

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive Review of the Revenue Requirements and Rate Stabilization Plan of Southern Bell Telephone and Telegraph Company)

Docket No. [REDACTED]

Filed: 1/25/93

COX NEWSPAPERS' PREHEARING STATEMENT

Pursuant to Order No. PSC-92-0459-PCO-WS, issued June 5, 1992, the Cox Newspapers, a division of Cox Enterprises, Inc. (Cox) files its prehearing statement as follows:

A. All Known Witnesses

None.

B. All Known Exhibits

None.

C. Cox's Statement of Basic Position

Cox takes no position with respect to whether Southern Bell is entitled to rate relief. Cox's principal interest in this proceeding remains to ensure that the regulatory treatment of Southern Bell's monopoly and competitive services does not inhibit competition in the market place by creating for Southern Bell both the incentive and opportunity to engage in discriminatory, anticompetitive behavior (such as cross-subsidization of competitive services with revenues from basic services). Thus, Cox opposes any pricing flexibility plan - including Southern Bell's proposal in this case - that does not protect the competitive process in telecommunications. For example, Southern Bell's proposed pricing plan would grant it almost complete flexibility to raise prices to monopoly customers to fund rate reductions for competitive services. Moreover, it allows Southern Bell to increase the prices which its competitors must to pay to Southern Bell for monopoly services. This will have the effect of decreasing competition and is not in the public interest.

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D-I Issues & Cox's Respective Positions

The positions taken herein are preliminary and Cox reserves the right pending completion of discovery among the parties to change them.

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FPSC-RECORDS/REPORTING

Issue 1 through 14: No position.

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

Cox: Cox has no position at this time on the total revenues which will result from the Commission's final decision in this docket, nor with the portion which will ultimately be paid by business users. Cox submits however, that the total amount of revenue paid by business users should be collected based on a relatively equal contribution from all business service provided by Southern Bell. This would require a recalculation of all such services using the same cost and rate methodology.

Issue 14b through 26b: No position.

Issue 27: Southern Bell 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?

Cox: 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.

Issue 27(1) (Additional Legal Issue): No position.

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?

Cox: No.

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

Cox: Yes.

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

Cox: No.

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

Cox: No.

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

Cox: No.

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

Cox: No.

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

Cox: No.

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.?

Cox: Yes, but not the plan proposed by Southern Bell. The existing incentive plan is adequate as a basis for

going forward. However, it is imperative that the Commission protect the competitive process by effectively prohibiting subsidization of competitive telecommunications services by monopoly services.

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

Cox: No.

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

Cox: No position.

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?

Cox: Yes.

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?

Cox: No.

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?

Cox: No position.

Issues 31a through 35a: No position.

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

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Cox: No. The touchtone rate should be eliminated.

Issues 35c through d: No position.

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?

Cox: Yes.

Issue 37 through 45c (including Additional Legal Issues): No position.



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CERTIFICATE OF SERVICE
Docket No. 920260-TL

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