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May 25, 2001

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 001797-TP (Covad Arbitration)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing Statement, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,



T. Michael Twomey
(2P)

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

DOCUMENT NUMBER - DATE

06614 MAY 25 2001

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
Docket No. 001797-TP

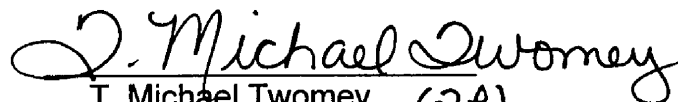
I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U. S. Mail this 25th day of May, 2001 to the following:

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(+) Signed Protective Agreement

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for Interconnection Arbitration)
By DIECA Communications, Inc. d/b/a) Docket No. 001797-TP
Covad Communications Company Against)
BellSouth Telecommunications, Inc.)
) Filed: May 25, 2001
)

**PRE-HEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc., (“BellSouth”) pursuant to the Order Establishing Procedure (PSC-01-0884-PCO-TP), issued April 6, 2001 and Order Granting in Part and Denying in Part, Motion for Extension of Time, and Modifying Order Establishing Procedure (Order No. 0884-PCO-TP) (PSC-01-1098-PCO-TP issued May 9, 2001, submits its Pre-hearing Statement.

Witnesses

BellSouth proposes to call the following witness to offer testimony on the issues in this docket, as enumerated in Appendix A of the Order Establishing Procedure:

<u>Witness</u>		<u>Issues</u>
1. Cynthia K. Cox	(Direct and Rebuttal)	1, 2, 3, 6, 8, 11(a), 11(b), 12, 24, 25, 29, 31, and 32(a)
2. Clyde Greene	(Rebuttal Only)	31 and 32(a)
3. Jerry Kephart	(Direct and Rebuttal)	7(a), 7(b), and 30
4. Jerry Latham	(Direct and Rebuttal)	5(a), 5(b), 5(c)
5. Bernard Shell	(Direct and Rebuttal)	24 and 29

6. Tommy Williams	(Direct and Rebuttal)	16, 18, 21, 22, 23
7. Jerry Wilson	(Direct ¹ and Rebuttal)	21

BellSouth reserves the right to call additional witnesses, including witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Pre-hearing Officer at the pre-hearing conference to be held on June 11, 2001. BellSouth has listed the witnesses for whom BellSouth filed testimony, but reserves the right to supplement that list if necessary.

Exhibits

Cynthia K. Cox	CKC-D1	BellSouth Cost Calculator 2.4 - Element Summary Report
	CKC-RI	General Subscriber Service Tariff, Sec. A2.4, Pages 18 through 20 Access Service Tariff, Sec. E2.4, Pages 19 through 22
Clyde Greene	CLG-R1	Sample Federal Express Delivery Confirmation Forms for Covad Magnetic Tape Bills
	CLG-R2	Pages 1 and 481 of May 10, 2001 Bill from an ALEC to BellSouth
	CLG-R3	Pages 1 and 352 of May 13, 2001 Bill from BellSouth to an Interexchange Carrier Customer
Bernard Shell	WBS-1	PROPRIETARY - UNE Cost Study
	WBS-2	Diagram Line Sharing in the C.O. (DLEC Owned Splitter)
	WBS-3	PROPRIETARY - Spreadsheet
Jerry Kephart		None
Jerry Latham		None
Jerry Wilson		None
Tommy Williams		None

¹ Mr. Wilson has adopted the Direct Testimony of Ronald M. Pate.

BellSouth reserves the right to file exhibits to any additional testimony that may be filed under the circumstances identified above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

Statement Of Basic Position

The Commission's goal in this proceeding is to resolve each issue in this arbitration consistent with the requirements of Section 251 of the Telecommunications Act of 1996 ("1996 Act"), including the regulations prescribed by the Federal Communications Commission ("FCC"). BellSouth and Covad have continued to negotiate in good faith, and have resolved a significant number of issues since Covad's request for arbitration was filed with this Commission.

Nevertheless, there remain a number of issues for which the parties have not been able to reach a solution. These issues range in scope from questions about the intervals for provisioning xDSL loops to the time period within which Covad should pay BellSouth for the wholesale services Covad obtains under the parties' agreement. BellSouth believes that Covad's positions on these issues will not withstand close scrutiny. For the most part, these issues involve Covad's desire to receive preferential treatment. BellSouth believes that its positions are both reasonable and fair. The Commission should adopt BellSouth's position on these issues.

BellSouth's Position On The Issues Of Law And Fact

Issue 1: **What limitations of liability, if any, should be included in the Parties' Interconnection Agreement?**

Position: This issue is beyond the scope of Section 251 of the 1996 Act. Therefore, the Commission should not impose the adoption of disputed language relating to this issue. If, however, the Commission addresses the merits of the disputed language, each party's liability to the other arising out of any negligent act or omission should be limited to a credit for the actual cost of the services or functions not

performed or improperly performed. BellSouth is willing to exclude from this limitation losses resulting from gross negligence or intentional misconduct.

Issue 2: What should BellSouth's obligations be under this Interconnection Agreement in the event that BellSouth's workforce, or the workforce of its suppliers and vendors, engage in a work stoppage?

Position: This issue is beyond the scope of Section 251 of the 1996 Act. Therefore, the Commission should not impose the adoption of disputed language relating to this issue. If, however, the Commission addresses the merits of the disputed language, Covad's proposed language should be rejected. Because of the schedule for the implementation of the new interconnection agreement and the schedule for BellSouth's negotiations with its unionized workforce, this issue is moot. Moreover, BellSouth will provide interconnection and access to unbundled network elements on a nondiscriminatory basis during any work stoppage. BellSouth does not have enough resources to consult with every ALEC before, during, and after a strike. Covad is not entitled to preferential treatment in this regard.

Issue 3: Should there be a limitation on an ALEC's right to opt-in to an existing interconnection agreement that has only six months remaining before it expires?

Position: Consistent with FCC Rule 51.809, an ALEC should not be allowed to opt into an existing interconnection agreement that has less than 6 months to run before it expires. Moreover, pursuant to Section 252(i) of the Act and FCC Rule 51.809, BellSouth is required to make available to ALECs any interconnection, service, or network element provided under any other agreement at the same rates, terms and conditions as provided in that agreement. This is commonly known as the "most favored nation" or "pick and choose" option. The ALEC, however, must also adopt any rates, terms and conditions that are legitimately related to, or were negotiated in exchange for or in conjunction with, the portion of the agreement being adopted. The adoption or substitution by an ALEC of specific terms contained in a previously approved agreement should be effective on the date the amendment memorializing the adoption is signed by BellSouth and the adopting ALEC.

Issue 4: Is Covad entitled to receive a discount on services it purchases from BellSouth but does not resell to an end user, including services that it purchases for its own use?

Position: This issue has been settled.

Issue 5(a): What is the appropriate interval for BellSouth to provision an unbundled voice-grade loop, ADSL, HDSL or UCL for Covad?

Position: BellSouth will provide these facilities within 5-7 working days after an error-free local service request has been received and a Firm Order Confirmation (FOC) has been returned to Covad. Covad's proposed intervals should be rejected because Covad is not entitled, under the 1996 Act or the rules and regulations of the FCC, to have these network elements provisioned more rapidly than BellSouth makes these facilities available to itself or its affiliates.

Issue 5(b): What is the appropriate interval for BellSouth to provision an IDSL-compatible loop for Covad?

Position: BellSouth's interval for IDSL-Compatible loops, as for the loops addressed in Issue 5(a), is 5 to 7 days after the FOC is returned to Covad. The BellSouth proposal to provision these loops according to its standard "service intervals" is appropriate. Covad's proposed interval is unreasonable.

Issue 5(c): What should be the appropriate interval for BellSouth to "de-condition" (i.e., remove load coils or bridged tap) loops requested by Covad?

Position: BellSouth has proposed to Covad a sliding scale of relevant time frames based on the way the loops are provisioned. The xDSL compatible loops that Covad wishes to purchase from BellSouth must have certain technical characteristics in order to work properly. Typically, the loops must have load coils and/or bridged tap removed before they are provisioned. Covad's proposed five-day interval for this work is clearly unreasonable. BellSouth's position is reasonable and nondiscriminatory.

Issue 6: Where a due date for the provisioning of a facility is changed by BellSouth after a Firm Order Confirmation has been returned on an order, should BellSouth reimburse Covad for any costs incurred as a direct result of the rescheduling?

Position: Covad's proposal is unreasonable. Covad is asking that BellSouth financially guarantee that an order will be provisioned on the original due date given. To do what Covad requests would result in additional work effort and, therefore, additional costs being incurred in the ordering phase, prior to the FOC being returned to Covad. If Covad wants financial guarantees that the due date will not be missed, then the rates Covad pays for the services it wants will have to be adjusted to reflect BellSouth's assumption of those risks.

Issue 7(a): When BellSouth provisions a non designed xDSL loop, under what terms, conditions and costs, if any, should BellSouth be obligated to participate in Joint Acceptance Testing to ensure the loop is properly provisioned?

Position: Joint Acceptance Testing is not appropriate for this type of loop unless Covad desires it as a separate chargeable option. BellSouth has developed a non-designed loop for xDSL services with a lower non-recurring cost achieved partially via reduced testing requirements. Covad may choose to purchase various types of designed loops with more rigorous requirements should they desire joint testing activities. BellSouth will provision non-designed loops in accordance with its specifications in TR73600.

Issue 7(b): Should BellSouth be prohibited from unilaterally changing the definition of and specifications for its loops?

Position: To insure that BellSouth can adapt its loop offerings to newly developed standards and changes in technology, BellSouth needs to retain the flexibility to alter its loop definitions and specifications. ALECs are always notified in advance of these changes through Carrier Notification letters.

Issue 8: When Covad reports a trouble on a loop where, after BellSouth dispatches a technician to fix the trouble, no trouble is found but later trouble is identified on that loop that should have been addressed during BellSouth's first dispatch, should Covad pay for BellSouth's cost of the dispatch and testing before the trouble is identified?

Position: When Covad causes BellSouth to dispatch a technician to test a loop that Covad has reported as having a problem, and no problem is found on BellSouth's facilities, Covad should pay BellSouth's expenses incurred as a result of the unnecessary dispatch. If Covad disputes the billing of a dispatch in a particular circumstance, other provisions in the parties' agreement provide a process for doing so. Under the very narrow circumstances described in the statement of this issue, Covad would not be charged for the dispatch.

Issue 9: What intervals should be adopted for the provision of information regarding dark fiber by BellSouth to Covad?

Position: This issue has been settled.

Issue 10(a): Should Covad be required to pay for loop conditioning for loops less than 18,000 feet in length?

Position: The parties agree that this issue was decided in Docket No. 990649-TP.

Issue 10(b): What should the rates be for conditioning a loop?

Position: The parties agree that this issue was decided in Docket No. 990649-TP.

Issue 11: What rate, if any, should Covad pay BellSouth if there is no electronic ordering interface available, when it places a manual LSR for:

(a) an xDSL loop?

Position: Manual ordering charges should apply when Covad places an order manually, either for its own business reasons or because BellSouth does not have an electronic interface that will allow Covad to place orders electronically. The rate for manual service orders, Cost Element Number N.1.2, adopted by this Commission in Docket No. 990649-TP, is the appropriate rate.

(b) line sharing?

Position: Manual ordering charges should apply when Covad places an order manually, either for its own business reasons or because BellSouth does not have an electronic interface that will allow Covad to place orders electronically. The rate for manual service orders, Cost Element Number N.1.2, adopted by this Commission in Docket No. 990649-TP, is the appropriate rate.

Issue 12: Should Covad have to pay for a submitted LSR when it cancels an order because BellSouth has not delivered the loop in less than five business days?

Position: Once Covad submits an LSR, BellSouth begins processing Covad's order. Even if Covad later withdraws its request, Covad is responsible for paying whatever charges are appropriate to reimburse BellSouth for the work done on Covad's behalf.

Issue 13: What access should Covad have to BellSouth's loop make up information?

Position: This issue has been settled.

Issue 14: When ordering an SL1 loop, should Covad be able to order and reserve a specific facility?

Position: This issue has been settled.

Issue 15: **What should be the interval for installation in central offices of splitters necessary to implement line sharing?**

Position: This issue has been settled.

Issue 16: **Where should the splitters be located in the central office?**

Position: Splitters should be located in the common areas where the ALECs are collocated. Covad is not entitled to dictate where splitters are located in BellSouth's central offices. Moreover, locating the splitters on the MDF as proposed by Covad is very inefficient due to the frame space that this approach requires.

Issue 17: **Should Covad be permitted to purchase splitter space in increments of one port at a time?**

Position: This issue has been settled.

Issue 18: **What should the provisioning interval be for the line sharing unbundled network element?**

Position: BellSouth owes Covad nondiscriminatory access to its unbundled network elements. BellSouth is not obligated to create special provisioning intervals for Covad. The current provisioning intervals for Covad and the other ALECs in Florida are comparable to the provisioning for BellSouth's own ADSL service, which is all that can be required of BellSouth.

Issue 19: **This issue has been redesignated Issue 11(b).**

Issue 20: **Should BellSouth be required to certify the functionality of the splitters that it has in place as well as the splitters that it places in service in the future?**

Position: This issue has been settled.

Issue 21: **Should BellSouth provide accurate service order completion notifications for line sharing orders?**

Position: BellSouth agrees that it must provide accurate information to the ALECs when line sharing orders have been completed. ALECs may rely on the electronic completion notice ("CN") for orders submitted electronically and may use the CLEC Service Order Tracking System ("CSOTS") to obtain CN status for manually submitted requests. This is the same CN process used for all other UNE requests. ALEC use of a "line sharing COSMOS/SWITCH" report, as an interim method to determine CN status, is no longer required.

Issue 22: **Should BellSouth test for data continuity as well as voice continuity both when provisioning and repairing line shared loops?**

Position: BellSouth is willing to test continuity of the data circuit wiring. BellSouth also tests the wiring of the high frequency spectrum. In January 2001, BellSouth announced to the line sharing collaborative that it would begin using the new Line Sharing Verification Transmitter (LSVT) to test the wiring of the loops for line sharing. The device is now being deployed and use of this device has been included in procedures for installation and maintenance of line sharing loops.

Issue 23: **Should Covad have access to all points on the line shared loop?**

Position: BellSouth is responsible for the quality of wiring at its frame. There is a process for ALECs to report troubles on UNE services and for BellSouth to respond to and repair the troubles. It would not be appropriate to allow individuals not employed by BellSouth to perform work at the frame because of the potential cost and service disruption that errors by ALEC technicians might cause.

Issue 24: **Are the rates proposed by BellSouth for unbundled loops and line sharing compliant with TELRIC pricing?**

Position: The parties agree that this issue, except as it relates to rates for line sharing, was decided in Docket No. 990649-TP. The rates that Covad should pay for line sharing must be derived in accordance with the TELRIC costing principles adopted by the FCC and by this Commission. Rates for line sharing, based on TELRIC principles, are set forth in Exhibit CKC-D1. The Commission should adopt these rates in this docket with the understanding that any final adjustments ordered in Docket No. 990649-TP, if applicable, can be incorporated at a later date. These rates should be trued-up only on a going forward basis.

Issue 25: **In the event Covad desires to terminate its occupation of a collocation space, and if there is a waiting list for space in that central office, should BellSouth notify the next ALEC on the waiting list to give that ALEC the opportunity to take that space as configured by Covad (such as racks, conduits, etc.), thereby relieving Covad of its obligation to completely vacate the space?**

Position: Covad is not entitled to learn which ALECs are on the waiting list for a particular central office. And, BellSouth has no obligation to contact ALECs on a waiting list on Covad's behalf and attempt to broker a transaction to minimize Covad's expenses associated with vacating a central office. Moreover, if the Commission were to order BellSouth to take such action on Covad's behalf, BellSouth requests that the Commission find that any time spent in the negotiating process between the ALECs not be counted as part of BellSouth's provisioning time when determining whether BellSouth has met its collocation provisioning intervals.

Issue 26: In the event that Covad contracts for collocation space in an office where there is a waiting list for space, but cancels its request for collocation before it has occupied the space, should Covad be liable to pay for the space preparation work that BellSouth has performed when either BellSouth or the next ALEC benefits from that work?

Position: This issue has been settled.

Issue 27: When should charges for collocated space begin?

Position: This issue has been settled.

Issue 28: Should BellSouth be required to provide power cabling from the BDFB to Covad's collocation space?

Position: This issue has been settled.

Issue 29: What rates should Covad pay for collocation?

Position: The rates that Covad should pay for collocation must be derived in accordance with the TELRIC costing principles adopted by the FCC and by this Commission. Rates for collocation, based on TELRIC principles, are set forth in Exhibit CKC-D1. The Commission should adopt these rates in this docket with the understanding that any final adjustments ordered in Docket No. 990649-TP, if applicable, (and eventually Docket Nos. 981834-TP/990321-TP for collocation) can be incorporated at a later date. These rates should be trued-up only on a going forward basis.

Issue 30: Should BellSouth resolve all loop "facilities" issues within thirty days of receiving a complete and correct local service request from Covad?

Position: It is not reasonable to place an arbitrary, artificial time limit on when facilities issues can be resolved. Availability of facilities is affected by Outside Plant Construction workload and other factors. Facility problems for ALEC service requests are handled by BellSouth using the same procedures that BellSouth uses to handle its own facility problems.

Issue 31: Should BellSouth send Covad both a paper and a duplicate electronic bill and in either instance, when should the bill be due?

Position: BellSouth currently sends Covad a paper bill and a magnetic tape of its bill. The bill will be due 30 days from the bill date. The paper bill and magnetic tape are generally rendered within 10 days of that bill date. If Covad believes that it has insufficient time to review its bill, Covad could choose to receive its bill electronically at an additional charge.

Issue 32(a): Should Covad be required to pay amounts in dispute as well as late charges on such amounts?

Position: Covad should not have to pay portions of bills that it legitimately disputes until the dispute is resolved. Covad should, however, pay any undisputed amounts. Moreover, once the dispute is resolved, Covad should clearly pay late charges on the portion of the disputed bill that it is finally determined that Covad owes.

Issue 32(b): How long should parties endeavor to resolve billing discrepancies?

Position: This issue has been settled.

Issue 33: Should BellSouth's Network Management Center directly inform Covad's Network Management Center about all Abnormal Condition Reports that directly or indirectly affect the services of unbundled network elements purchased from BellSouth?

Position: This issue has been settled.

Issue 34: Should BellSouth notify Covad's Network Management Center when BellSouth's Emergency Control Center is activated or placed on alert?

Position: This issue has been settled.

Issue 35: If an Abnormal Condition Report or disaster affects services or facilities provided to Covad, should BellSouth provide Covad documentation of that condition and perform a root cause analysis of that situation?

Position: This issue has been settled.

Stipulations

The parties have settled issues by agreement as shown above. Moreover, BellSouth and Covad have agreed that issues 10(a), 10(b), and 24 (except for costs relating to line sharing) have been litigated in Docket No. 990649-TP, Investigation into Pricing of Unbundled Network Elements, and will be resolved by the Final Order issued in that docket. Accordingly, those three issues need not be addressed in this docket.

Pending Motions

BellSouth has pending requests for confidential classification of (1) certain proprietary information included within Mr. Shell's testimony WBS-1 and WBS-3; and (2) certain proprietary information produced in response to Covad's discovery requests Request for Production Nos. 7, 18, 22, 32, 33, 34, 35, 36 and 37. In addition, BellSouth will file by June 13, 2001, a request for confidential classification concerning certain proprietary information that Covad attached to the rebuttal testimony of its witnesses, Beth R. Y. Kientzle and Joseph P. Riolo.

Other Requirements

None.

Respectfully submitted this 25th day of May, 2001.

BELLSOUTH TELECOMMUNICATIONS, INC.


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