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January 3, 2002

Mrs. Blanca S. Bayó
Director, Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 990649A-TP (UNE Docket)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing Statement, which we ask that you file in the captioned docket.

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

Sincerely,


James Meza III (KA)

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey
Nancy B. White

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE
Docket No. 990649A-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
Federal Express this 3rd day of January, 2002 to the following:

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James Meza III (LA)

(+) Signed Protective Agreement

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 BELL SOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. ("BellSouth"), in compliance with the Order On Joint Motion to Accept Expedited Hearing Schedule and Order Establishing Procedure (BellSouth's 120 -Day Filing) (Order No. PSC-01-1904-PCO-TP), issued September 24, 2001, hereby submits its Prehearing Statement for the above-styled matter.

A. Witnesses

BellSouth proposes to call the following witnesses to offer testimony on the issues in this docket¹:

<u>Witness</u>	<u>Issue(s)</u>
Daonne Caldwell (Direct and Surrebuttal)	1(a)(b), 2(a)(b), 3(a)(b), 4(a)(b), 5(b)(c), 6 and 7
Jerry Kephart (Direct and Surrebuttal)	(1)(a), 5(a), (7)
John A. Ruscilli (Surrebuttal)	1(b), 5(a)
James Stegman (Direct and Surrebuttal)	1(a)(b), 2(a)(b), 4(a)(b), (7)
Tommy Williams (Surrebuttal)	5(a)(b)(c)

¹ Certain ALEC witnesses filed testimony addressing issues outside the scope of this proceeding and the established list of issues. While BellSouth submits that the Commission should not consider these issues,

BellSouth reserves the right to call additional witnesses, witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Prehearing Officer at the prehearing conference to be held on January 17, 2002. BellSouth has listed the witness for whom BellSouth believes testimony will be filed, but reserves the right to supplement that list if necessary.

B. Exhibits

Daonne Caldwell	DDC-1	Comparison of BellSouth's "bottoms-up" cost study to the revised Commission-ordered rates contained in Appendix A of Order PSC-01-2051-FOF-TP
	DDC-2	Diagram depicting the components of the Hybrid Copper/Fiber Loop
	DDC-3	Unbundled Network Elements Cost Study
	DDC-4	BellSouth's Forecast Telephone Plant Indexes Accounts on Part 32 USOA Basis
	DDC-5	FL In-Plant Factor based on Vendor Installation
Jerry Kephart	JK-1	Diagram showing the layout of the Hybrid Copper/Fiber xDSL Capable Loop
James Stegman	JWS-1	Methodology that instructs the user to refer to the "Media" field when the "SpliceRequired" field contains a "B"

BellSouth intends to respond to said testimony, in the event the Commission considers the improper testimony.

Thomas G. Williams	TGW-1	Direct Testimony by Thomas G. Williams filed in Docket No. 010098-TP and dated June 8, 2001
	TGW-2	Rebuttal Testimony by Thomas G. Williams filed in Docket No. 010098-TP and dated July 18, 2001
	TGW-3	Late-Filed Exhibit No. 12 for Thomas G. Williams filed in Docket No. 010098-TP and dated August 22, 2001

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

C. Statement of Basic Position

BellSouth has filed cost studies in this docket that comply with Order No. PSC-01-1181-FOF-TP. Further, rates should not be changed to reflect the "bottoms-up" approach. The original ordered rates using in-plant factors and structure loading factors are reasonable and accurate.

D. BellSouth's Position on the Issues

Issue-1(a): Are the loop cost studies submitted in BellSouth's 120-day filing compliant with Order No. PSC-01-1181-FOF-TP?

Position: Yes. BellSouth accurately reflected the Commission ordered modifications in the shared and common application, which developed the shared and

common cost factors. Additionally, the deaveraging of loops was based on the methodology adopted by the Commission and the details provided in Appendix B of the Order.

Issue 1(b): Should BellSouth's loop 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?

Position: No. BellSouth believes that the use of implant factors and structure loading factors produces reasonably accurate results. Thus, the ordered rates should remain as is.

Issue 2(a): Are the ADUF and ODUF cost studies submitted in BellSouth's 120-day compliance filing appropriate?

Position: Yes. Even though the Commission's Order did not specifically include these elements in the 120-day requirement, substantial modifications made by the Commission required that these costs for these elements be revised to reflect these modifications.

Issue 2(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?

Position: Yes. The Commission should adopt the rates for DUF costs submitted by BellSouth in its October 8, 2001 cost study. Because the modified rates set forth in that cost study are less than the original rates, the intervening parties would not be adversely affected by a decision to consider the revised cost study.

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?

Position: Yes. The UCL-ND fulfills the Commission's requirement that BellSouth determine xDSL nonrecurring costs that exclude Design Layout Record, test point, and order coordination. In addition, the UCL-ND satisfies the Commission's requirements that BellSouth provision SLI loops and guarantee not to roll them onto another facility or convert them to another technology.

Issue 3(b): What modifications, if any, are appropriate, and what should the rates be?

Position: The Commission should not use the cost-study filed in this docket to set rates for the UCL-ND element. The Commission should establish rates for the UCL-ND element in Docket No. 960786-TL once inflation is considered.

Issue 4(a): What revisions, if any, should be made to NIDs in both the BSTLM and the stand-alone NID cost study?

Position: Adjustments are not required for either the NID cost considered in the BSTLM and to the stand-alone NID cost. However, the stand-alone NID costs should be revised to include exempt material in the stand-alone NID study.

Issue 4(b): To what extent, if any, should the rates or rate structure be modified?

Position: As set forth in Issue 4(a) above, the stand-alone NID cost should be revised to include exempt material. The Commission should adopt the revised rates set forth in BellSouth's modified cost study for NID costs.

Issue 5(a): What is a "hybrid copper/fiber xDSL-capable loop" offering, and is it technically feasible for BellSouth to provide it?

Position: The Hybrid copper/fiber xDSL-capable loop is a UNE that enables ALECs to provide DSL capability to its customers over a facility that is comprised of fiber optic cable in the portion of the loop referred to as loop feeder and copper cable in the portion of the loop referred to as loop distribution. While it is technically feasible for BellSouth to provide a Hybrid copper/fiber xDSL capable loop, the loop requires the installation of a DSLAM in a remote terminal in order to be feasible. The FCC has exempted a DLSAM as a UNE, except where (1) BellSouth has deployed DLCs; (2) has no spare copper loops available to ALECs to support XDSL services; (3) has deployed packet switching capability for its own use; and (4) and does not permit ALECs to deploy DSLAMs at the remote terminal sites. There are currently no situations in Florida where these circumstances exist. Nonetheless, an ALEC can always provide its own DSLAM in a remote terminal.

Issue 5(b): Is BellSouth's cost study contained in the 120-day compliance filing for the "hybrid copper/fiber xDSL-capable loop" offering appropriate?

Position: Yes. BellSouth developed a cost for the "hybrid copper/fiber xDSL capable loop" consistent with the Commission Order.

Issue 5(c): What should the rate structure and rates be?

Position: The Commission should adopt the rates set forth in BellSouth's cost studies.

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

Position: Yes. The cost study filed on October 8, 2001 reflects the impact of inflation based on factors originally filed in this docket.

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

Position: Yes. The cost studies filed by BellSouth incorporate all of the adjustments ordered by the Commission.

E. Stipulations

None.

F. Pending Motions

BellSouth has no motions pending at this time.

G. Other Requirements

None.

Respectfully submitted this 3rd day of January, 2002.

BELLSOUTH TELECOMMUNICATIONS, INC.

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