

ORIGINAL

BEFORE

THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

MICHAEL J. MAJOROS, JR.

ON BEHALF OF

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

AND

MCI TELECOMMUNICATIONS CORPORATION

AND

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

DOCKET NO. 960833-TP/960846-TP/971140-TP/960757-TP/960916-TP

DECEMBER 9, 1997

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FPSC-RECORDS/REPORTING

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REBUTTAL TESTIMONY OF
MICHAEL J. MAJOROS, JR.

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AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC., AND
MCI TELECOMMUNICATIONS CORPORATION, AND
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DOCKET NOS.: 960833-TP, 960846-TP, 971140-TP, 960757-TP, 960916-TP

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Michael J. Majoros, Jr. I am Vice President of the economic consulting firm of Snavely King Majoros O'Connor & Lee, Inc. ("Snavely King"). My business address is 1220 L Street, N.W., Suite 410, Washington, D.C. 20005.

Q. HAVE YOU SUBMITTED TESTIMONY PREVIOUSLY IN THIS PROCEEDING?

A. Yes, I submitted Direct Testimony on November 13, 1997.

Q. DID YOUR DIRECT TESTIMONY CONTAIN A DESCRIPTION OF YOUR BACKGROUND, EXPERIENCE AND QUALIFICATIONS?

A. Yes, it did.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I have been asked to compare the lives proposed by BellSouth for use in Unbundled Network Element (UNE) cost study calculations to the

1 projection lives I recommended in my Direct Testimony. I am also to
2 comment on the propriety of BellSouth's proposed lives.

3

4 **Q. WOULD YOU BRIEFLY SUMMARIZE THE PROJECTION LIVES THAT**
5 **YOU RECOMMEND BE USED IN BST'S COST STUDIES?**

6 A. Yes. I recommend the projection lives underlying the FCC's 1995
7 prescription of BellSouth-Florida's depreciation rates.¹ My Direct
8 Testimony explains the projection life concept and demonstrates why
9 those lives are appropriate for forward-looking cost studies.

10

11 **Q. HAVE YOU COMPARED THE LIVES USED BY BELL SOUTH IN ITS**
12 **COST STUDIES TO THE PROJECTION LIVES UNDERLYING THE**
13 **FCC'S RATES?**

14 A. Yes, I have. Rebuttal Exhibit MJM-1 Page 1 of Attachment 1 compares
15 the lives proposed by BellSouth (Column e) to:

- 16 • the range of projection lives prescribed by
17 the FCC pursuant to its recent Prescription
18 Simplification proceeding (Columns a and
19 b); and
- 20 • the projection lives underlying the FCC's
21 1995 prescription for BS-FL (Column c).

22 The lives used by BellSouth (Column e) are much shorter than the
23 projection lives underlying the FCC's 1995 prescription (Column c),
24 consequently they are inappropriate for use in UNE calculations.

25

1 Q. **WHAT IS THE SOURCE OF THE LIVES PROPOSED BY BELL SOUTH**
2 **FOR FLORIDA?**

3 A. BellSouth notes that "Regional economic lives were used in all states."²
4 BellSouth's witnesses stated:

5 BellSouth used projected depreciation lives
6 generally consistent with the depreciation lives
7 we use for public reporting purposes in
8 Florida.³

9

10 Q. **ARE "REGIONAL" LIVES APPROPRIATE FOR USE IN FLORIDA?**

11 A. No. The FCC lives specific to Florida are available and should be used
12 for UNE calculations.

13

14 Q. **ARE FINANCIAL BOOK LIVES APPROPRIATE FOR USE IN UNE**
15 **CALCULATIONS?**

16 A. No. The lives used for financial accounting purposes are governed by the
17 Generally Accepted Accounting Principle ("GAAP") of "conservatism" As
18 the FCC has found, GAAP is investor-focused, and may not always serve
19 the interest of ratepayers. The FCC states:

20 One of the primary purposes of GAAP is to
21 ensure that a company does not present a
22 misleading picture of its financial condition and
23 operating results by, for example, overstating
24 its asset values or overstating its earnings,
25 which would mislead current and potential

1 investors. GAAP is guided by the
2 conservatism principle which holds, for
3 example, that, when alternative expense
4 amounts are acceptable, the alternative having
5 the least favorable effect on net income should
6 be used. Although conservatism is effective in
7 protecting the interest of investors, it may not
8 always serve the interest of ratepayers.
9 Conservatism could be used under GAAP, for
10 example, to justify additional (but, perhaps not
11 "reasonable") depreciation expense by a LEC
12 to avoid its sharing obligation. Thus, GAAP
13 would not effectively limit the opportunity for
14 LECs to manage earnings so as to avoid the
15 sharing zone as the basic factor range option.
16 In this instance, GAAP does not offer adequate
17 protection for ratepayers.⁴

18

19 **Q. IS THE CONSERVATIVE BIAS INHERENT IN FINANCIAL BOOK LIVES**
20 **THE ONLY REASON WHY SUCH LIVES SHOULD NOT BE USED IN**
21 **UNE CALCULATIONS?**

22 A. No. BellSouth's financial book lives assume the replacement of
23 telecommunications plant to provide non-regulated video services. The
24 lives appropriate for UNE calculation should be forward-looking and reflect
25 the expected economic lives of newly placed plant. However, the plant

1 lives appropriate for such a calculation should not be based upon the
2 assumption that efficient telecommunications facilities will be prematurely
3 retired in order to provide non-regulated services. The FCC has
4 specifically ruled that the costs of premature retirements will not be
5 charged to ratepayers. The FCC states:

6 Facilities upgrades and accelerated re-
7 placement of older facilities might also be
8 undertaken primarily for the benefit of
9 unregulated service offerings. The principles
10 adopted in the Order dictates that such costs
11 be excluded from the regulated accounts.⁵

12
13 The use of plant lives based upon the assumption that the
14 telecommunications network will be replaced by an integrated
15 telecommunications/video network would effectively cause the costs of
16 premature retirements to be charged to telephone ratepayers.

17
18 **Q. IS THIS DISTINCTION BETWEEN TELECOMMUNICATIONS AND**
19 **VIDEO SERVICES UNIQUE TO THE FCC?**

20 **A.** No. The Canadian Radio-Television and Telecommunications
21 Commission ("CRTC") draws the very same distinction. The CRTC
22 divides cost between the Competitive (non-regulated) and Utility
23 (regulated) segments, and states:

24 The Commission finds that, in general, the
25 most appropriate regulatory treatment for

1 broadband initiatives is to require the
2 telephone companies to assign to the
3 Competitive segment all new investments and
4 related expenses associated with the
5 deployment of fiber, coaxial cable,
6 optoelectrical equipment, asynchrocus transfer
7 mode (ATM) switches, and video servers.⁶

8
9 * * *

10 The Commission does not foresee any
11 instances where it would be appropriate to
12 have fiber or coaxial cables in the distribution
13 portion of the loop assigned to the Utility
14 segment.⁷

15
16 **Q. DOES BELLSOUTH PLAN TO DEPLOY SUCH A NETWORK IN**
17 **FLORIDA?**

18 **A.** Apparently not. My Rebuttal Exhibit MJM-1 Attachment No. 2 contains
19 the company's responses to several AT&T Data Requests which indicate
20 that the company does not, in fact, have plans to deploy the video
21 network.

22
23 **Q. HAVE ANY STATE COMMISSIONS ISSUED ORDERS WHICH**
24 **ADOPTED FCC PRESCRIBED PROJECTION LIVES, OR SIMILAR**
25 **STATE PRESCRIBED LIVES, FOR USE IN UNE CALCULATIONS?**

1 A. Yes. Prescribed projection lives have already been adopted for use in
2 TELRIC calculations by Massachusetts,⁸ New York,⁹ West Virginia,¹⁰
3 Wyoming,¹¹ Delaware,¹² Ohio,¹³ Michigan,¹⁴ and Colorado.¹⁵ In many other
4 states, TELRIC proceedings are in progress. For example, the Hearing
5 Examiner in Illinois recently proposed the use of prescribed lives.¹⁶

6

7 This is not surprising. In its recent Price Cap decision, the FCC adopted
8 the use of its prescribed lives for use in Total Factor Productivity
9 calculations. The FCC noted that:

10 We can think of no reason why
11 incumbent LECs should be permitted to
12 use different depreciation rates for
13 different regulatory purposes.¹⁷

14

15 **SUMMARY**

16

17 **Q. WHAT EFFECT WOULD THE USE OF PLANT LIVES WHICH ARE**
18 **UNREALISTICALLY SHORT HAVE ON COMPLETION?**

19 A. The use of unrealistically short lives would cause unbundled network
20 elements to be priced above TELRIC. Such pricing would be contrary to
21 the FCC's guidelines and impede the development of competition based
22 upon the purchase of unbundled network elements in the local market.

23

24 **Q. WHAT EFFECT WOULD THE USE OF PLANT LIVES WHICH ARE**
25 **UNREALISTICALLY SHORT HAVE ON TELEPHONE RATEPAYERS?**

1 A. Effectively, telephone ratepayers would be required inappropriately to
2 provide capital contributions to the ILEC. I will demonstrate this with
3 simple illustration. Assume a plant asset costs \$1000 and will have a
4 productive life of 20 years. Depreciation expense should be \$50 per year
5 for 20 years. Assume further that regulatory authorities allow the ILEC to
6 depreciate this asset using a 10-year period at a 10 percent rate and then
7 freeze prices at the resulting \$100 level. There are at least two erroneous
8 consequences. First, the depreciation reserve would build to an
9 excessive level. The Supreme Court has ruled that excessive
10 depreciation results in an unwarranted capital contribution by telephone
11 ratepayers.¹⁸ Second, the ratepayers would pay for this asset at \$100 per
12 year in perpetuity even though they should be paying \$50 per year for 20
13 years.

14

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes, it does.

17

18

19

20

21

22

23

24

25

1 Endnotes:

- 1 FCC Docket No. 95-1635.
- 2 BellSouth Economic Life Input for Capital Cost Runs Used in Development of 1996 Cost Factors.
- 3 Direct Panel Testimony of William P. Zarakas and D. Daonne Caldwell, p. 13.
- 4 Prescription Simplification, Report and Order, FCC 93-452, released October 20, 1993, para. 46.
- 5 Separation of costs of regulated telephone service from costs of non-regulated activities, CC Docket No. 86-111, Report and Order, FCC 86-564, released February 6, 1987, para. 115.
- 6 CRTC, Implementation of Regulatory Framework – splitting of the Rate Base and Related Issues, Telecom Decision CRTC 95-21, 31 October 1995, pp. 34-35.
- 7 Id., p. 35.
- 8 Docket DPU 96-73/74, 96-75, 96-80/81, 96-83, 96-84-Phase 4, December 4, 1996.
- 9 Docket 95-C-0657, 94-C-0095, 91-C-1174, April 1, 1997 ("NY Order).
- 10 Docket 96-1516-T-PC, April 21, 1997.
- 11 Docket 70000-TF-96-319, 72000-TF-96-95, April 23, 1997.
- 12 Docket 96-324, April 29, 1997.
- 13 Docket 96-922-TP-UNC, June 19, 1997.
- 14 Docket U11280, July 14, 1997.
- 15 Docket 96S-331T, July 28, 1997.
- 16 Docket 96-0486, 96-0569, August 8, 1997.
- 17 Docket 94-1, 96-262, May 21, 1997, footnote 122.

¹⁸ Lindheimer v. Illinois Bell Telephone Co., 292 U.S. 151, 78 L.ed. 1182, 54 S.Ct. 658 (1934).

Projection Life Comparison

	Account Number	Account Name	FCC Range		BS FL	BS FL	BS
			Low (a)	High (b)	FCC (c)	PSC (d)	Model (e)
	2112	Motor Vehicles	7.5	9.5	7.5		8.1
2	2115	Garage Work Eqpt	12.0	18.0	12.0		12.0
3	2116	Other Work Eqpt	12.0	18.0	15.0		16.2
4	2121	Buildings	N/A	N/A	48.0		45.0
5	2122	Furniture	15.0	20.0	11.0		14.1
6	2123.1	Ofc. Support Eqpt	10.0	15.0	10.5		11.5
7	2123.2	Co. Comm. Eqpt	7.0	10.0	7.0		7.0
8	2124	Gen. Purpose Computers	6.0	8.0	5.5		5.0
9	2212	Digital Switching	18.0	18.0	18.0		10.0
10	2220	Operator Systems	8.0	12.0	10.0		10.0
11	2232	Digital Circuit	11.0	13.0	10.5		9.3
12	2351	Public Telephones	7.0	10.0	7.0		7.0
13	2411	Poles	25.0	35.0	35.0		34.0
14	2421	Aerial Cable - Met	20.0	28.0	18.0		14.0
15	2421	Aerial Cable - Fiber	25.0	30.0	25.0		20.0
16	2422	Underground Cable - Met	20.0	30.0	20.0		12.0
17	2422	Underground Cable - Fiber	25.0	30.0	25.0		20.0
18	2423	Buried Cable - Met	20.0	26.0	18.0		14.0
19	2423	Buried Cable - Fiber	25.0	30.0	26.0		20.0
20	2426	Intrabldg Cable - Met	20.0	25.0	20.0		21.0
21	2426	Intrabldg Cable - Fiber	25.0	30.0	20.0		21.0
22	2441	Conduit Systems	50.0	60.0	55.0		59.0

SOURCE: Col a, b = FCC Docket No. 95-280 Orders released 8/31/01 and 8/1/05
 Col c = F.L. PARAMANATHAN, July 20, 1995
 Col d = The Florida Public Service Commission did not provide projection lives.
 Col e = BellSouth's FLFACTOR.XLS capital cost calculator

Future Net Salvage Comparison

	Account Number	Account Name	FCC Range		BS FL	BS FL	BS
			Low (a)	High (b)	FCC (c)	PSC (d)	Model (e)
1	2112	Motor Vehicles	10.0	20.0	10.0	10.0	10.0
2	2115	Garage Work Equip	0.0	10.0	0.0	N/A	0.0
3	2116	Other Work Equip	0.0	10.0	1.0	N/A	0.0
4	2121	Buildings	N/A	N/A	4.0	0.0	3.0
5	2122	Furniture	0.0	10.0	14.0	N/A	9.0
6	2123.1	Ofc. Support Eqpt	0.0	10.0	10.0	N/A	10.0
7	2123.2	Co. Comm. Eqpt	-5.0	10.0	10.0	N/A	10.0
8	2124	Gen. Purpose Computers	0.0	5.0	0.0	N/A	0.0
9	2212	Digital Switching	0.0	5.0	0.0	0.0	0.0
10	2220	Operator Systems	0.0	5.0	0.0	0.0	0.0
11	2232	Digital Circuit	0.0	5.0	0.0	2.0	0.0
12	2351	Public Telephones	0.0	10.0	10.0	20.0	10.0
13	2411	Poles	-75.0	-50.0	-75.0	-51.0	-01.0
14	2421	Aerial Cable - Met	-25.0	-10.0	-11.0	-9.0	-14.0
15	2421	Aerial Cable - Fiber	-25.0	-10.0	-11.0	0.0	-15.0
16	2422	Underground Cable - Met	-30.0	-5.0	-7.0	0.0	-17.0
17	2422	Underground Cable - Fiber	-20.0	-5.0	-6.0	2.0	-15.0
18	2423	Buried Cable - Met	-10.0	0.0	-8.0	-4.0	-8.0
19	2423	Buried Cable - Fiber	-10.0	0.0	0.0	3.0	-8.0
20	2426	Intrabldg Cable - Met	-30.0	-5.0	-12.0	-9.0	-13.0
21	2426	Intrabldg Cable - Fiber	-15.0	0.0	-12.0	-5.0	-13.0
22	2441	Conduit Systems	-10.0	0.0	-7.0	-5.0	-8.0

Source: Col a, b = FCC Docket No. 92-296 Orders released 6/28/94 and 5/4/95
 Col c = FCC Parameter Report, July 20, 1995
 Col d = FPSC Order No. PSC-93-0462-POF-TL, Attachment A
 Col e = BellSouth's FLFACTOR.XLS capital cost calculator

BellSouth Telecommunications, Inc.
Docket No. 060833 TP
AT&T's Second Set of Interrogatories
October 18, 1997
Item No. 53
Page 1 of 1

REQUEST: Please provide your current planning forecast for the information in Interrogatory #1 for years 1997 forward.

RESPONSE: Bellsouth does not develop forecasts in the detail requested. However, in an attempt to be responsive, BellSouth has attached its planning forecast for certain assets in Florida.

INFORMATION PROVIDED BY: Thomas F. Lohman
Senior Director
675 West Peachtree Street
Atlanta, Georgia 30375

8000044

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
Item No. 63
Attachment
Page 1 of 1

	1987	1988	1989
FLORIDA \$(000)			
TOTAL GENERAL SUPPORT ASSETS	1,810,200	1,811,181	1,883,161
LAND	51,476	51,500	51,328
BUILDINGS	770,614	766,688	819,808
MOTOR VEHICLES	90,273	117,677	137,025
AIRCRAFT	0	0	0
GARAGE WORK EQPT	1,867	1,800	1,937
OTHER WORK EQPT	116,749	129,489	138,848
FURNITURE	7,228	7,291	7,337
OFFICE SUPPORT EQUIPMENT	18,874	18,311	18,846
VOICE COMMUNICATIONS (718/88C, 728/88C)	4,860	6,688	8,543
Total Office Equipment (2123)	24,634	24,880	25,489
GENERAL PURPOSE COMPUTERS	231,698	271,180	268,806
DATA COMMUNICATIONS (830/3C+730/3C)	207,471	232,706	257,878
Total General Purpose Computer (2124)	439,069	482,886	517,781
TOTAL CENTRAL OFC ASSETS MINUS DLE	2,888,866	3,036,322	3,175,471
ANALOG ELECTRONIC SWITCHING	388,380	381,722	335,388
DIGITAL ELECTRONIC SWITCHING	1,533,781	1,862,848	1,788,288
OPERATOR SERVICES	38,282	40,407	42,384
RADIO	648	648	648
CIRCUIT	848,709	878,788	1,008,823
DIGITAL DATA SYSTEMS (187C)	18,331	16,672	14,816
CIRCUIT OTHER (EXCLUDE 257C, 157C)	830,378	862,116	994,007
	0	0.00	0.00
TOTAL INFO. ORIG./TERMINATION	174,128	177,166	180,304
STATION APPARATUS	288	288	288
LARGE PBX	11,110	12,248	13,508
PUBLIC TELEPHONE	88,672	52,032	60,612
OTHER TERMINAL EQUIPMENT	108,158	112,600	115,907
TOTAL OUTSIDE NETWORK	8,782,128	7,111,880	7,410,821
DIGITAL LOOP ELE (2232 - 257C, D&F257C)	1,478,227	1,817,782	1,754,856
CABLE & WIRE	6,302,801	5,294,208	5,655,965
POLES	148,878	188,882	188,884
AERIAL CABLE	783,088	808,782	828,628
METALLIC	738,801	783,888	788,418
NON-METALLIC	44,288	62,784	63,108
UNDERGROUND CABLE	888,885	1,888,888	1,888,888
METALLIC	718,823	712,887	704,748
NON-METALLIC	288,872	318,832	354,728
BURIED CABLE	2,887,887	2,884,273	2,778,648
METALLIC	2,433,433	2,504,104	2,838,831
NON-METALLIC	184,284	180,188	218,817
SUBMARINE CABLE	8,883	7,672	8,777
INTRABUILDING NETWORK CABLE	43,888	43,838	44,281
METALLIC	43,884	43,887	44,007
NON-METALLIC	224	272	284
CONDUIT	738,280	781,881	784,357
TOTAL	11,368,318	11,835,678	12,436,647
(EXCL Sp Pur Vehicles, Customer Premises Wiring, & ElectroMech. Switches)			

BellSouth Telecommunications, Inc.
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REQUEST: Please provide your current planning forecast for provision of cable television services in Florida, and identify technology (i.e. - wireline or wireless).

RESPONSE: BellSouth objects to this request on grounds that the information sought is not relevant to any issue in this proceeding nor reasonably calculated to lead to the discovery of admissible evidence.

INFORMATION PROVIDED BY:

8000257

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 18, 1997
Item No. 55
Page 1 of 1

REQUEST: Please provide your current planning forecast for provision of ADSL services in Florida.

RESPONSE: BellSouth objects to this request on grounds that the information sought is not relevant to any issue in this proceeding nor reasonable calculated to lead to the discovery of admissible evidence. Although the Commission will be establishing recurring and non-recurring rates for an unbundled 2-wire ADSL-compatible loop, this request seeks proprietary information about BellSouth's ADSL services offered to it and user customers, which is well beyond the scope of this proceeding. Subject to this objection, and without waiving this objection, BellSouth states that it has not developed a planning forecast for the provision of ADSL services in Florida.

INFORMATION PROVIDED BY: John R. Jackson
Manager
3535 Colonnade Parkway
Birmingham, Alabama

8000258

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 16, 1997
Item No. 58
Page 1 of 1

REQUEST: Please provide your current planning forecast for ATM switch deployment.

RESPONSE: BellSouth does not deploy ATM switches based on forecast. Such switches are deployed in response to specific customer demand.

INFORMATION PROVIDED BY: H.C. Dorsey
Director
875 West Peachtree Street
Atlanta, Georgia 30376

8000291

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 16, 1997
Item No. 59
Page 1 of 1

REQUEST: Please identify whether the BellSouth's ATM deployment will be as an "overlay" network, or will be part of the basic public switched network.

RESPONSE: The ATM deployment will be as an overlay.

INFORMATION PROVIDED BY: H. C. Dorsey
Director
675 West Peachtree Street
Atlanta, Georgia 30375

8000292

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 10, 1997
Item No. 60
Page 1 of 1

REQUEST: If the company anticipates that the deployment of ATM switching will displace any of its existing Digital COB switches, please identify those switching locations which will be displaced and their anticipated replacement date.

RESPONSE: No displacement of digital ESS switches by ATM switching is planned.

INFORMATION PROVIDED BY: John R. Jackson
Manager
2525 Colonnade Parkway
Birmingham, Alabama

8000293

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 16, 1997
Item No. 81
Page 1 of 1

REQUEST: Please provide your current planning forecast for SONET deployment.

RESPONSE: Current plans for SONET deployment are best characterized by the statement "SONET network elements are the first choice for deployments to meet new demand and to replace existing non-SONET elements when needed". Forecasts for the sum of those requirements have not been developed.

INFORMATION PROVIDED BY: John R. Jackson
Manager
3535 Colonnade Parkway
Birmingham, Alabama

8000294

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 16, 1997
Item No. 83
Page 1 of 1

REQUEST: Please provide your actual deployment information for ATM, SONET, and fiber in your distribution network.

RESPONSE: Currently, there is one ATM switch deployed in Miami, Florida, at RMI Reef Central Office to service a specific customer, and is not utilized as part of the distribution network.

As of September, 1997, there are approximately 0,623 SONET network elements deployed in Florida.

As of September, 1997, approximately 48,100 potential living units have been passed with fiber distribution facilities in Florida.

INFORMATION PROVIDED BY: John R. Jackson
Manager
3635 Colonnade Parkway
Birmingham, Alabama

Hank Dorsey
Director
675 West Peachtree Street
Atlanta, Georgia 30375

8000296

BellSouth Telecommunications, Inc.
Docket No. 960833-TP
AT&T's Second Set of Interrogatories
October 16, 1997
Item No. 62
Page 1 of 1

REQUEST: Please provide your current planning forecast for fiber in the distribution network.

RESPONSE: BellSouth is currently deploying new distribution facilities for all new residential developments of sufficient size to warrant startup costs and where significant investment has not already been made for copper distribution facilities. It is expected that approximately 27,700 potential living units will be passed with these facilities in Florida in 1997. No forecast has been completed for deployment in Florida for 1998 or beyond.

INFORMATION PROVIDED BY: John R. Jackson
Manager
3535 Colonnade Parkway
Birmingham, Alabama

8000295