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November 21, 2003

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

Re: **Docket No. 030869-TP: Petition by BellSouth Telecommunications, Inc. to Reduce its Network Access Charges Applicable to Intrastate Long Distance in a Revenue-Neutral manner**

Docket No. 030867-TP: Petition by Verizon Florida, Inc. to reform intrastate network access and basic local telecommunications rates in accordance with Section 364.164, Florida Statutes


Docket No. 030868-TP: Petition by Sprint-Florida, Incorporated to reduce intrastate switched network access rates to interstate parity in revenue-neutral manner pursuant to Section 364.164(1), Florida Statutes

Docket No. 030961-TP: Flow-through of LEC Switched Access Reductions by IXCs, Pursuant to Section 364.163(2), Florida Statutes

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Pre-hearing 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,

Meredith E. Mays (EM)

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

514448

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket Nos. 030867-TP, 030868, 030869-TL and 030961-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

Electronic Mail and U.S. Mail this 21st day of November, 2003 to the following:

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Meredith Mays (MMA)

(+) Protective Agreement

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Flow-through of LEC Switched Access Reductions by IXCs, Pursuant to Section 364.163(2), Florida Statutes) Docket No. 030961-TP))))
<hr/> In re: Petition by Verizon Florida, Inc. to reform intrastate network access and basic local telecommunications rates in accordance with Section 364.164, Florida Statutes) Docket No. 030867-TL))))
<hr/> In re: Petition by Sprint-Florida, Incorporated to reduce intrastate switched network access rates to interstate parity in revenue-neutral manner pursuant to Section 364.164(1), Florida Statutes) Docket No. 030868-TL))))
<hr/> In re: Petition by BellSouth Telecommunications, Inc., To Reduce Its Network Access Charges Applicable To Intrastate Long Distance in A Revenue-Neutral Manner) Docket No. 030869-TL)))) Filed: November 21, 2003

**PREHEARING STATEMENT OF
BELLSOUTH TELECOMMUNICATIONS, INC.**

In compliance with the Order Establishing Procedure and Consolidating Dockets For Hearing (Order No. PSC-03-0994-PCO-TL, "Procedural Order") issued in this docket on September 4, 2003, BellSouth Telecommunications, Inc. ("BellSouth") respectfully submits its Prehearing Statement. At the outset, BellSouth addresses certain preliminary matters as follows: (1) BellSouth has no position on Issues 6 – 11 and will not further address such issues herein; (2) BellSouth is not aware of any federal or state decisions that preempt the Commission's ability to resolve the issues in this proceeding (*See* requirement k, p. 7, Procedural Order); and (3) BellSouth is not raising specific objections to the qualifications of any party's witness; however, BellSouth reserves its right to cross-examine other parties' witnesses in the manner in which it deems appropriate. (*See* requirement l, p. 7, Procedural Order).

A. Witnesses

BellSouth will call the following witnesses to offer direct and rebuttal testimony on the issues in this matter:

<u>Witness</u>	<u>Subject Matter of Testimony</u>
John A. Ruscilli (Direct and Rebuttal)	Overview of BellSouth's rebalancing proposal and policy issues - Issues 1, 2 and 5
W. Bernard Shell (Direct – adopts D. Daonne Caldwell) and Rebuttal	Costs – Issue 1(A)
E. Steven Bigelow (Direct and Rebuttal)	Revenue and pricing – Issue 4
Jerry Hendrix (Direct)	Timing and process by which BellSouth will achieve parity – Issues 3, 4
Aniruddha Banerjee, Ph.D. (Direct – adopts William E. Taylor, Ph.D.) and Rebuttal	Economic Issues – Issues 1, 2, and 5
Kenneth Gordon, Ph.D. (Direct and Rebuttal)	Economic and Policy Issues – Issues 1, 2, 5

BellSouth has made a good-faith attempt to identify the subject matter addressed by these witnesses; however, any given witness' testimony may also relate to other issues in this docket.

BellSouth reserves the right to call witnesses to respond to Florida Public Service Commission ("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 November, 24, 2003.

B. Exhibits

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 the Rules of the Commission.

<u>Witness</u>	<u>Document Indicator</u>	<u>Title of Exhibit</u>
John A. Ruscilli	JAR-1	BellSouth’s Proposed Basic Service Rate Changes
W. Bernard Shell	DDC-1	Cost Study
	DDC-2	Recurring costs by rate group
	DDC-3	Basic Local Exchange Diagram
	DDC-4	Non-recurring Cost Chart
	WBS-1	Cost Comparison
E. Steven Bigelow	SB-1	Typical Network Composite - Summary of Demand
	SB-2	Mirroring Methodology - Summary of Demand
	SB-3	Switched Access Demand
	SB-4	Composite Rate Parity Worksheet
Jerry Hendrix	JH-1	Mirroring Methodology – Revenue Reduction
	JH-2	Typical Network Composite Methodology – Revenue Reduction

Aniruddha Banerjee	AXB-1	Curriculum Vitae
Kenneth Gordon, Ph.D.	Att. A	Curriculum Vitae
	Att. B	Table of CLEC Lines Sold
	Exhibit I	CLEC Margin Comparison

C. Statement of Basic Position

BellSouth has set forth two proposals, both of which seek to rebalance rates in a revenue neutral manner through decreases in intrastate switched access charges and corresponding rate increases for basic services. BellSouth's proposals are consistent with Section 364.164, will create a more attractive local exchange market, will benefit residential customers, and will enhance the opportunity for market entry for competitive local exchange carriers.

D, E, and F. BellSouth's Position on the Factual, Legal, and Policy Issues

Issue 1: Will the ILECs' rebalancing proposals remove the current support for basic local telecommunications services that prevents the creation of a more attractive competitive market for the benefit of residential customers?

- A. What is a reasonable estimate of the level of support provided for basic local telecommunications services?**
- B. Does the current level of support prevent the creation of a more attractive competitive local exchange market for the benefit of residential customers?**
- C. Will the ILECs' rebalancing proposals benefit residential customers as contemplated by Section 364.164, Florida Statutes? If so, how?**

Position: This Commission has previously found that BellSouth's residential rates are supported, which support is further detailed in the testimony of BellSouth witness W. Bernard Shell (*see, e.g.* proprietary exhibit WBS-1). BellSouth's proposal will remove a

portion of the support for basic local telecommunications services, and will bring the rates for basic local exchange service to a level that encourages competitive entry, which is evidenced, in part, by the prefiled testimony of AT&T and Knology. Residential customers will benefit from having new choices of providers and services that additional competition will bring and will also benefit from the pass-through of access reductions in the form of reduced toll rates.

Issue 2: Will the effects of the ILECs' rebalancing proposals induce enhanced market entry? If so how?

Position: Yes. By removing implicit support from basic local exchange rates, carriers will have increased business opportunities to attract new customers and offer new products, services, and bundles.

Issue 3: Will the ILECs' rebalancing proposals reduce intrastate switched network access rates to interstate parity over a period of not less than two years of more than four years?

Position: Yes. BellSouth's proposed increases will occur over three installments, first quarter 2004, first quarter 2005, and first quarter 2006.

Issue 4: Are the ILECs' rebalancing proposals revenue neutral, as defined in Section 364.164(2), Florida Statutes?

Position: Yes. BellSouth's proposals reflect a reduction in intrastate access that will be rebalanced through increases in basic local exchange rates.

Issue 5: Should the ILECs' rebalancing proposals be granted or denied?

Position: The petitions should be granted as fully compliant with Section 364.164.

G. Stipulations

The parties have entered into no stipulations at this time.

H, I. Pending Motions

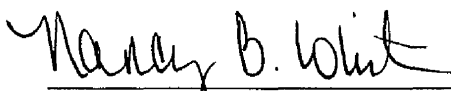
Various Requests for Confidential Classification are pending.

J. Other Requirements


BellSouth knows of no requirements set forth in any Prehearing Order with which it cannot comply.

Respectfully submitted this 21st day of November, 2003.

BELLSOUTH TELECOMMUNICATIONS, INC.



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