

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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

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

ORDER NO. PSC-98-0118-PHO-TP
ISSUED: January 22, 1998

PREHEARING ORDER

Pursuant to Notice, a Prehearing Conference was held on January 14, 1998, in Tallahassee, Florida, before Commissioner Susan F. Clark, as Prehearing Officer.

DOCUMENT NUMBER-DATE

01187 JAN 22 88

FPSC-RECORDS/REPORTING

ORDER NO. PSC-98-0118-PHO-TP

DOCKETS NOS. 960757-TP, 960833-TP, 960846-TP

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APPEARANCES:

Nancy B. White, Esquire, 150 South Monroe Street, Suite 400 Tallahassee, Florida 32399-0850.

On behalf of BellSouth Telecommunications, Inc.

R. Douglas Lackey, Esquire and Bennett L. Ross, Esquire, 675 W. Peachtree Street, Suite 4300, Atlanta, Georgia 30375.

On behalf of BellSouth Telecommunications, Inc.

T. Michael Twomey, Esquire, 365 Canal Street, Suite 1870, New Orleans, Louisiana 70180-1102.

On behalf of BellSouth Telecommunications, Inc.

Tracy Hatch, Esquire, 101 North Monroe Street, Suite 700 Tallahassee, Florida 32301-1549.

On behalf of AT&T Telecommunications of the Southern States, Inc.

Richard D. Melson, Esquire, 123 South Calhoun Street, Tallahassee, Florida 32301

On behalf of MCI Telecommunications, Inc. and MCI Metro Access Transmission Services, Inc.

David I. Adelman, Esquire, 999 Peachtree Street, N.E., Atlanta, Georgia 30309-3996.

On behalf of MCI Telecommunications, Inc.

Floyd R. Self, Esquire, 215 South Monroe Street, Suite 701, Tallahassee, Florida 32301-1876

On behalf of WorldCom, Inc./Metropolitan Fiber Systems of Florida, Inc.

Charles J. Pellegrini, Esquire, and Beth Keating, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Commission Staff

PREHEARING ORDER

I. CASE BACKGROUND

On December 31, 1996, the Commission issued Order No. PSC-97-1579-FOF-TP, In Docket Nos. 960833-TP and 960846-TP, its final order in the arbitration proceedings of AT&T Communications of the Southern States, Inc., (AT&T) and MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc., (MCI) with BellSouth Telecommunications, Inc., (BellSouth) under the Telecommunications Act of 1996 (the Act). On December 16, 1996, in Docket No. 960757-TP, the Commission issued Order No. PSC-96-1531-FOF-TP, its final order in the arbitration proceeding of MFS Communications Company, Inc., (MFS) with BellSouth under the Act.

In this proceeding, the Commission will set permanent rates for the network elements for which it set only interim rates in those arbitration orders.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Division of Records and Reporting confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUE NO.</u>
<u>DIRECT and REBUTTAL</u>		
A.J. Varner	BST	1
D. Daonne Caldwell and William P. Zarakas (PANEL)	BST	1
Eno Landry	BST	1
Walter S. Reid	BST	1
Daniel M. Baeza (Direct only)	BST	1
David Garfield (Direct only)	BST	1
Ellis E. Smith (Direct only)	BST	1
Dorissa C. Redmond (Rebuttal only)	BST	1
G. David Cunningham (Rebuttal only)	BST	1
Randall Billingsley (Rebuttal only)	BST	1
David Porter ¹	WorldCom/MFS	1.C., 1.D., 1.H., and 1.I.
John Klick (Direct only) and Rick Bissell (PANEL)	AT&T/MCI	1
John P. Lynott	AT&T	1
Wayne Ellison	AT&T	1
Lee L. Selwyn	AT&T/MCI	1
Bradford Cornell	AT&T/MCI	1
Michael J. Majoros, Jr.	AT&T/MCI	1

¹ Available only on 3rd day of hearing, January, 28, 1998

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUE NO.</u>
James W. Wells, Jr.	AT&T	1
Art Lerma	AT&T	1
Catherine E. Petzinger ²	AT&T	1
Joseph Gillan	AT&T	1
Don J. Wood	MCI/AT&T	1
Thomas Hyde	MCI/AT&T	1

² Available only on 2nd day of hearing, January 27, 1998.

V. BASIC POSITIONS

BST:

Following the passage of the Telecommunications Act of 1996 ("the Act"), BellSouth negotiated in good faith with a number of potential local service providers. Many of those negotiations were successfully concluded with the signing of interconnection agreements between the parties. As of October 30, 1997, BellSouth has signed approximately 240 interconnection and/or resale agreements with a variety of companies in BellSouth, with approximately 130 applicable to Florida. For AT&T, MCI, ACSI, MFS and Sprint, the negotiations resulted in petitions for arbitration. Specifically, the Commission arbitrated issues between BellSouth and these companies and issued orders.

In the arbitration proceedings, the Commission ordered prices for UNEs and interconnection to be based on BellSouth's Total Service Long Run Incremental Cost ("TSLRIC") studies. The Commission set permanent rates, with the exception of those functions for which BellSouth did not provide a TSLRIC study. In those instances, the Commission set interim rates based on either the Hatfield study results with modifications or BellSouth's tariff. The Commission found that TSLRIC is the "appropriate costing methodology" and ordered BellSouth to file TSLRIC cost studies for those rates for which interim rates were set. (December 31, 1996 Final Order on Arbitration for consolidated Docket Nos. 960833-TP (AT&T), 960846-TP (MCI) 960916-TP (ACSI), at page 33.)

On November 13, 1997, BellSouth filed TSLRIC studies, reflecting updated information, as well as TSLRIC plus shared and common costs, for the items listed under Issue No. 1. Additionally, BellSouth filed the residual recovery requirement ("RRR") for issues 1(g), 1(h), and 1(I); and the non-recurring costs associated with operational support systems ("OSS") recovery. BellSouth has proposed prices for the unbundled network elements listed in Issue 1 based on these costs. BellSouth believes its proposal for pricing the various unbundled elements is consistent with the Act, with Florida Statutes, and with previous decisions by the Commission.

While BellSouth filed costs studies for the non-recurring portion of the combinations listed under Tentative Issue No. 2 in response to the Commission's March 19, 1997 Final Order on Motions for Reconsideration, requiring BellSouth to provide non-recurring charges that did not include duplicate charges or charges for functions or activities that AT&T and MCI do not need when two or more network elements are combined in a single order, on December 2, 1997, this Commission voted to remove that Issue from this proceeding.

AT&T:

In this proceeding the Commission will set permanent recurring and non-recurring 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 non-recurring rates for physical and virtual collocation should be set in accordance with the Collocation Cost Model sponsored by AT&T and MCI;

- (2) Non-recurring 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.

MCI:

The purpose of this proceeding is to set permanent recurring and non-recurring rates for a number of unbundled network elements for which the Commission set only interim rates in prior arbitrations. The rates established in this proceeding must comply with the cost standards contained in Section 252(d)(1) of the Telecommunications Act of 1996. This cost standard requires that rates be set on a forward-looking basis and that rates be geographically deaveraged. The cost studies submitted by BellSouth in this proceeding overstate the forward looking costs of the elements covered by those studies, include backward-looking (embedded costs) that cannot properly be recovered through UNE rates, and fail to geographically deaverage the rates for the loop elements.

The rates for the various elements should be established as follows:

- (1) the recurring and non-recurring rates for physical and virtual collocation should be set in accordance with the Collocation Cost Model sponsored by MCI and AT&T;
- (2) the non-recurring 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 MCI and AT&T; and
- (3) the recurring rates for other network elements should be set taking into account the changes and adjustments to BellSouth's cost studies proposed by MCI's and AT&T's witnesses in these proceedings and, in the case of loops, should be geographically deaveraged on a wire center basis.

WORLDCOM/MFS:

Recurring and non-recurring prices set in this proceeding should be set as TSLRIC cost. BellSouth's attempt to include shared and common costs and its new residual recovery requirements should be rejected as they violate the directive in the Commission's prior orders for price setting. An evaluation of BellSouth's non-recurring cost study reveals unnecessary services and other excessive work functions and time frames that grossly inflate the results of their study and which should, therefore, be rejected. Finally, BellSouth's efforts to introduce prices for OSS and vertical features should be rejected as they are outside the scope of this proceeding and prior Commission decisions.

STAFF:

None pending discovery. Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VI. ISSUES AND POSITIONS

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 (Non-recurring only);
- (g) 4-wire analog port;
- (h) 2-wire ADSL-compatible loop; and
- (i) 2-wire/4-wire HDSL-compatible loop?

POSITION:

BST: BellSouth proposes that prices that cover total cost be set for these elements. BellSouth submits the following permanent recurring and non-recurring rates:

	<u>Monthly Rate</u>	<u>Non-recurring Rate</u>
(a) Network Interface Device (NID)	\$ 1.44	\$46.93/first \$14.55/each addt'l
(b) 2-Wire/4-Wire loop distribution	\$12.57/2-wire \$16.90/4-wire	\$438.03/first/2-wire \$496.27/first/4-wire
(c) Virtual collocation	For complete rates, see Revised AJV-1	
(d) Physical collocation	For complete rates, see Revised AJV-1	
(e) Directory Assistance	\$ 46.62/DS-1 \$106.84/DS-1 facility termination	For complete rates, see Revised AJV-1
(f) Dedicated transport		\$261.22/first \$206.46 each addt'l
(g) 4-Wire analog port	For complete rates, see Revised AJV-1	
(h) 2-Wire ADSL Compatible loop	\$23.28	\$661.10/first \$532.71/each addt'l
(i) 2-Wire HDSL Compatible loop	\$17.73	\$661.10/first \$532.71/each addt'l
4-Wire HDSL Compatible loop	\$27.06	\$687.09/first \$559.32/each addt'l

AT&T: 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.

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

WORLDCom/MFS:

ISSUE 1.A.: Not at issue for WorldCom/MFS.

ISSUE 1.B.: Not at issue for WorldCom/MFS.

ISSUE 1.C.: Adopt MCI and AT&T's positions.

ISSUE 1.D.: The Commission should approve the rates on Exhibit DNP-2. BellSouth's proposed rates should be rejected because they include costs for "Business Marketing" and other unnecessary functions as well as unrealistically inflated services and tasks that unfairly attempt to shift sunk labor costs to competitors.

ISSUE 1.E.: Not at issue for WorldCom/MFS.

ISSUE 1.F.: Not at issue for WorldCom/MFS.

ISSUE 1.G.: Not at issue for WorldCom/MFS.

ISSUE 1.H.: The TSLRIC-based recurring charge should be no more than \$16.32, and the non-recurring charges, should be \$19.50 for the first loop and \$10.87 for each additional loop. BellSouth's attempt to include shared and common costs and a residual recovery charge in the recurring charge are inappropriate. BellSouth's proposed non-recurring charges in excess of \$600.00 are grossly excessive as they include unnecessary and inflated work functions and times.

ISSUE 1.I.: The TSLRIC-based recurring charge for 2-wire HDSL should be no more than \$11.52 and the recurring charge for 4-wire HDSL should be no more than \$7.86. The non-recurring charges for HDSL loops should be \$19.50 for the first loop and \$10.87 for each additional loop. BellSouth's attempt to include shared and common costs and a residual recovery charge in the recurring charge are inappropriate. BellSouth's proposed non-recurring charges in excess of \$600.00 grossly excessive as they include unnecessary and inflated work functions and times.

STAFF: Staff has no position at this time.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
A.J. Varner	BST	AJV-1	Florida Rate and Cost Analysis
		AJV-2	Florida Rate and Cost Analysis Unbundled Network Elements Ordered at the Same Time
Eno Landry	BST	EL-1	View of End User with BellSouth Service
D. Daonne Caldwell and William P. Zarakas	BST	P-1	Cost Studies (Proprietary)
		P-2	Description of Unbundled Network Elements
		P-3	Florida TSLRIC plus Shared and Common Cost-Nonrecurring
		P-4	BellSouth TELRIC Calculator
		P-5	Florida Operational Support Systems
		P-6	BellSouth Cost Study Process - TSLRIC/TELRIC Calculation
Walter S. Reid	BST	WSR-1	BellSouth's Methodology for Computing Common Cost Factor
		WSR-2	Typical Shared and Common Costs

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Walter S. Reid cont.	BST	WSR-3	Shared Costs Factors
		WSR-4	Wholesale Common Cost Factor Calculation
		WSR-5	Work Force Group Factors
		WSR-6	Shared Cost Comparison
Daniel M. Baeza	BST	DMB-1	Feeder Utilization
		DMB-2	Utilization
Dorissa C. Redmond	BST	DCR-1	R.S. Means Building Construction Cost Data
		DCR-2	Actual General Contractor Cost Estimates
		DCR-3	Property Management Collocation HVAC Guidelines
G. David Cunningham	BST	GDC-1	Economic Lives
		GDC-2	1995 and 1996 BellSouth Depreciation Studies
		GDC-3	Comparison of Projection Lives
		GDC-4	Projection Lives
Randall Billingsley	BST	RSB-1	Regulatory and Economic Standards Used in Cost of Capital Analysis
		RSB-2	Nature and applicability of the Discounted Cash Flow Model in Cost of Equity Capital Analysis for Regulatory Proceedings

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Randall Billingsley cont.	BST	RSB-3	DCF and CAPM DATA for Comparable Firm Group
		RSB-4	Comparable Firm Identification Criteria and Methodology
		RSB-5	Capital Asset Pricing Model Analysis of the Cost of Equity Capital
		RSB-6	Calculation of U.S. Treasury Bond Futures Implied Interest Rate
		RSB-7	Market Risk Premium Approach to Estimating the Cost of Equity Capital
		RSB-8	Expected Market Risk Premium
		RSB-9	Aaa vs. Treasury Bond Yields
		RSB-10	Capital Structure
		RSB-11	Billingsley Vita
John C. Klick	AT&T	<u>DIRECT</u> JCK-1	Collocation Cost Model Description and Users' Guide
		JCK-2	Virtual Collocation Summary
		JCK-3	Physical Collocation Summary

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
John P. Lynott	AT&T	<u>DIRECT</u> 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
		<u>REBUTTAL</u> JPL-1	Available Operational Support Systems
		JPL-2	BellSouth NRC Inputs
		JPL-3	Adjusted NRC Inputs
Rick Bissell	AT&T	<u>DIRECT</u> RB-1	Composite - Collocation White Paper Part I-Physical Collocation Part II-Virtual Collocation
		<u>REBUTTAL</u> RB-1	Summary of Revisions to BellSouth Collocation Studies
Lee L. Selwyn	AT&T	<u>DIRECT</u> LLS-1	Statement of Qualifications
		LLS-2	Regulatory Treatment of ILEC Support Systems Costs, September 1997
Bradford Cornell	AT&T	<u>DIRECT</u> BC-1	Resume
		BC-2	Telephone Holding Companies
		BC-3	BellSouth Bond Yields

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Bradford Cornell cont.	AT&T	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
		<u>REBUTTAL</u> BC-1	Comparison of Earnings Growth Forecasts for Telephone Holding Companies and Wireless Companies
Michael J. Majoros, Jr.	AT&T	<u>DIRECT</u> MJM-1	<u>Attachment 1:</u> Appearances Before Regulatory Agencies Related to Depreciation <u>Attachment 2:</u> Participation as Negotiator in FCC Depreciation Rate RePrescription Conferences

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Michael J. Majoros, Jr. cont.	AT&T	<u>Direct</u> MJM-1	<p><u>Attachment 3:</u> Resume</p> <p><u>Attachment 4:</u> Depreciation Reserve Percent - All LECS; All LEC's Plant Related Rates</p> <p><u>Attachment 5:</u> BellSouth Telephone Plant Related Rates</p> <p><u>Attachment 6:</u> Comparison of Prescribed Life and Most Recent Life Indications</p> <p>Comparison of Digital Switching Survivor Curves / BellSouth - Florida</p> <p>Comparison of Digital Circuit Survivor Curves / BellSouth - Florida</p> <p>Comparison of Aerial Cable - Metallic Survivor Curves / BellSouth - Florida</p> <p>Comparison of Underground Cable - Metallic Survivor Curves / BellSouth - Florida</p> <p>Comparison of Buried Cable - Metallic Survivor Curves / BellSouth - Florida</p>

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Michael J. Majoros, Jr. cont.	AT&T	<u>Direct</u> MJM-1	<u>Attachment 7:</u> Projection Life Comparison / Future Net Salvage Comparison
		<u>Rebuttal</u> MJM-1	<u>Attachment 1:</u> Projection Life Comparison <u>Attachment 2:</u> BellSouth Response to AT&T Interrogatories (2nd)
Wayne Ellison	AT&T	<u>Direct</u> WE-1	AT&T Price Proposal
		<u>Rebuttal</u> WE-1	Revised AT&T Price Proposal
		WE-2	Adjustments to BSE Studies
James W. Wells, Jr	AT&T	<u>Rebuttal</u> JWW-1	Distribution Cable Utilization
		JWW-2	Drop Calculations
		JWW-3	Comparison of Cooper Cable Pair Costs Per Foot
Art Lerma	AT&T	<u>Rebuttal</u> ALR-1	Revised Expense Development Factors
		ALR-2	Alternative Attribution Basis
		ALR-3	Local Carrier Service Center
		ALR-4	Revised Common Cost Factor

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NUMBER</u>	<u>DESCRIPTION</u>
Art Lerma cont.	AT&T	<u>Rebuttal</u> 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)
Don J. Wood (joint with AT&T)	MCI	DJW-1	Resume
		DJW-2	Florida Loop Cost Deaveraging Factors
David Porter	WorldCom/ MFS	<u>Direct</u> DNP-1	Proposed Efficient ILEC changes to convert ADSL & HDSL Loops
		DNP-2	Interim Rates for Physical Collocation
		DNP-3	BellSouth Birmingham ADSL Service

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

There are no stipulations at this time.

IX. PENDING MOTIONS

The Joint Motion to Strike Portions of Testimony and Exhibits of WorldCom/MFS, AT&T, and MCI, as well as the Commission Staff's Motion to Compel Discovery, will be considered at a Special Prehearing, which has been noticed for January 20, 1998, at 3:00 p.m. If the Special Prehearing cannot be convened as noticed, the motions will be decided on the pleadings.

X. RULINGS

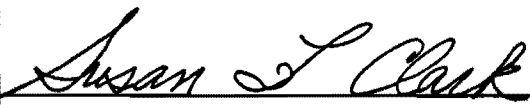
1. BellSouth's Motion for Leave to File Revised Testimony and Exhibits is granted subject to submission as an attachment to the Motion the transcript of the portion of the hearings held in Tennessee the week of November 16, 1997, in which the problem was discovered that led to the need to revise testimony and exhibits.
2. Intermedia's Motion for Reconsideration or in the Alternative Request for Clarification is denied. In its Motion, Intermedia fails to identify fact or law that was overlooked or not considered in Order No. PSC-98-0008-PCO-TP, Order Denying Intervention (Order). As stated in the Order, the decisions to be made in this phase of these arbitration proceedings, just as the decisions made in the first phases, will become part of the ultimate interconnection agreements between the parties to the initial negotiations and will be binding only upon them. These decisions will not bind Intermedia. The presence of Intermedia, who was not a party to those negotiations and who will not be a party to the ultimate agreements, is at odds with the Telecommunications Act of 1996 (Act). The pertinent provisions of the Act, which require this conclusion, are fully explored in the order.

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It is therefore,

ORDERED by Commissioner Susan F. Clark, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Susan F. Clark, as Prehearing Officer, this 22nd day of January, 1998.



Susan F. Clark, Commissioner
and Prehearing Officer

(S E A L)

CJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for

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reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review

of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.