

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation regarding) DOCKET NO. 920399-TP
the appropriateness of payment) ORDER NO. PSC-92-0828-PHO-TP
for Dial-Around (10XXX, 950,) ISSUED: 08/18/92
800) Compensation from inter-)
exchange telephone companies)
(IXCs) to pay telephone pro-)
viders.)
_____)

Pursuant to Notice, a Prehearing Conference was held on August 11, 1992, in Tallahassee, Florida, before Commissioner Betty Easley, as Prehearing Officer.

APPEARANCES:

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

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On behalf of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company.

JOSEPH P. GILLAN, Class B Practitioner, Post Office Box 541038, Orlando, Florida 32854
On behalf of The Florida Interexchange Carriers Association.

KENNETH A. HOFFMAN, Esquire, FLOYD R. SELF, Esquire, and LAURA L. WILSON, Esquire, Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A., 215 South Monroe Street, Suite 701, Post Office Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Pay Telephone Association, Inc.

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On behalf of GTE Florida Incorporated.

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SECRETARY REPORTING

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On behalf of Sprint Communications Company Limited Partnership.

OFFICE OF PUBLIC COUNSEL, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Citizens of the State of Florida.

ANGELA B. GREEN, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

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On behalf of the Commissioners.

PREHEARING ORDER

I. CASE BACKGROUND

In October, 1990, Congress enacted the Telephone Operator Consumer Services Improvement Act (TOCSIA) which, among other things, directed the Federal Communications Commission (FCC) to require the establishment of 800 and 950 access numbers and to consider the unblocking of 10XXX access from all aggregator locations, including competitive pay telephones. TOCSIA also directed the FCC to consider whether pay telephone service (PATS) providers should receive compensation for originating access code calls. The FCC's Second Report and Order released May 8, 1992, in Docket No. 91-35, prescribes a rate and mechanism for compensating PATS providers for originating interstate access code calls.

Florida's mandate that all pay telephones that offer interexchange calling must provide access to all available interexchange carriers (IXCs) predates the FCC policy discussed above. When Florida issued Order No. 14132 on February 27, 1985, nonlocal exchange company PATS (nonLEC PATS or NPATS) providers were required to provide access to all locally available IXCs where interexchange calling was offered. LEC PATS (LPATS) were already subject to that requirement at that time.

After our staff became aware of the FCC's actions in its Docket No. 91-35, they proceeded to host a number of informal workshops addressing, among other things, the appropriateness of dial-around compensation on an intrastate basis. Following this series of workshops, this docket was subsequently opened.

At the Prehearing Conference on August 11, 1992, the procedures to govern the Hearing were established. The Hearing in this matter is presently scheduled for the same time as the Hearing in Docket No. 920255-TL: Tuesday, August 25, 1992, through Friday, August 28, 1992. At the Prehearing Conference, it was decided that the Hearing in this docket would begin immediately following the conclusion of the Hearing in Docket No. 920255-TL, on Friday, August 28, 1992. The parties were put on notice, however, that the Hearing in this docket could begin earlier, if the Hearing in Docket No. 920255-TL ends sooner than anticipated.

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.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity

to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

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

IV. ORDER OF WITNESSES

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES NOS.</u>
Albert H. Kramer (Direct/Rebuttal)	FPTA	1 - 8
Thomas M. McCabe (Direct)	Staff	1 - 8
Ralph A. Quaglia (Direct/Rebuttal)	AT&T	1 - 8
Joseph P. Gillan (Direct)	FIXCA/MCI	1 - 8
Elizabeth Dickerson (Rebuttal)	MCI	1 - 6
Charles M. Scobie (Direct/Rebuttal)	GTE	1, 3, 5 - 8
Patricia S. Cowart (Rebuttal)	BellSouth	8

At the Prehearing Conference, it was determined that, to conserve time, witnesses would take the stand once and present both direct and rebuttal testimony (if any) during this one appearance. Witnesses are reminded that they remain subject to recall until the conclusion of the hearing.

V. BASIC POSITIONS

AT&T'S BASIC POSITION: AT&T's basic position is that the payment of compensation for intrastate dial-around traffic is not

warranted. The non-LEC PATs (hereinafter "NPATs") provider is free to choose an operator services provider (hereinafter "OSP") for his payphones. The selection of an OSP should be based on factors in addition to the level of commissions paid by the OSP, including service to the end-user who is the joint customer of the NPATs provider and the OSP. If consumers are dissatisfied with the OSP selected by the NPATs provider, they should be able to reach their preferred OSP through the use of access codes. The ability of consumers to reach their chosen interexchange carrier is paramount, as this Commission and the Florida Legislature have rightly recognized. The payment of dial-around compensation for such calls would effectively insulate the NPATs provider from selecting an OSP on the basis of service to the calling public, allowing the level of commission payments to be the primary selection criteria. Such a situation would be contrary to the public interest.

BELLSOUTH'S BASIC POSITION: Southern Bell has no position on the appropriateness of payment of dial-around compensation to PATS providers. At the present time and under the current regulatory environment as it relates to the LEC pay telephone operation it is not appropriate for dial-around compensation to be paid to the LECs. It is Southern Bell's position that if the Commission determines that dial-around compensation is appropriate, the LECs should not be involved in the implementation of the Commission's decision.

FIXCA'S BASIC POSITION: The Commission should not grant the request of the FPTA to require that compensation be paid when an end user exercises a choice to access his or her preferred carrier from a pay telephone station in Florida. A "compensation" scheme such as that suggested by the FPTA would be inconsistent with the Commission's policy to promote payphone competition with an emphasis on end user choice and benefits, and not on generating commission revenues to the location provider.

In short, the Commission should reaffirm the finding it made in Docket 860723, when it found:

"We strongly agree... that compensation for dial around traffic would negate the economic incentive for NPATs providers to offer to end users the best possible service at the most economical rate through the presubscribed IXC." (Order 24101, p. 13)

FPTA'S BASIC POSITION: The Commission should order the payment of intrastate dial-around compensation for nonLEC pay telephone service ("NPATs") providers and should approve the concept of a usage-based compensation plan, which should be implemented as soon

as practical. In the interim, immediate compensation should be ordered by the Commission based, at minimum, on a flat rate of \$9.00 per month per pay telephone. The effective date of the interim dial-around compensation should be the date the Commission renders its vote on the issues in this proceeding. LEC pay telephone compensation is currently provided, and the dial-around compensation ordered in this docket should not be made available until LEC pay telephone service ("LPATS") operations are removed from the regulated accounts, a level playing field for pay telephone service competition is established, and the current LPATS compensation is eliminated.

GTE'S BASIC POSITION: GTEFL takes no position as to the appropriateness of payment of dial-around compensation. However, should the Commission issue an order in Docket No. 920255-TL directing GTEFL to place its pay telephone operations in a separate subsidiary, GTEFL would expect to participate in dial-around compensation to the extent permissible under federal and state law. If federal or state law prevents GTEFL from participating in a dial-around compensation, even as a separate subsidiary, GTEFL would object to such compensation as an unfair competitive disadvantage against GTEFL.

Dial-around compensation should be derived on a per call basis. However, due to the technical infeasibility of per call monitoring on an intrastate versus interstate basis, the Commission should consider whether payments should be made at all given the FCC's Order respecting interstate compensation on a per phone basis. If the Commission orders a surrogate method of compensation, the compensation program should be administered in a manner similar to that ordered by the FCC for interstate dial-around compensation.

MCI'S BASIC POSITION: The Commission should not grant the request of the FPTA to require that compensation be paid when an end user exercises a choice to access his or her preferred carrier from a pay telephone station in Florida. A "compensation" scheme such as that suggested by the FPTA would be inconsistent with the Commission's policy to promote payphone competition with an emphasis on end user choice and benefits, and not on generating commission revenues to the location provider.

In short, the Commission should reaffirm the finding it made in Docket 860723, when it found:

"We strongly agree... that compensation for dial around traffic would negate the economic incentive for NPATS providers to offer to end users the best possible service at the most economical rate through the presubscribed IXC." (Order 24101, p. 13)

SPRINT'S BASIC POSITION: Sprint takes no position with regard to the appropriateness of dial-around compensation on an intrastate basis. Sprint reserves the right to take a position after reviewing the prefiled testimony of the parties of record in this docket.

Should the Commission decide to order dial-around compensation, Sprint favors a completed call method of compensation whenever technologically feasible and verifiable. In the meantime, Sprint believes that the FCC's interim per line flat rate methodology can be used as an alternative. If this method is adopted, the Commission should direct the LECs to furnish the IXCs with a list of private payphone providers for verification and billing purposes.

OPC'S BASIC POSITION: No position at this time.

STAFF'S BASIC POSITION: Staff believes that compensation for dial-around traffic is appropriate in the Florida pay telephone market. Such compensation should be limited to 10XXX, 800 and 950 access code calls dialed by the end user to reach his interexchange carrier (IXC) of choice. Compensation should be paid on a per call basis at the rate of \$.25 per call.

VI. ISSUES AND POSITIONS

ISSUE 1: What types of calls should be considered dial-around calls for the purpose of this docket?

AT&T'S POSITION: The term "dial-around" refers to the consumer's selection of an operator services provider (OSP) through the use of carrier access codes (10XXX, 800 and 950). Only completed intrastate operator services calls (not call attempts) made using these access methods should be considered dial-around calls. 0- or LEC operator transfer calls are not carrier access code calls and should not be included in determining dial-around compensation.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: For purposes of this Docket, dial around calls should only include calls whereby the end user accesses the IXC of their choice for travel card services by dialing an access code such as 10XXX, 950 or 1-800. Dial around calls should not include calls to an 800 number for a business which has advertised its toll-free number for a standard commercial purpose. In these instances, the end user is not dialing an access code to reach an IXC network for travel card service and the call would not otherwise be placed using the PATS provider's toll services. Nor should dial around traffic include other access code calls destined for a voice mail system or other non-long distance service.

FPTA'S POSITION: Dial-around calls for which NPATS providers should be compensated include every interLATA or intraLATA call which currently does not generate compensation to the NPATS provider even though the call generates revenue for the LEC and/or IXC, and which deprives the NPATS provider of a revenue opportunity by tying-up the payphone. The following types of calls should be considered as dial-around calls:

- a. 10XXX;
- b. 950;
- c. O+ 900;
- d. O+ 700;
- e. All 800 calls; and
- f. All Operator Transfer calls (calls originating on a O-basis transferred by the LEC operator to an IXC).

GTE'S POSITION: Dial around calls are generally considered to be interLATA, non-sent paid calls that are completed via dialing a sequence of numbers that connects the caller to an Interexchange Carrier (IXC) associated with that sequence rather than the IXC presubscribed to the originating line. Dial around codes include 10xxx in equal access areas and "950" Feature Group B dialing. Some IXC's use an 800 number as an access code.

MCI'S POSITION: For purposes of this Docket, dial around calls should only include calls whereby the end user accesses the IXC of their choice for travel card services by dialing an access code such as 10XXX, 950 or 1-800. Dial around calls should not include calls to an 800 number for a business which has advertised its toll-free number for a standard commercial purpose. In these instances, the end user is not dialing an access code to reach an IXC network for travel card service and the call would not otherwise be placed using the PATS provider's toll services. Nor should dial around traffic include other access code calls destined for a voice mail system or other non-long distance service.

SPRINT'S POSITION: For the purpose of this docket dial-around calls should be defined as travel card, collect and third party intrastate calls completed through the use of an access code (either 9800, 950 or 10XXX) to avoid the operator services furnished by the private payphone provider.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: Compensation for dial-around traffic should be limited to 10XXX, 800 and 950 access code calls which are dialed by the end user to access his interexchange carrier of choice.

ISSUE 2: Is the payment of dial-around compensation in the Florida pay telephone market appropriate?

AT&T'S POSITION: No. It is AT&T's position that the payment of compensation for intrastate dial-around traffic is not appropriate or warranted. A competitive payphone provider (NPATs) which experiences a large amount of dial-around traffic can change its presubscribed carrier to an OSP which more adequately meets the needs and desires of end users. Imposition of a compensation requirement on dial-around traffic would effectively insulate the NPATs provider from the need to be responsive to end users by guaranteeing payment regardless of which OSP the NPATs provider chooses. This is not the way that a competitive market should operate.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: No. Stated a different way, the issue that the Commission needs to address is whether rates to end users of pay telephones in Florida should be increased. If the rate increase is simply a way to generate additional revenue to location providers, then the payment of dial around compensation would be contrary to the Commission's stated objective in authorizing competition in the pay telephone market. As the Commission stated in Docket 860723-TP:

"Our purpose in opening this market to competition was to provide benefits to the ratepayers of Florida, not to provide additional revenue opportunities for location providers." (Order No. 24101, p. 21)

FPTA'S POSITION: Yes. The payment of intrastate dial-around compensation is immediately appropriate for NPATS providers. The Commission should approve a usage-based method (per call or per minute) for compensating pay telephone providers and order the implementation of such a method as soon as practical. In the interim, the Commission should order immediate interim dial-around compensation based, at minimum, on a flat rate of \$9.00 per month per pay telephone. The effective date of the interim dial-around compensation should be the date the Commission renders its vote on the issues in this proceeding.

GTE'S POSITION: GTEFL takes no position on this issue at this time.

MCI'S POSITION: No. Stated a different way, the issue that the Commission needs to address is whether rates to end users of pay telephones in Florida should be increased. If the rate increase is simply a way to generate additional revenue to location providers, then the payment of dial around compensation would be contrary to the Commission's stated objective in authorizing competition in the pay telephone market. As the Commission stated in Docket 860723-TP:

"Our purpose in opening this market to competition was to provide benefits to the ratepayers of Florida, not to provide additional revenue opportunities for location providers." (Order No. 24101, p. 21)

SPRINT'S POSITION: See Sprint's Basic Position.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: Yes, payment of dial-around compensation in the Florida pay telephone market is appropriate. The end user benefits from the ability to place an access code call and the IXC of choice benefits from the revenue derived from completing the call. It is appropriate that the entity that provides both parties the ability to receive those benefits be compensated for his investment, as well.

ISSUE 3: If the Commission determines that pay telephone providers should receive compensation for dial-around calls, on what basis or bases (e.g., per call, flat rate) should such compensation be derived?

AT&T'S POSITION: Based on the record established before the FCC in CC Docket 91-35, Policies and Rules Concerning Operator Service

Access and Pay Telephone Compensation, it would appear that it is not presently possible to implement a per-call compensation mechanism. The FCC determined that "no entity currently has the ability to determine accurately the number of access code calls that originate from each competitive payphone" (Paragraph 13, Second Report and Order in CC Docket 91035, released May 8, 1992).

In evaluating a flat-rate, per-phone compensation mechanism, the Commission should recognize as a threshold matter that only those pay telephones which have unblocked all carrier access methods should be considered eligible for compensation. Moreover, it is AT&T's position that the current \$6 monthly per phone compensation awarded private payphone owners by the FCC already provides sufficient compensation for NPATs providers for intrastate dial-around calls.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: The Commission should not determine that pay telephone providers should receive compensation for dial around calls. If the Commission determines that pay telephone providers should receive compensation for dial around calls, then the pay telephone providers should collect it from their patrons when the call is made.

FPTA'S POSITION: A usage-based compensation plan should be implemented. This can be either on a per call or per minute basis. However, until such a plan becomes possible, an interim per phone compensation plan is appropriate.

GTE'S POSITION: The most equitable basis would be an additional charge per completed call, assessed to the end user. However, inherent difficulties in identifying intrastate vs. interstate, completed dial around traffic, and distinguishing 1+800 dial around calls from other 1+800 calls, makes implementation on a per call basis virtually impossible at this time.

In light of that circumstance, the Commission must determine if additional compensation for intrastate dial around traffic is justified, given the level of interstate compensation ordered by the FCC on a per phone basis.

MCI'S POSITION: The Commission should not determine that pay telephone providers should receive compensation for dial around calls. If the Commission determines that pay telephone providers

should receive compensation for dial around calls, then the pay telephone providers should collect it from their patrons when the call is made.

SPRINT'S POSITION: Should the Commission determine that dial-around compensation is appropriate, Sprint favors a per completed call structure. Sprint believes that this is the fairest method of compensation but realizes that all parties may not currently have the technology to pay compensation using this method. Sprint believes that the FCC's interim flat rate methodology can be used as an alternative. However, Sprint favors the introduction of per completed call based compensation as each interexchange carrier or private payphone provider is technologically capable of employing such method.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: The Commission should prescribe compensation on a per call basis.

ISSUE 3A: If a surrogate level of compensation is approved, should all pay telephones, regardless of the location, be compensated?

AT&T'S POSITION: If dial-around compensation is approved by the Commission, only NPATs that unblock all access codes should be considered for dial-around compensation. Private payphones which are not required to unblock access code dialing (e.g., inmate phones in correctional facilities) should not receive dial-around compensation.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: FIXCA does not take a position on this issue at this time. FIXCA reserves the right to take a position on this issue at the close of the evidence in this Docket.

FPTA'S POSITION: All NPATS pay telephones permitting any type of dial-around calling, as defined in Issue 1, should receive the interim \$9.00 per phone surrogate.

GTE'S POSITION: Yes. Once the decision has been made to compensate on a surrogate basis, every phone should receive compensation because ease of implementation and administration should be the overriding concern.

MCI'S POSITION: MCI does not take a position on this issue at this time. MCI reserves the right to take a position on this issue at the close of the evidence in this Docket.

SPRINT'S POSITION: If a surrogate level is approved, compensation should only be paid for payphones which generate dial-around calls. Thus, calls originating from payphones located in sites such as correctional facilities, state hospitals and restrictive care facilities should be excluded.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: No, the Commission should not prescribe a surrogate compensation level on all pay telephones. The Commission should limit the surrogate to only those pay telephones that are determined to generate high volumes of traffic.

ISSUE 4: What, if any, is the appropriate amount of dial-around compensation to be paid to pay telephone service providers under the methodology determined to be appropriate under Issue 3?

AT&T'S POSITION: Compensation, if approved by the Commission, should be based upon an incremental cost analysis in which only that cost and investment clearly associated with the provision of dial-around traffic would be used to establish the level of compensation. Costs associated with overall operation of the payphone provider's business (e.g., the cost of the local exchange company access lines, coin collection and installation of the payphone and its enclosure) should not be included, because those costs are not specifically incurred as a result of carrier access code traffic.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: If the Commission decides to require end users to compensate pay telephone providers for the use of the phone, the Commission should do so in the context of its competitive pay telephone policies which emphasize consumer benefits over location provider revenues and within the context of its findings in Docket 860723-TP that the routing of a dial around call imposes virtually no direct cost on the payphone.

FPTA'S POSITION: The appropriate amount of interim compensation for NPATS providers is no less than \$9.00 per pay telephone per month.

GTE'S POSITION: GTEFL takes no position on this issue at this time.

MCI'S POSITION: If the Commission decides to require end users to compensate pay telephone providers for the use of the phone, the Commission should do so in the context of its competitive pay telephone policies which emphasize consumer benefits over location provider revenues and within the context of its findings in Docket 860723-TP that the routing of a dial around call imposes virtually no direct cost on the payphone.

SPRINT'S POSITION: As to the proper amount of compensation on a per call basis and the methodology to use as the basis for calculating that amount (e.g., market rate, marginal opportunity costs, cost to provide access to operator service providers, etc.), Sprint takes no position at this time. However, in Comments filed before the FCC, Sprint noted that \$.12 per call might have merit on an interim basis.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: The Commission should prescribe a dial-around compensation rate of \$.25 per call for all completed 10XXX, 950 or 800 access code calls. This \$.25 rate is consistent with the Commission's "set use" fee established in Order No. 24101.

ISSUE 5: Who, if anyone, should pay compensation for dial-around traffic?

AT&T'S POSITION: Assuming the Commission determines that dial-around compensation is warranted, then it should appropriately be paid by OSPs who complete calls using end-user dialed carrier-specific access codes. If a flat-rate, non-traffic sensitive compensation mechanism is selected, the basis for determining which OSPs should pay has to be established.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to

¹See Federal Communications Commission Second Report and Order, CC Docket No. 91-35 issued May 8, 1992 at 7.

amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: FIXCA does not believe that compensation should be paid for dial around calls. If the Commission decides to require compensation be paid to pay telephone providers, the pay telephone provider should collect any such compensation from its patrons at the point of sale. Unlike the set-use fee authorized in Docket 860723-TP which is to be collected from end users by the LEC and remitted to the payphone provider under a tariffed billing and collection service offered by the LECs, MCI in particular and IXCs in general are not capable of offering such a billing and collection service to the payphone providers.

FPTA'S POSITION: Since these are interexchange revenue producing calls, dial-around compensation should be paid by the IXCs.

GTE'S POSITION: If compensation is ordered for dial around traffic, IXC's who offer operator services and accept non-sent paid calls from pay telephones should pay compensation.

If a surrogate method of compensation is utilized, a mechanism similar to the one the FCC ordered would facilitate administration of the program. A threshold level of revenues would be the determining factor as to which IXC's would have to pay compensation.

MCI'S POSITION: MCI does not believe that compensation should be paid for dial around calls. If the Commission decides to require compensation be paid to pay telephone providers, the pay telephone provider should collect any such compensation from its patrons at the point of sale. Unlike the set-use fee authorized in Docket 860723-TP which is to be collected from end users by the LEC and remitted to the payphone provider under a tariffed billing and collection service offered by the LECs, MCI in particular and IXCs in general are not capable of offering such a billing and collection service to the payphone providers.

SPRINT'S POSITION: Sprint takes no position at this time on who, if anyone, should pay compensation for dial-around traffic.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: The Commission should require only those IXCs that carry a high volume of traffic to pay compensation. Until staff has concluded its discovery, it does not take a position on which carriers should be required to pay. Staff does not believe that compensation should be ordered from all IXCs.

ISSUE 6: Who, if anyone, should receive compensation for dial-around traffic?

AT&T'S POSITION: Any contemplated compensation should be limited to NPATs providers.

BELLSOUTH'S POSITION: Southern Bell has no position on this issue at the present time, however, Southern Bell reserves the right to amend this prehearing statement prior to the prehearing, if necessary.

FIXCA'S POSITION: FIXCA does not believe that anyone should receive compensation for dial around traffic. If the Commission decides to require that end users pay compensation to pay telephone providers, then the decision to receive or require compensation should be optional and left up to the pay telephone station location provider. Some location providers, based on the nature of their patrons (i.e. business travelers) may decide that the convenience of their patrons outweighs the revenues to be gained from such compensation and choose to forego such compensation. All pay telephone locations should not be required to receive compensation from their patrons for travel card calls.

FPTA'S POSITION: NPATS providers should be immediately provided dial-around compensation. The LECs should not receive such compensation as they are currently compensated through other means. LPATS should be entitled to receive dial-around compensation when LEC pay telephone service is removed from the regulated investment, a level playing field is established for pay telephone service, and the current compensation is eliminated.

GTE'S POSITION: If intrastate dial around compensation is ordered, all PATS providers should receive it. Depending on the outcome of Docket No. 920255-TL, LEC pay telephones may also be candidates for dial around compensation.

MCI'S POSITION: MCI does not believe that anyone should receive compensation for dial around traffic. If the Commission decides to require that end users pay compensation to pay telephone providers, then the decision to receive or require compensation should be optional and left up to the pay telephone station location provider. Some location providers, based on the nature of their patrons (i.e. business travelers) may decide that the convenience of their patrons outweighs the revenues to be gained from such compensation and choose to forego such compensation. All pay telephone locations should not be required to receive compensation from their patrons for travel card calls.

SPRINT'S POSITION: Should the Commission decide that dial-around compensation is appropriate, Operators of all private payphones should be compensated with the exception of those markets referenced in Issue No. 3A.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: It is unclear at this time if compensation to all pay telephone providers is appropriate. The Commission should take into consideration the potential dial-around traffic that may occur from small mom-and-pop type operations and the cost to the IXC to pay compensation.

ISSUE 7: Should the Commission's decision to compensate or not compensate LEC pay telephones be based on the Commission's decision in Docket No. 920255-TL?

AT&T'S POSITION: No. LEC-owned pay telephones already receive more than adequate compensation through intrastate access charges paid to the LEC by the IXC. Imposition of dial-around compensation on LEC-owned pay phones would merely serve to increase the profits of the LEC at the expense of the end user.

BELLSOUTH'S POSITION: The Commission's decision to compensate LEC pay telephones should be based upon its decision in Docket NO. 920255-TL.

FIXCA'S POSITION: FIXCA does not believe that anyone, including LEC pay telephones, should be compensated regardless of the Commission's decision in Docket No. 920255-TL.

FPTA'S POSITION: No. Dial-around compensation for NPATS providers should be ordered by the Commission regardless of the Commission's decision in Docket No. 920255-TL as to whether LEC pay telephone service is effectively competitive or subject to effective competition. However, for the Commission to make pay telephone service in Florida subject to effective competition, dial-around compensation must be required. The dial-around compensation for NPATS providers can be implemented for LPATS providers when LEC pay telephone service is removed from the regulated investment, a level playing field is established for pay telephone service, and the current compensation is eliminated.

GTE'S POSITION: Yes. If the Commission rules in Docket No. 920255-TL that the LEC pay phone operation should be placed in a separate subsidiary or be subjected to additional accounting requirement including imputation of certain costs or expenses, LEC

pay telephones should receive the same level of intrastate dial around compensation as the non-LEC pay phone provider. If that were not the case, the LEC pay phone operation would have a revenue source withheld that the PATS provider would be using to fund their operation.

MCI'S POSITION: MCI does not believe that anyone, including LEC pay telephones, should be compensated regardless of the Commission's decision in Docket No. 920255-TL.

SPRINT'S POSITION: Sprint takes no position at this time on whether or not the Commission's decision to compensate LEC pay telephone should be based on the outcome of Docket No. 920255-TL.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: Yes, the Commission's decision to require compensation for dial-around traffic should be based on the Commission's decision in Docket No. 920255-TP. If and only if, the Commission places LEC pay telephone operations in a separate subsidiary or below the line should the Commission prescribe compensation by IXCs to the LEC.

ISSUE 8: How and when should the decisions reached in this docket be implemented?

AT&T'S POSITION: As stated earlier, AT&T believes that intrastate dial-around compensation is unwarranted. However, should the Commission authorize some form of intrastate dial-around compensation, it should have as its aim a fair rate which will not increase the costs to Florida consumers and which will minimize implementation costs.

If the Commission determines that some form of compensation is appropriate, AT&T suggests adoption of a mechanism for direct payment between the OSP and the NPATs provider. In addition, payphone owners should be required to register all of their payphones with the OSP. As part of the registration process, the payphone owner should provide to the OSP the payphone location and telephone number for each instrument and appropriate tax identification information.

The LECs should be required to provide to the OSPs a list of the NPATs subscribers to whom compensation would be paid. These LEC lists should include at a minimum the line number of the payphone customers of record, service connection and disconnection dates, and the installed address of the telephone. Furthermore,

payphone providers seeking compensation should be required to certify that all access codes are unblocked.

Regarding the administration of a compensation program, OSPs should be allowed to place reasonable limits on the timing of the issuance of compensation checks and limit the number of checks which will be required to be issued to a given payphone owner. Any compensation plan should also provide for an audit/claim mechanism. To the extent it is feasible, a clearly defined dispute resolution process should be incorporated into any compensation plan.

BELLSOUTH'S POSITION: Any dial around compensation, if determined appropriate, should be paid directly to the pay telephone provider by the interexchange carrier.

FIXCA'S POSITION: FIXCA does not take a position on this issue at this time. FIXCA reserves the right to take a position on this issue at the close of the evidence.

FPTA'S POSITION: The Commission should approve the concept of a usage-based compensation method (per call or per minute), and it should order the implementation of such a method as soon as practical. Until usage-based compensation is possible, the Commission should order immediate interim compensation based, at minimum, on a flat rate of \$9.00 per month per pay telephone. The effective date of the interim dial-around compensation should be the date the Commission renders its vote on the issues in this proceeding.

GTE'S POSITION: If the decision in this docket is to compensate for intrastate dial around traffic, the mechanism for implementation should be as consistent as possible to the interstate plan enacted by the FCC. This would require the PATS vendors to bill and collect this compensation from the IXC's that generate annual toll revenues over some threshold amount. An intrastate plan that is consistent with the interstate plan would appear to be the easiest and quickest to implement and should be implemented as soon as possible after the conclusion of the docket.

MCI'S POSITION: MCI does not take a position on this issue at this time. MCI reserves the right to take a position on this issue at the close of the evidence.

SPRINT'S POSITION: Should the Commission decide that compensation is appropriate, the effective date of the Order should be dependent upon the method of compensation adopted. If a per completed call method of compensation is ordered, implementation should take place whenever technologically feasible.

OPC'S POSITION: No position at this time.

STAFF'S POSITION: Dial-around compensation should be paid directly from the IXC to the NPATS provider. IXCs should be required to implement compensation on a surrogate per phone method 30 days after the issuance of a final order in this docket. Compensation on a per call basis should be implemented as soon thereafter as reasonably possible.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NO.</u>	<u>DESCRIPTION</u>
Joseph P. Gillan	FIXCA/MCI	JPG-1	Qualifications

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

VIII. PROPOSED STIPULATIONS

No stipulations were entered into during the Prehearing Conference. However, the parties did discuss the possibility of stipulating all of the testimony in this docket into the record and making the witnesses available for questioning by the Commissioners, in lieu of holding the scheduled Hearing. The Prehearing Officer directed all of the parties to advise staff counsel of their decision on this subject no later than the close of business, Tuesday, August 18, 1992.

IX. PENDING MOTIONS

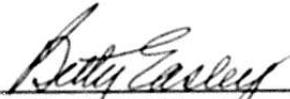
There were no pending motions brought to the attention of the Prehearing Officer at the Prehearing Conference.

It is therefore,

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

ORDER NO. PSC-92-0828-PHO-TP
DOCKET NO. 920399-TP
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By ORDER of Commissioner Betty Easley, as Prehearing Officer,
this 18th day of August, 1992.



BETTY EASLEY, Commissioner
and Prehearing Officer

(S E A L)

AGB

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.