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January 29, 1999

Ms. Blanca S. Bayó
 Director, Records and Reporting
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399-0850

Re: Docket No. 980435-TI

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation are the original and fifteen copies of its Prehearing Statement and Motion for Continuance.

By copy of this letter, these documents are being furnished to the parties on the attached service list.

Very truly yours,

Richard D. Melson

Richard D. Melson

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Prehearing Stmt
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01207 JAN 29 99

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 01206 JAN 29 99
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings)
against MCI Telecommunications Corporation)
for charging FCC universal service assessments)
on intrastate toll calls.)
_____)

Docket No. 980435-TI

Filed: January 29, 1999

MCI'S MOTION FOR CONTINUANCE

MCI Telecommunications Corporation (MCI) hereby moves that the due date for filing memoranda of law and the date for the final hearing in this matter be continued until after the Federal Communications Commission issues its decision in two pending cases which deal with many of the same matters at issue in this docket. In support of this motion, MCI states:

1. Under the Order Revising Procedure, the following dates have been established for further activities in this docket:

- Memoranda of Law February 19, 1999
- Hearing (Oral Argument) March 3, 1999

2. On information and belief, MCI expects the Federal Communications Commission to rule on or before March 5, 1999 on two pending cases which deal with many of the same matters that are at issue in this docket. These FCC cases relate to MCI's Petition for Declaratory Ruling, filed April 1, 1998, in CC Docket No. 96-45, which seeks clarification of the FCC's order on universal service and the Virginia State Corporation Commission's Complaint, filed October 6, 1998, FCC File No. E-99-01, which seeks an FCC determination of the validity of the tariffs pursuant to which MCI collected the NAF and FUSF based in part on charges for intrastate services. The expected ruling date is just two days after the Commission is scheduled to hear oral argument in this docket.

3. MCI submits that administrative efficiency would be served by rescheduling the due date for memoranda of law, and continuing the final hearing, until after the FCC has ruled in the two cases pending before it. Depending on the nature and scope of the FCC's ruling, MCI believes that those decisions may be dispositive of some or all of the issues identified for resolution in this docket. Even if the Commission ultimately disagrees about the legal effect of the FCC rulings, MCI believes that it is important for the Commission to explicitly consider the effect of these rulings on any Florida action.

4. MCI is aware that at the hearing in November, 1998 on MCI's motion to dismiss, the Commission elected not to defer the final hearing to await the outcome of the FCC's ruling. Two things have changed since then which warrant consideration of a continuance at this time. First, it now appears clear that the FCC intends to issue its rulings in both dockets by the March 5, 1999 statutory deadline for acting on the Virginia State Corporation Commission's complaint. This mitigates the Commission's concern that a continuance could extend this docket indefinitely pending action by the FCC. Second, the Commission's original schedule for consideration of this case could have resulted in a final Florida decision before the FCC was scheduled to act. Due to Commission-initiated changes in the schedule for this docket, the FCC rulings will now be available a scant two days after the scheduled final hearing, and well before any final decision will be rendered by the Commission.

5. In these circumstances, administrative efficiency would be served by a short continuance of further proceedings in this docket to allow MCI and the Commission staff to take the effect of the FCC's ruling into account in submitting their memoranda of law and presenting their arguments on the merits to the Commission.

6. MCI requests that the due date for filing memoranda of law be rescheduled from February 19, 1999 to March 26, 1999, three weeks after the due date for the FCC's ruling, and that the final hearing be continued to the first available date at least 10 days after the memoranda of law are filed. These dates should give MCI and the staff a meaningful opportunity to consider and present to the Commission their views on the effect of the FCC decisions on the issues in this docket.

WHEREFORE, MCI moves that the schedule for further activities in this docket be amended as set forth above.

RESPECTFULLY SUBMITTED this 29th day of January, 1999.

HOPPING GREEN SAMS & SMITH, P.A.

By: Richard D. Melson
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Attorneys for MCI Telecommunications
Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail or Hand Delivery (*) this 29th day of January, 1998.

Catherine Bedell (*)
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

W. D. R.

Attorney

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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_____)

Docket No. 980435-TI
Filed: January 29, 1999

MCI'S PREHEARING STATEMENT

MCI Telecommunications Corporation (MCI) hereby file its prehearing statement in accordance with the requirements of Order Nos. PSC-98-1010-PCO-TI and PSC-99-0113-PCO-TI.

A. Appearances. Richard D. Melson, Hopping Green Sams & Smith, P.A., P.O. Box 6526, Tallahassee, FL 32314; Donna Canzano, MCI WorldCom, Inc., 325 John Knox Road, The Atrium, Suite 105, Tallahassee, FL 32303; Adam Charnes, MCI WorldCom, Inc., 1133 19th Street NW, Washington, DC 20036; and Mary L. Brown, MCI WorldCom, Inc., 1801 Pennsylvania Avenue, NW, Washington, DC 20006 appearing on behalf of MCI Telecommunications Corporation.

B. Known Witnesses. MCI will not present witnesses. This proceeding is being submitted on memoranda of law and oral argument pursuant to Section 120.57(2), Florida Statutes.

C. Known Exhibits. MCI will not offer exhibits. MCI will ask the Commission to take official recognition of various FCC and court orders referred to it its Memorandum of Law to be filed on February 19, 1999.

DOCUMENT NUMBER - DATE
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FILED - RECORDS REPORTING

D. Basic Position. From January 1, 1998 through August 1, 1998, MCI lawfully collected federal universal service fund (FUSF) charges from its business customers in Florida based in part on their intrastate charges in Florida. From January 1, 1998 through April 1, 1998, MCI lawfully collected national access fees (NAF) from its small business customers in Florida based in part on their intrastate charges in Florida. The FUSF and NAF were collected pursuant to federal tariffs and FCC orders. The Commission does not have the authority over MCI's collection of such charges. Even assuming that the Commission has authority, it should not require MCI to refund such charges. Such charges were collected in good faith reliance on FCC orders and MCI's effective federal tariffs and MCI did not in the aggregate collect a penny more from its customers than it was entitled to collect under federal law.

E. Issues. MCI's positions on the issues identified in Order No. PSC-99-0113-PCO-TI are as follows:

Issue 1: Did MCI bill customers for National Access Fee (NAF) and Federal Universal Service Fund (FUSF) based on intrastate charges in Florida?

MCI: No. MCI collected the NAF from small business customers based on a customer's total bill, including interstate, intrastate and international charges, from January 1, 1998 to April 1, 1998. MCI collected the FUSF from business customers on the same basis from January 1, 1998 to August 1, 1998.

Issue 2: What authority did MCI have to collect NAF and FUSF based on intrastate charges in Florida?

MCI: MCI collected such charges on a customer's total bill pursuant to orders of the Federal Communications Commission and pursuant to lawful, effective tariffs for such charges on file with the FCC.

Issue 3: What authority, if any does the Commission have over MCI's collection of NAF and FUSF based on charges for intrastate calls in Florida?

MCI: The Commission has no authority over such charges, which were collected pursuant to a lawful, effective tariff on file with the FCC.

Issue 4: If the Commission has authority, should it prohibit MCI from collecting NAF and FUSF based on charges for intrastate calls in Florida.

MCI: No. MCI ceased collecting such charges on that basis effective April 1, 1998 and August 1, 1998, respectively. There is therefore no need for any prospective prohibition.

Issue 5: If the Commission has authority, should it order MCI to refund with interest all monies collected for NAF and FUSF attributable to charges for intrastate calls in Florida.

MCI: No. MCI collected such charges in good faith reliance on effective federal tariffs. More importantly, MCI did not in the aggregate collect a penny more than it was entitled to collect under federal law. Because the collection base for the FUSF included revenues from intrastate calls, the rate at which the charge was imposed was lower than it would have been if such revenues had been excluded. With respect to the NAF, failure by the LECs to provide critical customer information made it impossible for MCI to pass through ILEC PICC charges on a customer-by-customer and line-by-line basis, and MCI's collection methodology was designed to recover its PICC costs on an equitable basis.

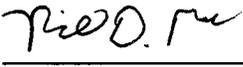
F. Stipulations. MCI is not aware of any issues that have been stipulated by the parties.

G. Pending Motions. MCI has a pending motion to continue the hearing until after the Federal Communications Commission rules in pending cases which deal with many of the same matters at issue in this docket.

H. Requirements of Order. MCI believes that this prehearing statement is fully responsive to the requirements of the Order on Procedure.

RESPECTFULLY SUBMITTED this 29th day of January, 1999.

HOPPING GREEN SAMS & SMITH, P.A.

By: 
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