

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of ) DOCKET NO. 920260-TL  
the revenue requirements and ) ORDER NO. PSC-95-0895-PHO-TL  
rate stabilization plan of ) ISSUED: July 24, 1995  
SOUTHERN BELL TELEPHONE AND )  
TELEGRAPH COMPANY. )  
\_\_\_\_\_)

Pursuant to Notice, a Prehearing Conference was held on July 17, 1995, in Tallahassee, Florida, before Chairman Susan F. Clark, as Prehearing Officer.

APPEARANCES:

Robert G. Beatty, Esquire, J. Phillip Carver, Esquire, c/o Nancy H. Sims, Suite 400, 150 South Monroe Street, Tallahassee, Florida 32301 and R. Douglas Lackey, Esquire, Nancy B. White, Esquire, 4300 - 675 W. Peachtree, St., NE, Atlanta, Georgia 30375  
On behalf of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company.

Michael W. Tye, Esquire, AT&T Communications of the Southern States, Inc., 106 East College Avenue, Suite 1410, Tallahassee, Florida 32301  
On behalf of AT&T Communications of the Southern States, Inc..

Mark Richard, Esquire, Cindy B. Hallock, Esquire, 304 Palmero Avenue, Coral Gables, Florida 33134  
On behalf of Communication Workers of America, Locals 3121, 3122, 3107.

Benjamin H. Dickens, Esquire, Blooston, Mordkofsky, Jackson & Dickens, 2120 L. Street, N.W., Suite 300, Washington, DC 20037-1527  
On behalf of Florida Ad Hoc Telecommunications Users Committee.

Laura L. Wilson, Regulatory Counsel, Florida Cable Telecommunications Association, Inc., 310 N. Monroe Street, Tallahassee, Florida 32301  
On behalf of Florida Cable Telecommunications Association, Inc.

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FPSC-RECORDS/REPORTING

Vicki Gordon Kaufman, Esquire, McWhirter, Reeves,  
McGlothlin, Davidson, Rief & Bakas, 117 S. Gadsden  
Street, Tallahassee, Florida 32301  
On behalf of Florida Interexchange Carriers Association.

C. Everett Boyd, Jr., Esquire, Ervin, Varn, Jacobs, Odom  
& Ervin, Post Office Drawer 1170, Tallahassee, Florida  
32302  
On behalf of Florida Mobile Communication Association,  
Inc. and Sprint Communications Company Limited  
Partnership.

Richard D. Melson, Esquire, Post Office Box 6526, 123  
South Calhoun Street, Tallahassee, Florida 32314 and  
Michael J. Henry, Esquire, MCI Telecommunications  
Corporation, Suite 700, 780 Johnson Ferry Road, Atlanta,  
Georgia 30346  
On behalf of MCI Telecommunications Corporation.

Floyd R. Self, Esquire, Norman H. Horton, Jr., Esquire,  
Messer, Vickers, Caparello, Madsen, Goldman & Metz, P.A.,  
Post Office Box 1876, Tallahassee, Florida 32302-1876  
On behalf of McCaw Communications of Florida, Inc.

Jack Shreve, Public Council, Charles J. Beck, Deputy  
Public Counsel, Office of the Public Counsel, c/o The  
Florida Legislature, 111 Est Madison Street, Room 812,  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

Robert V. Elias, Esquire, Donna L. Canzano, Esquire,  
Tracy W. Hatch, Esquire, Florida Public Service  
Commission, Gerald L. Gunter Building, 2540 Shumard Oak  
Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

This docket was initiated by Order No. 25552 to conduct a full revenue requirements analysis and to evaluate the Rate Stabilization Plan under which BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) had been operating since 1988. By Order No. PSC-94-0172-FOF-TL the Commission approved a Stipulation and Agreement Between OPC and Southern Bell and an Implementation Agreement for Portions of the Unspecified Rate Reductions in Stipulation and Agreement Between OPC and Southern Bell (hereinafter collectively the Settlement). The terms of the Settlement require, among other things, that rate reductions be made to certain of Southern Bell's services. Some of the reductions specified particular services. Other scheduled reductions were unspecified, and interested persons are permitted to submit their own proposals for disposition of the monies. Among the unspecified rate reductions required by the agreement is a \$25 million annual reduction to be effective October 1, 1995.

On May 15, 1995, Southern Bell filed a tariff proposal to introduce Extended Calling Service (ECS) to satisfy the unspecified \$25 million revenue reduction scheduled for October 1, 1995. Three local chapters of the Communications Workers of America (CWA), and McCaw Communications, Inc., also submitted proposals. CWA proposes to reduce each of the following rates by \$5 million annually:

1. Basic "lifeline" senior citizens telephone service;
2. Basic residential telephone service;
3. Basic telephone service to any organization that is non-profit with 501(c) tax exempt status;
4. Basic telephone service of any public school, community college and state university; and
5. Basic telephone service of any qualified disabled ratepayer.

McCaw proposes that a portion of the \$25 million be used, if necessary, to implement the decisions to be rendered in Docket Number 940235-TL.

By Order No. PSC-95-0852-FOF-TL the Commission suspended Southern Bell's tariff filing, pending a hearing on the matter. The hearing in this matter is scheduled for July 31, 1995.

## 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 Commission Clerk's 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 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>Issues #</u>
<u>Direct</u>		
Joseph Stanley	Southern Bell	All Issues
William I. Knowles, Jr.	CWA	
*Kurt C. Maass	McCaw	1 and 3
Mike Guedel	AT&T	
Douglas S. Metcalf	Ad Hoc	
Joseph P. Gillan	FIXCA	All Issues
Tony Key	Sprint	All Issues

- May be called out of order to accommodate travel schedule, if necessary. No parties objected.

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Rebuttal</u>		
Joseph Stanley	Southern Bell	All Issues
Jerry Hendrix	Southern Bell	1 and 2

V. BASIC POSITIONS

SOUTHERN BELL: The Settlement reached in the above captioned matter and approved by the Commission in Order No. PSC-94-0172-707-TL, dated February 11, 1994, provided for a \$25 million rate reduction, which was not specifically allocated, to be implemented in 1995. Southern Bell has proposed to provide for the \$25 million rate reduction through the establishment of Extended Calling Service ("ECS"). ECS will provide expanded area calling to certain exchanges on a seven-digit dialing basis for \$.25 per message for residential customers and a per minute charge for business customers. The ECS filing is Southern Bell's response to the desires of its Florida customers for expanded local calling. The proposal of Southern Bell for ECS more than satisfies the requirement for the 1995 unspecified rate reductions. It is a proposal that is in the best interest of and benefits the greatest number of ratepayers in Florida. For these reasons, Southern Bell's ECS proposal should be adopted by this Commission.

AT&T: AT&T's basic position in this proceeding is that Southern Bell's and CWA's proposals for disposition of the remaining \$25 million in revenues designated for 1996 rate reductions should be rejected. Southern Bell's proposal is anticompetitive, would violate the Commission's long-standing access imputation guidelines, and could also violate the recent revisions to Chapter 364, Florida Statutes. CWA's proposal merely reduces rates for services that are already reasonably priced. AT&T submits that the \$25 million designated for rate reductions should be used to reduce cellular interconnection charges and PBX trunk rates.

CWA: CWA believes its \$25 million refund proposal should be adopted.

DOD/FEA: The Commission should use this opportunity to price telecommunications services to encourage the development of fair competition for all intrastate telecommunications services in Florida. The proposals by Southern Bell Telephone and Telegraph Co. ("SBT"), McCaw Communications, and the Communications Workers of America may actually impede the development of competition in the state. However, the Commission has a good opportunity to address an important defect in SBT's rate structure that now inhibits the development of competition for services provided to businesses customers. Private Branch Exchange ("PBX") and ESSX services compete directly with each other. SBT provides some of the elements of PBX service, including PBX trunks and direct inward dialing ("DID"), while SBT provides all of the elements of ESSX service. By maintaining unreasonably high rates for PBX trunks and DID service, SBT tilts the competitive balance in its own favor. The FEAs urge the Commission to help address this infirmity by applying the \$25 million to a reduction in the rates for PBX trunks and DID service.

AD HOC: The legislation recently passed in Florida requires future Commissions to promote competition more actively within the state. Thus, the PSC must use available opportunities to rectify current competitive telecommunications service prices in a manner which encourages the development of an active and aggressive telecommunications market. A threshold requirement for such pricing is the consistent application of costing and pricing methodologies for the Southern Bell (SBT) provided elements of competing services, and relatively equal contribution levels for similar services.

Private branch exchange (PBX) with direct inward dial (DID) is, to users, functionally similar to SBT's ESSX service. But past differences in the methodologies used to cost and price PBX have rendered it unable to compete effectively. Repricing PBX and DID to a level which appropriately reflects its costs would allow a competitive market to develop. Large system and



CPE producers could then reenter this market with new and better technology which would ultimately provide new options for all users.

**FCTA:**

The Commission should reject Southern Bell's proposal concerning the \$25 million set for disposition in this proceeding. The plan will frustrate rather than promote competition. The Commission should similarly reject the proposal of Communications Workers of America as the proposal will create distortions in the marketplace and results that are contrary to the revised Chapter 364, Florida Statutes. The Commission should also not limit itself to the proposal of McCaw Communications of Florida. The Commission should instead adopt a solution that promotes competition and fosters the consumer benefits that full competition brings.

**FIXCA:**

It has been, and should continue to be, the policy of this Commission to expand competition in the state, not to close markets that are currently open to competition. This is especially true in light of the recently enacted telecommunications legislation, which has as its primary objective the expansion of competition in all areas of the telecommunications industry.

Southern Bell's proposed ECS service is an anticompetitive service which fails to meet the requirements of the new telecommunications law. Therefore, it cannot be approved in its as proposed by Southern Bell. If the Commission decides to approve the ECS proposal, it must ensure that the service covers costs pursuant to the new statute's imputation requirements, it must provide for the wholesale resale of ECS-like services and it must provide for an interconnection rate for IXCs. Only then will such a service meet the new statutory requirements and foster the legislature's and the Commission's pro-competitive policies.

**FMCA:**

FMCA is opposed to Southern Bell's proposal to implement ECS plans. Some portion of the \$25 million rate reduction should be utilized, if necessary, to implement the decisions made by the Commission in Docket No. 920235-TL relating to mobile carrier interconnection.

**MCI:**

The Commission should reject Southern Bell's proposed ECS plan. That plan is anticompetitive and violates the provisions of Chapter 364 that will be applicable on January 1, 1996 to local exchange companies that elect price regulation. As proposed, the plan would result in the offering of a non-basic service below its direct and imputed cost and would effectively remonopolize a significant portion of the intraLATA market. The Commission should instead devise a plan to dispose of the \$25 million in a manner that enhances competition. Specifically, the Commission should use the funds to reduce the existing non-cost-based price differences between PBX trunks/DID service and ESSX service in order to remove artificial barriers to full competition in this segment of the business market.

**MCCAW:**

McCaw's proposal to implement the decision in Docket No. 940235-TL should be approved and the proposals of Southern Bell and CWA should be rejected.

**SPRINT:**

Sprint opposes Southern Bell's ("SBT") proposal to implement Extended Calling Service ("ECS") pursuant to its tariff filed on May 15, 1995. The rate levels proposed for this plan do not satisfy current access imputation requirements using current SBT Florida intrastate access charges. Further, there is no demonstrated community of interest between the extended local calling areas. These plans merely convert competitive intraLATA toll calling to monopoly local service in advance of 1+ intraLATA competition being implemented in Florida and should be rejected by the Commission.

The CWA's proposal to reduce basic telephone service is flawed because it seeks to reduce rates for services that are already being provided below cost. Further reductions in rates for these services would place greater pressure on other SBT services to subsidize these low rate levels.

The Commission should encourage competition by preserving the classification of these routes as toll and establishing a process whereby all

carriers can compete for short-haul traffic. Thus, imputation of two ends of switched access should be required.

**OPC:** The Commission should use the upcoming rate reduction for expanded local calling.

**STAFF:** None pending discovery and the evidence presented at hearing.

#### VI. ISSUES AND POSITIONS

**ISSUE 1:** Which of the following proposals to dispose of \$25 million for Southern Bell should be approved?

- a) SBT's proposal to implement the Extended Calling Service (ECS) plan pursuant to the tariff filed on May 15, 1995. (T-95-304)
- b) CWA's proposal to reduce each of the following by \$5 million:
  1. Basic "lifeline" senior citizens telephone service;
  2. Basic residential telephone service;
  3. Basic telephone service to any organization that is non-profit with 501(c) tax exempt status;
  4. Basic telephone service of any public school, community college and state university;
  5. Basic telephone service of any qualified disabled ratepayer;
- c) McCaw's and FMCA's proposal that a portion be used, if necessary, to implement the decisions rendered in DN 940235-TL.
- d) Any other plan deemed appropriate by the Commission.

**SOUTHERN BELL:** 1(a) Southern Bell's proposal to implement Extended Calling Service pursuant to the tariff filed on May 15, 1995, should be approved.

1(b) CWA's proposal should not be approved because it is redundant and conveys only a small benefit to a select few special interest groups.

1(c) The proposal of McCaw and FIXCA should not be approved because it is speculative, dependent upon a decision not yet made by this Commission and benefits only a small number of consumers.

1(d) There are no additional plans under consideration.

**AT&T:**

The Commission should reject Southern Bell's proposal. The proposal represents an attempt by Southern Bell to "remonopolize" a market that this Commission has previously deemed to be competitive.

The Commission should reject CWA's proposal. This proposal includes reductions in the prices of services that are already affordably priced today. In fact, local residential service is currently priced below the cost that Southern Bell incurs in providing the service.

The Commission should consider using some of the available revenues to reduce the charges associated with cellular interconnection.

The Commission should use all remaining available revenues to foster competition as envisioned by the recent legislation. To this end, the Commission should reduce or eliminate the charges associated with Direct Inward Dialing (DID) when purchased by a customer selecting a PBX alternative, or it should reduce the prices for PBX trunks.

**CWA:**

1(a) No

1(b) Yes

1(c) No

1(d) No

**DOD/FEA:**

1(a) The Commission should reject Southern Bell's proposal. The proposal represents an attempt by Southern Bell to "remonopolize" a market that this Commission has previously deemed to be competitive.

- 1(b) The Commission should reject CWA's proposal since it lowers rates which are already close to or below costs and apply only to limited classes of customers.
- 1(c) The Commission should reject McCaw's proposal as being speculative and properly resolved in another docket.
- 1(d) The Commission should adopt the alternative recommended in the Basic Position of the DOD/FEA, applying the \$25 million to reprice PBX trunks and DID services toward costs.

AD HOC:

- 1(a) SBT's ECS proposal will discourage the expansion of competition by, in effect, remonopolizing the southeast LATA, something which appears contrary to the PSC's intent with their presubscription Order in Docket 930330-TP. ECS as proposed would effectively foreclose that market to further competition by the IXCs. The Legislature clearly wanted to create a competitive telecommunications market for local and toll service within Florida on the assumption that competition would bring more and better services and lower prices to its citizens and business users.
- 1(b) CWA's proposal will lower rates for certain groups of subscribers, but does not enhance competition for any services or markets and provides few benefits to the majority of users in Florida.
- 1(c) McCaw's proposal is speculative and should not be resolved in this docket.
- 1(d) A Commission alternative is the only option.

Ad Hoc submits that increased competition and customer choice can better be achieved by using the available revenues to review those tariffed elements and rates for which there is competition, but which are the most overpriced using, as a benchmark, the relative contribution of various competitive services provided by Southern Bell.

Using this revenue to reprice PBX and DID services toward cost, and to establish a level of contribution similar to ESSX service would serve to reopen a product and service market which has been stifled by inconsistent pricing decisions. Business services should be consistently costed (including contribution) and priced as discussed in Ad Hoc's testimony.

**FCTA:**

1(a) No

1(b) No

1(c) If adopted, the Commission should not limit itself to this proposal.

1(d) Yes, including actions to promote rapid competition so that consumers can immediately realize the benefits of competition and choice.

**FIXCA:**

The Commission must reject Southern Bell's proposal as submitted because it fails to pass the imputation requirements of the new statute and because it would remonopolize a significant portion of the intraLATA toll market in the Southeast LATA in direct contravention of the intent of the new telecommunications legislation. If the Commission approves Southern Bell's proposal, it must ensure that the service covers costs, that Southern Bell provides an interconnection rate for IXCs and that a wholesale ECS-like service is available for resale. (Gillan)

**FMCA:**

The McCaw-FMCA proposal should be approved, as the Commission's decision in Docket No. 940235-TL will implement important policy decisions governing mobile carrier wireless interconnection. The Southern Bell proposal should be denied as anti-competitive. The CWA proposals should be denied. FMCA takes no position on any other proposals except that the amounts available should be after the McCaw-FMCA proposal is funded.

**MCI:**

The Commission should reject the Southern Bell and CWA proposals and should dispose of the funds in a way that will encourage competition in the telecommunications markets. MCI takes no position

on the McCaw/FMCA proposal, which would not dispose of the entire \$25 million at issue in any event. Southern Bell's proposal should be rejected as anticompetitive because: (i) it results in the offering of a non-basic service at a price which does not cover the direct and imputed costs of providing the service in violation of the new price regulation provisions of section 364.051(6)(c), and (ii) it would effectively remonopolize a substantial portion of the intraLATA toll market which the Commission's recent 1+ order intended to make more competitive. CWA's proposal should be rejected because it proposes reductions in rates which are generally believed already to be priced below cost. The Commission should fashion a plan which reduces the non-cost based disparity between PBX trunk/DID rates and ESSX rates in order to remove an artificial barrier to competition in this segment of the business telecommunications market.

**MCCAW:**

- 1(a) Southern Bell's proposal should be rejected as it would give Southern Bell an unfair competitive advantage in the intraLATA toll market.
- 1(b) CWA's proposal should be rejected given the present price levels of the targeted services and the availability of lifeline in Florida.
- 1(c) McCaw's proposal to implement the decisions in Docket No. 940235-TL should be approved. If there is any possibility that the new telecommunications law would operate to defeat implementation of the policies rendered in Docket No. 940235-TL, then it is appropriate to implement such policies in this docket.
- 1(d) After implementing the Docket No. 940235-TL decision, any remaining funds should be used to reduce monopoly services where the rate levels are greatly in excess of cost or those services where there are competitive inequalities between classes of customers, for example as between Southern Bell retail and wholesale services.

- SPRINT:**
- 1(a) Sprint is opposed to SBT's proposal because it does not appear to be based on true community of interest factors. Further, the impact of this plan is clearly to remonopolize the intraLATA toll market in the face of 1+ intraLATA toll competition being implemented.
  - 1(b) Generally it is not good public policy to reduce rates for services that are already being provided below cost. Providing service below cost requires some other service to subsidize the below cost service. This creates distortions in the marketplace that are very difficult to correct.
  - 1(c) Sprint takes no position on this issue at this time.
  - 1(d) Sprint urges the Commission to adopt a pro-competitive position that would allow all carriers to compete for toll traffic in the intraLATA market. The local calling area should not be expanded without sufficient data indicating community of interest that would justify the implementation of extended calling plans.

**OPC:** The Commission should use the upcoming rate reduction for expanded local calling. Southern Bell's proposal generally presents the best use of the rate reduction.

**STAFF:** No position at this time.

**ISSUE 2:** If the Southern Bell proposal is approved, should the Commission allow competition on the Extended Service Calling routes? If so, what additional actions, if any, should the Commission take?

**SOUTHERN BELL:** Competition should be allowed on the ECS routes as contemplated by the Stipulation and Agreement between BellSouth Telecommunications and FIXCA, dated March 31, 1994. No additional actions need be taken.



- AT&T:** If the Southern Bell Proposal is approved, the Commission should not only allow competition on all routes, it should take all necessary actions to ensure that full and fair competition is given an opportunity to develop. For example, the Commission should require that the rates charged for ECS meet the pricing guidelines, including imputation requirements, contained in the recent legislation.
- CWA:** No position at this time.
- DOD/FEA:** If Southern Bell's proposal is approved, the Commission should allow and encourage full and open competition on all toll routes within Florida.
- AD HOC:** The Commission should allow full competition on all toll routes within Florida.
- FCTA:** The Commission must permit competition on the Extended Service Calling routes pursuant to the new law.
- FIXCA:** Yes. If the Commission approves the Southern Bell ECS plan, it must ensure that competition continues on these routes. The Commission must take action to ensure, as the new statute requires, that ECS cover costs, that there be an interconnection rate for IXCs, and that a wholesale ECS-like service be available for resale. (Gillan)
- FMCA:** FMCA takes no position on Issue 2 at this time.
- MCI:** Yes, the Commission should allow competition on the ECS routes in the event the Southern Bell proposal is approved. In addition, to prevent the proposal from having an anticompetitive effect, and to comply with the new provisions of Chapter 364, the Commission should (1) leave the 1+ dialing pattern in effect on these routes; (2) ensure that the price for ECS covers its direct and imputed costs under section 364.051(6)(b); (3) allow the resale of ECS at a price which represents an appropriate discount from the retail price of the service under section 364.162(5); and (4) establish an appropriate interconnection rate to apply to the origination and termination of ECS-like traffic.

**MCCAW:** Yes, competition should be allowed on the ECS routes subject to the conditions identified by the IXCs.

**SPRINT:** The current Southern Bell plan forecloses competition on the routes in question. The proposal mandates that these services be dialed on a 7 or 10-digit basis like a local call. Further, the services will be mandatory in nature. Therefore, IXCs will not be able to compete for this traffic even with 1+ intraLATA presubscription.

To allow competition on these routes, they must be preserved as toll routes. SBT must impute two ends of switched access in the rates for the service. If the Commission wishes to develop very low rates for these routes, a system should be developed to offer reduced access for IXCs.

**OPC:** Competition should be allowed on the extended calling service routes.

**STAFF:** No position at this time.

**ISSUE 3:** When should tariffs be filed and what should be the effective date?

**SOUTHERN BELL:** Tariffs were filed with the Commission on May 15, 1995 to implement ECS in October, 1995.

**AT&T:** AT&T takes no position on this issue at this time.

**CWA:** No position at this time.

**DOD/FEA:** The Tariffs should be filed as soon as possible after the Commission's decision and should be effective October 1, 1995.

**AD HOC:** The changes should become effective as soon as possible.

**FCTA:** No position.

**FIXCA:** Tariffs should be filed as soon as possible. However, if the Commission decides to proceed with ECS, development and implementation of the policies

required to make ECS lawful and competitive will probably extend beyond the October 1, 1995 revenue reduction date. Therefore, until such time as those policies are in place, the Commission should use the interim refund mechanism outlined in the stipulation. (Gillan)

**FMCA:** The tariffs should be filed within 15 days of the Commission's ruling and effective October 1, 1995.

**MCI:** Tariffs should be filed as soon as practicable after the Commission's decision in this docket and should become effective on October 1, 1995. If that effective date cannot be met, Southern Bell should make the appropriate refund in compliance with Paragraph 10 of the Stipulation incorporated in Order No. PSC-94-0172-FOF-TL.

**MCCAW:** The tariffs should be filed no later than two weeks after the Agenda Conference decision to be effective October 1, 1995.

**SPRINT:** Sprint takes no position on this issue at this time.

**OPC:** Tariffs should be effective October 1, 1995.

**STAFF:** No position at this time.

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Joseph Stanley	Southern Bell	_____ (JAS-1)	ECS Tariff Filing
		_____ (JAS-2)	Stipulation and Agreement Between BellSouth Telecommunications and FIXCA
		_____ (JAS-3)	Residence Calls Cheaper with IXC Toll

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Joseph Stanley	Southern Bell	_____ (JAS-4)	Tariff of MFS Intelenet of Georgia, Inc.
William I. Knowles	CWA	_____ (WIK-1)	Documents pro- duced in dis- covery in this proceeding.
Mike Guedel	AT&T	_____ (MG-1)	Loop Comparisons

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

VIII. PROPOSED STIPULATIONS

None.

IX. PENDING MOTIONS

The only pending motion at this time is Southern Bell's Motion to Dismiss the Proposal for Implementation of \$25 million Reduction by Locals 3121, 3122, 3107 Communications Workers of America, AFL-CIO, filed July 12, 1995. This motion will be addressed at the beginning of the hearing to allow parties time to respond to the motion.

X. RULINGS

Southern Bell settled its Motion to Strike Portions of the Prehearing Statement filed by the Communications Workers of America, filed on July 7, 1995 and its Motion for Protective Order, filed on July 7, 1995.

McCaw withdrew its Motion to Compel Discovery Answers and Sanctions from Southern Bell, filed July 5, 1995.

FIXCA's Request for Leave to File One Day Out of Time for its Prehearing Statement, filed on July 11, 1995, has been granted.

DOD/FEA's request to be excused from appearing at the prehearing conference and hearing has been granted.

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It is therefore,

ORDERED by Chairman 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 Chairman Susan F. Clark, as Prehearing Officer, this 24th day of July, 1995.

  
\_\_\_\_\_  
SUSAN F. CLARK, Chairman and  
Prehearing Officer

( S E A L )

RVE/DLC

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 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.