

McWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, RIEF & BAKAS, P.A.

ORIGINAL

LAW OFFICES

100 NORTH TAMPA STREET, SUITE 2800
TAMPA, FLORIDA 33602-5126

TALLAHASSEE OFFICE
117 S. GADSDEN
TALLAHASSEE, FLORIDA 32301
TELEPHONE (850) 222-2525
FAX (850) 222-5006

LYNWOOD F. ARNOLD, JR.
JOHN W. BAKAS, JR.
C. THOMAS DAVIDSON
STEPHEN O. DEUCKER
LINDA E. JORGE
VICKI GORDON KAUFMAN
JOSEPH A. MCGLOTHLIN
JOHN W. MCWHIRTER, JR.
RICHARD OLIVER
RICHARD W. REEVES
FRANK J. RIEF, III
DAVID W. STERN
PAUL A. STRASKE

MAILING ADDRESS: TAMPA
P.O. BOX 3350, TAMPA, FLORIDA 33601-3350

TELEPHONE (813) 224-0800
FAX (813) 221-1854
CABLE GRANDLAW

PLEASE REPLY TO:
TALLAHASSEE

September 10, 1998

VIA HAND DELIVERY

Ms. Blanca Bayó
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 980696-TP - In re: Determination of the Cost of Basic Local Telecommunications Service, Pursuant to Section 364.025, Florida Statutes

Dear Ms. Bayó:

Enclosed are the original and 15 copies of FCCA's Prehearing Statement to be filed in the above docket. I have enclosed a diskette containing this document in WordPerfect 5.1 format.

I have also enclosed an extra copy of the above document for you to stamp and return to me. Please contact me if you have any questions. Thank you for your assistance.

Sincerely,

Joseph A. McGlothlin
Joseph A. McGlothlin

ACK _____
AF: 5
AP: _____
CAF _____
CMU Keef
CTR _____
EAG _____
LEG 2 JAM/jg
LIN 5 Enclosures
QPC _____
RCH _____
SEC I
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

09883 SEP 10 8

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Determination of the Cost of)
Basic Local Telecommunications) Docket No. 980696-TP
Service, Pursuant to Section 364.025,)
Florida Statutes.) Filed: September 10, 1998
_____)

**PREHEARING STATEMENT OF
FLORIDA COMPETITIVE CARRIERS ASSOCIATION**

Pursuant to Order No. PSC-98-0813-PCO-TP, the Florida Competitive Carriers Association ("FCCA") hereby submits its Prehearing Statement.

1. **WITNESSES**

FCCA will sponsor the testimony (direct and rebuttal) of Joseph Gillan.

2. **EXHIBITS**

There are no exhibits to Mr. Gillan's testimony. FCCA reserves the right to offer cross-examination exhibits.

3. **STATEMENT OF BASIC POSITION**

FCCA: An assessment of the need for universal service support that does not take into account the full family of profitable exchange services would lead to an artificial and erroneous depiction of the economics of local exchange service, resulting in demands by ILECs for expensive and unwarranted support mechanisms. Also, to avoid creating competitive distortions between ILECs and ALECs, UNE prices and the cost of local exchange service must be determined consistently, using the same costing basis and methodology. Accordingly, a proxy model appropriate to the task of determining the cost of basic local telecommunications service

DOCUMENT NUMBER: DATE

09883 SEP 10 98

FREC-RECORDS/REPORTING

must have two fundamental properties. First, it should recognize that the network facilities used to provide local exchange service inherently provide other services, too. To accomplish this, the cost analysis should identify the full cost of the typical family of exchange services. Second, the same costing basis and methodology should be applied to both the cost of local exchange service and the derivation of UNE prices. Among other things, the same geographic unit should be used for both.

4. **POSITIONS ON ISSUES**

ISSUE NO. 1: What is the definition of the basic local telecommunications service referred to in Section 364.025(4)(b), Florida Statutes?

POSITION OF FCCA: The Commission has discretion to define "basic local telecommunications service" for purposes of this docket in a way that includes the typical family of services that comprise "basic local telecommunications service." If the Commission determines it cannot so define the term, then it should report to the Legislature both the cost of basic local telephone service based on the more narrow "dial tone" concept and the cost that includes all facilities associated with other services, so that the Legislature will have the information needed to assess the pertinent economic relationships from both perspectives.

ISSUE NO. 2: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, what is the appropriate cost proxy model to determine the total forward-looking cost of providing basic local telecommunications service pursuant to Section 364.025(4)(b), Florida Statutes?

POSITION OF FCCA: The appropriate proxy model is the HAI model, applied in a manner that encompasses the cost of facilities used to provide the full family of local exchange services.

ISSUE NO. 3: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the total forward-looking cost of basic local telecommunications service pursuant to Section 364.025(4)(b), Florida Statutes, be determined by a cost proxy model on a basis smaller than a wire center? If so, on what basis should it be determined?

FCCA'S POSITION: The wire center is the appropriate level.

ISSUE NO. 4: For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for each of the following categories what input values to the cost proxy model identified in Issue 2 are appropriate for each Florida LEC?

- (a) Depreciation rates
- (b) Cost of money
- (c) Tax rates
- (d) Supporting structures
- (e) Structure sharing factors
- (f) Fill factors
- (g) Manholes
- (h) Fiber cable costs
- (i) Copper cable costs
- (j) Drops
- (k) Network interface devices
- (l) Outside plant mix
- (m) Digital loop carrier costs
- (n) Terminal costs
- (o) Switching costs and associated variables
- (p) Traffic data

- (q) Signaling system costs
- (r) Transport system costs and associated variables
- (s) Expenses
- (t) Other inputs

FCCA'S POSITION: FCCA adopts the position of AT&T and MCI.

ISSUE NO. 5:

- (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, for which Florida local exchange companies must the cost of basic local telecommunications service be determined using the cost proxy model identified in Issue 2?
- (b) For each of the LECs identified in (a), what cost results from using the input values identified in Issue 5 in the cost proxy model identified in Issue 2?

FCCA'S POSITION: No position.

ISSUE NO. 6:

- (a) For purposes of determining the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism, should the cost of basic local telecommunications service for each of the LECs that serve fewer than 100,000 access lines be computed using the cost proxy model identified in Issue 2 with the input values identified in Issue 4?

- (b) If yes, for each of the LECs that serve fewer than 100,000 access lines, what cost results from using the input values identified in Issue 4 in the cost proxy model identified in Issue 2?
- (c) If not, for each of the Florida LECs that serve fewer than 100,000 access lines, what approach should be employed to determine the cost of basic local telecommunications service and what is the resulting cost?

FCCA'S POSITION: No position

5. **STIPULATED ISSUES**

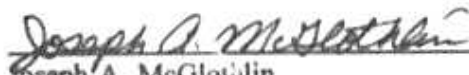
None.

6. **STATEMENT OF ALL PENDING MOTIONS**

FCCA has no pending motions.

7. **STATEMENT AS TO ANY REQUIREMENT SET FORTH
IN THE PREHEARING ORDER THAT CANNOT BE COMPLIED WITH**

FCCA is not aware of any such requirements at this time.



Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301
850/222-2525

Attorneys for Florida Competitive
Carriers Association

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement has been furnished by United States mail or hand delivery(*) this 10th day of September, 1998, to the following:

Will Cox*
Division of Legal Services
Florida Public Service Commission
2450 Shumard Oak Boulevard
Room 370-M
Tallahassee, Florida 32399-0850

Charles Beck
Office of Public Counsel
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400

Michael Gross
Office of the Attorney General
Department of Legal Affairs
The Capitol, PL-01
Tallahassee, Florida 32399-1050

Harriet Eudy
ALLTELL Florida, Inc.
206 White Avenue
Live Oak, Florida 32060-0550

Rhonda Merritt
Tracy Hatch
AT&T Communications of the
Southern States, Inc.
101 North Monroe Street
Suite 700
Tallahassee, Florida 32301-1549

John Fons
Jeffry Wahlen
Ausley Law Firm
Post Office Box 391
Tallahassee, Florida 32302

Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street
Suite 400
Tallahassee, Florida 32301-1556

David B. Erwin
127 Riversink Road
Crawfordville, Florida 32327

Laura Gallagher
Florida Cable Telecommunications
Association, Inc.
310 North Monroe Street
Tallahassee, Florida 32301

Kelly Goodnight
Frontier Communications
International, Inc.
180 South Clinton Avenue
Rochester, New York 14646-0995

e.spire Communications, Inc.
131 National Business Parkway
No. 100
Annapolis Junction, Maryland 20701

Thomas M. McCabe
TDS Telecom/Quincy Telephone
Post Office Box 189
Quincy, Florida 32353-0189

Jim McGinn
ITS Telecommunications Systems, Inc.
Post Office Box 277
Indiantown, Florida 34956

Susan Berlin
MCI Telecommunications Corp.
780 Johnson Ferry Road, Suite 700
Atlanta, Georgia 30342

Charles J. Rehwinkel
Sprint-Florida, Inc.
Post Office Box 2214
(MS: FLTH00107)
Tallahassee, Florida 32316

Suzanne F. Summerlin
1311-B Paul Russell Road
Suite 201
Tallahassee, Florida 32301

Supra Telecommunications
& Information Systems
12914 S.W. 133rd Court, Suite B
Miami, Florida 33186-5806

GTC, Inc.
c/o St. Joe Communications, Inc.
Post Office Box 220
Port St. Joe, Florida 324560-0220

Floyd Self
Messer Law Firm
Post Office Box 1876
Tallahassee, Florida 32302

Kimberly Caswell
GTE Florida Incorporated
Post Office Box 110
FLTC0007
Tampa, Florida 33601-0110

Lynne G. Brewer
Northeast Florida Telephone
Co., Inc.
Post Office Box 485
Macclenny, Florida 32063-0485

Barbara Auger
Peter Dunbar
Pennington Law Firm
Post Office Box 10095
Tallahassee, Florida 32301

Bill Huttenhower
Lynn B. Hall
Vista-United Telecommunications
Post Office Box 10180
Lake Buena Vista, Florida 32830-0180

Patrick Wiggins
Donna Canzano
Wiggins Law Firm
Post Office Drawer 1657
Tallahassee, Florida 32302

Kenneth Hoffman
TCG South Florida
Rutledge Law Firm
Post Office Box 551
Tallahassee, Florida 32302-0551

Richard Melson
Hopping Law Firm
Post Office Box 6526
Tallahassee, Florida 32314

Patrick L. Imhof
Legislative Research Director
Utilities and Communications
Florida House of Representatives
Room 428 110B
402 South Monroe Street
Tallahassee, Florida 32399-1300

Benjamin Fincher
Sprint
3100 Cumberland Circle
Atlanta, Georgia 30339

Carolyn Marek
Time Warner Comm.
Post Office Box 210706
Nashville, Tennessee 37221

Paul Kouroupas
Michael McRae
Teleport Communications Group, Inc.
Two Lafayette Centre, Suite 400
1133 21st Street, N.W.
Washington, D.C. 20036

Ben Ochshorn
Florida Legal Services
2121 Delta Boulevard
Tallahassee, Florida 32303



Joseph A. McGlothlin