

James V. Carideo
Area Vice President - General Counsel



**GTE Florida
Incorporated**

One Tampa City Center
Post Office Box 110, MC 7
Tampa, Florida 33601-0110
813 224-4001
813 228-5257 (Facsimile)

Attorneys

Lorin H. Albeck
Kimberly Caswell
Franklin H. Deak
M. Eric Edgington

Joe W. Foster
Ernesto Mayor, Jr.
Thomas R. Parker
Leslie Reicin Stein

July 8, 1993

Mr. Steve C. Tribble, Director
Division of Records & Reporting
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, FL 32399-0865

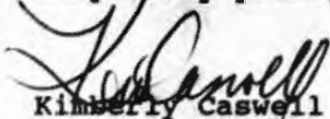
Dear Mr. Tribble:

Re: Docket No. 921074-TP
In the Matter of the Petition of Intermedia
Communications of Florida, Inc. for Expanded
Interconnection for AAVs within LEC Central Offices

Please find enclosed for filing an original and fifteen copies
of GTE Florida Incorporated's Prehearing Statement in the above
referenced matter. A copy of the prehearing statement is also
enclosed on diskette in WordPerfect 5.1.

Service has been made as indicated on the attached Certificate
of Service. If you have any questions, please contact the
undersigned at 813-228-3094.

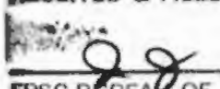
Very truly yours,


Kimberly Caswell

KC:mcp
Enclosures

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN
- OPC
- RCH
- SEC
- WAS
- OTH

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

07271 JUL-83

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of INTERMEDIA)
COMMUNICATIONS OF FLORIDA, INC.)
for expanded interconnection for)
AAVs within LEC central offices.)
_____)

DOCKET NO. 921074-TP

PREHEARING STATEMENT OF GTE FLORIDA INCORPORATED

Pursuant to Rule 25-22.038(3), F.A.C. and the Commission's Order No. PSC-93-0811-PCO-TP in this docket, GTE Florida Incorporated (GTEFL) files its prehearing statement.

1. Statement of General Position

Proponents of expanded interconnection for special access claim that it will produce competitive benefits for consumers. The theoretical consumer gains associated with a competitive marketplace will not, however, come about in the absence of a level playing field for all firms. The local exchange carrier (LEC) and competing interconnectors must be subject to the same level and type of regulatory requirements. Regulatory symmetry will also require that LECs be given the same opportunity to interconnect with competitors' networks as those competitors receive with respect to the LECs' facilities.

Further, GTEFL believes that a mandatory physical collocation requirement would be inconsistent with creation of fair and open competition. A physical collocation directive substantially restricts parties' ability to negotiate mutually advantageous interconnection arrangements. At least one of the two parties involved may be forced to enter into an arrangement that it would not elect to make on a voluntary basis. In addition, GTEFL

DOCUMENT NUMBER-DATE

07271 JUL-88

F.P.S.-RECORDS/REPORTING

believes mandatory collocation constitutes a taking of property in violation of Florida and federal constitutional provisions.

2. Witnesses

Mr. Edward C. Beauvais will be GTEFL's witness in this proceeding.

3. Exhibits

GTEFL does not plan to submit any exhibits prior to the hearing. The Company reserves the right to submit exhibits in conjunction with Mr. Beauvais' rebuttal testimony or at the hearing.

4. Stipulations and Motions

GTEFL is not aware of any stipulations among the parties in this proceeding. GTEFL has no outstanding motions or other matters upon which it seeks Commission action.

5. Issues

Issues 4 and 5 are legal issues. Issue 2 contains aspects of law, fact, and policy. All of the other issues in this proceeding contain mixed questions of fact and policy. Following are GTEFL's positions on each of the issues established for this case.

Issue 1: Is expanded interconnection for special access and/or private line in the public interest?

Whether or not expanded interconnection for special access and/or private line is in the public interest will depend upon how it is implemented. Expanded interconnection will increase the scope of competition in the local exchange market. In theoretical terms, increased competition is associated with consumer gains such as increased choice and lower prices. However, the type of competition being introduced through expanded interconnection is not the typical type of geographic competition. Because this competition has typical characteristics, the Commission will need to take affirmative measures to ensure that all competitors are on equal footing in the marketplace and that LECs can respond to competitive challenges. The Commission must be particularly vigilant in ensuring that small business, rural, and residential customers are not harmed by greater competition for special access.

Issue 2: How does the FCC's order on expanded interconnection impact the Commission's ability to impose forms and conditions of expanded interconnection that are different from those imposed by the FCC's order?

The FCC's Order does not compel this Commission to adopt the same requirements for intrastate interconnection as the FCC has issued for interstate interconnection. With regard to most aspects of interconnection, however, separate schemes would prove unworkable as a practical matter. A notable exception to the need for uniformity is discussed in response to Issue 3.

Issue 3: Under what circumstances should the Commission impose different forms and conditions of expanded interconnection?

As noted in response to Issue 2, GTEFL believes uniformity in federal and state interconnection requirements is desirable for the most part. A unified plan would limit the administrative costs of expanded interconnection and remove some of the incentives for misreporting the jurisdictional nature of traffic. However, the drawbacks of a physical collocation mandate are too severe to warrant acceptance of this mandate at a state level. GTEFL believes the Commission should decide for itself whether it is in the public interest of Florida consumers to force LECs to provide physical collocation.

Issue 4: Does Chapter 364 Florida Statutes allow the Commission to require expanded interconnection?

GTEFL's preliminary review of Chapter 364 has revealed nothing that would, on its face, appear to forbid the Commission from requiring expanded interconnection for special access services.

Issue 5: Does a physical collocation mandate raise federal and/or state constitutional questions about the taking or confiscation of LEC property?

Yes. Mandatory physical collocation requires LECs to relinquish portions of their private real property to their competitors for an unlimited duration, along with the equivalent of

easements over adjacent parts of their property for ingress and egress. These permanent physical intrusions constitute a "taking" of the LECs' property under both the Fifth Amendment of the United States Constitution and Article 10, section 6 of the Florida Constitution.

Issue 6: Should the Commission require physical and/or virtual collocation?

The Commission should not require either physical or virtual collocation. Instead, it should adopt a policy of allowing the LECs to choose between virtual and physical collocation in response to valid requests for interconnection. Under this flexible policy, the access market can develop in accordance with state-specific conditions.

A physical collocation requirement would be particularly harmful. It will subject LEC operations to numerous ongoing disruptions that would severely compromise this Commission's mission of assuring reliable and economical telephone service. Intractable space allocation and exhaustion problems are an inevitable outcome of a physical collocation directive. Forced reconfiguration of central offices will increase costs and reduce efficiency. Serious network security and reliability risks will also flow from mandatory physical collocation. The LECs' ratepayers will ultimately bear the costs of the unwarranted competitive disadvantages of a physical collocation requirement.

Issue 7: What LECs, if any, should be required to provide expanded interconnection?

If the Commission requires expanded interconnection, GTEFL would support extension of this requirement to Tier 1 LECs only. This is the limitation that has been adopted by the FCC for interstate expanded interconnection. (Tier 1 LECs are defined by the FCC as companies having annual revenues from regulated telecommunications operations of \$100 million or more.)

Issue 8: Where should expanded interconnection be offered?

Consistent with GTEFL's other positions, expanded interconnection should only be offered where sufficient demand exists or is anticipated to generate incremental revenues greater than the incremental costs associated with its offering. This would suggest that it should be offered primarily in the larger central offices in the major metropolitan areas. There may be exceptions where a significant concentration of traffic exists in a non-metropolitan area. By adopting GTEFL's position that expanded interconnection be negotiated rather than mandated, no ex ante restriction on where the services should be offered is required to be made by this Commission. Further, since some offices may not have adequate space for expanded interconnection, the ability to negotiate among parties as to where the service can be offered is critical.

Issue 9: Who should be allowed to interconnect?

If the Commission mandates expanded interconnection, it should be made available to all parties, regardless of their possible regulatory classification. Limiting the service to only certain customer groups is unworkable. In an increasingly competitive marketplace, it is difficult to attach single, defining labels to telecommunications entities.

Issue 10: Should the same terms and conditions of expanded interconnection apply to AT&T as apply to other interconnectors?

Yes. GTEFL believes that all parties, regardless of their identity, should be authorized to purchase its access services.

Issue 11: Should the Commission require standards for physical and/or virtual collocation? If so, what should they be?

No. Standards are not necessary. It is preferable to allow two parties to reach a mutually advantageous agreement between themselves than to impose standards established by a third party. If, however, standards are required, the Commission should adopt only minimum technical standards equivalent to what the LEC offers with regard to its own services.

Issue 12: Should collocators be required to allow LECs and other parties to interconnect with their networks?

Yes. In order to achieve maximum competitive benefits and ensure development of the most innovative telecommunications infrastructure possible, interconnection should be made available

with all types of networks. If an alternative access vendor (AAV) has lower costs and more reliable service, an efficient market solution would be to permit LECs and other entities to purchase inputs from the AAV and utilize them in providing their own output. One of those inputs which might be utilized by LECs or others is AAV floor space.

Issue 13: What standards should be established for the LECs to allocate space for collocators?

As noted in response to Issue 11, above, the operation of the market would obviate the need for any mandatory standards. Nevertheless, the FCC has established a first-come, first-served regime for allocation of floor space in central offices. As a practical matter, it is probably impossible for this Commission to enforce different space allocation standards for the intrastate jurisdiction.

Issue 14: Should the Commission allow expanded interconnection for non-fiber optic technology?

No. In principle, the technology involved in expanded interconnection should be irrelevant. However, practical considerations with regard to space constraints, particularly in vault space and entrance facilities to LEC central offices, imply that expanded interconnection should be limited to only fiber optic technology. Nevertheless, if the Commission were to allow parties to negotiate their own physical or virtual collocation

arrangements, it is possible that they could arrive at some accommodation for technologies other than fiber optic. In any case, the LEC must have the final decision to avoid immediate exhaustion of LEC structural space.

Issue 15: If the Commission permits expanded interconnection, what pricing flexibility should the LECs be granted for special access and private line services?

LECs must be given the ability to deaverage prices both on volume and geographic bases. If access services are competitive, then they should be deregulated or at least detariffed. If they are not competitive everywhere, this is an indication that geography does make a difference and that difference should be recognized in pricing flexibility granted to LECs.

Issue 16: If the Commission permits collocation, what rates, terms, and conditions should be tariffed by the LEC?

The answer to this question depends on whether or not the Commission requires LECs to file tariffs in the first place. If AAVs and other entrants are not required to file tariffs, then the LECs should not have to do so either. If this is the case, it is not necessary to tariff any rates, terms, or conditions for expanded interconnection, as they would be reached by negotiation.

Despite GTEFL's view that reliance on the market is the best means of arriving at prices for floor space, prices for floor space and associated items (power, etc.) have already been established in

interstate tariffs by order of the FCC. As a practical matter, the prices, terms, and conditions in the federal tariffs should be mirrored in the state tariffs.

Issue 17: Should all special access and private line providers be required to file tariffs?

All market participants should be allowed the same freedom to compete, under the same terms and conditions. Therefore, if the Commission finds it appropriate that the LECs operate under tariffs, then all special access and private line providers should be subject to the same condition. Unilateral tariffing requirements may serve to weaken price competition between the LEC and other parties, lessening the benefits to the ultimate consumer.

Issue 18: What separations impact will expanded interconnection have on the LECs?

Expanded interconnection could have potentially significant effects on the jurisdictional separation of LEC costs. As firms begin to interconnect at the LECs' central offices and abandon existing LEC access connection facilities, the total LEC investment in these joint facilities will not disappear; rather, it will be reallocated among the services and jurisdictions which remain, based on the usage of these facilities. As the interLATA access usage declines, more of the interoffice transport facility costs will be allocated to the remaining extended area service and intraLATA toll services. The impact of special access

interconnection will therefore result in a decrease in the costs of special access and an increase in the cost of all other LEC services.

The relative jurisdictional impact of switched interconnection will be much greater than that of expanded special access interconnection. This is because of the sheer volume of traffic involved, and because switched interconnection will likely result in carriers interconnecting at each end office, bypassing the tandem altogether.

Issue 19: How would ratepayers be financially affected by expanded interconnection?

As indicated in response to several other issues, the effect of expanded interconnection on ratepayers will depend on the manner in which specific interconnection arrangements are structured and the degree to which this Commission allows LECs to respond to increasing competition by interconnectors. In any case, the primary beneficiaries of special access expanded interconnection will be the AAVs and other interconnectors themselves. If these firms decide to pass along savings to their customers, they might benefit as well. These AAV customers are typically large businesses located in metropolitan areas.

Without careful structuring of the terms of interconnection, the average residential and small business ratepayer will be forced to bear additional expenses--for example, the numerous types of costs associated with physical collocation. And if LECs cannot

quickly and easily respond to competitive challenges, losses incurred when the LEC loses large customers will have to be borne by the average ratepayer.

Issue 20: Should the Commission grant ICI's petition?

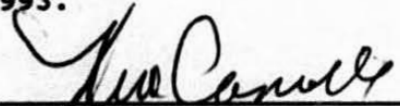
GTEFL would not object to the Commission granting ICI's petition, provided the Commission ensured sufficient pricing flexibility, symmetrical regulatory treatment for all market participants, and a LEC-option policy for collocation.

Issue 21: Should expanded interconnection be subject to a "net revenue test" requirement in order to avoid possible cross-subsidy concerns?

Yes. From a societal standpoint, it is undesirable to "waste" resources where the incremental costs of a product exceed the benefits which are expected to be derived from it. If the expanded interconnection service does not pass a net revenue test (where the net revenues associated with it are positive, stated on a net present value basis), it should not be offered. This is because if the LEC is to be "made whole," the additional costs will have to be recovered from some other source. Failure to pass a net revenue test will imply that the expanded interconnection product is being cross-subsidized. GTEFL believes its position is consistent with the decision recently reached by the Commission in Docket No. 910757-TP on cross-subsidization.

Respectfully submitted on July 8, 1993.

By:


Thomas R. Parker
Kimberly Caswell
Post Office Box 110, MC 7
Tampa, Florida 33601
Telephone: 813-228-3094

Attorneys for
GTE Florida Incorporated

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of GTE Florida Incorporated's Prehearing Statement in Docket No. 921074-TP was sent by U.S. mail on July 8, 1993 to the parties on the attached list.



Kimberly Caswell

Tracy Hatch
Florida Public Service
Commission
101 East Gaines Street
Tallahassee, FL
32399-0865

Harris R. Anthony
J. Phillip Carver
c/o Marshall Criser III
150 S. Monroe Street
Suite 400
Tallahassee, FL 32301

Patrick K. Wiggins
Kathleen Villacorta
Wiggins & Villacorta
P. O. Drawer 1657
Tallahassee, FL 32302

David B. Erwin
Young VanAssenderp
225 S. Adams St.
Suite 200
Tallahassee, FL 32302

Michael W. Tye
AT&T Communications Inc.
106 East College Avenue
Suite 1410
Tallahassee, FL 32301

Peter M. Dunbar
Haben Culpepper
Dunbar & French
P. O. Box 10095
Tallahassee, FL 32302

Office of Pub. Counsel
Claude Pepper Building
111 W. Madison Street
Room 812
Tallahassee, FL 32399-
1400

Harriet Eudy
ALLTEL Florida, Inc.
P. O. Box 550
Live Oak, FL 32060

Jeff McGehee
Southland Tel. Co.
210 Brookwood Road
P. O. Box 37
Atmore, AL 36504

Lee L. Willis
Ausley McMullen McGehee
Carothers & Proctor
P.O. Box 391
Tallahassee, FL 32302

Joseph McGlothlin
Vicki Gordon Kaufman
McWhirter Grandoff and
Reeves
315 S. Calhoun St.
Tallahassee, FL 32301

Daniel V. Gregory
Quincy Tel. Co.
P. O. Box 189
Quincy, FL 32351

John A. Carroll, Jr.
Northeast Fla. Tel. Co.
P. O. Box 485
Macclenny, FL 32063-
0485

Charles L. Dennis
Indiantown Tel. Sys. Inc.
P.O. Box 277
Indiantown, FL 34956

Joseph P. Gillan
Gillan and Assoc.
P.O. Box 541038
Orlando, FL 32854-
1038

Brad Mutschelknaus
Danny E. Adams
Rachel Rothstein
Wiley Rein Fielding
1776 K Street N.W.
Washington, DC 20006

Dean Kurtz
Central Tel. Co.
P. O. Box 2214
Tallahassee, FL 32316

C. Everett Boyd Jr.
Ervin Varn Jacobs
Odom & Ervin
305 S. Gadsden St.
Tallahassee, FL 32301

Chanthina R. Bryant
Sprint
3065 Cumberland Circle
Atlanta, GA 30339

Paul Jones
Time Warner Cable
Corporate Hdqtrs.
300 First Stamford Pl.
Stamford, CT 06902-
6732

Jodie L. Donovan
Regulatory Counsel
Teleport Comm. Group
1 Teleport Dr Ste 301
Staten Island, NY
10311