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RECORDS AND REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation)
Into Pricing Of Unbundled)
Network Elements)

Docket No. 990649-TP

Filed: June 26, 2000

PREHEARING STATEMENT OF SUPRA TELECOMMUNICATIONS & INFORMATION SYSTEMS, INC.

SUPRA TELECOMMUNICATIONS & INFORMATION SYSTEMS, INC. ("Supra Telecom"), by and through its undersigned counsel and pursuant to this Commissions' Second Revised Order On Procedure (Order No. PSC-00-0540-PCO-TP), issued on March 16, 1999, hereby files and serves this its Prehearing Statement for the portion of the above-styled matter set for hearing in mid-July 2000, and in support thereof states as follows:

A. WITNESSES

Supra Telecom proposes to call the following witnesses to offer testimony on the issues set for hearing in this docket in mid-July, 2000:

Table with columns: Witness, Issue(s). Includes entries for David Nilson (Rebuttal) and Carol Bentley (Rebuttal). Includes a list of abbreviations on the left: APP, CAF, CMP, COM, CTR, ECR, LEG, OPC, PAI, RGO, SEC, SER, OTH.

to be held on July 6, 2000. Supra Telecom has listed the witnesses for whom Supra Telecom believes testimony will be filed, but reserves the right to supplement that list if necessary.

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B. EXHIBITS

(a) David Nilson - DAN-1: Lucent 5ESS-2000 Product Literature on ISVM

Supra Telecom reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" above. Supra Telecom also reserves the right to introduce exhibits produced by Supra Telecom in response to any request for production made by the Commission Staff and other parties to this proceeding; including any documents reflecting the fact that access to ISVM is available in other states. Supra Telecom also reserves the right to introduce exhibits for cross-examination, impeachment and/or for any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

C. SUPRA TELECOM'S STATEMENT OF BASIC POSITION

In its January 25, 1999 decision, the Supreme Court vacated Rule 51.319 of the Federal Communications Commission ("FCC") that established the initial set of unbundled network elements ("UNEs") required to be made available either individually or on a combined basis. The FCC then initiated a proceeding to determine the list of UNEs that would be appropriate pursuant to the Supreme Court decision. The FCC has since announced its decision in that proceeding and has issued a new Rule 51.319 covering the set of UNEs which must be unbundled; for which this Commission must establish pricing and to the extent applicable deaveraged pricing. Supra Telecom's positions on the individually numbered issues in this docket are consistent with the Act, the pertinent rulings of the Supreme Court, the FCC and this Commission. Each of Supra Telecom's positions should be sustained by this Commission.

D. SUPRA TELECOM'S POSITION ON THE ISSUES (FACT\LAW\POLICY)

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

Supra Telecom's Position On Issue 5: Rates should be set all signaling networks and call-

related databases. With respect to signaling networks, this includes all signaling networks utilized by any and all functions inherent in the switch, including interswitch voice messaging (ISVM). With respect to call-related databases, this includes all OSS databases because they are necessary to properly bill customers, the ILECs and other carriers in the UNE environment.

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

Supra Telecom's Position On Issue 6: Non-recurring charges that are system-wide and related to items being shared by multiple carriers, such as infrastructure necessary to provide the service, should be recovered through recurring rates amortized over the full economic life of the asset and prorated according to the ILEC's use of the asset.

Issue 7: What are the appropriate assumptions and inputs for the following items to be used in the forward-looking recurring UNE cost studies?

- (b) depreciation;**
- (c) cost of capital;**
- (d) tax rates.**

Supra Telecom's Position On Issue 7(b): For depreciation, 47 CFR § 51.505(b)(1) requires a TELRIC cost model that assumes a network design based upon the most efficient technology currently available. Moreover, depreciation rates used in calculating the forward-looking economic costs of elements must be based upon the actual expected economic life (i.e. true useful life) of the equipment. Any shorter depreciation rates result in a windfall to the ILECs and thus go beyond cost by adding a profit margin on an ALECs use of the equipment.

Supra Telecom's Position On Issue 7(c): Only a reasonable profit is statutorily authorized and must be view in light of the low risk experience by ILECs and the continuing monopoly status of ILECs who will always own the infrastructure and network elements and who will be guaranteed recovery of costs irrespective of the number of customers lost to ALECs. Shareholder pre-tax return on investment should be no more than eight to ten percent (8%-10%), with no profit being

added on debt. The total cost of capital should be a weighted average of the cost of debt together with the maximum eight to ten percent shareholder return on investment.

Supra Telecom's Position On Issue 7(d): No consideration should be given for taxes since taxes on gross receipts (i.e. excise and sales taxes) are the responsibility of the ALECs and not the ILECs, and taxes on income not related to the UNEs and are already factored into the cost of capital.

Issue 9(b): Subject to the standards of the FCC's Third Report and Order, should the Commission require ILECs to unbundle any other element or combinations of elements? If so, what are they and how should they be priced?

Supra Telecom's Position On Issue 9(b): Yes, ILECs should be required to provide unbundled DSLAM access, access to Dark Fiber on a demultiplexed and shared basis (not only time-division but chromatic-division as well). To the extent an ILEC seeks to charge more for standard POTS loops than xDSL capable loops, xDSL loops wherein the xDSL capability is irrelevant and not guaranteed.

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

Supra Telecom's Position On Issue 13: Immediately after the Commission has made a final determination of the rates set by this docket.

E. STIPULATIONS

No stipulations of issues exist other than the ones previously jointly filed in these proceedings and otherwise already adopted by this Commission.

F. PENDING MOTIONS

Supra Telecom's Motion For Leave To File Supra Telecom's Rebuttal Testimonies One Day Late.

G. OTHER MATTERS AND/OR REQUIREMENTS

None at this time.

WHEREFORE SUPRA TELECOMMUNICATIONS & INFORMATION SYSTEMS,
INC. hereby submits this its Prehearing Statement.

Respectfully submitted, this 26th day of June, 2000.

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CERTIFICATE OF SERVICE

Docket No. 990649-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to the following parties of record this 26th day of June, 2000.

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