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August 21, 2000

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Re: UNE Cost Docket -- Docket No. 990649-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of BlueStar Networks, Inc. ("BlueStar"), DIECA Communications, Inc. d/b/a/ Covad Communications Company ("Covad") and Rhythms Links Inc. ("Rhythms") are the original and fifteen copies of their Joint Prehearing Statement.

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

Very truly yours,

Richard D. Melson

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into pricing)	Docket No. 990649-TP
of unbundled network elements)	
_____)	Filed: August 21, 2000

JOINT PREHEARING STATEMENT
OF BLUESTAR, COVAD AND RHYTHMS

BlueStar Networks, Inc. ("BlueStar"), DIECA Communications, Inc. d/b/a Covad Communications Company ("Covad") and Rhythms Links Inc. ("Rhythms") (collectively the "Data ALECs") hereby file their Joint Prehearing Statement for part II of this docket.

APPEARANCES:

NORTON CUTLER and MICHAEL BRESSMAN, BlueStar Networks, Inc., Five Corporate Centre, 801 Crescent Centre Drive, Suite 600, Franklin, TN 37067, appearing on behalf of BlueStar Networks, Inc.

CATHERINE F. BOONE, Covad Communications Company, 10 Glenlake Parkway, Suite 650, Atlanta, Georgia 30328, appearing on behalf of DIECA Communications, Inc. d/b/a Covad Communications Company.

RICHARD D. MELSON, Hopping Green Sams & Smith, P.A., P.O. Box 6526, Tallahassee, FL 32308 and JEREMY MARCUS, Blumenfeld & Cohen, Suite 300, 1625 Massachusetts Ave., N.W., Washington, DC 20036, appearing on behalf of Rhythms Links Inc.

A. Known Witnesses. The Data ALECs have prefiled the combined direct and rebuttal testimony of the following witnesses:

<u>Witness</u>	<u>Issues</u>
Terry L. Murray	1, 3b, 7a, 7m, 8a, 8b, 8d, 8e, 9a, 11
Joseph P. Riolo	1, 3a, 3b, 7a, 7m, 8a, 8b, 8d, 9a, 11

The Data ALECs currently expect to file supplemental rebuttal testimony of Terry Murray and Joseph Riolo on August 28, 2000 to respond to the recent changes and updates to BellSouth's cost studies.

B. Known Exhibits: The Data ALECs have prefiled the following exhibits:

Terry L. Murray	TLM-2	Summary of Bluestar, Covad, Rhythms Pricing Proposals
	TLM-3	SBC Investor Briefing
Joseph P. Riolo	JPR-1	Professional Experience
	JPR-2	BellSouth Response to GPSC Workshop Request
	JPR-3	Brief History of Outside Plan Design

The Data ALECs reserve the right to submit additional exhibits with their supplemental rebuttal testimony on August 28, 2000 to respond to the recent changes and updates made to BellSouth's cost study. They also reserve the right to use additional exhibits for purposes of cross-examination.

C. Basic Position. This docket will establish recurring rates and nonrecurring charges for unbundled network elements (UNEs) that are critical to the development of competition within the state of Florida. The Commission should rigorously review the cost studies filed in this proceeding to ensure that both recurring rates and non-recurring charges are based on the same forward-looking network design, and that prices are set at a level that recovers only efficient, forward-looking costs in strict accordance with the requirements of the Telecommunications Act of 1996.

D.-F. Issues and Positions. The following are the Data ALECs' positions on the issues that have been identified for consideration in part II of this docket.

Issue 1: What factors should the Commission consider in establishing rates and charges for UNEs (including deaveraged UNEs and UNE combinations)?

Data ALECs: Adopt FCCA position. Moreover, the Commission should adopt recurring and nonrecurring charges for all elements, including xDSL capable loops, that reflect the efficient provisioning on a single, consistent, forward-looking network architecture. (Murray, Riolo)

Issue 2: (a) What is the appropriate methodology to deaverage UNEs and what is the appropriate rate structure for deaveraged UNEs?

Data ALECs: Adopt FCCA position.

(b) For which of the following UNEs should the Commission set deaveraged rates?

- (1) loops (all);
- (2) local switching;
- (3) interoffice transport
(dedicated and shared);
- (4) other (including
combinations).

Data ALECs: Adopt FCCA position.

Issue 3: (a) What are xDSL capable loops?

Data ALECs: xDSL capable loops are loops that can be used to provide xDSL services. In a forward-looking network, the loops used to provide xDSL services are identical or nearly identical to those used to provide voice grade services. In a forward-looking network, such facilities include both "clean copper loops" and fiber-fed digital loop carrier (DLC) based loops. (Riolo)

- (b) Should a cost study for xDSL-capable loops make distinctions based on loop length and/or the particular DSL technology to be deployed?

Data ALECs: No. The Commission should adopt costs for all loops, including xDSL capable loops, that reflect the efficient provisioning of such loops in a forward-looking network architecture. In a forward-looking network, a cost study for xDSL-capable loops should not make distinctions based on loop length or on the particular xDSL technology to be deployed. (Murray, Riolo)

Issue 4: (a) Which subloop elements, if any, should be unbundled in this proceeding, and how should prices be set?

Data ALECs: Adopt FCCA position.

- (b) How should access to such subloop elements be provided, and how should prices be set?

Data ALECs: Adopt FCCA position.

Issue 7: What are the appropriate assumptions and inputs for the following items to be used in the forward-looking recurring UNE cost studies?

- (a) network design (including customer location assumptions);

Data ALECs: The network design assumptions for the recurring UNE cost studies should be based on a single forward-looking network that is designed to support all UNEs and retail services. In particular, the Commission should reject BellSouth's use of a separate all copper network design for cost studies for xDSL capable loops. Such a network is not forward-looking and does not represent a network that BellSouth will actually build. (Murray, Riolo)

- (e) structure sharing;
- (f) structure costs;
- (g) fill factors;
- (h) manholes;
- (i) fiber cable (material and placement costs);
- (j) copper cable (material and placement costs);
- (k) drops;
- (l) network interface devices;

Data ALECs: Adopt FCCA position on items (e) to (l).

- (m) digital loop carrier costs;

Data ALECs: The Commission should carefully limit the increment of cost assigned to digital/ISDN loops to the difference in the electronics that is required to provide those loops over digital loop carrier systems. In addition, digital loop carrier systems should be assumed to be deployed in the more efficient integrated configuration (rather than the universal configuration). (Murray, Riolo)

- (n) terminal costs;
- (o) switching costs and associated variables;
- (p) traffic data;
- (q) signaling system costs;
- (r) transport system costs and associated variables;
- (s) loadings;

- (t) expenses;
- (u) common costs;
- (v) other.

Data ALECs: Adopt FCCA position on items (n) to (v).

Issue 8: What are the appropriate assumptions and inputs for the following items to be used in the forward-looking non-recurring UNE cost studies?

- (a) network design;

Data ALECs: The forward-looking network design used in the non-recurring UNE cost studies should be the same as the forward-looking design used in the recurring cost studies. (Murray, Riolo)

- (b) OSS design;

Data ALECs: The NRC cost study should assume the use of electronic OSS for all preordering and ordering functions, including access to loop make-up data. The study should assume that ILECs have reasonably maintained complete, quality databases and that competitors will have nondiscriminatory access to the data therein and to the electronic processing capability of the incumbent's OSS. In particular, competitors should have access to electronic loop make-up information at the cost of additional processor time. (Murray)

- (c) labor rates;

Data ALECs: Adopt FCCA position.

- (d) required activities;

Data ALECs: The NRC cost study should assume only those activities which would be required in a forward-looking network, and should assume that such activities are performed in an efficient manner. (Murray, Riolo)

- (e) mix of manual versus electronic activities;

Data ALECs: The mix of manual versus electronic activities should reflect the assumption that any activity which can be performed on an electronic basis in a forward-looking network architecture will be performed on that basis. (Murray)

(f) other.

Data ALECs: Adopt FCCA position.

Issue 9: (a) What are the appropriate recurring rates (averaged or deaveraged as the case may be) and non-recurring charges for each of the following UNEs?

- (1) 2-wire voice grade loop;
- (2) 4-wire analog loop;
- (3) 2-wire ISDN/IDSL loop;
- (4) 2-wire xDSL-capable loop;
- (5) 4-wire xDSL-capable loop;
- (6) 4-wire 56 kbps loop;
- (7) 4-wire 64 kbps loop;
- (8) DS-1 loop;
- (9) high capacity loops (DS3 and above);
- (10) dark fiber loop;
- (11) subloop elements (to the extent required by the Commission in Issue 4);
- (12) network interface devices;
- (13) circuit switching (where required);
- (14) packet switching (where required);
- (15) shared interoffice transmission;
- (16) dedicated interoffice transmission;
- (17) dark fiber interoffice facilities;
- (18) signaling networks and call-related databases;
- (19) OS/DA (where required).

Data ALECs: The recurring rate for 2-wire and 4-wire xDSL capable loops should be the same as the rate for 2-wire and 4-wire voice grade loops. The rate for a

2-wire ISDN/IDSL loop should be the same as the rate for a 2-wire voice grade loop, plus the ISDN adder shown on the Proprietary Version of Ms. Murray's Exhibit TLM-2. The rate for an xDSL capable loop should apply to all DSL loops, regardless of technology or loop length. Therefore, no separate rate should be established for ASDL compatible, HDSL compatible, or "unbundled copper loops".

Nonrecurring charges should be based on efficient practices. A nonrecurring charge of \$5.33 should apply for provisioning a two-wire voice grade or xDSL capable loop; a nonrecurring charge of \$4.67 should apply for disconnecting a two-wire voice grade or xDSL capable loop. A nonrecurring charge of \$12.83 should apply for provisioning a two-wire ISDN loop; a nonrecurring charges of \$4.75 should apply for disconnecting a two-wire ISDN loop. These rates are based on an illustrative labor rate of \$40 per hour, and reflect efficient practices for such work. (Murray, Riolo)

- (b) Subject to the standards of the FCC's Third Report and Order, should the Commission require ILECs to unbundle any other elements or combinations of elements? If so, what are they and how should they be priced?

Data ALECs: Adopt FCCA position.

Issue 10: What is the appropriate rate, if any, for customized routing?

Data ALECs: Adopt FCCA position.

Issue 11: What is the appropriate rate if any, for line conditioning, and in what situations should the rate apply?

Data ALECs: In a forward-looking network there should be no need for line conditioning, and hence no rate should apply in any circumstance. If the Commission, inappropriately, establishes a rate for line conditioning, then the rate should reflect the cost of efficiently conditioning multiple loops at once. A rate of \$8.32/loop should apply if load coil

removal is required and a rate of \$0.89/loop should apply if bridged tap removal is required. These rates are based on an illustrative labor rate of \$45 per hour, and reflect efficient practices for such work. (Murray, Riolo)

Issue 12: Without deciding the situations in which such combinations are required, what are the appropriate recurring and non-recurring rates for the following UNE combinations:

- (a) "UNE platform" consisting of: loop (all), local (including packet, where required) switching (with signaling), and dedicated and shared transport (through and including local termination);
- (b) "extended links," consisting of:
 - (1) loop, DSO/1 multiplexing, DS1 interoffice transport;
 - (2) DS1 loop, DS1 interoffice transport;
 - (3) DS1 loop, DS1/3 multiplexing, DS3 interoffice transport.

Data ALECs: Adopt FCCA position.

G. Stipulations. No issues have been stipulated at this time.

H. Pending Matters. The Data ALECs have no pending motions or other matters that require action at this time.

I. Requirements of Order on Procedure. The Data ALECs have not identified any requirements of the Order on Procedure that cannot be complied with.

RESPECTFULLY SUBMITTED this 21st day of August, 2000.

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