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April 12, 2002

VIA HAND DELIVERY

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Re: Docket No.: 990649-B-TP

Dear Ms. Bayo:

On behalf of DIECA Communications, Inc. d/b/a Covad Communications Company (Covad), enclosed for filing and distribution are the original and 15 copies of the following:

- ▶ DIECA Communications, Inc. d/b/a Covad Communications Company's Prehearing Statement.

Also is a disk containing the pleading. Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

Sincerely,

Vicki Gordon Kaufman

Vicki Gordon Kaufman

VGK/bae
Enclosure

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into
pricing of unbundled
elements (Sprint/Verizon track)

Docket No. 990649-B-TP
Filed: April 12, 2002

**DIECA COMMUNICATIONS, INC. d/b/a COVAD COMMUNICATIONS COMPANY'S
PREHEARING STATEMENT**

DIECA Communications, Inc. d/b/a Covad Communications Company (Covad), pursuant to Order No. PSC-01-1592-PCO-TP as modified by various scheduling orders of this Commission, hereby files its Prehearing Statement.

A. APPEARANCES:

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B. WITNESSES:

Covad will not be sponsoring witnesses in this docket.

C. EXHIBITS:

Covad will not be submitting exhibits in this docket except to the extent that exhibits are necessary for cross examination of witnesses sponsored by Verizon and Sprint-Florida, Inc. (Sprint).

D. STATEMENT OF BASIC POSITION:

Covad concurs with the Statement of Basic Position contained in the Prehearing Statement of AT&T Communications of the Southern States, Inc., World Com, Inc. and Florida Digital Network, Inc. (collectively, "the ALEC Coalition").

E. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: What factors should the Commission consider in establishing rates and charges for UNEs (including deaveraged UNEs and UNE combinations)?

COVAD: With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement.

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

COVAD: Covad concurs with the methodology and rate structure recommendations contained within the Rebuttal Testimony Warren R. Fischer filed on January 30, 2002 on behalf of the ALEC Coalition (Mr. Fisher's testimony will hereinafter be referred to as "the Fisher Rebuttal Testimony"). As set forth in that testimony, the Commission should reject Verizon's statewide average rate proposal, and instead require Verizon to geographically deaverage UNE loop rates at the wire center level.

(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); and (4) other (including combinations)?

COVAD: All loops, subloops, and UNE combinations containing loops or subloops should be deaveraged.

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

COVAD: xDSL capable loops are loops that can be used to provide xDSL

services. In a forward-looking network, the loops used to provide xDSL services are identical or nearly identical to those used to provide voice grade services. In a forward-looking network, such facilities include both "clean copper loops" and fiber-fed digital loop carrier (DLC) based 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?

COVAD: No. The cost to an ILEC of providing xDSL capable loops does not change with changes in DSL technology. Accordingly, the 2 and 4-wire loops sold to the ALECs for the provisioning of xDSL services are precisely the same loops that would be sold for analog services, and their pricing should reflect this. Further, analog loops are not priced by loop-length, and xDSL loops should be treated in the same way. The Commission should adopt costs for all loops, including xDSL capable loops, that reflect the efficient provisioning of such loops in a forward-looking network architecture. In a forward-looking network, a cost study for xDSL-capable loops should not make distinctions based on loop length or on the particular xDSL technology to be deployed.

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?

COVAD: Covad has no specific position on these sub-issues at this time. Any cost study, however—whether for subloops or any other UNE—should be based on forward-looking economic costs. Such forward-looking costs assume the most efficient telecommunications technology currently available and the lowest cost network configuration.

ISSUE 5: For which signaling networks and call-related databases should rates be set?

COVAD: Covad has no specific position on this issue at this time. Any cost study, however—whether for signaling networks or call-related databases—should be based on forward-looking economic costs. Such forward-looking costs assume the most efficient telecommunications technology currently available and the lowest cost network configuration.

ISSUE 6: Under what circumstances, if any, is it appropriate to recover non-recurring costs through recurring rates?

COVAD: Generally, recovery of one-time costs incurred for the benefit of one customer should be through non-recurring costs. One time costs incurred for the benefit on many customers or that provide Verizon future value—such as the removal of load coils and bridge tap for the provision of basic and advanced services—is investment and should be recovered through recurring rates over the

life of the investment. If the Commission finds high nonrecurring rates after application of proper rate design, these should be recovered over a reasonable period or 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?

| Item | Appropriate Assumptions and Inputs |
|--|---|
| (a) network design (including customer location information) | Network design should be based on actual network characteristics which account for differences in population density and concurrent differences in the costs of provisioning service to various customers. A network model—such as the one Verizon used in this docket—that assumes an equal distribution of customers across an imaginary grid, dramatically overstates the cost of provisioning service to some customers while dramatically understating the cost for others. A hypothetical network like this results in reported prices that are anticompetitive because the prices do not account for the fact that ALECs must first gain a revenue foothold in the areas where provisioning costs are low before being able to expand into higher cost areas and thereby bring competition to all the citizens of Florida. |
| (b) depreciation | With regard to these issues, Covad concurs with the assumptions and inputs set out in the Fisher Rebuttal Testimony. |
| (c) cost of capital | |
| (d) tax rates | Covad has no specific position on this issue at this time. |
| (e) structure sharing | With regard to these issues, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |
| (f) structure costs | |
| (g) fill factors | |
| (h) manholes | |
| (i) fiber cable (material and placement costs) | |
| (j) copper cable (material and placement costs) | |
| (k) drops | Covad has no specific position on this issue at this time. |
| (l) network interface devices | |
| (m) digital loop carrier costs | With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |
| (n) terminal costs | Covad has no specific position on this issue at this time. |
| (o) switching costs and associated variables | With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |
| (p) traffic data | Covad has no specific position on these issues at this time. |

| | |
|---|---|
| (q) signaling system costs | |
| (r) transport system costs and associated variables | Covad has no specific position on these issues at this time. |
| (s) loadings | |
| (t) expenses | |
| (u) common costs | Covad concurs with the assumptions and inputs set out in the Fisher Rebuttal Testimony. |
| (v) other | With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |

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?

| Item | Appropriate Assumptions and Inputs |
|--|---|
| (a) network design | With regard to these issues, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |
| (b) OSS design | |
| (c) labor rates | |
| (d) required activities | |
| (e) mix of manual versus electronic activities | |
| (f) other | |

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?

| UNE | Recurring Rate (averaged or deaveraged?) | Non-Recurring Charge |
|---|---|----------------------|
| (1) 2-wire voice grade loop | The recurring rate for 2-wire and 4-wire xDSL capable loops should be the same as the rate for 2-wire and 4-wire voice grade loops, and these rates should apply to all DSL loops regardless of technology or loop length. The recurring rate for a 2-wire ISDN/IDSL loop should be the same as the rate for a 2-wire voice grade loop plus an incremental cost to account for network elements not present in a standard 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 | The Commission should adopt nonrecurring costs for all loops, including xDSL capable loops, that reflect the efficient provisioning of such loops in a forward-looking network architecture. | |
| (7) 4-wire 64 kbps loop | | |
| (8) DS-1 loop | With regard to these issues, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. | |
| (9) high capacity loops (DS3 and above) | | |
| (10) dark fiber loop | | |

| | |
|---|---|
| (11) subloop elements (to the extent required by the Commission in Issue 4) | With regard to these issues, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. |
| (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) | |

(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?

COVAD: Covad has no specific position on this issue at this time.

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

COVAD: Covad has no specific position on this issue at this time.

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

COVAD: With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement.

(b) What is the appropriate rate, if any, for loop qualification information, and in what situations should the rate apply?

COVAD: A forward-looking network would have no need to manually pull loop qualification information under any circumstances, and it would therefore be inappropriate for the Commission to set any rate at all for manual loop qualification, except in circumstances where manual loop information is specifically requested by an ALEC. For manual loop qualification under these circumstances only, the Commission should adopt the rates of \$43.10 (w/o Reservation Facility Number) or \$45.72 (w/ Facility Reservation Number) as set forth for BellSouth in Order No. PSC-01-1181-FOF-TP. For mechanized loop qualification information,

the Commission should adopt the rate of \$0.6757 as set forth for BellSouth in Order No. PSC-01-1181-FOF-TP.

ISSUE 12: Without deciding the situations in which such combinations are required, what are the appropriate recurring and non-recurring rates for the following UNE combinations?

| UNE | Recurring Rate (averaged or deaveraged?) | Non-Recurring Charge |
|--|---|-------------------------|
| (1) "UNE platform" consisting of loop (all), local (including packet where required), switching (with signaling), and dedicated and shared transport (through and including location termination. | With regard to these issues, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement. | |
| (2) "extended links" consisting of (1) loop, DSO/1 multiplexing, ds1 interoffice transport; (2) DS1 loop, DS1 interoffice transport; and (3) DS1 loop, DS1/3 multiplexing, DS3 interoffice transport | | |

ISSUE 13: When should the recurring and non-recurring rates and charges take effect?

COVAD: With regard to this issue, Covad concurs with the position taken by the ALEC Coalition in its Prehearing Statement.

F. STIPULATED ISSUES

No issues have been stipulated at this time.

G. PENDING MOTIONS

Request for Representation by a Qualified Representative filed March 15, 2002

H. REQUIREMENTS THAT CANNOT BE COMPLIED WITH

Covad has met all requirements of the procedural order and has not identified any procedures that cannot be complied with.

————SIGNATURE PAGE FOLLOWS————

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of foregoing DEICA Communications, Inc. d/b/a Covad Communications Company's Prehearing Statement has been served by (*) hand delivery or U. S. Mail on this 12th day of April, 2002 to the following:

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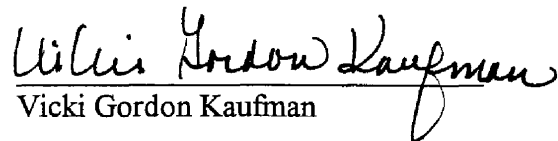
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