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June 18, 1996

ORIGINAL
FILE COPY

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Rm. 110
Tallahassee, FL 32399-0850

RE: Docket 951354-TL
Price Regulation

Dear Mrs. Bayó:

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

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.

Sincerely,

J. Phillip Carver (SL)
J. Phillip Carver

ACK _____
AFA _____
APP _____ Enclosures
CAF _____ cc: All Parties of Record
CMU _____ A. M. Lombardo
CTR _____ R. G. Beatty
EAG _____ R. Douglas Lackey
LEG _____
LIN _____ 5 RECEIVED & FILED
OPC _____
RCH _____ ~~FPSC-BUREAU OF RECORDS~~
SEC _____ 1
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

06568 JUN 18 96

FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
DOCKET NO. 951356-TL

I HEREBY CERTIFY that a true and correct copy of the
foregoing was served by U.S. Mail this 18th day of June, 1996
to the following:

Mr. Tracy Hatch
Staff Counsel
Florida Public Service Commission
2340 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

J. Phillip Carver (At)
J. Phillip Carver

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 this Commission.

C. STATEMENT OF BASIC POSITION

Regrouping constitutes a change in the nature of a customer's service, and is not merely a price change for the same service. Section 364.051, Florida Statutes caps the prices that apply to existing exchange rate groups. It does not prohibit a price change for a customer (or an entire exchange) whose calling scope changes and should, therefore, appropriately be moved to a different rate group. In addition, to the extent that BellSouth is forced to abruptly terminate regrouping, undue discrimination will necessarily result in the prices charged to similarly situated customers.

D. BELLSOUTH'S POSITION ON THE ISSUES

Issue No. 1: Is reclassification of an exchange (rate regrouping) subsequent to election of price regulation by BellSouth, a price increase that is prohibited under Section 364.051, Florida Statutes?

Position: No. The pricing restrictions included in Section 364.051, Florida Statutes apply to the price of service in an

existing exchange rate group. Thus, if the price charged to customers for basic local service in a given rate group were raised, this would constitute a prohibited price increase. When customers move to a higher rate group, however, the nature of their service changes. It is, therefore, permissible to charge a different (higher) price for the new service (with a larger calling scope) than was charged for the old service.

Issue No. 2: If rate regrouping by BellSouth is not allowed, does any resulting disparity in prices constitute undue discrimination in violation of Section 364.051, Florida Statutes?

Position: Yes. If this Commission does not allow BellSouth to continue established regrouping procedures, this will result in prohibited undue discrimination. Similarly situated customers with the same basic local calling scope will be charged different rates in some cases. In other instances, customers whose calling scopes differ - and who should, therefore, be in different rate groups - will be charged the same price. In both events, the result is undue discrimination in the prices charged to customers and the treatment of those customers.

E. STIPULATIONS

There have been no stipulations entered into by the parties at this time.

F. PENDING MOTIONS

There are no pending motions filed by BellSouth at this time.

G. OTHER REQUIREMENTS

BellSouth knows of no requirements set forth in any prehearing order with which it cannot comply.

Respectfully submitted this 18th day of June, 1996.

BELLSOUTH TELECOMMUNICATIONS, INC.

Robert G. Beatty (Bl)

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