limited to those that address EPB's interest in building or leasing switching capacity, creating either an in-house or out-sourced billing and customer service function, and addressing the utilization of an EPB owned and installed fiber network including the necessary electronic equipment to serve the greater Chattanooga area Please note, however, that this is not a solicitation for a material and labor bid to install a fiber optic network for EPB EPB will seek material and labor bids, if necessary, in a subsequent request for proposal

Considerations

Switching

EPB is willing to consider a variety of options or business arrangements for the delivery of switching capacity for the purposes of providing local dial-tone and toll switching for customers in Chattanooga EPB would consider, but does not limit responses to, the following solutions

1 An arrangement whereby under contract a vendor would provide and maintain a switch with EPB to own either all or a proportional share of the switch and receive all or a proportional share of revenues derived from the operation of the switch

2 An arrangement whereby the Proposer provides switching minutes for EPB from a switch already in existence and in operation or capable of being placed in operation

3. An arrangement whereby a switch provider would build and operate a switch within EPB's operating territory and lease the switching capacity to EPB for a fixed periodic sum

Billing and Customer Service

EPB is willing to consider a variety of options for the provision of billing and customer service Any proposal should offer these services on an integrated basis so that customer service procedures such as service orders will be fully compatible with the billing software and procedures used The integrated billing and customer service must have the capability to handle the full range of normal telephony products including local dial-tone, toll service, calling cards, 800 service and other such offerings EPB would consider, but does not limit responses to, the following proposals.

1 A fully out-sourced proposal whereby a contractor or vendor would provide all billing and provide all customer service functions at its location EPB encourages Proposers to include an option that would allow a transition of part or all of such work to EPB in-house personnel over time

2. An out-sourced proposal for billing whereby the contractor or vendor would perform all billing functions and EPB would utilize an in-house customer service function for telephony

Fiber Optic Network and Electronics

EPB is willing to consider a number of options from a contractor or vendor for the expanded development of a fiber optic cable network and related electronic equipment, for the purposes of providing voice and data transport for customers in and around Chattanooga EPB would consider, but does not limit responses to, the following solutions

1 A contractual arrangement with EPB in the further development of the fiber optic network and/or the necessary electronic equipment to fully operate the network for telephone and telecommunications purposes

2 A contractual arrangement under which EPB and an additional entity or entities share experience, costs and income of the expanded network on some proportionate basis

REQUEST FOR PROPOSALS PROCESS

General

Interested proposers shall provide to EPB in written form a general proposal for the scope of services to be rendered Ten (10) copies of the proposal shall be submitted All proposals shall be submitted in a sealed box or envelope marked "Proposals - EPB Telephony Network" so that they are received no later than 5.00 P M. (EDT) on the eighth day of September, 1997 Proposals are to be sent in care of

Mr. Ronald N Fugatt
Vice President - Engineering
Electric Power Board of Chattanooga
P.O. Box 182255
Chattanooga, Tennessee 37422-7255

Hand delivery may be accomplished at the Engineering Division offices

EPB Engineering Division
1400 Oak Street
Chattanooga, Tennessee 37404

Neither EPB nor its officers, representatives, employees, agents or attorneys shall be responsible for loss or non-arrival of proposals While it is not the intent of EPB to disclose the responses to the Request for Proposal, since EPB is a board of a Tennessee municipal corporation, confidentiality of proposals cannot be assured Any proposal submitted under a strict condition of confidentiality or unconditional non-disclosure will be rejected and returned to the Proposer

Documentation Provided For Proposal

As part of this Request for Proposal, EPB has provided a copy of its service area map as an attachment Requests for additional documentation will be considered on a case-by-case basis upon request to EPB's Vice President-Engineering at the address shown above Proposers may be charged the costs of reproduction for any additional information

Formal Presentations

After reviewing each proposal submitted, EPB may request that one or more of the proposers make a formal presentation of its proposal prior to selection of the successful proposer or proposers Such presentation shall be made to selected employees of EPB and others EPB deems necessary to be present While EPB reserves the right to entertain formal presentations at any location, it is likely that any formal presentations will be made in Chattanooga, Tennessee

Supplemental Presentations

Depending upon the scope of information provided by proposer, the qualifications and experience of proposer, and proposer's views or recommendations on the scope of work to achieve the results desired by EPB, EPB may modify its Request for Proposal and invite a second round of submissions by certain proposers for a more detailed proposal and may request additional interviews

The proposal shall be in three parts

1 Technical Proposal and Business Plan,
2 Business Arrangement Proposal
3 Additional Information

Technical Proposal and Business Plan

The proposer shall provide a general plan of the scope of work recommended for the particular switching, billing/customer service and/or fiber network/electronics solution(s) The general plan may be suggested in phases, identifying the priority of each phase Proposers may suggest a plan different from that requested in this Request for Proposal, if it is believed that there is one that is more beneficial to the present and future operations of EPB and its customers In such an event, the proposer may also elect to submit an additional and optional recommendation for the scope of work required

The proposal shall include the estimated costs for completion of the scope of work required to implement the technical proposal and business plan of the proposer Additionally, the proposal shall provide a schedule for the completion of the scope of work to be provided

Proposers presenting an alternative business plan shall provide a description of the proposer's business plan, (1) giving specific attention to the development of the Chattanooga area, (2) describing the services and geographic areas the provider intends to provide and serve, (3) providing costs for the execution of the business plan, and (4) providing a timetable for the execution of the business plan

Business Arrangement Proposal

The proposal shall include sufficient information detailing the essential terms and conditions of such an arrangement These terms and conditions shall include, but are not limited to, the proposed financial arrangements between the parties, the term of the arrangement, the scope of the arrangement and services to be provided by each party

Because it is a board of a municipal corporation, EPB cannot entertain a joint venture under which it would own stock jointly with a private person. However, EPB will entertain contractual business arrangements under which income is shared on a proportional basis with the other parties to the contract considering the various contributions made by the respective parties

Additional Information

The proposer shall supply in detail the following information

1 A brief history of proposer's company or firm, including organizational information, a list of any corporations or individuals owing more than a ten percent (10%) ownership interest in proposer's company or firm, and a list of any other company or in of which proposer owns more than a ten percent (10%) ownership interest,

2. Financial statements for the past three (3) fiscal years and the most recent interim financial statement (if available);

3 A description of proposer's past and present responsibility and success with various similar or related projects, including references, and

4 A statement of proposer's historical and current business ties to the Chattanooga area and, if any, a list of any local business references, the nature of the relationship, and the duration of such relationship

Final Decision of EPB

EPB reserves the right, after opening the proposals or at any other point during this process (1) to reject any or all proposals, (2) to modify or postpone the engagement of services, (3) to accept one or more proposals that in EPB's sole judgment, are in the best interest of EPB and its customers, or (4) to select no proposal at all All proposers assume all costs and risks associated with any submission or rejection of a proposal

In its review of proposals, EPB will consider the following criteria.

1 The scope of the proposed solution, including without limitation

A The geographic scope of the proposal, including specific development of the Chattanooga area,

B. The scope of services the provider intends to offer to customers,

C The costs for the execution of the proposal,

D The timing for the execution of the proposal

2 The essential terms of the business arrangement or professional services arrangement between the proposer and EPB including, without limitation

A. The scope of services to be provided to EPB

B. The terms and conditions of the proposed relationship

C The expected revenue to be received by EPB from the proposed relationship

D Costs and/or capital expenditures required by EPB

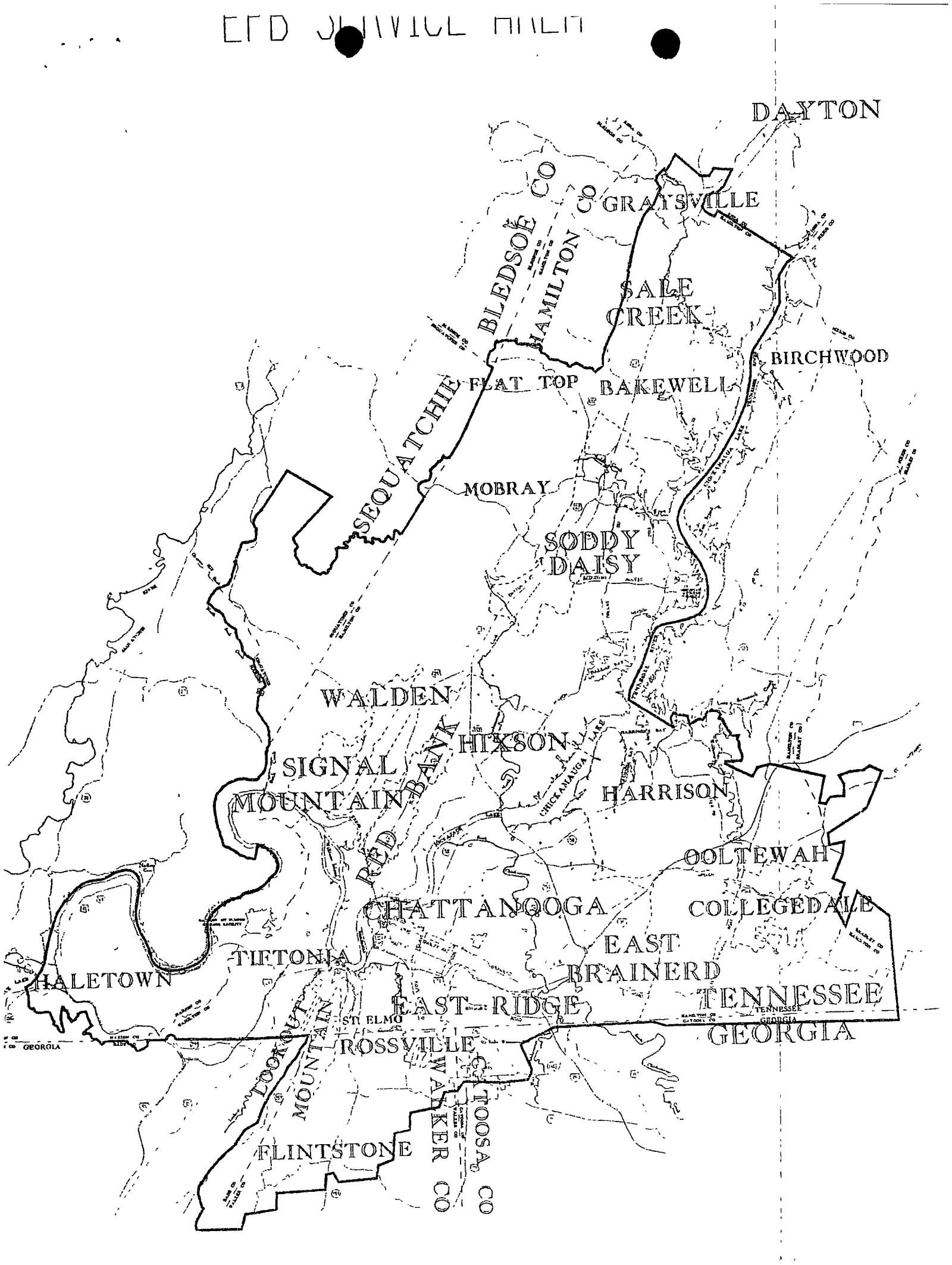
3 The benefits that are expected to accrue to the citizens, businesses, and educational and public institutions of the greater Chattanooga area

4. The specific qualifications of the proposer, including but not limited to

A The experience and success of the proposer in related ventures

B The history of the proposer's company or firm, and its ties with the local Chattanooga business and residential customer marketplace

SERVICE AREA MAP


DAYTON
GRAYSVILLE
SALE CREEK
BIRCHWOOD
FLAT TOP
BAKEWELL
MOBRAY
SODDY DAISY
WALDEN
HIXSON
SIGNAL MOUNTAIN
RED BANK
HARRISON
OOLTEWAH
CHATTANOOGA
COLLEGEDALE
EAST BRAINERD
TIFTONIA
HALETOWN
EAST RIDGE
TENNESSEE
GEORGIA
ST. ELMO
ROSSVILLE
FLINTSTONE
SEQUATCHIE CO
BLEDSOE CO
HAMILTON CO
LOOKOUT MOUNTAIN
WALKER CO
TOOSA CO

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC POWER BOARD OF CHATTANOOGA FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES	)	Docket No. 97-07488

DIRECT TESTIMONY OF RONALD N. FUGATT, EXECUTIVE VICE PRESENT OF THE ELECTRIC POWER BOARD OF CHATTANOOGA

FILED ON BEHALF OF
THE ELECTRIC POWER BOARD OF CHATTANOOGA

February 26, 1998

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Ronald N. Fugatt, and I am the Executive Vice President of the Electric Power Board of Chattanooga ("Electric Power Board"). My business address is P.O. Box 182255, Chattanooga, Tennessee 37422-7255.

Q. PLEASE DESCRIBE YOUR POSITION AND BACKGROUND.

A. The position of Executive Vice President is the second highest ranking employee of the Electric Power Board, and I report directly to the President and Chief Executive Officer. I am an electrical engineer, and I began my career with the Electric Power Board in 1968 as Assistant Engineer. I worked in the Electric Power Board's Operating Division for 18 years, advancing to Manager of that Division in 1979. In 1986, I was named Manager of the General Services Division, and in 1989, I was named Manager of the Engineering Division. In December, 1996, my title was changed to Vice President, Engineering, and on September 1, 1997, I was promoted to Executive Vice President of the Electric Power Board. I received my Bachelor of Science in Electrical Engineering from the University of Tennessee at Knoxville, graduating with High Honors, and I am a registered professional engineer.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE REGULATORY AUTHORITY?

A. No. This is my first opportunity to testify before the Tennessee Regulatory Authority. I have, however, been involved in the regulatory process of the Tennessee Valley

Authority relating to the Electric Power Board's electric system operations.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to furnish the Tennessee Regulatory Authority with testimony in support of the Electric Power Board's Application for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services (the "Application"), which was filed on October 21, 1997. In my testimony, I will furnish information concerning the existing fiber optics facilities and will demonstrate that the Electric Power Board possesses sufficient technical abilities to provide the applied-for services.

Q. WHAT FACILITIES DOES THE ELECTRIC POWER BOARD CURRENTLY POSSESS THAT COULD BE USED FOR ITS TELECOMMUNICATIONS DIVISION?

A. The Electric Power Board has installed under my direction a fiber optic loop consisting of 96 fibers. Some of these fibers can be made available to the Telecommunications Division and can serve as a backbone for the Electric Power Board's telecommunications network.

Q. PLEASE EXPLAIN THE ELECTRIC POWER BOARD'S NEED FOR A FIBER OPTIC NETWORK AND ITS CURRENT AND FUTURE USES.

A. The Electric Power Board has substantial need for efficient, high speed and reliable data communications to monitor and

control its electrical distribution system. It is imperative for the Electric Power Board to be able to provide reliable protective relaying for its high voltage transmission lines, to monitor and control its substations and to enhance the existing data communications between components of its electrical distribution system. The fiber optic network to some extent has furnished that capability.

Q. EXPLAIN THE NEED FOR USE OF FIBER OPTICS FOR PROTECTIVE RELAYING.

A. Protective relaying consists of a series of pairs of sensing devices and circuit breakers on the Electric Power Board's 46 Kv transmission lines. The sensing devices communicate with each other to determine whether there is a fault or other disturbance between them. Sensing a fault, the protective relays will open the circuit breakers thereby protecting the lines. A fiber optic communication between the protective relays is much more reliable than a telephone line, which often has noise on the line caused by lightning or the power fault itself.

Q. PLEASE DESCRIBE THE ELECTRIC POWER BOARD'S SCADA AND OTHER DATA COMMUNICATIONS SYSTEMS AND THEIR RELATION TO THE FIBER OPTIC NETWORK.

A. Since 1947, the Electric Power Board has had a Supervisory Control and Data Acquisition ("SCADA") system, which provides for remote control and monitoring functions for the Electric

Power Board's electrical distribution system. The SCADA system employs both microwave radio and land lines in its operations, and the Electric Power Board is upgrading its SCADA system to state-of-the-art technology. The fiber optic network will add reliability and efficiency to the SCADA system. The Electric Power Board has been responsible for developing and installing its own local area computer network ("LAN"), which is spread across several buildings several miles apart. With the fiber optic network, the Electric Power Board has established efficient and reliable data communications between its buildings for its computer LAN.

Q. WHAT ADDITIONAL BENEFIT DOES THE ELECTRIC POWER BOARD FORESEE FROM ITS FIBER OPTIC NETWORK?

A. With the fiber optic network, the Electric Power Board may be capable of offering a variety of electric service pricing options, such as real-time pricing, and other energy information services. These additional energy information services now or in the future will include customer monitoring of electricity usage, load control (such as remote control of appliances), system monitoring, (such as outage notification and tamper or theft detection), remote service connection and disconnection, automated or remote meter reading, interactive billing, customer services, and other communications between the customer and the Electric Power Board.

Q. WHAT EXPERTISE IN TELECOMMUNICATIONS HAS THE ELECTRIC POWER BOARD DEVELOPED IN OPERATING ITS ELECTRICAL DISTRIBUTION SYSTEM?

A. A smooth running, efficient electric distribution system is dependent upon smooth running and efficient communications between the components of the system. The Electric Power Board has developed expertise in operating and maintaining this internal communication system and has developed additional expertise in installing and operating the fiber optics loop.

Q. DOES THE ELECTRIC POWER BOARD NEED ADDITIONAL ASSISTANCE IN DEVELOPING A FACILITIES-BASED TELEPHONE BUSINESS AS A COMPETING LOCAL EXCHANGE PROVIDER?

A. Yes. To supplement the Electric Power Board's existing technical abilities, the Electric Power Board has retained the services of Competitive Communications Group, a telecommunications consulting group comprised primarily of consultants formerly associated with John Starulakis, Inc., Competitive Communications Group has agreed to provide necessary support to the Electric Power Board in telecommunications-specific managerial matters. From a technical perspective, the Electric Power Board will utilize Competitive Communications Group and other consultants, as needed, to assist the Electric Power Board with engineering aspects of system design and in building upon the Electric Power Board's skill base for electric system telecommunications applications to apply this

experience to telecommunications applications of a competitive local exchange carrier.

Q. WILL THE ELECTRIC POWER BOARD RELY UPON ANY OTHER OUTSIDE ASSISTANCE?

A. Yes. The Electric Power Board realizes that it is faced with a substantial learning curve before it can provide local exchange telephone service to the standards it will require of itself. Accordingly, it will need to acquire and purchase such expertise in three crucial areas:

First, as a part of purchasing or leasing telephone switching capacity, the Electric Power Board will contract with a telecommunications vendor who will furnish the technical assistance and expertise for the operation of the switch and for the development, installation and operation of the local telephone network.

Second, although the Electric Power Board operates a very efficient billing system for its electrical customers mailing in excess of 150,000 statements each month, there are significant differences required for a billing system for a local telephone exchange provider. The Electric Power Board will initially contract with a telecommunications provider with the requisite expertise, software and hardware to provide the Electric Power Board with a high quality telecommunications billing system.

Third, although the Electric Power Board is proud of its Customer Service Department and its approximately 30 customer service representatives who competently service its electric service customers, the Electric Power Board realizes that customer service will be a crucial ingredient for the Telecommunications Division. Accordingly, it will contract with a telecommunications provider to train customer service representatives for its Telecommunications Division.

Q. WHAT STEPS HAS THE ELECTRIC POWER BOARD TAKEN TO ACQUIRE SUCH ASSISTANCE?

A. The Electric Power Board has solicited requests for proposals from telecommunications providers and is currently negotiating with a qualified telecommunications provider to furnish the Electric Power Board with these services, training and expertise.

Q. WHERE WILL THE ELECTRIC POWER BOARD PHYSICALLY LOCATE THE TELECOMMUNICATIONS DIVISION OPERATIONS?

A. The Electric Power Board's downtown headquarters located between Market and Cherry Streets actually is two buildings. The building running along Cherry Street was built by the Electric Power Board while the building facing Market Street and running along Sixth Street was constructed by the Tennessee Electric Power Company, which was acquired by TVA after it came into existence and more recently was purchased by the Electric Power Board from TVA after TVA consolidated

their office space in their Chattanooga complex. Certain floors of that building have not been occupied since TVA moved out and would be an ideal location for the Telecommunications Division operations.

Q. PLEASE DESCRIBE TECHNICAL ACCOMPLISHMENTS OF THE ELECTRIC POWER BOARD IN THE OPERATION OF ITS ELECTRIC SYSTEM THAT THE AUTHORITY SHOULD CONSIDER IN ASSESSING THE ELECTRIC POWER BOARD'S TECHNICAL ABILITIES.

A. The Electric Power Board has been a leader in innovation and in applying technology to increase efficiencies, but more importantly to improve the services provided to our customers. As mentioned earlier, the Electric Power Board installed its first SCADA unit in 1947. In 1970 the Electric Power Board became one of the first municipal systems in the country to upgrade the SCADA system and to use a computer to monitor and report data. That system was expanded and for about the last 20 years has provided vital information about station operations that detect outages caused by substation breaker operation the instant they occur. This usually means dispatching a repairman before a customer has the time to report an outage. This 20-year old system is currently undergoing an upgrade which is without question state of the art.

Beginning in 1978, with significant enhancements in 1981, the Electric Power Board developed a service restoration system using system facility and customer information that many

utilities would desire to have today. This system makes it possible to match customer outage calls with system facilities, greatly enhancing the Electric Power Board's capability to restore service quickly and efficiently. During a System disturbance, such as the Blizzard of 1993, the Service restoration system, developed in-house by the Electric Power Board, has made possible service restoration that would have otherwise taken one-to-two days longer without this system which allows the Electric Power Board's mainframe computer to manage all customer calls and permits the Electric Power Board to call customers back to verify that service has indeed been restored.

Beginning in the mid 1980's, the Electric Power Board recognized that its customers were using more and more micro computer equipment that was more sensitive to even momentary (less than one second) outages. The Electric Power Board's engineering and operating personnel developed a method to reduce outages and after its implementation, the number of momentary outages is one-fifth fewer than what they were before. As a part of this improvement, the Electric Power Board developed an outage reporting system that tracks all outages and reports those of threshold frequencies so that further improvement can be implemented. This system can produce by customer a complete history of that customer's outages. I might add that several utilities in Tennessee and

Alabama have used the Electric Power Board's methods to reduce outages with the same results.

The last development on which I would like to elaborate, but by no means the last that could be mentioned, is the Electric Power Board's Graphics Information System. The Electric Power Board has been recognized statewide for its Graphics Information System which was developed in late-1980. All of the Electric Power Board's electric distribution facilities are mapped along with the land data. This system also enhances the Electric Power Board's ability to respond to customer service interruptions.

Q. HOW DOES THIS INFORMATION ABOUT ACCOMPLISHMENTS ON THE ELECTRIC SYSTEM RELATE TO TELECOMMUNICATIONS?

A. The same, or similar, systems will be used to map, monitor, and track the operations of the telecommunication operation. All the systems which have been put in place by the Electric Power Board came from the desire to use our technical expertise to improve services to our electric customers. These improvements were not mandated by a regulatory authority, but only by the Electric Power Board sensing what its customers desired.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

Dennis P. McNamee, Esquire
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Guy M. Hicks, General Counsel
BellSouth Communications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300

Val Sanford, Esquire
Gullett, Sanford, Robinson & Martin
P.O. Box 198888
Nashville, Tennessee 37219-8888

James P. Lamoureux, Esquire
AT&T Communications of the South Central States, Inc.
1200 Peachtree Street N.E.
Room 4060
Atlanta, Georgia 30309

Charles B. Welch, Jr., Esquire
Farris, Mathews, Gilman, Branan & Hellen, P.L.C.
2400 Nashville City Center
511 Union Street
Nashville, Tennessee 37219

Vance L. Broemel, Esquire
Assistant Attorney General
Consumer Advocate Division
Cordell Hull Building
Second Floor
425 Fifth Avenue, North
Nashville, Tennessee 37243-0500

Henry Walker, Esquire
Attorney for ACSI & NextLink
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, Tennessee 37219

Dana Shaffer, Esquire
NextLink Tennessee, LLC
105 Malloy Street, Suite 300
Nashville, Tennessee 37201

Jon E. Hastings, Esquire
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, Tennessee 37219

Michael R. Knauff
Tennessee Power Company
4612 Maria Street
Chattanooga, Tennessee 37411

This 26th day of February, 1998.

Strang, Fletcher, Carriger, Walker
Hodge & Smith, PLLC

77589 02

BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC POWER BOARD OF CHATTANOOGA FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES	)	Docket No. 97-07488

DIRECT TESTIMONY OF ROSE M. BAXTER, VICE PRESIDENT OF ACCOUNTING OF THE ELECTRIC POWER BOARD OF CHATTANOOGA

FILED ON BEHALF OF
THE ELECTRIC POWER BOARD OF CHATTANOOGA

February 26, 1998

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Rose M. Baxter, and I am a Vice President of the Electric Power Board of Chattanooga ("Electric Power Board"). My business address is P.O. Box 182255, Chattanooga, Tennessee 37422-7255.

Q. PLEASE DESCRIBE YOUR POSITION AND BACKGROUND.

A. I am in charge of the Accounting Division of the Electric Power Board with principal responsibility for the accounting and financial reporting functions. In addition, I serve as Secretary to the Board. I graduated from the University of Chattanooga (which is now the University of Tennessee at Chattanooga) with a Bachelor of Science Degree in Business Administration. I am a licensed Certified Public Accountant obtaining my Tennessee certificate in 1971. In 1972 I was hired as an accountant in the Accounting Division of the Electric Power Board. The name of the Division has been changed over the years from Accounting to Finance and then back to Accounting. In 1993 I was promoted to Manager of the Division. My title was changed to Vice President in 1996.

Q. WHAT WILL BE YOUR RESPONSIBILITY FOR THE ACCOUNTING FOR THE TELECOMMUNICATIONS DIVISION?

A. It will be my primary responsibility to establish the chart of accounts and accounting functions for the Telecommunications Division and to implement the accounting system.

Q. WHAT STEPS HAVE YOU TAKEN SO FAR TO ESTABLISH SYSTEMS FOR THE TELECOMMUNICATIONS DIVISION?

A. I, along with other staff members, have met with a CPA from the Competitive Communications Group to discuss procedures that will allow the telecommunications accounting transactions to be separated from the electric system accounting transactions. Through these procedures telecommunications expenses will be accounted for separately from electric system expenses even though the same resources will be used by both. We have developed a preliminary chart of accounts for the telecommunications accounting. A copy is attached as Exhibit RMB-1 to this Testimony. This chart of accounts uses the Federal Communications Commission's account numbers defined in the Uniform System of Accounts for Telecommunications Companies which is found in Title 47, Part 32 of the Code of Federal Regulations. When finalized, the chart of accounts will be entered into the Electric Power Board's GEAC general ledger system.

Q. WHAT IS THE GEAC SYSTEM?

A. The GEAC system is a mainframe software package that the Electric Power Board uses for the accumulation and reporting of its accounting data. Originally purchased from Management Science America (MSA) in 1974, the GEAC package is highly flexible and provides for the establishment of multiple accounting entities called "companies." Each company within the GEAC system represents a separate set of books comprised

of cost centers, account classes, account groups within classes, and account numbers that can be up to 18 digits in length. Using the GEAC features, the accounting system for the Electric Power Board's Telecommunications Division will be set up in a separately defined company with its own cost centers and chart of accounts for data accumulation and reporting. This chart of accounts will be comprised of the FCC account numbers that are presently being established for the Electric Power Board's telecommunications activities.

Q. HOW WILL THE ELECTRIC POWER BOARD SEPARATELY ACCOUNT FOR THE TELECOMMUNICATIONS TRANSACTIONS?

A. Although the telecommunications accounting transactions will originate in the Electric Power Board's electric accounting system, they will be uniquely identified through pre-defined account number ranges or through association with a cost center assigned to accumulate telecommunication accounting activity. At month-end, the transactions will be summarized and transferred to the appropriate FCC account numbers residing in the telecommunication company segment of the general ledger system. From the account balances within this segment, the telecommunication accounting records will be available for reporting and historical analysis. A balance sheet, income statement and statement of cash flows will be prepared each month from this data.

Q. WHAT HAS BEEN THE ELECTRIC POWER BOARD'S EXPERIENCE IN COST ACCOUNTING?

A. The Electric Power Board has been capturing expenses by cost centers for 23 years and has accumulated allocable costs in clearing accounts since its inception in 1939. Electric system expenses such as those for the operation and maintenance of vehicles, buildings, computers and information systems, and inventory storerooms are originally accounted for in clearing accounts and then transferred to appropriate Federal Energy Regulatory Commission accounts based upon an appropriate method of allocation. At all points within the data flow, expenses are associated with cost centers for management control and budgeting purposes. The numbers currently assigned to accounts, cost centers and work orders are structured to permit both detailed tracking of revenues and expenses and automated summarizations through roll-up processes. These techniques and others that are used for identifying and categorizing electric system transactions are being expanded to include telecommunications accounting activities.

Q. WHAT PROGRAMMING CHANGES WILL BE REQUIRED FOR THE GEAC SYSTEM?

A. Because the GEAC general ledger system already provides an existing framework for adding new account numbers and groupings within a separate company segment of the system, few programming modifications are needed. These changes are currently in progress with completion expected by May 1, 1998.

Within the GEAC system, the new telecommunications company has been set up and is ready for the entry of its unique structure of account classes and groups, the FCC account numbers and cost centers.

Q. HOW WILL TELECOMMUNICATION CONSTRUCTION WORK ORDERS BE IDENTIFIED?

A. Telecommunications work orders will be identified by a unique suffix within a specific range of numbers. These numeric suffixes are currently being established.

Q. HOW WILL THE PAYROLL INFORMATION BE HANDLED?

A. Telecommunication labor expenses will be accumulated in accounts within a unique range of numbers in the electric accounting system. At month-end these accounts will be zeroed by transferring their balances to the appropriate FCC accounts in the set of books for the telecommunications company. These numbers are currently being defined.

Q. HOW WILL MONTHLY AND FISCAL YEAR REPORTS BE GENERATED FOR THE TELECOMMUNICATIONS DIVISION?

A. The same methods currently used to produce electric system transaction listings, trial balances, and other accounting reports from the data in the GEAC general ledger will be used for telecommunications reporting. The existing reports are currently being modified to be printed for data residing in the new general ledger company for telecommunications.

Q. WHEN DO YOU ANTICIPATE THAT THE ACCOUNTING PROCEDURES WILL BE IN PLACE FOR THE TELECOMMUNICATIONS DIVISION?

A. Programming modifications, the establishment of the chart of accounts, and the assignment of numbers should all be completed on or before May 1, 1998.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing pleading on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

Dennis P. McNamee, Esquire
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Guy M. Hicks, General Counsel
BellSouth Communications, Inc.
333 Commerce Street
Suite 2101
Nashville, Tennessee 37201-3300

Val Sanford, Esquire
Gullett, Sanford, Robinson & Martin
P.O. Box 198888
Nashville, Tennessee 37219-8888

James P. Lamoureux, Esquire
AT&T Communications of the South Central States, Inc.
1200 Peachtree Street N.E.
Room 4060
Atlanta, Georgia 30309

Charles B. Welch, Jr., Esquire
Farris, Mathews, Gilman, Branan & Hellen, P.L.C.
2400 Nashville City Center
511 Union Street
Nashville, Tennessee 37219

Vance L. Broemel, Esquire
Assistant Attorney General
Consumer Advocate Division
Cordell Hull Building
Second Floor
425 Fifth Avenue, North
Nashville, Tennessee 37243-0500

Henry Walker, Esquire
Attorney for ACSI & NextLink
Boult, Cummings, Conners & Berry
P.O. Box 198062
Nashville, Tennessee 37219

Dana Shaffer, Esquire
NextLink Tennessee, LLC
105 Malloy Street, Suite 300
Nashville, Tennessee 37201

Jon E. Hastings, Esquire
Boult, Cummings, Conners & Berry
P. O. Box 198062
Nashville, Tennessee 37219

Michael R. Knauff
Tennessee Power Company
4612 Maria Street
Chattanooga, Tennessee 37411

This 26th day of February, 1998.

Strang, Fletcher, Carriger, Walker
Hodge & Smith, PLLC

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EXHIBIT RMB — 1

PRELIMINARY

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
CASH & EQUIVALENTS		
1130	01	CASH - GENERAL FUNDS
1130	02	TRANSFER OF FUNDS
1150	01	PETTY CASH
1150	02	CASH ADVANCES TO EMPLOYEES
1160	01	CASH INVESTMENTS - CD
ACCOUNTS RECEIVABLE		
1180	01	A/R - DUE FROM END USER CUSTOMER
1180	02	RESERVE FOR UNCOLL ACCOUNTS
1190	01	A/R - EPB
1190	02	A/R - SAVINGS/R&S - EMPLOYEE
1190	03	A/R - PAYROLL ADVANCE
1190	04	A/R GENERAL
1190	05	A/R - BELLSOUTH
1190	06	A/R - GLOBE
1190	07	A/R - IXC CABS BILLING
1200	01	NOTES RECEIVABLE
1210	01	ACCRUED INTEREST ON C D
1210	02	INTEREST RECEIVABLE - NOTES
MATERIALS		
1220	01	MATERIAL & SUPPLIES
PREPAYMENTS		
1290	01	PREPAID RENTS
1290	02	PREPAID RENTS - POLE ATTACHMENT
1310	01	PREPAID INSURANCE
1310	02	PREPAID IN LIEU OF TAXES
1320	01	DEFERRED CHARGES
OTHER CURRENT ASSETS		
1350	01	OTHER CURRENT ASSETS
NON-CURRENT ASSETS		
1439	01	OTHER DEFERRED CHARGES
1439	02	DEFERRED CHARGE - SICK LEAVE

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
PROPERTY, PLANT & EQUIPMENT		
2003	01	WORK UNDER CONSTRUCTION
2111	01	LAND
2112	01	MOTOR VEHICLES
2116	01	OTHER WORK EQUIPMENT
2116	02	SMALL TOOLS
2116	03	COE PORTABLE TEST
2121	01	BUILDINGS - CO SWITCHING
2121	02	BUILDINGS - ACCESS NODES
2122	01	OFFICE FURNITURE & FIXTURES
2123	01	OFFICE EQUIPMENT
2123	02	COMPANY TELEPHONE SYSTEM
2124	01	PERSONAL COMPUTERS
2124	02	COMPUTER - MAINFRAME
2124	03	CAPITALIZED SOFTWARE
2212	01	CENTRAL OFFICE SWITCH
2411	01	POLES
2421	01	AERIAL CABLE - COPPER
2421	02	AERIAL CABLE - FIBER
2422	01	UNDERGROUND CABLE - COPPER
2422	02	UNDERGROUND CABLE - FIBER
2423	01	BURIED CABLE - COPPER
2423	02	BURIED CABLE - FIBER
2441	01	CONDUIT
2690	01	ORGANIZATION
DEPRECIATION & AMORTIZATION RESERVES		
3100	01	DEPR RESERVE - MOTOR VEHICLES
3100	02	DEPR RESERVE - OTHER WORK EQUIP
3100	03	DEPR RESERVE - SMALL TOOLS
3100	04	DEPR RESERVE - COE PORTABLE TEST
3100	05	DEPR RESERVE - CO BUILDINGS
3100	06	DEPR RESERVE - ACCESS NODES
3100	07	DEPR RESERVE - FURNITURE
3100	08	DEPR RESERVE - OFFICE EQUIP
3100	09	DEPR RESERVE - TELEPHONE SYSTEM
3100	10	DEPR RESERVE - PERSONAL COMPUTERS
3100	11	DEPR RESERVE - MAINFRAME
3100	12	DEPR RESERVE - SOFTWARE
3100	13	DEPR RESERVE - SWITCH
3100	14	DEPR RESERVE - POLES
3100	15	DEPR RESERVE - AERIAL COPPER
3100	16	DEPR RESERVE - AERIAL FIBER
3100	17	DEPR RESERVE - UNDERGROUND COPPER
3100	18	DEPR RESERVE - UNDERGROUND FIBER
3100	19	DEPR RESERVE - BURIED COPPER
3100	20	DEPR RESERVE - BURIED FIBER
3100	21	DEPR RESERVE - CONDUIT
3500	01	AMORT RESERVE - ORGANIZATION

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
CURRENT LIABILITIES		
4010	01	ACCTS PAYABLE - VENDORS
4010	02	ACCTS PAYABLE - GLOBE
4010	03	ACCTS PAYABLE - BELLSOUTH
4010	04	ACCTS PAYABLE - TOLL PROVIDER
4010	05	ACCTS PAYABLE - FED EXCISE TAX
4010	06	ACCTS PAYABLE - SALES TAX
4010	07	ACCTS PAYABLE - 911 TAX
4010	08	ACCTS PAYABLE - TRS
4010	09	ACCTS PAYABLE - EPB
4010	10	MATURED INTEREST & DIVIDENDS
4010	11	MATURED LONG TERM DEBT
4020	01	NOTES PAYABLE - EPB
4020	02	NOTES PAYABLE - OTHER
4030	01	CUSTOMER REFUNDS
4030	02	ADVANCE BILLING
4040	01	CUSTOMER DEPOSITS
4050	01	CURRENT PORTION OF LONG TERM DEBT
4060	01	CURRENT PORTION OF CAPITAL LEASES
4080	01	TAXES ACCRUED - FICA
4080	02	TAXES ACCRUED - FUTA
4080	03	TAXES ACCRUED - IN LIEU
4120	01	FEDERAL INCOME TAX WITHHELD
4120	02	ACCOUNTS PAYABLE - PAYROLL
4120	03	INTEREST ACCRUED - CUSTOMER DEPOSITS
4120	04	INTEREST ACCRUED - NOTES PAYABLE
4120	05	ACCRUED RETIREMENT - BENEFITS
4120	06	ACCRUED MAJOR MED BENEFITS
4120	07	ACCRUED LONG TERM DISB - BENEFIT
4120	08	ACCRUED GROUP LIFE BENEFITS
4120	09	ACCRUED WORKMAN'S COMP
4120	10	ACCRUED BONUS
4120	11	ACCRUED SICK LEAVE
4120	12	ACCRUED VACATION - EXP CLEARING
4130	01	OTHER ACCRUED LIABILITIES
LONG-TERM DEBT		
4210	01	LONG TERM DEBT
4250	01	CAPITAL LEASES
4260	01	ADVANCES FROM EPB
OTHER LIABILITIES & DEFERRED CREDITS		
4360	02	UNCLAIMED CHECKS OUTSTANDING
EQUITY		
4550	01	RETAINED EARNINGS

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
LOCAL REVENUE		
5001	01	LOCAL REVENUE - RESIDENTIAL
5001	02	LOCAL REVENUE - 1-PARTY BUSINESS
5001	03	LOCAL REVENUE - PBX TRUNKS
5001	04	LOCAL REVENUE - CENTREX LINES
5001	05	LOCAL REVENUE - PAYSTATION LINES
5001	06	RESOLD RESIDENTIAL
5001	07	RESOLD BUSINESS
5002	01	OPTIONAL EAS REVENUE
5002	02	EXTENDED CALLING PLANS
5003	01	CELLULAR / PCS REVENUE
5040	01	LOCAL REVENUE - VOICE GRADE DATA
5040	02	LOCAL REVENUE - DATA LINES
5040	03	LOCAL REVENUE - T1 / DS3
5040	04	LOCAL REVENUE - ADSL
5040	05	LOCAL REVENUE - DATA CONTRACT
5040	06	LOCAL REVENUE - DARK FIBER
5040	07	LOCAL REVENUE - WHOLESALE TRANSPORT
5040	08	RESOLD DATA
5050	01	INSIDE WIRE MAINTENANCE
5050	02	CPE PROVIDED UNDER CONTRACT
5050	03	TELEPHONE SET SALES
5050	04	TELEPHONE SET RENTALS
5060	01	OTHER LOCAL REVENUE - CALL WAITING
5060	02	OTHER LOCAL REVENUE - CALL FORWARDING
5060	03	OTHER LOCAL REVENUE - VOICE MAIL
5060	04	OTHER LOCAL REVENUE - CALLER ID
5060	05	OTHER LOCAL REVENUE - 3-WAY CALLING
5060	06	OTHER LOCAL REVENUE - CLASS PACKAGE
5060	07	OTHER LOCAL REVENUE - FEATURE PACKAGE
5060	08	OTHER LOCAL REVENUE - ALL FEATURES
5060	09	OTHER LOCAL REV - LOCAL OPERATOR
5060	10	OTHER LOCAL REV - LOCAL DIRECTORY ASST
5060	11	OTHER LOCAL REVENUE - ANNOUNCEMENTS
NETWORK ACCESS REVENUE		
5081	01	RESALE END USER CHARGES
5082	01	ACCESS CHARGE - INTERSTATE SWITCHED
5083	01	ACCESS CHARGE - INTERSTATE SPECIAL
5084	01	ACCESS CHARGE - STATE ER SWITCHED
5084	02	ACCESS CHARGE - STATE RA SWITCHED
5085	01	ACCESS CHARGE - STATE ER SPECIAL
5085	02	ACCESS CHARGE - STATE RA SPECIAL

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
LONG DISTANCE REVENUE		
5100	01	TOLL - STATE INTRALATA
5100	02	TOLL - STATE INTERLATA
5100	03	TOLL - INTERSTATE
5100	04	TOLL - CASUAL CALLING
5100	05	TOLL - CALLING CARD
5100	06	TOLL - OPERATOR SURCHARGES
5100	07	TOLL - DIRECTORY ASSISTANCE
MISCELLANEOUS REVENUE		
5230	01	SALE OF FOREIGN DIRECTORIES
5240	01	RENT REVENUE
5250	01	CORPORATE OPERATION REVENUE
5260	01	OTHER OPERATING REVENUES
5270	01	PIC CHARGES
5270	02	INTERSTATE B & C - AT&T
5270	03	INTRASTATE B & C - AT&T
5270	04	B & C - OTHER IXC'S
UNCOLLECTIBLES		
5301	01	UNCOLLECTABLE REVENUES

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
PLANT SPECIFIC EXPENSE		
6112	01	VEHICLE EXPENSE - GENERAL
6115	01	GARAGE EXPENSE
6116	01	OTHER WORK EQUIPMENT EXPENSE
6121	01	BUILDING MAINTENANCE - HDQ
6121	02	BUILDING MAINTENANCE - ACCESS NODES
6121	03	GROUNDS EXPENSE
6122	01	OFFICE FURNITURE EXPENSES
6123	01	MAINTENANCE OF OFFICE EQUIP
6123	02	LEASE OF OFFICE EQUIPMENT
6124	01	COMPUTER OPERATION - PCs
6124	02	COMPUTER OPERATION - MAINFRAME
6124	03	COMPUTER OPERATION - SOFTWARE
6212	01	SWITCHING PAYMENT - GLOBE
6212	02	OTHER SWITCH MAINTENANCE
6212	03	SWITCH MAINTENANCE - SOFTWARE
6212	04	BELLSOUTH SWITCHING
6212	05	SS7 CONNECTION
6212	06	800 DATABASE QUERY CHARGES
6212	07	POWER - SWITCHING
6232	01	MAINTENANCE OF ACCESS NODES
6232	02	MAINTENANCE OF FIBER TERMINALS
6231	99	MAINTENANCE OF CHANNEL BANKS
6311	01	REPAIRS OF LEASED SETS
6362	01	INSTALL INSIDE WIRE - CONTRACT
6362	02	INSIDE WIRE MAINTENANCE
6362	03	INSTALL CUSTOMER CPE
6362	04	REPAIR CUSTOMER-OWNED CPE
6411	01	REPAIR TO POLE LINES
6411	01	POLE ATTACHMENT RENTAL
6421	01	REPAIR TO AERIAL COPPER
6421	02	REPAIR TO AERIAL FIBER
6423	01	REPAIR TO BURIED COPPER
6423	02	REPAIR TO BURIED FIBER
6441	01	REPAIR TO CONDUIT

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
PLANT NON-SPECIFIC EXPENSE		
6512	01	PROVISIONING EXPENSE
6512	02	INVENTORY ADJUSTMENT
6531	01	NETWORK TRANSMISSION POWER
6532	01	NETWORK ADMINISTRATION EXPENSE
6533	01	TESTING EXPENSE
6533	02	TROUBLE REPORTS, DISPATCH, ETC
6534	01	SUPERVISION - PLANT OPERATIONS
6535	01	ENGINEERING EXPENSE - GENERAL
6535	02	ENGINEERING EXPENSE - SWITCHING
6535	03	ENGINEERING EXPENSE - NETWORK
6535	04	ENGINEERING EXPENSE - DATA
6535	05	CABLE & MAP RECORDS
6540	01	BELLSOUTH INTERCONNECTION EXPENSE
6561	01	DEP EXPENSE - MOTOR VEHICLES
6561	02	DEP EXPENSE - OTHER WORK EQUIPMENT
6561	03	DEP EXPENSE - SMALL TOOLS
6561	04	DEP EXPENSE - COE PORTABLE TEST
6561	05	DEP EXPENSE - COE BUILDING
6561	06	DEP EXPENSE - ACCESS NODES
6561	07	DEP EXPENSE - FURNITURE
6561	08	DEP EXPENSE - OFFICE EQUIPMENT
6561	09	DEP EXPENSE - TELEPHONE SYSTEM
6561	10	DEP EXPENSE - PCs
6561	11	DEP EXPENSE - MAINFRAME
6561	12	DEP EXPENSE - SOFTWARE
6561	13	DEP EXPENSE - SWITCH
6561	14	DEP EXPENSE - POLE LINES
6561	15	DEP EXPENSE - AERIAL CABLE COPPER
6561	16	DEP EXPENSE - AERIAL CABLE FIBER
6561	17	DEP EXPENSE - UNDERGROUND CABLE COPPER
6561	18	DEP EXPENSE - UNDERGROUND CABLE FIBER
6561	19	DEP EXPENSE - BURIED CABLE COPPER
6561	20	DEP EXPENSE - BURIED CABLE FIBER
6561	21	DEP EXPENSE - CONDUIT
6564	01	AMORTIZATION EXP - ORGANIZATION

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
CUSTOMER OPERATIONS EXPENSE		
6612	01	SALES COMMISSIONS
6612	02	SALES SUPERVISION
6612	03	AGENCY COMMISSIONS
6613	01	GENERAL MARKETING
6613	02	ADVERTISING
6622	01	BELLSOUTH DIRECTORY ASSISTANCE
6622	02	PURCHASE OF FOREIGN DIRECTORIES
6622	03	OTHER DIRECTORY EXPENSE
6623	01	COMMERCIAL SUPERVISION - GLOBE
6623	02	COMMERCIAL TRAINING
6623	03	COMMERCIAL DEPARTMENT DATA LINES
6623	04	SERVICE ORDER PROCESSING
6623	05	PAYMENT & COLLECTION
6623	06	BILL INQUIRY
6623	07	COLLECTION AGENCY EXPENSE
6623	08	PRODUCT AND SERVICE INSTRUCTION
6623	09	MESSAGE PROCESSING
6623	10	BILL PREPARATION AND RENDERING
6623	11	POSTAGE
6623	12	CASH RECEIPTS
6623	13	TOLL INVESTIGATION
6623	14	UNCOLLECTIBLES
6623	15	SETTLEMENTS WITH OTHER TELCOS
6623	16	CALLING CARD EXPENSES
6623	17	RAO / 3RD PARTY EXPENSES
CORPORATE OPERATIONS EXPENSE		
6711	01	DIRECTORS EXPENSE
6711	02	EXECUTIVE DEPARTMENT EXPENSES
6712	01	PLANNING & STRATEGY
6721	01	ACCOUNTING GENERAL
6721	02	AUDIT
6722	01	EXTERNAL RELATIONS
6723	01	HUMAN RESOURCES
6724	01	GENERAL DATA PROCESSING
6725	01	LEGAL EXPENSES
6726	01	PROCUREMENT EXPENSES
6727	01	RESEARCH & DEVELOPMENT EXPENSES
6728	01	OTHER GENERAL & ADMINISTRATIVE
6728	02	INSURANCE
6728	03	ASSOCIATION DUES
6728	04	GENERAL OFFICE SUPPLIES & EXP
6728	05	TELEPHONE & UTILITIES
OTHER OPERATING INCOME & EXPENSE		
7160	01	OTHER OPERATING GAIN/LOSS

EPB
CHART OF ACCOUNTS

Account	Sub	Account Description
OPERATING TAXES		
7240	01	IN LIEU OF TAX
7240	02	REGULATORY ASSESSMENT - FCC
7240	03	REGULATORY ASSESSMENT - TRA
7320	01	INTEREST INCOME
NON-OPERATING INCOME & EXPENSE		
7350	01	GAIN OR LOSS FROM SALE OF PROPERTY
INTEREST EXPENSE		
7510	01	INTEREST ON FUNDED DEBT
7520	01	INTEREST ON CAPITAL LEASES
7540	01	INTEREST ON CUSTOMER DEPOSITS
EXTRAORDINARY ITEMS		
7620	01	DELAYED INCOME - CHARGES

PLUS WHATEVER CLEARING ACCOUNTS ARE REQUIRED