

BELLSOUTH TELECOMMUNICATIONS, INC.

DESCRIPTION AND JUSTIFICATION

PRICING FLEXIBILITY FOR NEW METROPOLITAN STATISTICAL AREAS

TRANSMITTAL NO. 678

With this filing, BellSouth Telecommunications, Inc. (hereinafter "BellSouth") is revising the F.C.C. Tariff No. 1, Section 23 (Metropolitan Statistical Area Access Services) and Section 24 (BellSouth Wire Center Information). The proposed revisions include adding the new Metropolitan Statistical Areas (MSAs) and associated wire centers in which BellSouth received Phase I and Phase II pricing flexibility pursuant the Memorandum Opinion and Order (WCB/Pricing No. 02-24, DA 02-3228) released on November 22, 2002.

The following chart lists the Full Service Relief MSAs<sup>1</sup> and the Limited Service Relief MSAs<sup>2</sup> in which BellSouth has been granted pricing flexibility. Tariff pages in Sections 23 and 24 have been revised to reflect these new MSAs and associated wire centers.

<b>Full Service Relief MSAs</b>	<b>Limited Service Relief MSAs</b>
Evansville, In/KY	Lexington-Fayette, KY
Owensboro, KY	Clarksville-Hopkinsville, TN/KY
Lafayette, La	
Columbia, SC	

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<sup>1</sup> Phase I and Phase II pricing flexibility for both the channel terminations to the end user and the Dedicated Transport/Special Access facilities to the inter-exchange carrier's point of presence (POP).

<sup>2</sup>Phase I and Phase II pricing flexibility for the Special Access/Dedicated Transport facilities to the POP.

This filing also revises Section 23, Tariff Page 23-2, to add BellSouth SWA Managed Shared Network Service to the list of Special Access and Dedicated Transport services that have been granted pricing flexibility. BellSouth SWA Managed Shared Network Service was granted pricing flexibility in Transmittal 647, effective July 2, 2002.

In addition, BellSouth is filing a revised TRP that reflects the additional pricing flexibility received on November 22, 2002. BellSouth is removing from price caps the revenues for Dedicated Transport and Special Access services in 4 additional MSAs that were granted Phase II relief and the revenues for Channel Terminations to End Users services in 4 additional MSAs that were also granted Phase II relief. Workpaper PF-1 displays the revenues removed from price caps in the appropriate service categories and price cap baskets. Workpaper SUM-A shows that the price cap indices did not change by removing the revenues associated with the additional Phase II pricing flexibility relief, while Workpaper TR-1 and SP-1 demonstrate the effects of the pricing flexibility relief demand changes. The impact of the pricing flexibility relief on the calculation of the ATS LEC transport minutes of use is detailed in Workpaper TPT-1 and the new ATS calculation is shown in Workpaper TGT-1.