

**NEVADA BELL TELEPHONE COMPANY
DESCRIPTION AND JUSTIFICATION
March 29, 2007
TRANSMITTAL NO. 152**

PURPOSE

Pursuant to AT&T/BellSouth Special Access Merger Condition #6 of F.C.C. Docket No. 06-74, which states "In areas within the AT&T/BellSouth in-region territory where an AT&T/BellSouth ILEC has obtained Phase II pricing flexibility for price cap services ("Phase II areas"), such ILEC will offer DS1 and DS3 channel termination services, DS1 and DS3 mileage services, and Ethernet services,¹ that currently are offered pursuant to the Phase II Pricing Flexibility Provisions of its special access tariffs,² at rates that are no higher than, and on the same terms and conditions as its tariffed rates, terms and conditions as of the Merger Closing Date [December 29, 2006] for such services in areas within its in-region territory where it has not obtained Phase II pricing flexibility. In Phase II areas, AT&T/BellSouth also will reduce by 15% the rates in its interstate tariffs as of the Merger Closing Date for Ethernet services that are not at that time subject to price cap regulation..." , Nevada Bell Telephone Company (NBTC) proposes certain rate reductions to comply with this merger condition. Specifically, NBTC proposes to reduce certain rates in its Phase II pricing flexibility areas for the services listed above, where the price flex rates are higher than the price cap rates. This filing is being made on 7 days notice in accordance with Section 204(a)(3) of the Communications Act of 1934, as amended, and Section 61.58 (2)(i) of the Commission's Rules.

¹ The Ethernet services subject to this commitment are AT&T's interstate OPT-E-MAN, GigaMAN and DecaMAN services and BellSouth's interstate Metro Ethernet Service.

² The Phase II Pricing Flexibility Provisions for DS1 and DS3 services are those set forth in Ameritech Tariff FCC No. 2, Section 21; Pacific Bell Tariff FCC No. 1, Section 31; Nevada Bell Tariff FCC No. 1, Section 22; Southwestern Bell Telephone Company Tariff FCC No. 73, Section 39; The Southern New England Telephone Tariff FCC No. 39, Section 24; and BellSouth Telecommunications Tariff FCC No. 1, Section 23.

DESCRIPTION

With this filing, NBTC proposes to reduce channel terminations, fixed and per-mile rates for interstate DS1 and DS3 services (as described in Section 7), that it offers as of the effective date of this tariff, in the areas in which it has obtained Phase II pricing flexibility (set forth in Section 22) to the rates set forth in Sections 7.11.5.3 and 25(N).

These reductions apply to rates in effect as of the AT&T/BellSouth Merger Closing Date, and are in addition to discounts that NBTC filed in compliance with Merger Commitment # 9 of F.C.C. Docket No. 06-74, for the AT&T/BellSouth merger.

Services purchased via pricing flexibility contract tariffs that specify a fixed price for such services are excluded from these reduced rates.

Additionally, these discounted rates are temporary and automatically sunset on June 30, 2010, consistent with Merger Commitment #6. After June 30, 2010, Customers, including existing term plan customers, subscribing to DS1/DS3 channel termination and mileage services and Ethernet Services shall purchase such services pursuant to the prevailing Phase II pricing flexibility rates; however, those rates will not exceed the rates in effect as of the Merger Closing Date. With this filing, NBTC is also introducing a vintage rate section to Section 22, to ensure that the prevailing rates do not exceed the rates in effect as of the Merger Closing Date.

PRICE CAP COMPLIANCE

Pursuant to Part 69.727(b) of the Commission's Rules, no supporting documentation is required for Phase II pricing flexibility filings.