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RECORDS AND
REPORTING

August 21, 2000

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

RE: Docket No. 990649-TP (UNE)

Dear Mrs. Bayo:

Enclosed are an original and 15 copies of the Prehearing Statement of BellSouth Telecommunications, Inc. Please file this document in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

Sincerely,



Bennett L. Ross

(22)

APP _____ Enclosures

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CMP *W. White*

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All Parties of Record
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CERTIFICATE OF SERVICE
Docket No. 990649-TP

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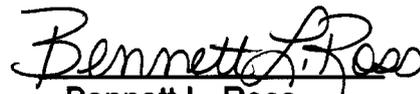
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into)	Docket No. 990649-TP
Pricing of Unbundled Network)	
Elements)	
_____)	Filed: August 21, 2000

**PREHEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

BellSouth Telecommunications, Inc. ("BellSouth"), in compliance with the Order Establishing Procedure (Order No. PSC-99-1397-PCO-TP), issued on July 20, 1999, Second Revised Order on Procedure (Order No. PSC-00-0540-PCO-TP), issued on March 16, 2000 and Order on Modification of Second Revised Order on Procedure (Order No. PSC-00-2015-PCO-TP), issued on June 8, 2000, hereby submits its Prehearing Statement for Docket No. 990649-TP.

A. Witnesses

BellSouth proposes to call the following witness to offer testimony on the issues in this docket:

<u>Witness</u>	<u>Issue(s)</u>
Alphonso J. Varner (Direct, Rebuttal, Revised Direct, PII Rebuttal)	1, 2, 4, 9, 10, 11, 12
D. Daonne Caldwell (Direct, Rebuttal, Revised Direct, PII Rebuttal)	2, 3, 4, 7, 8, 9, 10, 11, 12
James W. Stegeman (Direct, Revised Direct, PII Rebuttal)	7
Ronald M. Pate (PII Rebuttal)	7, 8

William H. B. Greer (PII Rebuttal)	8
Wiley G. Latham (PII Rebuttal)	7, 8
Joseph H. Page (Direct, PII Rebuttal)	7
Walter S. Reid (Direct, Revised Direct, PII Rebuttal)	7
W. Keith Milner (Direct, Rebuttal, PII Rebuttal)	3, 4, 7

BellSouth reserves the right to call additional witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Prehearing Officer at the prehearing conference to be held on August 28, 2000. BellSouth has listed the witnesses for whom BellSouth believes testimony will be filed, but reserves the right to supplement that list if necessary.

B. Exhibits

Alphonso J. Varner:	AJV-1 (Revised Direct)	Florida Rate Sheet
	AJV-1 (Rebuttal)	BST's Comments, CC Docket No. 96-98, May 26, 1999
	AJV-2 (Rebuttal)	BST's Reply Comments, CC Docket No. 96-98, June 10, 1999
	AJV-1 (PII Rebuttal)	Joint Petition for Reconsideration of Rhythms and Covad, CC Docket No. 96-98, January 21, 2000
D. Daonne Caldwell:	DDC-1 (Revised Direct)	BSTLM Report Guide – loop characteristics
	DDC-2 (Revised Direct)	BSTLM inputs
	DDC-3 (Direct)	TELRIC Calculation flow charts

	DDC-4 (Revised Direct)	UNE cost summary
	DDC-5 (Rebuttal)	Cost inputs sheet
	DDC-6 (Revised Direct)	Cost calculator – element summary report
	DDC-7 (PII Rebuttal)	Impact of Revised NRC for xDSL offerings
	DDC-8 (PII Rebuttal)	Comparison of individual UNE costs to combo costs
	DDC-9 (PII Rebuttal)	Average levelized inflation loadings
	DDC-10 (PII Rebuttal)	Copper cable placement by cable size
James W. Stegeman:	JWS-1 (Direct)	List of acronyms
	JWS-2 (Direct)	DLC common equipment calculation
	JWS-3 (Direct)	DLC plug-in calculation
	JWS-4 (Direct)	Investment process logic worksheets
	JWS-5 (Direct)	Comparison of BSTLM to proxy models
	JWS-1 (PII Rebuttal)	List of Acronyms
	JWS-2 (PII Rebuttal)	Listing of changes between and BCPM scenarios
BST2000-fl-ref		
Joseph H. Page:	JHP-1 (Direct)	Central office switching comparison of replacement discount and growth discount assumptions
	JHP-1 (PII Rebuttal)	Lucent Practices excerpts
	JHP-2 (PII Rebuttal)	HAI Model Release 5.1 BHCA constraints
	JHP-3 (PII Rebuttal)	SST- Usage Study
	JHP-4 (PII Rebuttal)	Central office switching comparison of replacement discount and growth discount assumptions
Walter S. Reid:	WSR-1 (Direct)	BST methodology for computing common cost factors
	WSR-2 (Direct)	Chart of typical shared and common costs
	WSR-3 (Revised Direct)	Shared cost factors
	WSR-4 (Revised Direct)	Wholesale common cost factor calculation
	WSR-1 (PII Rebuttal)	Recalculation of shared and common cost factors for central office investment
	WSR-2 (PII Rebuttal)	Comparison of overall costs by category

Position: In establishing rates for unbundled network elements and interconnection, the Commission must apply the factors set forth in 47 U.S.C. § 252(d) and applicable FCC regulations (to the extent they have not been vacated by the United States Court of Appeals for the Eighth Circuit). The Commission also should consider the Eighth Circuit's admonition that "it is the cost of providing the actual facilities and equipment that will be used by the competitor (and not some state of the art presently available technology ideally configured but neither deployed by the ILEC nor to be used by the competitor) which must be ascertained and determined." See *Iowa Utilities Board vs. FCC*, 2000 U.S. Appeal, Lexis 17234 (Eighth Circuit), July 18, 2000. The Commission also must ensure that rates are established at such a level so as to implement local competition in a fair and balanced manner.

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

Position: (a) Because of the longstanding policy of purposely pricing some services in Florida markedly above costs (e.g., rates for business service) in order to price other services at or below cost (e.g., rates for residential service), the Commission should adopt a deaveraging methodology that provides consistency between the structure of existing retail rates, resale, and prices for unbundled network elements. To ensure this consistency and to reduce the opportunity for arbitrage, the Commission should utilize existing local exchange rate groups to define three deaveraged zones for deaveraging purposes as proposed by BellSouth.

(b) Because the recurring costs of unbundled loops and local channels (including combinations involving these elements) vary by geographic location, the recurring costs of these elements should be deaveraged, consistent with BellSouth's proposed methodology. Other unbundled network elements either do not display a significant level of cost variation by geographic location (such as local switching) or have price structures that already account for geographic cost differences (such as interoffice transport).

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

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

Position: (a) The following are xDSL capable loops offered by BellSouth and ordered by requesting carriers: (1) High Bit-Rate Digital Subscriber Line (HDSL) compatible loop; (2)

Asymmetrical Digital Subscriber Line (ADSL) compatible loop; (3) Unbundled Copper Loop (UCL) - Long; (4) Unbundled Copper Loop - Short; (5) Integrated Services Digital Network (ISDN) capable loop; and (6) Universal Digital Channel (UDC) capable loop. Requesting carriers can order other loops from BellSouth that may or may not support the particular xDSL technology that the carrier seeks to deploy.

(b) Because the cost of provisioning xDSL capable loops is a function of both the loop length and the particular xDSL technology to be deployed, it is appropriate for a cost study for xDSL capable loops to recognize these factors in developing costs.

- Issue 4: (a) Which subloop elements, if any, should be unbundled in this proceeding, and how should prices be set?**
- (b) How should access to such subloop elements be provided, and how should prices be set?**

Position: (a) BellSouth should be required to unbundle subloop elements consistent with the FCC's Third Report and Order in CC Docket 96-98, *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*. There has been no showing that any additional subloop elements are "necessary" or that BellSouth's failure to provide any such additional subloop elements would "impair" the ability of an efficient carrier to provide telecommunications services in Florida. Prices for unbundled subloop elements should be

established using the same cost methodology used for other unbundled network elements consistent with BellSouth's position on Issues 1, 7, and 8.

(b) Access to subloop elements should be provided in a similar manner as approved by this Commission in Docket No. 990149-TP, which involved the use of an access terminal to provide MediaOne with access to Network Terminating Wire in multiple dwelling units. The concept of an access terminal by which ALECs can access other subloop elements reasonably balances the need for such access with the need to protect network reliability.

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);
- (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;
- (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) loadings;
- (t) expenses;

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

Position: The appropriate assumptions and inputs that should be used in the development of forward-looking recurring costs are those set forth in the cost studies filed by BellSouth on August 16, 2000, and as explained in the prefiled testimony of BellSouth witnesses D. Daonne Caldwell, Walter S. Reid, Joseph H. Page, W. Keith Milner, James W. Stegeman, Ronald M Pate, and Wiley G. Latham.

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;
- (b) OSS design;
- (c) labor rates;
- (d) required activities;
- (e) mix of manual versus electronic activities;
- (f) other.

Position: The appropriate assumptions and inputs that should be used in the development of forward-looking nonrecurring costs are those set forth in the cost studies filed by BellSouth on August 16, 2000, and as explained in the prefiled testimony of BellSouth witnesses D. Daonne Caldwell, W. Keith Milner, Ronald M Pate, Wiley G. Latham, and William H. B. Greer.

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).

Position: (a) The appropriate recurring and nonrecurring rates for the unbundled network elements and interconnection at issue in this proceeding are set forth in Revised Exhibit AJV-1 to the Revised Direct Testimony of Alphonso J. Varner, dated August 18, 2000.

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

Position: BellSouth offers carriers two methods of selective (or customized) routing: selective routing using line class codes or selective routing utilizing BellSouth's Advanced

Intelligent Network (“AIN”) solution. The appropriate rates for each of these methods of selective routing are set forth in Revised Exhibit AJV-1 to the Revised Direct Testimony of Alphonso J. Varner dated August 18, 2000.

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

Position: BellSouth offers the following Unbundled Loop Modification (ULM) services in connection with conditioning an unbundled loop: ULM Load Coil/Equipment Removal -- Short; ULM Load Coil/Equipment Removal -- Long; and ULM Bridged Tap Removal. In addition, BellSouth has proposed an ULM -- Additive rate designed to recover part of the cost of removing load coils on copper loops of less than 18 Kft. The appropriate ULM rates are set forth in Revised Exhibit AJV-1 to the Revised Direct Testimony of Alphonso J. Varner dated August 18, 2000. The ULM rates for load coil, equipment, and bridged tap removal should apply when BellSouth performs this work at the request of an ALEC. The ULM –Additive rate should be included in the nonrecurring rate for the HDSL compatible loop, the ADSL compatible loop, and the Unbundled Copper Loop – Short.

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:

"UNE platform" consisting of: loop (all), local (including

packet, where required) switching (with signaling), and dedicated and shared transport (through and including local termination);

"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.**

Position: The appropriate recurring and nonrecurring rates for combinations of network elements that are currently combined are set forth in Revised Exhibit AJV-1 attached to the Revised Direct Testimony of Alphonso J. Varner dated August 18, 2000. BellSouth also has proposed recurring and nonrecurring rates for new Enhanced Extended Link ("EEL") combinations necessary to exempt BellSouth from providing local switching as an unbundled network element in Miami, Orlando, and Ft. Lauderdale, consistent with FCC's Rules 51.319. The appropriate recurring and nonrecurring rates for new EEL combinations are set forth in Revised Exhibit AJV-1 attached to the Revised Direct Testimony of Alphonso J. Varner dated August 18, 2000.

E. Stipulations

None at this time.

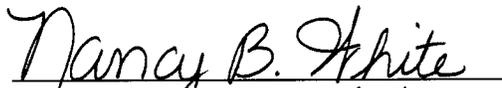
I. Pending Motions

None at this time.

J. Other Requirements

Respectfully submitted this 21st day of August, 2000.

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