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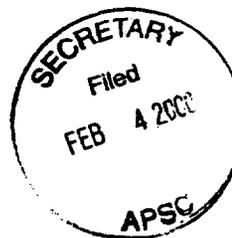
BellSouth Telecommunications, Inc.
Room 304N
3196 Highway 280 South
Birmingham, Alabama 35243

205 972-2556
Fax 205 969-2285
Internet
Owen.Blake1@bridge.bellsouth.com

D. Owen Blake, Jr.
General Counsel - AL

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February 4, 2000



VIA HAND DELIVERY

Walter L. Thomas, Jr., Secretary
ALABAMA PUBLIC SERVICE COMMISSION
RSA Union Building - 8th Floor
100 North Union Street
Montgomery, AL 36101

**Re: Implementation of the Universal Service Requirements of Section 254 of the
Telecommunications Act of 1996 (Certification of Non-Rural Carriers
Receiving Federal High-Cost Support)
Docket No. 25980**

Dear Mr. Thomas:

Enclosed for filing is the original and ten (10) copies of BellSouth Telecommunications, Inc.'s Revised Universal Service Proposal. Please file and distribute as needed and return a stamped copy to my office in the enclosed envelope.

Thank you for your assistance in this regard.

Very truly yours,

D. Owen Blake, Jr.

DOBJr/mhs
Enclosures

2/4/2000 cc: Parties of Record

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**BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION**

IN RE: IMPLEMENTATION OF THE) DOCKET NO. 25980
UNIVERSAL SERVICE REQUIREMENTS)
OF SECTION 254 OF THE) (CERTIFICATION OF NON-RURAL-
TELECOMMUNICATIONS ACT OF 1996) CARRIERS RECEIVING FEDERAL HIGH-COST SUPPORT)

**REVISED UNIVERSAL SERVICE PROPOSAL OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc. ("BellSouth") hereby files its Revised Universal Service Proposal, and states the following:

1. On December 29, 1999, BellSouth filed its Petition for Certification of its Universal Service Proposal to request that the Alabama Public Service Commission ("Commission") certify BellSouth's plan as compliant with Section 254(b) of the Telecommunications Act.

2. On January 7, 2000, BellSouth filed an Amended Petition for Certification of its Universal Service Proposal.

3. On January 20, 2000, the Federal Communications Commission ("FCC") released a notice revising the amount of universal service funding available to eligible carriers. Under the FCC's revised calculations, BellSouth is now eligible for \$30,800,288 in federal support.

4. On January 27, 2000, the Commission entered its Notice Extending Filing Deadlines in this docket, which requires BellSouth to file by February 4, 2000 a revised plan detailing its proposed utilization of federal high-cost universal service. The notice also stated that BellSouth should provide further justification for its infrastructure proposals to "deploy complete self healing inter-office diversity, to replace copper inter-office routes to independent

telephone companies with fiber, to deploy self healing diversity between itself and GTE, and to approve testability and surveillance.” (Notice, p. 2). The Notice also stated that BellSouth should remove the deployment of privacy director service from its plan.

5. BellSouth hereby submits its revised plan, which reflects the amount of the FCC’s most recent statement of the available funding. The new proposed infrastructure improvements are described in detail in the document attached hereto as “Exhibit A.” To summarize, the major elements of BellSouth’s revised infrastructure proposal are as follow:¹

- Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2000 - \$20.7M, 2001 - \$21.0M, 2002 - \$21.5M, 2003 - \$21.8M
- Replace Non-Compliant Switches DMS10s & DCOs: 2000 - \$3.7M, 2001 - \$4.0M, 2002 - \$3.5M, 2003 - \$2.7M
- Complete Self-Healing Interoffice Diversity: 2000 - \$1.9M, 2001 - \$1.4M, 2002 - \$1.4M, 2003 - \$2M
- Deploy Self-Healing Diversity Between BellSouth and GTE: 2000 - \$.3M, 2001 - \$.3M, 2002 - \$.3M, 2003 - \$.3M
- Deploy ISDN/PRI in USF Wire Centers: 2001 - \$1.0M, 2002 - \$1.0M, 2003 - \$1.0M
- Improve Testability, Surveillance & Replace Technology that Limits Service Delivery: 2000 - \$3.5M, 2001 - \$2.4M, 2002 - \$2.4M, 2003 - \$2.3M

As requested, BellSouth has removed the deployment of privacy director from its plan. BellSouth has also modified its plan to include four years of projected expenditures for infrastructure development, rather than the three years set forth in BellSouth’s previous Petition. BellSouth’s current request for certification, however, continues to be limited to the first year of the plan. Further, the attached Exhibit A contains the additional explanation of certain of the items in BellSouth’s plan that was requested by the Commission.

6. Based on the authority set forth in BellSouth’s Petition, BellSouth submits that its proposal for using federal universal service support is consistent with the requirements of

¹ Although the amounts set forth herein represent BellSouth’s total expenditures in the years identified for the particular items of infrastructure development, the precise amount spent on each item may vary slightly due to exigent circumstances.

Congress and of the FCC. Moreover, BellSouth submits that this plan conforms in all aspects with the requirements of this Commission's Notice dated January 27, 2000. For these reasons, BellSouth respectfully requests that this Commission review BellSouth's revised plan and certify to the FCC that BellSouth's plan comports with the applicable requirements of federal law.


D. OWEN BLAKE, JR.
Room 304N
3196 Highway 280 South
Birmingham, Alabama 35243
(205) 972-2556

R. DOUGLAS LACKEY
J. PHILLIP CARVER
Room 4300
675 W. Peachtree Street
Atlanta, Georgia 30375
(404) 335-0710

195932

CERTIFICATE OF SERVICE

This is to certify that I have served a copy of BellSouth Telecommunications, Inc. Revised Universal Service Proposal on all parties of record by placing a copy of same in the United States Mail, First Class, Postage Prepaid, on this the 4th day of February, 2000.

Charles A. Stewart
Attorney for AT&T
Sirote & Permutt
One Commerce Street, Suite 700
Montgomery, AL 36104

Mark Wilkerson
Attorney for GTE MobilNet
Brantley & Wilkerson
405 S. Hull Street
Montgomery, AL 36104

Wendell Cauley
Attorney for Sprint
Thorington & Gregory
504 South Perry Street
Montgomery, AL 36102

Edgar C. Gentle, III
Attorney for MCI
Gentle, Pickens & Eliason
1500 Colonial Bank Building
1928 First Ave. North
Birmingham, AL 35203

Nanette S. Edwards
Deltacom, Inc.
4092 S. Memorial Pkwy.
Huntsville, AL 35802

Donna M. Placilla
PrimCo Personal Communications
Suite 350
8875 Hidden River Parkway
Tampa, FL 33637

Michael S. Jackson
Beers, Anderson, Jackson, Hughes
250 Commerce Street, Suite 100
P. O. Box 1988
Montgomery, AL 36104

Olivia W. Martin
Office of the Attorney General
11 South Union Street
Montgomery, AL 36103-0152

Stephen R. Mixson
GTE Telephone Operations
Suite 101
2000 Interstate Park Drive
Montgomery, AL 36109

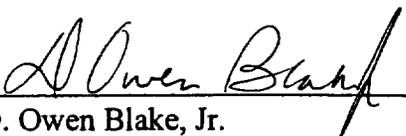

D. Owen Blake, Jr.

Exhibit A

Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2000 - \$20.7M, 2001 - \$21.0M, 2002 - \$21.5M, 2003 - \$21.8M

The implementation of Carrier Serving Areas (CSAs) will provide improved service to the customer and will provide a means of delivering enhanced services not available over a totally copper network.

The goal of the CSA concept is to sectionalize areas of a wire center beyond twelve thousand feet from the serving central office into discrete geographical units so those customers within the CSA can be provided digital services over an unrepeatereed facility by utilizing digital loop carrier.

Service improvements are obtained through the deployment of digital loop carrier in the CSA. Customers working over digital loop carrier facilities do not experience the transmission problems caused by metallic influences that are inherent of long copper facilities. Data transmission speeds are improved for services offered over digital loop carrier as opposed to long copper facilities.

BellSouth proposes to deploy fiber and Next Generation Digital Loop Carrier (NGDLC) in the USF wire centers to implement the CSA architecture. The plan calls for spending \$85M over four years.

**Replace Non-Compliant Switches
DMS10s & DCOs: 2000 - \$3.7M,
2001 - \$4.0M, 2002 - \$3.5M, 2003 - \$2.7M**

There are nine Siemens Stromberg-Carlson DC0, RNS, and RLS switches, and four Nortel DMS10 switches in BellSouth's Alabama network. Replacement of these "non-compliant" switches with compliant digital switches/remotes will permit BellSouth to provide the full spectrum of digital services available today and those planned for the future to the rural areas served by BellSouth in Alabama. "Non-Compliant" means, in some cases, on the existing switches the vendor has not developed a capability on the switch, such as per use calling and Basic and Primary Rate ISDN in the DCO family of products, as well as, Advanced Intelligent Network (AIN) capability in both the DCO family and the DMS10's. In other cases, "Non-Compliant" means there is a significant cost barrier to overcome in equipping the switch to provide a service. Siemens does not plan to develop future services on the Stromberg-Carlson platform. Nortel's evolution plan for the DMS10 requires a processor replacement along with other hardware upgrades to provide future digital services.

BellSouth proposes to replace all of the non-compliant switches with digital remotes over a four-year period (2000 - 2003) at an estimated cost of \$13.9M. Replacement switches include the Lucent 5ESS family of remotes and the Nortel DMS100 family of remotes. These replacements will provide new services capabilities currently available in the larger wire centers and metropolitan areas (Per Use Feature Calling, ISDN, Message Waiting Indication Service, and Advanced Intelligent Network services) to the smaller wire centers in rural Alabama. The wire centers covered under this recommendation are:

Ft. Payne	Tuskegee	Troy
Stevenson	Eutaw	Boligee
York	Livingston	Bridgeport
Citronelle	Leighton	Carbon Hill
Parrish		

**Complete Self-Healing Interoffice Diversity:
2000 - \$1.9M, 2001 - \$1.4M, 2002 - \$1.4M, 2003 - \$2M**

Seventeen of the BellSouth wire centers impacted by the FCC's Universal Service Order currently are connected to the rest of the BellSouth network via a single path. Customers in these wire centers are isolated from the rest of the world when this single cable is cut. This cable carries not only voice, but also data about the customers' address and emergency information used during an E911 call. Certain advanced signaling and switching features are also disabled during this cable failure. The wire centers included in this proposal are remote switches with the exception of Citronelle, Carbon Hill and Stevenson. Under the "Replace Non-Compliant Switches" proposal both switches will become remote digital switches.

BellSouth proposes a four-year program to deploy a second, diverse fiber route from each wire center and SONET self-healing ring electronics to improve the reliability of the interoffice facilities. The program will cost approximately \$6.7M. The wire centers included in this proposal are:

Jones Chapel	Bremen	Marion
Greensboro	Citronelle	Ohatchee
Linden	Ft. Mitchell	Renfro
Thomasville	Ft. Deposit	Stevenson
Bridgeport	Gurley	Fairview
Belle Fontaine	Lexington	Carbon Hill

**Deploy Self-Healing Diversity Between
BellSouth and GTE: 2000 - \$.3M,
2001 - \$.3M, 2002 - \$.3M, 2003 - \$.3M**

Approximately 11% of the customers in Alabama are provided local service by GTE. BellSouth and GTE jointly plan and provision facilities between these areas into a seamless network for the customers. All traffic, both local (Area Plus) and intra-LATA toll, between these areas is currently subject to failure due to a single cable cut.

BellSouth proposes to build a second fiber path, where required, to meet GTE in the locations listed below and deploy shared SONET self-healing ring electronics to protect service between the two companies. Fiber and electronics would be deployed over a four-year period at an estimated cost of \$1.2M. Timing of the implementation of the individual projects will be coordinated with GTE. The locations included in this proposal are:

Dothan - Troy
Winfield- Carbon Hill
Pell City – Oak Mountain
Heflin –Ashland -Talladega
Fowl River – Belle Fontaine

Deploy ISDN/PRI in USF Wire Centers: 2001 - \$1.0M, 2002 - \$1.0M, 2003 - \$1.0M

Many of the USF-designated wire centers provide ISDN service through an Alternate Network Service Arrangement (ANSA). ANSA provides ISDN from a distant wire center with no charge for the facility cost between wire centers. Customers are required to change their telephone number under this arrangement when they purchase ISDN service, however. This is a hardship for many small businesses. Deploying ISDN in the serving wire center will allow the customer to retain the existing telephone number.

BellSouth proposes to deploy ISDN/PRI in the wire centers listed below to eliminate the requirement for a telephone number change for ISDN service. The deployment in the eighteen wire centers will also provide ISDN to the seventeen remote switches that work off the host wire center switches. The estimated cost of this proposal is \$3M.

<u>Wire Center</u>	<u>Remote Wire Center(s)</u>
Alabaster*	Calera, Columbiana
Albertville	Guntersville
Anniston-Lenlock	Ohatchee
Boaz	
Clanton	
Demopolis	Greensboro, Linden, Marion, Uniontown
Gadsden-Hillside	
Gadsden-Rainbow Drive	
Jacksonville	Piedmont
Mobile-Saraland	
Montevallo	
Mobile-Semes	
Moulton	
Prattville	
Russellville	Red Bay
Sheffield*	Lexington, Rogersville, Town Creek
Warrior	Gardendale, Graysville

* Alabaster and Sheffield are being equipped to provide service to the Calera, Columbiana, Lexington, Rogersville and Town Creek wire centers.

**Improve Testability, Surveillance & Replace
Technology that Limits Service Delivery:
2000 - \$3.5M, 2001 - \$2.4M, 2002 - \$2.4M, 2003 - \$2.3M**

BellSouth has put in place remote testing and surveillance systems to evaluate trouble reports or to verify available facilities for a new service before dispatching a technician. Several of the existing systems have been in place for ten or more years and the technology has high maintenance costs and is less accurate than systems available today. BellSouth has been replacing the older testing technology in some of the urban wire centers. BellSouth proposes to replace/upgrade testing and surveillance systems in the USF wire centers in order to improve the Company's ability to monitor the network, to identify troubles earlier, and to analyze the trouble more completely. The result will be better service to the customers in the USF wire centers. Details of the system upgrades and replacements are provided below.

Technology advancements and expanded data and bandwidth demands by such products as high-speed modems and fiber optic transport have been limited by some parts of the BellSouth network. An example is the 56KB trunk interface card existing today on a number of the Nortel DMS switches serving the USF-designated areas. The trunk interface card available today allows for 64KB clear channel transmission. Current modems are unable to provide the maximum design speed if they encounter a trunk circuit equipped with a 56KB interface card. The solution is to replace manufacture discontinued, technology limiting components in the switch and interoffice network in the USF wire centers. Additional details for the replacements are provided below.

The estimated cost for the items listed in this proposal is approximately \$10.6M.

SMAS RTS/RTP Replacement

Initial implementation of Switched Maintenance Access System (SMAS) began in Alabama in 1981. The SMAS RTS/RTP frame was rated Manufacture Discontinued (MD) in 1997. The RTS/RTP frame consists of a hand wired backplane containing 55 types of plug-in units. It is expected that the plug-ins will be MDed in the next couple of years.

The ANRITSU 9962, a direct SMAS RTS/RTP replacement, contains printed circuit backplane technology using only 11 types of plug-in units. All electronics are contained within the plug-in units providing simplified maintenance when compared with the SMAS RTS/RTP.

Improve Testability, Surveillance & Replace Technology that Limits Service Delivery (Continued)

Replacement of the SMAS RTS/RTP will position BellSouth to provide quality service through improved testability. Remote testability is especially important in unmanned rural offices, reducing clearing times, and therefore, improving customer service while minimizing labor costs.

SMAS Stage 1 Replacement

The original SMAS Stage 1 network consists of handwired crossbar switch/wire spring relay technology. This technology incurs test access failures due to dirty or worn contacts and adjustment of the crossarms. Both the ANRITSU 9724 and the Lucent Modular Stage 1 network, direct replacements for the crossbar Stage 1, are printed circuit backplane technology which places all electronics on solid state/sealed relay plug-in units. The modular Stage 1 network reduces test access failures and maintenance time in the event a failure occurs.

Replacement of the crossbar SMAS Stage will position BellSouth to provide quality service through improved testability. Remote testability is especially important in unmanned rural offices, reducing clearing times, and therefore, improving customer service while minimizing labor cost.

AI-180 Switch Upgrade to Series I

The AI-180 switch is a central office located protocol converter. BellSouth uses it to connect X.25 based alarms from the network element through our "Datakit" network to the Network Monitoring & Analysis (NMA) system. Upgrading the AI switch will improve the ability of BellSouth to identify problems in the network. Upgrade to a Series I switch provides the ability to:

1. Download firmware remotely for AI switch upgrades.
2. Allows the use of "Applied View" network management system by the Network Reliability Center (NRC) to monitor AI switch ports and to isolate AI switch problems.
3. Increases assignment flexibility allowing network elements using switched virtual circuits to be assigned to any port on the AI switch.
4. Allows assignment of asynchronous circuits to the AI switch eliminating the need for data circuits for selected network elements.
5. Allows initializations of an individual network element port versus having to initialize all sixteen ports on a card as required on the "X" series AI switch.

Improve Testability, Surveillance & Replace Technology that Limits Service Delivery (Continued)

Replace 56kb Cards in Nortel Switches in USF Area

Twenty-two of the USF wire centers in Alabama contain NT6X50AA (DS1 Trunk) cards that only provide 56KB bandwidth. This reduces the throughput for most high-speed modems. This card, when used for umbilical trunking between a host and remote switch, causes frequent interruptions in the communications if the trunk facility is fiber. Replacement of the NT6X50AA with a NT6X50AB will provide 64KB Clear Channel transmission and also eliminates the host/remote communications problem.

Improve MLT Testability

Mechanized Loop Testing (MLT) system upgrades will enhance the ability of BellSouth to monitor, detect, and resolve customer service troubles. By employing these upgrades the customer will experience better service due to improved reliability of trouble isolation, and minimized false-dispatches. The end result is a reduction in the time required to clear a trouble; thus, the customer's service is restored more quickly. The MLT upgrades also provide expanded remote testing functionality; such as the ability to test ISDN lines, and the ability to detect potential problem areas using ALIT, which helps to analyze and resolve problems even before they cause a customer service outage.

APPENDIX "B"

BRANTLEY & WILKERSON, P.C.
ATTORNEYS AND COUNSELORS
405 SOUTH HULL STREET
MONTGOMERY, ALABAMA 36104
(334) 265-1500

RECEIVED
MAR 27 2000
FCC MAIL ROOM

MAILING ADDRESS:
POST OFFICE BOX 830
36101-0830
FAX (334) 265-0319

PAUL A. BRANTLEY*
MARK D. WILKERSON
LEAH S. STEPHENS
R. WINSTON LEE
AMANDA C. CARTER

*ALSO ADMITTED IN TENNESSEE

February 4, 2000

VIA HAND DELIVERY



Walter L. Thomas, Jr., Secretary
Alabama Public Service Commission
RSA Union Building
100 North Union Street
Montgomery, AL 36104

Re: **Implementation of Universal Service Requirement of Section 254 of the Telecommunications Act of 1996, Docket No. 25980**

Dear Mr. Thomas:

Enclosed herein for filing with the Alabama Public Service Commission are the original and ten (10) copies of GTE's Submission of a Revised Plan Regarding Use of Federal Universal Service Funds.

Thank you for your assistance and courtesies in this matter.

Very truly yours,

BRANTLEY & WILKERSON, P.C.

R. WINSTON LEE

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Enclosures

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BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION

In Re: Implementation of Universal)	
Service Requirement of Section 254)	Docket No. 25980
of the Telecommunications Act of 1996)	(Certification of Non-Rural Carriers
)	Receiving Federal High-Cost
)	Support)

**GTE'S SUBMISSION OF A REVISED PLAN REGARDING
USE OF FEDERAL UNIVERSAL SERVICE FUNDS**

GTE South Incorporated and Contel of the South, Inc., d/b/a GTE Systems of the South, (collectively referred to as "GTE") hereby submits its revised plan for the use of federal support per the Alabama Public Service Commission's ("Commission" or "PSC") Order dated January 27, 2000. GTE had previously filed its State Certification Plan on January 14, 2000. The PSC has requested a revised plan due to the change in support calculated by the Federal Communications Commission ("FCC"). In addition, the PSC has expressed concerns over the uses of support originally proposed by GTE. GTE appreciates the Commission's continued efforts to submit its certification to the FCC prior to April 1, 2000.

State Certification Process

The FCC's Ninth Report and Order¹ established the prerequisite, prior to a carrier receiving federal support, that a state commission must file a certification with the FCC "stating that all federal high-cost funds flowing to non-rural carriers in that state will be

¹ Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Ninth Report and Order and Eighteenth Order on Reconsideration, FCC 99-306, rel. Nov. 2, 1999 ("High-Cost Methodology Order")("9th Report and Order").

used in a manner consistent with 254(e).”² Section 254(e) of the Telecommunications Act of 1996 (“the Act”) states that carriers shall use universal service support “for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”

As long as the PSC submits its certification to the FCC on or before April 1, 2000, GTE will begin receiving high cost support in the third quarter, calculated using the FCC’s adopted cost model (the FCC refers to this support as “forward-looking”). Forward-looking support for the first and third quarter will be distributed in the third quarter. Forward-looking support for the second and fourth quarters will be received in the fourth quarter.

State certification for federal support will be an annual process. In order to receive federal support beginning January 1, 2001, the PSC must file its annual certification on or before October 1, 2000.³ Thus, GTE anticipates that it will have to file another plan with the PSC in July or August.

Amount of GTE Alabama Federal Support

The FCC’s 9th Report and Order and 10th Report and Order⁴ established the calculation methodology and cost model input values to be used in determining the amount of federal universal service support to be distributed, effective January 1, 2000.

² Id., para. 97.

³ Id., paras 101-104; see also Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Nineteenth Order on Reconsideration, FCC 99-396, rel. Dec. 17, 1999 (“Nineteenth Order on Reconsideration”), para. 11.

⁴ Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High-Cost Support for Non-Rural LECs, Tenth Report and Order, CC Docket Nos. 96-45, 07-160, FCC 99-304 (rel. Nov. 2, 1999) (“Inputs Order”)(“10th Report and Order”).

Using the FCC's methodology and cost model, GTE will receive \$18,925,946 in federal support.⁵ Of that amount, \$9,822,662 is a "hold harmless"⁶ amount. These amounts are the total support for both GTE study areas as follows:

GTE Alabama Federal High Cost Support In 2000

	Hold Harmless	"New"	Total
GTE	\$ 6,855,711	\$ 974,297	\$ 7,830,008
Contel	<u>\$ 2,966,951</u>	<u>\$ 8,128,987</u>	<u>\$11,095,938</u>
Total	\$ 9,822,662	\$ 9,103,284	\$18,925,946

The access line count and loop cost data used for the support calculation will be updated on a quarterly basis.⁷ The FCC will recalculate support under the existing high cost mechanism and new forward-looking mechanism on a quarterly basis. The "hold harmless" amount may change as a result of changes in the loop cost data. The forward-looking support amount may change as a result of any increases or decreases in access lines. Therefore, GTE's 2000 federal support in this plan is an estimate and will need to be adjusted at year-end to reflect the actual amount received.

⁵ Public Notice, Common Carrier Bureau Announces Procedures for Releasing High-Cost Support Amounts for Non-Rural Carriers and Revised Model Results, CC Docket Nos. 96-45, 97-160 (rel. January 20, 2000).

⁶ 9th Report and Order, para. 78 ("We conclude that the new federal high-cost support mechanism will contain an interim hold-harmless provision that provides hold-harmless support on a carrier-by-carrier basis. That is, no carrier will receive less support, on a per-line basis than it would have received if we had continued to provide support under the existing high-cost support mechanism.") (footnote omitted).

⁷ See 47 C.F.R. 36.611, 36.612.

Uses for Federal Support

Section 254(e) of the Act requires that universal service support shall be used “for the provision, maintenance, and upgrading of facilities and services for which the support is intended.” Using the criteria set forth in section 254(c)(1)(A)-(D), the FCC determined that the following services are to be supported by universal service funding: single-party service; voice grade access to the public switched network; Dual Tone Multifrequency (“DTMF”) signaling or its functional equivalent; access to emergency services including, in some circumstances, access to 911 and Enhanced 911 (“E911”); access to operator services; access to interexchange service; access to directory assistance; and toll limitation services for qualifying low-income consumers.⁸

GTE’s original plan, filed January 14, 2000, allocated a certain amount of the “new” support to access reductions and infrastructure improvements. This was consistent with the FCC’s Ninth Report and Order in which it provided examples for the use of federal support. Examples given by the FCC included the elimination of implicit support in above-cost rates and the upgrading of facilities in rural areas to ensure reasonable comparability.⁹ In addition, the FCC noted that current support or “hold harmless” amounts have already been accounted for in intrastate ratemaking so that there is no need to consider a different application of those amounts.¹⁰

The PSC’s Order dated January 27, 2000 states that using federal support to reduce access rates is “an inappropriate utilization of those funds.” The PSC further

⁸ In re Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 97-157 (rel. May 8, 1997).

⁹ Ninth Report and Order, para. 96.

¹⁰ Id., para 106.

notes that support is “being provided to address intrastate services and facilities which bear relation to Section 254(e) of the Act.” GTE’s proposed access reductions were directed to intrastate access reductions which provide support to the “provision, maintenance, and upgrading of facilities” associated with basic service. This is precisely the use envisioned by the FCC when it stated that “a” state could adjust intrastate rates, or otherwise direct carriers to use the federal support to replace implicit intrastate universal service support to high-cost rural areas, which was formerly generated by above-cost rates in low-cost urban areas.”¹¹

The PSC states that the resolution of access charge issues are currently being addressed by the FCC. While it is true that the FCC is currently considering access reform issues, the FCC’s action will be limited only to interstate rates. State commissions still need to address the implicit support in intrastate access, as well as other above cost rates. Since the revision in the federal support amount has been reduced significantly and in order to move ahead with the PSC’s certification process, GTE has revised its plan to address only infrastructure improvements. However, GTE believes that the removal of implicit support from intrastate access rates is an appropriate use of federal or future state support and it expects to address this use in future plans.

GTE Plan

As noted above, the new FCC high-cost support mechanism results in GTE receiving an amount of federal support in Alabama for calendar year 2000 greater than what it receives today. The “hold harmless” amount GTE would receive in 2000 under

¹¹ Id., para. 96.

the current mechanism is \$9,822,662. Since this amount is currently reflected in GTE's intrastate rates, GTE sought to develop a plan for the difference between the current amount and the amount to be received under the new mechanism. Otherwise, if the current amount of support were directed away from current rates, then adjustments to existing rates would be necessary to maintain the same level of revenues.¹²

GTE's plan for its 2000 federal support is summarized as follows:

Infrastructure Improvements	\$ 9,103,284
Support Reflected in Current Rates ("Hold Harmless")	<u>\$ 9,822,662</u>
Total Federal Support	\$18,925,946

Infrastructure Improvements

In order to enhance the reliability of its network to provide the supported services to its high-cost customers, GTE plans to use its federal support in Alabama for the following programs: Interoffice Facilities Route Diversity, Buried Air Core Cable Replacement, Fiber to Remotes, Aerial Terminal Closure Replacement, Express Dialtone, and Deployment of Technicians to Rural Areas. By maintaining and upgrading GTE's facilities such that the services specified by the FCC will be provided to high cost consumers in a reliable manner, these infrastructure programs are consistent with the requirements of section 254(e) of the Act.

The Engineering Department of the PSC has conducted periodic service audits of GTE's central offices because of concern over the level of trouble reports GTE was experiencing. Improvements to alleviate the concern have been recommended by the

¹² Id., para. 106

PSC, including interoffice facility replacement, route diversity, and the replacement of buried air core cable. GTE has directed \$9.1 million of its 2000 federal support towards fulfilling many of the PSC's recommendations as well as including additional projects that will improve transmission and the timely fulfillment of customer service requests. A detailed explanation of the infrastructure improvements is provided in Attachment A.

Implementation of Plan

GTE will begin the infrastructure improvements as soon as Commission approval of this plan is received even though federal support under the new forward-looking mechanism will not be distributed until the third quarter of 2000.¹³ Since a longer lead time is necessary for the completion of capital improvements, GTE will run the risk of spending the federal support prior to its receipt. Potential court challenges to the FCC's decision to adopt a total element long run incremental cost model for the calculation of costs are anticipated. If the challenges are successful in overturning the FCC's decision on the adopted cost model, amounts distributed under the new high cost support mechanism will be affected.

It is possible that certain programs will run into 2001 depending on the timeframe of Commission approval. As long as the 2000 federal support does not materially change, GTE will complete the infrastructure plan as identified in Attachment A if the timing for completion should extend into next year. GTE will evaluate the status of the projects and the support received at the end of this year. The Commission will be notified if there are any concerns.

Future Federal Support Certification Plans

This plan for 2000 federal support should not set a precedent for future uses of federal support. Each plan may differ in the manner in which the incremental amount of federal support is directed to serve different purposes, all of which will be consistent with Section 254(e).

WHEREFORE, GTE respectfully requests that the Commission implement GTE's revised plan set forth herein to use the federal universal service high cost support.

Respectfully submitted,

GTE SOUTH INCORPORATED
CONTEL OF THE SOUTH, INC. (d/b/a
GTE SYSTEMS OF THE SOUTH)

Dated: February 4, 2000

By 
Counsel

Mark D. Wilkerson
Brantley & Wilkerson, P.C.
405 South Hull Street
Montgomery, Alabama 36104
(334) 265-1500

Richard D. Gary
Gregory M. Romano
Hunton & Williams
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23219-4074

¹³ "Hold harmless" amounts will be distributed in the first and second quarters of 2000. See Nineteenth Order on Reconsideration, para. 8.

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**Application of Federal Support Towards Infrastructure Improvements
2000**

The specific infrastructure improvements are divided into 6 projects:

<u>Expense</u>		<u>Capital</u>
(1) Interoffice Facilities Route Diversity	\$3,073,648	
(2) Buried Air Core Cable Replacement	\$2,571,449	
(3) Fiber to Remotes	\$2,035,300	
(4) Aerial Terminal Closure Replacement		\$ 105,200
(5) Express Dialtone	\$ 391,000	\$ 390,074
(6) Deployment of Technicians to Rural Areas		<u>\$ 536,613</u>
Subtotals	<u>\$ 8,071,397</u>	<u>\$ 1,031,887</u>
TOTAL COST		\$9,103,284

(1) Interoffice Facilities (IOF) Route Diversity

Interoffice route diversity allows for the re-directing of all voice and data traffic (i.e. message, local, EAS, long distance) to prevent any downtime or call blockage problems due to damaged cable or equipment failures. This builds protection into the network for all voice and data traffic and insures completion of the messages.

The following routes will be targeted for route diversity:

GTE – Bell Routes

Coffeenville

Dothan – Montgomery

Bellsouth has included these routes in its certification plan for universal service support. Route diversity on GTE's portion of the route will complement Bellsouth and insure protection from end to end.

GTE – GTE Routes

Greenville – Luverne

Winfield – Hamilton – Haleyville

Exchanges that will benefit from this project:

Coffeenville	Dothan
Georgiana	Greenville
Hackleburg	Haleyville
Hamilton	Hodges Road
Luverne	McKenzie
Phil Campbell	Red Level
Winfield	

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(2) Buried Air Core Cable Replacement

Air core cable is old generation local feeder cable that is not jelly filled. This allows moisture and water to penetrate the cable and cause increased trouble conditions (i.e. bad signaling, unusable cable pairs for local services). This program will replace air core cable with jelly filled cable which improves local facility conditions by improving transmission quality and facility availability, and reducing trouble reports.

Exchanges to benefit from this project are:

Andalusia
Dothan
Grand Bay
Scottsboro

(3) Fiber To Remotes

This program replaces the existing copper facilities with fiber optic cable between several host and remote central offices. This improves the network performance between the host and the remote reducing blocked calls, service outages, as well as providing the capability to introduce new services.

Exchanges to benefit from this project are:

Bayou
Dothan
Elba
Enterprise
LaBatre
Scottsboro
Trussville

(4) Aerial Terminal Closure Replacement

This preventative maintenance program replaces worn or temporary installed closures with new aerial terminal closures. This program will reduce the occurrence of trouble reports and will benefit all exchanges throughout GTE Alabama's serving territory.

GTE Alabama

Application of Federal Support Towards Infrastructure Improvements
2000

(5) Express Dialtone

This program will provide dedicated local service facilities (express dialtone) to high activity locations such as multi-tenant buildings. This eliminates the need for frequent field visits, and therefore improves due date performance and customer satisfaction.

Exchanges to benefit from this program are:

Andalusia	Greenville	Luverne
Georgiana	Hamilton	Guinn
Fayette	Vernon	Scottsboro
Trussville	Tallassee	Double Springs
Winfield	Pine Hill	Haleyville

(6) Deployment of Technicians to Rural Areas

Deploy technicians to rural areas to improve service intervals for both installation and repair activities.

Exchanges to benefit with this program are:

Clio	Echo	Ashland tri-county area
Coffeville	Pine Hill	Bayou La Batre
Elba	Sampson	Geneva
Fort Rucker	Brundage	Newton
Pell City tri-county area	Enterprise area	Tallassee area