

HOPPING GREEN SAMS & SMITH
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS

ORIGINAL
FILE COPY

JAMES S. ALVES
BRIAN H. BIBEAU
KATHLEEN BLIZZARD
ELIZABETH C. BOWMAN
RICHARD S. BRIGHTMAN
PETER C. CUNNINGHAM
RALPH A. DEMEO
THOMAS M. DE ROSE
WILLIAM H. GREEN
WADE L. HOPPING
FRANK E. MATTHEWS
RICHARD D. MELSON
DAVID L. POWELL
WILLIAM D. PRESTON
CAROLYN S. RAEPPEL
DOUGLAS S. ROBERTS
GARY P. SAMS
ROBERT P. SMITH
CHERYL G. STUART

123 SOUTH CALHOUN STREET
POST OFFICE BOX 6526
TALLAHASSEE, FLORIDA 32314
(904) 222-7500
FAX (904) 224-8551
FAX (904) 425-3415

GARY K. HUNTER, JR.
JONATHAN T. JOHNSON
ROBERT A. MANNING
ANGELA R. MORRISON
GARY V. PERKO
KAREN M. PETERSON
MICHAEL P. PETROVICH
R. SCOTT RUTH
JULIE R. STEINMEYER
T. KENT WETHERELL, II
OF COUNSEL
W. ROBERT FOKES

Writer's Direct Dial No.
(904) 425-2313

September 20, 1996

BY HAND DELIVERY

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 920260-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation in the above referenced docket are the original and 15 copies of MCI's prehearing statement.

By copy of this letter this document has been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

- ACK
- AFA 1
- APP RDM/cc
- Enclosures
- CAF cc: Parties of Record

- CMU *Norton*
- CTR
- EAG
- LEG 1
- LIN 5
- OPC
- RCH
- SEC 1
- WAS
- OTH

RECEIVED & FILED
SEP 20 1996
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
10075 SEP 20 96
FPSC-RECORDS/REPORTING

ORIGINAL
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of)
the revenue requirements and) Docket No. 920260-TP
rate stabilization plan of)
Southern Bell Telephone and) Filed: September 20, 1996
Telegraph Company)
_____)

MCI'S PREHEARING STATEMENT

MCI Telecommunications Corporation hereby files its prehearing statement in accordance with the requirements of Order No. PSC-96-0965-PCO-TL.

A. Known Witnesses. MCI has prefiled the testimony of the following witness:

<u>Witness</u>	<u>Testimony</u>	<u>Subject</u>
Don Wood	Direct/Rebuttal	Method of implementing required rate reduction

B. Known Exhibits. MCI does not have any prefiled exhibits. MCI reserves the right to use exhibits for purposes of cross-examination.

C. Basic Position. This proceeding to dispose of approximately \$48 million in BellSouth overearnings represents the Commission's last opportunity to mandate rate reductions to services which the Commission has long recognized as requiring rate reductions. With the elimination of the local exchange monopoly, and the substantial deregulation of that former monopoly under federal and state law, the Commission will be called upon to establish cost-based rates for competitive telecommunications firms to interconnect with the BellSouth

network. The Commission should use this opportunity to reduce BellSouth's switched access and mobile interconnection rates, as well as to reduce and restructure PBX and DID rates as recommended in the Joint Proposal of AT&T, MCI, Sprint Communications, FIXCA, Ad Hoc and McCaw Communications.

D-F. Issues. MCI's position on the issues that have been identified through the prehearing issue identification process are as follows:

Issue 1: Below are listed the proposals of various interested parties to this proceeding with respect to the disposition of the scheduled 1996 unspecified rate reductions. Which, if any, should be approved?

A) BellSouth Telecommunications, Inc.: \$48.00 million

MCI: The Commission should not approve the BellSouth proposal. The BellSouth proposal, in large part, is to reduce service ordering charges and other non-recurring charges to attract customers to take additional services from BellSouth. While this may be an appropriate pricing response in a competitive market, these strategic pricing initiatives should be funded by BellSouth's shareholders and not with overearnings obtained from past ratepayers. BellSouth's proposal to fund contract pricing for PBX services should also be rejected as being an anticompetitive attempt to lock in PBX customers with ratepayer dollars on the eve of competitive choice for those customers. BellSouth's proposal to deaverage its switched access rates should also be rejected as being discriminatory. There may be some rational basis to charge different rates where there exist cost differences, but BellSouth's proposal is to deaverage the RIC and CCL, which have no basis in cost.

B) Joint Proposal of AT&T, MCI, Sprint Communications, FIXCA, Ad Hoc and McCaw Communications: \$48.00 million

MCI: The Commission should adopt the Joint Proposal. The Commission has previously recognized that BellSouth's Residual Interconnect Charge has no basis in the cost to provide switched access services and was established

as a charge to collect a revenue requirement. The Commission has further recognized that BellSouth is now price regulated and that revenue requirements are neither consistent with nor relevant to price regulation. It is particularly appropriate to eliminate this "revenue requirement" charge with BellSouth overearnings established in a regulatory environment when BellSouth was rate base rate of return regulated.

The Commission has also long recognized the anticompetitive pricing practices associated with PBX services versus the pricing of BellSouth's ESSX services. The Commission should use this last opportunity to correct those pricing disparities and reduce PBX trunk rates and DID services associated with PBX services. The Commission should also reduce the mobile interconnection charge.

- C) Public Counsel: Establish a reserve fund to assist BellSouth Telecommunication, Inc. customers who have experienced problems with conversion to the 954 NPA.

MCI: MCI has no position at this time.

- D) FTCA: Eliminate nonrecurring charges for interconnection trunks and special access circuits ordered by ALECs.

MCI: MCI has no position at this time.

- E) Palm Beach Newspapers, Inc./Florida Today: Reduce usage rates for N11 service to \$.02 per minute.

MCI: MCI has no position at this time.

Issue 2.. To the extent the Commission does not approve the plans proposed by BellSouth, Public Counsel, FCTA, Palm Beach Newspapers, Inc./Florida Today and AT&T, MCI, Sprint, FIXCA, Ad Hoc and McCaw, how should the Commission implement the scheduled rate reduction?

MCI: The Commission should approve the Joint Proposal. If it does not approve the Joint Proposal, it should ensure that the reductions are used to eliminate pricing anomalies and not to benefit BellSouth through strategic pricing of newly competitive services.

Issue 3: What should be the effective date of the rate reductions?

MCI: The rate reductions should be effective on the date of the Commission's vote.

G. Stipulations. MCI is not a party to any stipulations.

H. Pending Motions. MCI has no pending motions at this time.

J. Requirements of Order on Procedure. MCI believes that this prehearing statement complies with all the requirements of the Order on Procedure.

RESPECTFULLY SUBMITTED this 20th day of September, 1996.

MCI TELECOMMUNICATIONS CORPORATION

By: 

Richard D. Melson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, FL 32314
(904) 425-2313

and

Michael J. Henry
MCI Telecommunications Corporation
780 Johnson Ferry Road, Suite 700
Atlanta, GA 30342
(404) 843-6373

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was sent by U.S. Mail this 20th day of September 1996, to the following:

Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas
117 S. Gadsden Street
Tallahassee, FL 32301

Martha Brown
Division of Legal Services
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0862

Stan Greer
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0862

Robert G. Beatty
Nancy B. White
c/o Nancy H. Sims
Southern Bell Telephone Company
150 S. Monroe St. Suite 400
Tallahassee, FL 32301

Charles J. Beck
Office of Public Counsel
111 West Madison St., Ste. 812
Tallahassee, FL 32399-1400

C. Everett Boyd, Jr.
Ervin, Varn, Jacobs, Odom
and Ervin
P.O. Box 1170
Tallahassee, FL 32302

Benjamin W. Fincher
Sprint Communications Company
3100 Cumberland Circle
Atlanta, GA 30339

Laura L. Wilson
Florida Cable Television Assoc.
310 North Monroe Street
Tallahassee, FL 32302

Mike Tye
AT&T Communications
101 N. Monroe St., Ste. 700
Tallahassee, FL 32301

Robin Dunson
AT&T
1200 Peachtree St., NE
Atlanta, GA 30309-7733

Monte Belote
Florida Consumer Action
Network
4100 West Kennedy Blvd. #128
Tampa, FL 33609

Dan B. Hendrickson
P.O. Box 1201
Tallahassee, FL 32302

Michael A. Gross
Assistant Attorney General
Department of Legal Affairs
The Capitol, PL-01
Tallahassee, FL 32399-1050

Benjamin H. Dickens, Jr.
Bloostron, Mordkofsky, Jackson
& Dickens
2120 L Street, N.W.
Washington, D.C. 20037

Mr. Cecil O. Simpson, Jr.
Mr. Peter Q. Nyce, Jr.
Department of the Army
901 North Stuart Street
Arlington, VA 22203-1837

Angela B. Green
Fla. Pay Telephone Ass'n.
125 S. Gadsden St., Suite 200
Tallahassee, FL 32301

Floyd R. Self
Messer, Vickers, Caparello,
Lewis, Goldman & Metz, P.A.
P.O. Box 1876
Tallahassee, FL 32302-1876

Mark Richard
Locals 3121, 3122 and 3107
304 Palermo Avenue
Coral Gables, FL 33134

Kenneth A. Hoffman
Rutledge, Ecenia, Underwood,
Purnell & Hoffman
215 S. Monroe St., Suite 420
Tallahassee, FL 32301-1841

William W. Deem
Mahoney Adams & Criser
Post Office Box 4099
Jacksonville, FL 32201-4099

Donald L. Bell
104 East Third Avenue
Tallahassee, FL 32303

Douglas S. Metcalf
Communications Consultants, Inc.
Post Office Box 1148
Winter Park, FL 32790-1148

Joseph Gillan
J.P. Gillan & Associates
Post Office Box 541038
Orlando, FL 32854-1038

Marsha E. Rule
Wiggins & Villacorta, P.A.
501 E. Tennessee St., Suite B
Tallahassee, FL 32302

Patrick K. Wiggins
Wiggins & Villacorta, P.A.
501 E. Tennessee St., Suite B
Tallahassee, FL 32302

Dan Shorter
Palm Beach Newspapers
P.O. Box 24700
West Palm Beach, FL 33416-4700

David Larimer
Florida Today
P.O. Box 419000
Melbourne, FL 32941-9000

Steve Brown
Intermedia Communications, Inc.
3625 Queen Palm Drive
Tampa, FL 33619-1309

William Higgins
AT&T Wireless
250 Australian Avenue
West Palm Beach, FL 33401

Mark Logan
Bryant Law Firm
201 S. Monroe St., Ste. 500
Tallahassee, FL 32301

Tony H. Key
Sprint
3100 Cumberland Circle, #802
Atlanta, GA 30339



Attorney