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January 30, 2004

Mrs. Blanca S. Bayó
Director, 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**

Dear Ms. Bayó:

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

Nancy White (BSS)

Nancy B. White

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

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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 30th day of January 2004 to the following:

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(*) via Hand Delivery
(⊗) via FedEx

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of requirements arising From Federal Communications Commission Triennial UNE review: Local Circuit Switching for Mass Market Customers.	)))))	Docket No. 030851-TP Filed: January 30, 2004

REVISED PREHEARING STATEMENT OF BELLSOUTH TELECOMMUNICATIONS, INC.

In compliance with the initial procedural order in this docket, Order No. PSC-03-1054-PCO-TP, issued September 22, 2003 ("Initial Prehearing Order"), as amended, BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits its **revised** Prehearing Statement.

A. Witnesses

BellSouth will call the following witnesses to offer testimony on the issues in this matter:

Witness	Subject Matter of Testimony
John A. Ruscilli (Direct, Rebuttal and Surrebuttal)	Mr. Ruscilli provides an overview of BellSouth's position on the issues in this proceeding and introduces the witnesses who provide detailed positions on each issue. Mr. Ruscilli also provides information on cross connects, the mass market cross over point and the rate for the batch hot cut process. Mr. Ruscilli addesses, in part, Issues 1, 2, 3, 4, 5 and 6.
Dr. Christopher Jon Pleatsikas (Direct, Rebuttal and Surrebuttal)	Dr. Pleatsikas addresses Issues 1 and 2, relating to the definition of the appropriate market area that should be used in this proceeding.
Pamela A. Tipton (Direct and Surrebuttal)	Ms. Tipton addresses Issues 4 (a) and (b), identifying the specific markets in Florida where the FCC self-provisioning trigger is met and Issues 5 (a) (b) and (e), identifying where CLECs have self-

	provisioned switching in markets where the trigger is not met .
Dr. Debra J. Aron (Direct, Rebuttal and Surrebuttal)	Dr. Aron addresses Issues 5(d) and (e) and discusses the economic issues associated with the potential deployment test created by the FCC, where the FCC's trigger tests are not met.
James W. Stegeman (Direct, Supplemental Direct and Surrebuttal)	Mr. Stegeman testifies about the BACE model which determines whether it would be economic for a CLEC to enter a particular market in Florida. His testimony relates to Issues 2(b) and (c) and Issues 5 (d) and (e).
Dr.Randall S. Billingsley (Direct and Surrebuttal)	Dr. Billingsley discusses the weighted cost of capital that should be used in the BACE model. His testimony relates to Issues 5 (d) and (e).
W. Keith Milner (Direct, Rebuttal and Surrebuttal)	Mr. Milner provides testimony regarding the network design used in the BACE model. Mr. Milner's testimony relates to Issues 5(d) and (e).
A. Wayne Gray (Rebuttal and surrebutal)	Mr. Gray testifies about collocation and cross connection issues. His testimony principally addresses Issue 5 (c).
Ken L. Ainsworth (Direct, Rebuttal and Surrebuttal)	Mr. Ainsworth testifies regarding BellSouth's individual and batch hot cut processes, and demonstrates that these processes provided effective and seamless mechanisms by which BellSouth can move end users from one carrier's local switch to another carrier's local switch. Mr. Ainsworth addresses Issue 3.
Ronald M. Pate (Direct, Rebuttal, Surrebuttal)	Mr. Pate testifies regarding the UNE-to-UNE bulk migration ordering process, BellSouth's Flow-Through performance and other OSS-related issues. Mr. Pate's testimony addresses Issues 3 (a) and (c).

Alfred A. Heartley (Direct, Rebuttal, Surrebuttal)	Mr. Heartley testifies regarding the scalability and regionality of BellSouth's network forces and the ability of those network forces to handle current and foreseeable hot cut demand. Mr. Heartley addresses Issue 3 (d).
Alphonso J. Varner (Direct, Rebuttal, Surrebuttal)	Mr. Varner testifies regarding BellSouth's performance on unbundled loops, hot cuts and collocation. In addition, Mr. Varner proposes additional hot cut measures. Mr. Varner addresses Issues 3(d)(e) and (g) as well as Issue 5(c).
Milton McElroy (Rebuttal, Surrebuttal)	Mr. McElroy testifies about the independent third party evaluation of BellSouth's batch hot cut process. His testimony also addresses BellSouth's mass migration conversion hot cut process. Mr. McElroy addresses Issues 3 (a), (c) and (d).
Eric Fogle (Rebuttal, Surrebuttal)	Mr. Fogle testifies about the applicability of BellSouth's hot cut processes to line splitting arrangements. Mr. Fogle's testimony primarily addresses portions of Issue 3.
Gary Tennyson (Rebuttal)	Mr. Tennyson testifies about the feasibility of Electronic Loop Provisioning and other CLEC proposals for mechanized hot cuts. In addition, Mr. Tennyson addresses hot cuts involving IDLC. Mr. Tennyson addresses Issues 5 (c) and (d).

BellSouth has made a good-faith attempt to identify the subject matter addressed by these witnesses; however, any given witness' testimony may also relate to other issues in this docket.

BellSouth reserves the right to call witnesses to respond to Florida Public Service Commission ("Commission") inquiries not addressed in direct, rebuttal or surrebuttal testimony

and witnesses to address issues not presently designated that may be designated by the Prehearing Officer at the Prehearing conference to be held on February 9, 2004.

B. Exhibits

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" 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 the Rules of the Commission.

Witness	Exhibit	Title
Ken L. Ainsworth	**DIRECT EXHIBITS**	
	KLA-1	Provisioning Process Flow (Coordinated Cuts)
	KLA-2	Hot Cut Report Notification Summary
	KLA-3	Hot Cut Workload Calculation
	REBUTTAL EXHIBITS	
	KLA-4	Comparison of Sprint and BellSouth Conversion Process
	KLA-5 (Proprietary)	Sample of Supra Ports and BellSouth Go-Ahead Report – November Data
	KLA-6 (Proprietary)	LCSC Call Logs for October and November which are related to LNP issues
	KLA-7a	E-mail from Sam Blackstock to Bette Smith at Supra Telecom regarding bulk migration
	KLA-7b (Proprietary)	BellSouth UNE-P to UNE-L Bulk Migration Project Notification
	KLA-8	BellSouth Performance Data on Maintenance and Repair Products
	SURREBUTTAL EXHIBITS	
	KLA-9	UNE-P to UNE-L Order Summary

	KLA-10	Mean Time to Repair report
Dr. Debra J. Aron	**DIRECT EXHIBITS**	
	DJA-01	Curriculum Vitae of Dr. Debra J. Aron
	DJA-02 (Second Revised)	Unimpaired Markets in Florida Where Triggers Not Met
	DJA-03 (Proprietary)	Actual Versus Expected Competitive Losses of Residential Customers to CLECs by Spending Quintile
	DJA-04 (Proprietary)	Actual Versus Expected Competitive Losses of SOHO Customers to CLECs by Spending Tercile (SOHO Customer Targeting Effect)
	DJA-05	Cross-Penetration Customer Propensities
	DJA-06	Customer Acquisition ("Sales") Costs of AT&T and of CLECs that Market to Mass-Market Customers
	DJA-07	Implication of Estimated Per Line Sales Expenses for the BACE Model
	DJA-08 (Revised)	Additional Market Areas Where BACE Models Shows NPV is Positive in BellSouth Serving Area
	SURREBUTTAL EXHIBITS	
	DJA-09	Example of Economies of Scope
	DJA-10	Residential Customer Acquisition Costs
Dr. Randall S. Billingsley	**DIRECT EXHIBITS**	
	RSB-1	Resume of Dr. Randall S. Billingsley
	RSB-2	Nature and Applicability of the DCF Model in Cost of Equity Capital Analysis
	RSB-3	Sample of Publicly-Traded CLECs
	RSB-4	Capital Asset Pricing Model Analysis

	RSB-5	Calculation of 10-Year U.S. Treasury Note Futures' Implied Interest Rate
	RSB-6	Bond Ratings for Value Line – Covered CLECs
Eric Fogle	**REBUTTAL EXHIBITS**	
	EF-1	CO-Based Line Splitting
	EF-2	CLEC Voice on BST UNE-P
	EF-3	Line Splitting Migration Options Delivered to Date
A. Wayne Gray	**NO EXHIBITS**	
Alfred A. Heartley	**DIRECT EXHIBITS**	
	AH-1	Top 20 Florida Wire Centers List
	REBUTTAL EXHIBITS	
	AH-1 (Revised)	Top 20 Regional Wire Centers List
	SURREBUTTAL EXHIBITS	
	AH-2	Revised Force Model
Milton McElroy	**REBUTTAL EXHBITS**	
	MM-1	BellSouth's Bulk Migration and Regional Tests
	MM-2	Affidavit of Paul M. Gaynor of PwC
	SURREBUTTAL EXHIBITS	
	MM-3	Mass Migration Conversion Process
W. Keith Milner	**DIRECT EXHIBITS**	
	WKM-1	Architecture Scenarios
	WKM-2	Collocation CLEC Facilities at BellSouth End Office

	WKM-3	CLEC Facilities Collocated at BellSouth Tandem Switching Central Office
	WKM-4	Interconnection with Other Service Providers
	SURREBUTTAL EXHIBITS	
	WKM-5 (Proprietary)	Supra Loop Migration Volumes
Ronald M. Pate	**DIRECT EXHIBITS**	
	RMP-1	Change Request Form
	RMP-2	UNE-Port/Loop Combination (UNE-P) to UNE-Loop (UNE-L) Bulk Migration CLEC Information Package
	REBUTTAL EXHIBITS	
	RMP-3	Letter to Lisa Harvey at Florida Public Service Commission attaching BellSouth's Flow-through Improvement Plan Progress Report
	SURREBUTTAL EXHIBITS	
	RMP-4	BellSouth Local Ordering Handbook: Section 3 – Ordering (LSOG6/ELMS6)
	RMP-5	ENCORE User Requirements for UNE to UNE Bulk Migrations
	RMP-6	BellSouth UNE to UNE Bulk Ordering Specifications for EDI ELMS6 Trading Partners
	RMP-7	BellSouth Professional Training Services – LENS User's Guide: UNE to UNE Bulk Migrations

Dr. Christopher Jon Pleatsikas

DIRECT EXHBITS

CJP-1	Curriculum Vitae of Dr. Christopher Jon Pleatsikas
CJP-2 (Revised)	Map of BellSouth Serving Area

John A. Ruscilli

DIRECT EXHIBITS

JAR-1 (Revised)	Map of BellSouth Serving Area
JAR-2 (Revised)	BellSouth Markets of Where Trigger is Met
JAR-3 (Revised)	Additional Market Areas Where BACE Model Shows NPV is Positive in BellSouth Serving Area

REBUTTAL EXHIBITS

JAR-4	Notice from website of Supra Telecom informing Supra customers regarding rate increases effective 1/1/03

SURREBUTTAL EXHIBITS

JAR-5	Article regarding Voice over IP

James W. Stegeman

DIRECT EXHIBITS

JWS-1	List of Acronyms
JWS-2	The BellSouth Analysis of Competitive Entry Model – User's Guide
JWS-3 (Revised)	The BellSouth Analysis of Competitive Entry Model – Methodology Manual

	SURREBUTTAL EXHIBITS	
	JWS-4	CD containing BACE Model
Gary Tennyson	**REBUTTAL EXHIBITS**	
	GT-1	White Paper showing results of BellSouth IDLC Technical Trial
Pamela A. Tipton	**DIRECT EXHIBITS**	
	PAT-1 (Revised)	CLEC Switches Deployed in Florida
	PAT-2 (Revised)	Map of BellSouth Serving Area
	PAT-3 (Revised)	Markets Where Self-Provisioning Trigger is Met
	PAT-4 (Revised)	Map of BellSouth Markets Where Trigger is Met
	PAT-5 (Second Revised) (Proprietary)	CLECs That Meet Self-Provisioning Trigger (Based on Currently Available Data)
	PAT-6 (Revised)	Markets with Actual CLEC Deployment Where Triggers Not Met
	PAT-7 (Revised) (Proprietary)	CLECs with Actual Deployment in Markets Where Triggers Not Met
	SURREBUTTAL EXHIBITS	
	PAT-8	Decision Flow Chart to Determine if FCC Self-Provisioning Trigger is Met
	PAT-9	Comcast Local Phone Service Website
	PAT-10	Markets with 3 or More CLECs Self-Providing DS1 Switching

	PAT-11	Three or More CLECs Self-Providing Switching with Any Quantity DSO Loops
	PAT-12	MSAs Where Triggers are Met
	PAT-13	LATAs Where the Self-Provisioning Trigger is Met

Alphonso J. Varner **DIRECT EXHIBITS**

AJV-1	Discussion of Performance Measurements Data for Hot Cuts and UNE Local Loops
AJV-2	Florida Performance Metrics – Proposed Changes
AJV-3	SEEM Submetrics – Proposed Changes

C. Statement of Basic Position

The FCC, through its Triennial Review Order (TRO), issued August 21, 2003, has attempted to delegate to the state commissions, the duty and obligation to determine whether Competitive Local Exchange Carriers ("CLECs") are "impaired" within the meaning of the Federal Telecommunications Act of 1996, without access to unbundled local switching provided by the Incumbent Local Exchange Company (ILEC) to serve "mass market" customers. The FCC required that the state commissions make a finding of "no impairment" in markets where there were three or more CLECs, not affiliated with the ILEC or each other, that were self-provisioning switching or two or more CLECs providing switching at "wholesale" that could be used to provide service "mass market" customers. In markets where these 'triggers" are not met, the FCC created a "potential deployment" test, requiring the state commissions to find "no impairment" when an examination of the facts disclosed that there are no operational or

economic barriers to deployment of switching alternatives. Finally, the FCC required the state commissions to establish an appropriate "hot cut" process that allows customers to move from one switch to another switch.

Within the framework that the FCC has established, this proceeding is about facilities-based competition in Florida; more specifically whether facilities-based will develop in those areas where it presently does not exist, and whether facilities-based competition will survive in those areas in Florida where it already exists. Many CLECs want to use BellSouth's unbundled switching because it is cheap and easy for them to utilize, allows them to "cherry pick" the most lucrative customers in Florida, and allows them to avoid making their own substantial investments in Florida, in terms of money, capital and people. The evidence in this proceeding, however, will demonstrate that CLECs willing to invest in Florida can readily compete in a number of markets using their own switching. Specifically, the evidence will demonstrate that the FCC switching trigger is met in 12 markets and that there are an additional 9 markets where the application of the FCC's "potential deployment" test demonstrates that CLECs are not impaired without unbundled switching The Commission should find that CLECs are not impaired without access to BellSouth's unbundled switching in those markets.

With respect to the hot cut issues, BellSouth notes that this Commission has examined BellSouth's individual hot cut process extensively, including having the process audited by a third party, and has found that the process is appropriate and will not impede the development of competition in Florida. BellSouth's batch hot cut process incorporates that same proven provisioning process, but gains efficiencies via the batch migration order confirmation and its project management functionality. Finally, BellSouth's Mass Migration Process allows CLECs the ability to submit one spreadsheet and delegate the remaining conversion activities to

BellSouth in order to gain the maximum provisioning efficiencies. BellSouth's Batch Hot Cut Process complies with the requirements of the Triennial Review Order. In addition BellSouth's Mass Migration Conversion Process, which BellSouth will implement when and where it receives unbundled switching relief, also complies with the TRO.

D, E, and F. BellSouth's Position on the Factual, Legal, and Policy Issues

Issue 1. **For purposes of this proceeding, what are the relevant markets for purposes of evaluating mass market impairment and how are they defined?**

Position: The appropriate geographic market definition to be used in this proceeding should be the UNE zones established by this Commission, further subdivided by Component Economic Areas (CEAs) established by the Bureau of Economic Analysis, United States Department of Commerce. The FCC has determined that the geographic market cannot be as large as the entire state, nor so small that a CLEC operating solely in that market cannot realize economies of scope and scale. By selecting UNE zones subdivided by CEAs, each market area combines two geographic concepts that have specific economic meaning and that reflect both demand-side and supply-side factors that are important to establishing a market definition. More specifically, loop and other costs vary by UNE zone, which impacts supply-side substitutability (a factor that is used to determine market definition), and the CEAs were formed based on some of the factors that ensure that the area represents an economic community of interest.

Issue 2. **In defining the relevant geographic areas to include in each of the markets, how should the following factors be taken into consideration and what relative weights should they be assigned:**

a) **the locations of mass market customers actually being served by CLECs;**

b) **the variation in factors affecting CLECs' ability to serve each group of customers; and**

c) **CLECs' ability to target and serve specific markets profitably and efficiently using currently available technologies?**

Position: The market definition BellSouth supports clearly considers each of these three factors. The first factor relates to demand for switch-based mass-market service by CLECs (while CLECs currently serve customers in diverse parts of Florida, these customers tend to be largely grouped in UNE zones 1 and 2) and the second and third factors relate to "supply-side substitutability" (an important element in determining geographic markets) for switch-based CLEC mass-market service. The first factor is taken into account by differentiating between the density and size of the customer base, which is addressed with the UNE zones, and by the CEA, which distinguishes among the various economic nodes in the State. The second and third factors are taken into account both by the UNE zone and the CEA. UNE zones are related to various costs (e.g. loop costs), that affect supply-side substitutability, and by the density and size of the customer base, which also affects costs (and therefore supply-side substitutability). The CEA establishes that there is some commonality with respect to, e.g., mass market advertising.

Issue 3. (a) **Does a batch cut process exist that satisfies the FCC's requirements in the Triennial Review Order? If not, in which markets should the Commission establish a batch cut process?**

Position: BellSouth's Batch Hot Cut Process satisfies the FCC's requirements in the Triennial Review Order. In addition, BellSouth will provide CLECs with the Mass Migration Process for those CLECs that wish for BellSouth to handle all aspects of the conversion at such time and in those areas where BellSouth receives unbundled switching relief. BellSouth's batch hot cut process is available region-wide.

(b) For those markets where a batch cut process should be established, what volume of loops should be included in the batch?

Position: In the Batch Hot Cut Process, BellSouth can perform at least 125 hot cuts per central office per day. BellSouth's process is scalable to handle volumes above 125 cuts per central office per day.

(c) For those markets where a batch cut process should be established, what specific processes should be employed to perform the batch cut?

Position: The Commission should adopt BellSouth's Batch Hot Cut Process as described in the testimony of Ken Ainsworth. In addition, the Commission can rely on BellSouth's individual hot cut process and mass migration hot cut process as providing additional effective and seamless ways to move loops from one carrier's switch to another carrier's switch.

(d) For those markets where a batch cut process should be established, is the ILEC capable of migrating multiple lines that are served using unbundled local circuit switching to CLECs' switches in a timely manner?

Position: BellSouth's commercial usage, performance data and third party test all confirm that BellSouth is capable of migrating multiple lines that are served using unbundled local circuit switching to CLECs' switches in a timely manner.

(e) For those markets where a batch cut process should be established, should the Commission establish an average completion interval performance metric for the provision of high volumes of loops?

Position: BellSouth's current performance measurements plan provides extensive data on BellSouth's provision of unbundled loops, including hot cuts. However, in order to capture performance relating to batch hot cuts, BellSouth has presented new performance measures and changes to existing measures to address more completely certain aspects of the batch migration process that may not be captured in current individual hot cut measurements. The Commission should adopt these new measures.

(f) For those markets where a batch cut process should be established, what rates should be established for performing the batch cut processes?

Position: BellSouth has proposed different rates for each of the three hot cut processes. These rates reflect the varying degrees of efficiencies gained by each process:

- Individual hot cut process – Commission – approved NRCs
- Batch hot cut process – 10% off applicable NRC
- Mass Migration hot cut process – 15% off applicable NRC for 500-2000 telephone numbers; 25% off applicable NRC for greater than 2000 telephone numbers.

(g) Are there any markets in which a batch hot cut process need not be implemented? If so, for those markets where a batch cut process need not be established because absence of such a process is not impairing CLECs' ability to serve end users using DS0 loops to serve mass market customers without access to unbundled local circuit switching,

(i) what volume of unbundled loop migrations can be anticipated if CLECs no longer have access to unbundled local circuit switching;

(ii) how able is the ILEC to meet anticipated loop migration demand with its existing processes in a timely and efficient manner; and

(iii) what are the nonrecurring costs associated with the ILEC's existing hot cut process?

Position: BellSouth does not assert at this time that there are any markets in which a hot cut process need not be implemented, because BellSouth's individual and batch hot cut processes are regional and available in every market region-wide. BellSouth will make the Mass Migration Conversion Process available at such time as and in those areas where it receives unbundled switching relief.

(i) not applicable

(ii) not applicable

(iii) The nonrecurring costs associated with BellSouth's existing individual hot cut process are those rates adopted by the Commission in Docket No. 990649A-TP.

Issue 4. **(a) In which markets are there three or more CLECs not affiliated with each other or the ILEC, including intermodal providers of service comparable in quality to that of the ILEC, serving mass market customers with their own switches?**

(b) In which markets are there two or more CLECs not affiliated with each other or the ILEC, including intermodal providers of service comparable in quality to that of the ILEC, who have their own switches and are offering wholesale local switching to customers serving DS0 capacity loops in that market?

Position: There are twelve (12) markets in Florida in which there are three or more CLECs not affiliated with each other or the ILEC, including intermodal providers of service, serving mass market customers with their own switches. The list of the twelve (12) markets is found in Ms. Tipton's Exhibit PAT-3 (revised). BellSouth does not assert at this time that the wholesale switching triggers have been met in Florida.

Issue 5. **(a) In which markets are there either two wholesale providers or three self-provisioners of local switching not affiliated with each other or the ILEC, serving end users using DS1 or higher capacity loops? Where there are, can these switches be used to serve DS0 capacity loops in an economic fashion?**

Position: There are three or more CLECs self-provisioning local switching using DS1 or higher loops in 13 of BellSouth's geographic markets. These markets are identified in Ms. Tipton's Exhibit PAT-11.

(b) In which markets are there any carriers with a self-provisioned switch, including an intermodal provider of service comparable in quality to that of the ILEC, serving end users using DS0 capacity loops?

Position: BellSouth, in Dr. Aron's testimony, has identified 9 markets where the FCC's "potential deployment" test is met, even though the FCC's triggers test is not. With regard to those 9 markets, there are CLECs providing DS0 service in 8 of them. The specific markets and the CLECs serving those markets are reflect in Witness Tipton's Exhibits PAT-6 (revised) and PAT-7 (revised).

(c) In which markets do any of the following potential operational barriers render CLEC entry uneconomic absent access to unbundled local circuit switching:

1. **The ILEC's performance in provisioning loops;**
2. **difficulties in obtaining collocation space due to lack of space or delays in provisioning by the ILEC; or**
3. **difficulties in obtaining cross-connects in the ILEC's wire centers?**

Position: BellSouth's performance in provisioning loops, providing collocation space, and enabling cross connects in its central offices does not constitute an operational barrier rendering CLEC entry uneconomic in any market in Florida.

(d) In which markets do any of the following potential economic barriers render CLEC entry uneconomic absent access to unbundled local circuit switching:

1. the costs of migrating ILEC loops to CLECs' switches; or

2. the costs of backhauling voice circuits to CLECs' switches from the end offices serving the CLECs' end users?

Position: BellSouth has identified 9 markets in Florida using the FCC's "potential deployment" test, in which CLECs are not impaired without access to BellSouth's unbundled switching. Thus, CLEC entry into those 9 markets is not rendered uneconomic as a result of the cost of migrating loops to the CLEC's switches or by the cost of back hauling calls to the CLECs' switches. Those markets are identified in Dr. Aron's Exhibit DJA-02 (second revised). Further, even in those markets where neither the triggers nor the "potential deployment" tests are met, there is no evidence that costs of migrating loops or back haul costs are the determining factors as to the barriers that exist in those markets.

(e) Taking into consideration the factors in (a) through (d), in what markets is it economic for CLECs to self-provision local switching and CLECs are thus not impaired without access to unbundled local circuit switching?

Position: BellSouth has identified 9 market areas in Florida, using the FCC's "potential deployment" test, where it is economic for CLECs to self-provision local switching and where CLECs are thus not impaired without access to unbundled local switching.

These markets are identified in Exhibit DJA-02 (second revised), attached to Dr. Aron's direct testimony.

(f) **For each market, what is the appropriate cut-off for multiline DS0 customers (where it is economic to serve a multiline customer with a DS1 loop)? That is, taking into account the point at which the increased revenue opportunity at a single location is sufficient to overcome impairment and the point at which multiline end users could be served economically by higher capacity loops and a CLEC's own switching (and thus be considered part of the DS1 enterprise market), what is the maximum number of DS0 loops that a CLEC can serve using unbundled local switching, when serving multiline end users at a single location?**

Position: With regard to the demarcation point that divides "mass market" customers from "enterprise" customers, BellSouth adopts the FCC's default demarcation point, by which customers having three or fewer CLEC lines at a location are mass market customers and customers having four or more lines are enterprise customers.

Issue 6. **If the triggers in §51.319(d)(2)(iii)(A) have not been satisfied for a given ILEC market and the economic and operational analysis described in §51.319(d)(2)(iii)(B) resulted in a finding that CLECs are impaired in that market absent access to unbundled local switching, would the CLECs' impairment be cured if unbundled local switching were only made available for a transitional period of 90 days or more? If so, what should be the duration of the transitional period?**

Position: The evidence that will be presented by BellSouth demonstrates that CLECs are not impaired in 21 markets in Florida and therefore there is no need for a transition period. Should it be determined that for some reason that a transition period is required, it should not exceed 90 days.

G. Stipulations

There are no stipulations at this time.

H, I. Pending Motions

BellSouth has the following motions pending:

1. Motion to Strike Portions of Select Parties' Direct Testimony, filed January 5, 2004.

2. BellSouth has filed numerous requests for confidential classification of discovery responses, as well as certain testimony and specific exhibits. All of those requests remain outstanding.

J. Other Requirements

BellSouth knows of no requirements set forth in any Prehearing Order with which it cannot comply.

K. Objections to Witnesses Qualifications

At this point BellSouth has not deposed any witnesses or otherwise had an opportunity to examine the credentials of the witnesses other than through examination of the witnesses' prefiled direct and rebuttal testimony, and through written discovery. It is not clear, for instance, whether AT&T witness Wood intends to hold himself out as qualified to offer an expert opinion on the cost of capital. If he does, BellSouth may wish to challenge that claim. Depending on the answers provided in deposition, BellSouth may also wish to challenge the qualifications of other witnesses to offer expert opinions on issues such as economic theory and modeling, but absent further discovery, BellSouth cannot state with specificity what it will do in this regard.

Respectfully submitted this 30th day of January, 2004.

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