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November 13, 1996

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

Dear Ms. Bayo:

**Subject: Docket No. 961173-TP
Petition by Sprint Communications Company Limited Partnership d/b/a
Sprint for Arbitration with GTE Florida Incorporated Concerning
Interconnection Rates, Terms, and Conditions, Pursuant to the Federal
Telecommunications Act of 1996**

Please find enclosed for filing in the above matter an original and fifteen copies of GTE Florida Incorporated's Prehearing Statement together with a diskette with a copy of the Prehearing Statement in WordPerfect 5.1 format.

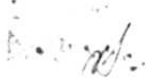
Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at (813) 483-2615.

Very truly yours,



Anthony P. Gillman

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- Enclosures



A part of GTE Corporation

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Sprint Communications)
Company Limited Partnership d/b/a Sprint)
for Arbitration with GTE Florida) Docket No. 961173-TP
Incorporated Concerning Interconnection) Filed: November 13, 1996
Rates, Terms, and Conditions, Pursuant)
to the Federal Telecommunications)
Act of 1996.)
_____)

GTE FLORIDA INCORPORATED'S PREHEARING STATEMENT

GTE Florida Incorporated's (GTEFL) files this Prehearing Statement in accordance with Commission Rule 25-22.038 and Commission Order number PSC-96-1283-PCO-TP, issued October 15, 1996.

A. Witnesses

GTEFL's witnesses and the issues to which they will testify are as follows:

1. Larry Hartshorn: Issues 1 (NID, local loop, local switching, operator systems), 2, 25.
2. Douglas N. Morris: Issues 1 (signaling and call-related databases), 2.
3. Douglas E. Wellemeyer: Issues 3, 7, 8.
4. William E. Munsell: Issues 1 (tandem switching, interoffice transmission facilities), 2, 5, 6, 10.
5. Kirby D. Cantrell: Issue 9.
6. Charles F. Bailey: Issue 19.
7. Michael J. Doane: Issues 2, 5, 8, 14, 18.
8. Bert I. Steele: Issue 2, 4, 5, 14, 18.

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9. Dennis B. Trimble: Issue 2, 4, 5, 14, 18.
10. Mike Drew: Issues 1 (operations support systems), 2, 12, 13, 14, 15, 21, 24, 26.
11. Beverly Y. Menard: Issues 4, 16 (911/E911), 18, 23.
12. Mark E. Johnson: Issues 1 (operator systems), 2, 16 (DA database), 17, 18, 20, 25.
13. Donald W. McLeod: Issues 1 (general unbundling policy); 2 and 8 (general pricing policies), 7 (general resale policy), 11, 12, 13, and 14 (general OSS access policy).
14. Allan Peters: Issue 22.

B. Exhibits

GTEFL plans to submit the following exhibits:

1. Exhibit numbers LH-1 (central office video), LH-2 (central office diagram), LH-3 (Lucent Technologies letter), LH-4 (AG Communication Systems letter), all attached to Hartshorn Direct Testimony; may be labeled as a composite exhibit.
2. Exhibits numbers DNM-1 through DNM-5 (signaling diagrams) all attached to Morris Direct Testimony; may be labeled as a composite exhibit.
3. Exhibit numbers DEW-1 and DEW-2 (avoided cost materials), attached to Wellemeyer Direct Testimony; may be labeled as a composite exhibit.
4. Exhibit numbers MJD-1 (curriculum vitae) and MJD-2 (economic report), attached to Doane Direct Testimony; may be labeled as a composite exhibit.
5. Exhibit number BIS-1 (TELRIC/TSLRIC methodology), attached to Steele Direct Testimony. Exhibit number BIS-2 (cost study and supporting documentation), attached to Response to Sprint Arbitration filing.
6. Exhibit numbers DBT-1 through DBT-8 (costing and pricing materials), attached to Trimble Direct Testimony; may be labeled as a composite exhibit.
7. Exhibit numbers MD-1 and MD-2 (OSS processes), attached to Drew Direct Testimony; may be labeled as a composite exhibit.

8. Exhibit number BYM-1 (ICI E911 agreement), attached to Menard Rebuttal Testimony.

GTEFL reserves the right to introduce additional exhibits at the hearing and to use exhibits sponsored by other parties' witnesses for any purpose permitted by this Commission's Rules and the Florida Rules of Evidence.

C. GTEFL's Basic Position

The Telecommunications Act of 1996 (Act) holds the promise of creating a robust, facilities-based local exchange telephone marketplace. To this end, Congress has required the incumbent local exchange carriers (ILECs) to open up their networks to competitors. Congress was concerned, however, not only with ensuring access to the local network, but also with ensuring that ILECs recover their costs and earn a reasonable profit on their investments.

This dual goal can be achieved only through adoption of prices that encourage efficient market entry, encourage facilities-based competition, and send price signals that will maximize consumer welfare. To this end, GTEFL urges the Commission to adopt GTEFL's prices, which reflect forward-looking incremental costs and which include a reasonable share of forward-looking joint and common costs, as determined by the market.

The Commission should reject Sprint's proposed prices, which are substantially understated and unlawful. Sprint's proposal for pricing unbundled elements--a uniform mark-up above total element long-run incremental cost (TELRIC)--is arbitrary and lacking in any economic or business logic. Its recommendation for wholesale pricing is based on

the sole objective is to create the maximum possible discount off retail rates. In short, Sprint's pricing methodologies would never produce fair and efficient competition and would deny GTEFL full recovery of its forward-looking and historic costs. This outcome will violate the Act, as well as the federal and Florida Constitutions.

With regard to the non-price aspects of this case, GTEFL asks the Commission to recognize GTEFL's property rights and its interest in the security and reliability of its network. GTEFL should not be forced to operate that network solely for the benefit of its competitors, as Sprint would have it do. The Commission must resolve the disputed issues in a way that promotes competition, not particular competitors. GTEFL's positions are consistent with this objective.

D., E., F. Questions of Fact, Law, and Policy

GTEFL considers all of the issues in this case to be mixed questions of fact, law, and policy.

G. GTEFL's Positions on the Issues

Issue 1: Are the following items considered to be network elements, capabilities, or functions? If so, is it technically feasible for GTEFL to provide Sprint with these elements?

- Network Interface Device
- Local Loop
- Local Switching
- Operator Systems
- Interoffice Transmission Facilities
- Tandem Switching
- Signaling and Call-Related Databases
- Directory Assistance (DA) Service
- Operations Support Systems

GTEFL's Position: GTEFL will continue to offer, on a tariffed basis, interoffice transmission (dedicated and common transport) and directory assistance (DA) service. GTEFL will unbundle the network interface device local loop, port, and its signaling systems, and it will provide access to its operations support systems (OSS) functions. It will consider other unbundling requests, such as subloop unbundling, on a case-by-case basis. This is the only workable approach because there is no standard configuration for GTEFL's network, such that the technical feasibility of unbundling will vary with the element requested.

Issue 2: What should the rates, terms and conditions be for each of the items listed in Issue 1 considered to be network elements, capabilities, or functions?

GTEFL's Position: As GTEFL stated in response to Issue 1, it will, for the most part, need to evaluate unbundling requests in a case-by-case way. Assuming a particular request is technically feasible, the terms and conditions under which the item is offered will necessarily vary with the nature of that item and the specifics of the request. It is thus impossible for the Commission to determine, on a blanket basis, the terms and conditions that will govern specific requests for unbundling or access to particular GTEFL systems.

The Commission can, however, decide how rates will be set for the items GTEFL will make available. Except for the already-tariffed services, rates should be set at total long-run incremental cost, as calculated by GTEFL, plus a reasonable share of joint and common costs. A departure from the standard set forth by GTEFL will effect an unconstitutional taking of its property.

Issue 3: Should GTEFL be prohibited from placing any limitations on Sprint's ability to combine unbundled network elements with one another, or with resold services, or with Sprint's or a third party's facilities to provide telecommunications services to consumers in any manner Sprint chooses?

GTEFL's Position: Reasonable restrictions must be placed on Sprint's ability to combine unbundled elements, resold services, and facilities. Otherwise, Sprint will be able to circumvent the Act's pricing mandates, which are deliberately different for unbundled elements and services offered for resale. Alternative local exchange carriers (ALECs) should not be allowed to reassemble network elements to avoid taking wholesale offerings. Neither Congress nor the FCC intended this sort of tariff arbitrage, which will give an unfair windfall to GTEFL's competitors.

Issue 4: What services provided by GTEFL, if any, should be excluded from resale?

GTEFL's Position: The Commission should exclude from resale below-cost services; promotions; future advanced intelligent network (AIN) services; public and semi-public payphone lines; and non-telecommunications services. GTEFL will resell, but not at wholesale rates, services already priced at wholesale; operator services and directory assistance; non-recurring charge items; and future contracts. These exceptions are permissible under the FCC's Order implementing the Act, because they are reasonable and nondiscriminatory.

Issue 5: What are the appropriate wholesale recurring and non-recurring charges, terms and conditions for GTEFL to charge when Sprint purchases GTEFL's retail services for resale?

GTEFL's Position: Consistent with the language of the Act, wholesale rates should be based on avoided, not avoidable, costs. Thus, prices for resold services should equal retail rates minus net avoided costs. GTEFL's avoided cost studies fully satisfy this objective. Unlike Sprint's discount recommendation, which lacks any empirical foundation, GTEFL's cost studies are based on analysis of the expense associated with activities GTEFL will actually avoid in wholesaling services.

Issue 6: Should GTEFL be required to provide real-time and interactive non-discriminatory access via electronic interfaces to perform the following?:

- Pre-Service Ordering
- Maintenance/Repair
- Service Order Processing and Provisioning
- Customer Usage Data Transfer/Billing Interfaces
- Local Account Maintenance
- Network Identification Database

GTEFL's Position: GTEFL will provide interactive, real-time, non-discriminatory access to its OSS via electronic interfaces, as Sprint has requested. While GTEFL will provide such access to the OSS it uses for its own operations, it has no obligation under the Act to build new systems. Thus, to the extent that any of the above-listed capabilities would require creation of new systems, GTEFL would not provide these capabilities.

Issue 7: If GTEFL is required to provide real-time and interactive non-discriminatory access via electronic interfaces to perform any of the items listed in Issue 6, in what time frame should these items be deployed?

GTEFL's Position: It is, as yet, impossible to establish any time frame for deployment of the electronic bonding Sprint seeks. Before interfaces can be built, industry standards must be determined and Sprint must give GTEFL detailed specifications for the types of access it needs for each system. To the extent that it can do so in the absence

of these standards and specifications, GTEFL is assessing the tasks are necessary to build the requested interfaces.

Issue 8: What are the costs incurred by GTEFL in Issue 7, and how should those costs be recovered?

GTEFL's Position: As noted above, in response to Issue 7, the industry standards and Sprint-specific plans for access that GTEFL would need to build the requested interfaces have not yet been completed. Without a full understanding of the tasks needed to complete the interfaces, it is impossible to know the costs associated with these tasks.

It is not necessary, however, to know what the costs will be before determining how cost recovery should occur. Sprint should pay all the costs associated with its requests for electronic interfaces and ongoing access to GTEFL's OSS. GTEFL must fully recover the costs of both interim and long-term access.

Issue 9: Is it appropriate for GTEFL to provide customer service records to Sprint for pre-ordering purposes? If so, under what conditions?

GTEFL's Position: GTEFL assumes that "customer service records" in this Issue refers to information about GTEFL's customers that GTEFL has obtained in providing local telephone service to those customers--in other words, customer proprietary network information (CPNI). Under the Act, GTEFL cannot disclose such information without written customer authorization. Thus, GTEFL cannot provide such information under any conditions. Disclosure of CPNI for "pre-ordering purposes" would be particularly troublesome because CPNI would be transferred to another carrier even before a customer has decided to take service from that carrier.

Issue 10: What are the appropriate rates, terms and conditions for Sprint's interconnection with GTEFL's network?

GTEFL's Position: GTEFL will permit Sprint to interconnect at any of the minimum technically feasible points required by the FCC. Interconnection at additional points should be at GTEFL's discretion, in accordance with technical factors. Technical feasibility should not be presumed (and interconnection mandated) just because an ALEC may have already interconnected at a given point. The cost causer--Sprint, in this case--should pay GTEFL all of the costs it incurs to provide interconnection at a particular point, in accordance with the Act.

Issue 11: Should GTEFL be permitted to impose any restrictions on interconnection facilities (i.e., trunking, traffic types, routing)?

GTEFL's Position: Yes, some restrictions are reasonable and necessary. Specifically, Sprint must order a minimum of two trunk groups--the first for local and intraLATA toll traffic not routed to and from an interexchange carrier (IXC) and the second for access traffic routed to and from an IXC. At least two trunk groups are required to create automatic message accounting (AMA) terminating access records on the local/intraLATA trunk group. These records will allow GTEFL to bill Sprint for transport and termination for local and intraLATA toll traffic originated by Sprint end users.

Certain switches in GTEFL's network will not allow GTEFL to route terminating traffic from an IXC to a trunk group where AMA terminating access records are created. The second trunk group (carrying access traffic to and from an IXC) is not measured by GTE, and therefore the terminating traffic from an IXC is routed to this trunk group.

In short, it is not technically feasible to combine the traffic from these two types of trunk groups into one, as Sprint requests.

Issue 12: What should be the rates, terms and conditions for collocation and cross-connects?

GTEFL's Position: GTEFL believes that any collocation mandate is an unconstitutional taking of GTE's property. Nevertheless, for negotiation purposes, GTEFL has agreed to permit collocation, as well as cross-connects, provided the cross-connecting parties interconnect with GTEFL's network. Although GTEFL intends to use a five-year planning horizon for its own space needs, it will not limit the amount of space a collocator can request. The tariffed rates will apply for collocation. Collocation, as well as cross-connect, rates must cover GTEFL's direct costs and include an appropriate share of GTEFL's common costs.

Issue 13: What rates, terms and conditions should apply to access provided by GTEFL for its poles, ducts, conduits, and rights-of-way?

GTEFL's Position: GTEFL believes that any mandate of access to GTEFL's facilities is constitutionally infirm. Nevertheless, for purposes of negotiation, GTEFL has agreed to provide non-discriminatory access to its poles, ducts, conduits, and rights-of-way as long as such access does not raise capacity, safety, reliability, or engineering concerns. Because of GTEFL's complex network planning needs and its carrier of last resort status, GTEFL should also be permitted to reserve reasonable space in and on its facilities for future needs. Parties using GTEFL's poles, ducts, and conduits should pay all costs GTEFL incurs to provide access, including an appropriate share of joint and common costs. For

rights-of-way that GTE controls, ALECs should pay GTEFL a proportionate share of what GTEFL pays to the third party granting access.

Issue 14: Should GTEFL be required to provide Sprint access to GTEFL's directory assistance database and 911/E911?

GTEFL's Position: GTEFL is not currently capable of providing access to its DA database. Such access would only become technically feasible with design modifications to ensure the integrity and security of GTEFL's data in a multiple-user environment.

GTEFL is not aware of any outstanding 911/E911 issues with regard to Sprint. GTEFL is willing to offer Sprint access to E911 service in the same manner as it has for other ALECs.

Issue 15: If the process in Issue 14 requires the development of additional capabilities by GTEFL, in what time frame should they be deployed?

GTEFL's Position: As noted above, in response to Issue 14, additional capabilities will need to be developed to allow multiple-user access to GTEFL's DA database. While GTEFL has contacted its vendors in an effort to investigate this problem, no solution has yet emerged. As such, it is impossible to set a time frame for DA database access in this proceeding.

Issue 16: What are the costs incurred by GTEFL in Issue 15, and how should those costs be recovered?

GTEFL's Position: As GTEFL explained above, in response to Issue 15, the technical measures needed to allow multiple-user access to GTEFL's DA database have

not yet been determined. As such, the associated costs are impossible to calculate. The Commission does not need to know the specific costs, however, to make a ruling on cost recovery. To this end, Sprint should pay all of the costs GTEFL incurs in satisfying Sprint's request for access to GTEFL's DA database.

Issue 17: Should GTEFL be required to route Sprint's customers' directory assistance calls to Sprint's directory assistance centers?

GTEFL's Position: No. Routing directory assistance (DA) calls to Sprint is not yet technically feasible, and so should not be required. The vendor-endorsed solutions that would permanently solve the customized routing problem do not yet exist.

Issue 18: What kind of branding, if any, is appropriate for operator services and directory assistance services?

GTEFL's Position: At this time, such branding is not technically feasible, and so it is not appropriate to order it. Before branding can occur, a vendor-endorsed solution must be developed to permit GTEFL to route traffic to other carriers' operator service and directory assistance platforms. Aside from the customized routing problem, branding raises its own set of technical issues that have yet to be resolved.

Issue 19: When GTEFL's employees or agents interact with Sprint's customers with respect to a service provided by GTEFL on behalf of Sprint, what type of branding requirements are technically feasible or otherwise appropriate?

GTEFL's Position: At most, only an unbranded no-access door hanger is appropriate. GTEFL employees cannot be expected to change their identities numerous times a day to correspond to the various carriers whose customers GTEFL may serve at

particular times. Sorting out literature, truck magnets, uniforms, and the like with each service call would unduly and unreasonably burden GTEFL, which can never be compensated for the intangible, but very real, losses in operational efficiency that this approach would cause.

Issue 20: Should Sprint customers receive either a bill from the directory publisher or from Sprint, as an agent of the directory publisher, for white and yellow page advertising?

GTEFL's Position: GTEFL will continue to bill for the duration of the existing directory's life. After that time, the publisher will bill the end user directly.

Issue 21: What should be the cost recovery mechanism for recurring and/or non-recurring charges to provide interim local number portability in light of the FCC's recent order?

GTEFL's Position: This issue is most appropriately addressed in the ongoing phase of Docket number 950737-TP, which will specifically address the number portability compensation mechanism in light of the FCC's order. Hearings in that Docket will take place before the hearings in this one. Addressing the issue here would thus be redundant and inconsistent with the Commission's intention to achieve a compensation solution on an industry-wide basis. GTEFL's currently tariffed remote call forwarding (RCF) rates should remain in effect while the Commission is considering whether any changes in the compensation mechanism are warranted. Any rates set for other interim number portability options should be based on GTEFL's costs of providing the service.

Issue 22: What should be the compensation mechanism for the exchange of local traffic between Sprint and GTEFL?

GTEFL's Position: The Act requires each party to recover its true costs of transport and termination. GTEFL's rates for terminating Sprint's traffic should thus be cost-based. Rates should be set in accord with the Market Determined-Efficient Component Pricing Rule. A symmetrical approach will result in under recovery of GTEFL's costs, thus forcing GTEFL to subsidize Sprint. In addition, the Commission should not mandate a bill-and-keep arrangement because there is no way for it to determine whether traffic exchanged will be equal. GTEFL would, however, be willing to voluntarily negotiate a bill-and-keep scheme in keeping with certain conditions, for transport and termination of local traffic only.

Issue 23: Should GTEFL make available any price, term and/or condition offered to any carrier by GTEFL to Sprint on a most-favored nation's (MFN) basis? If so, what restrictions, if any, would apply?

GTEFL's Position: No. Sprint's MFN proposal would permit it to pick and choose provisions from GTEFL's various agreements with other ALECs. Sprint's position, if the Commission accepts it, will destroy the Act's intended negotiation process, in which a comprehensive agreement is produced out of concessions and compromise from both parties. If Sprint wants terms from an agreement with another ALEC, it must abide by the entire agreement, rather than just those items that might be most favorable to it. Furthermore, Sprint's rationale for its MFN position--the FCC's Rule 51.809--is unpersuasive, since that Rule has been stayed by the Eighth Circuit.

H. Stipulated Issues

No issues have been stipulated.

I. Pending Matters

GTEFL has no pending motions or other matters, except for its requests for confidential classification of the cost study material submitted in response to Sprint's arbitration petition.

J. Compliance Statement

GTEFL believes it can comply with all requirements set forth in the prehearing orders in this case.

Respectfully submitted on November 13, 1996.

By:



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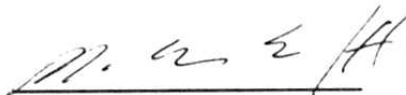
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Prehearing Statement in Docket No. 961173-TP were hand-delivered (*) or sent via overnight mail (**)
on November 13, 1996 to the parties listed below.

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