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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DEC 09 1997

FPSC - Records/Reporting

In re: Petition by AT&T)
Communications of the Southern)
States, Inc. for arbitration of)
certain terms and conditions of)
a proposed agreement with)
BellSouth Telecommunications,)
Inc. concerning interconnection)
and resale under the)
telecommunications act of 1996.)
_____)

Docket No. 960833-TP

Filed: December 9, 1997

In re: Petition by MCI)
Telecommunications Corporation)
and MCI Metro Access Transmission)
Services, Inc. for arbitration of)
certain terms and conditions of a)
proposed agreement with BellSouth)
Telecommunications, Inc.)
concerning interconnection and)
resale under the)
Telecommunications Act of 1996.)
_____)

Docket No. 960846-TP

In re: Petition by Metropolitan)
Fiber Systems of Florida, Inc.)
for arbitration with BellSouth)
Telecommunications, Inc.)
concerning interconnection rates,)
terms, and conditions, pursuant)
to the Federal Telecommunications)
Act of 1996.)
_____)

Docket No. 960757-TP

ACK _____)
AFA _____)
APP _____)

CAE _____)
CMU _____)
CTR _____)
EAG _____)
LEG 2 _____)
LIN 5 _____)

Docket No. 971140-TP

OPC _____)
RCH _____)
SEC _____)
WAS _____)
OTH _____)

AT&T'S Prehearing Statement

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FPSC-RECORDS/REPORTING

AT&T Communications of the Southern States, Inc. (hereinafter "AT&T"), pursuant to Rule 25-22.038, Florida Administrative Code, and order of the Florida Public Service Commission (hereinafter the "Commission") hereby submits its Prehearing Statement in the above-referenced docket.

A. Witnesses

AT&T intends to sponsor the testimony of the following witnesses. All witnesses are sponsored jointly with MCI with the exception of Joseph Gillan, who is sponsored solely by AT&T. **A double asterisk (**)** indicates that the testimony includes proprietary information.

<u>Witnesses:</u>		<u>Issues:</u>
John Klick	(direct)	1
John P. Lynott	(direct, rebuttal)	1
Rick Bissell	(direct, **rebuttal)	1
Lee L. Selwyn	(direct, rebuttal)	1
Bradford Cornell	(direct, rebuttal)	1
Michael J. Majoros, Jr.	(direct, rebuttal)	1
Wayne Ellison	(direct, rebuttal)	1
James W. Wells, Jr.	(**rebuttal)	1
Art Lerma	(rebuttal)	1
Catherine E. Petzinger	(**rebuttal)	1

B. Exhibits

A double asterisk () indicates that an exhibit includes proprietary information.**

Witness: John C. Klick

Direct Exhibits

Exhibit: Title:

JCK-1 Collocation Cost Model Description and
Users' Guide

JCK-2B Virtual Collocation Summary

JCK-2B Physical Collocation Summary

Rebuttal Exhibits

None

Witness: John P. Lynott

Direct Exhibits

Exhibit: Title:

JPL-1 Non-Recurring Cost Model, Version 2.0,
Model Description

JPL-2 Florida NRCM 2.0 Service Type

JPL-3 Florida NRCM 2.0 Price Proposal

Rebuttal Exhibits

Exhibit: Title:

JPL-1 Available Operational Support Systems

JPL-2 BellSouth NRC Inputs

JPL-3 Adjusted NRC Inputs

Witness: Rick Bissell

Direct Exhibits

Exhibit: Title:

RB-1 Composite - Collocation White Paper
Part 1 - Physical Collocation
Part II - Virtual Collocation

Rebuttal Exhibits

Exhibit: Title:

RB-1 Summary of Revisions to BellSouth
Collocation Studies

Witness: Lee L. Selwyn

Direct Exhibits

Exhibit: Title:

LLS-1 Statement of Qualifications

LLS-2 Regulatory Treatment of ILEC Support
Systems Costs, September 1997

Rebuttal Exhibits

None

Witness: Bradford Cornell

Direct Exhibits

Exhibit: Title:

BC-1 Resume

BC-2 Telephone Holding Companies

BC-3 BellSouth Bond Yields

BC-4 3-Stage DCF Model Estimates of
Cost of Equity for Telephone
Holding Companies

BC-5 Estimated Betas for the Comparable
Companies (60 Monthly Observations -
Period Ending 12/31/96)

- BC-6 Risk Premium Computed from DCF Expected Market Return
- BC-7 Expected Long-Run One-Month Treasury Bill Yield for December 1996
- BC-8 Stock Market Premium Analysis
- BC-9 Capital Structure of Telephone Holding Companies
- BC-10 Bell Atlantic - Network Services Strategic Overview

Rebuttal Exhibits

Exhibit: Title:

- BC-1 Comparison of Earnings Growth Forecasts for Telephone Holding Companies and Wireless Companies

Witness: Michael J. Majoros, Jr.

Direct Exhibits

Exhibit: Title:

- MJM-1 Attachment 1:
Appearances Before Regulatory Agencies Related to Depreciation
- Attachment 2:
Participation as Negotiator in FCC Depreciation Rate RePrescription Conferences
- Attachment 3:
Resume
- Attachment 4:
Depreciation Reserve Percent - All LECS; All LEC's Plant Related Rates
- Attachment 5:
BellSouth Telephone Plant Related Rates
- Attachment 6:
Comparison of Prescribed Life and Most Recent Life Indications

Comparison of Digital Switching Survivor
Curves / BellSouth - Florida

Comparison of Digital Circuit Survivor
Curves / BellSouth - Florida

Comparison of Aerial Cable - Metallic
Survivor Curves / BellSouth - Florida

Comparison of Underground Cable -
Metallic Survivor Curves / BellSouth -
Florida

Comparison of Buried Cable - Metallic
Survivor Curves / BellSouth - Florida

Attachment 7:
Projection Life Comparison / Future
Net Salvage Comparison

Rebuttal Exhibits

Exhibit: Title:

MJM-1 Attachment 1: Projection Life
Comparison

Attachment 2: BellSouth Response to
AT&T Interrogatories (2nd)

Witness: Wayne Ellison

Direct Exhibits

Exhibit: Title:

WE-1 AT&T Price Proposal

Rebuttal Exhibits

Exhibit: Title:

WE-1 Revised AT&T Price Proposal

WE-2 Adjustments to BSE Studies

Witness: James W. Wells, Jr.

Direct Exhibits

None

Rebuttal Exhibits

Exhibit: Title:

JWW-1 Distribution Cable Utilization
JWW-2 ** Drop Calculations
JWW-3 ** Comparison of Cooper Cable Pair Costs
Per Foot

Witness: Art Lerma

Direct Exhibits

None

Rebuttal Exhibits

Exhibit: Title:

ALR-1 Revised Expense Development Factors
ALR-2 Alternative Attribution Basis
ALR-3 Local Carrier Service Center
ALR-4 Revised Common Cost Factor
ALR-5 1997-1999 TELRIC Labor Rates
ALR-6 Comp. Plant Specific Factors W/WO
Inflation
ALR-7 Page 240, Appendix H, BST Revised P-1
ALR-8 Network Operating Expenses
ALR-9 G&A Expenses USOA Accounts 6710 and 6720
ALR-10 Page 112, Reid/Lee Deposition
GA Docket 7061-U
ALR-11 Item 281, BST Response AT&T
(SCPSC 97-374-C)

Witness: Catherine E. Petzinger

Direct Exhibits
None

Rebuttal Exhibits
None

Witness: Joseph Gillan

Direct Exhibits
None

Rebuttal Exhibits
None

C. Basic Position

In this proceeding the Commission will set permanent recurring and nonrecurring rates for nine unbundled network elements for which it previously set interim rates. The rates must meet the cost standard set forth in section 252(d)(1) of the Telecommunications Act of 1996, which requires the Commission to set geographically deaveraged rates on a forward-looking basis. BellSouth's cost studies do not provide the Commission with an appropriate basis for setting costs because they overstate BellSouth's forward-looking costs; improperly include embedded, or backward-looking costs, that may not be recovered through UNE rates; and fail to geographically deaverage rates for loop elements.

The Commission should establish rates as follows:

(1) Recurring and nonrecurring rates for physical and virtual collocation should be set in accordance with the Collocation Cost Model sponsored by AT&T and MCI;

(2) Nonrecurring rates for other unbundled network elements and combinations of unbundled network elements should be set in accordance with the Non-Recurring Cost Model sponsored by AT&T and MCI;

(3) Recurring rates for other network elements should be set taking into account the changes and adjustments to BellSouth's cost studies proposed by AT&T's and MCI's witnesses in this proceeding. Loop rates should be geographically deaveraged on a wire center basis.

D.-F. Positions on the Issues

ISSUE 1: What are the appropriate permanent recurring and non-recurring rates for the following unbundled network elements:

- (a) Network interface device (NID);
- (b) 2-wire/4-wire Loop Distribution;
- (c) Virtual collocation;
- (d) Physical collocation;
- (e) Directory Assistance;

- (f) Dedicated transport (Nonrecurring only);
- (g) 4-wire analog port;
- (h) 2-wire ADSL-compatible loop; and
- (i) 2-wire/4-wire HDSL-compatible loop?

AT&T's Position: The Commission should use
(1) the Collocation Cost Model sponsored by AT&T and MCI as the basis for setting recurring and non-recurring rates for virtual and physical collocation;
(2) the Non-Recurring Cost Model sponsored by AT&T and MCI as the basis for setting the non-recurring rates for the remaining network elements; and
(3) the adjusted recurring rates for other elements supported by the testimony of AT&T and MCI witnesses. The appropriate rates for all elements are summarized in the exhibits sponsored by Wayne Ellison.

AT&T's Witnesses:
Klick, Lynott, Bissell, Selwyn, Cornell, Majoros, Ellison, Wells, Lerma, Petzinger, Gillan, Wood, Hyde.

ISSUE 2: What is the appropriate non-recurring charge for each of the following combinations of network elements for migration of an existing BellSouth customer:

- (a) 2-wire analog loop and port;
- (b) 2-wire ISDN loop and port;
- (c) 4-wire analog loop and port; and
- (d) 4-wire DS1 and port?

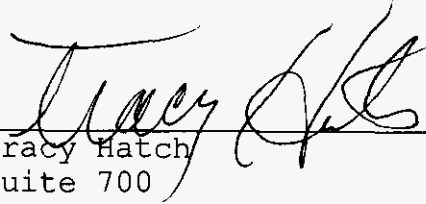
AT&T's Position: This issue pertains to Docket No. 971140-TP. Because it will be determined in a separate hearing AT&T will reserve its position.

- G. Stipulated Issues None.

- H. Pending Motions None.

- I. Other Requirements None.

Respectfully submitted

A handwritten signature in cursive script, appearing to read "Tracy Hatch", is written over a horizontal line.

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Attorney for AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.