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September 10, 1998

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

Re: Determination of Cost of Local Service --  
Docket No. 980696-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. (collectively, "MCI") are the original and fifteen copies of MCI's Prehearing Statement. Also enclosed is a diskette copy of the filing.

By copy of this letter, this document is being furnished to the parties on the attached service list.

Very truly yours,

Richard D. Melson

ACK \_\_\_\_\_  
AFA 2 RDM/kcg  
Enclosures  
APP \_\_\_\_\_ cc: Parties of Record  
CAF \_\_\_\_\_  
CM \_\_\_\_\_  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the cost )  
of basic local telecommunications ) Docket No. 980696-TP  
service, pursuant to Section )  
364.025, Florida Statutes ) Filed: September 10, 1998  
\_\_\_\_\_)

MCI'S PREHEARING STATEMENT

MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc. (collectively, MCI) hereby file their prehearing statement in accordance with the requirements of Order No. PSC-98-0813-PCO-TP.

A. Appearances. Richard D. Melson, Hopping Green Sams & Smith, P.A., P.O. Box 6526, Tallahassee, FL 32314 and Michael J. Henry, MCI Telecommunications Corporation, Suite 700, 780 Johnson Ferry Road, Atlanta, GA 30342, appearing on behalf of MCI Telecommunications Corporation and MCImetro Access Transmission Services, Inc.

B. Known Witnesses. MCI will present the direct and rebuttal testimony of the following witness:

James W. Wells      Direct & Rebuttal      Issue 4

MCI is also co-sponsoring with AT&T the direct and rebuttal testimony of a number of other witnesses who are designated as joint witnesses in AT&T's Prehearing Statement.

C. Known Exhibits. MCI intends to offer the following direct and rebuttal exhibits for Mr. Wells:

James W. Wells      JWW-1      HAI Model Outside Plant  
Engineering Team

	JWW-2	FCC Pole Cost Data
	JWW-3	Fassett Validation Data
	JWW-4	Regulatory Curriculum Vitae
*	JWW-4	Input Value Comparisons
	JWW-5	OSP Cable Pair Resistance vs. Cable Length
	JWW-6	Efficiency of Rectangular Lots

- \* Due to a clerical error, there are two exhibits that have been labeled as JWW-4, one attached to Mr. Wells' direct testimony and one attached to his rebuttal testimony.

The exhibits of the AT&T/MCI joint witnesses are listed in AT&T's prehearing statement. MCI reserves the right to identify additional exhibits for purposes of cross-examination.

D. Basic Position. Adopt AT&T's statement of basic position.

E. Issues. MCI's positions on the issues identified in Order No. PSC-98-1008-PCO-TP are as follows:

Issue 1: What is the definition of basic local telecommunications service referred to in Section 364.025(4)(b), Florida Statutes?

MCI: Adopt AT&T's position.

Issue 2: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, what is the appropriate cost proxy model to determine the total forward-looking cost of providing basic local telecommunications service pursuant to Section 364.025, Florida Statutes?

MCI: Adopt AT&T's position.

Issue 3: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the total forward-looking cost of basic local telecommunications service pursuant to Section 364.025, Florida Statutes be determined by a cost proxy model on a basis smaller than a wire center? If so, on what basis should it be determined?

MCI: Adopt AT&T's position.

Issue 4: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for each of the following categories what input values to the cost proxy model identified in Issue 2 are appropriate for each Florida LEC?

- (a) Depreciation rates
- (b) Cost of money
- (c) Tax rates
- (d) Supporting structures
- (e) Structure sharing factors
- (f) Fill factors
- (g) Manholes
- (h) Fiber cable costs
- (i) Copper cable costs
- (j) Drops
- (k) Network interface devices
- (l) Outside plant mix
- (m) Digital loop carrier costs
- (n) Terminal costs
- (o) Switching costs and associated variables
- (p) Traffic data
- (q) Signaling system costs
- (r) Transport system costs and associated variables
- (s) Expenses
- (t) Other inputs

MCI: Adopt AT&T's position.

Issue 5: (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for which Florida local exchange companies must the cost of basic local telecommunications service be determined using the cost proxy model identified in Issue 2?

MCI: Adopt AT&T's position.

- (b) For each of the LECs identified in (a), what cost results from using the input values identified in Issue 4 in the cost proxy model identified in Issue 2?

MCI: Adopt AT&T's position.

Issue 6: (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the cost of basic local telecommunications service for each of the LECs that serve fewer than 100,000 access lines be computed using the cost proxy model identified in Issue 2 with the input values identified in Issue 4?

MCI: Adopt AT&T's position.

- (b) If yes, for each of the LECs that serve fewer than 100,000 access lines, what cost results from using the input values identified in Issue 4 in the cost proxy model identified in Issue 2?

MCI: Adopt AT&T's position.

- (c) If not, for each of the Florida LECs that serve fewer than 100,000 access lines, what approach should be employed to determine the cost of basic local telecommunications service and what is the resulting cost?

MCI: Adopt AT&T's position.

F. Stipulations. MCI is not aware of any issues that have been stipulated by the parties.

G. Pending Motions. MCI has no pending motions that require action at this time.

H. Requirements of Order. MCI believes that this prehearing statement is fully responsive to the requirements of the Order on Procedure.

RESPECTFULLY SUBMITTED this 10th day of September, 1998.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. mail or Hand Delivery (\*) this 10th day of September, 1998.

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