

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive Review of the	)	Docket No. 920260-TL
Revenue Requirements and Rate	)	Filed: December 18, 1992
Stabilization Plan of Southern	)	
Bell Telephone and Telegraph	)	
Company	)	

**FLORIDA INTEREXCHANGE CARRIERS ASSOCIATION'S  
PREHEARING STATEMENT**

The Florida Interexchange Carriers Association (FIXCA), through its undersigned counsel, files its Prehearing Statement, pursuant to Order No. PSC-92-1420-PCO-TL.

**A. APPEARANCES:**

JOSEPH A. MCGLOTHLIN and VICKI GORDON KAUFMAN, McWhirter, Grandoff and Reeves, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32301  
On behalf of the Florida Interexchange Carriers Association (FIXCA)

**B. WITNESSES:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Joseph P. Gillan	Southern Bell's Expanded "Local" Service (ELS) Proposal; Recommended Structure for the IntraLATA Interexchange Marketplace - Consumer Sovereignty; Southern Bell's Proposed Price Cap Plan; Southern Bell's Corporate Network.	2, 2b, 8, 14d, 19, 26b, 27, 28A-F, 29, 30a, 30c, 33a, 33b, 33e, 34A
ACK _____		
ABA <u>3</u> _____		
ADP _____		
CAF _____		
CEA _____		
CFR _____		

**C. EXHIBITS:**

<u>Witness</u>	<u>Exhibit No.</u>	<u>Content</u>
Joseph P. Gillan	(JPG-1)	Qualifications, Publications, and Testimony of Joseph Paul Gillan
Joseph P. Gillan	(JPG-2)	Competitive Impact Distribution
_____		
_____		

Joseph P. Gillan	<u>          </u> (JPG-3)	Market Growth Needed for Constant Contribution
Joseph P. Gillan	<u>          </u> (JPG-4)	Southern Bell's Constant Contribution Market Shares
Joseph P. Gillan	<u>          </u> (JPG-5)	Growth in Access and MTS Minutes
Joseph P. Gillan	<u>          </u> (JPG-6)	Southern Bell Private Network Excess Fiber Capacity
Joseph P. Gillan	<u>          </u> (JPG-7)	Southern Bell Private Network Excess Active Capacity
Joseph P. Gillan	<u>          </u> (JPG-8)	Southern Bell Private Network Excess Potential Capacity

D. STATEMENT OF BASIC POSITION:

FIXCA's Statement of Basic Position:

FIXCA will address four major areas in this docket. First, FIXCA takes exception to the expanded "local" service (ELS) proposal offered by Southern Bell and recommends that the proposal be rejected. This proposal requires a customer to accept local measured service in order to receive lower toll prices and requires the customer to receive those lower prices only from Southern Bell. The proposal violates this Commission's access imputation policy because it allows Southern Bell to capture consumers by using predatory price levels. If the Commission desires lower toll prices, it should reduce Southern Bell's access charges, rather than use an arbitrary mileage ring which is an unreliable standard to distinguish between local and toll service. Approval of Southern Bell's proposal would significantly reduce interexchange competition as well as create pressure to expand the proposed plan beyond 40 miles.

Second, FIXCA recommends a structure for the IntraLATA toll market called Consumer Sovereignty. This plan uses the 1+ dialing feature as a tool to provide consumers with control over their telecommunications choices. The customer should be the judge of how to route his 1+ traffic. In addition, the Commission should rely on access charges to determine the level of contribution from interexchange service. This method will allow the Commission to remain indifferent as to the choice an individual consumer makes and allow the individual consumer to make the choice he desires.

Third, it is FIXCA's position that the price cap plan proposed by Southern Bell should be rejected. It groups all services into just two groups and provides Southern Bell with almost unlimited pricing flexibility. This will allow Southern Bell to maximize earnings and disadvantage competitors without sufficient regulatory oversight.

Finally, Southern Bell has constructed a "private" toll network which far exceeds the capacity needed for its own use. Thus ratepayers appear to be subsidizing Southern Bell's potential reentry into the long distance market. The Commission should remove the undepreciated value of the dark fiber in Southern Bell's private network from rate base so ratepayers stop paying for this strategic investment.

#### E. ISSUES AND POSITIONS:

##### General Issues

**ISSUE 1:** Is the test year ended December 31, 1991 an appropriate test year?

FIXCA: No position at this time.

Rate Base

Plant in Service

**ISSUE 2:** What is the appropriate amount of plant in service for the test year?

FIXCA: The Commission should disallow from plant in service the amount attributable to that portion of Southern Bell's interLATA internal company network which is not needed for Southern Bell's own private internal communications. See Issue 2b. (Gillan)

**ISSUE 2a:** Have the investments and expenses for video transport service been appropriately identified and accounted for?

FIXCA: No position at this time.

**ISSUE 2b:** Is Southern Bell's investment in its interLATA internal company network prudent? If not, what action should the Commission take?

FIXCA: No. Southern Bell's investment in its interLATA company network is not prudent. Under the MFJ Southern Bell was permitted to construct and operate an interLATA network for its internal communication needs only. However, discovery has shown that Southern Bell has constructed a fiber-optic network with tremendous excess capacity which is unnecessary to meet Southern Bell's internal needs.

The Commission should remove the undepreciated value of the dark fiber from Southern Bell's rate base so that ratepayers cease paying for this strategic investment. The Commission may also want to consider additional remedies (such as reducing the rate base by original cost plus interest) to assure that ratepayers have been fully reimbursed for the cost of the network if, and when, it is put to competitive use. (Gillan)

Depreciation Reserve

**ISSUE 3:** What is the appropriate amount of depreciation reserve for the test year?

FIXCA: No position at this time.

**ISSUE 4:** What adjustment should be made to the depreciation reserve to reflect new depreciation rates and recovery schedules as approved in Docket No. 920385-TL?

FIXCA: No position at this time.

Plant Under Construction

**ISSUE 5:** What is the appropriate amount of construction work in progress for the test year?

FIXCA: No position at this time.

Property Held For Future Use

**ISSUE 6:** What is the appropriate amount of property held for future use for the test year?

FIXCA: No position at this time.

Working Capital

**ISSUE 7:** What is the appropriate amount of working capital allowance for the test year?

FIXCA: No position at this time.

**ISSUE 8:** What is the appropriate amount of rate base for the test year?

FIXCA: See Issue 2b. The Commission should remove the undepreciated value of the dark fiber from Southern Bell's rate base. (Gillan)

Cost of Capital

**ISSUE 9:** What is the appropriate cost of common equity capital for Southern Bell?

FIXCA: No position at this time.

**ISSUE 9a:** Should there be a penalty imposed for poor quality of service? If so, what should be the penalty?

FIXCA: No position at this time.

**ISSUE 10:** Is Southern Bell's proposed test year equity ratio prudent and reasonable? If not, how should this be treated?

FIXCA: No position at this time.

**ISSUE 11:** Is Southern Bell's balance of accumulated deferred investment tax credits, prior to reconciliation to rate base, appropriate?

FIXCA: No position at this time.

**ISSUE 12:** Is Southern Bell's balance of accumulated deferred taxes, prior to reconciliation to rate base, appropriate?

FIXCA: No position at this time.

**ISSUE 13:** What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year?

FIXCA: No position at this time.

#### Operating Revenue

**ISSUE 14:** What is the appropriate amount of operating revenue for the test year?

FIXCA: No position at this time.

**ISSUE 14a:** Are all of the revenues from significant tariff revisions or planned tariff filings appropriately reflected in the test year?

FIXCA: No position at this time.

**ISSUE 14b:** Has the Company accounted for employee concessions appropriately during the test year?

FIXCA: No position at this time.

**ISSUE 14c:** Should an adjustment be made to intrastate revenues for the test period to recognize adjustments to IXC's percentage interstate usage (PIU)?

FIXCA: No position at this time.

**ISSUE 14d:** How often should Southern Bell be required to perform PIU audits?

FIXCA: Southern Bell's access tariff provides for PIU audits no more than once a year. The Commission should reduce access charges to interstate levels thus eliminating the need for PIU audits. (Gillan)

**ISSUE 14e:** What is the appropriate amount of directory advertising revenue that should be included in the test period?

FIXCA: No position at this time.

**ISSUE 14f:** Does the Company's uncollectible accounts ratio represent a reasonable and necessary ongoing level?

FIXCA: No position at this time.

#### Operation & Maintenance Expense

**ISSUE 15:** What is the appropriate amount of O&M expense for the test year?

FIXCA: No position at this time.

**ISSUE 15a :** Are the allocations to non-regulated operations reasonable?

FIXCA: No position at this time.

**ISSUE 15b:** What is the appropriate adjustment to revenue requirements related to BellSouth's reorganization?

FIXCA: No position at this time.

**ISSUE 15c:** What adjustment, if any, should be made to expenses for USTA dues?

FIXCA: No position at this time.

**ISSUE 15d:** Is Southern Bell correctly separating the revenues, expenses and investment in its Line Identification Data Base (LIDB) offering to the appropriate jurisdictions?

FIXCA: No position at this time.

**ISSUE 15e:** Is the amount of lobbying and other political expenses included in the Company's intrastate operating expenses appropriate for ratemaking purposes?

FIXCA: No position at this time.

**ISSUE 15f:** Is the amount of advertising and public relations expenses included in the Company's intrastate operating expenses appropriate for ratemaking purposes?

FIXCA: No position at this time.

**ISSUE 15g:** Has the Company properly employed an appropriate expense/capitalization ratio for compensation?

FIXCA: No position at this time.

**ISSUE 15h:** Does the level of legal, injury and damage claims expense represent a reasonable and necessary ongoing level?

FIXCA: No position at this time.

**ISSUE 15i:** What is the appropriate treatment of the Company's promotional and charitable contributions?

FIXCA: No position at this time.

**ISSUE 15j:** Are the test year expenses for software reasonable?

FIXCA: No position at this time.

**ISSUE 15k:** How should software additions be treated for ratemaking purposes?

FIXCA: No position at this time.

**ISSUE 15l:** How should the Commission treat the Company's incentive compensation/bonus plan payments?

FIXCA: No position at this time.

**ISSUE 15m:** Are employee benefits expenses reasonable and based on known and measurable events?



FIXCA: No position at this time.

ISSUE 15n: How should the Commission treat the Company's abandoned projects?

FIXCA: No position at this time.

ISSUE 15o: Should ratepayers receive credit for pension collections not funded or paid into the pension plan?

FIXCA: No position at this time.

ISSUE 15p: How should overfunded pension amounts be treated?

FIXCA: No position at this time.

#### Non-recurring Items

ISSUE 16: Have non-recurring items been removed from the determination of revenue requirements?

FIXCA: No position at this time.

ISSUE 16a: Does the level of employee relocation expenses represent a reasonable and necessary ongoing level?

FIXCA: No position at this time.

ISSUE 16b: How should the Commission treat the expenses included in the test year related to early retirement?

FIXCA: No position at this time.

#### Affiliated Transactions

ISSUE 17: Are the affiliated charges and overhead allocations to Southern Bell-Florida reasonable, including charges from the central management/service organization?

FIXCA: No position at this time.

ISSUE 17a: Are the ownership costs incurred at the corporate level appropriate for ratepayers to pay?

FIXCA: No position at this time.

**ISSUE 17b:** How should the Commission treat the expenses incurred by BellSouth for supplemental executive retirement, stock appreciation rights and incentive compensation?

FIXCA: No position at this time.

**ISSUE 17c:** Are the regulated operations being properly compensated for billing and collection services provided to nonaffiliated companies, and nonregulated and/or affiliated company operations?

FIXCA: No position at this time.

**ISSUE 17d:** How should the Commission treat BST Research Organization expenses?

FIXCA: No position at this time.

**ISSUE 17e:** Do Southern Bell's intrastate expenses include Bellcore and BellSouth Services allocated research and development costs which are of no tangible benefit to ratepayers? If so, what adjustment should be made?

FIXCA: No position at this time.

**ISSUE 17f:** Do Southern Bell's expenditures for Bellcore services cause ratepayers of regulated telephone services to pay inappropriately for future, potentially non-regulated BellSouth products and services? If so, what adjustment should be made?

FIXCA: No position at this time.

**ISSUE 17g:** Are the rental costs incurred by BellSouth Corporation Headquarters and allocated to Southern Bell-Florida reasonable?

FIXCA: No position at this time.

#### FAS 106

**ISSUE 18:** What is the appropriate amount of expense for postretirement benefits other than pensions for the test year?

FIXCA: No position at this time.

Depreciation and Amortization Expense

ISSUE 19: What is the appropriate amount of depreciation expense for the test year?

FIXCA: The appropriate amount of depreciation for the test year should exclude depreciation for the dark fiber of Southern Bell's internal interLATA network. (Gillan)

ISSUE 19a: What adjustment should be made to depreciation expense to reflect the new depreciation rates and recovery schedules as approved in Docket No. 920385-TL?

FIXCA: No position at this time.

Taxes

ISSUE 20: What is the appropriate amount of taxes other than income for the test year?

FIXCA: No position at this time.

ISSUE 21: What is the appropriate amount of income tax expense for the test year?

FIXCA: No position at this time.

ISSUE 21a: How should the effect of implementing SFAS 109, Accounting for Income Taxes, be treated by the Commission?

FIXCA: No position at this time.

ISSUE 21b: How should the unprotected excess deferred income taxes be amortized?

FIXCA: No position at this time.

ISSUE 22: Should consolidated tax savings be recognized for ratemaking?

FIXCA: No position at this time.

Net Operating Income

ISSUE 23: What is the appropriate achieved test year net operating income?

FIXCA: No position at this time.

Attrition

ISSUE 24: Is Southern Bell's attrition (accretion) allowance appropriate?

FIXCA: No position at this time.

Revenue Requirement

ISSUE 25: What is the appropriate amount of revenue increase/decrease for the test year?

FIXCA: No position at this time.

ISSUE 25a: Did Southern Bell earn above 14% Return on Equity (ROE) for 1991 therefore requiring a sharing of earnings between the company and ratepayers per Order No. 20162? If so, what is the amount to be shared?

FIXCA: No position at this time.

ISSUE 25b: Did Southern Bell experience an increase in earnings when netting rate changes against changes in earnings due to exogenous factors and debt refinancings, therefore requiring a refund and/or a permanent disposition for 1991 per Order No. 20162? If so, what is the amount?

FIXCA: No position at this time.

ISSUE 25c: What amount of revenue is subject to disposition in 1993 due to orders issued in DN 880069?

FIXCA: No position at this time.

ISSUE 25d: What amount of revenue, if any, should be refunded?

FIXCA: No position at this time.

**ISSUE 25e:** Should Southern Bell be required to file, within 30 days after the date of the final order in this docket, an updated schedule to reflect the actual rate case expense?

FIXCA: No position at this time.

### Current Rate Stabilization Plan

**ISSUE 26a:** What criteria should the Commission use to evaluate Southern Bell's performance under, and its proposal for, an incentive regulation, price cap or price regulation plan? (For example, data provided in MFR Schedules on expenses, productivity, efficiency, comparisons of that or other data with other LECs, etc.)

FIXCA: FIXCA has no position at this time on the criteria the Commission should use.

**ISSUE 26b:** Has the current incentive regulation plan under which Southern Bell has been operating achieved the goals as set forth in DN 880069-TL? What are the positive and negative results, if any?

FIXCA: No. Further, the current incentive plan cannot be appropriately evaluated because the Commission has never recalibrated Southern Bell's rates. (Gillan)

### Proposed Price Regulation Plan

**ISSUE 27:** Southern Bell (SBT) proposes to change its current form of regulation. The proposed plan includes the following components listed below. On the basis of these components, what are the pros and cons of this plan?

#### Price Regulation Index

- A. Places ceiling on aggregate prices via a Price Regulation Index (PRI). This index is composed of an inflation measure, less a productivity factor offset, plus or minus any exogenous factors.
- B. For inflation, PRI uses the Gross National Product-Price Index (GNP-PI).
- C. PRI Productivity offset set at 4%.
- D. Defines exogenous factors as those measurable expenses beyond SBT's control. This includes changes in regulations or statutes, taxes,

separations, and accounting practices, and adjustments to depreciation rates.

- E. PRI initially indexed at 100 as the starting point.
- F. PRI is adjusted annually and aggregate prices are then adjusted accordingly. Downward adjustments are required, upward adjustments are optional. First adjustment is in 1994.
- G. Any changes in aggregate prices during the year must be below or at the PRI of 100.
- H. Regulated services with no tariffed rates are excluded from the PRI.
- I. Contract Service Arrangement prices are excluded from PRI.
- J. New service prices excluded from PRI for at least 12 months.
- K. Restructured services are placed in the PRI upon filing.
- L. PRI to be recalculated annually. Price changes required to bring average prices at or below the PRI would be filed in associated tariffs in an annual May 1 filing and would go into effect 60 days later.

#### Baskets

- M. Proposes two categories of services, basic and non-basic services.
- N. Defines basic services as those services generally required to provide essential local exchange services to an end user as well as access to providers of basic local services and toll service.
- O. Defines Non-Basic services as those tariffed services not in the basic category. Includes those that are optional or can be provided by a vendor other than SBT.
- P. Installs pricing rules for each category.
  - 1. For basic services:
    - Sets limit on service category increases at 5%.
    - Individual service prices could be

raised a maximum of 5% annually, as long as the average for all prices did not exceed the PCI.

- No floor set on reductions.
- Lifeline and Link-up rates could not be changed without Commission approval.

2. For non-basic services:

• Sets limit on service category increases at 20%.

• Individual service prices could be raised a maximum of 20% annually, as long as the average for all prices did not exceed the PCI.

- No floors set on reductions.
- For those services currently having banded rates, the existing maximum and minimum rates will be retained. Price changes can be made anywhere within the range.

3. For both:

• Increases and decreases in rates are treated the same for both basic and non-basic services. Increases in rates become effective on 30 day notice. Decreases become effective on 15 days notice. Changes are presumptively valid.

Q. Services can be recategorized. Requests for recategorization of services would be ruled upon by the Commission within 60 days.

R. Services can be removed from price earnings regulation all together.

#### New Services/Restructured Services

S. Defines new services as those not previously offered or not replacing an existing services.

T. Prices new services above incremental cost.

U. New service prices are excluded for at least 12 months from the PRI calculation.

V. Effective within 30 days with presumptively valid approval.

W. Floor for rates at incremental cost. No ceiling.

X. Rate changes allowed with 15 day effective date

during the first 12 months the service is offered.

- Y. Defines restructured services as those replacing an existing service.
- Z. The rate cannot exceed the rate of the existing service it is replacing.
- AA. Restructured services are placed in the PRI upon filing.

#### Sharing

- AB. Sharing ratio is 50/50 split between the company and the ratepayers. No rate setting point was proposed. Floor is to be set at 11.5% ROE. Ceiling is to be set at 16% ROE. Sharing begins at 14% ROE. Any ROE above 16% ROE is to be 100% returned to ratepayers.

#### Relief

- AC. SBT can request rates be moved above PRI under the following circumstances:
  - 1. Earnings fall below the established floor.
  - 2. Structural changes form changes in the industry or Commission orders.
  - 3. Changes in competitive conditions as authorized by the Commission.

#### Important Dates

- AD. Plan goes into effect May 1, 1993.
- AE. Plan reviewed after four years for adjustment.
- AF. No termination date set.

#### Service Requirements

- AG. Service requirements - none proposed.

FIXCA: The Southern Bell proposal should not be approved. The PRP gives Southern Bell unbridled discretion to change prices. The PRP eliminates cost as a criterion for judging individual prices and eliminates profit as a standard to evaluate overall rate levels. It allows Southern Bell to increase the prices which Southern Bell's competitors must pay to Southern Bell for services they can receive only from Southern Bell. This will have the effect of decreasing competition and is not in the public interest. (Gillan)



**ISSUE 28:** Does SBT's proposed Price Regulation Plan meet the requirements of S. 364.036(2)(a)-(g) F.S. as follows:

- A) Is the Price Regulation Plan (PRP) consistent with the public interest?

FIXCA: No. See Issue 27. (Gillan)

- B) Does the PRP jeopardize the availability of reasonably affordable and reliable telecommunications services?

FIXCA: Yes. The plan raises prices to captive customers. See Issue 27. (Gillan)

- C) Does the PRP provide identifiable benefits to consumers that are not otherwise available under existing regulatory procedures?

FIXCA: No. See Issue 27. (Gillan)

- D) Does the PRP provide effective safeguards to consumers of telecommunications services including consumers of local exchange services?

FIXCA: No. See Issue 27. (Gillan)

- E) Does the PRP assure that rates for monopoly services are just, reasonable, and not unduly discriminatory and do not yield excessive compensation?

FIXCA: No. See Issue 27. (Gillan)

- F) Does the PRP include adequate safeguards to assure that the rates for monopoly services do not subsidize competitive services?

FIXCA: No. See Issue 27. (Gillan)

- G) Does the PRP jeopardize the ability of Southern Bell to provide quality, affordable telecommunications service?

FIXCA: No position at this time.

**ISSUE 29:** Should the Commission approve an incentive regulation plan for SBT? If so, what is the appropriate plan? If not, what is the appropriate form of regulation for SBT? How does the appropriate form of regulation meet the requirements of Chap. 364.036(a)-(g) F.S.?

FIXCA: The plan proposed by Southern Bell should not be approved for the reasons discussed in Issues 27 and 28. FIXCA recommends that the Commission continue the current incentive regulation plan with three changes:

1) Southern Bell's rates should be recalibrated to a new target return reflecting current capital market conditions.

2) The Commission should explicitly incorporate a provision which indicates that prices will be recalibrated if capital market conditions change beyond some predetermined range.

3) A new sharing mechanism should be adopted so that access customers also benefit from Southern Bell's growth.

The current incentive plan with the modifications outlined above will meet the statutory requirements of Chapter 364.036. (Gillan)

### Cross-Subsidy Issues

**ISSUE 30a:** Should Southern Bell be permitted to cross-subsidize their competitive or effectively competitive services?

FIXCA: No. (Gillan)

**ISSUE 30b:** Should Southern Bell's basic telephone service rates be based on the most cost effective means of providing basic telephone service?

FIXCA: No position at this time.

**ISSUE 30c:** Should Southern Bell segregate its intrastate investments and expenses in accordance with an allocation methodology as prescribed by the Commission to ensure that competitive telecommunications services are not subsidized by monopoly telecommunications services?

FIXCA: Yes. (Gillan)

**ISSUE 30d:** Has the Commission prescribed an allocation methodology to ensure that competitive telecommunications services are not subsidized by monopoly telecommunications services? If so, has Southern Bell followed that prescribed allocation methodology?

FIXCA: No position at this time.

ISSUE 30e: Has the replacement of copper with fiber since the last depreciation study been accomplished in a cost effective manner for adequate basic telephone service?

FIXCA: No position at this time.

### Quality of Service

ISSUE 31: Is Southern Bell's quality of service adequate?

FIXCA: No position at this time.

ISSUE 31a: Do Rules 25-4.070 & 25-4.110 require Southern Bell to provide a rebate for an out-of-service condition when the company fails to notify, within 24 hours of the trouble report, that the trouble is located in the Customer Premises Equipment (CPE)?

FIXCA: No position at this time.

### Policy and Pricing Issues

#### Billing Units

ISSUE 32: Are Southern Bell's test year billing units appropriate?

FIXCA: No position at this time.

ISSUE 32a: Have billing units for employee concessions been properly accounted for in MFR Schedule E-1a?

FIXCA: No position at this time.

#### Proposed Optional Expanded Local Service (ELS) Plan

ISSUE 33a: Is it appropriate to combine local measured usage with discounted intraLATA toll offerings?

FIXCA: No. Southern Bell is using this approach to entice customer to subscribe to local measured service. The discounted interexchange portion of the service is priced at rates which violate this Commission's access imputation standards and would allow Southern Bell to capture consumers using predatory prices. This would allow Southern Bell to avoid the contribution burden it collects from its competitors' customers and would also allow it to recover some of the revenues it would forgo in the competitive interexchange market. Such an approach should not be permitted. (Gillan)

**ISSUE 33b:** Should Southern Bell's proposed Optional Expanded Local Service (ELS) plan be approved? If not, what alternative plan, if any, should be approved on IntraLATA Toll Calls? Over what distance?

- A. \$0.25 Plan
- B. \$0.25 Plan for Residences; Businesses \$0.10 first minute and \$0.06 additional minutes
- C. Other, explain

FIXCA: Southern Bell's ELS plan should not be approved nor should the 25 cent plan or any of the variations on that plan. FIXCA suggests that the Commission adopt a policy of Consumer Sovereignty. Such a plan puts control of 1+ dialing in the hands of the consumers and allows them to make the telecommunications carrier choice they desire. Further, the Commission should rely exclusively on access charges to determine the level of contribution from interexchange service it intends to maintain. See Issue 33e. (Gillan)

**ISSUE 33c:** Is Southern Bell's proposal to eliminate or grandfather various existing measured and message rate offerings appropriate?

FIXCA: No position at this time.

**ISSUE 33d:** If the Company's Optional ELS plan or any other alternative is approved, should stimulation be taken into account? If so, how?

FIXCA: No position at this time.

**ISSUE 33e:** If the Commission approves an OELS or similar plan, what other action should the Commission take, if any? (e.g., route-specific switched access charges, 1+ IntraLATA presubscription)

FIXCA: As discussed in Issue 33b, the Commission should move toward a plan for Consumer Sovereignty. This plan has two parts. First, the Commission should use the 1+ dialing feature as a tool to provide consumers maximum control over their telecommunications choices. This is important because each individual consumer is the best judge of how 1+ dialing should be used and the individual consumer should decide how its 1+ traffic will be routed. The technology can be made available to enable consumer to make these choices. The "2-PIC" option now exists within the industry. The Commission should direct Southern Bell to work with its switch manufacturers to bring this technology to Florida.

Second, the Commission should use access charges to determine the level of contribution from interexchange service. This will allow the Commission to become indifferent to the choices which individual consumers make. By adjusting access rates to achieve desired levels of contribution from different markets, the Commission will allow consumers to choose the products they prefer. (Gillan)

### Toll/Access/Mobile Interconnection

**ISSUE 34:** Southern Bell has made proposals in the areas of switched access service rates, the interconnection usage rates for mobile service providers and toll services as shown below. Should SBT's proposals be approved? Should there be any other changes in switched access, toll or mobile interconnection usage rates (e.g., reduce intrastate switched access rates to interstate levels)?

- A) To reduce switched access rates in the local transport element for both originating and terminating access from \$.01600 to \$.01328.

FIXCA: Yes. Switched access charges should be reduced.  
(Gillan)

- B) To reduce current mobile originating peak usage rate from \$.03470 to \$.03200.

FIXCA: No position at this time.

- C) To reduce the optional land-to-mobile intra-company usage charge from \$.0597 to \$.0572.

FIXCA: No position at this time.

- D) To reduce the optional land-to-mobile inter-company usage charge from \$.1692 to \$.1667.

FIXCA: No position at this time.

- E) To make no changes to its toll services rates.

FIXCA: No position at this time.

### Vertical Services

**ISSUE 35a:** Should the Company's proposal to reduce Residential Call Waiting from \$3.50 to \$3.35 and the Residential Call Forwarding-Variable from \$2.45 to \$2.20 be approved?

FIXCA: No position at this time.

**ISSUE 35b:** The Company has made no proposal to change its current Touchtone charges. Is this appropriate?

FIXCA: No position at this time.

**ISSUE 35c:** Should customers be allowed to subscribe to Call Forward-Busy in lieu of rotary or hunting service?

FIXCA: No position at this time.

**ISSUE 35d:** What other changes, if any, should be made to services in the Miscellaneous Service Arrangements section of Southern Bell's tariff?

FIXCA: No position at this time.

**ISSUE 36:** Should Southern Bell be required to provide billing and collection services for others on the same terms and conditions it provides those services to itself or to its affiliated companies?

FIXCA: No position at this time.

### Service Connection Charges

**ISSUE 37:** Southern Bell has proposed to restructure and reduce its Service Connection Charges as shown below. What changes, if any, should be made to Service Connection Charges?

<u>Current</u>		<u>Proposed</u>	
<u>Residential</u>		<u>Residential</u>	
Primary Service Order	\$25.00	Line Connection - First	\$40.00
Secondary Service Order	\$ 9.00	Line Connection - Add'l	\$12.00
Access Line Connection		Line Change - First	\$24.00
Charge - C.O. Work	\$19.50	Line Change - Add'l	\$10.00
Access Line Connection		Secondary Service Charge	\$ 9.00

Charge - New Line	\$31.50
Number Change-per S.O.	\$ 9.00
Number Change-per No.	\$11.50

Business

Primary Service Order	\$35.00
Secondary Service Order	\$12.00
Access Line Connection	
Charge - C.O. Work	\$19.50
Access Line Connection	
Charge - New Line	\$31.50
Number Change-per S.O.	\$12.50
Number Change-per No.	\$11.50

Business

Line Connection - First	\$60.00
Line Connection - Add'l	\$13.00
Line Change - First	\$38.00
Line Change - Add'l	\$11.00
Secondary Service Charge	\$19.00

FIXCA: No position at this time.

Extended Area Service

**ISSUE 38a:** Should the EAS additives on the Yulee/Jacksonville, Munson/Pensacola and Century/Pensacola routes be eliminated? If not, why not?

FIXCA: No position at this time.

**ISSUE 38b:** What alternative toll relief plan should be approved for the routes in Docket No. 911034-TL (Between Ft. Lauderdale and Miami; Ft. Lauderdale and N. Dade; and Hollywood and Miami)?

FIXCA: No position at this time.

**ISSUE 38c:** Should the revenue losses resulting from combining the calling areas of North and South St. Lucie be offset in this proceeding (DN 911011-TL), and if so, how?

FIXCA: No position at this time.

**ISSUE 38d:** Should the OEAS and EOEAS plans in Section A3.7 of the General Subscriber Service Tariff be eliminated or modified? If modified, how should this be accomplished?

FIXCA: No position at this time.

**ISSUE 38e:** Should any of The "Local Exceptions" in Section A3.8 be eliminated or modified? If modified, how should this be accomplished?

FIXCA: No position at this time.

Basic Local Exchange Rates

**ISSUE 39a:** Southern Bell has proposed no change to its current rate group structure of 12 rate groups. Is this appropriate? If not, what changes should be made?

FIXCA: No position at this time.

**ISSUE 39b:** Southern Bell has proposed to reduce the rates and modify the rate relationships between certain of its business access lines as shown below. It has proposed no other changes to business rate relationships? Is this appropriate? What changes, if any, should be made to business access line rate relationships?

<u>SERVICE</u>	<u>CUR./PROP.</u>	<u>REDUCTION</u>	<u>B-1 RATIO</u>
Business Rotary (or hunting)		31%	.50/ .35
Residential PBX Trunks		22%	.84/ .66
Business PBX Trunks		24%	2.24/1.70
Network Access Registers		24%	2.24/1.70
NARs - Small, Medium, Large		42%	1.03/ .59

FIXCA: No position at this time.

**ISSUE 39c:** Aside from Network Access Registers, what changes, if any, should be made to Southern Bell's ESSX offerings?

FIXCA: No position at this time.

**ISSUE 39d:** Southern Bell has proposed to introduce a new rotary rate for both its ESSX NARs and for PBX trunks. These new elements would be priced identically within each rate group. The proposed rate is 35% of the B-1 rate. Should this proposal be approved?

FIXCA: No position at this time.

**ISSUE 39e:** The Company has made no other proposals to change its basic local exchange rates. Is this appropriate? If not, what changes should be made?

FIXCA: No position at this time.



ISSUE 39f: Southern Bell has proposed to offer a lifeline rate to qualified subscribers composed of a federal credit of \$3.50 and a matching credit from the state/Southern Bell. Should this proposal be approved, modified, or rejected?

FIXCA: No position at this time.

ISSUE 39g: Southern Bell has proposed an Economic Development plan by which businesses which locate in "Enterprise Zones" as defined in the Florida Enterprise Zone Statute, would receive a waiver of service connection charges, and a 50% discount off their basic local service charges for one year. Should this proposal be approved?

FIXCA: No position at this time.

#### Stimulation

ISSUE 40: Except for ELS, Southern Bell has proposed no stimulation or repression effects. Is this appropriate?

FIXCA: No position at this time.

#### Miscellaneous Issues

ISSUE 41: Should the Company be required to identify, notify, and, if appropriate, provide refunds to customers that are being billed for non-required Protective Connective Arrangement (PCA) devices?

FIXCA: No position at this time.

ISSUE 42: Should Southern Bell be required to itemize customer bills on a monthly basis?

FIXCA: No position at this time.

ISSUE 42a: Is Southern Bell complying with Rule 25-4.110 concerning customer billing?

FIXCA: No position at this time.

ISSUE 43: Is Southern Bell able to reconcile billed revenue to booked revenue for 1991? If not, should any adjustment be made to recognize the inability to reconcile billed and booked revenue?

FIXCA: No position at this time.

**ISSUE 44:** What other changes, if any, should be approved?

FIXCA: No position at this time.

Effective Date/ Customer Notification/ Bill Stuffers

**ISSUE 45a:** What should be the effective date(s) of any rate changes approved in this docket?

FIXCA: No position at this time.

**ISSUE 45b:** When should customers be notified of any rate changes and other Commission decisions in this docket?

FIXCA: No position at this time.

**ISSUE 45c:** What information should be contained in the bill stuffers sent to customers?

FIXCA: No position at this time.

F. STIPULATED ISSUES:

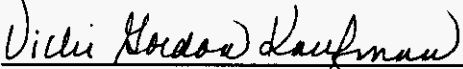
None.

G. PENDING MOTIONS AND OTHER MATTERS:

FIXCA has no motions pending at this time.

H. REQUIREMENTS WHICH CANNOT BE COMPLIED WITH:

None at this time.

  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Florida Interexchange Carriers Association's Prehearing Statement has been furnished by hand delivery\* or by U.S. Mail to the following parties of record, this 18th day of December, 1992:

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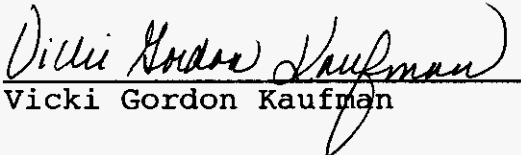
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