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October 7, 1996

Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

RE: Docket No. 950737-TP

Dear Mrs. Bayo:

Enclosed are an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing Statement. Please file these documents in the captioned docket.

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 on the parties shown on the attached Certificate of Service.

Sincerely,

Thomas B. Alexander
(TW)

Thomas B. Alexander

- ACK /
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG 1
- LIN 5
- OPC
- ROH
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- OTH

Enclosures

cc: All Parties of Record
A. M. Lombardo
R. G. Beatty
W. J. Ellenberg

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10732 OCT-7 96

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

3-12-98
10/17/96

In re: Investigation into temporary) Docket No. 950737-TP
local telephone number portability)
solution to implement competition) Filed: 10/17/96
in local exchange telephone markets)

BELLSOUTH TELECOMMUNICATIONS, INC.'S
PREHEARING STATEMENT

BellSouth Telecommunications, Inc. ("BellSouth"), in compliance with the Order Establishing Procedure (Order No. PSC-96-1121-PCO-TP), issued on September 4, 1996, respectfully, submits its Prehearing Statement in Docket No. 950737-TP.

A. WITNESSES

BellSouth proposes to call Alphonso J. Varner as a witness to offer direct and rebuttal testimony on the issues in this docket. BellSouth reserves the right to call additional rebuttal witnesses, witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated at the prehearing conference to be held on November 14, 1996.

B. EXHIBITS

<u>WITNESS</u>	<u>DOCUMENT INDICATOR</u>	<u>TITLE OF EXHIBIT</u>
Alphonso J. Varner	AJV-1 (Direct)	Petition for Reconsideration or Clarification
	AJV-2 (Rebuttal)	Reply Comments

BellSouth 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

BellSouth believes that the Federal Communications Commission's (FCC's) authority to address cost recovery only applies to permanent number portability as defined in Section 251(e)(2) of the Act, and not to interim number portability. Thus, any attempt by the FCC to address cost recovery for interim number portability, in BellSouth's opinion, is unlawful. Additionally, BellSouth believes that the FCC's guidelines for establishing cost recovery for interim number portability (i.e. that the incremental payment made by a new entrant for winning a customer would have to be "close to zero") would require the incumbent Local Exchange Carrier (LEC) to price interim number portability at confiscatory levels in violation of the Fifth and

Fourteenth Amendments to the Constitution of the United States and of Florida.

BellSouth, along with other incumbent LECs, Alternative LECs, and the Florida PSC have participated in earlier proceedings in this Docket that have established a pricing structure for interim number portability in Florida. This structure is based on the premise that the cost of interim number portability should be recovered from the companies who make use of these arrangements. BellSouth believes that the price of such services should be based on the cost of providing the network elements and include a reasonable profit. Further, Section 364.16(4), Florida Statutes, requires that the rates for temporary number portability shall not be set below cost. It is BellSouth's position that the FPSC's Order No. PSC-95-1604-FOF-TP should be maintained until such time as the solution for permanent number portability can be implemented. For the reasons stated above, BellSouth believes that the FPSC should leave in place Order No. PSC-95-1604-FOF-TP even though it appears to be inconsistent with the FCC's First Report and Order in CC Docket No. 95-116 issued July 2, 1996.

As an alternative, BellSouth proposes that each LEC be required to track and record their costs of providing interim number portability until such time as the recovery mechanism for long-term number portability becomes effective. Under this alternative

approach, the costs incurred by each company providing interim number portability, including appropriate interest, will be recovered using the same long-term number portability cost recovery mechanism ultimately approved by the FCC.

It is also BellSouth's position that, if the FPSC were to make changes to the rates established in Order No. PSC-95-1604-FOF-TP, that the FPSC should not retroactively apply the FCC's decision to this proceeding. BellSouth believes that if such actions were taken by the FPSC, they could be in violation of the retroactive ratemaking principles covered in the Florida Statutes (Section 366.06(2), Florida Statutes).

D. BELLSOUTH'S POSITION ON THE ISSUES

ISSUE NUMBER 1: Is Order No. PSC-95-1604-FOF-TP inconsistent with the Federal Communications Commission's First Report and Order Further Notice of Proposed Rulemaking in The Matter of Telephone Number Portability in CC Docket No. 95-116?

POSITION: Although the pricing structure established by the FPSC in Order No. PSC-95-1604-FOF-TP appears to be inconsistent with the FCC's First Report and Order in CC Docket No. 95-116, BellSouth disagrees with the FCC's First Report and Order

pertaining to cost recovery for interim number portability.

BellSouth believes that the FCC's First Report and Order's cost recovery provisions for interim number portability are unlawful and confiscatory. BellSouth continues to support the stipulation signed by parties and approved by the FPSC in this docket.

BellSouth believes that the FPSC's Order No. PSC-95-1605-FOF-TP established the appropriate cost recovery mechanism for temporary local telephone number portability in Florida.

ISSUE NUMBER 2: What is the appropriate cost recovery mechanism for temporary number portability?

POSITION: BellSouth, along with other incumbent LECs, alternate LECs, and the FPSC have already participated in proceedings that have established a pricing structure for interim number portability in Florida. This structure is based on the premise that the cost of interim number portability should be recovered from the companies who make use of these arrangements. BellSouth believes that the price of such services should be based on the cost of providing the network elements and include a reasonable profit. The FPSC's Order No. PSC-95-1604-FOF-TP should be maintained until such time as the solution for permanent number portability can be implemented. This is consistent with Chapter

364.16(4), Florida Statutes, which requires that the rates for temporary number portability shall not be set below cost. In the alternative only, BellSouth believes that each carrier should be required to track and record their costs of providing interim number portability until the recovery mechanism for long-term number portability becomes effective. The costs incurred by each company providing interim number portability, including appropriate interest, will then be recovered using the same long-term number portability cost recovery mechanism approved by the FCC.

ISSUE NUMBER 3: Should there be any retroactive application of the Commission's decision in this proceeding? If so, what should be the effective date?

POSITION: No. There should not be any retroactive application of any decision in this proceeding. If such actions were taken by the FPSC they could be in violation of the retroactive ratemaking principles covered in the Florida Statutes. (Section 366.06(2), Florida Statutes).

E. QUESTIONS OF LAW

To the extent Issue No. 1 and Issue No. 3 include questions of fact and of law, BellSouth submits these issues as questions of law.

F. POLICY QUESTIONS

BellSouth is not aware of any policy questions to be addressed by the Commission.

G. STIPULATIONS

There are no stipulations of which BellSouth is aware.

H. PENDING MOTIONS

There are no pending motions of which BellSouth is aware.

I. OTHER REQUIREMENTS

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

Respectfully submitted this 7th day of October, 1996.

BELLSOUTH TELECOMMUNICATIONS, INC.

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CERTIFICATE OF SERVICE

Docket No. 950737-TP

I HEREBY CERTIFY that a copy of the foregoing has been furnished by Federal Express this 7th day of October, 1996 to:

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