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January 3, 2002

**VIA HAND DELIVERY**

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

Re: Docket No.: 990649A-TL

Dear Ms. Bayo:

On behalf of the Z-Tel Communications, Inc., enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ Z-Tel Communications, Inc.'s Prehearing Statement

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

Sincerely,



Joseph A. McGlothlin

JAM/mls  
Enclosure

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Investigation into )  
pricing of unbundled network )  
elements )  
\_\_\_\_\_ )

Docket No. 990649A-TP

Filed: January 3, 2002

**PREHEARING STATEMENT OF Z-TEL COMMUNICATIONS, INC.**

Pursuant to Order No. PSC-01-1904-PCO-TP, Z-Tel Communications, Inc. ("Z-Tel") files its Prehearing Statement.

**A. APPEARANCES:**

**On Behalf of Z-Tel Communications, Inc.:**

JOSEPH A. MCGLOTHLIN, the McWhirter Reeves law firm  
117 South Gadsden Street, Tallahassee, Florida 32301.

**B. WITNESS:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Dr. George Ford	BellSouth's UNE loop rates and rate-structure.	1(b)

**C. EXHIBITS:**

<u>Identification</u>	<u>Description</u>
GSF-1	Relationships of costs and rates

**D. STATEMENT OF BASIC POSITION:**

Given the decrease in the number of viable ALECs across the country, and the limited access to capital markets, there is developing a kind of "competition" by states for the attention of remaining ALECs, which must focus on those markets that provide the best prospects for successful competitive entry. For a UNE-P provider, reasonably priced loop rates are a prerequisite. BellSouth's statewide average loop rate is facially suspect, given a comparison of the relationships

between costs and rates in Florida and the analogous relationships in other BellSouth states that indicates the Florida loop rate to be excessive.

**E. STATEMENT OF ISSUES AND POSITIONS:**

- ISSUE 1:** (a) Are the loop cost studies submitted in BellSouth's 120-day filing compliant with Order No. PSC-01-1181-FOF-TP?
- (b) Should BellSouth's loop rate or rate structure, previously approved in Order No. PSC-01-2051-FOF-TP, be modified? If so, to what extent, if any, should the rates or rate structure be modified?

**Z-Tel:** BellSouth's statewide average loop rate fails a "sanity test" derived by Z-Tel's Dr. George Ford from the screening tool that the FCC employs to assess whether rates meet the TELRIC standard when reviewing Section 271 applications. The conspicuous departure of BellSouth's Florida UNE loop rate from the pattern of relationships between costs (as measured by HCPM) and rates among states signals a compelling need to critically review the models and inputs to models that led to the establishment of the suspect rate.

- ISSUE 2:** (a) Are the ADUF and ODUF cost studies submitted in BellSouth's 120-day compliance filing appropriate?
- (b) Should BellSouth's ADUF and ODUF rates or rate structure, previously approved in Order No. PSC-01-2051-FOF-TP, be modified? If so, to what extent, if any, should the rates or rate structure be modified?

**Z-Tel:** For its statement of position on this issue, Z-Tel hereby adopts the respective positions taken by AT&T and Worldcom.

- ISSUE 3:** (a) Is the UCL-ND loop cost study submitted in BellSouth's 120-day filing compliant with Order No. PSC-01-1181-FOF-TP?
- (b) What modifications, if any, are appropriate, and what should the rates be?

**Z-Tel:** No position at this time.

- ISSUE 4:** (a) What revisions, if any, should be made to NIDs in both the BSTLM and the stand-alone NID cost study?
- (b) To what extent, if any, should the rates or rate structure be modified?

Z-Tel: For its statement of position on this issue, Z-Tel hereby adopts the respective positions taken by AT&T and Worldcom.

- ISSUE 5: (a) What is a "hybrid copper/fiber xDSL-capable loop" offering, and is it technically feasible for BellSouth to provide it?
- (b) Is BellSouth's cost study contained in the 120-day compliance filing for the "hybrid copper/fiber xDSL-capable loop offering appropriate?
- (c) What should the rate structure and rates be?

Z-Tel: No position at this time.

ISSUE 6: In the 120-day filing, has BellSouth accounted for the impact of inflation consistent with Order No. PSC-01-2051-FOF-TP?

Z-Tel: For its statement of position on this issue, Z-Tel hereby adopts the respective positions taken by AT&T and Worldcom.

ISSUE 7: Apart from Issues 1-6, is BellSouth's 120-day filing consistent with the Orders in this docket?

Z-Tel: No position at this time.

**F. STIPULATED ISSUES:**

None.

**G. PENDING MOTIONS:**

None.

**H. OTHER MATTERS:**

None.

  
Joseph A. McGlothlin

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Attorney for Z-Tel Communications, Inc.

## CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Prehearing Statement of Z-Tel Communications, Inc. has been furnished by (\*) hand delivery, or U.S. Mail this 3rd day of January, 2002, to the following:

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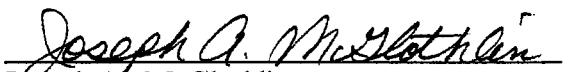
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