

**NEVADA BELL TELEPHONE COMPANY
DESCRIPTION AND JUSTIFICATION
TRANSMITTAL NO. 39
April 4, 2003**

PURPOSE

Nevada Bell Telephone Company (NBTC) hereby proposes changes to Section 7 of NBTC's Tariff F.C.C. No. 1. With this filing, NBTC proposes to introduce a new DS1 Term Payment Plan (DS1 TPP) and to increase the month-to-month DS1 service rates.

DESCRIPTION

The proposed new DS1 Term Payment Plan (DS1 TPP), is a term plan that allows a customer to purchase High Capacity Service (1.544 Mbps) over a 1, 2, 3, 5, or 7-year period. During the selected DS1 TPP term, Telephone Company initiated recurring rate changes (increases or decreases) will automatically be applied to the monthly payments for the remaining months of the current DS1 TPP term. However, the recurring rate will never exceed the customer's initial DS1 TPP rate. The DS1 TPP can not be combined with other tariffed service discounts, or pricing flexibility contracts, unless explicitly stated in the respective tariff terms and conditions.

During a customer's DS1 TPP term, conversion may be made to a new DS1 TPP term of the same or different length or an upgrade may be made to a higher speed service, if the expiration date for the new DS1 TPP term or for the new higher service is beyond the expiration of the original DS1 TPP term. The

new DS1 TPP term or higher speed service must occur between the same two termination points as the original DS1 service being converted.

Customers also have the option to renew a DS1 TPP if the plan remains in effect and is not grandfathered. At the expiration of the DS1 TPP term, the customer may select a new DS1 TPP term at the prevailing DS1 TPP rates. If a customer does not wish to renew the DS1 TPP at the expiration of the term, the customer's service will automatically convert to the prevailing month-to-month rates.

DS1 TPP also offers a 3-year non-renewable Portability Agreement, which provides a customer the ability to establish a regional volume commitment in the form of DS1 Channel Terminations. The customer will receive a waiver on DS1 TPP Termination Liability during the life of the Portability Agreement as long as the customer maintains a minimum of 250 Channel Terminations in-service each month and at least 90% of their Portability Commitment (PC) under a 2, 3, 5, or 7-year DS1 TPP each month. Customers may purchase DS1 service under DS1 TPP terms of 2, 3, 5, or 7-years and have the associated Channel Terminations count towards the PC.

The initial monthly PC is calculated by SBC and is the total of all DS1 Channel Terminations in-service for the month previous to the month in which the Portability Agreement form is signed. The initial monthly PC will consist of all Channel Terminations including those on month-to-month terms and other term pricing plans. If the customer fails to meet the monthly PC then the customer will be billed the current Nonrecurring Channel Termination charge, for the number of

DS1 Channel Terminations that are below 90% of the PC. The effective date of the Portability Agreement will be the first day of the month immediately following the month in which the Portability Agreement is signed. Customers who do not sign a Portability Agreement will be subject to Termination Liability each time a DS1 circuit is disconnected prior to the end of its term. Termination Liability will equal 40% of the revenue remaining in the term of the disconnected DS1 circuit.

In addition, effective with the date of this filing the month-to-month rates for DS1 services will increase.

PRICE CAP COMPLIANCE

With this filing, NBTC proposes to increase the month-to-month DS1 High Capacity rates. An internal analysis was completed to determine what percentage of the month-to-month customers would choose to remain on a month-to-month basis at the increased rates or migrate to one of the new proposed DS1 term payment. Month-to-month customers were recast based on this analysis.

The restructure of the base period is demonstrated in Exhibit 1. Rate changes are displayed in Exhibit 2. The revenue impact affects only the Special Access basket as demonstrated on the SUM-1 page of the Tariff Review Plan (TRP). The API remains below the PCI and all SBIs are below the associated SBI Upper Limits as indicated on the IND-1 form of the TRP.

In addition, NBTC proposes to introduce a new DS1 Term Payment Plan. Cost support documentation is not required for new services as discussed in Section 61.49 of the Commission's Rules.

CONCLUSION

Overall, the new DS1 TPP gives customers more options to purchase DS1 service, at discounted monthly rates, all in one package. In addition, once the new plan is deployed in all regions, customers will receive a uniform rate plan for all High Capacity (1.544 Mbps) or DS1 circuits across all SBC regions.