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ORIGINAL

August 8, 2000

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VIA 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 ALLTEL's Response to Verizon Florida Inc.'s and Sprint-Florida, Inc.'s Motion to Bifurcate and Suspend Proceedings.

We are also submitting the Response 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.

Sincerely,

J. Jeffrey Wahlen
for J. Jeffrey Wahlen

- APP _____
- CAF _____
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- COM _____
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Enclosures

cc: All Parties of Record

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Investigation into Pricing)
of Unbundled Network Elements)

Docket No. 990649-TP
Filed: August 8, 2000

**ALLTEL COMMUNICATIONS, INC.'S RESPONSE
TO VERIZON FLORIDA INC.'S AND SPRINT-FLORIDA, INC.'S
MOTION TO BIFURCATE AND SUSPEND PROCEEDINGS**

ALLTEL Communications, Inc. ("ALLTEL"), by and through its undersigned attorneys, responds as follows to Verizon Florida Inc.'s ("Verizon") and Sprint-Florida Inc.'s ("Sprint") request to bifurcate and suspend this proceeding.

1. This proceeding was established after the Florida Competitive Carriers Association ("FCCA") petitioned the Florida Public Service Commission ("FPSC") to establish permanent deaveraged prices for unbundled network elements ("UNEs"). The parties entered into a Stipulation on December 17, 1999 agreeing to interim deaveraged rates in order that Florida would comply with the FCC's Order requiring deaveraged UNE prices by May 1, 2000. According to the Stipulation, the interim deaveraged UNE rates will remain in place until permanent rates are approved, but until no later than June 30, 2001. The interim stipulation was approved by the Commission on February 22, 2000, in Order No. PSC-00-0380-TP. Upon approval of the stipulation, the initial hearings in this docket were rescheduled to allow BellSouth, Verizon and Sprint ("ILECs") to complete and file cost studies addressing recurring deaveraged rates and appropriate non-recurring charges. Each of the ILECs prepared and filed cost studies that purported to be consistent with the FCC's TELRIC methodology rules.

2. On July 18, 2000, the United States Circuit Court of Appeals for the Eighth Circuit ("Eighth Circuit") upheld most of the aspects of the FCC's rules regarding the appropriate UNE

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costing standard, but held that the FCC's requirement that costs be based upon a hypothetical network violated the plain meaning of the Telecommunications Act of 1996 ("1996 Act"). The Eighth Circuit Court's decision, however, approved the FCC's requirement that UNE prices should reflect forward-looking costs. The Eighth Circuit's opinion states "costs can be forward-looking in that they can be calculated to reflect what it will cost the ILEC in the future to furnish to the competitor those portions or capacities of the ILEC's facilities and equipment that the competitor will use including any system or component upgrading that the ILEC chooses to put in place for its own more efficient use. Forward-looking costs have been recognized as promoting a competitive environment which is one of the stated purposes of the Act. Here, the FCC's use of a forward-looking cost methodology was reasonable."

3. Verizon asserts the Court's decision "effects a material change in the law controlling this proceeding." ALLTEL disagrees with Verizon. While the Eighth Circuit rejected the notion that cost be based on a "hypothetical" network, the opinion supports the idea that the deaveraged costs of UNEs should be based on forward-looking costs. As Mr. Joseph Gillan notes in his rebuttal testimony "so long as the Commission applies a standard that estimates the forward-looking cost of an efficient network for each portion of the network included in the analysis, then such an approach would seem to comply with even a conservative reading of the Court's decision". [Rebuttal Testimony of Joseph . Gillan at 12]. If the FPSC approves deaveraged UNE prices based on a forward-looking cost standard, using principally ILEC cost inputs, then its analysis and conclusions related to UNE pricing should conform with the Eighth Circuit's opinion and the 1996 Act. This can be accomplished without waiting to see what happens to the Eighth Circuit's opinion on rehearing or appeal.

4. Establishing permanent deaveraged UNE pricing is very important to the development of local exchange competition in Florida. ALLTEL agrees that BellSouth should be allowed to proceed without delay. ALLTEL does not oppose a reasonable delay for Verizon and Sprint-Florida so that those companies can revise their cost studies to conform to the Eighth Circuit Opinion and the 1996 Act.¹ However, contrary to Verizon's proposal, this proceeding should not be suspended until after the Eighth Circuit's opinion endures motions for rehearing, if any, an appeal to the United States, if any, and further rulemaking by the FCC if the decision of the Eighth Circuit stands. These activities could take several years to complete and a delay of that magnitude would significantly delay local competition in Florida.

Respectfully submitted this 8th day of August, 2000.

for 
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ATTORNEYS FOR ALLTEL
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¹ ALLTEL agrees with the FCCA that a decision should be made by July 31, 2001.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by e-mail transmission, U. S. Mail, or hand delivery (*) this 8th day of August, 2000, to the following:

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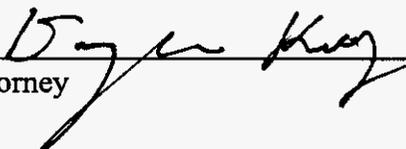
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