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November 5, 1999

BY HAND DELIVERY

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

Re: Docket No. 990649-TP

Dear Ms. Bayo:

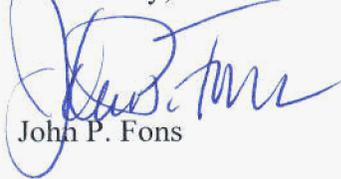
Enclosed for filing in the above docket are the original and fifteen (15) copies of Sprint's Prehearing Statement.

We are also submitting the Prehearing Statement on a 3.5" high-density diskette using Microsoft Word 97 format, Rich Text.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Yours truly,



John P. Fons

- AFA _____
- APP _____
- CAF _____
- CMU 2 All parties of record
- CTR _____
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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into pricing of
unbundled network elements

DOCKET NO. 990649-TP
FILED: November 5, 1999

SPRINT'S PREHEARING STATEMENT

Sprint-Florida, Inc. and Sprint Communications Company, Limited Partnership (collectively "Sprint"), pursuant to Order No. PSC-99-1397-PCO-TP, submits the following Prehearing Statement:

A. **WITNESSES:** At this point in the proceeding, Sprint has filed direct and rebuttal testimony by James W. Sichter, Vice President-Regulatory Policy for Sprint Corporation. Mr. Sichter addresses the appropriate basis for the pricing of recurring and nonrecurring rates and charges for unbundled network elements ("UNEs") and UNE combinations, including deaveraging of the rates for the individual elements and combinations of elements.

Additionally, Sprint has filed direct, rebuttal and surrebuttal testimony by Kent W. Dickerson, Director-Cost Support for Sprint/United Management Company. Mr. Dickerson addresses how the underlying costs of various UNEs and UNE combinations relate to specific issues raised in this docket.

B. **EXHIBITS:** Mr. Sichter is sponsoring Exhibits JWS-1, which shows Loop Cost by Wire Center; and JWS-2, which shows Switching Cost by Host Office.

Mr. Dickerson is sponsoring Exhibits KWD-1, which is his qualifications; KWD-2, which shows TELRIC Loop Cost by Wire Center; KWD-3, which shows TELRIC Loop Cost by Host Office – Tallahassee Exchange; KWD-4, which shows Local Switching TELRIC Cost by Host

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Office; KWD-5, which shows Local Switching TELRIC Cost by Wire Center – Tallahassee Exchange; KWD-6 (confidential/redacted versions), which shows Sprint-Transport (TELRIC) Cost Model-DS1 Summary Sensitivity Analysis – Terminal Bandwidth; KWD-7 (confidential/redacted versions), which shows the same for – OC48 Bandwidth Terminal Utilization; KWD-8 (confidential/redacted versions), which shows the same for – Ring Characteristics; KWD-9 (confidential/redacted versions), which shows the same for - OC48 Bandwidth Terminal Utilization; and KWD-Rebuttal 1, which shows Methods for Sprint’s Study of BellSouth’s Proposed Rate Zones.

C. **BASIC POSITION:** Section 51.507(f) of the FCC Rules requires that, where geographic cost differences exist, UNEs must be geographically deaveraged into at least three cost zones. These can be either the zones established for the deaveraging of interstate transport rates, or zones determined by the Commission. Based upon Sprint’s TELRIC analysis, the forward-looking economic costs for unbundled loops, switching and transport all vary significantly by geographic area. The recurring rates for these services should be deaveraged and any UNE combination which includes any of these elements should likewise be deaveraged. Sprint has not found significant geographic cost differences in providing any other UNE, and Sprint does not believe there are significant geographic cost differences in the nonrecurring elements. In order to make a sound determination as to which elements must be deaveraged – where there are significant geographical cost differences - each ILEC must file TELRIC studies for each of the FCC’s listed UNEs.

D-G. ISSUES AND POSITIONS:

Issue 1: Deaveraging of UNEs:

(a) Which UNEs, excluding combinations, should be deaveraged?

Position: Based on Sprint's TELRIC analysis, the forward-looking economic costs for unbundled loops, switching and transport all vary significantly by geographic area, and the rates for these elements should, therefore, be deaveraged. (Dickerson, Sichtler)

(b) Which UNE combinations, if any, should be deaveraged?

Position: UNE combinations should be priced at levels equal to the sum of the rates for the individual UNEs that make up that combination. The prices of UNE combinations should also be deaveraged on that same basis. (Dickerson, Sichtler)

(c) What is the appropriate basis for deaveraging UNEs?

Position: UNE rates should be deaveraged to the degree necessary to achieve a result wherein the average rate does not deviate significantly from the actual forward-looking cost of providing that element anywhere within the defined zone. Using that criteria, each ILEC should construct a deaveraged rate schedule such that the average rate in each zone is no more than 20% higher or 20% less than the forward-looking cost of providing that element. (Dickerson, Sichtler)

(d) Should the degree of deaveraging be uniform for all UNEs?

Position: No. The degree of forward-looking cost variation is not uniform across all UNEs. (Dickerson, Sichtler)

- (e) **Should the degree of deaveraging be uniform for all affected ILECs for which deaveraged rates are appropriate?**

Position: No. Although the cost related criteria for deaveraging UNEs should be uniform across all ILECs, the degree of deaveraging should not be uniform across all ILECs. It is possible for one ILEC to experience a wider range of costs for a given UNE in its territory than another ILEC serving a different area of the state. (Dickerson, Sichter)

- (f) **What other factors or policy considerations, if any, should be considered in determining deaveraged UNE rates?**

Position: The sole factor to be considered in determining which UNE rates should be deaveraged is significant cost differences in providing the UNE. (Sichter)

- (g) **What supporting data or documentation should an ILEC provide with its deaveraging filing?**

Position: An ILEC's deaveraging filing should include the deaveraged results of the TELRIC studies, the models used, model inputs and supporting documentation, narrative descriptions and testimony. The filing should disclose the detailed deaveraged UNE costs (Sprint recommends wire center level costs be required for loops, local switching and transport), and describe how they relate to the deaveraged price proposal put forward. (Dickerson, Sichter)

Issue 2: **How can one determine which UNEs an ILEC "currently combines" (51.315(b)), versus those which are "not ordinarily combined in the incumbent LEC's network" (51.315(c))?**

Position: A requesting carrier should be able to obtain any UNE combination if the ILEC offers, through its wholesale or retail tariffs, any service that includes the UNE combination. The fact that the ILEC has a tariffed service is certainly evidence that the ILEC is currently combining those elements to provide the tariffed service to its customers. The term

“currently combined” in Section 51.315(b) of the FCC Rules should be construed to mean “ordinarily.” (Sichter)

Issue 3: Cost Studies:

- (a) **What guidelines and specific requirements should be imposed on recurring and nonrecurring cost studies, if any, required to be filed in this proceeding?**

Position: Sprint suggests that the deaveraged cost of UNE local loops and local switching be calculated at least down to a wire center level. This will enable a proper evaluation of the relationship between deaveraged cost and deaveraged price proposals. Sprint also recommends the cost of transport be calculated on a deaveraged basis to ensure that deaveraged prices reflect market-specific traffic volumes and ring distances and designs. (Dickerson)

- (b) **For which UNEs should the ILECs submit cost studies sufficient to deaverage those UNEs identified in Issues 1(a) and 1(b)?**

Position: ILECs should submit cost studies for all UNEs. (Dickerson, Sichter)

- (c) **To the extent not included in Issue 3(b), should the ILECs be required to file recurring cost studies for any remaining UNEs, and combinations thereof, identified by the FCC in its forthcoming order on the Rule 51.319 remand?**

Position: ILECs should be required to file recurring and nonrecurring cost studies for all UNEs resulting from the remand of FCC Rule 51.319, as well as any additional UNEs deemed necessary by this Commission now or at some future time. (Dickerson)

- (d) **To the extent not included in Issue 3(b), should the ILECs be required to file nonrecurring cost studies for any remaining UNEs, and combinations thereof, identified by the FCC in its forthcoming order on the Rule 51.319 remand?**

Position: See Sprint’s Position on Issue 3(c). (Dickerson)

(e) **When should the cost studies identified in Issues 3(b), (c), and (d) be filed?**

Position: The ILECs should file the cost studies 90 days from the date the Commission releases its Order in this phase of this docket. (Sichter)

H. **STIPULATIONS:** Sprint is not aware that any issues have been stipulated at this time.

I. **PENDING MOTIONS:** There is still pending the Motion to Strike Portions of BellSouth's Direct Testimony.

J. **COMPLIANCE WITH ORDER ON PREHEARING PROCEDURE:** There is no requirement set forth in Order No. PSC-99-1397-PCO-TP with which Sprint cannot comply.

Respectfully submitted this 5th day of November, 1999.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 5th day of November, 1999, to the following:

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