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Guy M. Hicks
General Counsel

October 25, 1999

VIA HAND DELIVERY

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

Re: *Petition for Arbitration of ITC^DeltaCom Communications, Inc. with BellSouth Telecommunications, Inc. pursuant to the Telecommunications Act of 1996*
Docket No. 99-00430

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of rebuttal testimony on behalf of BellSouth Telecommunications, Inc.:

David A. Coon
Keith Milner
Alphonso J. Varner
William Taylor
Ronald M. Pate
Daonne Caldwell

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

Very truly yours,

Guy M. Hicks

GMH:ch
Enclosure

CERTIFICATE OF SERVICE

I hereby certify that on October 25, 1999, a copy of the foregoing document was served on the parties of record, via the method indicated:

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

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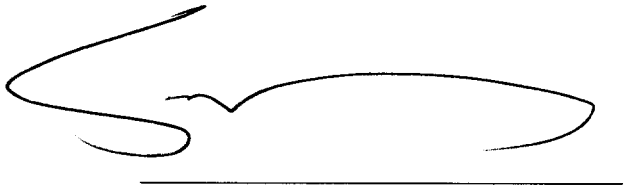

FILE

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BELLSOUTH TELECOMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF D. DAONNE CALDWELL

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DOCKET NO. 99-00430

OCTOBER 25, 1999

Q. PLEASE STATE YOUR NAME, ADDRESS AND OCCUPATION.

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

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes. I filed direct testimony on October 15, 1999.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the assertions made by ITC^DeltaCom witnesses, Mr. Thomas Hyde and Mr. Don Wood with respect to cost development.

Issue 6(a): What charges, if any, should BellSouth be permitted to impose on ITC^DeltaCom for BellSouth's OSS?

Q. IN HIS TESTIMONY MR. WOOD DISCUSSES OPERATIONAL SUPPORT SYSTEM ("OSS") COSTS. PLEASE COMMENT.

A. The OSS Electronic Interfaces are the systems that BellSouth developed specifically to provide Competitive Local Exchange Carriers ("CLECs") with the ability to transmit a local service request ("LSR") electronically. These interfaces allow the CLEC to mechanically access BellSouth's existing order processing systems. Both resale and unbundled network element ("UNE") LSRs can be transmitted via the interfaces.

The costs BellSouth submitted in Docket No. 97-01262 reflect only those costs associated with these new interfaces. I agree with Mr. Wood's observation that the OSS costs can be segmented into two classes; (1) costs incurred to develop the interfaces and (2) costs resulting from the use of these interfaces. However, I disagree with his assertion that the development and implementation costs are inappropriate. If these costs were perceived to be borne solely by BellSouth, what would deter a CLEC from requesting a "gold-plated" interface, one that may or may not be utilized by the CLEC? Obviously, this would be a waste of valuable and finite resources. Furthermore, the CLECs caused these costs to be incurred and thus, the CLECs should bear the costs. This Authority appears to agree with this assessment. Page 29 of the Interim Order in Docket No. 97-01262 explicitly includes developmental costs in the list of costs to be considered, and on

reconsideration held that users of the interfaces should pay for the cost of development. Finally, Mr. Wood's statement on page 13 of his testimony is blatantly wrong; "the new OSS implemented by BellSouth will benefit its own retail customers." BellSouth does not and will not use these interfaces to serve its retail customers. They are provided solely for the use of CLECs. Thus, there is no benefit to BellSouth's retail customer. BellSouth witness, Dr. Taylor, expands on the appropriateness of BellSouth's OSS charges in his rebuttal testimony.

Issue 6(b): What **are the appropriate recurring and non-recurring rates and charges for:**

a) two-wire ADSL/HDSL compatible loops,

b) four-wire ADSL/HDSL compatible loops,

c) two-wire SL1 loops,

d) two-wire SL2 loops, or

e) two-wire SL2 loop Order Coordination for Specified Conversion Time?

NONRECURRING COSTS

Q. BELLSOUTH DEVELOPED NONRECURRING COSTS FOR UNBUNDLED NETWORK ELEMENTS, BOTH IN THIS DOCKET AND IN DOCKET NO. 97-01262. HOWEVER, MR. HYDE (PAGE 10) AND MR. WOOD (PAGE 21) QUESTION THE VALIDITY OF BELLSOUTH'S NONRECURRING COST METHODOLOGY. PLEASE COMMENT.

A. This Authority has previously reviewed BellSouth's nonrecurring costs for

unbundled network elements and the underlying methodology used to develop those costs in Docket No. 97-01262. This Authority removed the shared component for the nonrecurring labor rate, included testing as a recurring cost, adjusted the fall-out rate, and moved disconnect costs into separate elements. (I will specifically address disconnect costs later in this testimony.)

One of the main flaws with the intervenors' nonrecurring model presented in Docket No. 97-01262 was that it developed costs based on the costs that a hypothetical local exchange company would incur to provide service, if it were to build an ideal network today from scratch. Mr. Wood advocates this same philosophy in this proceeding. On page 10 of his testimony, Mr. Wood states that nonrecurring costs should reflect systems that "are consistent with the Total Network Management ("TNM") guidelines". BellSouth's network is "consistent" with the TNM guidelines. However, the network is not 100% TNM compliant and never will be 100% compliant. Network management refers to the equipment, procedures, and operations designed to keep a traffic network operational. Total Network Management implies an integrated network where each vendor's equipment communicates with other vendor supplied equipment, operations are seamless, and procedures require no (or little) human intervention. BellSouth's goal is to evolve toward this standard, but due to the enormous investment BellSouth has in copper plant, total end-to-end compliance will never materialize. The substantial capital outlay and labor required to make Mr. Wood's world a reality are cost prohibitive requiring uneconomic replacement of existing, functional plant. Additionally, Mr. Wood ignores other contributors to nonrecurring cost beyond network design. For example, some orders require

manual intervention due to their complex nature or input error. Mr. Wood inappropriately relegates nonrecurring cost development to this hypothetical world based on "the most efficient technology" regardless of its deployment (or lack thereof) in BellSouth's network.

There is no reason to re-examine the nonrecurring costs previously filed with this Authority. Additionally, the new nonrecurring costs presented in this docket also adhere to the same adjustments made by the Authority in Docket No. 97-01262.

Q. ON PAGE 11 OF HIS TESTIMONY, MR. HYDE RECOMMENDS ADJUSTMENTS TO BELLSOUTH'S NONRECURRING COST CALCULATIONS. ARE HIS ADJUSTMENTS APPROPRIATE?

A. No. Mr. Hyde's first adjustment is to remove the disconnect costs. As I discuss in greater detail later in my response to Mr. Wood's testimony, in its compliance filing and in this docket, BellSouth has already separated the disconnect costs into a rate element that will be paid at the time of disconnect, as Mr. Hyde proposes. Thus, Mr. Hyde's first adjustment has already been made.

Mr. Hyde also proposes adjustments to reflect alleged efficiencies in provisioning multiple loops. However, BellSouth's cost studies currently reflect any efficiencies resulting from multiple loops being provisioned on a single order. The efficiencies reflected in BellSouth's cost studies were supported by BellSouth experts familiar with the provisioning process, deployment guidelines, and rate structure associated with first and additional loops. The same cannot be said about Mr. Hyde's proposed adjustments, which are not supported by any data, studies, or

expert testimony.

The last set of adjustments proposed by Mr. Hyde deal with xDSL loops. He begins with the nonrecurring work activities associated with voice grade loops and then adds service inquiry activities. Mr. Hyde's calculations are incorrect. Even though many of the work times are identical between the voice grade and xDSL loops there are legitimate differences. The major difference results from the fact that Special Service Installation and Maintenance ("SSIM") technicians are dispatched 100% of the time for xDSL loops. A dispatch is always required on xDSL loops because BellSouth must conduct end-to-end testing of the loop to ensure that the transmission levels will support xDSL service. Thus, times associated with SSIM are legitimately higher for xDSL loops. The second major error made by Mr. Hyde is in his service inquiry activities. Mr. Hyde only included .3 hours of engineering time instead of the appropriate 3 hours as reflected in BellSouth's studies. Thus, his results are under-stated.

BellSouth presented nonrecurring cost development, supported by expert witnesses, in Docket No. 97-01262. This Authority has reviewed BellSouth's proposed cost development and inputs. In its Interim Order, the Authority made no adjustment to the work times, themselves. Mr. Hyde presents no evidence here that should make this Authority revisit that decision.

COST MODEL

Q. ON PAGE 21 OF HIS TESTIMONY, MR. WOOD ALLEGES BELLSOUTH'S COST MODEL CANNOT BE USED TO COMPLY WITH

THE FCC'S TELRIC STANDARD. DO YOU AGREE?

A. No. BellSouth's cost methodology is not only compliant with the Act, but also with the FCC's First Report and Order. BellSouth utilized the FCC's published Total Element Long Run Incremental Cost ("TELRIC") methodology as a guideline in producing cost support for unbundled network elements. Thus, the costs are forward-looking and reflect an efficient network design based on existing wire center locations.

Q. SPECIFICALLY, WHAT DOES THE FCC STATE WITH RESPECT TO TELRIC METHODOLOGY?

A. Subpart F – Pricing of Elements, § 51.505, of the FCC's Order outlines the principles that an incumbent provider must fulfill in the development of the cost support for unbundled network elements. BellSouth's cost studies, as filed with this Authority, both in this docket and in Docket No. 97-01262, incorporated these principles.

In Docket No. 97-01262, this Authority recognized that the intent of the provisions outlined in the FCC Order was to determine the forward-looking economic cost of an element, i.e., TELRIC plus a reasonable allocation of forward-looking common costs. (Interim Order in Docket 97-01262, Page 8) § 51.505 of the FCC Order offers the following descriptions:

TELRIC – is the forward-looking cost over the long run of the total quantity of the

facilities and functions that are directly attributable to, or reasonably identifiable as incremental to, such element, calculated taking as a given the incumbent LEC's provision of other elements.

The basic TELRIC methodology is nothing new to BellSouth. Total **Service** Long Run Incremental Cost ("TSLRIC") methodology has been used by BellSouth to support tariff filings, both at the state level and at the federal level, for many years. TSLRIC methodology follows the same principles required for a TELRIC analysis; the costs should be: (1) directly attributable to the service (based on cost causation), (2) forward-looking, and (3) consider a time frame long enough such that all costs are variable (long-run). The main difference between the two methodologies is the cost object being studied, an element versus a service. Additional caveats to the definition of TELRIC methodology are as follows:

1) Efficient network configuration - The TELRIC of an element should be determined based on the use of the most efficient technology currently available. The network configuration should reflect the least cost arrangement given the existing wire center location.
2) Forward-looking cost of capital – Forward-looking cost of capital should be utilized.
3) Depreciation – The depreciation rates should be economic depreciation rates.

Q. WHICH OF THESE ITEMS GENERATED THE MOST CONTROVERSY IN DOCKET NO. 97-01262?

A. The issue of efficient network configuration has generated the most controversy in the unbundled network element ("UNE") proceeding, Docket No. 97-01262. Intervening parties have argued that BellSouth's cost studies assume historic configuration and design. This is not true. BellSouth's cost studies reflect network architecture based on forward-looking designs applicable to unbundled network elements. For example in developing the cost of unbundled loops, BellSouth began with a statistically valid sample and recast the existing loops to reflect forward-looking network designs. The FCC in Paragraph 685 of the Order defines the forward-looking principle: "The total element long run incremental cost of an element should be measured based on the use of the most efficient telecommunications technology currently available and the lowest cost network configuration." However, the FCC further states that an essential consideration in adopting this definition of forward-looking design is that it "most closely represents the incremental costs that incumbents actually expect to incur in making network elements available". Thus, BellSouth believes a dose of reality must be incorporated into the TELRIC methodology. In its Interim Order in Docket No. 97-01262, this Authority recognized this difference of opinion in model framework. On page 9, the Interim Order states:

> "Nonetheless, forward-looking economic costs are inherently hypothetical in nature and are intended to reflect what costs may reasonably occur in the foreseeable future. Whether the starting point is existing costs which are modified to reflect forward-looking efficient costs or the starting point is a 'scorched node' with a network built using least-cost technology and forward-looking prices, one would arrive at reasonable approximations of the same by

either route."

Q. CAN YOU OFFER EXAMPLES OF HOW BELLSOUTH INCORPORATED THE FORWARD-LOOKING PRINCIPLE IN ITS COST STUDIES?

A. Yes. As I explained previously, BellSouth also maintains the same "forward-looking, least-cost" philosophy in determining nonrecurring costs. Subject matter experts, familiar with the provisioning process, evaluate the tasks required to provide unbundled elements to CLECs and the estimated amount of time needed to complete the task. In determining their input, these network experts incorporate future process improvement, technological improvements, and movement along the learning curve. Thus, these inputs are forward-looking, yet attainable, estimates.

Additionally, BellSouth's cost studies reflect productivity gains in three ways, in the in-plant factors, in the labor rates and in the time estimates. The in-plant factors include offsets for productivity improvements. Also, since labor rates are developed on an average rate per work group, productivity and outsourcing impacts have been considered. Finally, the time estimates are the network experts' best projection of future workflow, including anticipated process improvements.

BellSouth extends the forward-looking principle into the purchase prices used to determine investments and operating procedures and their associated expenses. The material prices included in the studies reflect negotiated vendor contracts and discount levels. These contracts will be in effect for the study period, and beyond,

and thus are valid. BellSouth's studies also reflect expenses that are dependent upon anticipated process improvements. Thus, they reflect future operating procedures. In some instances, BellSouth began with historical data in order to trend future expenditures. However, historical data was not used as an input.

Q. WHAT DID THIS AUTHORITY RULE WITH RESPECT TO COST OF CAPITAL AND DEPRECIATION?

A. In Docket No. 97-01262, this Authority adjusted both the cost of capital and depreciation rates such that BellSouth's compliance filings would fulfill the Authority's interpretation of the forward-looking requirement associated with these items. BellSouth submitted cost studies utilizing 11.25% as the cost of capital. This Authority adjusted this value to 10.4%, based on the belief that this value reflects the best estimate of a forward-looking input.

As directed in §51.505, BellSouth submitted costs incorporating economic depreciation rates. However, this Authority ordered the use of Tennessee-specific depreciation rates established by the TPSC in 1993. This conclusion was based on its belief that these lives reflect "costs which will more accurately reflect conditions unique to Tennessee." (Interim Order in Docket No. 97-01262, Page 13)

Q. WHAT WAS THIS AUTHORITY'S FINDING WITH RESPECT TO BELLSOUTH'S DEVELOPMENT OF COMMON COSTS?

A. §51.505 of the FCC's Order defines forward-looking common costs as economic costs efficiently incurred in providing a group of elements or services (which may

include all elements or services provided by the incumbent LEC) that cannot be attributed directly to individual elements or services. This Authority concluded that a 15% markup to the direct UNE cost "best reflects the forward-looking cost estimate in a competitive world." (Interim Order in Docket No. 97-01262, Page 11) This Authority made modifications to BellSouth's cost study, as discussed in my direct testimony. By including these adjustments, BellSouth fulfilled this Authority's interpretation of the TELRIC methodology and the provisions of the Act. Mr. Wood presents nothing new that should cause the Authority to revisit this finding.

Issue 6(c): Should BellSouth be permitted to charge ITC^DeltaCom a disconnection charge when BellSouth does not incur any costs associated with such disconnection?

Q. ON PAGES 21-23 OF HIS TESTIMONY, MR. WOOD DISCUSSES DISCONNECT CHARGES. PLEASE COMMENT ON HIS STATEMENTS.

A. Mr. Wood raises two issues with respect to disconnect costs. The first has to do with timing, an issue this Authority has already addressed. Mr. Wood states that, "disconnect charges should not be assessed to CLECs until the customer actually leaves the system." (Wood Testimony at Page 22) This Authority has already made a decision on this aspect of disconnect costs in Docket No. 97-01262. The Authority felt that it is appropriate to assess disconnect charges at the time the costs are in fact incurred. Thus, BellSouth presented disconnect costs as separate items in this docket.

Mr. Wood's second issue pertains to an imaginary "double counting of costs". He asserts that BellSouth does not physically disconnect the circuit and thus, no disconnect costs are incurred. This may be partially true when BellSouth is the end-to-end provider of service, but not when a CLEC utilizes unbundled network elements to provide service. (Record changes would still need to be processed even if physical disconnect does not take place.) When a CLEC no longer wants to purchase a UNE from BellSouth, i.e., at the time of disconnect, then BellSouth must physically perform certain tasks, e.g., physically removing the unbundled loop from the cross-connects. These work activities are appropriately reflected in the costs that are presented by BellSouth in the disconnect elements.

Mr. Wood states that if an end user decides to change service providers, the connect and disconnect activities are "a single activity." (Wood testimony Page 22) This is wrong. Yes, the activities may take place at the same time; but different transactions, potentially involving different work groups, occur and can be separately identified into connect and disconnect categories. To illustrate my point, assume the end user is an ITC^DeltaCom customer served via UNEs purchased from BellSouth, loop and cross-connects. If this customer decides to return to BellSouth and ITC^DeltaCom relinquishes the facilities, then record changes would need to be made and cross-connects to ITC^DeltaCom's collocation space would be removed. These activities are reflected in the disconnect cost ITC^DeltaCom would pay. Additional activities, charged to the end user, would then need to be done to re-establish service, e.g., connecting the customer to BellSouth's switch, testing and translations. If ITC^DeltaCom wants to retain the

original loop then no disconnect charges would be assessed. However, ITC^DeltaCom would still be responsible for the recurring charges associated with that retained loop.

In summary, disconnect charges only apply when the CLEC requests that a UNE no longer be provided by BellSouth. This request causes BellSouth to incur costs due to the physical activities required to implement the discontinuance of "service". BellSouth presents disconnect costs separately from the installation costs as required by this Authority.

Issue 6(d): What should be the appropriate recurring and non-recurring charges for cageless and shared collocation in light of the recent FCC Advanced Services Order No. FCC 99-48, issued March 31, 1999, in Docket No. CC 98-147?

Q. ON PAGE 18 OF HIS TESTIMONY, ITC^DELTACOM WITNESS, MR. WOOD, OFFERS A METHOD FOR DEVELOPING A "SURROGATE" RATE FOR CAGELESS COLLOCATION. FROM A COST METHODOLOGY PERSPECTIVE, IS HIS METHODOLOGY SOUND?

A. No. Mr. Wood advocates utilizing the "existing rates for virtual collocation as a reasonable proxy for physical cageless collocation rates." (Page 18 of Wood Testimony) Mr. Wood claims that in a virtual collocation arrangement "BellSouth owns the equipment and incurs the expense of maintaining it." (Page 19 of Wood Testimony) He further explains his "cageless cost methodology" by suggesting

that BellSouth apply annual cost factors (minus maintenance) to some unspecified investment to determine the "relevant costs."

First, Mr. Wood's underlying assumption is wrong; BellSouth does not own the equipment in a virtual collocation arrangement nor does it incur the expense of maintaining such equipment. In Virtual Collocation, BellSouth leases the equipment from the collocator and pays a nominal fee of $1.00 as outlined in BellSouth's FCC Tariff No. 1, Section 20. BellSouth maintains the equipment at the collocator's expense, pursuant to the rates and charges in Section 13 of FCC Tariff No. 1. The relevant pages of BellSouth's FCC Tariff No. 1 are attached as Rebuttal Exhibit DDC-2. Second, Mr. Wood's purported methodology fails because the collocator purchases the equipment; therefore, there is no investment by BellSouth against which annual cost factors could reasonably be applied to develop a cost for BellSouth. BellSouth witness, Mr. Varner, discussed the appropriate rates and their application in his direct testimony filed in this docket.

Q. ON PAGES 17-18 OF HIS TESTIMONY, MR. WOOD STATES THAT THERE ARE NO COST STUDIES THAT CAN BE USED FOR CAGELESS COLLOCATION. IS THIS TRUE?

A. No. Contrary to Mr. Wood's claim, the FCC specifically stated in its Advanced Services order that cageless collocation is a form of physical collocation. Costs have been presented to this Authority for floor space on a per square foot basis and for power on a per amp basis. Cost support for cross-connect charges that apply on a per connection basis, and entrance for cable installation charges that apply only if

the CLEC requests such installation have also been developed. Thus, because BellSouth structured the physical collocation elements in such a manner, the rates based on these costs for all of the piece parts required for cageless collocation have been presented to this Authority.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

ACCESS SERVICE

13 - Additional Engineering, Additional Labor and Miscellaneous Services (Cont'd)

13.3 Miscellaneous Services

13.3.1 Maintenance of Service

(A) When a customer reports a trouble to the Telephone Company for clearance and no trouble is found in the Telephone Company's facilities, the customer shall be responsible for payment of a Maintenance of Service charge.

Failure of Telephone Company personnel to find trouble in Telephone Company facilities will result in no charge if the trouble is actually in those facilities, but not discovered at the time.

(B) The customer shall be responsible for payment of Maintenance of Service charge for all maintenance/repair work performed by the Telephone Company in connection with its BellSouth Virtual Expanded Interconnection offering. (T) (T)

(C) The customer shall be responsible for payment of a Maintenance of Service charge when the Telephone Company dispatches personnel and the trouble is in equipment or communications systems provided by other than the Telephone Company or in detariffed CPE provided by the Telephone Company.

(D) The Maintenance of Service charge applies for the period of time from when Telephone Company personnel are dispatched to when the work is completed. When more than one employee is dispatched the sum of the time is used to determine the number of 30-minute increments to be billed. Only one initial increment is to be billed per request. A request resulting in the dispatch of a Telephone Company employee at a time not consecutive with the employee's scheduled work period is subject to a minimum charge of three hours.

In either (A) or (B) preceding, no credit allowance will be applicable for the interruption involved if the Maintenance of Service charge applies.

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13 - Additional Engineering, Additional Labor and Miscellaneous Services (Cont'd)

13.3 Miscellaneous Services (Cont'd)

13.3.1 Maintenance of Service (Cont'd)

(E) The charges for Maintenance of Service are as follows:

Maintenance of Service Periods	USOC	First Half Hour or Fraction Thereof	Each Additional Half Hour or Fraction Thereof	
ALL STATES				
Basic Time, normally scheduled working hours	MVV	$60.00	$40.00	(I)
Overtime, outside of normally scheduled working hours on a scheduled work day	MVV	$67.00	$48.00	(I)
Premium Time, outside of scheduled work day	MVV	$74.00	$55.00	(I)

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ACCESS SERVICE

20 - BellSouth Virtual Expanded Interconnection (Cont'd) (T)

20.17 Service Description

BellSouth Virtual Expanded Interconnection service provides for location interconnection of collocator-provided/Telephone Company leased fiber optic facilities to Telephone Company interstate BellSouth SWA and Special Access (a.k.a. BellSouth SPA) services. BellSouth Virtual Expanded Interconnection service for switched access is provided at designated central offices, tandems, and remote nodes/switches (e.g., locations). BellSouth Special Access Virtual Expanded Interconnection is available only at designated central offices. Under BellSouth Virtual Expanded Interconnection, a collocator provides fiber optic cable up to a Telephone Company-designated interconnection point outside of the location, such as a manhole. The collocator will provide the entrance fiber extending between the interconnection point and the location. The Telephone Company will lease the entrance fiber under the provisions of 20.18(A) following, and will install the fiber into the location for connection to the BellSouth Virtual Expanded Interconnection collocator-provided/Telephone Company leased transmission equipment. In addition, if multiple entry points are available, and the collocator so desires, multiple entry points will be provided to the collocator. A BellSouth Virtual Expanded Interconnection arrangement may interconnect with Telephone Company interstate BellSouth SWA and Special Access (a.k.a. BellSouth SPA) DS1/DS3 level high capacity services within the location. (T)

Microwave facilities, in lieu of fiber facilities, may be used for interconnection where they may reasonably be provided. Upon receipt of a request for microwave interconnection, BellSouth will negotiate the arrangements and file the appropriate rates and regulations for the service.

BellSouth Virtual Expanded Interconnection will be made available subject to the availability of space and facilities in each Telephone Company location. BellSouth's central office, tandem and remote node switch site designations are listed in the National Exchange Carriers Association (NECA) Tariff F.C.C. No. 4. (T)

General regulations, rates and charges applicable to all BellSouth Virtual Expanded Interconnection arrangements are contained in this tariff. (T)

20.18 Regulations

(A) In order to ensure the compatibility of the transmission capabilities of the facilities and equipment used in the provision of BellSouth Virtual Expanded Interconnection, such equipment and facilities, including the entrance fiber, associated riser cable/fiber, terminal transmission equipment, plug-ins, software, unique tools and test equipment will be provided by the collocator. The collocator agrees to lease to BellSouth all the equipment and support structure components required to provision and maintain/repair BellSouth Virtual Expanded Interconnection on an ongoing basis, for the nominal sum of one dollar. (T)

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AFFIDAVIT

STATE OF: Georgia
COUNTY OF: Fulton

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared D. Daonne Caldwell-Director-Finance, BellSouth Telecommunications, Inc., who, being by me first duly sworn deposed and said that:

He is appearing as a witness before the Tennessee Regulatory Authority in Docket No. 99-00430 on behalf of BellSouth Telecommunications, Inc., and if present before the Authority and duly sworn, his testimony would be set forth in the annexed testimony consisting of 16 pages and 1 exhibit(s).

D. Daonne Caldwell

D. Daonne Caldwell

Sworn to and subscribed
before me this 22nd
day of October, 1999

NOTARY PUBLIC

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