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April 12, 2002

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BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 990649A-TP

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies Sprint's Posthearing Statement and Brief.

Also enclosed is a diskette containing the above Posthearing Statement and Brief originally typed in Microsoft Word 97 format, which has been saved in Rich Text format for use with Word Perfect.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Yours truly,

[Handwritten signature of John P. Fons]

John P. Fons

Enclosures
cc: All parties of record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into
Pricing of Unbundled Network
Elements (BellSouth)

DOCKET NO. 990649A-TP
FILED: April 12, 2002

SPRINT'S POSTHEARING STATEMENT AND BRIEF

Sprint Communications Company Limited Partnership ("Sprint"), pursuant to Order No. PSC-01-2132-PCO-TP, issued October 29, 2001, submits the following Posthearing Statement and Brief.

Sprint did not present any witnesses or exhibits in this proceeding and, with leave of the Commission, did not participate in the hearings that were held on March 11 and 12, 2002. Sprint, however, retained the right to file a Posthearing Statement and Brief on the issues it had addressed in its Prehearing Statement, dated January 3, 2002, namely, Issues 1(a) and 1(b). This posthearing pleading elaborates on Sprint's position on these issues based upon the record developed at the hearings on March 11 and 12, 2002.

I. BASIC POSITION

BellSouth should be required to file monthly recurring and non-recurring rates for unbundled network elements (UNEs) which are "cost-based" as required by Section 252(d)(1) of the 1996

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Telecommunications Act and as defined and implemented by the FCC's Orders and Rules.

II. 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?

Position: ** The Commission should require BellSouth to use the "bottoms-up" approach to cost Florida-specific UNEs. Otherwise, BellSouth's cost study is not compliant with the requirements of the 1996 Act or the FCC's implementation rules.

**

Issue 1(b): Should BellSouth's loop rates or rate structure previously approved in Order No. PSC-01-1181-FOF-TP be modified? If so, to what extent, if any, should the rates or rate structure be modified?

Position: * See Sprint's position on Issue 1(a). *

III. BRIEF ON ISSUES

The Commission's Order No. PSC-01-1181-FOF-TP ("Order"), issued May 25, 2001, requires BellSouth to refile its UNE cost studies using a "bottoms-up" approach. This decision is driven by evidence demonstrating that BellSouth's use of non-Florida specific, non-geographic area-specific factors, including linear loading factors, "can generate questionable results, especially

in light of deaveraged rates." (Order, at page 282.) The Commission concluded:

Upon consideration, we note that we share witness Dickerson's concern that the pole and conduit loading factors, because they are based on statewide average relationships and applied to unit material prices, will distort the costs of wire centers in high density areas and understate the costs in low density areas. In a proceeding where deaveraging loops and loop type items are at issue, this is particularly troublesome. In principle, we expect that modeling cable and conduit structure costs bottoms-up would be preferable and more accurate. We believe that BellSouth's conclusion that loading factors are more accurate simply because the data to populate the BSTLM is not readily available cannot be made without comparing the results of one approach to the other.

Order, at page 294.

Further, the Commission found:

Loading Factors Summary and Conclusions:

As set forth herein, we find some of the loading factors BellSouth has recommended are appropriate for use in setting UNE rates. However, recognizing the capability of the BSTLM to model placements and structures, a "bottoms up" approach is preferable it appears that such an approach would tend to be more accurate. We are concerned with BellSouth's use of linear in-plant factors and agree with AT&T and WorldCom and Sprint that linear loadings are particularly disconcerting in a proceeding where rates are being deaveraged. We have not lost sight of the fact that linear factors will distort the cost relationships between rural and urban areas.

Order, at page 305.

Despite the soundness of the Commission's rationale for requiring the use of geographic area specific cost information

in a "bottoms-up" approach, BellSouth continues to adhere to its claim that a "bottoms-up" approach should not be required because: 1) it is "much more complex"; 2) it results in a "combination of a much larger number of influencing variables and inputs that was present under the factor approach"; 3) "the costs can vary substantially"; and 4) it introduces an extensive set of new inputs that can be "questioned, criticized and manipulated by intervenors." (Hearing Transcript, Vol, 2, Tr. 249-50.) Contrary to BellSouth's assertions, each reason offered by BellSouth for not using the "bottoms-up" approach is, in fact, a sound reason for the Commission to require BellSouth to use the "bottoms-up" approach.

One of the principal purposes of this proceeding is to establish geographically deaveraged UNE prices, where appropriate. (Order, at page 18.) Nowhere does BellSouth present evidence that using "actual data" makes the cost study less accurate or the results unusable for deaveraging purposes. Quite to the contrary, the "bottoms-up" approach provides the granularity necessary for geographic deaveraging. (Order, at page 294.) It also provides the type of "real world" information that is required to test the veracity of the cost study results. Instead, BellSouth complains about the difficulty of gathering the required data - not that the data is unavailable, and the potential for increased scrutiny of the

data. The fact that BellSouth has produced Florida-specific data as inputs to the refiled cost study demonstrates that it can perform a "bottoms-up" cost study.

BellSouth also criticizes the "bottoms-up" approach because it allegedly results in higher loop costs and, accordingly, higher UNE loop prices. (Hearing Transcript, Vol. 2, Tr. 248-49.) This criticism is equally invalid. The higher loop costs and UNE loop prices are perhaps the result of BellSouth's continued use of inputs which are inconsistent with the "bottoms-up" approach ordered by the Commission. Regardless of the reason, the correctness of the outcome of a TELRIC study is to be determined by the soundness of the cost methodology and the inputs, and not on whether the cost study results in higher or lower UNE costs.

The ultimate test of a cost study's usefulness is whether it comports with the requirements of the 1996 Telecommunications Act and the FCC Orders implementing the Act's requirements. The Act, at Sections 252(d)(1), requires that the "just and reasonable rate for network elements" shall be "based on "the cost . . . of providing the . . . network element." This pricing standard, as interpreted by the FCC, requires the use of forward-looking costs as incurred in a specific geographic area. Cost studies performed on any other basis would not reveal whether the costs vary by geographic area. Without such

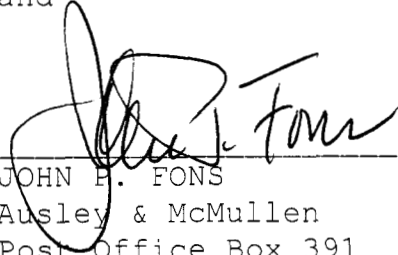
geographic area-specific costs, there could be no geographically deaveraged costs and prices as required by the FCC rules. (Section 51.507(f), FCC Rules.)

BellSouth's persistent desire to use inappropriate, linear cost-loading factors for non-linear construction costs that do not vary by cable size continues to overstate the cost of loops in urban areas and understates costs in rural areas. As noted previously, the principal purpose of this proceeding is to establish deaveraged UNE prices where appropriate. BellSouth acknowledges that the proper input data is available and BellSouth has, in fact, allegedly provided geographic area-specific inputs. (Hearing Transcript, Vol. 2, Tr. 237-248.) Accordingly, BellSouth's plea to revert to using factors instead of real-time, Florida-specific and wire center-specific data should be rejected.

Respectfully submitted this 12th day of April, 2002.

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I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand delivery (*) this 12th day of April, 2002, to the following:

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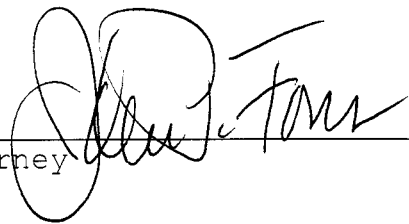
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