



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE JUDGE ADVOCATE GENERAL
901 NORTH STUART STREET
ARLINGTON, VA 22203-1837



December 3, 1993

Regulatory Law Office
U 3741

SUBJECT: Comprehensive Review of the Revenue Requirements
and Rate Stabilization Plan of Southern Bell Telephone &
Telegraph Company, Docket No. 920260-TL

Mr. Steve C. Tribble
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Dear Mr. Tribble:

Enclosed for filing in this proceeding are an original
and 15 copies of the Prehearing Statement on behalf the U.S.
Department of Defense and All Other Federal Executive
Agencies of the Federal Government.

Copies have been served in accordance with the attached
Certificate of Service.

Sincerely,

Peter Q. Nyce, Jr.
General Attorney
Regulatory Law Office

- ACK _____
- AFA 3 _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
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- LIN 6 _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

Encls

DOCUMENT NUMBER-DATE

12966 DEC-68

FPSC-RECORDS/REPORTING

BEFORE
THE FLORIDA PUBLIC SERVICE COMMISSION

Comprehensive Review of the Revenue
Requirements and Rate Stabilization Plan of
Southern Bell Telephone and Telegraph Co.

Docket No. 920260-TL

PREHEARING STATEMENT

of

**THE UNITED STATES DEPARTMENT OF DEFENSE AND
ALL OTHER FEDERAL EXECUTIVE AGENCIES**

ROBERT N. KITTEL
Chief

by

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December 6, 1993

ORIGINAL
FILE COPY

BEFORE
THE FLORIDA PUBLIC SERVICE COMMISSION

Comprehensive Review of the Revenue
Requirements and Rate Stabilization Plan of
Southern Bell Telephone and Telegraph Co.

Docket No. 920260-TL

PREHEARING STATEMENT

of

**THE UNITED STATES DEPARTMENT OF DEFENSE AND
ALL OTHER FEDERAL EXECUTIVE AGENCIES**

The United States Department of Defense and All Other Federal Executive Agencies ("FEAs") submit this Prehearing Statement in response to the Order by the Florida Public Service Commission in this proceeding dated October 26, 1993.

The FEA's position is that the individual rate elements that are aggregated to provide a complete service should be priced at or very close to their costs, particularly in the increasingly competitive telecommunications environment.

Because of the importance of costs, the FEAs' interests in this proceeding focus on several rate design issues designated by the Commission. This Prehearing Statement identifies the issues that the FEAs plan to address and sets forth the positions of the FEAs on these issues. At present, the FEAs do not have a position on the additional issues designated by the Commission.

DOCUMENT NUMBER-DATE

12966 DEC-68

FPSC-RECORDS/REPORTING

Issue No. 29: *Should SBT's proposals (concerning access charges and message toll service rates) be approved? If not, what actions should the Commission take with respect to SBT's switched access, toll, and/or mobile interconnection usage rates? What is the test year revenue impact?*

It is appropriate to reduce all switched and special access charges to the level of costs. SBT's intraLATA message toll rates should also be reduced if they are above costs.

Issue No. 33a: *Southern Bell has proposed to reduce the rates and modify the rate relationships between certain of its business lines services. It has proposed no other changes to business rate relationships. Is this appropriate? If not, what changes, if any, should be made to business access line rate relationships? What is the test year revenue impact?*

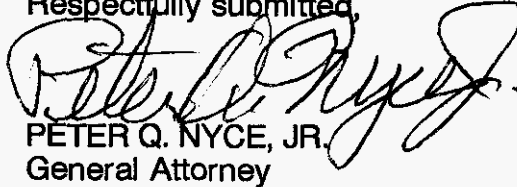
It is appropriate to change rates for all business exchange services that are not priced at their costs.

Issue No. 33d: *The Company has made no other proposals to change its basic local exchange rates. Is this appropriate? If not, what changes should be made?*

Changes in the rates for other local exchange services, including services to residential subscribers, may be appropriate if the rates for these services are not aligned with costs. It is also necessary to address the rates for services that are required by telecommunications firms that compete with Southern Bell, such as Direct Inward Dialing ("DID"). In general, It will be necessary to abandon guidelines such as value of service that were important in pricing telecommunications services in the past,

because prices must nearly reflect costs if SBT is to compete efficiently in the increasing competitive telecommunications markets.

Respectfully submitted,



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for

The United States Department Of Defense
and
All Other Federal Executive Agencies

CERTIFICATE OF SERVICE
Docket No. 920260-TL

I hereby certify that a copy of the foregoing document has been sent to each of the parties on the following service list by First Class U.S. Mail on December 3, 1993.

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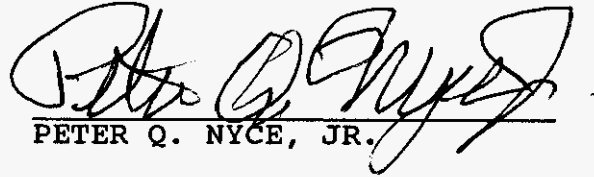
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Dated at Arlington, VA, this 3rd day of December, 1993.



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