

AT&T Exhibit 2 - BellSouth Costs Improperly Included in its Transmittal No. 623

	Application/ Functional Area*	Modifications BellSouth Asserts Were Required*	System Function/ Explanation*	BellSouth Rationale for Cost Recovery*	AT&T Comments**
1.	BAC Capital and Expense	The establishment of a new administration center.	Responsibilities will include: Inventory of contaminated and uncontaminated one thousand blocks of numbers to be donated, donation dates, assessment of inventory (months to exhaust), retention of a six- Month inventory, utilization information of those NPA-NXXs in service within BellSouth, and other similar tracking functions. Will also provide the interface between the Pool Administrator and the various BellSouth OSS.	BellSouth claims this as a cost that would not have been incurred "but for" Thousand Number Block Pooling and therefore should be eligible for recovery.	It is not clear what portion, if any, of the expense for this item is directly caused by the items outlined as specifically incurred in the narrowly defined thousands-block pooling functions.*** It appears that some or all of these costs may be incurred for general numbering administration (e.g., managing, forecasting, and reporting numbers at the 1000s-block level), recovery of which "is already included in basic LEC compensation."**** Some or all of these costs may also be incurred for LNP, so they are not "new" costs.
2.	OSS Capital and Expense	Fundamental changes to every OSS that relies on the NXX portion of the 10-digit NANP.	Attachment B of BellSouth's D&J lists 33 Number Pooling Systems with their descriptions and their requirements.	BellSouth claims this as a cost that would not have been incurred "but for" Thousand Number Block Pooling and therefore should be eligible for recovery.	These changes appear, for the most part, to be adaptations of non-TBNP systems to TBNP. As such, their expense is not recoverable.**
3.	Translations/ Miscellaneous Employee Related	Translations for the provision of TNP feature software.		These are labor expenses for employees dedicated to projects required for the implementation of TNP.	It is not clear what portion, if any, of the expense for this item is directly caused by the items outlined as specifically incurred in the narrowly defined thousands-block pooling functions.*** It appears that some or all of these costs may be incurred for general numbering administration (e.g., managing, forecasting, and reporting numbers at the 1000s-block level), recovery of which "is already included in basic LEC compensation."**** Some or all of these costs may also be incurred for LNP, so they are not "new" costs.

* BellSouth Transmittal No. 623, D&J and Cost Development.

** Third NRO Order, ¶¶ 44 and 45.

*** Third NRO Order, ¶ 39.

**** Third NRO Order, ¶¶ 43 and 46.

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4.	Network Infrastructure/ Miscellaneous Employee Related	Provide network infrastructure planning & implementation.	Ensures all aspects of TNP, including network hardware and software upgrades are properly designed and implemented.	These are labor expenses for a contractor dedicated to the implementation of TNP.	It is not clear what portion, if any, of the expense for this item is directly caused by the items outlined as specifically incurred in the narrowly defined thousands-block pooling functions. ** It appears that some or all of these costs may be incurred for general numbering administration (e.g., managing, forecasting, and reporting numbers at the 1000s-block level), recovery of which "is already included in basic LEC compensation." *** Some or all of these costs may also be incurred for LNP, so they are not "new" costs. ****
5.	Project and Administrative Management/ Miscellaneous Employee Related	Perform TNP functions including project management, business planning, field support and implementation.		These are labor expenses for employees and contractors dedicated to the implementation of TNP.	It is not clear what portion, if any, of the expense for this item is directly caused by the items outlined as specifically incurred in the narrowly defined thousands-block pooling functions. ** It appears that some or all of these costs may be incurred for general numbering administration (e.g., managing, forecasting, and reporting numbers at the 1000s-block level), recovery of which "is already included in basic LEC compensation." *** Some or all of these costs may also be incurred for LNP, so they are not "new" costs. ****

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