

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to recover 2005 tropical system related costs and expenses, by BellSouth Telecommunications, Inc. | DOCKET NO. 060598-TL
| ORDER NO. PSC-06-1001-PHO-TL
| ISSUED: December 4, 2006

PREHEARING ORDER

BY THE COMMISSION:

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on November 20, 2006, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

JAMES MEZA III, ESQUIRE, and MANUEL A. GURDIAN, ESQUIRE, c/o Nancy Sims, 150 South Monroe Street, Suite 400, Tallahassee, Florida 32301; and E. EARL EDENFIELD, JR., ESQUIRE, Suite 4300, BellSouth Center, 675 W. Peachtree Street, NE, Atlanta, Georgia 30375
On behalf of BellSouth Telecommunications, Inc. ("BST").

VICKI GORDON KAUFMAN, ESQUIRE, Moyle Flanigan Katz Raymond White & Krasker, PA, 118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of Competitive Carriers of the South, Inc. and NuVox Communications, Inc. (Collectively "COMPSOUTH").

SUSAN J. BERLIN, ESQUIRE, NuVox Communications, Inc., Two North Main Street, Greenville, South Carolina 29601
On behalf of NuVox Communications, Inc.

HAROLD MCLEAN, ESQUIRE, and CHARLES J. BECK, ESQUIRE, Office of the Public Counsel c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399
On behalf of Florida's Citizens ("OPC").

ADAM J. TEITZMAN, ESQUIRE, THERESA LEE ENG TAN, ESQUIRE, and PATRICK K. WIGGINS, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission ("STAFF").

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

I. CASE BACKGROUND

On September 1, 2006, BellSouth Telecommunications, Inc. (BellSouth) filed its Petition to Recover 2005 Tropical System Related Costs and Expenses pursuant to 364.051(4), Florida Statutes.

An administrative hearing will be held on this matter on December 6, 2006.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 364, Florida Statutes.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 119.07(1), Florida Statutes, and Rule 25-22.006, Florida Administrative Code, shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 364.183, Florida Statutes. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in

the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.

- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Division of the Commission Clerk and Administrative Services' confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), Florida Administrative Code, if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
William McKinney	BST	2
C.S. (Steve) Pendergrass	BST	2
Ronald L. Hilyer	BST	1, 2
Kathy K. Blake	BST	1, 2, 3, 4, 5, 6
Charleston J. Winston (Revised)	Staff	
<u>Rebuttal</u>		
Don J. Wood (Revised)	CompSouth	1, 2, 3, 4
<u>Surrebuttal</u>		
C.S. (Steve) Pendergrass	BST	1, 2
Ronald L. Hilyer	BST	1, 2
Kathy K. Blake	BST	1, 2, 3, 4, 5, 6

VII. BASIC POSITIONS

BST: The 2005 storm season was one of the most active and most costly seasons BellSouth has experienced. Six named tropical systems impacted areas served by BellSouth in Florida: Tropical Storm Arlene, Hurricane Cindy, Hurricane Dennis, Hurricane Katrina, Hurricane Rita, and Hurricane Wilma ("2005 Storms"). These systems struck Florida from June 11, 2005 through October 24, 2005, causing hundreds of millions of dollars of damage. Specifically, BellSouth's total costs relating to storm damage incurred as a result of the 2005 Storms was approximately \$202.4 million. Of the \$202.4 million, BellSouth's intrastate incremental storm recovery expense incurred as a result of the 2005 storm season was \$95.5 million.

Florida Statutes § 364.051(4)(b) specifically permits a local exchange telecommunications company that, like BellSouth, is subject to carrier of last resort obligations, to recover its “intrastate costs and expenses relating to repairing, restoring, or replacing the lines, plant, or facilities damaged by a named tropical system.” Florida Statutes § 364.051(4)(b) identifies the requirements necessary for BellSouth to obtain relief under the statute. BellSouth has met all of the requirements under this statute. Specifically,

- BellSouth is a local exchange carrier that is subject to carrier-of-last-resort obligations and has more than 3 million access lines in Florida.
- BellSouth suffered damages caused by six named tropical systems, occurring after June 1, 2005, that exceeded the \$5 million minimum.
- BellSouth has not filed a petition for hurricane cost recovery for the 2005 storm season in the last 12-month period.
- The intrastate costs and expenses incurred in repairing, restoring and replacing its lines, plant and facilities as a result of the named tropical systems were reasonable under the circumstances.
- BellSouth does not have a storm reserve fund.

Accordingly, as BellSouth has complied with all of the requirements of Section 364.051(4)(b), Florida Statutes, BellSouth is entitled to recover its storm related costs and expenses for the 2005 Storms. Pursuant to Section 364.051(4)(b), Florida Statutes, BellSouth is limited to applying a maximum line-item charge of \$0.50 per appropriate retail access line and unbundled loop per month for a 12-month period in order to recover its incremental, intrastate costs that BellSouth experienced as a result of the 2005 Storms. Based on June 2006 data, BellSouth had approximately five million retail access lines and approximately 797,300 unbundled loops in service. Thus, the total amount BellSouth is seeking to recover due to the 2005 Storms is approximately \$34.6 million, which is 17% of the actual total costs BellSouth experienced as a result of the 2005 Storms.

**COMP-
SOUTH:**

The Commission should reject BellSouth’s proposal to apply its requested storm surcharge to unbundled wholesale loop network element customers. BellSouth’s proposed charge on UNEs is inconsistent and in conflict with federal law. BellSouth seeks, through this surcharge, to reprice UNEs at above TELRIC prices. This is directly inconsistent with and violative of the Telecommunications Act of 1996 and FCC regulations which require UNEs to be priced at TELRIC rates.

Further, section 364.051(4)(b)(6), Florida Statutes, explicitly states that a surcharge may only be applied to wholesale access lines if the Commission finds it appropriate. Such a charge is not appropriate because it would conflict with federal law. It is also inappropriate for the following reasons.

First, it is inappropriate under the Florida statute to assess a charge on CLECs because CLECs have incurred and must absorb significant expenses of their own related to storm damage. Second, unlike BellSouth, CLECs have no practical market mechanism by which to impose such a surcharge on their own customers. Third, the way in which BellSouth has counted access lines is inconsistent with the statute which directs the charge to be applied on a per access line or per customer basis, not a "per DSO equivalent" basis as BellSouth seeks. Fourth, BellSouth's proposed charge is not competitively neutral – it does not propose to apply the charge in the same way to wholesale and retail customers. BellSouth proposes to charge wholesale customers more through its surcharge than retail customers for equivalent service.

OPC: Citizens believe that the Commission should use an incremental cost approach for storm cost recovery. Use of an incremental cost approach is necessary in order to ensure that any storm surcharge approved by the Commission does not pay for costs that are already recovered through basic telephone rates. It appears that BellSouth has followed an incremental cost approach in this case.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

ISSUE 1: **WHAT AMOUNT OF ANY STORM DAMAGE RESERVE FUND SHOULD BE CONSIDERED WHEN DETERMINING THE AMOUNT OF TROPICAL-SYSTEM-RELATED INTRASTATE COSTS AND EXPENSES TO BE RECOVERED?**

POSITIONS:

BST: No storm reserve fund should be considered in evaluating BellSouth's Petition for the simple reason that BellSouth has no such fund. Specifically, because BellSouth is no longer operating pursuant to rate-of-return regulation and instead is price-cap regulated, BellSouth neither has a storm reserve fund nor has it maintained an accrued reserve for future storm damage. In fact, pursuant to Generally Accepted Accounting Principles ("GAAP"), BellSouth is prohibited from maintaining such a reserve. Thus, no amount of a storm damage reserve fund should be considered when determining the amount of tropical-system-

related intrastate costs and expenses to be recovered. In addition, assuming *arguendo* that BellSouth was still rate-of-return regulated and had maintained a storm reserve of \$10 million a year since 1994, the amount of the reserve would be at least a negative \$75 million due to the tropical-system related expenses that BellSouth experienced from 1994 to 2005.

COMP-SOUTH:

¹ Any amount which BellSouth accrued in its storm damage reserve fund prior to becoming price cap regulated should be considered when determining costs and expenses.

OPC:

BellSouth's rates included recovery of a \$10 million per year storm damage accrual beginning in 1994. Although BellSouth unilaterally terminated the accruals at the end of 1997, the Commission should treat BellSouth's rates as continuing to recover \$10 million per year for a storm damage accrual.

Citizens have no position at this time regarding the amount of the storm damage reserve fund available to apply to tropical-system-related intrastate costs and expenses during 2005.

STAFF:

Staff believes that the Commission should consider the storm damage reserve fund and annual expense accrual of \$10 million approved in Order No. PSC-94-0172-FOF-TL in determining the amount of costs to be recovered. Based on BellSouth's RLH Exhibit 4 attached to Hilyer's Surrebutal testimony, the calculated accumulated balance in the storm damage reserve fund was \$20,228,000 on December 31, 2005, excluding the costs of any storm damage incurred in 2005. The amount, if any, approved in Issue 2 should be reduced by \$20,228,000.

ISSUE 2:

WHAT IS THE APPROPRIATE AMOUNT OF INTRASTATE COSTS AND EXPENSES RELATED TO DAMAGE CAUSED DURING THE 2005 TROPICAL STORM SEASON, IF ANY, THAT SHOULD BE RECOVERED BY BELL SOUTH, PURSUANT TO SECTION 364.051(4), FLORIDA STATUTES?

POSITIONS:

BST:

BellSouth incurred \$202.4 million in storm related damage as a result of the 2005 Storms. Of the \$202.4 million, BellSouth's intrastate, incremental storm recovery expense incurred as a result of the 2005 storm season was \$95.5 million. This amount excludes all capital expense and is reduced to reflect only intrastate

¹ NuVox's position is included CompSouth's positions.

expenses. All of these expenses were reasonable, and BellSouth did not recover any of the expenses via a storm reserve fund or insurance.

Pursuant to Section 364.051(4)(b), Florida Statutes, BellSouth is limited to applying a maximum line-item charge of \$0.50 per applicable retail access line and unbundled loop per month for a 12-month period. Based on June 2006 data, BellSouth had approximately five million retail access lines and approximately 797,300 unbundled loops in service. Thus, based on June 2006 data, the total approximate amount BellSouth is seeking to recover due to the 2005 Storms is approximately \$34.6 million.

COMP-SOUTH:

CompSouth has no position on this issue except to note, as explained in more detail in Issues 3 and 4, that even if the Commission were to find that BellSouth had some amount of costs and expenses appropriate for recovery, no charge should be imposed on wholesale UNE customers.

OPC: No position at this time.

STAFF: Staff has no position at this time.

ISSUE 3A: **WHAT IS THE APPROPRIATE TYPE AND NUMBER OF RETAIL ACCESS LINES, BASIC AND NONBASIC, TO WHICH ANY STORM DAMAGE RECOVERY MAY BE ASSESSED?**

POSITIONS:

BST: As of June 2006, BellSouth had approximately five million retail access lines. In accordance with Florida Statutes Section 364.051(4), the line-item charge can be assessed "per access line to the billing statement of the company's retail basic local telecommunications service customers" and "its retail nonbasic telecommunications service customers". BellSouth proposes that the line-item charge be recovered on a per line basis from retail basic and nonbasic local exchange service lines, including residential and business lines, payphone lines, PBX trunk lines, Network Access Registers ("NARs") lines (including NARs used in conjunction with BellSouth ESSX[®] Service and MultiServ Plus Service), and B Channels of both Basic ISDN and ISDN PRI. BellSouth proposes to use its general billing database to determine the appropriate line counts because this database contains the uniform service ordering codes that BellSouth will use in order to apply the line-item charge to the service that each access line carries. Further, because the total number of applicable lines fluctuates on a daily basis, BellSouth proposes to apply the \$.50 charge to the classes of service identified above.

**COMP-
SOUTH:**

No position.

OPC:

No position at this time.

STAFF:

Staff witness Winston recommends in his testimony and exhibit that the Commission reduce the total recovery requested by \$930,804 to account for differences between access lines reported in the petition and the number of access lines reported in the Commission's Schedule 8 report of June, 2006.

ISSUE 3B:

IS A LINE ITEM CHARGE ON BELLSOUTH'S WHOLESALE UNE LOOPS APPROPRIATE PURSUANT TO SECTION 364.051(4)(B)(6), FLORIDA STATUTES AND FEDERAL LAW? IF YES, ON WHICH TYPES OF LINES SHOULD THE CHARGE BE ASSESSED AND HOW SHOULD THE LINES BE COUNTED? WHAT IS THE TOTAL NUMBER OF UNE LOOPS TO BE ASSESSED, IF ANY?

POSITIONS:

BST:

Yes, the line-item charge on BellSouth's wholesale UNE Loops is appropriate pursuant to Section 364.051(4)(b)(6), Florida Statutes, and federal Law. Section 364.051(4)(b)(6), Florida Statutes, allows the Commission to apply the line-item charge to BellSouth's wholesale loop unbundled network element customers. This charge does not constitute a change in the TELRIC price of the loop; rather, it is a temporary line-item charge authorized under Florida law for the recovery of intrastate expenses that BellSouth is seeking to apply to its retail and wholesale loop customers. The charge is unrelated to BellSouth's federal Section 251 obligations and thus does not impact any TELRIC pricing requirements. Further, because the charge is unrelated to Section 251, no amendment of an interconnection agreement is required.

BellSouth proposes that the line-item charge be recovered on a per access line basis from all unbundled wholesale loop network element customers (including stand-alone loops, ISDN loops, DS1 and DS3 loops (stand-alone and as part of an enhanced extended loop), xDSL loops). BellSouth proposes to apply the charge on a nondiscriminatory basis for all affected CLECs by charging CLECs \$.50 a line for all lines leased by the CLEC, regardless of the loop type purchased. Such a proposal is consistent with the Commission's decision in Order No. PSC-06-0172-FOF-TP, where the Commission determined that a DS1 should be counted as 24 business lines because it corresponds to 24 64 kbps-equivalents. BellSouth also proposes to use its general billing database to determine the appropriate line counts, because this database contains the uniform service ordering codes that BellSouth will use in order to apply the line-item charge to the applicable wholesale loops. Using this data source and as of June 2006, BellSouth had approximately 797,300 unbundled loops in service.

**COMP-
SOUTH:**

No. A line item charge on UNEs is inappropriate under Florida and federal law. Pursuant to federal law, BellSouth's attempt to apply the proposed charge to UNE customers is inconsistent with and preempted by federal law. The United States Supreme Court in *Verizon Communications, Inc. v. FCC*, 535 U.S. 467 (2002), approved the FCC's adoption of the TELRIC pricing methodology, which state commissions must apply in regard to UNE pricing. Imposing a charge on top of already approved TELRIC prices is in conflict with federal law.²

Under Florida law, the proposed surcharge is inappropriate because:

1) Unlike BellSouth CLECs have no practical market mechanism by which to impose such a surcharge on their own customers;

2) The way in which BellSouth has counted access lines is inconsistent with the statute which directs the charge to be applied on a per access line or per customer basis. Instead, BellSouth has redefined the statute's terms which refer to "access line", "customer line", and "unbundled loop" to mean "DSO equivalent." Such an interpretation is inappropriate, bears no relationship to cost and would inappropriately increase the burden on competitors.

3) BellSouth's proposed charge is not competitively neutral – it does not propose to apply the charge in the same way to wholesale and retail customers. Application of the charge on an "activated voice channel basis" to retail customers is not the same as a DSO-equivalent basis for wholesale customers. The effect of this disparate treatment is that wholesale customers will be charged more for equivalent service.

OPC: No position at this time.

STAFF: Staff has no position at this time.

ISSUE 4: **WHAT IS THE APPROPRIATE LINE ITEM CHARGE PER ACCESS LINE, IF ANY?**

POSITIONS:

BST: Because BellSouth experienced over \$95 million in intrastate, incremental expenses related to the 2005 Storms, BellSouth proposes to recover its intrastate, incremental expenses via a line-item charge of \$.50 per month per access line for a period of 12 months.

² The issues of law which will impact the Commission's decision in this case will be addressed in CompSouth's pretrial memorandum which will be filed on November 30, 2006 pursuant to Order No. PSC-06-0941-PCO-TL.

**COMP-
SOUTH:**

For the reasons delineated in Issue No. 3, no charge should be imposed on UNEs.

OPC:

No position at this time.

STAFF:

The appropriate monthly line item charge per access line is the amount, if any, approved in Issue 2 divided by the appropriate number of access lines, approved in Issues 3A and 3B, divided by 12, as long as this amount does not exceed the statutory limitation of 50¢ per month per customer line as defined in Section 364.051(4), Florida Statutes.

ISSUE 5:

IF A LINE ITEM CHARGE IS APPROVED IN ISSUE 4, ON WHAT DATE SHOULD THE CHARGE BECOME EFFECTIVE AND ON WHAT DATE SHOULD THE CHARGE END?

POSITIONS:

BST:

The charge should become effective as soon as possible after Commission approval, taking into consideration time for BellSouth to modify its billing processes necessary to implement the Commission's order. Accordingly, it is BellSouth's proposal that the assessment of the line-item charge begin approximately 60 days following a final order of the Commission. Once BellSouth begins billing the line-item charge, it should be allowed to apply the charge for 12 consecutive months, as permitted by the statute.

**COMP-
SOUTH:**

If the Commission approves any storm charge, it should not be applicable to wholesale UNE customers. If any charge is applied to wholesale customers, which it should not be, such a charge cannot be applied unless and until any applicable interconnection agreements are amended. Finally, any charge must end 12 months after its effective date.

OPC:

No position at this time.

STAFF:

If a charge is approved in Issue 4, the company should file a tariff within 30 days of the vote in this docket. The tariff should be effective for a total of 12 consecutive months.

ISSUE 6: SHOULD THIS DOCKET BE CLOSED?

POSITIONS:

BST: No. BellSouth will monitor and review its cost recovery process and will, at the end of the 12 months, demonstrate to the Commission that it collected the line-item charge in accordance with the Commission's order resulting from this proceeding. This docket should remain open pending such final review.

COMP-SOUTH: As noted above, no charge should be imposed on UNE customers. If the Commission imposes a charge on retail customers, it should keep the docket open to monitor collection of the charge so as to ensure that BellSouth does not collect any monies in excess of what the Commission permits.

OPC: No position at this time.

STAFF: If a charge is not approved, then this docket should be closed. If a charge is approved, then the docket should remain open. At the end of the collection period, BellSouth shall file a report on the amount collected. If the collections exceed the amount authorized by the Commission in Issue 2, BellSouth shall refund the excess.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
			<u>Direct</u>
McKinney	BST	<u>(Exhibit 1)</u>	Photographs of Damage to BellSouth's service areas affected by the 2005 Named Storms
Pendergrass	BST	<u>(SP Exhibit 1)</u>	BellSouth Telecommunications, Inc. Florida Storm Recovery Costs for 2005 Named Storms Incurred through March 31, 2006.
Hilyer	BST	<u>(RLH - 1)</u>	Comparison of OPC and BellSouth Treatment of Certain Expense and Capital Storm Recovery Items

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Hilyer	BST	_____ (RLH - 2)	Florida Storm Recovery Costs for 2005 Named Storms, Incurred through March 31, 2006
	BST	_____	Any exhibits attached to BellSouth's surrebuttal testimony to be filed on November 17, 2006
	BST	_____	BellSouth's Responses and Supplemental Responses to all Audit Requests issued by Staff, including but not limited to BellSouth's Responses and Supplemental Responses to Audit Requests Nos. 1 to 34

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	BST	_____	BellSouth's Responses and Supplemental Responses to all Interrogatories and Requests for Production issued by Staff, Office of Public Counsel and CompSouth, including but not limited to Responses and Objections to Public Counsel's First Set of Interrogatories and First Request for Production, Responses and Objections to CompSouth's First Set of Interrogatories and First Request for Production, Responses and Objections to Staff's First Set of Interrogatories and First Request for Production, Supplemental Response and Objection to Staff's First Set of Interrogatories No. 6, Responses and Objections to CompSouth's Second Set of Interrogatories and Second Request for Production, Supplemental Response to CompSouth's Second Set of Interrogatories Nos. 14 and 15, and Response to CompSouth's Third Set of Interrogatories No. 24.
	BST	_____	CompSouth's Responses to any discovery issued by BellSouth or Staff.
	BST	_____	Staff's Responses to any discovery issued by BellSouth or CompSouth.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
	BST	_____	All transcripts of depositions that are scheduled to take place prior to the discovery cut-off date.
Wood	CompSouth	_____ (DJW - 1)	Vita of Don J. Wood
Wood	CompSouth	_____ (DJW - 2)	BellSouth's response to CompSouth Interrogatory No. 12b
Winston	Staff	_____ (CJW - 1)	
<u>Rebuttal</u>			
Wood	CompSouth	_____ (DJW - 1)	Vita of Don J. Wood
Wood	CompSouth	_____ (DJW - 2)	BellSouth's response to CompSouth Interrogatory No. 12b
<u>Surrebuttal</u>			
Blake	BST	_____ (KKB - 1)	Estimated FL Storm Cost Recovery Amount, Retail
Blake	BST	_____ (KKB - 2)	Estimated FL Storm Cost Recovery Amount, Wholesale Unbundled Loop
Blake	BST	_____ (KKB - 3)	Representative Sample of Megalink Channel Service Account with USOC
Hilyer	BST	_____ (RLH - 3)	Calculation of hypothetical Storm Reserve
Hilyer	BST	_____ (RLH - 4)	Summary of Incremental, Intrastate Storm Expense 1994 - 2005
Hilyer	BST	_____ (RLH - 5)	Calculation of Intrastate Storm Costs

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Pendergrass	BST	<u> </u> (SP – 2)	List of Discovery Responses
Pendergrass	BST	<u> </u> (SP – 3)	Network Operations FL Expense Ledger 6/05 to 3/06
Pendergrass	BST	<u> </u> (SP – 4)	Network Operations FL Expense Ledger 6/04 to 3/05

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

BST: BellSouth was requested to provide and has provided confidential information to Commission Staff and to the Parties in response to data requests, audit requests and discovery requests by Staff and the Parties, and may provide additional confidential information in response to future discovery or in connection with its Surrebuttal Testimony. BellSouth has requested or intends to request confidentiality for the following:

1. BellSouth's Response to Citizen's First Request for Production Nos. 1, 2, 3, 4, 5 and 7;
2. BellSouth's Response to Staff's First Request for Production No. 2 and attachment to First Set of Interrogatories No. 3;
3. BellSouth's Response to CompSouth's First Request for Production Nos. 4 and 5;
4. BellSouth's Response to Staff's subpoena issued on September 18, 2006;
5. BellSouth's Responses and Supplemental Responses to Staff Audit Requests Nos. 1, 5, 10, 18, 19, 22, 23, 24, 27, 29, and 32.

BellSouth reserves the right to use any such information at hearing, subject to appropriate measures to protect its confidentiality.

XIII. RULINGS

Opening and Closing statements, if any, shall not exceed ten minutes per party.

It is therefore,

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 4th day of December, 2006.


J. TERRY DEASON
Commissioner and Prehearing Officer

(S E A L)

AJT/TLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case

of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.