MCWHIRTER REEVES
ATTORNEYS AT LAW

TAMPA OFFICE:
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602
P. O. BOX 3350 TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:
TALLAHASSEE

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 FAX

November 21, 2000

VIA HAND DELIVERY

RECEIVED-FPSC
00 NOV 21 PM 4:15
RECORDS AND REPORTING

Blanca S. Bayo, Director
Division of Records and Reporting
Betty Easley Conference Center
4075 Esplanade Way
Tallahassee, Florida 32399-0870

Re: Docket No.: 990649-TP

Dear Ms. Bayo:

On behalf of the Florida Competitive Carriers Association, AT&T Communications of the Southern States, Inc., Broadslate Networks of Florida, Inc., Cleartel Communications, Inc. the Florida Cable Telecommunications Association, Florida Digital Network, Inc., Intermedia Communications, Inc., MCI WorldCom, Inc., and Z-Tel Communications, Inc., enclosed for filing and distribution are the original and 15 copies and a disc containing the following:

- Joint Post-Hearing Statement of Issues and Positions and Joint Post-Hearing Brief of the Florida Competitive Carriers Association, AT&T Communications of the Southern States, Inc., Broadslate Networks of Florida, Inc., Cleartel Communications, Inc. the Florida Cable Telecommunications Association, Florida Digital Network, Inc., Intermedia Communications, Inc., MCI WorldCom, Inc., and Z-Tel Communications, Inc.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me in the envelope provided. Thank you for your assistance.

Sincerely,

Joe McGlothlin

Joseph A. McGlothlin

JAM/bae

RECEIVED & FILED
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
15087 NOV 21 00

APP
CAF
CMP
COM
CTR
ECR
LEG
OPC
PAI
RGO
SEC
SER
OTH

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

JOINT POST-HEARING STATEMENT OF ISSUES AND POSITIONS AND JOINT POST-HEARING BRIEF OF THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION, AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC., BROADSLATE NETWORKS OF FLORIDA, INC., CLEARTEL COMMUNICATIONS, INC., THE FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, FLORIDA DIGITAL NETWORK, INC., INTERMEDIA COMMUNICATIONS, INC., MCI WORLDCOM, INC., AND Z-TEL COMMUNICATIONS, INC.

DOCUMENT NUMBER-DATE
15087 NOV 21 8
FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

JOINT POST-HEARING STATEMENT OF ISSUES AND POSITIONS AND JOINT POST-HEARING BRIEF OF THE FLORIDA COMPETITIVE CARRIERS ASSOCIATION, AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC., BROADSLATE NETWORKS OF FLORIDA, INC., CLEARTEL COMMUNICATIONS, INC., THE FLORIDA CABLE TELECOMMUNICATIONS ASSOCIATION, FLORIDA DIGITAL NETWORK, INC., INTERMEDIA COMMUNICATIONS, INC., MCI WORLDCOM, INC., AND Z-TEL COMMUNICATIONS, INC.

DOCUMENT NUMBER-DATE
15087 NOV 21 00
FPSC-RECORDS/REPORTING

006036

PRELIMINARY STATEMENT

Pursuant to rule 28-106.215, Florida Administrative Code, the Florida Competitive Carriers Association, AT&T Communications of the Southern States, Inc., Broadslate Networks of Florida, Inc., Cleartel Communications, Inc., the Florida Cable Telecommunications Association, Florida Digital Network, Inc., Intermedia Communications, Inc., MCI WorldCom, Inc. and Z-Tel Communications, Inc. file their Joint Post-Hearing Statement of Issues and Positions and their Post-Hearing Brief.[1]

INTRODUCTION

Currently, UNE-based competition in Florida is virtually non-existent. The inflated prices BellSouth charges competitors for unbundled network elements (UNEs) comprise one of the major obstacles to competitive entry in Florida. In this docket, BellSouth has proposed very high UNE rates that would perpetuate the ALECs' competitive disadvantage. In light of the impact of its improved costing model, BellSouth's presentation in support of these high rates was counterintuitive and paradoxical. As they deliberate, the Commissioners should ask themselves this question: Given that the new BellSouth model "constructs" a network that requires far less physical plant (and correspondingly lower investment) than did its predecessor, how can BellSouth propose UNE rates as high as before? The explanation lies in the assumptions and inputs that BellSouth placed into the model–assumptions and inputs that depart from the TELRIC standard and artificially inflate costs. However, the Commission's task in this case is to derive and adopt UNE prices that

[1]The following abbreviations are used in this brief. The parties listed above and on whose behalf this brief is filed are referred to as the FCCA ALECs. The Florida Public Service Commission is referred to as the Commission. BellSouth Telecommunications, Inc. is called BellSouth. The Federal Communications Commission is called the FCC.

006037

adhere to the FCC's forward-looking TELRIC costing standard. For that reason, this case is not one in which the Commissioners should expect the "answer" to fall somewhere between the parties positions. There is no way for costs to be "partially" forward-looking. Nor, given the importance of this case to competition, should the Commission be attracted to the idea of a "compromise" result. (Tr.2315, Darnell). To reach the result required by law, and simultaneously foster the development of competition, the Commission should adopt those adjustments needed to achieve strict adherence to the TELRIC standard. In many of the responses to the individual issues that follow, the FCCA ALECs identify specific adjustments necessary to conform BellSouth's proposal to the TELRIC standard. By adopting those adjustments, the Commission will remove a significant impediment to local competition in Florida as it gives effect to the requirements and the pro-competitive intent of federal and state law.

ARGUMENT

ISSUE 1

WHAT FACTORS SHOULD THE COMMISSION CONSIDER IN ESTABLISHING RATES AND CHARGES FOR UNES (INCLUDING DEAVERAGED UNES AND UNE COMBINATIONS)?

FCCA ALECs' Position: *The Commission should consider only the appropriate forward-looking economic costs of providing the UNE or combination of UNEs. In this case, the Commission should make the adjustments necessary to conform BellSouth's proposed, overstated rates to the TELRIC standard. This action is needed to make local competition feasible in Florida.*

The Telecommunications Act of 1996 states that the rates for UNEs:

(A) shall be-

(i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and,

(ii) nondiscriminatory, and
(B) may include a reasonable profit.

Section 252(d)(1). The statute, then, requires that UNE rates be cost-based.

When implementing this requirement, the FCC was required to determine the appropriate perspective that a costing model used to derive UNE rates should reflect: does the law refer to embedded costs or forward-looking costs? As Joseph Gillan testified, the function of a price in a market economy is to signal the value of resources that will be used. (Tr. 2097, Gillan). Historical or embedded costs cannot influence future decisions because they are "sunk costs." Therefore, forward-looking costs are the appropriate basis for deriving UNE prices. (Tr. 2097, Gillan). The FCC and the Commission have recognized the appropriateness of forward-looking costs in this context. The United States Court of Appeals for the Eighth Circuit approved in *Iowa Utilities Board v. Federal Communications Commission*, 219 F.3d 744, 752 (8th Cir. 2000), the FCC's selection of the forward-looking perspective to govern UNE rates. The Court said:

> Forward-looking costs have been recognized as promoting a competitive environment which is one of the stated purposes of the Act. The Seventh Circuit, for example, explained, "[I]t is current and anticipated cost, rather than historical cost that is relevant to business decisions to enter markets . . . historical costs associated with the plant already in place are essentially irrelevant to this decision since those costs are 'sunk' and unavoidable and are unaffected by the new production decision.". . . Here the FCC's use of a forward-looking cost methodology was reasonable.

In its rules, the FCC chose a particular application of the forward-looking concept that it called "Total Element Long Run Incremental Cost," or TELRIC. With the exception that wire centers must remain at their existing locations, the FCC's TELRIC approach requires the cost analyst to presume that the most efficient technology is deployed in the network. Prior to the hearing in this case, the United States Court of Appeals for the Eighth Circuit opined that the FCC

misinterpreted the 1996 Act when it required the entire network to be so optimized when calculating the cost of providing a UNE. Inasmuch as BellSouth claimed that it had employed a TELRIC cost model in this proceeding, the Commissioners raised issues regarding the ability of the Commission to base UNE rates on the output of the new BellSouth model. However, on September 22, 2000, the Court issued a stay of its decision. Accordingly, the FCC "TELRIC" rule that was the subject of the Court's decision remains in effect at this time. Given the issuance of the stay, the question for the Commission becomes whether the rates BellSouth proposed in this case meet the TELRIC standard.

The testimony of BellSouth policy witness Al Varner provided initial insight as to the answer. While he acknowledged that the Commission must apply the forward-looking standard articulated by the FCC, he argued that resulting rates would be "too low." Mr. Varner asserted that the FCC standard precludes "full cost recovery" of "actual costs" by the LEC. He encouraged the Commission to design rates that reflect "full market value," and that take "market, regulatory and competitive conditions" into account. (Tr. 1112-1113, Varner). He claimed that TELRIC-based UNE rates would "marginalize" BellSouth, and implied ominously that retail rate increases might follow the application of the TELRIC standard to the development of UNE prices. (Tr. 1108, Varner).

In context, it is clear that the "actual costs" to which Mr. Varner referred are historical or embedded costs. (Tr. 2100, Gillan). In essence, Mr. Varner tried to sabotage the use of a forward-looking cost perspective in virtually the same breath in which he acknowledged that the Commission must apply it. Mr.Varner may have hoped that, through his arguments, he could persuade the Commission to ignore to the deficiencies in BellSouth's submission and approve rates

that have been overstated.[2]

Mr. Varner's arguments do not withstand scrutiny. Because the function of price is to signal the cost of incremental investments to be made in the future, forward-looking costs are the most appropriate measure of "actual costs." (Tr. 2097, Gillan). Therefore, TELRIC-based rates provide for "full cost recovery." (Tr. 2100, Gillan). In addition, a properly designed TELRIC cost model explicitly incorporates a return on investment. Accordingly, TELRIC meets the "reasonable profit" standard of the Act.

With respect to the prices for combinations of UNEs, Mr. Varner advocated that the Commission abandon cost-based ratemaking altogether in favor of prices that reflect "full market value." It is particularly important that the Commission understand and reject this argument. In the local markets of states like Texas and New York, recently ALECs have been able to utilize the "UNE-P" combination of UNEs to make meaningful competitive headway. (Tr. 2108, Gillan; Exhibit No. 122). Florida remains a sharp contrast. Under existing UNE rates, ALECs have garnered no more than a fraction of 1% of the local market in Florida, and the incumbents are adding to their lead. (Tr. 2107, Gillan; Exhibit No. 122). Mr. Varner denied that the differences in UNE rates have anything to do with the disparities in the ability of ALECs to compete in the different states. This denial flies in the face of basic economic reality: the level of competition in the local market is inversely related to the level of UNE prices. (Tr. 2457, Ford). Further, Mr. Varner's explanation–that ALECs become serious about winning customers in the local market

---

[2]Early in his analysis, AT&T/WorldCom witness Brian Pitkin observed that, while BellSouth's new cost model constructs a network with significantly less physical plant than did its predecessor, through its choice of assumptions and inputs BellSouth somehow was able to develop rates that are as high as before. (Tr. 2187-2188, Pitkin).

only when they perceive that the incumbent is about to receive authority to enter the long distance market (Tr. 1114, Varner) –is absurd on its face. Mr. Varner's assertion that prices for combinations should reflect "full market value" is a transparent attempt to ensure BellSouth's continued dominance in the market through overstated, non-TELRIC-based rates.

In summary, Mr. Varner's efforts to discredit or deflect the application of the forward-looking cost methodology are without merit. His attempt to raise the specter of possible retail rate increases is simply an unfounded scare tactic. Finally, his denial that high UNE prices affect the ALECs' ability to compete is simply wrong. The Commission should proceed to set rates that satisfy the forward-looking TELRIC standard. As will be developed below, this is possible only if the Commission first makes adjustments to numerous self-serving, TELRIC-defeating assumptions that BellSouth employed to derive overstated UNE rates.

ISSUE 2

(A) WHAT IS THE APPROPRIATE METHODOLOGY TO DEAVERAGE UNES AND WHAT IS THE APPROPRIATE RATE STRUCTURE FOR DEAVERAGED UNES?

FCCA ALECs' Position: *The appropriate method is to determine UNE costs on a wire-center basis; to group wire-centers into zones based on cost; and to develop an average rate for each group of wire centers. Deaveraging must not be based on rate center groupings, which bear no relationship to cost.*

The obligation to establish geographically deaveraged UNE rates is set forth in FCC Rule §51.507(f), which provides that:

> (f) State commissions shall establish different rates for elements in at least three defined geographic areas within the state to reflect geographic cost differences.
>
> (1) To establish geographically-deaveraged rates, state commissions may use existing density-related zone pricing plans described in §69.123 of this

chapter, or other such cost-related zone plans established pursuant to state law.

(2) In states not using such existing plans, state commissions must create a minimum of three cost-related zones.

The parties to this docket have presented two fundamentally different approaches to the deaveraging of UNE rates. The ALECs (including Sprint) have proposed a methodology that groups wire centers by UNE costs, then develops an average rate for each of these cost-based groups. The ALEC approach complies with Rule §51.507(f), which requires the zones used for deaveraging to be "cost-related." It also complies with the broader pricing standards in the Act, which require that rates for all UNEs to be cost-based. Section 252(d)(1).

In contrast, BellSouth has proposed a deaveraging methodology that groups wire centers by the retail rate groups to which they belong. Wire center costs, however, bear no relationship to the rate group to which the wire center belongs. (Tr. 1258 - 1259, Caldwell). BellSouth's approach thus violates both the requirement of Rule §51.507(f) to use "cost-related" zones and the underlying pricing principles of the Act which require that all UNE rates be based on cost.

Under Section 252(d) of the Act, rates for UNEs must be based on forward-looking economic costs. The only factors that properly can be considered in determining geographically deaveraged UNE rates are forward-looking cost differences related to the different geographic areas. Rule 51.507(f) sets forth no criteria other than geographic cost differences as an acceptable basis for deaveraging UNE rates. (Tr. 1258, Caldwell) If any non-cost-based factor is used to deaverage the overall average rate, then the resulting deaveraged rates will no longer be cost-based. An extreme example illustrates the point. If the percentage of tourists by city were used to deaverage existing averaged UNE loop rates, the resulting deaveraged rates in Orlando would be higher than

those in Tallahassee. Yet, given that the percentage of tourists is unrelated to the forward-looking cost of providing local loops, the resulting deaveraged rates would not be "cost-related" as the Act and FCC Rules require. (Tr. 2326, Darnell).

Like the tourist example, BellSouth's proposal to deaverage based on the rate group to which a wire center is assigned violates the "cost-related" requirement. (Tr. 2329, Darnell). BellSouth admitted that the composition of its rate zones is not based on the cost of the wire centers at all. (Tr. 1262, Caldwell). Rate groups are based on retail calling scopes. They reflect value of service principles, not cost of service principles. Even though high density urban areas frequently have relatively low loop costs, the retail rates in those areas tend to be the highest because of their larger calling scopes.

The fundamental flaw with BellSouth's approach is underscored by the fact that BellSouth's proposed zones place high-cost wire centers in the lowest rate band and low-cost wire centers in the higher rate bands. Under its proposal, BellSouth would even charge different rates for loops in two wire centers that (according to BellSouth's study) have exactly the same loop cost. (Tr. 3109, Sichter). The combining of high and low cost wire centers in the same rate zone is a material flaw. It inappropriately blurs the distinction of cost differences among wire centers and between geographic zones. (Tr. 3243, Barta).

In addition to plainly violating the Act and FCC rules, BellSouth's proposal would be bad public policy. It should be rejected for that reason as well. The effect of BellSouth's proposal is to inappropriately raise UNE rates in areas where its retail rates are high, thus limiting the opportunity for cost-based competition in areas which may in fact enjoy relatively low costs. It appears that BellSouth's goal is to protect its non-cost-based retail rates from competition by

establishing equally non-cost-based UNE rates. The Commission's goal, however, should not be to protect BellSouth from competition; rather, it should be to set UNE rates based on cost, thereby allowing competition to drive retail rates toward their underlying economic cost. (Tr. 2328, Darnell).

For these reasons, the Commission should reject the deaveraging methodology BellSouth proposes and adopt the deaveraging methodology Sprint proposes and AT&T and WorldCom endorse. The Sprint methodology first ranks all wire centers by cost. It then develops geographic cost zones by grouping wire centers so that the cost of the UNE in the wire centers in each zone does not deviate from the average for that zone by more than 20%. (Tr. 3096-3099, Sichter). This methodology achieves the proper deaveraging goal of grouping areas with similar costs into the same rate zone. It is also relatively simple for the Commission to administer. (Tr. 2330, Darnell). The proper application of this methodology to the loop cost data initially filed by BellSouth is shown in Confidential Exhibit No. 131. (Tr. 2331, Darnell).

Of course, as discussed in Issue 7, the inputs to BellSouth's cost models must be adjusted in order to calculate UNE costs properly. The Commission should therefore adopt the methodology presented in witness Sichter's testimony and illustrated in Confidential Exhibit No. 131. It should then apply that methodology to the revised cost data to develop final deaveraged rates for loops and any other elements the Commission determines to deaverage. (Tr. 3111, Sichter).

(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).

FCCA ALECs Position: *The forward-looking rates for every loop type, including combinations that include loops, should be deaveraged.*

The forward-looking rates for an unbundled network element should be deaveraged where significant cost variations are present. For instance, the cost attributes of a loop reflect geographic differences. In highly concentrated urban areas, loop lengths tend to be shorter than in the more sparsely populated rural areas. (Tr. 3240, 3241, Barta). Because loop length is a major cost driver in the provision of a loop, the Commission should geographically deaverage the rates for an unbundled loop.

The deaveraging of rates for UNE combinations should be based upon the characteristics of the underlying network components. Therefore, the rate for a UNE combination that depends upon a loop should reflect the deaveraged rate for an unbundled loop. (Tr. 3241, Barta). Accordingly, the forward-looking rates for every loop type, including combinations that include loops, should be deaveraged.

ISSUE 3 [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?

[3]The FCTA takes no position on this issue.

FCCA ALECs' Position: * Adopt the positions of Covad, BlueStar, and Rhythms Links as their positions on Issues 3(a) and (b).*

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?

FCCA ALECs' Position:*(a) The subloop elements which must be unbundled are all those listed in Attachment 1. Prices should be set based on the use of the most current telecommunications technology presently available and the most economically efficient configuration.*

(b) Imposing the cost of additional equipment on a new entrants as BellSouth proposes is not competitively neutral and is unnecessary. BellSouth must provide a single point of interconnection, and the Commission should establish the UNE price that corresponds to this less costly means of interconnection.

This issue addresses the manner in which BellSouth will be required to provision subloop facilities to ALECs as well as the prices BellSouth will be permitted to charge ALECs for those facilities. Resolution of this issue is critical to the development of facilities-based competition in Florida, because facilities-based carriers will use subloop facilities to provide service to residential and business tenants in multi-dwelling units ("MDUs"), *i.e.*, apartments and business offices. (Tr. 2360, Kahn).

BellSouth chooses to offer different subloop elements, with different rates, depending on the nature of the property served. For example, BellSouth offers different subloop elements to serve campus (garden) properties and high rise properties. For a campus property, such as a garden apartment property, BellSouth offers the subloop element of Network Terminating Wire ("NTW").

In a high rise building, BellSouth usually has facilities that run vertically from an equipment closet in the basement of the building to a point on each floor of the building, and then laterally along the floor to each tenant space on the floor. (Tr. 2030-31, Milner). BellSouth refers to the vertical component of these facilities in its network as riser cable or intra-building network cable. (Tr. 2031, Milner). BellSouth refers to the lateral component of these facilities as network terminating wire. (Tr. 2031, Milner). For high rise buildings, BellSouth offers the combination of riser cable and network terminating wire as the subloop elements of 2-wire and 4-wire Intrabuilding Network Cable. (collectively, "INC"). (Tr. 1287-88, Caldwell).

Finally, BellSouth generally offers two other subloop elements: subloop feeder and subloop distribution. These subloop elements represent the facilities from a BellSouth central office to a feeder distribution interface (subloop feeder) and from the feeder distribution interface to the customer premise (subloop distribution). A feeder distribution interface is generally a larger terminal, farther away from an MDU building (closer to the central office) than the garden terminals. (Tr. 2024, Milner). To serve a campus property with several buildings and multiple garden terminals, an ALEC may purchase subloop distribution from the feeder distribution interface to each tenant premise rather than NTW from the garden terminal to each customer premise.

There is no issue in this proceeding regarding the nomenclature of the various subloop elements proposed by BellSouth or the particular subloop elements that BellSouth proposes to offer. Rather, the core issue is how BellSouth will require ALECs to access NTW, INC, subloop feeder, and subloop distribution (collectively hereinafter "unbundled subloops"), and how such forms of access affect the rates BellSouth proposes to charge for each subloop element. (Tr. 1982-83, 1997, Milner).

BellSouth refuses to allow ALECs to interconnect directly to subloop elements in BellSouth's

garden terminals, equipment closets, and feeder distribution interfaces (collectively hereinafter "subloop terminals"). Instead, BellSouth requires that an intermediary access terminal be constructed "in between" the BellSouth subloop terminal and the ALEC terminal. (Tr. 1956, 1986, 1999-2000, 2001-02, 2024, 2031 Milner). Thus, BellSouth will retain its "own" terminals for its own access to subloop elements, but will create "separate" access terminals through which ALECs must interconnect (and for which they must pay) in order to access those very same subloop elements. (Tr. 1941, 1942, Milner).

ALECs propose to interconnect their terminals on an MDU property directly to the BellSouth subloop terminals. The FCC requires such direct connections. They eliminate the anti-competitive harms caused by the BellSouth requirement of an intermediary access terminal. Importantly, direct connections to the BellSouth subloop terminals totally eliminate the cost associated with the intermediary access terminals, and thereby substantially lower the price of subloop elements. The FCCA ALECs request that the Commission order BellSouth to allow ALECs to interconnect directly to BellSouth's subloop terminals. The ALECs further request that the Commission adopt the recurring and non-recurring rates that the ALECs propose for subloop elements (NTW, INC, subloop feeder and subloop distribution).

The FCC's Order in *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, FCC 99-238 (Nov. 5, 1999) (hereinafter, UNE Remand Order) addresses the subject of subloop provisioning by incumbents. In its order, the FCC adopted rules requiring incumbents to "provide nondiscriminatory access, in accordance with § 51.311 and section 251(c)(3) of the Act, to the local loop and subloop, including inside wiring owned by the incumbent

LEC, on an unbundled basis to any requesting telecommunications carrier for the provision of a telecommunications service." 47 C.F.R. § 319(a).[4]

The FCC defines subloops as "portions of the loop that can be accessed at terminals in the incumbent's outside plant." UNE Remand Order ¶ 206; *see also*, 47 C.F.R. § 319(a)(2)(A) (the "subloop network element" is "any portion of the loop that is technically feasible to access at terminals in the incumbent LEC's outside plant, including inside wire.") An "access terminal" is "a point on the loop where technicians can access the wire or fiber within the cable without removing a splice case to reach the wire or fiber within. These would include a technically feasible point near the customer premises, such as the pole or pedestal, the NID, or the minimum point of entry to the customer premises." UNE Remand Order ¶ 206 (footnotes and parenthetical omitted); *see also,* ¶ 210.

The FCC specifically adopted a broad definition of "subloop" to allow "requesting carriers ***maximum flexibility*** to interconnect their own facilities at these points where technically feasible." UNE Remand Order ¶ 207; *see also*, ¶ 223 ("In adopting a rule that requires incumbents to unbundle subloops at the points identified above, we seek to provide requesting carriers maximum flexibility to interconnect with the incumbent's network at technically feasible points in order to allow competitors to serve customers efficiently.") (Tr. 1996, Milner).

---

[4]Prior to the UNE Remand Order, the FCC defined "inside wire" as the wire installations located on the customer premise side of the demarcation point. *Review of Section 68.104 and 68.213 of the Commission's Rules Concerning Connection of Simple Inside Wiring to the Telephone Network* , CC Docket No. 88-57, Order on Reconsideration, FCC 97-209. ¶ 1 (rel. June 17, 1997). In the UNE Remand Order, however, the FCC defined "inside wire" for purposes of this subloop unbundling requirement as "all loop plant ***owned by the incumbent LEC*** on end-user customer premises as far as the point of demarcation as defined in § 68.3, including the loop plant near the end-user customer premises." 47 C.F.R. § 319(a)(2)(A).

The FCC found that "lack of access to unbundled subloops materially diminishes a requesting carrier's ability to provide services that it seeks to offer." UNE Remand Order ¶ 205. Moreover, the FCC determined that "access to subloop elements is likely to be the catalyst that will allow competitors, over time, to deploy their own complementary subloop facilities, and eventually to develop competitive loops." UNE Remand Order ¶ 205; *see also,* ¶¶ 209, 219.

The FCC adopted a flexible definition for determining the point of demarcation for MDUs. The UNE Remand Order ¶ 169 states that the demarcation point "*is often*, but not always, located at the minimum point of entry ("MPOE"), which is the closest practicable point to where the wire *crosses a property line or enters a building*." The FCC recognized that in MDUs there may be a single demarcation point for the entire building or separate demarcation points for each tenant, depending on factors such as the date the inside wire was installed, the local carrier's reasonable and nondiscriminatory practices, and the property owner's preferences.[5]

With respect to the mechanism for accessing subloops at ILEC access terminals, the FCC established a rebuttable presumption that "the subloop can be unbundled at any accessible terminal in the outside loop plant." UNE Remand Order ¶ 223. Moreover, the FCC placed upon BellSouth the burden of demonstrating that it is not technically feasible to unbundle subloops at a particular access terminal. UNE Remand Order ¶ 223; 47 C.F.R. § 51.319(a)(2)(B). The FCC determined that such questions of technical feasibility are fact specific and should be resolved by state commissions

---

[5]This FCC rule calls into question the continued validity of Rule 25-4.0345-1B, Florida Administrative Code, which states that the point of demarcation for MDUs is the customer premises. For certain data ALECs in Florida, policy dictates that the demarcation point should be the MPOE or, more specifically, where the wire enters a MDU. (*See*, Tr. 3057, Stacy). Of course, other ALECs will still be able to purchase the entire loop providing service to an MDU customer, without regard to the point of demarcation of particular subloop elements.

on a case by case basis.

The FCC also specifically incorporated the requirements set forth in its collocation rules as applicable to subloop unbundling. The FCC issued a specific rule identifying access to the subloop as "subject to the Commission's collocation rules." 47 C.F.R. § 51.319(a)(2)(D). In particular, the FCC reiterated that its collocation rules "apply to collocation at any technically feasible point, from the largest central office to the most compact FDI." UNE Remand Order ¶ 221; see also, Advanced Services Recon. Order ¶ 103. "This is because [the FCC's] collocation rules concern methods and standards for obtaining interconnection and access to unbundled network elements under section 251 of the Act, and thus are not directed to any one type of facility." UNE Remand Order ¶ 221. Particularly important is that the FCC's collocation rules specifically prohibit BellSouth from requiring an "intermediate interconnection arrangement in lieu of a direct connection to [BellSouth's] network if technically feasible, because such intermediate points of interconnection simply increase collocation costs without a concomitant benefit to incumbents." *Deployment of Wireline Service Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48, et al. (March 31, 1999) ¶ 42 (hereinafter, Advanced Services Order).

The FCC adopted the proposal submitted by OpTel for a "single point of interconnection" for access to MDUs. The FCC encouraged parties to "cooperate in any reconfiguration of the network necessary to create" such a single point of interconnection, "to the extent there is not currently a single point interconnection that can be feasibly accessed by a requesting carrier." UNE Remand Order ¶ 226. In the event carriers are unable to negotiate a reconfigured single point of interconnection, the FCC also required "the incumbent to construct a single point of interconnection that will be fully

accessible and suitable for use by multiple carriers." UNE Remand Order ¶ 226; (Tr. 1996-97, Milner). In short, "[t]he incumbent LEC shall provide a single point of interconnection at multi-unit premises that is suitable for use by multiple carriers. This obligation is in addition to the incumbent LEC's obligation to provide nondiscriminatory access at any technically feasible point." 47 C.F.R. § 51.319(a)(2)(E).

With respect to technical feasibility, the FCC further held that "once one state has determined that it is technically feasible to unbundle subloops at a designated point, it will be presumed that it is technically feasible for any incumbent LEC, in any other state, to unbundle the loop at the same point everywhere." UNE Remand Order ¶ 227; 47 C.F.R. § 51.319(a)(2)(C); (Tr. 2061, Milner). The FCC adopted this "best practices" approach to ensure that "incumbent LECs do not limit access to subloops based on unforeseeable technological and infrastructure developments." UNE Remand Order ¶ 227.[6] In this proceeding, BellSouth has not raised any general issue of technical infeasibility. The only technical feasibility issue it raised is one of network security. BellSouth admits that to succeed on a claim of network security, it must demonstrate "specific, significant, and demonstrable network reliability concerns associated with providing interconnection or access at a particular point." *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, First Report and Order, ¶ 198 (1996) (hereinafter, Local Competition Order); (Tr. 1948, 2065, Milner).

Finally, subloop elements are specifically identified in FCC Rule 51.319 as unbundled

---

[6]This is consistent with the FCC collocation rules, in which "deployment by any incumbent LEC of a collocation arrangement gives rise to a rebuttable presumption in favor of a competitive LEC seeking collocation in any incumbent LEC premises that such an arrangement is technically feasible." Advanced Services Order ¶ 45.

elements, and are thus also subject to the FCC's UNE pricing rules. Accordingly, the prices for subloop elements must be established using a "cost-based pricing methodology based on forward-looking economic costs." *In the Matter of Implementation of the Local Competitive Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98 (Aug. 1, 1996) ¶ 620 (hereinafter, First Report and Order). Prices for subloop elements must adhere to the FCC's TELRIC pricing rules set forth in 47 C.F.R. § 51.503, et. seq. The FCC TELRIC pricing approach requires that "prices for interconnection and access to unbundled elements would be developed from a forward-looking economic methodology based on the most efficient technology deployed in the incumbent LECs' current wire centers." First Report and Order ¶ 685. The FCC rules specifically state that the "total element long-run incremental cost should be measured based on the use of the lowest cost network configuration, given the existing location of the ILEC's wire centers." 47 C.F.R. § 51.505(b)(1).

The Commission should reject the BellSouth intermediary access terminal proposal because it is inconsistent with the foregoing FCC Rules and Regulations and detrimental to the public interest. Principally, requiring ALECs to access subloop elements by means of an intermediary access terminal is discriminatory, and thus violates 47 C.F.R. § 319(a). BellSouth admits that in no case will it ever have to gain access to any tenants in a campus or high rise property by means of any intermediary access terminals. (Tr. 2003, 2032, Milner). Rather, BellSouth will continue to gain access to its apartment and office customers through its garden terminals (campus properties), its access panels in equipment closets (high rise properties), and its feeder distribution interfaces (subloop feeder and distribution). (Tr. 2003, 2032, Milner). Thus, it is clear that BellSouth will not provide ALECs access to subloops in substantially the same manner that BellSouth provides such access to itself. By definition, the BellSouth proposal is discriminatory.

Not only does BellSouth not provide access to ALECs in substantially the same manner that BellSouth provides itself, the access BellSouth intends to provide ALECs is substantially inferior to the access BellSouth enjoys and will continue to enjoy under its proposal.

First, the BellSouth proposal will cause customers to be without service for some period of time. Both direct access and access through an intermediary access terminal require customers to be out of service for ***some*** amount of time, as they transition from BellSouth to the ALEC.

Requiring access in an intermediary access terminal affords ***no*** greater protection whatsoever against such possible service outages. An ALEC technician could just as easily cut the wrong wire in the intermediary access terminal. By pre-wiring each and every available pair through the intermediary access terminal for garden properties, BellSouth ***ensures*** that each and every garden property customer ***will*** be out of service as that pre-wiring is accomplished. It also substantially increases the risk of error of an accident simply because of the magnitude of connections (each and every available pair) which must be made.

Moreover, BellSouth ensures that customers in a high rise property will be out of service ***longer*** than if BellSouth were to allow direct access. BellSouth will not pre-wire the intermediary access terminals and will only provide "available" pairs to the ALEC in a high rise property. This causes several problems. First, if BellSouth defines "available" as "not currently being used to provide service," then the ALEC will not have access to the pairs BellSouth currently uses to provide service to the tenant. It will have to use spare pairs, which may not be available. Moreover, even if they are available, those spares are not the pairs the customer currently uses. Accordingly, the ALEC will have to re-wire each and every jack providing service to the tenant before the tenant will be able

to receive service over those spare pairs, thus causing delay before a customer can begin receiving service.

Second, service problems would arise even if BellSouth were to allow the ALEC to disconnect the pairs currently providing service to the customers in a high rise property. In those cases, BellSouth would have to dispatch a technician for every ALEC order for every customer in that property, including each and every time a customer orders additional lines. (Tr. 1941-42, 2032, 2036, 2076-77, Milner).[7] The BellSouth and ALEC technicians would have to coordinate their schedules before they could even begin this process. They then would have to coordinate their efforts in establishing the connections on each side of the intermediary access terminals, in essence requiring a "subloop hot cut" process in the wiring closets of the basements of every high rise property the ALEC serves. (Tr. 2038, Milner). It requires very little foresight to see how difficult such coordination will be and how many customer service outages will be precipitated by requiring a "subloop hot cut" process in the wiring closets in the basements of every high rise building in Florida.

In short, requiring access through an intermediary access terminal provides no greater protection against possible service disruptions than does direct access. However, it ***guarantees*** that each and every garden property customer will be out of service for some time (as BellSouth pre-wires

---

[7]BellSouth suggests that an ALEC could simply order enough INC (and corresponding intermediary access terminals) to serve every tenant in a high rise building. (Tr. 2033-34, Milner). This "solution" is no solution at all. First, it is uneconomical and impractical for any ALEC to incur such cost (over $700 per 25 pair intermediary access terminal multiplied by the total number of lines in the building ÷ 25, plus $113 times the total number of lines in the building, just for the up-front non-recurring charges alone). Plus, BellSouth will only pre-wire "available" pairs in a high rise, and if a carrier needs more lines than are "available," BellSouth will still have to dispatch technicians for each and every order for lines once those "available" pairs are used. Finally, using the "available" pairs will require an ALEC to re-wire each and every jack for each and every customer for which those pairs will be used, causing increases in delays, costs, and the potential for errors.

the intermediary access terminal), and it ***guarantees*** that each and every high rise tenant will be out of service longer than would be necessary with direct access.

The requirement of intermediary access terminals is also discriminatory because it imposes substantial delay simply to install the intermediary access terminal. The process that BellSouth would require an ALEC to follow just to order and install an intermediary access terminal for NTW is described in a "CLEC Information Package" publicly available at http://www.interconnection.bellsouth.com/products/UNE/unb_netw_term_wire.pdf. That document describes an 18-step process that each ALEC must follow to order a single intermediary access terminal, before the ALEC may even begin to order a single NTW pair from BellSouth. This cumbersome, complicated process has no time limit as to how long it will take. Multiply this process by every garden terminal on every MDU property in Florida, and it becomes clear that BellSouth's proposal to require intermediary access terminals will be a major impediment to the development of facilities-based competition for MDU customers in Florida.

Requiring intermediary access terminals is also discriminatory because it will require ALECs to incur substantially greater cost. The rates that BellSouth proposes for unbundled subloops reflect the assumption of BellSouth's restrictive and cumbersome form of access. For NTW, BellSouth proposes to charge a recurring rate of $0.46 and a non-recurring rate of $65.35 for each NTW pair ordered. (BellSouth Rate Element A.15.1.) (Tr. 1285, 1298, Caldwell). The non-recurring charge for NTW includes a pro-rated amount associated with the intermediary access terminal proposed by BellSouth. (Tr. 1286-87, Caldwell; Tr. 2023-24, Milner).

For 2-wire INC, BellSouth proposes to charge a recurring rate of $3.87 and a non-recurring rate of $113.62 for each INC pair ordered. (BellSouth Rate Element A.2.14.) In addition, BellSouth

proposes to charge an additional $443.29 to install each 25 pair intermediary access terminal. (Tr. 1289-90, 1299, Caldwell). (BellSouth Rate Element A.2.19 + BellSouth Rate Element A.2.20). BellSouth would require an ALEC to pay this $443.29 each time the ALEC ordered up to 25 INC pairs. (Tr. 1941, Milner).[8]

For subloop distribution, BellSouth proposes to charge a recurring rate of $9.36, $12.49, and $16.13 in Zones 1, 2, and 3, respectively, and a non-recurring rate of $139.20 per pair ordered (BellSouth Rate Element A.2.2.) In addition, as with INC, BellSouth proposes to charge an additional $757.06 to install each 25 pair intermediary access terminal (BellSouth Rate Element A.2.18 + BellSouth Rate Element A.2.21). Similar to INC, BellSouth would require an ALEC to pay this $757.06 each time the ALEC ordered up to 25 subloop distribution pairs.

The assumption in the BellSouth cost model that ALECs will have to access subloop elements through intermediary access terminals substantially increases the rates for their subloop components. (Tr. 2039, 2041, 2043, Milner). Conversely, the rates for these subloop elements, particularly the non-recurring rates, would be substantially less, if the assumption of intermediary access terminals was eliminated. (Tr. 2085-86, Milner). In particular, direct access would substantially lower the $65 non-recurring charges associated with NTW, would lower the $113 non-recurring charge associated with INC and the $139.20 associated with subloop distribution, and would eliminate the additional $443.29 and $757.06 charges associated with the intermediary access terminals for INC and subloop distribution. (Tr. 2042, 2085-2086, Milner).

---

[8] "BellSouth assesses the charges associated with the installation of an access terminal only once and only at the first request for access. Such charges would not be assessed again until the ALEC requests an additional 25-pair panel[.]". (Tr. 1951, Milner).

Clearly, access to subloop elements by means of intermediary access terminals is uneconomical, inefficient, and discriminatory compared to direct access. (Tr. 2361, Kahn).[9] Requiring intermediary access terminals:[10]

- increases the prospect and duration of customer outages,
- increases the potential points of failure,
- increases the delay in gaining access to subloops, and
- increases the cost of gaining access to subloops.

It strains credibility to suggest that imposing an intermediary access terminal requirement on ALECs is non-discriminatory. By definition, requiring ALECs to gain access to subloop facilities in a manner that is substantially different than the manner in which BellSouth gains access to those same facilities is discriminatory and thus prohibited by the FCC. The fact that such requirement also provides substantially inferior access (in terms of service and cost) only reinforces that conclusion. At a minimum, the requirement that ALECs must gain access to subloop elements contravenes the intent of the FCC to provide ALECs with ***maximum flexibility*** with respect to access to subloop elements. UNE Remand Order ¶ 207; *see also*, ¶ 223. In either case, BellSouth should not be permitted to impose upon ALECs the burden of gaining access to subloop elements through intermediary access terminals.

---

[9]While the intermediary access terminals account for a substantial portion of the inflated prices for subloops, other adjustments also are required to the BellSouth cost study for the subloop rate elements, as set forth in the testimony of Dr. Kahn. (Tr. 2347, 2350-57, Kahn).

[10]Even if the Commission were to approve BellSouth's proposal to require access terminals, the rates BellSouth proposes are substantially inflated. (*See*, Tr. 2361, Kahn) (noting that the cost of materials for access panels is $5 each) (Tr. 3054-56, Stacy) (observing that BellSouth's methodology for allocating its inflated costs violates FCC pricing rules).

006059

BellSouth's requirement of an intermediary access terminal also violates the FCC requirement of a ***single*** point of interconnection for access to subloop facilities. (Tr. 2343-44, Kahn). Surely, when the FCC imposed on BellSouth the obligation to provide "a single point of interconnection at multi-unit premises that is suitable for use by multiple carriers," 47 C.F.R. § 51.319(a)(2)(E), the FCC did not intend to suggest that BellSouth should construct a single point of interconnection for all carriers ***but*** BellSouth. That would be inconsistent with the entire philosophy underlying the concept of non-discriminatory access in general and a single point of access in particular.

It also is inconsistent with the requirement that BellSouth must create a single point of interconnection if one is not available. UNE Remand Order ¶ 226. Neither BellSouth nor any other ILEC has deployed any intermediary access terminals in their networks today. A more reasonable interpretation of the FCC requirement is that if there are any subloop terminals (garden terminals. wiring closets, feeder distribution interfaces) that may not be technically capable of allowing direct access, then BellSouth is required to deploy terminals which are capable of allowing direct access. This is the only construction of the UNE Remand Order which is consistent with the philosophy of non-discriminatory access and which comports with the current status of ILEC networks.

Similarly, the BellSouth requirement of an intermediary access terminal violates the prohibition against an "intermediate interconnection arrangement in lieu of a direct connection to [BellSouth's] network if technically feasible," as set forth in the FCC's collocation rules. Advanced Services Order ¶ 42. The FCC has made clear that this and all its collocation rules apply not only to central offices, but also to all technical technically feasible points in the BellSouth network, including subloop terminals. UNE Remand Order ¶ 221. Just as BellSouth may not require an intermediate interconnection arrangement in order to interconnect through collocation in its central offices,

BellSouth may not require any such intermediate interconnection arrangements in its subloop terminals.

Finally, BellSouth has not met its burden of proving that network security concerns should allow it to escape its obligation to allow direct access to its subloop terminals. BellSouth admits that the network security is the only technical feasibility argument it has against direct access. (Tr. 1940, 1956, Milner). Moreover, BellSouth has raised only two issues with respect to network security issues: the need to avoid service disruptions and the need to maintain accurate inventory record keeping. (Tr. 1940, 2051, Milner). For neither issue has BellSouth met its burden of proving "specific, significant, and demonstrable network reliability concerns associated with providing interconnection or access at a particular point." FCC Local Competition Order ¶ 198.

First, with respect to the possibility of service disruptions, BellSouth admits that there is no evidence that ALECs are any more likely to cause service disruptions than BellSouth. (Tr. 2051, Milner). Moreover, there is no evidence that ALEC technicians are less competent than BellSouth technicians or more prone to causing service disruptions. (Tr. 2017, Milner). Indeed, BellSouth agrees that its technicians also cause service disruptions. (Tr. 2053, Milner). ALEC technicians follow the same safety standards, such as the National Electric Code and Network Equipment and Building Equipment Specifications Level 1, as BellSouth technicians.[11] In addition, ALECs have generally agreed to an indemnification requirement. (Tr. 2346, Kahn).[12]

---

[11]The ALECs have no objection to a Commission requirement that ALECs adhere to the same safety standards that BellSouth can demonstrate that its own technicians follow, *i.e.*, non-discriminatory application of the same safety standards.

[12]Dr. Kahn uses the phrase "in principle" in her testimony (Tr. 2346, Kahn) to reflect that appropriate details of an indemnification provision would need to be determined. For instance, ALECs would not agree to indemnify BellSouth for damage for which BellSouth itself does not

Thus, from a purely technical perspective, there is no reason that allowing direct access is any more likely to cause service disruptions than requiring access through intermediary access terminals. Indeed, as discussed above, requiring access through intermediary access terminals is ***more*** likely to cause service disruptions and is likely to increase the length of such service disruptions. Moreover, BellSouth admits that requiring intermediary access terminals increases the number of potential points of failure in the network. (Tr. 2053, Milner). Such additional potential points of failure provide even more compelling evidence that intermediary access terminals are more, not less, likely to result in service disruptions than direct access.

BellSouth admits that SBC allows direct access to its subloop terminals. (Tr. 2062, Milner). This compels rejection of any assertion that direct access is any more likely to cause service disruptions. There is no evidence that direct access in SBC territory has increased the number, duration, or even propensity of service disruptions. More fundamentally, it triggers the FCC's "best practices" rule. UNE Remand Order ¶ 227. BellSouth has presented no evidence that its subloop terminals are any more susceptible to errors than SBC's terminals, that ALECs in Florida are any more prone to error than ALECs in SBC territory, or any other evidence distinguishing the situation in Florida from that in SBC territory.

With respect to the second security concern (inventory control), BellSouth appears to admit that its concern is limited to INC, because NTW pairs are color coded, which alleviates any inventory control concern. (Tr. 1943, Milner). Moreover, even with respect to INC, the concern is overblown. ALECs do not propose to simply walk into the basement of a high rise and begin appropriating INC

---

provide indemnification in its own retail tariffs.

006062

pairs, as BellSouth suggests. (Tr. 1962, Milner). BellSouth technicians clearly have some automated process to gain access to information about INC pairs in a building and to update information in BellSouth databases. There is no reason ALEC technicians cannot use that same information (simply by calling BellSouth). (Tr. 2076, 2365-66, Kahn).

Moreover, even with direct access to the BellSouth subloop terminals, ALECs must still order INC pairs from BellSouth, just as ALECs order loops from BellSouth today. And just as that ordering process includes in it procedures to ensure accurate inventory control, there is no reason a similar process could not be developed to address the same concern for direct access to subloops. (Tr. 2022, Milner). Of course, no process has yet been developed, because BellSouth will not even consider the prospect of direct access. BellSouth, however, should not be permitted to use this Catch-22 to prevent direct access to its subloop terminals.

BellSouth's proposal also violates the FCC's UNE pricing rules. By assuming the requirement of intermediary access terminals in its cost model, the prices BellSouth proposes are not based "on the most efficient technology deployed" by BellSouth. First Report and Order ¶ 685. BellSouth generally agrees with this cost model principle. ("[T]he cost should be based on the use of the most current telecommunications technology presently available ***and the economically efficient configuration***." (Tr. 1140, Caldwell).[13] Clearly, however, the most efficient assumption for determining the price of subloops would be direct access by ALECs to the BellSouth subloop terminals.

The prices BellSouth proposes also are not "based on the use of the lowest cost network

---

[13]BellSouth agrees that this principle should be incorporated into ***any*** study that determines the cost of UNEs and for UNE combinations. (Tr. 1140, Caldwell).

configuration" 47 C.F.R. § 51.505(b)(1). Again, the lowest cost network configuration would reflect the assumption that ALECs have direct access to the BellSouth subloop terminals. Finally, the assumption that ALECs must use intermediary access terminals reflects the "system configurations" BellSouth deployed with respect to its subloop terminals, which is an embedded methodology the FCC prohibits. First Report and Order ¶ 632.

In addition, the BellSouth proposal violates the longstanding principle of cost causation. No ALEC has requested access to BellSouth subloops by means of intermediary access terminals. (Tr. 2082, Milner). Intermediary access terminals are a BellSouth invention and requirement. (Tr. 2082, 2083-84, Milner). The fact that BellSouth does not benefit from intermediary access terminals is irrelevant. (Tr. 1940, Milner). BellSouth remains the cost causer. (Tr. 2362, Kahn). It is patently unfair to foist upon ALECs the cost of a requirement that is illegal, burdens ALECs, harms competition and consumers, is unnecessary, and which benefits neither the ALECs or BellSouth.

Finally, even assuming BellSouth is correct about either of the horrors of direct access (service disruptions or inventory control), requiring access through intermediary access terminals provides ***no greater protection whatsoever*** against the prospect of such horrors. BellSouth agrees that by constructing an intermediary access terminal, it simply re-routes its network through that intermediary access terminal. (Tr. 2019, Milner). Thus, while BellSouth may not have to gain access to its customers through the intermediary access terminals (Tr. 2003, 2032, Milner), its network will be routed through the intermediary access terminals.

The intermediary access terminals will be accessible by multiple technicians, (Tr. 2002-03, 2005, Milner), any of which could still snip the wrong wires, could still make the wrong connections, could still cause service disruptions to BellSouth and other ALECs, and could still forget to record

the pairs it had accessed.

Thus, the only additional "security" the BellSouth proposal provides is the security to the BellSouth subloop terminal itself. There is no greater security afforded the network, and no greater protection of consumers by requiring intermediary access terminals. At bottom, the real issue for BellSouth is that it does not want ALECs in its subloop terminals, period. This is not a valid technical feasibility argument, and it certainly is not sufficient for the Commission to impose on ALECs the burdens of accessing subloop elements through intermediary access terminals rather than directly through the BellSouth subloop terminals.

The Commission should follow Georgia's approach to this issue. In the MediaOne/BellSouth arbitration in Georgia, MediaOne proposed a single point of interconnection at the MPOE. *In re: Interconnection Agreement Between MediaOne Telecommunications of Georgia, LLC and BellSouth Telecommunications, Inc.*, at 4, Docket Nos. 10418 & 10135 (Dec. 21, 1999). The Georgia PSC agreed that the MediaOne proposal was technically feasible. *Id.* at 5, 6.[14]

BellSouth incorrectly asserts that the Georgia PSC adopted the BellSouth intermediary access requirement. (Tr. 2056, Milner). It is clear from the face of the order, however, that the Georgia PSC adopted the MediaOne proposal for a single point of interconnection at the MPOE. Moreover, the order is clear that the MediaOne proposal called for ***each LEC*** to provide its own cross connect facility in the wiring closet to connect from the building back to its network, and that ***each LEC*** would connect its customers within the MDU by means of a cross connect, not each ALEC, as

[14]This Commission also issued a decision in the Florida MediaOne/BellSouth arbitration. However, that decision was issued prior to the FCC UNE Remand Order and its requirement of a single point of interconnection for MDUs. (Tr. 1997, Milner; Tr. 3056, Stacy).

006065

proposed by BellSouth and its intermediary access terminal proposal. *Id.* at 4. It is also clear that the Georgia PSC rejected the BellSouth proposal to install an access terminal "in between" the garden terminal and the ALEC terminal. *Id.* at 4. The Commission also required development of procedures to provide notice to a carrier regarding any change by any LEC or ALEC, which would only be necessary in the situation where both BellSouth and the ALECs have direct access to the same subloop terminals. In short, the Georgia PSC adopted the proposal of MediaOne for a single point of interconnection at the MPOE, *i.e.,* direct access to BellSouth subloop terminals, and this is the "access CSX" to which the Georgia PSC refers in its Order. *Id.* at 6. Based on the record in this proceeding, the Florida Commission should reach the same conclusion.

ISSUE 5

FOR WHICH SIGNALING NETWORKS AND CALL-RELATED DATABASES SHOULD RATES BE SET?
FCCA ALECs' Position: *The Commission should oversee BellSouth's implementation of its proposal to allow ALECs to interconnect their call-related databases with AIN switches via mediation points. It should require BellSouth to cost out the Directory Assistance database. Rates should be set for all others listed below.*

Together, AT&T witness Jeffrey King and Z-Tel witness George Ford identified the following data bases that should be unbundled and priced:

- Common Channel Signaling System 7 Transport, including Signaling Transfer Points
- Toll Free Calling Database
- Line Information Database
- Calling Name Database
- 911/E911 Database
- Local Number Portability

006066

- Advanced Intelligent Network Database

BellSouth agreed that it must unbundle most of these data bases. However, it disputed aspects of two of the above data-bases–Directory Assistance and the Advanced Intelligent Network.

As it develops, the issue of whether BellSouth must offer access to Directory Assistance as an unbundled network element is presently being litigated in Docket No. 000731-TP, AT&T's arbitration with BellSouth. Inasmuch as the possibility exists that the Commission may determine in that case that BellSouth must provide DA as a UNE, it should direct BellSouth to study the cost of providing such access in this proceeding.

The Advanced Intelligent Network is designed to enable carriers to provide new services and functionalities without having to ask vendors of central office switches to create new software to meet their specifications. In the AIN, the functionality software is split between the central office and adjunct call-related processors. (Tr. 719, Ford). Z-Tel witness George Ford described his company's desire to develop new services that require access to BellSouth's Advanced Intelligent Network (AIN) switches. (Tr. 720, Ford). He called on the Commission to require BellSouth to develop rates in conjunction with interfacing BellSouth switches with ALEC-provided, call-related databases, or SCPs. In rebuttal testimony, BellSouth witness Daonne Caldwell asserted that BellSouth has no obligation to allow ALECs to interconnect directly with the AIN switch, but stated that BellSouth would allow interconnection between an ALEC's SCP and the end office switch to occur indirectly through intervening computer programs called mediation devices. (Tr. 145 - 146, Caldwell). In light of BellSouth's proposal, in this case the Commission should ensure that the elements and UNE prices necessary to implement an ALEC's ability to furnish a new call-related data base and avail itself of the AIN features through mediation devices are properly designed and fully in place.

ISSUE 6

UNDER WHAT CIRCUMSTANCES, IF ANY, IS IT APPROPRIATE TO RECOVER NON-RECURRING COSTS THROUGH RECURRING RATES?

FCCA ALECs Position: *Generally, recovery of one-time costs should be through non-recurring costs. High NRCs are significant barriers to entry, most of which can be avoided by proper rate design. If the Commission finds high NRCs after application of proper rate design, they may be recovered over a reasonable period or in several installments.*

Generally, the recovery of the ILECs' one-time costs should be recovered through non-recurring costs. (Tr. 746, Barta). Non-recurring costs are the efficient, one-time costs associated with establishing, disconnecting or rearranging unbundled network elements purchased from an ILEC at the request of a customer, such as an ALEC. (Tr. 683, King). The higher the non-recurring charge, however, the more difficult it will be for new entrants to offer competitive local exchange services using the ILEC's unbundled network elements, because they will have to invest in greater capital up front. (Tr. 727, Murray).

It is essential that non-recurring charges adhere to TELRIC principles. (Tr. 683, King). Under TELRIC, non-recurring charges must be based on the activities the ILEC *should* incur if it were operating in a forward-looking, least-cost, most efficient manner. (Tr. 683, King). It is imperative for this Commission to apply this principle when establishing the rates for non-recurring charges in this proceeding. Adherence to proper rate design, achieved by applying TELRIC principles and by assuring that only costs actually caused by the new entrant are reflected in the charge, will largely avoid the possibility of non-recurring charges so high that they present significant barriers to entry. The non-recurring rates proposed by the ALECs and discussed in subsequent issues are designed to meet the TELRIC standard.

006068

In a competitive environment, it also is important for the Commission to allocate one-time costs properly. Multiple local exchange carriers, including the ILEC, may use a particular facility at different points in that facility's lifetime. If all of the forward-looking costs of a one-time activity that benefits multiple users are borne by the first telecommunications provider to use the facility, then the first user will be forced to pay more than its fair share. (Tr. 684, King).

In those remaining instances in which -- notwithstanding the recognition of the principle of cost causation and the application of proper rate design -- the non-recurring charge would be at a level that would impede the development of competition by making entry difficult, it is sound policy to recover the non-recurring costs over a reasonable period of time through a recurring charge or through payments of the non-recurring charge in several installments.

ISSUE 7

WHAT ARE THE APPROPRIATE ASSUMPTIONS AND INPUTS FOR THE FOLLOWING ITEMS TO BE USED IN THE FORWARD-LOOKING RECURRING UNE COST STUDIES?

The assumptions and inputs used in forward-looking cost models for the development of UNE prices must adhere to the UNE pricing requirements set forth in the Act and in FCC regulations. Section 252 of the Act sets forth the general pricing standards for establishing rates for interconnection and network elements as required under §§ 251(c)(2) and 251(c)(3) of the Act. 47 U.S.C. § 252, § 252(d)(1) specifically requires that the

> just and reasonable rate for interconnection of facilities and equipment for purposes of subsection (c)(2) of section 251, and the just and reasonable rate for network elements for purposes of subsection (c)(3) of such section shall be (i) based on the cost (determined without reference to a rate-of-return or other rate-based proceeding) of providing the interconnection or network element (whichever is applicable), and (ii) nondiscriminatory; and may include a reasonable profit.

006069

UNE prices are critical terms of any interconnection agreement. First Report and Order ¶ 618. Moreover, "the price levels set by state commissions will determine whether the 1996 Act is implemented in a manner that is *pro-competitor* and favors one party (whether favoring incumbents or entrants) or, as we believe Congress intended, *pro-competition*." First Report and Order ¶ 618. The FCC thus issued pricing rules and regulations designed to achieve the goal of promoting competition.

In order to achieve that goal, the FCC adopted a "cost-based pricing methodology based on forward-looking economic costs." First Report and Order ¶ 620; 47 C.F.R. § 51.503, *et. seq*. The FCC's UNE pricing regulations reflect its determination that the Act requires the approach of setting prices based on forward-looking economic costs. First Report and Order ¶ 620; *see also*, ¶ 672 ("prices for interconnection and unbundled elements pursuant to sections 251(c)(2), 251(c)(3), and 252(d)(1), should be set at forward looking long run incremental cost." Further, the FCC adopted Total Element Long Run Incremental Cost ("TELRIC") as the required forward looking methodology for pricing interconnection and UNEs. The assumptions and inputs in the cost models used to set recurring UNE prices must, therefore, reflect "the costs that a carrier ***would incur in the future***, rather than the costs that the carrier has already incurred." First Report and Order ¶ 683.

The FCC requires that "prices for interconnection and access to unbundled elements would be developed from a forward-looking economic methodology based on the most efficient technology deployed in the incumbent LECs' current wire centers." First Report and Order ¶ 685. Thus, the FCC rules specifically state that the "total element long-run incremental cost should be measured based on the use of the lowest cost network configuration, given the existing location of the ILEC's wire centers." 47 C.F.R. § 51.505(b)(1).

The FCC's rules and regulations specifically distinguish forward-looking methodologies from "embedded" cost methodologies, which "must not be included in a TELRIC analysis." First Report and Order ¶ 673. Embedded costs are the "costs that the incumbent LECs carry on their accounting books that reflect historical purchase prices, regulatory depreciation rates, system configurations, and operating procedures." First Report and Order ¶ 632; *see also*, ¶ 675 ("Embedded or accounting costs are costs that firms incurred in the past for providing a good or service and are recorded as past operating expenses and depreciation.") The FCC specifically rejected an embedded cost approach, in which "the cost of interconnection and unbundled network elements would be based on ***existing network design*** and ***technology that are currently in operation***." First Report and Order ¶ 684; *see also*, ¶ 690 ("Costs must be based on the incumbent LECs' existing wire center locations and most efficient technology available").

In this case, BellSouth has submitted a variety of cost models to support its proposed UNE prices. For loop UNEs in particular, BellSouth has developed a new model, the BellSouth Telecommunications Loop Model. (Tr. 1145, Caldwell; Tr. 1423-24, Stegeman). The BSTLM represents substantial improvements over prior BellSouth models, particularly the prior models' use of a statistical sample of loops for the development of loop UNE prices. The FCCA ALECs do not object to the use of the BellSouth cost models to set UNE prices for Florida in this proceeding. (Tr. 2187, Donovan/Pitkin).

However, BellSouth has populated its model with various inappropriate inputs and assumptions, which the Commission should not adopt. This phenomenon is most evident in the vast disparity between the amount of material the model produces and the resulting cost associated with that material. In particular, the BSTLM produces far less material than either the HAI Model or the

BCPM, yet calculates far greater costs, primarily as a result of the loading factors used by BellSouth. (Tr. 2127, 2161, 2187-88, Donovan/Pitkin). The following recommended adjustments are reasonable modifications necessary to ensure that the model incorporates forward-looking inputs and assumptions, and produces reasonable results. (Tr. 2160, Donovan/Pitkin).[15]

(A) NETWORK DESIGN (INCLUDING CUSTOMER LOCATION ASSUMPTIONS);

FCCA ALECs' Position: *The Commission should adopt the BSTLM cost model, but run only in the "combos" scenario, and only as modified to incorporate the network architecture parameters proposed by Mr. Donovan and Mr. Pitkin.*

The rates proposed by BellSouth are the result of three scenarios which were developed in BSTLM: "combos," which assumes 100% deployment of GR-303 integrated digital loop carrier ("IDLC"); BST2000, which assumes the use of universal digital loop carrier ("UDLC"); and "copper only," which assumes deployment of 100% copper (no fiber). (Tr. 2129, Donovan/Pitkin). The Commission should reject this patchwork approach, which includes non-forward-looking assumptions, in favor of a unified approach that reflects only forward-looking assumptions. In particular, the Commission should reject the use of the BST2000 and "copper only" scenarios. It should adopt only the "combos" (100% GR-303 IDLC) scenario. (Tr. 2129-32, Donovan/Pitkin).

There is no dispute that GR-303 IDLC is the most efficient, least cost, forward-looking technology currently available. (Tr. 1278-79, 1328, Caldwell). There also is no dispute that BellSouth deploys GR-303 IDLC in its network today and will continue to deploy even more of it

---

[15]Moreover, the results produced by the model with these adjustments are conservative, since they do not reflect all of the adjustments which should be made to the model but which the ALECs were unable to incorporate, such as minimum spanning road tree adjustments (Tr. 2249, Pitkin) and adjustments to the land and building factors (Tr. 2159, 2172-74, Donovan/Pitkin).

in the future. (Tr. 1279-80, Caldwell). Nonetheless, two of the scenarios that BellSouth ran (BST2000 and "copper only") assume less than 100% GR-303 IDLC. (Tr. 1280, Caldwell). There is no justification for this failure to adhere to the most basic of the FCC's UNE pricing regulations.[17]

The Commission should also adopt the network architecture modifications (adjustments to copper gauge crossover lengths, loop length limits, and range card limits) proposed by Mr. Donovan and Mr. Pitkin. (Tr. 2149, Donovan/Pitkin). Consistent with the FCC's UNE pricing regulations, the network architecture assumed in the cost model should reflect the lowest cost design. (Tr. 2148, Donovan/Pitkin). Ms. Caldwell suggests that the changes proposed by Mr. Donovan and Mr. Pitkin ignore BellSouth design criteria, as set forth by Mr. Milner. (Tr. 1220, Caldwell). However, Mr. Milner's "design criteria" are simply the economics of competing network architectures. (Tr. 1315, Caldwell).

In other words, the cost model should assume the least cost network configuration, just as the FCC's regulations require. That is precisely what Mr. Donovan and Mr. Pitkin have proposed. They ran the model using different network architecture assumptions (and combinations of assumptions) to identify the set that produced the least cost network architecture. (Tr. 1315-16, Caldwell). Their "sensitivity runs" revealed that the most economical configuration assumes the use of range cards above 13,000 feet with a maximum loop length of 16,800 feet on 26 gauge copper cable, with no 24 gauge copper cable. (Tr. 2150, Donovan/Pitkin). Consistent with the FCC's UNE pricing regulations and with BellSouth's own design criteria, the Commission should adopt the network architecture parameters recommended by Mr. Donovan and Mr. Pitkin.

---

[17] There is no validity to the assertion that discrete loops can not be provisioned over GR-303 IDLC. (Tr. 1281, Caldwell; Tr. 2186, Donovan/Pitkin).

(B) DEPRECIATION;

FCCA ALECs' Position: * The projection lives should be those adopted by this Commission in Table III of Order No. PSC-98-0604-FOF-TP, except for fiber cable accounts, for which the FCC approved life of 25 years should be employed.*

This Commission should reject BellSouth's proposed depreciation rates because they do not result in costs that an efficient competitor would incur. BellSouth should be required to use the lives, with minor exceptions, set forth in this Commission's decision in Docket Nos. 960757-TP, 960833-TP, and 960846-TP (Order No. PSC-98-0604-FOF-TP, issued April 29, 1998, see Table III), which are essentially consistent with the FCC's 1995 prescription of BellSouth's depreciation rates. BellSouth should be required to use the FCC's projection lives for the Aerial, Underground and Buried fiber cable accounts of 25 years.

The FCC's rules require that only forward-looking costs be used to set interconnection rates and that forward-looking costs use economic depreciation rates. (47 C.F.R. § 51.505). To comply with this requirement, the plant lives used in the calculation of costs must be based upon the expected economic lives of newly placed plant. (Tr. 938, Majoros).

Moreover, the projection lives prescribed by the FCC are forward-looking. In 1995, the FCC reaffirmed its forward-looking orientation and prescribed a range of projection lives that could be selected by carriers for prescription on a streamlined basis. Last year the FCC reviewed these ranges and updated them as appropriate, stating "these ranges can be relied upon by federal and state regulatory commissions for determining the appropriate depreciation factors for use in establishing high cost support and interconnection and UNE prices. " *Simplification of the Depreciation Prescription Process, CC Docket No. 92-296, Third Report and Order, FCC 95-181,* released May 4, 1995, p. 6; and 1999 Update, par. 14.

Despite the FCC's clearly expressed intent, BellSouth contends that the FCC's depreciation rates are inappropriate for use in this generic UNE pricing docket. BellSouth insists that the lives prescribed by the FCC – particularly for the technology-sensitive accounts -- are too long. (Tr. 757, Reid). BellSouth acknowledges that its proposal is inconsistent with the findings of this Commission as entered in the April 29, 1998 order. (Tr. 769, Reid).

BellSouth's use of economic lives in its cost studies consistent with those used to determine the depreciation rates currently being booked in Florida for intrastate and for external reporting purposes (Tr. 766, Reid) is inappropriate. Such lives are governed by the principle of conservatism embodied in Generally Accepted Accounting Principles ("GAAP"). This principle requires BellSouth to employ lives sufficiently short to eliminate any possibility that BellSouth could overstate the value of its assets to stockholders. As the FCC has found, GAAP is investor-focused and may not always serve the interest of the ratepayers. *Presubscription Simplification, Report and Order, FCC 93-452, released October 20, 1993, par. 46.* BellSouth also inappropriately compares its proposed lives to the lives prescribed by the FCC for AT&T in 1994. (*See*, Tr. 774, Reid). The plant lives of IXCs are simply inappropriate for use in calculating UNE costs. (The FCCA ALECs made this point, despite the fact that it would be advantageous for the FCCA ALECs to use the MCI WorldCom depreciation lives for switch and fiber cable in Confidential Exhibit 34 rather than those comparable BellSouth lives found in Exh. 52, GDC-1. BellSouth concedes that the cost for these categories of equipment charged year-by-year through depreciation would be equal to or less using WorldCom lives than using BellSouth lives. (Tr. 866, 867, Cunningham).)

BellSouth also uses a "substitution analysis" to make the case that FCC-prescribed lives for technology sensitive account are too long. (Tr. 770, 771, Reid). BellSouth's reliance on the

substitution analysis, which attempts to forecast the pattern by which new technology will replace old technology, is misplaced. Underlying the "substitution theory" is the assumption that ILECs will replace their narrowband telecommunications networks with broadband integrated networks capable of providing both telecommunications services and video services, bringing broadband to the home, and displacing copper plant. (Tr. 953, Majoros). The TELRIC standard, however, requires a determination of the stand-alone cost of UNEs in an efficient telecommunications network. The plant lives appropriate for such a calculation should not be based on the assumption that efficient telecommunications facilities will be prematurely retired to provide broadband services. (Tr. 953, 954, Majoros).

Moreover, the output of the substitution analysis is only as accurate as the inputs selected. Substitution analysis is irrelevant unless it is known that a new technology will replace, not supplement, an older technology. Even when a substitution has started, it does not necessarily follow that it will finish according to pattern. Even if a full substitution is likely, the formula requires the user to predict both the rate of substitution and the point at which the replacement technology will reach 50 percent. (Tr. 954, 955, Majoros). Estimates based on the substitution analysis are often inaccurate. (See Tr. 956, 957, Majoros).

By using shorter lives for UNEs, BellSouth would recover capital investment costs sooner than would be justified by the elements' remaining revenue producing lives. This accelerated recovery would provide BellSouth the discriminatory advantage of early capital recovery at the expense of the ALECs, and would raise the ALECs' costs unjustly.

Accordingly, the Commission should require BellSouth to use the projection lives in Order No. PSC-98-0604-FOF-TP, except for fiber cable accounts, for which the FCC approved life of 25

years should be employed.

(C) COST OF CAPITAL;

FCCA ALECs' Position: *The midpoint of the forward-looking economic cost of capital for BellSouth is 8.54%.*

This Commission ruled that the cost of capital for BellSouth was only 9.5% in the most recent universal service proceeding. (Tr. 667, Hirshleifer). BellSouth uses an 11.25% cost of capital in its cost studies. (Tr. 163, Billingsley). However, there have been no new significant developments in the market for the provision of UNEs that would suggest that the cost of capital has increased. Using publicly available data and accepted methods of analysis, the appropriate weighted cost of capital for BellSouth's provision of UNEs is estimated to be in a range between 8.12% and 8.96% with a best point estimate of **8.54%**. (Tr. 625, 668, Hirshleifer).

BellSouth's proposed cost of capital is the same as that which the FCC assumed in 1990. Although the FCC set the rate of return for interstate services of local exchange carriers at 11.25% in its 1990 represcription order, other developments suggest the appropriate rate should be reduced. Specifically, 30-year Treasury bond rates have fallen from 9.03% as of September 1990 to 6.17% as of May 23, 2000 – a decline of 236 basis points since the 11.25% rate was prescribed. This implies a current cost of capital of 8.39% before considering the question of whether risk has increased or declined. (Tr. 665, Hirschliefer). This number is less than the midpoint of 8.54% proposed by AT&T/WorldCom, which is evidence that AT&T/WorldCom's proposal is reasonable. This is consistent with the FCTA's testimony that "it is likely that the forward-looking cost of capital for each of the ILECs falls below the benchmark rate of return of 11.25% that the FCC has used since 1990." (Tr. 753, Barta).

006077

AT&T/WorldCom's formula for the weighted average cost of capital (WACC) uses estimates of the forward-looking cost of debt and equity using methodologies accepted by financial economists and regulators, and uses an appropriate capital structure mix of debt and equity capital. (Tr. 624, Hirshleifer). For perspective, it is important to note that riskier businesses have higher costs of capital. The two types of risks are operating risks, (the effects of competition, technological changes, and customer acceptance) and financial risks (the amount of debt in a company's financial structure). (Tr. 626, Hirshleifer). AT&T/WorldCom applied the WACC formula to the most comparable companies for which public market data is available. A list of comparable firms is provided in Exhibit No. 48, JH-2, which is based on a list of telephone operating companies in Standard and Poor's Industry Survey. It includes 4 RBHCs and larger independents. By contrast, BellSouth's list of "comparable" firms includes companies that are not even telephone companies (Exhibit No. 40, RSB-3). BellSouth asserts that neither the RBHCs nor the independents are comparable to BellSouth. (Tr. 209, Billingsley).

Because debt payments are fixed, the cost of debt capital can be computed directly and with a high degree of accuracy. (Tr. 628, Hirshleifer). The best estimate of the cost of debt is the weighted average cost over all of the subject company's outstanding issues, including the debt of the holding company and any subsidiaries. Standard and Poor's Bond Guide provides information on the face value and current yields to maturity of individual bonds. (Tr. 628, Hirshleifer). Exhibit No. 48, JH-3(a) shows that the weighted average cost of debt is 7.16 % for BellSouth, which is used in the WACC analysis.

Unlike the cost of debt capital, there is no simple way to compute the cost of equity capital. The methodology and calculations of AT&T/WorldCom are explained in great detail in the

testimony of Mr. Hirshleifer. (Tr. 629-652, Hirshleifer). Essentially, he used two basic methods for estimating the appropriate cost of capital: 1) through the use of the discounted cash flow ("DCF") methodology; and 2) through the use of the capital asset pricing model ("CAPM"). (The formula for the basic DCF model is found on Tr. 630, and for the CAPM model on Tr. 639). Given the complexity of measuring the cost of equity capital, AT&T/WorldCom calculated an average of the DCF and CAPM methodologies. (Tr. 652, Hirshleifer).

Two obstacles make the DCF equation difficult to solve: 1) the number of terms in the equation are infinite; and 2) dividends must be forecast for every future year. One could assume that future dividends will grow forever at a constant rate; however, such high growth rates are not sustainable into perpetuity for modern telephone companies. (Tr. 631 - 634, Hirshleifer). A more appropriate approach is to use a three-stage version of the DCF. The first stage lasts five years, because it is the longest period over which analysts' forecasts of growth are available. The second stage is assumed to last 15 years, during which the growth rate falls from the high level of the first stage to the growth rate of the U.S. economy by the end of year 20. From the twentieth year onward, the growth rate is set equal to the growth rate for the economy. (Tr. 635, Hirshleifer). The DCF method was applied to all of the telephone companies in the comparable sample, as shown in Exhibit No. 48, JH-4. The cost of equity capital for BellSouth is estimated to be 8.62%. (Tr. 637, 638 Hirshleifer).

The CAPM is designed to quantify the trade-off between risk and return. To apply the CAPM for a particular company, one must estimate the company's beta and market risk premium. The CAPM says that only systematic risks, as measured by beta, are associated with risk premium. Non-systematic risks are not associated with premiums because they can be eliminated by

diversification. BellSouth asserts, mistakenly, that the risk that a company may lose customers to competition is systematic. To the contrary, this risk -- such as a network leasing company losing business customers to competing facility providers – is a diversifiable risk which does not, according to capital market theory, increase the risk premium. (Tr. 641, Hirshleifer).

Because the measurement of beta introduces error, the average beta over all comparables is a more accurate indicator of the true beta than any individual estimate of beta. (The formula used for determining beta is found at Tr. 643). The estimated beta for BellSouth is .66 (Exhibit No. 48, JH-5; Tr. 641-644, Hirshleifer). BellSouth, however, asserts that its average beta should be .73. (Tr. 134, Caldwell). AT&T/WorldCom's estimated beta is not far from the predicted BARRA betas, which do not rely on historical stock returns and which explicitly consider forward-looking projections. The predicted BARRA betas is .69 for BellSouth before any unlevering and averaging adjustment. If one were to use the BARRA predicted beta for telephone holding companies in Exhibit No. 48, the value weighted, unlevered beta would be .64, close to the .59 which was calculated using historical betas for that group. The effect of using BARRA would be to raise AT&T/WorldCom's weighted average cost of capital for BellSouth to 8.67%, which is still within the range estimated by witness Hirshleifer. (Tr. 644-645, Hirshleifer). Because the beta estimates are under 1.0, the investments in the sample telephone company stocks are less risky than investments in typical industrial companies, which means that the cost of capital for telephone companies should also be less than that of the average industrial stock. (Tr. 645, Hirshleifer).

Another component in calculating the cost of equity capital is the market risk premium, which can be estimated by applying the DCF approach to the market as a whole or by examining historical data on the difference between the return on a broad portfolio of common stocks and

associated Treasury securities. Using the DCF approach to derive the market risk premium, one would compute the cost of equity for the market as a whole, and then deduct the risk-free rate from the expected return. (Tr. 546, Hirshleifer). Using a 1-month Treasury bill and 20-year Treasury bill as the risk-free rate, the risk premiums are 4.65% and 3.08% respectively. (Exhibit No. 48, JH-6). (See also Tr. 647-651; Exhibit No. 48, JH-7). The historical estimate of the market premium is depicted in Exhibit No. 48, JH-8 and described in detail at Tr. 648-651. Taking into account all of the information in Exhibit No. 48, JH-6, JH-8, the reasonable and consertative estimates of the market premium, are 7.5% over one-month Treasury bills and 5.5% over 20-year Treasury bonds. (Tr. 650, Hirshleifer).

By using the long-run expected, one-month Treasury bill rate and also using the 20-year Treasury bond in the application of CAPM, and averaging the two results, the CAPM estimate of the cost of equity capital for BellSouth is 9.98% (Tr. 651-652, Hirshleifer). Because of the difficulty associated with measuring the cost of equity capital, Exhibit No. 48, JH-9 arrives at the cost of equity by averaging the DCF and the average CAPM value. Thus, AT&T/WorldCom use **9.3%** as the cost of equity capital for BellSouth in the WACC.

Regarding the capital structure, there is currently a debate among experts as to whether book value or market value should be used to weigh the costs of the components. BellSouth maintains that market values should be used exclusively. (Tr. 189, Billingsley). In rate of return regulation, capital structure is typically presented in terms of book value weights. On the other hand, market value debt weights of the holding companies probably understate long-run target debt weights in the capital structure of the network element leasing business. Given the degree of dispersion between book value and market value weights, AT&T/WorldCom use the average of the weights in their

006081

calculations. (Tr. 654, 655, 659- 662, Hirshleifer).

The average book capital structure for BellSouth is 8.12 and the average market value capital structure is 8.96. Therefore, the midpoint is **8.54%** for BellSouth's provision of UNEs. This implies a capital structure for BellSouth consisting of **35.5%** debt and **64.5%** equity. (Tr. 658, Hirshleifer).

(D) TAX RATES;

FCCA ALECs' Position: *No position.*

(E) STRUCTURE SHARING;[18]

(F) STRUCTURE COSTS;

FCCA ALECs' Position: *Structure sharing and structure costs should be explicitly calculated in BellSouth's model. Instead, BellSouth derived values based on the application of various "factors" to prior values. This "factor approach" distorts costs because of the inherently arbitrary and inaccurate nature of the factors applied.*

(G) FILL FACTORS;

FCCA ALECs' Position: *In order to remain consistent with its decision in the universal service proceeding, the Commission should adopt the changes to the BellSouth cost model proposed by Mr. Pitkin and Mr. Donovan. The proposed changes are set forth in Exhibit No. 10, page 7.

(H) MANHOLES;[19]

(I) FIBER CABLE (MATERIAL AND PLACEMENT COSTS);

(J) COPPER CABLE (MATERIAL AND PLACEMENT COSTS);

(K) DROPS;

(L) NETWORK INTERFACE DEVICES;

---

[18]Items E and F are addressed together.
[19]Items H, I, J, K, L, and N are addressed together.

006082

(N) TERMINAL COSTS;

FCAA ALECs' Position: *The Commission should reject the material inflation factor BellSouth proposes, and adopt its material inputs from the USF proceeding for use in the BellSouth cost model.*

In its cost model, BellSouth applies an inflation factor to material prices. (Tr. 1156-57, Caldwell). The cost of capital input also includes an amount designed to reflect inflation. (Tr. 2133-34, Donovan/Pitkin; Tr. 2265, Donovan). The Commission should eliminate this double recovery of inflation in the BellSouth cost model.

The nominal cost of capital in the cost model (whether the cost of capital recommended by BellSouth or by AT&T/WorldCom) reflects adjustments for inflation. (Tr. 2133-34, Donovan/Pitkin; Tr. 2211, Pitkin; Tr. 2265, Donovan). Including an inflation factor in the price of material as well has the effect of double counting inflation. (Tr. 2134, Donovan/Pitkin; Tr. 2265, Donovan). Eliminating the inflation factor that BellSouth applied to materials thus does not eliminate recovery for inflation; it merely eliminates the ***double recovery*** of inflation. (Tr. 2265, Donovan).

This is precisely the approach the Commission adopted in the universal service proceeding, in which the Commission specifically rejected the application of inflation factors to materials. (Tr. 1277, Caldwell; Tr. 2138, 2188, Donovan/Pitkin). Instead, the Commission adopted actual ILEC investment inputs for materials, which Mr. Donovan, who has been responsible for purchasing such material, identified as "conservative." (Tr. 1526-27, Caldwell; Tr. 2184, Donovan/Pitkin).

In both the universal service proceeding and this proceeding, the goal was the adoption of a forward-looking cost model. In a forward-looking cost model, the inputs as well as the underlying methodology must be forward-looking. (Tr. 2139, Donovan/Pitkin). Moreover, while USF models

are used to identify the cost of basic local service and UNE cost models are used to identify the cost of UNEs, both universal service models and UNE cost models do so by first calculating investment. There is no reason why a UNE model should calculate investment by including an inflation factor and a USF model should calculate investment directly from inputs for materials. Accordingly, the Commission should remain true to its decision in the USF proceeding. It should reject BellSouth's attempt to recover the effect of inflation twice. It should adopt the material inputs from the USF proceeding as the appropriate inputs to use for materials in the BellSouth cost model in this proceeding.

(M) DIGITAL LOOP CARRIER COSTS;

FCCA ALECs' Position: *The Commission should reject BellSouth's "melded cost" DLC placement approach and adopt the approach of always placing equipment from a single, least cost, most efficient DLC vendor at each DLC site.*

To calculate the cost of DLC equipment, the BSTLM assumes a "melded cost" at each DLC site. (Tr. 1498, Caldwell). In other words, notwithstanding BellSouth's assertion to the contrary, for cost modeling purposes, BellSouth assumes that each DLC site is comprised of some mix of equipment from two different vendors. (Tr. 1302-03, Caldwell; Tr. 2246-47, Donovan/Pitkin). BellSouth admits that this approach "does not reflect the reality that a single vendor is typically used at each location." (Tr. 1498, Stegeman; *see also*, Tr. 1304, Caldwell). Indeed, as Mr. Donovan testified, because of the proprietary nature of DLC equipment, it is not possible to use equipment from two different vendors at the same DLC site. (Tr. 2261-62, Donovan).

Mr. Donovan and Mr. Pitkin adjusted the BellSouth model to reflect that only the least cost, most efficient equipment from a single vendor would be deployed at a DLC site. (Tr. 2145, Donovan/Pitkin). The adjustment made by Mr. Donovan and Mr. Pitkin ensures the deployment of

least cost DLC equipment at each DLC site. (Tr. 2145-46, Donovan/Pitkin; Tr. 2240, Pitkin). In ***no*** case would a "melded cost" assumption ever result in DLC equipment lower in cost than the approach adopted by Mr. Donovan and Mr. Pitkin. (Tr. 1305-08, Caldwell).

The approach adopted by Mr. Donovan and Mr. Pitkin thus fully comports with the technical parameters associated with the deployment of DLC equipment.[20] In fact, only their approach reflects both the technical "reality" of DLC equipment as well as the requirement that the cost model assume a least cost, most efficient network. Accordingly, the Commission should reject BellSouth's "melded cost" DLC placement approach adopt the approach recommended by Mr. Donovan and Pitkin of always placing equipment from a single, least cost, most efficient DLC vendor at each DLC site.

(O) SWITCHING COSTS AND ASSOCIATED VARIABLES;

FCCA ALECs' Position: *The switching model should be rerun using the revised inputs and assumptions supplied by Ms. Pitts.*

The Commission should require BellSouth to re-run its switching cost model with revised inputs and assumptions, as set forth by Ms. Pitts in her testimony.[21] BellSouth agrees that even the most recent revision of its switching cost model contained errors. BellSouth agreed that its switching cost model should be re-run to:

---

[20]The method adopted by Mr. Donovan and Mr. Pitkin also is fully consistent with the requirement of DLC deployment on a SONET ring. Mr. Donovan demonstrated in detail how it is possible to model multiple vendors on a single SONET ring while still adhering to the least cost assumption of one DLC equipment vendor at each DLC site. (Tr. 2186, 2242-43, 2262-65, Donovan/Pitkin).

[21]Prior to joining AT&T, Ms. Pitts was with Bellcore (now Telcordia), and was responsible for leading the group that developed and maintained SCIS, the primary cost model tool used by BellSouth to develop its switching costs. (Tr. 2275, Pitts). The BellSouth Simplified Switching Tool still relies on SCIS and data from SCIS in order to calculate switching costs. (Tr. 2277, Pitts).

- correct the number of lines assumed for sharing a class modem card (Exhibit No. 84, Page Depo. at 25);
- incorporate revised CCS capacity input values (Exhibit No. 84, Page Depo. at 28);
- incorporate revised utilization factors (Exhibit No. 84, Page Depo. at 21-32);
- set the CENTREX intercom usage feature to 0 (Exhibit No. 84, Page Depo. at 32);
- apply corrected switch discounts (Exhibit No. 84, Page Depo. at 33-34);
- discount the Class modem resource card investment instead of including it at list price (Exhibit No. 84, Page Depo. at 33-34); and
- apply corrected inputs to reflect accurate capacities for the SAS announcement circuit (Tr. 1605, Page).[22]

There is no dispute that these corrections must be made before the Commission may rely on the BellSouth switching cost model to set UNE prices in this proceeding.

In addition, the Commission should require BellSouth to incorporate other adjustments to its switching cost model. First, the Commission should direct BellSouth to use replacement switch costs for both the "getting started" costs in the model and for all remaining switch equipment in the model. By using a "melded" discount for all equipment other than the equipment in the "getting started" cost, the BellSouth switching cost model substantially overestimates the cost of switching. (Tr. 2278, 2284, Pitts). Indeed, using the proper discounts results in port investments that are 50%

---

[22]In addition, for the issue of 1 Call Waiting tone or 2, BellSouth supports its use of 2 tones because the SCIS algorithms indicate that 2 tones are required. (Exhibit No. 84, Page Depo. at 11). However, BellSouth could provide no further detail for this assertion with respect to precisely how or where the SCIS model requires an input value of 2 tones. (*See,* Exhibit No. 84, Page Depo. at 30-31). Having failed to sufficiently justify its value for this input, BellSouth should be directed to re-run its model to revise this input value as well.

less than those claimed by BellSouth and unbundled local switching and trunk ports that are 40% to 50% less expensive, respectively, than the costs claimed by BellSouth. (Tr. 2281, Pitts).

The FCC UNE pricing rules require use of replacement discounts. The FCC's rules reflect its determination that the Act requires the approach of setting prices based on forward-looking economic costs. First Report and Order ¶ 620; *see also,* ¶ 672 ("prices for interconnection and unbundled elements pursuant to sections 251(c)(2), 251(c)(3), and 252(d)(1), should be set at forward looking long run incremental cost.) "[F]orward looking methodologies, such as TELRIC, are intended to consider the costs that a carrier ***would incur in the future***, rather than the costs that the carrier has already incurred." First Report and Order ¶ 683.

The approach required by the FCC's rules is often referred to as the "scorched node" cost methodology. It assumes that wire centers will be placed at the ILEC's current wire centers, but that the rest of the network will be ***reconstructed***, assuming the most efficient technology for reasonably foreseeable capacity requirements. First Report and Order ¶ 685. As the United States Supreme Court describes it, "TELRIC is based on the cost of operating a ***hypothetical network built with the most efficient technology available***." *AT&T Corp. v. Iowa Utilities Board,* 525 US 366, 119 S.Ct. 721, 728 n. 3 (1999) (emphasis added).

The use of replacement discounts (rather than growth discounts or even melded discounts based on growth and replacement) is clearly mandated by the FCC's UNE pricing rules, which remain in effect and binding in this proceeding. Those rules require the assumption that the network, including the deployment of switches, will be "reconstructed." Reconstruction of the network necessarily requires the use of all new (replacement) switches. This assumption is also required by the prohibition against consideration of the embedded network design and technology that are

currently in operation, *i.e.*, combinations of new and growth switches.

Indeed, this issue lies at the very heart of the FCC's admonition in one of its more recent Universal Service Orders:

> Existing ILEC plant is not likely to reflect forward-looking technology or design choices. Instead, ILECs' existing plant will tend to reflect choices made at a time when different technology options existed or when the relative cost of equipment to labor may have been different than it is today. ILECs' existing plant also was designed and built in a monopoly environment, and therefore may not reflect the economic choices faced by an efficient provider in a competitive market.

In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, FCC 98-279, October 28, 1998, ¶ 66. In an environment of monopolies and embedded costs, it may have been entirely appropriate to design a network using a combination of replacement (new) and add-on (growth) switches. However, such an assumption is anathema to the very idea of a forward-looking cost study. Looking forward, a carrier reconstructing the network would deploy only replacement (new) switches. Accordingly, the Commission should order BellSouth to re-run its switching cost study to use only the replacement switch discounts.[23]

The same principle applies to the issue of processor time. *(See,* Tr. 2296-97, Pitts). In

---

[23]Even if the Commission adopts the melded discount approach, it should require BellSouth to revise the melded discount factor used in the model. The melded discount factor used by BellSouth inaccurately assumes that the majority of lines purchased by BellSouth are at the higher growth price, which is inconsistent with the manner in which BellSouth purchases line capacity for switches. (Tr. 2279, Pitts). Thus, BellSouth's melded discount factor violates the FCC rule that UNE prices must be structured to reflect the manner in which the costs of providing the element are incurred. 47 C.F.R. § 51.507(a); *see also First Report and Order* ¶ 691 ("Costs must be attributed on a cost-causative basis. Costs are causally-related to the network element being provided if the costs are incurred as a direct result of providing the network elements, or can be avoided, in the long run, when the company ceases to provide them"). Moreover, BellSouth has provided scant evidence to support the calculations used to derive its blended discount. (*See, e.g.,* Exhibit No. 84, Page Depo. at 36-37, 44-46).

forecasting a forward-looking reconstructed network, a cost model should assume that sufficient switch capacity is purchased to accommodate all current feature and other usage. Given the excess processing capacities of BellSouth's switches, there would be no processor exhaust, and thus no cost associated with processor usage. (*See*, Exhibit No. 84, Page Depo. at 16, 18-19). The analogy to a computer is apt. If one purchases a computer that has sufficient processing capacity to handle all the software one intends to use, one incurs no cost by simply running that software on the computer. (*See*, Exhibit No. 84, Page Dep. at 18-19). Rather, all software costs are incurred when the software itself is bought (usually with the computer). Indeed, the capacities of the current generation of computers far exceed normal users' software computing requirements. *(See,* Exhibit No. 84, Page Depo. at 18-19).

Thus, in a forward-looking cost model, in which sufficient capacity to meet demand is ***assumed,*** all costs associated with features (software) should be in the "getting started" cost, and no cost should be associated with processor time. Accordingly, the Commission should also direct BellSouth to re-run its switching cost model to allocate the processor and "getting started" cost to all the ports in the switch rather than the traffic sensitive minute of use and feature costs. (Tr. 2297, Pitts).

Consistent with the FCC's pricing rules, consistent with the testimony of Ms. Pitts, and consistent with BellSouth's admissions made as to certain errors in its switching cost model, the Commission should determine that the BellSouth switching cost model, as filed, can not be used to set UNE switching prices. Rather, the Commission should adopt the BellSouth switching cost study subject to the revisions and modifications Ms. Pitts recommended. Moreover, the Commission should adopt the UNE switching rates proposed by AT&T and WorldCom in this

proceeding, which reflect the recommendations of Ms. Pitts.

(P) TRAFFIC DATA;

FCCA ALECs' Position: * No position.*

(Q) SIGNALING SYSTEM COSTS;

FCCA ALECs' Position: * No position.*

(R) TRANSPORT SYSTEM COSTS AND ASSOCIATED VARIABLES;

FCCA ALECs' Position: * No position.*

(S) LOADINGS;

FCCA ALECs' Position: *The Commission should reject BellSouth's use of linear loading factors and use actual ILEC material investment inputs.*

BellSouth uses "loadings" applied to material price inputs to calculate the total installed investment for material. (Tr. 1157-60, 1265-66, Caldwell). These loadings are applied as multipliers on the equipment prices to derive the total installed investment, including engineering and installation. (Tr. 1265-66, Caldwell). By using such linear loading factors, BellSouth essentially assumes that engineering and investment costs are directly proportional to material prices. (Tr. 2140-41, Donovan/Pitkin). For instance, if the material price of a 2400-pair cable is 20 times greater than the material price of a 25-pair cable, the BellSouth cost model assumes that the 2400-pair cable has 20 times more installed investment-related costs than the 25 pair cable, even though it may not cost (and probably does ***not*** cost) 25 times more to install the smaller cable. (Tr. 1267, Caldwell). There is no evidence that installation costs are directly proportional to material prices.

In fact, BellSouth agrees that application of linear loading factors produces a "distortion" in installation investment; the only issue is the degree of such distortion. (Tr. 1267, Caldwell). This distortion is particularly acute in urban areas, which tend to have bigger cables (and thus are assigned disproportionately higher installed investment amounts), (Tr. 1268, Caldwell; Tr. 2184, Donovan/Pitkin). It is a particular concern when UNE prices are deaveraged, as deaveraging magnifies the distortion in the urban areas. (Tr. 2188-89, Donovan/Pitkin). The distortion is also of particular concern for UNEs associated with higher bandwidth capacity. Those UNEs tend to have higher cost equipment, which also receives a disproportionate amount of installation investment when loadings are applied. (Tr. 1270, Caldwell). In short, use of linear loading factors tends to assign disproportionately higher costs to urban UNE rates and UNEs associated with advanced services.

As with inflation factors, the Commission has already rejected the use of linear loading factors in the USF case. (Tr. 1271, 1272, 1277, Caldwell). There, because of the inflation factor as well as the linear loading factor issue, the Commission adopted actual ILEC material investment inputs. (Tr. 1274, Caldwell; Tr. 2142, Donovan/Pitkin). The Commission should remain consistent with its USF decision on the linear loading factor issue and reject the use of such factors in the development of UNE costs.

(T) EXPENSES;[24]

(U) COMMON COSTS;

FCCA ALECs' Position: * 1) BellSouth fails to remove all retail expense from its UNE rates. 2) The productivity factor should be 6.5%. 3) BellSouth's

[24]Issues (T) and (U) are addressed together.

proposal would double-recover Land, Building, and Power expenses. 4) BellSouth's prior factors indicate lower plant-specific expenses should exist. 5) BellSouth's proposed common cost factor should be reduced. *

It is essential that all inputs, including expenses and common costs, are set at forward-looking economic costs so that the UNE rates adhere to TELRIC principles: if non-TELRIC inputs are used, the UNE rates will be inflated. BellSouth's proposed Expense and Common Cost factors account for approximately 32.75% of the 2-wire analog UNE loop rate. (Tr. 2315, Darnell). The record demonstrates that BellSouth's proposal does not reflect its forward-looking costs and is excessive. Specifically, 1) BellSouth fails to eliminate all retail expense from its UNE rates; 2) the Productivity Factor Bellsouth used to forecast expenses is too low; 3) BellSouth's proposal would double recover Land, Building, and Power expense; 4) its Prior Factors indicate that lower plant specific expenses should exist; and 5) Trends in Corporate Operations Expense indicate that common costs are declining. (Tr. 2316, Darnell).

BellSouth's methodology for determining the amount of avoided retail expense is inappropriate. Specifically, BellSouth's methodology calculates an amount of directly avoided retail expense that is contained in Uniform System of Accounts (USOA) Nos. 6611, 6612, 6613, and 6623 and eliminates this expense from forward-looking cost projections. However, BellSouth, fails to recognize that retail expense exists in other USOA accounts that also must be eliminated. (Tr. 2318, Darnell). This Commission has determined that retail expense also exists in USOA accounts 6120, 6710, and 6720. *Final Order on Arbitration, Order No. PSC-96-1579-FOF-TP, issued December 31, 1996, in Docket No. 960833-TP.* In that Order, the Commission determined that the retail cost of those accounts should be determined "based on the ratio of the costs we identified as directly avoided to total expenses." *Id.* at 56. Retail costs found in these accounts

have been referred to as indirectly avoided retail costs. Moreover, if direct cost accounts are reduced, costs contained in overhead and support accounts will also be reduced. Thus, when retail costs are eliminated from USOA accounts 6611 (Product Management), 6612 (Sales), 6613 (Product Advertising), and 6623 (Customer Services), the expenses in USOA accounts 6710 (Executive Planning), 6620 (General and Administrative), and 6120 (General Support) should also be reduced. (Tr. 2318, Darnell).

Regarding the productivity factor, use of an inappropriately low productivity factor to forecast expense results in UNE rates that are not forward looking. (Tr. 2321, Darnell). BellSouth has proposed a productivity factor of 3.1%, which it states is more ambitious on its part than its previous study and results in somewhat lower projected expenses. (Tr. 1920, Reid). BellSouth's productivity factor was taken from a United States Telephone Association (USTA) study that was filed with the FCC in January, 2000. Reply comments were filed addressing the proposed factor. Because of the FCC's CALLS proceeding, a new productivity factor has not been established. (Tr.2320, Darnell). Thus, the FCC's current approved total productivity factor for BellSouth is 6.5%, which has been scrutinized and subjected to discussion by BellSouth and ALECs. (47 C.F.R. § 61.45; Tr. 2320, Darnell). The FCC's 6.5% productivity factor is the most recent independent analysis calculating the level of productivity the ILECs will experience going forward. Accordingly, this Commission should require BellSouth to use a productivity factor in its expense forecasts that is no less than 6.5%. The revised expense development factors and revised Shared and Common Cost factors that would be created by use of a 6.5% productivity factor are found in Exhibit No. 132, GJD-3.

In BellSouth's responses to discovery, BellSouth has provided enough information to demonstrate that there may be a problem in the form of a double recovery of its land, building, and power expenses. (Exhibit No. 132, GJD-10). For example, when asked what adjustments were made to several common cost components prior to their application to the study, BellSouth responded that there were no such adjustments. Also, BellSouth has not quantified the projected revenues over the study period that will have a positive effect on common costs. (Tr. 2322, Darnell). Unless appropriate adjustments are made, BellSouth has the opportunity to double recover some of its costs. (Tr. 2322, Darnell).

Also, a comparison of BellSouth's proposed plant-specific factors in this proceeding with plant specific factors BellSouth proposed to the FCC in 1997 and 1998 suggests that BellSouth may have overstated this item of expense. (Exhibit No. 132). The analysis demonstrates that BellSouth has proposed higher plant specific expenses in this proceeding than in the other. Given the trend that expense as a percentage of investment is declining, expense factors today should be lower, not higher, than they were several years ago. (Tr. 2323, Darnell). Although BellSouth's books of account can be used as a starting point for determining forward-looking expense, the determination is not an exact science. Trend analysis can provide some information, but it will not reveal how long a trend will continue or whether a new trend is just beginning. Forward looking cost development should be concerned with the final result. (Exhibit No.132, GJD-6, provides a trend analysis on all USOAs using the FCC's Armis report 43-03 for BellSouth). Moreover, for the resulting UNE rates to be based on forward-looking costs, the cost of maintaining historical equipment and out-of-date practices must be fully eliminated from the expense and shared and common cost ratios being applied to investment. With that concept in mind, investment generally

substitutes for expense, due to the trend toward automation of both network operations and administration. (Tr. 2324, Darnell).

Regarding the common cost factor, BellSouth proposes a factor of 6.24%. (Tr. 1904, 1928, Reid). This Commission previously found that BellSouth's Common Cost factor should be 5.30%. (Docket Nos. 960757-TP, 960833-TP, 960646-TP). Although it is true that computer and software related expenses have increased since the previous docket, other common costs have decreased during the same period. The overall total common costs should have decreased, even when the increase in computer and software related expenses are taken into account. (Exhibit No. 132, GJD-6). Further, BellSouth's Corporate Operations Expense, which BellSouth has competitive reasons to manage closely, has been declining as a percent of revenue. Because it is a primary contributor to the common cost factor, this strongly suggests that that BellSouth's common cost factor should be reduced, not increased. (Tr. 2325, Darnell; Exhibit No. 132, GJD-7).

In summary, BellSouth has overstated expenses in several ways: (1) BellSouth failed to remove avoided retail expense contained in overhead and support accounts; (2) BellSouth applied a very low productivity factor of 3.1% to forecast its expense, when the last productivity factor approved for BellSouth by the FCC was 6.5%; (3) BellSouth's proposed UNE rates would recover the same land, building, and power expense twice; (4) BellSouth used plant-specific expense factors that increase as a percent of investment, at a time when the industry is experiencing decreasing expense-to-investment ratios; and (5) BellSouth's proposed common cost factor of 6.24% is unreasonable in light of the Commission's setting the common cost factor at 5.30% and considering that BellSouth's Corporate Overhead expense has been declining as well.

006095

These errors have the effect of inflating the UNE prices that are produced by the application of BellSouth's model. The effect of BellSouth's errors has been corrected in the UNE prices as reflected in the AT&T/WorldCom proposal, Exhibit No. 135, (JAK-1, revised).

(V) OTHER -- ALLOCATION OF SHARED FIBER AND STRUCTURE INVESTMENT BASED ON DS0 EQUIVALENTS;

FCCA ALECs' Position: * Shared investment should be allocated based on the number of per pair equivalents.*

This issue concerns the method of allocating fiber and structure investment in equipment that is shared among facilities that are associated with the various UNEs that use those facilities. (Tr. 1533-34, Stegeman; Tr. 2151-52, 2198, King). BellSouth allocates that investment based on the number of DS0 equivalents associated with each UNE, whereas the FCCA ALECs propose to allocate that shared investment based on the number of per pair equivalents. (Tr. 1534, Stegeman).

BellSouth agrees that the allocation of shared investment based on DS0 equivalents is arbitrary. (Tr. 1535-36, Stegeman). Also, since the cost of any given length of fiber does not tend to vary based on the bandwidth serviced, allocation based on DS0 equivalents disturbs the principle of cost causation. Moreover, allocating shared investment based on DS0 equivalents assigns disproportionately more investment to higher capacity services. (Tr. 1536, Stegeman; Tr. 2152-53, Donovan/Pitkin; Tr. 2190-91-93, Pitkin). Thus, as is the case with linear loading factors, an allocation based on DS0 equivalents increases the cost of UNEs associated with advanced services.

An allocation factor that is based on per pair equivalents is a more logical and straightforward approach to the allocation of shared investment. (Tr. 2154-55, Donovan/Pitkin). Moreover, it is consistent with the method this Commission has already endorsed in its adoption

006096

of BCPM in the USF proceeding. (Tr. 1538, Stegeman). Accordingly, consistent with its prior decision, the Commission should reject the use of DS0 equivalents to allocate shared investment and should, instead, adopt the use of per pair equivalents as the appropriate basis for allocating such investment.

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?

Non-recurring costs are costs associated with one-time activities for a particular UNE that benefit only the ALEC requesting that UNE. (Tr. 2398, King). More specifically, they are the efficient one-time costs associated with establishing, disconnecting, or rearranging the UNEs an ALEC purchases. (Tr. 2400, King). There are generally four components to the identification and calculation of nonrecurring costs: (1) the activities involved, (2) the duration (time) of those activities, (3) the probability of each of those activities occurring on any given UNE order, and (4) the labor cost of those activities. (Tr. 2397-98, 2399, King). The non-recurring cost of a particular UNE is thus computed as the sum of all the results of the following formula, applied to each activity involved in the processing and provisioning of an order for that UNE: T (representing the amount of time to complete the activity) * X% (representing the probability of the activity occurring) * Y$ (representing the labor cost for those activities). The standards underlying the assumptions and methodology for determining recurring costs also apply to the development of non-recurring costs; that is, the non-recurring cost model must assume the use of forward-looking, currently available, least cost, most efficient technology. (Tr. 2397-98, King).

(a) NETWORK DESIGN;

FCCA ALECs' Position: *See 7(a) above.*

(b) OSS DESIGN;[25]

FCCA ALECs' Position: *ALECs should not be required to pay for the inaccuracies and inefficiencies of BellSouth's OSS. They should be responsible only for the forward-looking cost of a fully automated system.*

The core disagreement on the issue of non-recurring costs involves the amount of manual activity associated with the ordering and provisioning of a UNE that should be included in a forward-looking cost model. (Tr. 2401, King). This is generally referred to as the issue of "fallout," which represents the percentage of orders that are assumed to "fall out" of electronic ordering and provisioning processes for manual handling. (Tr. 2402, 2416, King). In essence, fallout refers to the percentages used as values to the above formula that represent the probability (assumed within the model) that such manual activities will occur with respect to any given UNE order. Higher fallout (and thus more manual activity) produces higher non-recurring costs, and lower fallout (more automated activity) produces lower non-recurring costs. (Tr. 2416, King).

The BellSouth cost model generally assumes the presence of fallout in both the ordering and provisioning of UNEs. (Tr. 2417, King). The Commission, however, should reject the inclusion of ***any*** fallout in the ordering phase (*i.e.*, reduce the percentage probability of fallout to 0), and should reduce the amount of fallout in the provisioning phase.

No forward-looking cost model should include any cost associated with fallout in the ordering process. (Tr. 2417, King). Clearly, ALECs are not responsible for the cost of manual activity associated with orders that BellSouth has "designed" to fall out of its OSS. If BellSouth

[25]Sub-issues (b) and (e) are addressed together.

chooses to design its systems so that some orders require manual processing, BellSouth must bear the cost of such design choices. The FCCA ALECs agree that if they choose to submit an order manually (*e.g.*, by facsimile), they should pay the amount of additional cost required because such an order requires manual activity. However, the issue here is the rate ALEC should pay for ***electronic orders***. BellSouth is required by law to develop electronic interfaces for the submission of UNE orders, and the non-recurring rates for electronic UNE orders should not include ***any*** cost associated with manual activity.[26] The principles of cost causation and fairness both compel this result.

The Commission also should reject the inclusion of any amount of fallout (and thus non-recurring cost) associated with orders that fall out because they contain errors. The errors in question are errors on the orders themselves. BellSouth assumes that some such orders will fall out to the LCSC for manual processing. (Tr. 1322-23, Caldwell). However, there is no justification for such an assumption. The interfaces are fully capable of automatically detecting orders containing errors and automatically returning those orders to the ALECs for correction. (Tr. 2423, 2426-27, King).

This is not advanced technology. BellSouth is fully capable of deploying systems capable of automatically detecting and returning orders that contain errors. (Tr. 2428, 2845, King). Just as an order with Amazon.com will not be processed and will be returned if the customer fails to include sufficient digits in a credit card number, the BellSouth interfaces and OSS should return to

---

[26]This proceeding does not address the subsidiary question of whether it is even legally permissible for BellSouth to design its systems to prevent 100% electronic flow through of all UNE orders.

the ALECs any orders that contain ordering errors. Moreover, whether or not BellSouth has deployed and implemented such systems is entirely irrelevant. The question, from a UNE cost perspective, is whether the systems are currently available. The fact is that they are. (Tr. 2449, King). It would be manifestly unfair, as well as contrary to the fundamental nature of forward-looking cost principles, to require ALECs to pay for the inefficiencies, inaccuracies, and lack of capabilities of the systems BellSouth has designed and deployed rather than the systems that are available and that BellSouth could (and should) have deployed.

The elimination of fallout in the ordering process also better ensures the development of an economically efficient ordering process. First, it provides incentives to BellSouth to design, deploy and maintain its systems so as to ensure the elimination of fallout in the ordering process. (Tr. 2446-48, 2451-52, King). It also provides ALECs with the proper incentives to ensure that their orders are as accurate as possible. If all orders with errors are returned to them, they will incur the cost (in terms of their own manpower as well as the opportunity cost associated with such manpower) of correcting those orders. (Tr. 2428-29, 2446, 2448, 2450-52, King). On the other hand, if the Commission approves a non-recurring rate that ***assumes*** some percentage of orders with errors fallout, BellSouth will have no incentive to improve its systems beyond that percentage. Similarly, ALECs would have no incentive to improve their processes.

(c) LABOR RATES;[27]

(d) REQUIRED ACTIVITIES;

FCCA ALECs' Position: *ALECs should not be required to pay for "intermediary" work groups which are not involved in BellSouth's own retail activities. Further,

[27]Sub-issues (c) and (d) are addressed together.

travel and field installation times should be rejected as should activities related to connecting subcomponents.*

BellSouth includes in its cost model costs associated with manual work performed by its Local Carrier Service Center ("LCSC") and UNE Center. The Commission should reject all such costs as inappropriate in a forward-looking cost model.

The LCSC essentially is a collection of BellSouth service representatives who re-enter ALEC orders into the BellSouth OSS. (Tr. 1321, Caldwell; Tr. 2422-23, 2425-26, King). They are intermediaries between the ALEC service representatives and the BellSouth provisioning systems. (Tr. 2401, King). The BellSouth cost model assumes that a certain percentage of ALEC orders will contain errors and thus fall out to the LCSC. (Tr. 1323, Caldwell). Thus, whereas in most instances an ALEC order will traverse the electronic interface from the ALEC to BellSouth and then proceed directly downstream to the BellSouth provisioning systems, the BellSouth cost model assumes that a certain percentage of those orders will fall out to the LCSC for manual processing.

Additionally, the BellSouth cost model assumes that some orders will require manual activity from the BellSouth UNE center. Like the LCSC, the UNE center is a collection of BellSouth service representatives who intervene in UNE provisioning issues. The UNE center is thus also a collection of intermediaries between the ALEC service representatives (who submit UNE orders to BellSouth) and the BellSouth provisioning systems. (Tr. 1325, Caldwell; Tr. 2401, 2424, King). The Commission should reject the inclusion of any amount of fallout (and related non-recurring cost) associated with either the LCSC or the UNE Center.

There is no justification for the inclusion of any costs associated with the UNE Center. In the event that there is an error in the provisioning process, all of the information needed to resolve

such errors is included in the order itself. (Tr. 2424-25, King). There is no need for any intermediary assistance for the resolution of such errors. Rather, just as the BellSouth provisioning personnel call the BellSouth ordering personnel directly in the event of errors, the BellSouth personnel should call the ALEC personnel directly. (Tr. 1325-26, Caldwell; Tr. 2401, King). That BellSouth may have developed a group to insulate its provisioning personnel from direct contact with ALEC ordering personnel is its own choice; ALECs should not have to bear the cost of that unnecessary choice.[28] Again, principles of fairness and cost causation compel this result.

Finally, the Commission should reject work times (and related non-recurring cost) for travel and field installation as recommended by Mr. King. (Tr. 2438-39, 2443-44, King). In essence, BellSouth has characterized as non-recurring the ordinary cost of deploying the elements to the ALEC. For instance, included in the non-recurring cost model for loops are the costs associated with connecting the various subcomponents of the loop (*i.e.*, the cost to connect the feeder component to the feeder distribution interface), even though those components were fully connected at the time the loop in question was deployed. Those costs, as with all costs associated with the actual construction and installation of any UNE, are already included in the recurring cost of a loop. Indeed, that is the very essence of what is included in recurring costs: all of the activities which were generally required to deploy a particular element requested by an ALEC. (Tr. 2526, Murray).

---

[28]Similarly, just as BellSouth has no group that intercepts orders from its service representatives that contain errors in order to manually correct and re-input those orders into the automated order systems, BellSouth should not be permitted to force ALECs to incur the cost of the LCSC for the processing of ALEC orders with errors that the electronic interfaces failed to detect. Tr. 1323-24, Caldwell; Tr. 2401, King).

Non-recurring charges should only capture the unique costs (such as ordering and provisioning) associated with a particular order.

The Commission should ensure that work times for the same activities but for different UNEs are consistent. (Tr. 2401, King). There is no reason a particular activity should require any more or less time for one UNE than another. The Commission also should eliminate duplicative work times discovered by Mr. King. (Tr. 2440, King). Duplicative work times are simply double recovery.

Finally, the Commission should adopt the provisioning fallout rates recommended by Mr. King. (Tr. 2421, King). Mr. King recommended a conservative fallout rate of 10% for engineering groups involved in provisioning -- such as the plug-in card (PIC) group and the circuit provisioning group (CPG) (Tr. 2401, King; e.g., Ex. 86, King Dep. at 37, 40-41) -- except in circumstances in which BellSouth had already applied a lower, 5% fallout rate. (Exhibit No. 86, King Depo. at 87-88). The detailed application of these fallout rates to specific UNEs and specific work groups is shown in detail in Exhibit No. JAK-3, revised. (Ex. 135) These fallout rates are conservative for two reasons. First, they are substantially higher than the 3%-5% fallout rates which, according to Georgia data, BellSouth has achieved for its own retail operations. (Exhibit No. 86, King Depo. at 13). Second, they are higher than the design rate for mechanized provisioning systems. (Exhibit No. 86, King Depo. At 1t 13). In a properly implemented and maintained provisioning system all orders should seamlessly flow-through the provisioning process. There should be little or no fallout, and hence little or no work by engineering groups. Fall-out should occur only in cases of database errors. The cost of establishing and maintaining the provisioning systems is a recurring cost, reflected in recurring rates. It is therefore improper to include inflated amounts of fallout that

serve only to increase non-recurring charges for costs which should not be incurred. (Tr. 2401-2402, King; Ex. 86, King Dep. 14) The fallout rates supported by Mr. King are fully achievable and fully compensate BellSouth for the forward-looking, non-recurring economic cost of activities associated with provisioning fallout, and thus are consistent with TELRIC requirements.

(e) MIX OF MANUAL VERSUS ELECTRONIC ACTIVITIES;

FCCA ALECs' Position: *See Issue 8(b).*

(f) OTHER.

FCCA ALECs' Position: * No 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).**

The following discussion relates to sub-issues 1 – 2, 6 – 19, listed above.

> **FCCA ALECs' Position**: *The appropriate UNE prices for each sub-issue are those proposed by AT&T/WorldCom in Ex. 135, (JAK-1, revised).*

Sub-issues (1 – 2, 6 – 19)

The appropriate UNE prices for each sub-issue are those proposed by AT&T/WorldCom witness King, in Exhibit No. 135, (JAK-1, revised), a copy of which is attached. For a discussion of the assumptions and inputs leading to the UNE prices in Exhibit 135, refer to the discussion of Issues 7 and 8. The rates proposed by witness King incorporate the FCCA ALECs' positions of all previous issues related to each sub-issue.

Sub-issues (3 – 5)[29]

> **AT&T/WorldCom Position:** * The appropriate UNE prices for each sub-issue are those proposed by AT&T/WorldCom in Ex. 135 (JAK-1, revised).*

---

[29]The FCCA and the FCTA take no position on sub-issues 3 - 5.

The appropriate UNE prices for each sub-issue are those proposed by AT&T/WorldCom witness King, in Ex. 135 (JAK-1, revised), a copy of which is attached. For a discussion of the assumptions and inputs leading to the UNE prices in Ex. 135, please refer to our discussion of Issues 7 and 8. The rates proposed by witness King incorporate AT&T/WorldCom's positions of all previous issues related to each sub-issue.

(B) SUBJECT TO THE STANDARDS OF THE FCC'S THIRD REPORT AND ORDER, SHOULD THE COMMISSION REQUIRED ILECS TO UNBUNDLE ANY OTHER ELEMENTS OR COMBINATIONS OF ELEMENTS? IF SO, WHAT ARE THEY AND HOW SHOULD THEY BE PRICED?

FCCA ALECs Position: *Except for network elements associated with line sharing, which by stipulation are not within the scope of this docket, these parties have not identified any elements or combinations of elements that should be subject to the unbundling requirement at this time beyond those delineated in Attachment A to Order PSC-00-0540-PCO-TP.*

The appropriate UNE prices for each sub-issue are those proposed by AT&T/WorldCom witness King, in Exhibit No. 135 (JAK-1, revised), a copy of which is attached. For a discussion of the assumptions and inputs leading to the UNE prices in Exhibit No. 135 (JAK-1, revised), refer to our discussion of Issues 7 and 8. The rates proposed by witness King incorporate AT&T/WorldCom's positions on all previous issues related to each sub-issue.

ISSUE 10

WHAT IS THE APPROPRIATE RATE, IF ANY, FOR CUSTOMIZED ROUTING?

FCCA ALECs' Position: * The appropriate UNE prices for customized routing are those proposed by AT&T/WorldCom in Exhibit No. 135 (JAK-1, revised).*

The appropriate UNE prices for customized routing are those proposed by AT&T/WorldCom witness King, in Exhibit No. 135 (JAK-1, revised), a copy of which is attached. For a discussion of the assumptions and inputs leading to the UNE price for customized routing in Exhibit No. 135, refer to the discussion of Issues 7 and 8. The rates proposed by witness King incorporate AT&T/WorldCom's positions on all previously related issues.

ISSUE 11[30]

WHAT IS THE APPROPRIATE RATE, IF ANY, FOR LINE CONDITIONING, AND IN WHAT SITUATIONS SHOULD THE RATE APPLY?

AT&T/WORLDCOM Position: *The appropriate UNE prices for line conditioning are those proposed by AT&T/WorldCom in Ex. 135(JAK-1, revised).* [31]

The appropriate UNE prices for line conditioning are those proposed by AT&T/WorldCom witness King, in Exhibit 135 (JAK-1, revised), a copy of which is attached. For a discussion of the assumption and inputs leading to the UNE prices in Exhibit 135, refer to the discussion of Issues 7 and 8. The rates proposed by witness King incorporate AT&T/WorldCom's positions on all previously related issues.

FCCA ALECs' Position: *With respect to the situations in which the rate should apply, the FCCA ALECs adopt the positions of Covad, BlueStar, and Rhythms Links.*

ISSUE 12[32]

WITHOUT DECIDING THE SITUATIONS IN WHICH SUCH COMBINATIONS ARE REQUIRED, WHAT ARE THE APPROPRIATE

---

[30]The FCTA takes no position on this issue.
[31]The FCCA takes no position on this portion of the issue.
[32]The FCTA takes no position on this issue.

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);

FCCA ALECs Position: *The appropriate rates for the UNE platform are those proposed by AT&T/WorldCom in Exhibit No. 135, (JAK-1, revised).*

(B) "EXTENDED LINKS" CONSISTING OF:

(1) LOOP, DSO/1 MULTIPLEXING, DS1 INTEROFFICE TRANSPORT;

(2) DS1 LOOP, DS1 INTEROFFICE TRANSPORT;

(3) DS1 LOOP, DSI/3 MULTIPLEXING, DS3 INTEROFFICE TRANSPORT.

FCCA ALECs Position: *The appropriate rates for extended links are those proposed by AT&T/WorldCom in Exhibit No. 135, (JAK-1, revised).*

The appropriate rates for the UNE platform and extended links are those proposed by AT&T/WorldCom witness King, in Exhibit No. 135 (JAK-1, revised), a copy of which is attached. For a discussion of the assumption and inputs leading to the UNE prices in Exhibit No. 135, refer to the discussion of Issues 7 and 8. The rates proposed by witness King incorporate AT&T/WorldCom's positions of all previously related issues.

ISSUE 13

WHEN SHOULD THE RECURRING AND NON-RECURRING RATES AND CHARGES TAKE EFFECT?

FCCA ALECs' Position:*The prices should become effective on the date of the Commission vote.*

In order to make competitive prices available as soon as possible, the prices the Commission

orders should become effective on the date of the Commission vote. Carriers should be able to "opt into" the Commission-approved prices by notifying BellSouth of their intent to do so and the prices should become effective upon such notification.

ISSUE A

WHAT IS THE CURRENT STATE OF THE LAW WITH REGARD TO THE USE OF A FORWARD-LOOKING COST METHODOLOGY FOR COMPUTING RATES FOR UNBUNDLED NETWORK ELEMENTS?

FCCA ALECs' Position:*The 8th Circuit's decision has been stayed; therefore, the FCC rules remain in effect and require the use of a forward-looking cost methodology to set UNE rates. Even if the 8th Circuit's decision invalidating rule 51.505(b)(1) is upheld, the use of a forward-looking cost methodology is still required.*

In *Iowa Utils. Bd. v. FCC*, 120 F.3d 753 (8th Cir. 1997), the 8th Circuit vacated certain portions of the FCC's rules, including various pricing rules. In *AT &T Corp. v. Iowa Utils. Bd.*, 525 US 366 (1999), the Supreme Court reviewed the 8th Circuit's decision and affirmed in part, reversed in part and remanded the case. The portion of the 8th Circuit's opinion that the Supreme Court remanded, which is relevant to this docket, deals with the design of a UNE pricing methodology. On remand, the 8th Circuit was required to review the FCC's pricing methodology on the merits as contained in FCC rule 51.505. It did so in *Iowa Utilities Board v. FCC*, 219 F. 3d 744 (8th Cir. 2000).

The 8th Circuit's decision on remand was issued on July 18, 2000. However, on September 22, 2000, the 8th Circuit stayed its order pending the filing and disposition of a petition for certiorari with the United States Supreme Court. Therefore, the current state of the law regarding the use of a forward-looking cost methodology is that the costing rules promulgated by the FCC remain in effect and should be implemented by this Commission. The FCC rules require that UNE prices reflect

forward-looking TELRIC costs.

While the FCC rules remain in effect pending a decision by the United States Supreme Court, the Commission should not be concerned that use of a forward-looking methodology may be invalidated at a later point in time. It is critical to recognize that the 8th Circuit's decision validated the most important conclusion reached by the FCC and this Commission regarding the requirement to use forward-looking costs to set UNE rates:

> Forward-looking costs have been recognized as promoting a competitive environment which is one of the stated purposes of the Act. The Seventh Circuit, for example, explained, "[I]t is current and anticipated cost, rather than historical cost that is relevant to business decisions to enter markets...historical costs associated with the plant already in place are essentially irrelevant to this decision since these costs are 'sunk' and unavoidable and are unaffected by the new production decision. . . . Here, the FCC's use of a forward-looking cost methodology was reasonable. *Iowa Utilities Board v. FCC* at 752.

Thus, so long as this Commission applies a standard that estimates the forward-looking cost of an efficient network for each portion of the network included in the analysis, its approach will comply with the FCC rules which remain in effect and with even the most conservative reading of the 8th Circuit's decision in the event that it is affirmed.

ISSUE B

BASED ON THE CURRENT STATE OF THE LAW SET FORTH IN ISSUE A, WHAT IS THE COMMISSION'S AUTHORITY TO ESTABLISH RATES FOR UNBUNDLED NETWORK ELEMENTS AT THIS TIME?

FCCA ALECs' position: * Due to the 8th Circuit's stay of its decision invalidating the FCC's rules, the FCC rules remain in effect and should be implemented by the Commission. Further, pursuant to state law, the Commission has the authority and the obligation to set appropriate UNE prices in this docket.*

The Commission should bear in mind that the most important outcome of this proceeding should be UNE rates that support local competition. That is the mandate of both Florida and

federal law. As discussed in Issue A above, the 8th Circuit's decision invalidating certain FCC pricing rules has been stayed. Thus, the Commission has clear authority to move forward to establish UNE prices using a forward-looking cost methodology based on the FCC rules which remain in full force and effect. The Commission also has clear state authority to establish UNE prices that will foster local competition. *See*, section 364.161, Florida Statutes. Thus, the Commission has ample state and federal authority to move forward to set competitive UNE prices in the state of Florida and should do so expeditiously in this case.

Joseph A. McGlothlin

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter Reeves McGlothlin Davidson
Decker Kaufman Arnold & Steen, P.A.
117 South Gadsden Street
Tallahassee, FL 32301

Attorneys for Florida Competitive Carriers Association and Z-Tel Communications, Inc.

James Lamoureux/JAM

James Lamoureux
AT&T Communications of the Southern States, Inc.
1200 Peachtree Street, Suite 1200

Attorney for AT&T Communications of the Southern States, Inc.

Donna Canzano McNulty

Donna Canzano McNulty
325 John Knox Road, Suite 105
Tallahassee, Florida 32303

Attorney for MCI WorldCom, Inc.

Michael A. Gross/JAM

Michael A. Gross
Florida Cable Telecommunications Association
246 E. 6th Avenue
Tallahassee, Florida 32303

Attorney for Florida Cable Telecommunications Association

Richard D. Melson/DCM

Richard D. Melson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, Florida 32314

Attorney for MCI WorldCom, Inc.

Michael Sloan/JAM

Michael Sloan
Swidler Berlin Shereff Friedman, LLP
3000 K. Street, NW, Suite 300
Washington, DC 20007-5116

Attorneys for Broadslate Networks of Florida, Inc., Florida Digital Network, Inc., Cleartel Communications, Inc.

Scott A. Sapperstein/JAM

Scott A. Sapperstein
3625 Queen Palm Drive
Tampa, Florida 33619

Attorney for Intermedia Communications, Inc.

Sub-Loops

Sub-Loop Feeder Per 2-Wire Analog Voice Grade Loop
Sub-Loop Distribution Per 2-Wire Analog Voice Grade Loop
Sub-Loop Distribution Per 4-Wire Analog Voice Grade Loop
Network Interface Device Cross Connect
2-Wire Intrabuilding Network Cable
4-Wire Intrabuilding Network Cable
Sub-Loop - Per Cross Box Location - CLEC Feeder Facility Set-Up
Sub-Loop - Per Cross Box Location - Per 25 Pair Panel Set-Up
Sub-Loop - Per Building Equipment Room-CLEC Feeder Facility Set-Up
Sub-Loop - Per Building Equipment Room - Per 25 Pair Panel Set-Up
Sub-Loop - Per Cross Box Location - CLEC Distribution Facility Set-Up
Sub-Loop - Per Building Equipment Room - CLEC Distribution Facility Set-Up
Sub-Loop - Per 2-Wire Analog Voice Grade Loop SL2/Feeder Only
Sub-Loop - Per 4-Wire Analog Voice Grade Loop/Feeder Only
Sub-Loop - Per 2-Wire ISDN Digital Grade Loop/Feeder Only
Sub-Loop - Per 4-Wire 56 or 64 Kbps Digital Grade Loop/Feeder Only
Sub-Loop - Per 2-Wire Copper Loop short/feeder Only
Sub-Loop - Per 4 Wire Copper Loop short/feeder Only
Sub-Loop - Per 2-Wire Copper Loop short/distribution only
Sub-Loop - Per 4-Wire Copper Loop short/distribution only
Network Interface Device - 2 line
Network Interface Device - 6 line

Loop Channelization and CO Interface (inside Central Office)

Unbundled Loop Concentration - System A (TR008)
Unbundled Loop Concentration - System B (TR008)
Unbundled Loop Concentration - System A (TR303)
Unbundled Loop Concentration - System B (TR303)
Unbundled Loop Concentration - DS1 Line Interface Card
Unbundled Loop Concentration - POTS Card
Unbundled Loop Concentration - ISDN (Brite Card)
Unbundled Loop Concentration - SPOTS Card
Unbundled Loop Concentration - Specials Card
Unbundled Loop Concentration - TEST CIRCUIT Card

Concentration per system per feature activated (outside Central Office)

Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data
Unbundled Loop Concentration - System A (TR008)
Unbundled Loop Concentration - System B (TR008)
Unbundled Loop Concentration - System A (TR303)
Unbundled Loop Concentration - System B (TR303)
Unbundled Loop Concentration - USLC Feeder Interface
Unbundled Loop Concentration - POTS Card
Unbundled Loop Concentration - ISDN (Brite Card)
Unbundled Loop Concentration - SPOTS Card
Unbundled Loop Concentration - Specials Card
Unbundled Loop Concentration - TEST CIRCUIT Card
Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data

Unbundled Terminating Wire

Unbundled Network Terminating Wire (NTW) Per Pair

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
9								
10	A.0	UNBUNDLED LOCAL LOOP						
11								
12	A.1	2-WIRE ANALOG VOICE GRADE LOOP						
13	A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1	$6.76		$10.91	$7.13		
14		Zone 1	$4.43					
15		Zone 2	$6.38					
16		Zone 3	$8.42					
17		Zone 4	$12.75					
18		Zone 5	$18.50					
19		Zone 6	$28.93					
20	A.1.1	2-Wire Analog Voice Grade Loop - Service Level 1 - Disconnect Only			$5.97	$3.26		
21	A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2	$8.00		$12.89	$8.21		
22		Zone 1	$5.25					
23		Zone 2	$7.55					
24		Zone 3	$9.96					
25		Zone 4	$15.08					
26		Zone 5	$21.89					
27		Zone 6	$34.24					
28	A.1.2	2-Wire Analog Voice Grade Loop - Service Level 2 - Disconnect Only			$5.97	$3.26		
29								
30	A.2	SUB-LOOP						
31	A.2.1	Sub-Loop Feeder Per 2-Wire Analog Voice Grade Loop	$4.69		$40.41	$17.88		
32		Zone 1	$3.08					
33		Zone 2	$4.43					
34		Zone 3	$5.84					
35		Zone 4	$8.84					
36		Zone 5	$12.83					
37		Zone 6	$20.07					
38	A.2.1	Sub-Loop Feeder Per 2-Wire Analog Voice Grade Loop - Disconnect Only			$34.91	$8.86		
39	A.2.2	Sub-Loop Distribution Per 2-Wire Analog Voice Grade Loop	$1.98		$25.03	$4.84		
40		Zone 1	$1.30					
41		Zone 2	$1.87					
42		Zone 3	$2.47					
43		Zone 4	$3.73					
44		Zone 5	$5.42					
45		Zone 6	$8.47					
46	A.2.2	Sub-Loop Distribution Per 2-Wire Analog Voice Grade Loop - Disconnect Only			$13.07	$0.00		
47	A.2.11	Sub-Loop Distribution Per 4-Wire Analog Voice Grade Loop	$4.24		$34.72	$14.53		
48		Zone 1	$2.78					
49		Zone 2	$4.00					
50		Zone 3	$5.28					
51		Zone 4	$7.99					

006114

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
52		Zone 5	$11.60					
53		Zone 6	$18.15					
54	A.2.11	Sub-Loop Distribution Per 4-Wire Analog Voice Grade Loop - Disconnect Only			$33.35	$9.53		
55	A.2.13	Network Interface Device Cross Connect			$9.47	$9.47		
56	A.2.14	2-Wire Intrabuilding Network Cable (INC)	$0.84		$1.98	$0.56		
57	A.2.14	2-Wire Intrabuilding Network Cable (INC) - Disconnect Only			$0.00	$0.00		
58	A.2.15	4-Wire Intrabuilding Network Cable (INC)	$1.22		$1.98	$0.56		
59	A.2.15	4-Wire Intrabuilding Network Cable (INC) - Disconnect Only			$0.00	$0.00		
60	A.2.17	Sub-Loop - Per Cross Box Location - CLEC Feeder Facility Set-Up		$0.00				
61	A.2.18	Sub-Loop - Per Cross Box Location - Per 25 Pair Panel Set-Up		$0.00				
62	A.2.19	Sub-Loop - Per Building Equipment Room - CLEC Feeder Facility Set-Up		$0.00				
63	A.2.20	Sub-Loop - Per Building Equipment Room - Per 25 Pair Panel Set-Up		$0.00				
64	A.2.21	Sub-Loop - Per Cross Box Location - CLEC Distribution Facility Set-Up		$0.00				
65	A.2.24	Sub-Loop - Per 4-Wire Analog Voice Grade Loop / Feeder Only	$11.66		$49.61	$24.62		
66		Zone 1	$7.65					
67		Zone 2	$11.00					
68		Zone 3	$14.52					
69		Zone 4	$21.99					
70		Zone 5	$31.91					
71		Zone 6	$49.90					
72	A.2.24	Sub-Loop - Per 4-Wire Analog Voice Grade Loop / Feeder Only - Disconnect Only			$41.66	$15.07		
73	A.2.25	Sub-Loop - Per 2-Wire ISDN Digital Grade Loop / Feeder Only	$7.26		$44.04	$19.17		
74		Zone 1	$4.76					
75		Zone 2	$6.85					
76		Zone 3	$9.04					
77		Zone 4	$13.69					
78		Zone 5	$19.87					
79		Zone 6	$31.07					
80	A.2.25	Sub-Loop - Per 2-Wire ISDN Digital Grade Loop / Feeder Only - Disconnect Only			$34.60	$8.69		
81	A.2.29	Sub-Loop - Per 4-Wire 56 or 64 Kbps Digital Grade Loop / Feeder Only	$12.50		$49.61	$24.62		
82		Zone 1	$8.20					
83		Zone 2	$11.80					
84		Zone 3	$15.57					
85		Zone 4	$23.57					
86		Zone 5	$34.21					
87		Zone 6	$53.50					
88	A.2.29	Sub-Loop - Per 4-Wire 56 or 64 Kbps Digital Grade Loop / Feeder Only - Disconnect Only			$41.66	$15.07		
89	A.2.30	Sub-Loop - Per 2-Wire Copper Loop Short / Feeder Only	$4.16		$49.64	$23.41		
90		Zone 1	$2.73					
91		Zone 2	$3.93					
92		Zone 3	$5.18					
93		Zone 4	$7.84					
94		Zone 5	$11.38					

006115

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
95		Zone 6	$17.80					
96	A.2.30	Sub-Loop - Per 2-Wire Copper Loop Short / Feeder Only - Disconnect Only			$38.45	$11.06		
97	A.2.32	Sub-Loop - Per 4-Wire Copper Loop Short / Feeder Only	$9.22		$55.86	$29.63		
98		Zone 1	$6.05					
99		Zone 2	$8.70					
100		Zone 3	$11.48					
101		Zone 4	$17.39					
102		Zone 5	$25.23					
103		Zone 6	$39.46					
104	A.2.32	Sub-Loop - Per 4-Wire Copper Loop Short / Feeder Only - Disconnect Only			$46.58	$18.35		
105	A.2.40	Sub-Loop - Per 2-Wire Copper Loop Short / Distribution Only	$3.37		$31.49	$11.30		
106		Zone 1	$2.21					
107		Zone 2	$3.18					
108		Zone 3	$4.20					
109		Zone 4	$6.35					
110		Zone 5	$9.22					
111		Zone 6	$14.42					
112	A.2.40	Sub-Loop - Per 2-Wire Copper Loop Short / Distribution Only - Disconnect Only			$28.94	$5.60		
113	A.2.42	Sub-Loop - Per 4-Wire Copper Loop Short / Distribution Only	$3.73		$34.72	$14.53		
114		Zone 1	$2.45					
115		Zone 2	$3.52					
116		Zone 3	$4.65					
117		Zone 4	$7.03					
118		Zone 5	$10.21					
119		Zone 6	$15.96					
120	A.2.42	Sub-Loop - Per 4-Wire Copper Loop Short / Distribution Only - Disconnect Only			$33.35	$9.53		
121	A.2.44	Network Interface Device (NID) - 2 line			$61.12	$46.81		
122	A.2.45	Network Interface Device (NID) - 6 line			$103.47	$89.16		
123								
124	A.3	LOOP CHANNELIZATION AND CO INTERFACE (INSIDE CO)						
125	A.3.12	Unbundled Loop Concentration - System A (TR008)	$160.50		$0.00	$0.00		
126	A.3.13	Unbundled Loop Concentration - System B (TR008)	$41.48		$0.00	$0.00		
127	A.3.14	Unbundled Loop Concentration - System A (TR303)	$189.87		$0.00	$0.00		
128	A.3.15	Unbundled Loop Concentration - System B (TR303)	$69.90		$0.00	$0.00		
129	A.3.16	Unbundled Loop Concentration - DS1 Line Interface Card	$3.91		$19.56	$15.22		
130	A.3.16	Unbundled Loop Concentration - DS1 Line Interface Card - Disconnect Only			$4.32	$4.32		
131	A.3.17	Unbundled Loop Concentration - POTS Card	$1.55		$17.32	$13.59		
132	A.3.17	Unbundled Loop Concentration - POTS Card - Disconnect Only			$4.32	$4.32		
133	A.3.18	Unbundled Loop Concentration - ISDN (Brite Card)	$6.21		$17.32	$13.59		
134	A.3.18	Unbundled Loop Concentration - ISDN (Brite Card) - Disconnect Only			$4.32	$4.32		
135	A.3.19	Unbundled Loop Concentration - SPOTS Card	$9.24		$17.32	$13.59		
136	A.3.19	Unbundled Loop Concentration - SPOTS Card - Disconnect Only			$4.32	$4.32		
137	A.3.20	Unbundled Loop Concentration - Specials Card	$5.51		$17.32	$13.59		

006116

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
138	A.3.20	Unbundled Loop Concentration - Specials Card - Disconnect Only			$4.32	$4.32		
139	A.3.21	Unbundled Loop Concentration - TEST CIRCUIT Card	$26.92		$17.32	$13.59		
140	A.3.21	Unbundled Loop Concentration - TEST CIRCUIT Card - Disconnect Only			$4.32	$4.32		
141	A.3.22	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data	$8.16		$17.32	$13.59		
142	A.3.22	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data - Disconnect Only			$4.32	$4.32		
143								
144	A.4	4-WIRE ANALOG VOICE GRADE LOOP						
145	A.4.1	4-Wire Analog Voice Grade Loop	$15.03		$17.45	$9.81		
146		Zone 1	$9.86					
147		Zone 2	$14.18					
148		Zone 3	$18.72					
149		Zone 4	$28.34					
150		Zone 5	$41.13					
151		Zone 6	$64.33					
152	A.4.1	4-Wire Analog Voice Grade Loop - Disconnect Only			$4.07	$2.71		
153								
154	A.5	2-WIRE ISDN DIGITAL GRADE LOOP						
155	A.5.1	2-Wire ISDN Digital Grade Loop	$9.61		$12.42	$7.87		
156		Zone 1	$6.30					
157		Zone 2	$9.07					
158		Zone 3	$11.97					
159		Zone 4	$18.12					
160		Zone 5	$26.30					
161		Zone 6	$41.13					
162	A.5.1	2-Wire ISDN Digital Grade Loop - Disconnect Only			$5.66	$3.09		
163	A.5.6	Universal Digital Channel	$9.61		$12.42	$7.87		
164	A.5.6	Universal Digital Channel - Disconnect Only			$5.66	$3.09		
165								
166	A.6	2-WIRE ASYMMETRICAL DIGITAL SUBSCRIBER LINE (ADSL) COMPATIBLE LOOP						
167	A.6.1	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop	$6.90					
168		Zone 1	$4.53					
169		Zone 2	$6.51					
170		Zone 3	$8.59					
171		Zone 4	$13.01					
172		Zone 5	$18.88					
173		Zone 6	$29.53					
174	A.6.5	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/LMU)			$20.73	$12.03		
175	A.6.5	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/LMU) - Disconnect Only			$5.97	$3.25		
176	A.6.6	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/o LMU)			$19.14	$11.72		
177	A.6.6	2-Wire Asymmetrical Digital Subscriber Line (ADSL) Compatible Loop (Nonrecurring w/o LMU) - Disconnect Only			$5.97	$3.25		
178								
179	A.7	2-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP						
180	A.7.1	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	$5.73					

006117

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
181		Zone 1	$3.76					
182		Zone 2	$5.41					
183		Zone 3	$7.14					
184		Zone 4	$10.80					
185		Zone 5	$15.68					
186		Zone 6	$24.52					
187	A.7.5	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU)			$20.73	$12.03		
188	A.7.5	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU) - Disconnect Only			$5.97	$3.25		
189	A.7.6	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU)			$19.14	$11.72		
190	A.7.6	2-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU) - Disconnect Only			$5.97	$3.25		
191								
192	A.8	4-WIRE HIGH BIT RATE DIGITAL SUBSCRIBER LINE (HDSL) COMPATIBLE LOOP						
193	A.8.1	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop	$10.03					
194		Zone 1	$6.58					
195		Zone 2	$9.47					
196		Zone 3	$12.49					
197		Zone 4	$18.91					
198		Zone 5	$27.45					
199		Zone 6	$42.93					
200	A.8.5	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU)			$20.73	$12.03		
201	A.8.5	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/LMU) - Disconnect Only			$6.09	$3.32		
202	A.8.6	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU)			$19.14	$11.72		
203	A.8.6	4-Wire High Bit Rate Digital Subscriber Line (HDSL) Compatible Loop (Nonrecurring w/o LMU) - Disconnect Only			$6.09	$3.32		
204								
205	A.9	4-WIRE DS1 DIGITAL LOOP						
206	A.9.1	4-Wire DS1 Digital Loop	$34.68		$30.32	$23.36		
207		Zone 1	$22.75					
208		Zone 2	$32.73					
209		Zone 3	$43.19					
210		Zone 4	$65.39					
211		Zone 5	$94.90					
212		Zone 6	$148.43					
213	A.9.1	4-Wire DS1 Digital Loop - Disconnect Only			$17.63	$13.31		
214	A.9.2	Sub-Loop Feeder Per 4-Wire DS1 Digital Loop	$12.98		$45.28	$21.38		
215		Zone 1	$8.51					
216		Zone 2	$12.25					
217		Zone 3	$16.17					
218		Zone 4	$24.48					
219		Zone 5	$35.52					
220		Zone 6	$55.55					
221	A.9.2	Sub-Loop Feeder Per 4-Wire DS1 Digital Loop - Disconnect Only			$38.33	$12.85		
222								
223	A.10	4-WIRE 19, 56 OR 64 KBPS DIGITAL GRADE LOOP						

006118

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
224	A.10.1	4-Wire 19, 56 or 64 Kbps Digital Grade Loop	$16.74		$17.45	$9.81		
225		Zone 1	$10.98					
226		Zone 2	$15.80					
227		Zone 3	$20.85					
228		Zone 4	$31.56					
229		Zone 5	$45.81					
230		Zone 6	$61.16					
231	A.10.1	4-Wire 19, 56 or 64 Kbps Digital Grade Loop - Disconnect Only			$4.07	$2.71		
232								
233	A.12	CONCENTRATION PER SYSTEM PER FEATURE ACTIVATED (OUTSIDE CENTRAL OFFICE)						
234	A.12.1	Unbundled Loop Concentration - System A (TR008)	$206.79		$3.66	$3.66		
235	A.12.1	Unbundled Loop Concentration - System A (TR008) - Disconnect Only			$0.00	$0.00		
236	A.12.2	Unbundled Loop Concentration - System B (TR008)	$44.41		$3.66	$3.66		
237	A.12.2	Unbundled Loop Concentration - System B (TR008) - Disconnect Only			$0.00	$0.00		
238	A.12.3	Unbundled Loop Concentration - System A (TR303)	$232.17		$3.66	$3.66		
239	A.12.3	Unbundled Loop Concentration - System A (TR303) - Disconnect Only			$0.00	$0.00		
240	A.12.4	Unbundled Loop Concentration - System B (TR303)	$69.80		$3.66	$3.66		
241	A.12.4	Unbundled Loop Concentration - System B (TR303) - Disconnect Only			$0.00	$0.00		
242	A.12.5	Unbundled Sub-loop Concentration - USLC Feeder Interface	$12.23		$45.28	$21.38		
243	A.12.5	Unbundled Sub-loop Concentration - USLC Feeder Interface - Disconnect Only			$38.33	$12.85		
244	A.12.6	Unbundled Loop Concentration - POTS Card	$1.53		$17.32	$13.59		
245	A.12.6	Unbundled Loop Concentration - POTS Card - Disconnect Only			$4.32	$4.32		
246	A.12.7	Unbundled Loop Concentration - ISDN (Brite Card)	$6.14		$17.32	$13.59		
247	A.12.7	Unbundled Loop Concentration - ISDN (Brite Card) - Disconnect Only			$4.32	$4.32		
248	A.12.8	Unbundled Loop Concentration - SPOTS Card	$9.12		$17.32	$13.59		
249	A.12.8	Unbundled Loop Concentration - SPOTS Card - Disconnect Only			$4.32	$4.32		
250	A.12.9	Unbundled Loop Concentration - Specials Card	$5.44		$17.32	$13.59		
251	A.12.9	Unbundled Loop Concentration - Specials Card - Disconnect Only			$4.32	$4.32		
252	A.12.10	Unbundled Loop Concentration - TEST CIRCUIT Card	$26.59		$17.32	$13.59		
253	A.12.10	Unbundled Loop Concentration - TEST CIRCUIT Card - Disconnect Only			$4.32	$4.32		
254	A.12.11	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data	$8.06		$17.32	$13.59		
255	A.12.11	Unbundled Loop Concentration - Digital 19, 56, 64 Kbps Data - Disconnect Only			$4.32	$4.32		
256								
257	A.13	2-WIRE COPPER LOOP						
258	A.13.1	2-Wire Copper Loop - short	$6.90					
259		Zone 1	$4.53					
260		Zone 2	$6.51					
261		Zone 3	$8.59					
262		Zone 4	$13.01					
263		Zone 5	$18.88					
264		Zone 6	$29.53					
265	A.13.8	2-Wire Copper Loop - short (Nonrecurring w/LMU)			$20.73	$12.03		
266	A.13.8	2-Wire Copper Loop - short (Nonrecurring w/LMU) - Disconnect Only			$5.97	$3.25		

006119

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
267	A.13.9	2-Wire Copper Loop - short (Nonrecurring w/o LMU)			$19.14	$11.72		
268	A.13.9	2-Wire Copper Loop - short (Nonrecurring w/o LMU) - Disconnect Only			$5.97	$3.25		
269	A.13.7	2-Wire Copper Loop - long	$8.51					
270		Zone 1	$5.58					
271		Zone 2	$8.03					
272		Zone 3	$10.60					
273		Zone 4	$16.05					
274		Zone 5	$23.29					
275		Zone 6	$36.42					
276	A.13.10	2-Wire Copper Loop - long (Nonrecurring w/LMU)			$20.73	$12.03		
277	A.13.10	2-Wire Copper Loop - long (Nonrecurring w/LMU) - Disconnect Only			$5.97	$3.25		
278	A.13.11	2-Wire Copper Loop - long (Nonrecurring w/o LMU)			$19.14	$11.72		
279	A.13.11	2-Wire Copper Loop - long (Nonrecurring w/o LMU) - Disconnect Only			$5.97	$3.25		
280								
281	A.14	4-WIRE COPPER LOOP						
282	A.14.1	4-Wire Copper Loop - short	$12.14					
283		Zone 1	$7.96					
284		Zone 2	$11.46					
285		Zone 3	$15.12					
286		Zone 4	$22.89					
287		Zone 5	$33.22					
288		Zone 6	$51.96					
289	A.14.8	4-Wire Copper Loop - short (Nonrecurring w/LMU)			$20.73	$12.03		
290	A.14.8	4-Wire Copper Loop - short (Nonrecurring w/LMU) - Disconnect Only			$6.09	$3.32		
291	A.14.9	4-Wire Copper Loop - short (Nonrecurring w/o LMU)			$19.14	$11.72		
292	A.14.9	4-Wire Copper Loop - short (Nonrecurring w/o LMU) - Disconnect Only			$6.09	$3.32		
293	A.14.7	4-Wire Copper Loop - long	$15.12					
294		Zone 1	$9.92					
295		Zone 2	$14.27					
296		Zone 3	$18.83					
297		Zone 4	$28.51					
298		Zone 5	$41.38					
299		Zone 6	$64.71					
300	A.14.10	4-Wire Copper Loop - long (Nonrecurring w/LMU)			$20.73	$12.03		
301	A.14.10	4-Wire Copper Loop - long (Nonrecurring w/LMU) - Disconnect Only			$6.09	$3.32		
302	A.14.11	4-Wire Copper Loop - long (Nonrecurring w/o LMU)			$19.14	$11.72		
303	A.14.11	4-Wire Copper Loop - long (Nonrecurring w/o LMU) - Disconnect Only			$6.09	$3.32		
304								
305	A.15	UNBUNDLED NETWORK TERMINATING WIRE (NTW)						
306	A.15.1	Unbundled Network Terminating Wire (NTW) per Pair	$0.1747	$0.43				
307								
308	A.16	HIGH CAPACITY UNBUNDLED LOCAL LOOP						
309	A.16.1	High Capacity Unbundled Local Loop - DS3 - Facility Termination	$245.44		$48.97	$37.60		

006120

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
310	A.16.1	High Capacity Unbundled Local Loop - DS3 - Facility Termination - Disconnect Only			$18.04	$9.63		
311	A.16.2	High Capacity Unbundled Local Loop - DS3 - Per Mile	$4.09					
312	A.16.4	High Capacity Unbundled Local Loop - OC3 - Facility Termination	$423.64		$33.63	$29.52		
313	A.16.4	High Capacity Unbundled Local Loop - OC3 - Facility Termination - Disconnect Only			$4.96	$4.96		
314	A.16.5	High Capacity Unbundled Local Loop - OC3 - Per Mile	$3.10					
315	A.16.7	High Capacity Unbundled Local Loop - OC12 - Facility Termination	$1,328		$33.63	$29.52		
316	A.16.7	High Capacity Unbundled Local Loop - OC12 - Facility Termination - Disconnect Only			$4.96	$4.96		
317	A.16.8	High Capacity Unbundled Local Loop - OC12 - Per Mile	$3.82					
318	A.16.10	High Capacity Unbundled Local Loop - OC48 - Facility Termination	$1,011		$33.63	$29.52		
319	A.16.10	High Capacity Unbundled Local Loop - OC48 - Facility Termination - Disconnect Only			$4.96	$4.96		
320	A.16.11	High Capacity Unbundled Local Loop - OC48 - Per Mile	$12.53					
321	A.16.13	High Capacity Unbundled Local Loop - OC48 - Interface OC12 on OC48	$424.75		$23.92	$19.82		
322	A.16.13	High Capacity Unbundled Local Loop - OC48 - Interface OC12 on OC48 - Disconnect Only			$4.96	$4.96		
323	A.16.15	High Capacity Unbundled Local Loop - STS-1 - Facility Termination	$278.90		$48.97	$37.60		
324	A.16.15	High Capacity Unbundled Local Loop - STS-1 - Facility Termination - Disconnect Only			$18.04	$9.63		
325	A.16.16	High Capacity Unbundled Local Loop - STS-1 - Per Mile	$4.09					
326								
327	A.17	LOOP CONDITIONING						
328	A.17.1	Unbundled Loop Modification - Load Coil / Equipment Removal - short			$0.00	$0.00		
329	A.17.2	Unbundled Loop Modification - Load Coil / Equipment Removal - long - First and Additional			$0.00	$0.00		
330	A.17.3	Unbundled Loop Modification - Bridged Tap Removal			$0.00	$0.00		
331	A.17.4	Unbundled Loop Modification - Additive			$0.00	$0.00		
332	A.17.5	Unbundled Sub-Loop Modification - 2W/4W Copper Distribution Load Coil/Equipment Removal First/Add'l			$0.00	$0.00		
333	A.17.6	Unbundled Sub-Loop Modification - 2W/4W Copper Distribution Bridged Tap Removal First/Add'l			$0.00	$0.00		
334								
335	A.18	MULTIPLEXERS						
336	A.18.1	Channelization - Channel System DS1 to DS0	$39.76		$19.15	$15.22		
337	A.18.1	Channelization - Channel System DS1 to DS0 - Disconnect Only			$4.32	$4.32		
338	A.18.2	Interface Unit - Interface DS1 to DS0 - OCU-DP Card	$1.06		$13.19	$9.45		
339	A.18.3	Interface Unit - Interface DS1 to DS0 - BRITE Card	$2.27		$13.19	$9.45		
340	A.18.4	Interface Unit - Interface DS1 to DS0 - Voice Grade Card	$0.4970		$13.19	$9.45		
341	A.18.5	Channelization - Channel System DS3 to DS1	$83.57		$19.15	$15.22		
342	A.18.5	Channelization - Channel System DS3 to DS1 - Disconnect Only			$4.32	$4.32		
343	A.18.6	Interface Unit - Interface DS3 to DS1	$5.78		$11.41	$7.67		
344								
345	A.19	LOOP TESTING BEYOND VOICE GRADE						
346	A.19.1	Loop Testing Beyond VG - Basic per 1/2 hour					$0.00	$0.00
347	A.19.2	Loop Testing Beyond VG - Overtime per 1/2 hour					$0.00	$0.00
348	A.19.3	Loop Testing Beyond VG - Premium per 1/2 hour					$0.00	$0.00
349								
350	B.0	UNBUNDLED LOCAL EXCHANGE PORTS AND FEATURES						
351								
352	B.1	EXCHANGE PORTS						

0061121

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
353	B.1.1	Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin)	$0.6283		$4.68	$4.55		
354	B.1.1	Exchange Ports - 2-Wire Analog Line Port (Res., Bus., Centrex, Coin) - Disconnect Only			$2.67	$2.59		
355	B.1.2	Exchange Ports - 4-Wire Analog Voice Grade Port	$5.91		$4.68	$4.55		
356	B.1.2	Exchange Ports - 4-Wire Analog Voice Grade Port - Disconnect Only			$2.73	$2.65		
357	B.1.3	Exchange Ports - 2-Wire DID Port	$3.48		$21.60	$7.87		
358	B.1.3	Exchange Ports - 2-Wire DID Port - Disconnect Only			$19.62	$4.55		
359	B.1.4	Exchange Ports - DDITS Port	$22.96		$24.15	$10.11		
360	B.1.4	Exchange Ports - DDITS Port - Disconnect Only			$18.87	$4.42		
361	B.1.5	Exchange Ports - 2-Wire ISDN Port	$3.42		$22.67	$22.67		
362	B.1.5	Exchange Ports - 2-Wire ISDN Port - Disconnect Only			$13.14	$13.14		
363	B.1.6	Exchange Ports - 4-Wire ISDN DS1 Port	$34.85		$23.63	$12.25		
364	B.1.6	Exchange Ports - 4-Wire ISDN DS1 Port - Disconnect Only			$19.61	$4.45		
365	B.1.7	Exchange Ports - 2-Wire Analog Line Port (PBX)	$0.6283		$19.03	$7.63		
366	B.1.7	Exchange Ports - 2-Wire Analog Line Port (PBX) - Disconnect Only			$0.7074	$0.0847		
367								
368	B.4	FEATURES						
369	B.4.10	Centrex Functionality	$0.00					
370	B.4.13	Features per port	$0.86					
371								
372	C.0	UNBUNDLED SWITCHING AND LOCAL INTERCONNECTION						
373								
374	C.1	END OFFICE SWITCHING						
375	C.1.1	End Office Switching Function, Per MOU	$0.0003828					
376	C.1.2	End Office Trunk Port - Shared, Per MOU	$0.0000696					
377								
378	C.2	TANDEM SWITCHING						
379	C.2.1	Tandem Switching Function Per MOU	$0.0001040					
380	C.2.2	Tandem Trunk Port - Shared, Per MOU	$0.0000998					
381								
382	D.0	UNBUNDLED TRANSPORT AND LOCAL INTEROFFICE TRANSPORT						
383								
384	D.1	COMMON TRANSPORT						
385	D.1.1	Common Transport - Per Mile, Per MOU	$0.0000027					
386	D.1.2	Common Transport - Facilities Termination Per MOU	$0.0002785					
387								
388	D.2	INTEROFFICE TRANSPORT - DEDICATED - VOICE GRADE						
389	D.2.1	Interoffice Transport - Dedicated - 2-Wire Voice Grade - Per Mile	$0.0034					
390	D.2.2	Interoffice Transport - Dedicated - 2- Wire Voice Grade - Facility Termination	$14.05		$15.02	$10.46		
391	D.2.2	Interoffice Transport - Dedicated - 2- Wire Voice Grade - Facility Termination - Disconnect Only			$9.51	$5.19		
392								
393	D.3	INTEROFFICE TRANSPORT - DEDICATED - DS0 - 56/64 KBPS						
394	D.3.1	Interoffice Transport - Dedicated - DS0 - Per Mile	$0.0034					
395	D.3.2	Interoffice Transport - Dedicated - DS0 - Facility Termination	$8.71		$18.00	$13.45		

006122

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
396	D.3.2	Interoffice Transport - Dedicated - DS0 - Facility Termination - Disconnect Only			$12.97	$8.65		
397								
398	D.4	INTEROFFICE TRANSPORT - DEDICATED - DS1						
399	D.4.1	Interoffice Transport - Dedicated - DS1 - Per Mile	$0.0695					
400	D.4.2	Interoffice Transport - Dedicated - DS1 - Facility Termination	$56.34		$19.08	$15.22		
401	D.4.2	Interoffice Transport - Dedicated - DS1 - Facility Termination - Disconnect Only			$12.97	$8.65		
402								
403	D.5	LOCAL CHANNEL - DEDICATED						
404	D.5.1	Local Channel - Dedicated - 2-Wire Voice Grade	$32.58		$27.83	$14.50		
405	D.5.1	Local Channel - Dedicated - 2-Wire Voice Grade - Disconnect Only			$10.41	$5.94		
406	D.5.2	Local Channel - Dedicated - 4-Wire Voice Grade	$32.58		$30.81	$17.49		
407	D.5.2	Local Channel - Dedicated - 4-Wire Voice Grade - Disconnect Only			$11.28	$6.81		
408	D.5.7	Local Channel - Dedicated - DS3 - Per Mile	$3.18					
409	D.5.8	Local Channel - Dedicated - DS3 - Facility Termination	$315.40		$45.74	$37.60		
410	D.5.8	Local Channel - Dedicated - DS3 - Facility Termination - Disconnect Only			$14.30	$9.63		
411	D.5.10	Local Channel - Dedicated - OC3 - Per Mile	$2.67					
412	D.5.11	Local Channel - Dedicated - OC3 - Facility Termination	$560.55		$33.63	$29.52		
413	D.5.11	Local Channel - Dedicated - OC3 - Facility Termination - Disconnect Only			$4.96	$4.96		
414	D.5.13	Local Channel - Dedicated - OC12 - Per Mile	$3.82					
415	D.5.14	Local Channel - Dedicated - OC12 - Facility Termination	$1,554		$33.63	$29.52		
416	D.5.14	Local Channel - Dedicated - OC12 - Facility Termination - Disconnect Only			$4.96	$4.96		
417	D.5.16	Local Channel - Dedicated - OC48 - Per Mile	$12.53					
418	D.5.17	Local Channel - Dedicated - OC48 - Facility Termination	$1,018		$33.63	$29.52		
419	D.5.17	Local Channel - Dedicated - OC48 - Facility Termination - Disconnect Only			$4.96	$4.41		
420	D.5.19	Local Channel - Dedicated - OC48 - Interface OC12 on OC48	$428.93		$0.00	$0.00		
421	D.5.19	Local Channel - Dedicated - OC48 - Interface OC12 on OC48 - Disconnect Only			$0.00	$0.00		
422	D.5.21	Local Channel - Dedicated - STS-1 - Facility Termination	$329.55		$45.74	$37.60		
423	D.5.21	Local Channel - Dedicated - STS-1 - Facility Termination - Disconnect Only			$14.30	$9.63		
424	D.5.23	Local Channel - Dedicated - STS-1 -Per Mile	$3.18					
425	D.5.24	Local Channel - Dedicated - DS1	$34.81		$41.26	$21.59		
426	D.5.24	Local Channel - Dedicated - DS1 - Disconnect Only			$13.31	$13.31		
427								
428	D.6	INTEROFFICE TRANSPORT - DEDICATED - DS3						
429	D.6.1	Interoffice Transport - Dedicated - DS3 - Per Mile	$1.45					
430	D.6.2	Interoffice Transport - Dedicated - DS3 - Facility Termination	$617.37		$18.35	$13.85		
431	D.6.2	Interoffice Transport - Dedicated - DS3 - Facility Termination - Disconnect Only			$13.61	$9.29		
432								
433	D.7	INTEROFFICE TRANSPORT - DEDICATED - OC3						
434	D.7.1	Interoffice Transport - Dedicated - OC3 - Per Mile	$2.86					
435	D.7.2	Interoffice Transport - Dedicated - OC3 - Facility Termination	$1,759		$18.35	$13.85		
436	D.7.2	Interoffice Transport - Dedicated - OC3 - Facility Termination - Disconnect Only			$13.61	$9.29		
437								
438	D.8	INTEROFFICE TRANSPORT - DEDICATED - OC12						

006123

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
439	D.8.1	Interoffice Transport - Dedicated - OC12 - Per Mile	$9.19					
440	D.8.2	Interoffice Transport - Dedicated - OC12 - Facility Termination	$6,705		$18.35	$13.85		
441	D.8.2	Interoffice Transport - Dedicated - OC12 - Facility Termination - Disconnect Only			$13.61	$9.29		
442								
443	D.9	INTEROFFICE TRANSPORT - DEDICATED - OC48						
444	D.9.1	Interoffice Transport - Dedicated - OC48 - Per Mile	$11.84					
445	D.9.2	Interoffice Transport - Dedicated - OC48 - Facility Termination	$7,412		$25.39	$7.84		
446	D.9.2	Interoffice Transport - Dedicated - OC48 - Facility Termination - Disconnect Only			$17.91	$4.95		
447	D.9.4	Interoffice Transport - Dedicated - OC48 - Interface OC12 on OC48	$867.17		$0.00	$0.00		
448	D.9.4	Interoffice Transport - Dedicated - OC48 - Interface OC12 on OC48 - Disconnect Only			$0.00	$0.00		
449								
450	D.10	INTEROFFICE TRANSPORT - DEDICATED - STS-1						
451	D.10.1	Interoffice Transport - Dedicated - STS-1 - Per Mile	$1.45					
452	D.10.2	Interoffice Transport - Dedicated - STS-1 - Facility Termination	$591.23		$18.35	$13.85		
453	D.10.2	Interoffice Transport - Dedicated - STS-1 - Facility Termination - Disconnect Only			$13.61	$9.29		
454								
455	D.12	INTEROFFICE TRANSPORT - DEDICATED - 4-WIRE VOICE GRADE						
456	D.12.1	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Per Mile	$0.0034					
457	D.12.2	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Facility Termination	$11.92		$81.29	$54.97		
458	D.12.2	Interoffice Transport - Dedicated - 4-Wire Voice Grade - Facility Termination - Disconnect Only			$31.09	$12.81		
459								
460	E.0	SIGNALING NETWORK, DATA BASES, & SERVICE MANAGEMENT SYSTEMS						
461								
462	E.1	800 ACCESS TEN DIGIT SCREENING						
463	E.1.1	800 Access Ten Digit Screening, Per Call	$0.0005928					
464	E.1.2	800 Access Ten Digit Screening, Reservation Charge Per 800 Number Reserved			$0.52	$0.10		
465	E.1.3	800 Access Ten Digit Screening, Per 800 No. Established W/O POTS Translations			$1.18	$0.16		
466	E.1.3	800 Access Ten Digit Screening, Per 800 No. Established W/O POTS Translations - Disconnect Only			$0.92	$0.11		
467	E.1.4	800 Access Ten Digit Screening, Per 800 No. Established With POTS Translations			$1.19	$0.16		
468	E.1.4	800 Access Ten Digit Screening, Per 800 No. Established With POTS Translations - Disconnect Only			$0.92	$0.11		
469	E.1.5	800 Access Ten Digit Screening, Customized Area of Service Per 800 Number			$0.52	$0.26		
470	E.1.6	800 Access Ten Digit Screening, Multiple InterLATA CXR Routing Per CXR Requested Per 800 No.			$0.61	$0.35		
471	E.1.7	800 Access Ten Digit Screening, Change Charge Per Request			$0.61	$0.09		
472	E.1.8	800 Access Ten Digit Screening, Call Handling and Destination Features			$0.52			
473	E.1.9	800 Access Ten Digit Screening, w/ 8FL No. Delivery	$0.0005928					
474	E.1.10	800 Access Ten Digit Screening, w/ POTS No. Delivery	$0.0005928					
475								
476	E.2	LINE INFORMATION DATA BASE ACCESS (LIDB)						
477	E.2.1	LIDB Common Transport Per Query	$0.0000167					
478	E.2.2	LIDB Validation Per Query	$0.0135438					
479	E.2.3	LIDB Originating Point Code Establishment or Change		$6.88				
480	E.2.3	LIDB Originating Point Code Establishment or Change - Disconnect Only		$8.44				
481								

006124

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
482	E.3	CCS7 SIGNALING TRANSPORT						
483	E.3.1	CCS7 Signaling Connection, Per 56Kbps Facility	$8.28	$17.87				
484	E.3.1	CCS7 Signaling Connection, Per 56Kbps Facility - Disconnect Only		$14.31				
485	E.3.2	CCS7 Signaling Termination, Per STP Port	$115.66					
486	E.3.3	CCS7 Signaling Usage, Per Call Setup Message	$0.0000134					
487	E.3.4	CCS7 Signaling Usage, Per TCAP Message	$0.0000537					
488	E.3.7	CCS7 Signaling Connection, Per link (A link)	$8.28					
489	E.3.8	CCS7 Signaling Connection, Per link (B link) (also known as D link)	$8.28					
490	E.3.9	CCS7 Signaling Usage, Per ISUP Message	$0.0000134					
491	E.3.10	CCS7 Signaling Usage Surrogate, per link	$614.01					
492	E.3.11	CCS7 Signaling Point Code, Establishment or Change, per STP affected		$5.59				
493	E.3.11	CCS7 Signaling Point Code, Establishment or Change, per STP affected - Disconnect Only		$6.85				
494								
495	E.4	BELLSOUTH CALLING NAME (CNAM) DATABASE (DB) SERVICE						
496	E.4.1	CNAM for DB Owners - Service Establishment, Manual					$46.03	
497	E.4.1	CNAM for DB Owners - Service Establishment, Manual - Disconnect Only					$42.33	
498	E.4.2	CNAM for Non DB Owners - Service Establishment, Manual					$46.03	
499	E.4.2	CNAM for Non DB Owners - Service Establishment, Manual - Disconnect Only					$42.33	
500	E.4.3	CNAM for DB Owners Service Provisioning with Point Code Establishment					$812.50	$429.54
501	E.4.3	CNAM for DB Owners Service Provisioning with Point Code Establishment - Disconnect Only					$285.54	$142.77
502	E.4.4	CNAM for Non DB Owners Service Provisioning with Point Code Establishment					$605.49	$414.01
503	E.4.4	CNAM for Non DB Owners Service Provisioning with Point Code Establishment - Disconnect Only					$298.22	$142.77
504	E.4.5	CNAM for DB and Non DB Owners, Per Query	$0.0009911					
505								
506	E.6	LNP QUERY SERVICE						
507	E.6.1	LNP Cost Per query	$0.0008266					
508	E.6.2	LNP Service Establishment Manual					$25.11	
509	E.6.2	LNP Service Establishment Manual - Disconnect Only					$23.09	
510	E.6.3	LNP Service Provisioning with Point Code Establishment					$1,190	$608.08
511	E.6.3	LNP Service Provisioning with Point Code Establishment - Disconnect Only					$539.35	$396.58
512								
513	G.0	SELECTIVE ROUTING						
514								
515	G.9	SELECTIVE ROUTING (INTERIM SOLUTION LINE CLASS CODES)						
516	G.9.1	Selective Routing Per Unique Line Class Code Per Request Per Switch		$16.99				
517	G.9.1	Selective Routing Per Unique Line Class Code Per Request Per Switch - Disconnect Only		$0.00				
518								
519	G.11	SELECTIVE CARRIER ROUTING (AIN SOLUTION)						
520	G.11.1	Service Establishment per CLEC		$202,766				
521	G.11.1	Service Establishment per CLEC - Disconnect Only		$17,230				
522	G.11.2	Service Establishment per End Office		$341.84				
523	G.11.2	Service Establishment per End Office - Disconnect Only		$3.40				
524	G.11.4	Query Cost	$0.0027922					

006125

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
525								
526	I.0	INTERIM SERVICE PROVIDER NUMBER PORTABILITY						
527								
528	I.1	INTERIM SERVICE PROVIDER NUMBER PORTABILITY - RCF						
529	I.1.1	Service Provider Number Portability - RCF, Per Number Ported	$1.74	$0.5175				
530	I.1.1	Service Provider Number Portability - RCF, Per Number Ported - Disconnect Only		$0.0561				
531	I.1.2	Service Provider Number Portability - RCF, Per Additional Path	$0.6082					
532								
533	I.2	SERVICE PROVIDER NUMBER PORTABILITY - DID						
534	I.2.1	Service Provider Number Portability - DID, Per Number Ported, Residence		$0.8643				
535	I.2.1	Service Provider Number Portability - DID, Per Number Ported, Residence - Disconnect Only		$0.9372				
536	I.2.2	Service Provider Number Portability - DID, Per Number Ported, Business		$0.8643				
537	I.2.2	Service Provider Number Portability - DID, Per Number Ported, Business - Disconnect Only		$0.9372				
538	I.2.4	Service Provider Number Portability - DID, Per Trunk Termination, Initial	$45.87	$391.56				
539	I.2.4	Service Provider Number Portability - DID, Per Trunk Termination, Initial - Disconnect Only		$57.71				
540	I.2.5	Service Provider Number Portability - DID, Per Trunk Termination, Subsequent	$45.87	$142.08				
541	I.2.5	Service Provider Number Portability - DID, Per Trunk Termination, Subsequent - Disconnect Only		$57.71				
542								
543	I.4	SERVICE PROVIDER NUMBER PORTABILITY RIPH						
544	I.4.1	Service Provider Number Portability - RIPH, Functionality, Per Central office		$164.55				
545	I.4.1	Service Provider Number Portability - RIPH, Functionality, Per Central office - Disconnect Only		$5.01				
546	I.4.2	Service Provider Number Portability - RIPH, Functionality, Per Rearrangement		$39.73				
547	I.4.3	Service Provider Number Portability - RI-PH, Per Number Ported	$1.55	$0.3931				
548	I.4.3	Service Provider Number Portability - RI-PH, Per Number Ported - Disconnect Only		$0.0426				
549								
550	J.0	OTHER						
551								
552	J.1	DARK FIBER						
553	J.1.2	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Local Channel/Loop	$17.41		$96.52	$23.00		
554	J.1.2	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Local Channel/Loop - Disconnect Only			$84.58	$12.75		
555	J.1.3	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Interoffice	$9.68		$89.43	$23.00		
556	J.1.3	Dark Fiber, Per Four Fiber Strands, Per Route Mile or Fraction Thereof - Interoffice - Disconnect Only			$76.39	$12.75		
557								
558	J.3	LOOP MAKE-UP						
559	J.3.1	Mechanized Loop Make-up	$0.6592					
560	J.3.3	Manual Loop Make-up w/o Facility Reservation Number		$0.00				
561	J.3.4	Manual Loop Make-up w/ Facility Reservation Number		$0.00				
562								
563	J.5	ACCESS TO THE DCS						
564	J.5.1	Customer Reconfiguration Establishment			$2.96			
565	J.5.1	Customer Reconfiguration Establishment - Disconnect Only			$3.42			
566	J.5.2	DS1 DCS Termination with DS0 Switching	$24.44		$51.23	$39.42		
567	J.5.2	DS1 DCS Termination with DS0 Switching - Disconnect Only			$30.90	$24.85		

006126

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
568	J.5.3	DS1 DCS Termination with DS1 Switching	$10.10		$37.03	$25.22		
569	J.5.3	DS1 DCS Termination with DS1 Switching - Disconnect Only			$22.69	$16.64		
570	J.5.4	DS3 DCS Termination with DS1 Switching	$123.73		$51.23	$39.42		
571	J.5.4	DS3 DCS Termination with DS1 Switching - Disconnect Only			$30.90	$24.85		
572								
573	K.0	ADVANCED INTELLIGENT NETWORK (AIN) SERVICES						
574								
575	K.1	BELLSOUTH AIN SMS ACCESS SERVICE						
576	K.1.1	AIN SMS Access Service - Service Establishment, Per State, Initial Setup		$79.10				
577	K.1.1	AIN SMS Access Service - Service Establishment, Per State, Initial Setup - Disconnect Only		$81.59				
578	K.1.2	AIN SMS Access Service - Port Connection - Dial/Shared Access		$15.69				
579	K.1.2	AIN SMS Access Service - Port Connection - Dial/Shared Access - Disconnect Only		$18.22				
580	K.1.3	AIN SMS Access Service - Port Connection - ISDN Access		$15.69				
581	K.1.3	AIN SMS Access Service - Port Connection - ISDN Access - Disconnect Only		$18.22				
582	K.1.4	AIN SMS Access Service - User Identification Codes - Per User ID Code		$70.20				
583	K.1.4	AIN SMS Access Service - User Identification Codes - Per User ID Code - Disconnect Only		$54.26				
584	K.1.5	AIN SMS Access Service - Security Card, Per User ID Code, Initial or Replacement		$84.00				
585	K.1.5	AIN SMS Access Service - Security Card, Per User ID Code, Initial or Replacement - Disconnect Only		$23.48				
586	K.1.6	AIN SMS Access Service - Storage, Per Unit (100 Kilobytes)	$0.0027					
587	K.1.7	AIN SMS Access Service - Session, Per Minute	$0.7430					
588	K.1.8	AIN SMS Access Service - Company Performed Session, Per Minute	$0.8368					
589								
590	K.2	BELLSOUTH AIN TOOLKIT SERVICE						
591	K.2.1	AIN Toolkit Service - Service Establishment Charge, Per State, Initial Setup		$79.10				
592	K.2.1	AIN Toolkit Service - Service Establishment Charge, Per State, Initial Setup - Disconnect Only		$81.59				
593	K.2.2	AIN Toolkit Service - Training Session, Per Customer		$8,428				
594	K.2.3	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Term. Attempt		$15.69				
595	K.2.3	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Term. Attempt - Disconnect Only		$18.22				
596	K.2.4	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Delay		$15.69				
597	K.2.4	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Delay - Disconnect Only		$18.22				
598	K.2.5	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Immediate		$15.69				
599	K.2.5	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Off-Hook Immediate - Disconnect Only		$18.22				
600	K.2.6	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, 10-Digit PODP		$69.12				
601	K.2.6	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, 10-Digit PODP - Disconnect Only		$28.79				
602	K.2.7	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, CDP		$69.12				
603	K.2.7	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, CDP - Disconnect Only		$28.79				
604	K.2.8	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Feature Code		$69.12				
605	K.2.8	AIN Toolkit Service - Trigger Access Charge, Per Trigger, Per DN, Feature Code - Disconnect Only		$28.79				
606	K.2.9	AIN Toolkit Service - Query Charge, Per Query	$0.0517506					
607	K.2.10	AIN Toolkit Service - Type 1 Node Charge, Per AIN Toolkit Subscription, Per Node, Per Query	$0.0059618					
608	K.2.11	AIN Toolkit Service - SCP Storage Charge, Per SMS Access Account, Per 100 Kilobytes	$0.05					
609	K.2.12	AIN Toolkit Service - Monthly report - Per AIN Toolkit Service Subscription	$11.91	$15.69				
610	K.2.12	AIN Toolkit Service - Monthly report - Per AIN Toolkit Service Subscription - Disconnect Only		$11.03				

006127

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
611	K.2.13	AIN Toolkit Service - Special Study - Per AIN Toolkit Service Subscription	$3.54	$17.37				
612	K.2.14	AIN Toolkit Service - Call Event Report - Per AIN Toolkit Service Subscription	$8.49	$15.69				
613	K.2.14	AIN Toolkit Service - Call Event Report - Per AIN Toolkit Service Subscription - Disconnect Only		$11.03				
614	K.2.15	AIN Toolkit Service - Call Event Special Study - Per AIN Toolkit Service Subscription	$0.12	$17.37				
615								
616	L.0	ACCESS DAILY USAGE FILE (ADUF)						
617								
618	L.1	ACCESS DAILY USAGE FILE (ADUF)						
619	L.1.1	ADUF, Message Processing, per message	$0.014330					
620	L.1.3	ADUF, Data Transmission (CONNECT:DIRECT), per message	$0.00012899					
621								
622	M.0	DAILY USAGE FILES						
623								
624	M.1	ENHANCED OPTIONAL DAILY USAGE FILE						
625	M.1.1	Enhanced Optional Daily usage File: Message Processing, Per Message	$0.228088					
626								
627	M.2	OPTIONAL DAILY USAGE FILE						
628	M.2.1	Optional Daily Usage File: Recording, per Message	$0.0000060					
629	M.2.2	Optional Daily Usage File: Message Processing, Per Message	$0.006820					
630	M.2.3	Optional Daily Usage File: Message Processing, Per Magnetic Tape Provisioned	$48.90					
631	M.2.4	Optional Daily Usage File: Data Transmission (CONNECT:DIRECT), Per Message	$0.00010749					
632								
633	N.0	NONRECURRING COSTS						
634								
635	N.1	SERVICE ORDER						
636	N.1.1	Electronic Service Order, per local service request		$0.00				
637	N.1.1	Electronic Service Order, per local service request - Disconnect Only		$0.00				
638	N.1.2	Manual Service Order, per local service request		$0.00				
639	N.1.2	Manual Service Order, per local service request - Disconnect Only		$0.00				
640	N.1.5	Order Coordination		$1.63				
641	N.1.6	Order Coordination for Specified Conversion Time		$1.36				
642								
643								
644								
645	P.0	UNBUNDLED LOOP COMBINATIONS						
646								
647	P.1	2-WIRE VOICE GRADE LOOP WITH 2-WIRE LINE PORT (RES, BUS, COIN, CENTREX, PBX)						
648	P.1.1	2-Wire Voice Grade Loop	$6.68					
649		Zone 1	$4.38					
650		Zone 2	$6.30					
651		Zone 3	$8.32					
652		Zone 4	$12.60					
653		Zone 5	$18.28					

0061128

	A	B	C	D	E	F	G	H
1		BellSouth Cost Calculator 2.4 - Element Summary Report						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			AT&T & MCI WorldCom Proposed					
6				Non	Non-Recurring			
7	Cost Element	Description	Recurring	Recurring	First	Additional	Initial	Subsequent
8								
654		Zone 6	$28.59					
655	P.1.2	Exchange Port - 2-Wire Line Port	$0.5656					
656	P.1.3	2-Wire Voice Grade Loop / Line Port Combination - Nonrecurring Costs - Switch-as-is			$0.1969	$0.1969		
657	P.1.11	Centrex Common Block - Nonrecurring Costs - Switch-as-is			$0.00	$0.00		
658	P.1.13	2-Wire Voice Grade Loop/ Line Port Combination (PBX) Nonrecurring costs - switch-as-is			$0.4691	$0.2558		
659	P.1.17	PBX Subsequent Activity - Change/Rearrange Multiline Hunt Group		$0.3405				
660								
661	P.3	2-WIRE VOICE GRADE LOOP WITH 2-WIRE DID TRUNK PORT						
662	P.3.2	Exchange Ports - 2-Wire DID Port for Combinations	$4.36					
663	P.3.3	2-Wire Voice Grade Loop / 2-Wire DID Trunk Port Combination - Nonrecurring Costs - Switch-as-is			$0.3434	$0.1870		
664	P.3.7	2-Wire DID Subsequent Activity - Add Trunks, Per Trunk		$20.40				
665								
666	P.4	2-WIRE ISDN DIGITAL GRADE LOOP WITH 2-WIRE ISDN DIGITAL LINE SIDE PORT						
667	P.4.1	2-Wire ISDN Digital Grade Loop	$8.29					
668		Zone 1	$5.44					
669		Zone 2	$7.82					
670		Zone 3	$10.32					
671		Zone 4	$15.63					
672		Zone 5	$22.69					
673		Zone 6	$35.48					
674	P.4.2	Exchange Port - 2-Wire ISDN Line Side Port	$3.15					
675	P.4.3	2-Wire ISDN Digital Grade Loop / 2-Wire ISDN Line Side Port Combination - Nonrecurring Costs - Switch-as-is			$0.3477	$0.3477		
676								
677	P.5	4-WIRE DS1 DIGITAL LOOP WITH 4-WIRE ISDN DS1 DIGITAL TRUNK PORT						
678	P.5.3	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Nonrecurring Costs - Switch-as-is			$17.51	$17.51		
679	P.5.5	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Channel Activation - Per Channel		$0.9455				
680	P.5.6	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Inward/2-Way Telephone Numbers		$0.0708				
681	P.5.7	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Outward Telephone Numbers		$1.15				
682	P.5.8	4-Wire DS1 Digital Loop / 4-Wire ISDN DS1 Digital Trunk Port Combination - Subsequent Inward Telephone Numbers		$2.31				
683								
684	P.15	4-WIRE DS1 DIGITAL LOOP WITH DDITS PORT						
685	P.15.3	4-wire DS1 Digital Loop / DDITS Trunk Port Combination - Nonrecurring Costs - Switch-as-is			$4.96	$2.56		
686	P.15.5	4-Wire DS1 Digital Loop / DDITS Trunk Port Combination -Subsequent Channel Activation - Per Channel		$1.28				
687								
688	P.16	2-WIRE LOOP/ 2 WIRE VOICE GRADE IO TRANSPORT/ 2 WIRE PORT						
689	P.16.3	2W VG Loop / 2W VG IO Transport / 2W Port Combination - Nonrecurring Costs - Switch-as-is			$0.4691	$0.1870		
690								
691	P.17	Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination						
692	P.17.1	Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is			$10.46	$6.73		
693	P.17.1	Nonrecurring Cost for Extended Loop or Local Channel and Interoffice Combination Switch -As-Is - Disconnect Only			$9.51	$5.19		
694	P.17.4	Nonrecurring Cost - New DS1 Interoffice Facility for Combination Use Only			$19.09	$15.22		
695	P.17.4	Nonrecurring Cost - New DS1 Interoffice Facility for Combination Use Only - Disconnect Only			$12.97	$8.65		
696	P.17.5	Nonrecurring Cost - New DS1 Interoffice Facility w/ 1/0 MUXing for Combination Use Only			$22.95	$19.15		

006129

	A	B	C	D	E	F	G	H
1		**BellSouth Cost Calculator 2.4 - Element Summary Report**						
2								
3	Study Name:	Florida Docket No 990649-TP Revision 08-16-00						
4	State:	Florida						
5			**AT&T & MCI WorldCom Proposed**					
6				**Non**	**Non-Recurring**			
7	**Cost Element**	**Description**	**Recurring**	**Recurring**	**First**	**Additional**	**Initial**	**Subsequent**
8								
697	P.17.5	Nonrecurring Cost - New DS1 Interoffice Facility w/ 1/0 MUXing for Combination Use Only - Disconnect Only			$17.29	$12.97		
698	P.17.7	Nonrecurring Cost - New DS3 or STS-1 Interoffice Facility for Combination Use Only			$23.36	$19.43		
699	P.17.7	Nonrecurring Cost - New DS3 or STS-1 Interoffice Facility for Combination Use Only - Disconnect Only			$12.97	$8.65		
700	P.17.8	Nonrecurring Cost - New DS3 or STS-1 w/ 3/1 MUXing Interoffice Facility for Combination Use Only			$27.64	$23.90		
701	P.17.8	Nonrecurring Cost - New DS3 or STS-1 w/ 3/1 MUXing Interoffice Facility for Combination Use Only - Disconnect Only			$17.29	$12.97		
702	P.17.10	Nonrecurring Cost - New VG Local Loop for Combination Use Only			$8.11	$4.04		
703	P.17.10	Nonrecurring Cost - New VG Local Loop for Combination Use Only - Disconnect Only			$4.67	$0.9355		
704	P.17.11	Nonrecurring Cost - New DS1 Local Loop for Combination Use Only			$8.62	$4.04		
705	P.17.11	Nonrecurring Cost - New DS1 Local Loop for Combination Use Only - Disconnect Only			$4.67	$0.9355		
706	P.17.12	Nonrecurring Cost - New DS3 or STS-1 Local Loop for Combination Use Only			$8.08	$4.04		
707	P.17.12	Nonrecurring Cost - New DS3 or STS-1 Local Loop for Combination Use Only - Disconnect Only			$4.67	$0.9355		
708	P.17.16	Nonrecurring Cost - New Feature Activation for Combination Use Only			$0.1976	$0.1976		
709	P.17.17	Nonrecurring Cost - New DS0 IOF for Combination Use Only			$14.42	$10.62		
710	P.17.17	Nonrecurring Cost - New DS0 IOF for Combination Use Only - Disconnect Only			$9.51	$5.19		
711								
712	P.50	4-WIRE DS1 LOOP WITH CHANNELIZATION WITH PORT						
713	P.50.1	4-Wire DS1 Loop/Channelization Port Combination - Nonrecurring Costs - Switch-as-is			$2.74	$0.1376		
714	P.50.4	4-Wire DS1 Loop/Channelization Port Combination - Subsequent Activity - Add Lines - Per Line		$18.91				
715	P.50.5	4-Wire DS1 Loop/Channelization Port Combination - Subsequent Activity - Add Trunks - Per Trunk		$21.58				
716								
717	Q.0	D4 CHANNEL BANKS						
718								
719	Q.1	D4 CHANNEL BANKS CENTRAL OFFICE						
720	Q.1.1	D4 Channel Bank Inside CO - System	$39.76					
721	Q.1.3	Unbundled Loop Concentration - ISDN (Brite Card)	$2.27					
722	Q.1.4	Unbundled Loop Concentration - POTS Card	$0.4970					
723								

006130

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Joint Post-Hearing Statement of Issues and Positions and Joint Post-Hearing Brief of the Florida Competitive Carriers Association, AT&T Communications of the Southern States, Inc., Broadslate Networks of Florida, Inc., Cleartel Communications, Inc., the Florida Cable Telecommunications Association, Florida Digital Network, Inc., Intermedia Communications, Inc., MCI WorldCom, Inc. and Z-Tel Communications, Inc. has been furnished by hand delivery(*) or U.S. mail this 21st day of November, to:

(*)Beth Keating
Diana Caldwell
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Nancy B. White
c/o Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street, Suite 400
Tallahassee, FL 32301-1556

James Falvey
e.spire Communications
133 National Business Parkway
Suite 200
Annapolis Junction, MD 20701

Kimberly Caswell
GTE Florida Incorporated
P.O. Box 110, FLTC0007
Tampa, FL 33601-0110

Stephen P. Bowen
Blumfield & Cohen
4 Embarcadero Center, Suite 1170
San Francisco, CA 94111

Rodney L. Joyce
Shook, Hardy & Bacon, LLP
600 14th Street, NW, Suite 800
Washington, DC 20005-2005

Jeffrey Wahlen
Ausley Law Firm
Post Office Box 391
Tallahassee, FL 32301

Charles J. Rehwinkel
Sprint-Florida, Incorporated
P.O. Box 2214
Tallahassee, FL 32316-2214

John Kerkorian
5607 Glenridge Drive, Suite 310
Atlanta, GA 30342

Bruce May
Holland Law Firm
P.O. Drawer 810
Tallahassee, FL 32302

TCG South Florida
c/o Kenneth Hoffman
Rutledge Law Firm
P. O. Box 551
Tallahassee, FL 32302

Angela Green, General Counsel
Florida Public Telecommunications Assoc.
125 S. Gadsden St., #200
Tallahassee, FL 32301-1525

Norton Cutler
Blue Star Networks, Inc.
5 Corporate Centre
801 Crescent Centre Drive, Suite 600
Franklin, TN 37067

Peter M. Dunbar
Pennington, Moore, Wilkinson,
Bell & Dunbar, P.A.
P.O. Box 10095
Tallahassee, FL 32302

Andrew Isar
Telecommunications Resellers Assoc.
4312 92nd Avenue, N.W.
Gig Harbor, WA 98335

Jeremy Marcus
Blumenfeld & Cohen
1625 Massachusetts Avenue, NW
Suite 300
Washington, DC 20036

Norton H. Horton, Jr.
Floyd R. Self
Messer Caparello and Self
Post Office Box 1876
Tallahassee, Florida 32302

Glenn Harris
NorthPoint Communications, Inc.
222 Sutter Street, 7th Floor
San Francisco, CA 94108

Catherine F. Boone
Covad Communications Company
10 Glenlake Parkway, Suite 650
Atlanta, Georgia 30328

Joseph A. McGlothlin

Joseph A. McGlothlin