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December 23, 2003

Mrs. Blanca S. Bayó  
Division of the Commission Clerk and  
Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 030851-TP; *In re: Implementation of requirements arising from Federal Communications Commission's triennial UNE review: Local Circuit Switching for Mass Market Customers***

Dear Ms. Bayó:

The purpose of this letter is to identify two matters of concern that BellSouth has identified involving BellSouth's its BACE (BellSouth Analysis of Competitive Entry) model filed earlier this month in the referenced docket.

First, two of the reports that the model can generate -- "Revenue\_CEA-UNEZone" (which produces the average revenue per customer and is available from the Wizard reporting and from the Saved reports) and "NetIncome-Per Line" (which produces the net income report on a per line basis and which is also available from the Wizard reporting and from the Saved reports) -- produce results that cannot be utilized. Fortunately, the outputs of these reports are for informational purposes only, and are not used in the impairment determination. Consequently they do not affect the outcome when the model is used to analyze markets for impairment and do not impact the impairment results that are detailed in the Direct Testimony of Dr. Debra J. Aron. The next iteration of the model will generate these reports accurately.

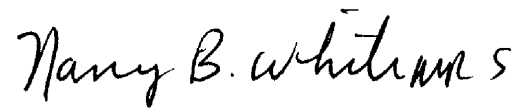
Second, as a result of ongoing evolution of the BACE model, when BellSouth files its next switching case, which will occur in Georgia, the testimony will indicate that an additional (seventh) optimization step has been included that allows the user to remove any negative margin Enterprise customers groups from any markets in which they may exist. This additional optimization step has no impact on BellSouth's filing in Florida because all Enterprise customer groups in the positive NPV markets provide a positive margin. In other words, in Florida, this additional optimization step does not change the number of markets that are found not to be impaired, and it does not change the magnitude of the positive NPV values for the markets that are not impaired.

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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,

A handwritten signature in black ink that reads "Nancy B. White". The signature is written in a cursive style with a large, stylized "N" and "W".

Nancy B. White

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

519166

**CERTIFICATE OF SERVICE  
Docket No. 030851-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via Electronic Mail, Hand Delivery\* and FedEx® this 23<sup>rd</sup> day of December 2003 to the following:

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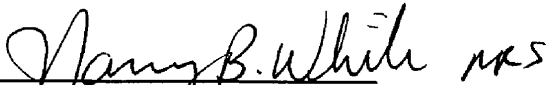
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