

BellSouth Corporation
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September 8, 2006

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, TW-A325
Washington, DC 20554

***Re: WC Docket 05-342; Petition of BellSouth for Forbearance
from Enforcement of Certain of the Commission's Cost
Assignment Rules***

Dear Ms. Dortch,

On September 7, the undersigned, Theo Marcus, and Lyn Haney of BellSouth and Joann Barron, a consultant representing BellSouth, met with Al Lewis, Deena Shetler, Randy Clarke, Jay Atkinson, Bill Kehoe and Debbie Weber of the Wireline Competition Bureau.

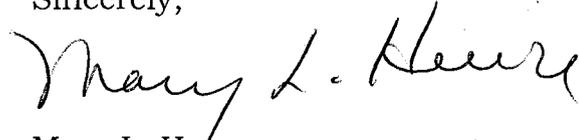
During the meeting, BellSouth urged the Commission to forbear from the outdated rate-of-return era rules that are the subject of its petition. The company emphasized that the processes required by the Commission's cost assignment rules and the annual JCO audit combine to severely handicap the company in its effort to bring innovative new services to the marketplace.

As the attached flow chart illustrates, because BellSouth is price cap regulated in both Federal and state jurisdictions, the allocated data that is produced by these rules no longer serves the rate-making purpose for which it was intended. The allocated data is used solely to populate reports. Contrary to what some commentators implied, however, BellSouth emphasized that it will continue to report extensive cost information even after the petition is granted and that this data should be sufficient for regulatory purposes. BellSouth argued that the social and competitive costs associated with continuing to comply with the cost assignment

rules are far larger than necessary to meet the Commission's current ancillary data needs.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions regarding this filing please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Mary L. Henze". The signature is written in a cursive style with a large, looped initial "M".

Mary L. Henze

cc: A. Lewis
D. Shetler
R. Clarke
J. Atkinson
B. Kehoe
D. Weber

Costs and Ratemaking Today

Today, results of cost assignment rules flow only to reports.

