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December 6, 1993

Mr. Steven C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399

Re: Docket No. 920260-TL

Dear Mr. Tribble:

Enclosed for filing in the above referenced docket are one (1) original and fifteen (15) copies of AT&T's Prehearing Statement. Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,

Michael W. Tye
Michael W. Tye

MWT:sad

Attachments

cc: Parties of Record

- ACK _____
- AFA 4 _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1 _____
- LIN 6 _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

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DOCUMENT NUMBER-DATE

12955 DEC-6 83

FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive review of)	
the revenue requirements and rate)	DOCKET NO. 920260-TL
stabilization plan of Southern)	SUBMITTED FOR FILING:
Bell Telephone and Telegraph Company))	December 6, 1993
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AT&T'S PREHEARING STATEMENT

AT&T Communications of the Southern States, Inc. (hereinafter "AT&T"), pursuant to Rule 25-22.038, Florida Administrative Code, Order No. PSC-93-0644-PCO-TL, issued on April 23, 1993 by the Florida Public Service Commission (hereinafter the "Commission"), and Order No PSC-93-1567-PCO-TL issued by the Commission on October 26, 1993, hereby submits its Prehearing Statement.

A. Witnesses

AT&T intends to sponsor the testimony of the following witnesses:

1. Mike Guedel: Mr. Guedel is employed by AT&T as a Manager in its Network Services Division. The purpose of Mr. Guedel's direct testimony is to:

- (a) Recommend and provide the rationale for BellSouth Telecommunications d/b/a Southern Bell Telephone and Telegraph Company (hereinafter "Southern Bell") being ordered to immediately reduce intrastate access charges to at least the

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level of interstate rates, effective retroactively until January 1, 1993;

(b) Show that it is in the public interest for Southern Bell to reduce intrastate access rates below interstate levels towards costs plus a reasonable return;

(c) Demonstrate that the approval of Southern Bell's proposed ELS plan would not be in the best interest of Florida consumers and recommend that the Commission reject Southern Bell's proposal.

Mr. Guedel's testimony relates to Issues Number 24c, 28 and 29.

2. John P. Spooner, Jr.

Mr. Spooner is employed by AT&T as its Assistant Vice President - State Government Affairs. Mr. Spooner's testimony requests a significant reduction in intrastate access charges in this case and further supports the right of interexchange carriers (hereinafter "IXCs") and their customers to share in any refunds which may eventually result from this proceeding. His testimony will compliment the testimony of Mr. Guedel and will explain from a business perspective why intrastate access reductions are necessary and how such reductions will benefit interexchange customers. Additionally, Mr. Spooner's testimony will explain why IXCs are entitled to a share

of any refunds which may result from this case and how such refunds can be used to benefit interexchange customers. Mr. Spooner's testimony relates to Issues Number 24c, 29, and 32a.

In addition to the foregoing witnesses, whose testimony has been prefiled, AT&T reserves the right to present responsive testimony, if necessary, in the event that there are matters raised by the parties for the first time at the hearing.

B. Exhibits.

AT&T does not intend to present any exhibits. However, in the event that there are matters raised by the parties for the first time at the hearing, AT&T reserves the right to submit responsive exhibits, if necessary.

C. Basic Position.

For the past ten (10) years, AT&T has maintained that Southern Bell's intrastate access charges, and, indeed, all intrastate access charges in Florida, are priced at excessive levels which unfairly penalize IXCs and users of intrastate interexchange services. The Commission has recognized the need to deal with this problem and has made some progress towards lowering intrastate access charges. However, there is still much to be done.

This case presents a unique opportunity for the Commission to deal with the excessive level of intrastate access charges and to take an affirmative step towards alleviating this problem. In this case, the Commission should immediately reduce Southern Bell's intrastate access charges to at least the level of its interstate access rates. Such action will produce a reduction in intrastate access charges of approximately \$110 million per year. The competitive interexchange market will insure that interexchange customers benefit from this cost reduction.

In addition to going-forward access charge reductions, IXCs should be allowed to share in any refunds of excess 1993 revenues produced as the result of the Commission's final disposition of this case. This case was originally scheduled for hearings in early 1992 with a final resolution by mid-1992. By the time that this case is finally decided, delays brought about by the consolidation of this docket with various other dockets will mean that the needed access charge reductions have been deferred for an additional period of approximately two (2) years. To compensate for this delay, the Commission should apply the access charge levels ultimately found to be appropriate to 1993 usage and make a refund of such excess access charges to the IXCs. AT&T has committed to use such refund revenues to benefit its customers.

Finally, AT&T submits that Southern Bell's proposed Expanded Local Service (hereinafter "ELS") Plan is contrary

to the public interest. The ELS plan is simply an ill-disguised attempt to "re-monopolize" the provision of toll service throughout a significant portion of Southern Bell's operating territory. Consequently, the plan should be rejected.

D. Fact Issues.

See Attachment 1 (AT&T's Positions on Issues).

E. Legal Issues.

See Attachment 1 (AT&T's Positions on Issues).

F. Policy Issues.

See Attachment 1 (AT&T's Positions on Issues).

G. Position on Issues.

Attachment 1 (AT&T's Positions on Issues) sets forth AT&T's positions on Issues 24c, 28, 29, and 32a. AT&T has no position at this time on the other issues set forth in Order NO. PSC-93-1567-PCO-TL.

H. Stipulated Issues.

AT&T is not aware of any issues that have been stipulated to by the parties.

I. Pending Motions.

AT&T is not aware of any pending motions.

J. Other Requirements.

AT&T is not aware of any requirements set forth in the Order on Prehearing Procedure with which it is unable to comply.

Respectfully submitted,



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ATTORNEY FOR AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.

AT&T'S POSITIONS ON ISSUES

ISSUE 24c: What amount of revenue, if any, is subject to disposition for 1993 due to orders issued in DN 920260? How should this revenue be disposed of?

AT&T'S POSITION:

AT&T has no position at this time as to what amount of revenue is subject to disposition for 1993. However, AT&T submits that, should revenues be available for refund for 1993, IXCs should be allowed to share in such refunds. To the extent that refund revenues are available, the Commission should apply the intrastate switched access rates which are ultimately determined to be appropriate to the actual usage of the IXCs during the period January 1, 1993 until the effective date of the revised rates, and should direct Southern Bell to either provide an appropriate refund to each IXC or to return those excess revenues to IXCs through credits on access charge bills on a going-forward basis until all excess revenues have been returned. AT&T is willing to commit to using such refund revenues to benefit its customers.

AT&T Witness: John P. Spooner, Jr.

ISSUE 28: Southern Bell has proposed an "Optional Expanded Local Service (ELS) plan. Customers who subscribe would pay \$.02 per minute for all calls within the existing local calling area and \$.08 per minute for all intraLATA calls up to approximately forty miles. The proposed plan includes many components and features including seven-digit dialing, reduced flat-rate buy-ins, and usage caps. It would be available to both business and residence customers.

a. Should Southern Bell's proposed Optional

Expanded Local Service (ELS) plan be approved? If not, what alternative plan, if any, should be approved and what should be the criteria? What is the first year revenue impact?

AT&T'S POSITION:

The proposed 40-mile calling plan (ELS) should be rejected. The plan offers customers a discounted toll service at rates significantly below current toll service rates and below the underlying switched access charges that competing carriers must pay. Southern Bell has proposed offering ELS service at about 8 cents per conversation minute (for the expanded service area, i.e., discounted toll service) while it charges interexchange carriers approximately 11 cents for the underlying switched access. Because potential competitors can offer competing services only after purchasing switched access from Southern Bell, these potential competitors are effectively foreclosed from this portion of the market (approximately a \$60M toll market) and customers are denied the benefits of the competition - competition that this Commission has previously found to be in the public interest. The Commission should affirm the findings of its previous order (Order No. 23540), preserve the benefits of competition, and reject the ELS proposal. Moreover, the Commission should order an immediate reduction in intrastate switched access charges to levels at or below Southern Bell's interstate access charge levels. This would allow all competitive carriers to significantly reduce toll rates, bringing the benefits of lower toll rates to a greater number of Florida customers while simultaneously preserving the benefits of competition.

AT&T Witness: Mike Guedel

- b. If the Company's Optional ELS plan or any other alternative is approved, should stimulation be taken into account? If so, how?

AT&T'S POSITION:

Yes. To the extent that stimulation can be reasonably estimated for a monopoly supplier, it should be taken into account in rate making. This will permit

maximum rate reductions for rate payers consistent with the company's authorized return.

AT&T Witness: Mike Guedel

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

AT&T'S POSITION:

If the Commission approves an ELS plan, it should simultaneously order Southern Bell to reduce its intrastate switched access charges at least to the level of its interstate charges. This combination would preserve the benefits of competition while ensuring significant reductions in specific toll rates within the LATA.

AT&T Witness: Mike Guedel

- d. Is Southern Bell's proposal to amend, eliminate, or grandfather various existing measured and message rate offerings appropriate?

AT&T'S POSITION:

AT&T takes no position on this issue at this time.

ISSUE 29: Southern Bell has made the following proposals:

- A) To reduce the local transport element for both originating and terminating access from \$.01600 to \$.01289.
- B) To reduce the current FGD originating CCL from \$.02660 to \$.02600.
- C) To reduce the current FGD terminating CCL from \$.03660 to \$.02927.
- D) Not to flow through the switched access reductions to mobile interconnection usage rates.
- E) Not to make any changes to its toll services rates.

Should SBT's proposals be approved? If not, what actions should the Commission take with respect to SBT's switched access, toll, and/or mobile interconnection usage rates? What is the test year revenue impact?

AT&T'S POSITION:

The switched access charge reductions being proposed by Southern Bell in this case are woefully inadequate. Rather than simply approving the reduction in the local transport element that has been proposed by Southern Bell (item "A"), the Commission should order Southern Bell to immediately reduce intrastate switched access charges to a level at or below the level of its current interstate switched access charge rates. The annual revenue impact of reducing Southern Bell's intrastate switched access rates to interstate levels will be approximately \$110M.

The modifications suggested in items "B" and "C" have already been approved by this Commission on November 9, 1993 as part of a revenue neutral filing proposed by Southern Bell which included the elimination of time of day access pricing for Feature Group "D." These changes in CCL rates merely offset revenue increases that Southern Bell will experience through the elimination of the time of day discounts previously applicable to access. They do not represent access reductions.

AT&T has no position at this time on the proposal in item "D."

With respect to item "E," AT&T takes no position on the appropriate level of Southern Bell's toll rates so long as the pricing is in conformance with this Commission's ordered requirements for imputation of access charges.

AT&T Witnesses: Mike Guedel
John P. Spooner, Jr.

ISSUE 32a: Is a toll relief plan warranted for the routes in Docket No. 911034-TL (Between Ft. Lauderdale and Miami; Ft. Lauderdale and N. Dade; and Hollywood and Miami)? If so, what is the appropriate form of toll relief?

AT&T'S POSITION:

AT&T submits that no "toll relief plan" targeted towards specific routes is warranted. The best way for the Commission to implement "toll relief" in Florida is to adopt AT&T's recommendations with respect to the reduction of intrastate access charges. Such action will result in "toll relief" that can be enjoyed by all Floridians.

AT&T Witness: John P. Spooner, Jr.

CERTIFICATE OF SERVICE

Dockets Nos. 920260-TL, 910163-TL, 910727-TL, 900960-TL

I HEREBY CERTIFY that a correct copy of the foregoing has been furnished by U. S. Mail or hand-delivery to the following parties on this 6th day of December, 1993.

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