

ORIGINAL



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February 18, 1998

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

Dear Mrs. Bayo:

Re: Docket No. 971056-TX

You will find enclosed an original and fifteen (15) copies of AT&T's Petition to Intervene for filing in the above-referenced docket.

Copies of the foregoing are being served on the parties of record in accordance with the attached certificate of service.

Yours truly,

Marsha E. Rule

- ACK
- AFA 1
- APP
- CAF
- CMU Osten
- CTR Enclosures
- EAG cc: Parties of Record
- LEG 2
- LIN 5
- LRG
- ROH
- WAS 1
- OTH ML

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02421 FEB 19 98

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Application for Certificate)
to Provide Alternative Local) Docket No. 971056-TX
Exchange Telecommunications)
Service by BellSouth BSE, Inc..) Filed: 02/19/98
)
)
_____)

AT&T'S PETITION TO INTERVENE

COMES NOW AT&T Communications of the Southern States, Inc. (hereinafter "AT&T") and, pursuant to Rule 25-22.039, Florida Administrative Code, files this Petition to Intervene with the Florida Public Service Commission (hereinafter the "Commission") in the above-referenced docket. AT&T respectfully requests that the Commission grant this petition, designating AT&T as a party of record and affording it all applicable rights under Florida law and the rules and regulations of this Commission. In support thereof, AT&T respectfully shows as follows:

1. Petitioner's full name and principal place of business are:

AT&T Communications of the
Southern States, Inc.
1200 Peachtree Street, N.E.
Atlanta, Georgia 30309

2. All pleadings, orders, notices and other correspondence with respect to this docket should be addressed to:

Marsha Rule
AT&T
101 North Monroe Street, Suite 700
Tallahassee, FL 32301
(850)425-6365

DOCUMENT NUMBER-DATE
02421 FEB 1998
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3. AT&T is a telecommunications company that has been duly certificated by the Commission as an interexchange company ("IXC") in Florida. As such, AT&T is subject to the rules, regulations and orders of the Commission, and such rules, regulations and orders impact AT&T's ability to provide intrastate interexchange telecommunications service.

STATEMENT OF HOW SUBSTANTIAL INTERESTS WOULD BE AFFECTED

4. In Order No. PSC-97-1347-FOF-TX issued October 27, 1997, the Commission proposed to issue a statewide grant of authority to BellSouth BSE, Inc. to engage in business as an alternative local exchange company ("ALEC"). BellSouth BSE, Inc. is a subsidiary of BellSouth Telecommunications, Inc. ("BellSouth"), and BellSouth is the source of BellSouth BSE, Inc.'s name, capital and management. BellSouth is the incumbent local exchange company ("ILEC") in much of the state and has already applied for and received an ALEC certificate issued under its own name (see Order No. PSC-96-0704-FOF-TX, issued in Docket No. 960276-TX on May 23, 1996).

5. In order No. PSC-97-1347-FOF-TX, the Commission concluded that the issuance of a statewide ALEC certificate to BellSouth BSE, Inc. would not circumvent the obligations and restrictions placed on BellSouth by the Federal Telecommunications Act of 1996 which were then under consideration in Docket No. 970786-TL. However, in the order the Commission considered only the implications of the application of BellSouth BSE, Inc. on the relationship between the Act and BellSouth's long distance activities. The Commission failed to consider whether granting the application, without

appropriate restrictions, would enable BellSouth to circumvent the requirements that the Act imposed on BellSouth with respect to its local exchange services.

6. Allowing BellSouth to provide local exchange services in the geographical areas in which it serves as the ILEC would affect AT&T's substantial interests by undermining and subverting the legal relationships created by the Act, thereby subjecting AT&T to anti-competitive and unfair treatment.

7. Granting BellSouth BSE the authority to engage in the local exchange business in areas in which BellSouth is the ILEC would subvert the relationship established by the Act between the retail price BellSouth charges its customers and the wholesale prices it charges its competitors. Under the Act, if BellSouth lowers its retail price, the effect of the wholesale discount lowers its competitors' costs simultaneously, and they can respond to BellSouth competitively by lowering their own prices. Thus, BellSouth, the ILEC, cannot defeat competition by lowering its retail price without also lowering the corresponding wholesale price. However, if BellSouth is permitted to sell its services at a discount to "itself" (the subsidiary ALEC), then resale to customers, this mandatory relationship would be circumvented. The proposed statewide certificate would enable BellSouth to circumvent the relationship between the ILEC's retail and wholesale prices that Congress created as one of the primary means of introducing competition to the local exchange market.

8. In its regulation of ALECs, including BellSouth BSE, Inc., the Commission has the power and the obligation to prevent anti-competitive behavior and to ensure that all telecommunications companies are treated fairly. Sections 364.01(g) and 364.337(5), Florida Statutes.

9. The Commission cannot grant the authority requested by BellSouth BSE, Inc. without affecting AT&T's substantial interests. The Commission must take measures to ensure the fair treatment of all telecommunications providers who wish to provide alternative local exchange service in areas in which BellSouth is the ILEC. This can be ensured adequately and effectively only by prohibiting BellSouth's subsidiary from providing ALEC service in geographical areas in which BellSouth serves as the ALEC.

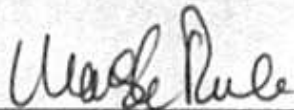
STATEMENT OF KNOWN DISPUTED FACTS

10. AT&T disputes the proposed finding in Order No. 97-1347-FOF-TX that the granting of statewide ALEC authority to BellSouth BSE, Inc. would not circumvent the proceeding designed to ensure that BellSouth complies with all obligations imposed on it by the Telecommunications Act of 1996.

ULTIMATE FACTS ALLEGED

11. Participation by BellSouth BSE, Inc. as an ALEC in the geographical area in which its parent, BellSouth, presently serves as ILEC would subvert carefully designed state and federal regulatory schemes and thwart the intent of state and federal law to develop competition within the local exchange.

WHEREFORE, AT&T requests that it be permitted to intervene in this proceeding and that it be accorded full party status.



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850/425-6365

Attorney for AT&T
Communications of the
Southern States, Inc.

CERTIFICATE OF SERVICE
Docket No. 971056-TX

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by
U.S. Mail this 19th day of February, 1998, to the following:

Martha Carter-Brown
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 390-M
Tallahassee, FL 32399-0850

Nancy B. White
c/o Ms. Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street, Suite 400
Tallahassee, FL 32301-1556

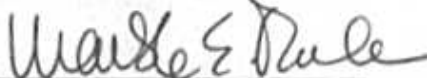
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