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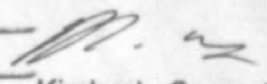
February 24, 1997

Re: Docket No. 961537-TP
Petition by American Communications Services, Inc., and its local exchange
operating subsidiaries, for Arbitration with GTE Florida Incorporated pursuant
to the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of GTE Florida
Incorporated's Prehearing Statement in the above matter. Also enclosed is a diskette
with a copy of the Prehearing Statement in WordPerfect 6.1 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) 483-2617.

✓
Very truly yours,


Kimberly Caswell *KC*

CTB KC:tas

EAC Enclosures

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LIN 3

SEC 1 A part of GTE Corporation

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
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In re: Petition by American Communications)
Services, Inc., and its local exchange)
operating subsidiaries, for Arbitration with)
GTE Florida, Inc. pursuant to the)
Telecommunications Act of 1996)
_____)

Docket No. 961537-TP
Filed: February 24, 1997

GTE FLORIDA INCORPORATED'S PREHEARING STATEMENT

GTE Florida Incorporated (GTEFL) files its Prehearing Statement, in accordance with Commission Rule 25-22.038 and the Order Establishing Procedure in this arbitration.

A. Witnesses

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

1. Donald W. McLeod: Issues 1 and 2 (general pricing policy), and 7. (Mr. McLeod will also testify to Issue 8 if, contrary to GTEFL's arguments, it is accepted for consideration in this proceeding.)
2. Beverly Y. Menard: Issue 3.
3. William E. Munsell: Issue 6.
4. Kirby D. Cantrell: Issues 4 and 5.
5. Gregory M. Duncan: Issues 1 and 2 (rebuttal of Hatfield Model).
6. Bert I. Steele: Issues 1, 2, and 3 (support for cost study calculations).
7. Dennis B. Trimble: Issues 1, 2, and 3 (pricing for elements offered to interconnectors).
8. Michael J. Doane: Issues 1 and 2 (economic analysis of issues to be arbitrated).

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GTEFL will request that Messrs. Trimble and Steele be permitted to testify as a panel, as they did in GTEFL's recent arbitrations with AT&T, MCI and Sprint. GTEFL also reserves the right to substitute witnesses, as necessary.

B. Exhibits

1. Exhibit GMD-1, attached to Dr. Duncan's Direct Testimony.
 2. Exhibits BIS-1 and BIS-2, attached to Mr. Steele's Direct Testimony; may be identified as a composite exhibit.
 3. GTEFL's multi-binder cost study submission, sponsored by Mr. Steele; may be identified on a composite basis.
 4. Exhibits DBT-1 through DBT-8, attached to Mr. Trimble's Direct Testimony; may be identified on a composite basis.
 5. Exhibit MJD-1, attached to Dr. Doane's Direct Testimony.
 6. Exhibit MJD-2, attached to Dr. Doane's Direct Testimony.
- GTEFL reserves the right to introduce additional exhibits before and during the hearing.

C. GTEFL's Basic Position

It is critical that the Commission set proper prices for the unbundled elements American Communications Services, Inc. (ACSI) seeks in this arbitration. Correct prices will engender fair and effective competition, while improper pricing will prevent consumers from enjoying the benefits that efficient markets produce. To this end, only GTEFL's prices reflect the actual costs the Company will incur to provide service and maintain its network.

The Commission cannot, consistent with constitutional law and sound economic theory, set prices below GTEFL's actual costs, as ACSI proposes. Further, rational pricing objectives and legislative history compel rejection of ACSI's request to unbundle and then recombine GTEFL's network elements in any manner ACSI chooses.

D., E., F., G. GTEFL's Positions on Specific Issues

The issues in this proceeding are all mixed questions of fact, law, and policy.

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

- Multiplexing
- Digital cross-connect
- Channelization

Position: GTEFL will provide cross-connect functionality to alternative local exchange carriers (ALECs) under the same terms and conditions as it provides this functionality today to interexchange carriers (IXCs). GTEFL assumes that ACSI means "channelization" and "multiplexing" to be the same functionalities ordered in the AT&T/MCI arbitration. GTEFL will provide these functionalities under the same terms and conditions as reflected in the AT&T/MCI arbitration order.

Issue 2: What should be the recurring and nonrecurring rates of each of the following items?

- Network interface device
- Unbundled loops

Position: These items should be priced at total long-run incremental cost, as calculated by GTEFL, plus a reasonable share of joint and common costs. A departure from this standard will effect an unconstitutional taking of GTEFL's property.

Issue 3: What should be the recurring and nonrecurring rates for interim local number portability (RCF, DID)?

Position: GTEFL's tariffed rates for RCF should remain in place. GTEFL's costs of providing DID should be recovered through appropriate tariffs, based on GTEFL's actual costs, or through a cost-pooling system.

Issue 4: Should GTEFL permit ACSI to cross-connect with other collocators on GTEFL's property and, if so, what should be charged for such cross-connection?

Position: GTEFL does not believe the Telecommunications Act of 1996 (Act) imposes a duty to facilitate interconnection between third parties on an ILEC's premises. Despite these concerns, GTEFL recognizes that this Commission has allowed such cross-connections. For the time being, GTEFL will permit third party cross-connections under certain conditions, including the requirement that GTEFL may choose whether GTEFL or the ALEC will provide the cross-connection. ACSI must pay the full costs of such cross-connection, as calculated by GTEFL.

Issue 5: Should GTEFL be required to permit ACSI to collocate its remote switching modules in GTEFL's central offices?

Position: No. Under the Act, GTEFL must permit collocation of only equipment that is "necessary for interconnection or access to unbundled network elements." (47 U.S.C. sec. 251(c)(6).) Equipment which can provide switching functionality—such as remote switching modules—does not come within this requirement and thus will not be permitted. GTEFL's position on this matter accords with the FCC's.

Issue 6: What should be the compensation mechanism for the exchange of local traffic between ACSI and GTEFL?

Position: GTEFL's rates for termination of ACSI's traffic should be cost-based, as the Act provides. Rates should be determined in accord with the Market Determined-Efficient Component Pricing Rule. Establishment of any bill-and-keep arrangements should be strictly at GTEFL's discretion.

Issue 7: Should ACSI be allowed to combine GTEFL's unbundled network elements in any manner it chooses including recreating existing GTEFL services?

Position: No. ALECs cannot reassemble network elements to avoid taking wholesale offerings. The Act's pricing standards for unbundled elements and services offered for resale are deliberately different. ACSI wishes to create arbitrage opportunities that would eviscerate the Act's unambiguous distinction—made explicit in the Act's legislative history—between unbundled elements and wholesale services made available for resale.

* * *

ACSI's proposed issue 8 asks, in effect, whether the Commission should permit ACSI to assemble an interconnection and unbundling contract with GTEFL by picking and choosing provisions from among GTEFL's contracts with other ALECs. This issue has not been accepted for consideration in this case. (Order Determining Issues, number PSC-97-0155-PCO-TP, Feb. 13, 1997, at 2.) GTEFL reserves the right to take a substantive position on this issue if, at the prehearing conference, the prehearing officer adds it to the official issues list. GTEFL refers the Commission to its Comments filed January 31, 1997 for its discussion as to why this issue should not be included for resolution in this case. Among other things, GTEFL pointed out that the Commission already declined to decide this exact same issue in GTEFL's recent arbitration with Sprint (Docket number 961173-TP). Because this was a legal decision pursuant to the Commission's interpretation of the Act, rather than a decision based on any facts or evidence in the record, there is no reason to believe that the Commission's decision on the same issue here should be any different. Making the same finding at the prehearing conference that the Commission made after the Sprint hearing would save GTEFL from submitting--and the Commission from hearing--needless testimony.

H. Stipulated Issues

No issues have been stipulated.

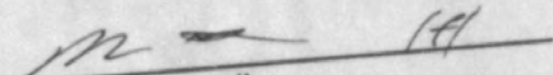
I. Pending Matters

As noted above, it has not yet been decided whether ACSI's proposed issue 8 will remain in this proceeding. GTEFL asks the prehearing officer to exclude it from consideration.

J. Compliance Statement

To the best of its knowledge, GTEFL can comply with all the requirements the Commission has set forth to govern this case.

Respectfully submitted on February 24, 1997.



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Attorneys for GTE Florida Incorporated

CERTIFICATE OF SERVICE

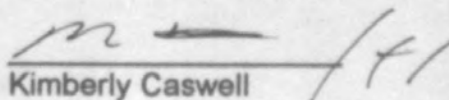
I HEREBY CERTIFY that copies of GTE Florida Incorporated's Prehearing Statement in Docket No. 961537-TP were hand delivered (*) or sent via U.S. mail (**) on February 24, 1997, to the parties listed below.

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