APPENDIX "B"

® BELLSOUTH

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VIA OVERNIGHT MAIL

Walter Thomas, Secretary
ALABAMA PUBLIC SERVICE COMMISSION
RSA Union Building, 8th Floor
100 N. Union StreetMontgomery, AL 36104

Re: 'Docket No. 25980 .

Dear Mr. Thomas:

Pursuant to Commission Order dated September 27, 2000 in the above referenced docket, attached is BellSouth's proposal for the utilization of the federal high-cost universal service support for the year 2001. We anticipate that the support level will be equal to the $28.9 million allocated for year 2001. The proposal reflects $26.1 million for network improvements, with the remaining $2.8 million used to fund the annual value of the access charge reduction July 1, 2000.

Sincerely,

Francis B. Semmes

FBS/mhs
Attachment

cc: Parties of Record

Exhibit A

Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2002 - $20.2M

The implementation of Carrier Serving Areas (CSAs) will provide improved service to the customer and will provide a means of delivering additional services and capabilities 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 unrepeatered 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 continue to deploy fiber and Next Generation Digital Loop Carrier (NGDLC) in the USF wire centers to implement the CSA architecture. The 2002 plan calls for spending $20.2M on this item.

Replace Non-Compliant Switches DMS10s & DCOs: 2002 - $3.7M

There are four Siemens Stromberg-Carlson DCO, RNS, and RLS switches, and three Nortel DMS10 switches remaining in BellSouth's Alabama network. Replacement of these "non-compliant" switches with compliant digital switches/remotes will permit BeIISouth to provide the full spectrum of digital services available today and those planned for the future to the rural areas served by BeIISouth 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.

BeIISouth proposes to continue to replace all of the non-compliant switches with digital remotes over the next two years (2002 - 2003) at an estimated cost of $7M. 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:

Eutaw* Boligee* York * Livingston Leighton Carbon Hill Parrish

" Switches scheduled to be replaced in 2002.

Complete Self-Healing Interoffice Diversity: 2002 - $1.4m

Eight of the BellSouth wire centers impacted by the Federal Communication Commission's ("FCC's") Universal Service Order currently are connected to the rest of the BellSouth network via a single path. Customers in these wire centers would be isolated from the rest of the world when this single cable is cut. This cable carries not only voice, but also data about the customer addresses and emergency information used during an E911 call. Certain advanced signaling and switching features are also disabled during this cable failure.

BellSouth proposes to continue to deploy a second, diverse fiber route from each wire center and Synchronous Optical Network ("SONET") self-healing ring electronics to improve the reliability of the interoffice facilities. The wire centers included in this proposal are:

Linden	Ft. Mitchell Thomasville	Ft. Deposit Fairview Renfroe*
Lexington*	Carbon Hill*	

* Wire centers scheduled to receive self-healing service during 2002.

Deploy Self-Healing Diversity Between BellSouth and Verizon: 2002 - $.3M

Approximately 11 % of the customers in Alabama are provided local service by Verizon. BellSouth and Verizon jointly plan and provision facilities between these areas into a seamless network for the customers. All traffic, both local and intraLATA 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 Verizon 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 three-year period at an estimated cost of $.9M. Timing of the implementation of the individual projects will be coordinated with Verizon. The locations included in this proposal are:

Winfield- Carbon Hill

Heflin -Ashland -Talladega Fowl River - Belle Fountaine

At this time, BellSouth and Verizon have not reached agreement on the 2002 projects.

Improve Testability, Surveillance & Replace Technology that Limits Service Delivery: 2002 - $.5M

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 and add Performance Monitoring/Test Access 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. A detail of the systems upgrades, replacements and additions are provided below.

Improve MILT 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 Automatic Line Insulation Test ("ALIT"), which helps to analyze and resolve problems even before they cause a customer service outage.**

Replace Manufactured Discontinued Fiber Connectors

To further improve service to the rural, high cost areas, BellSouth's plan calls for replacing all manufactured discontinued connector equipment on fiber optic cables in the USF supported wire centers. This type of connector is found throughout the state and the replacement of these connectors will permit quicker service provisioning and allow for faster service restoration in case of a fiber failure.

Deploy Central Office Maintenance and Documentation Interface Equipment

BellSouth has central offices in Alabama that are unmanned and, therefore, require that a technician be dispatched to perform on-site central office maintenance and provisioning functions. Through the deployment of central office maintenance and documentation (COMD) interface workstations, remote access to switch and circuit network elements is made available. By interconnecting the COMD workstations in each office of a host-remote cluster, a technician located in one office of the cluster then has the ability to remotely perform diagnostics, surveillance and provisioning in any office within that cluster. This remote access capability provides the potential to reduce response time, increase technician productivity, and reduce the duration of customer service outages.

Deploy Performance Monitoring and Test Access (PM/TA)

Performance monitoring can be considered pro-active maintenance. By monitoring the customer's circuit, degradations of circuit quality can be detected and corrected prior to total failure of the circuit. In the case of circuit failure, BellSouth can begin trouble isolation using the remote test access devices and possibly dispatch a repair technician as early as possible (at times prior to receiving a customer complaint). In order to provide improved performance monitoring and testing in the smaller USF wire centers, the BellSouth plan calls for deployment of DS1 PM/TA equipment.

Replace Manufactured Discontinued DSO Test Access Equipment

There are 45 USF offices in Alabama equipped with Anritsu 9960 DS-0 test heads. The 9960 performed the same function as the SMAS RTS/RTP bays replaced on previous USF jobs. The 9960 was chosen for smaller offices because it costs less than the RTS/RTP bay. Anritsu began manufacturing the 9961 Metallic Access Test System (MATS plus) about 1992, manufacture discontinuing the 9960 shortly afterward. Replacement of the 9960 with either the 9961 or 9962 test head would improve test access speed (9600 baud vs. 1200 baud), improve spare plug in availability, and position USF offices for testing new services (Anritsu halted R & D for the 9960 when it was made MD).

CERTIFICATE OF SERVICE

This is to certify that I have served a copy of the foregoing on all parties of record by placing a copy of same in the United States Mail, First Class, Postage Prepaid, on this the 17th day of May, 2001.

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