

# ORIGINAL

BellSouth Long Distance, Inc.  
400 Perimeter Center  
Suite 400, North Terraces  
Atlanta, GA 30346

harris.anthony@bellsouth.com

Harris R. Anthony  
Vice President  
and General Counsel

770 352 3116  
Fax 770 352 3332

November 21, 2003

Via Federal Express  
Mrs. Blanca S. Bayó  
Director, Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

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03 NOV 24 AM 10:39  
COMMISSION  
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Re: Docket No. 030869-TL: Petition by BellSouth Telecommunications, Inc. to Reduce its Network Access Charges Applicable to Intrastate Long Distance in a Revenue-Neutral manner

Docket No. 030867-TL: Petition by Verizon Florida, Inc. to reform intrastate network access and basic local telecommunications rates in accordance with Section 364.164, Florida Statutes

Docket No. 030868-TL: Petition by Sprint-Florida, Incorporated to reduce intrastate switched network access rates to interstate parity in revenue-neutral manner pursuant to Section 364.164(1), Florida Statutes

Docket No. 030961-TI: Flow-through of LEC Switched Access Reductions by IXCs, Pursuant to Section 364.163(2), Florida Statutes

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Long Distance, Inc.'s Prehearing Statement, which we ask that you file in the captioned dockets.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

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*th*  
FPSC-BUREAU OF RECORDS

Sincerely,

*Harris R. Anthony*  
Harris R. Anthony

cc: All Parties of Record  
DISTRIBUTION CENTER  
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11920 NOV 24 8  
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Verizon Florida, Inc. ) to reform intrastate network access ) and basic local telecommunications ) rates in accordance with Section ) 364.164, Florida Statutes. ) _____ )	Docket No. 030867-TL
In re: Petition by Sprint-Florida, ) Incorporated to reduce intrastate ) Switched network access rates ) to interstate parity in revenue-neutral ) manner pursuant to Section 364.164(1), ) Florida Statutes. ) _____ )	Docket No. 030868-TL
In re: Petition for implementation of ) Section 364.164, Florida Statutes, by ) rebalancing rates in a revenue-neutral ) manner through decreases in intrastate ) switched access charges with offsetting ) rate adjustments for basic services, by ) BellSouth Telecommunications, Inc. ) _____ )	Docket No. 030869-TL
In re: Flow-Through of LEC ) Switched Access Reductions by ) IXCs, pursuant to Section ) 364.163(2), Florida Statutes. ) _____ )	Docket No. 030961-TI  Filed: November 21, 2003

**PREHEARING STATEMENT OF  
BELLSOUTH LONG DISTANCE, INC.**

In compliance with the Order Establishing Procedure (Order No. PSC 03-1269-PCO-TL) issued in these dockets on November 10, 2003, BellSouth Long Distance, Inc. ("BellSouth Long Distance") respectfully submits its Prehearing Statement.

**A. Witnesses**

BellSouth proposes to call the following witnesses to offer direct and perhaps rebuttal testimony on the issues in this matter:

DOCUMENT NUMBER-DATE

11920 NOV 24 8

Witness

Issues

Dirk Henson  
(Direct and possible Rebuttal)

6 through 10

BellSouth Long Distance has made a good-faith attempt to identify the issues to which this witness's testimony primarily relates. This witness's testimony may also relate to other issues in this docket.

BellSouth Long Distance reserves the right to call witnesses to respond to testimony filed on November 19, 2003 that was not addressed in direct testimony and witnesses to address issues not presently designated that may be designated by the Prehearing Officer at the prehearing conference to be held on November 24, 2003.

**B. Exhibits**

BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and the Rules of the Commission.

Witness

Document Indicator

Title of Exhibit

Dirk S. Henson

N/A

No current exhibits

**C. Statement of Position**

Each intrastate interexchange carrier that receives more than a de minimus benefit from local exchange companies' reducing their intrastate access rates should flow-through corresponding revenue reductions to its residential and business customers. The intrastate interexchange carriers have discretion as to the specifics of how to flow-through the revenue reductions, e.g., which rates should be reduced. Market forces will

ensure that the revenue reductions made by the intrastate interexchange carriers will remain in effect.

**D. BellSouth Long Distance's Position on the Issues**

**Issue 1:** Will the ILEC's rebalancing proposals remove the current support for basic local telecommunications services that prevents the creation of a more attractive competitive market for the benefit of residential consumers?

- A. What is a reasonable estimate of the level of support provided for basic local telecommunications services?
- B. Does the current level of support prevent the creation of a more attractive competitive local exchange market for the benefit of residential consumers?
- C. Will the ILECs' rebalancing proposals benefit residential consumers as contemplated by Section 364.164, Florida Statutes? If so, how?

Position: No present position.

**Issue 2:** Will the effects of the ILECs' rebalancing proposals induce enhanced market entry? If so, how?

Position: No present position.

**Issue 3:** Will the ILECs' rebalancing proposals reduce intrastate switched network access rates to interstate parity over a period of not less than two years or more than four years?

Position: No present position.

**Issue 4:** Are the ILECs' rebalancing proposals revenue neutral, as defined in Section 364.164(2), Florida Statutes?

Position: No present position.

**Issue 5:** Should the ILECs' rebalancing proposals be granted or denied?

Position: No present position.

**Issue 6:** Which IXCs should be required to file tariffs to flow through BellSouth's, Verizon's and Sprint-Florida's switched access reductions, if approved, and what should be included in these tariff filings?

**Position:** BellSouth Long Distance does not have a position as to which intrastate interexchange carriers should be required to file tariffs to flow-through the access reductions, other than to note that Section 364.163 requires that all such carriers who benefit from the access reductions must flow-through the benefits. A company's tariff filings should specify the rates to be reduced and may contain a statement of the particular company's corresponding anticipated revenue reduction.

**Issue 7:** If the ILEC access rate reductions are approved, should the IXCs be required to flow through the benefits of such reductions, via the tariffs, simultaneously with the approved ILEC access rate reductions?

**Position:** Affected intrastate interexchange carriers should file their tariffs to flow-through the access reductions within fifteen (15) days of the effective date of the last of the three LECs' filings. This will allow the carriers to avoid unnecessary multiple filings.

**Issue 8:** If the IXCs receive any access rate reductions, how long should the IXC revenue reductions remain in place so that the benefits flow through to the residential and business customers: a) for each implemented reduction and b) once the ILECs reach parity?

**Position:** Given the completely end irrevocably competitive nature of the intrastate interexchange long distance market in Florida, market forces will ensure that any revenue reductions resulting from the flow-through of access charges will remain in place. There is significant and considerable competition among traditional long distance carriers as well as competition from other providers, such as voice over internet protocol providers and wireless carriers. This competition will cause carriers to move their prices

toward cost and prevent them from raising rates in an effort to keep the benefits of the access rate reductions. Intrastate interexchange carriers should have the flexibility to change rates to meet market conditions, as long as they reduce their revenues in an amount equal to their access charge reductions.

**Issue 9:** How should the IXC flow-through of the benefits from the ILEC access rate reductions be allocated between residential and business customers?

**Position:** Both residential and business customers must receive benefits from the reduction in access charges. Section 364.163 does not require any specific allocation. Nonetheless, under current market conditions and so long as the other carriers agree to do so, BellSouth Long Distance will allocate the revenue reductions in an approximately pro rata manner between residential and business customers.

**Issue 10:** Will all residential and business customers experience a reduction in their long distance bills? If not, which residential and business customers will and will not experience a reduction in their long distance bills?

**Position:** Although every residential and business customer may not necessarily benefit from the revenue reductions, each customer, by changing plans (or carriers) should have the opportunity to benefit.

#### **E. Stipulations**

BellSouth Long Distance is not aware of any parties having entered into any stipulations at this time.

#### **F. Pending Motions**

BellSouth Long Distance is not aware of any pending motions related to it in these dockets.

**G. Other Requirements**

BellSouth Long Distance knows of no requirements set forth in any Prehearing Order with which it cannot comply.

Respectfully submitted this 21<sup>st</sup> day of November 2003.

BELLSOUTH LONG DISTANCE, INC.

A handwritten signature in black ink, appearing to read "Harris R. Anthony", is written over a horizontal line.

HARRIS R. ANTHONY  
Vice President and General Counsel  
400 Perimeter Center Terrace  
Suite 350  
Atlanta, GA 30346  
770-352-3116

**CERTIFICATE OF SERVICE**  
**Docket Nos. 030867-TL, 030868-TL, 030869-TL and 030961-TI**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via  
Electronic Mail and Federal Express this 21<sup>st</sup> day of November 2003 to the following:

Beth Keating, Staff Counsel  
Felicia Banks, Staff Counsel  
Patricia Christensen, Staff Counsel  
Lee Fordham, Staff Counsel  
Florida Public Service Commission  
Division of Legal Services  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Charlie Beck  
Deputy Public Counsel  
Office of Public Counsel  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

Michael A. Gross  
VP Reg. Affairs & Reg. Counsel  
Florida Cable Telecomm. Assoc.  
246 East 6th Avenue  
Tallahassee, FL 32303

Richard A. Chapkis  
Verizon Florida, Inc.  
One Tampa City Center  
201 North Franklin Street (33602)  
Post Office Box 110, FLTC0007  
Tampa, Florida 33601-0110

Verizon Florida, Inc.  
Ms. Michelle A. Robinson  
106 East College Avenue, Suite 810  
Tallahassee, FL 32301-7704

Susan S. Masterton  
Charles J. Rehwinkel  
Sprint Comm. Co. LLP  
1313 Blair Stone Road (32301)  
P.O. Box 2214  
MC: FLTLHO0107  
Tallahassee, FL 32316-2214

John P. Fons  
Ausley & McMullen  
227 South Calhoun Street  
Tallahassee, FL 32301

Michael B. Twomey  
Attorney for AARP  
8903 Crawfordville Road  
Tallahassee, FL 32305

Mark Cooper  
AARP Witness  
504 Highgate Terrace  
Silver Spring, MD 20904

Floyd Self, Esq.  
Messer, Caparello & Self, P.A.  
215 South Monroe Street, Suite 701  
Tallahassee, FL 32301

Tracy W. Hatch  
AT&T Communications  
101 North Monroe Street  
Suite 700  
Tallahassee, FL 32301



De O'Roark, Esq.  
MCI WorldCom Comm., Inc.  
6 Concourse Parkway  
Suite 3200  
Atlanta, GA 30328

Donna McNulty, Esq.  
MCI WorldCom Comm., Inc.  
1203 Governors Square Blvd.  
Suite 201  
Tallahassee, FL 32301-2960

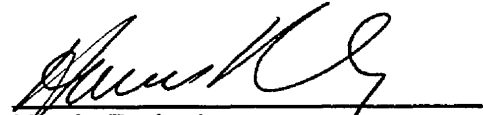
George Meros  
Gray, Harris & Robinson, P.A.  
301 S. Bronough St., Suite 600  
Tallahassee, FL 32301

John Feehan  
Knology, Inc.  
1241 O.G. Skinner Drive  
West Point, GA 31833

Nancy B. White  
c/o Nancy H. Sims  
BellSouth Telecommunications, Inc.  
150 South Monroe Street  
Suite 400  
Tallahassee, FL 32301

Meredith Mays  
BellSouth Telecommunications, Inc.  
675 West Peachtree Street  
Suite 4300  
Atlanta, GA 30375

Office of the Attorney General  
Charlie Crist  
PL-01, The Capitol  
Tallahassee, FL 32399-1050



Harris R. Anthony  
Vice President and General Counsel  
BellSouth Long Distance, Inc.  
400 Perimeter Center Terrace  
Suite 350  
Atlanta, GA 30346  
770-352-3116