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July 7, 1995

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File No. 4124

*NOT ADMITTED IN D.C.

HAROLD MORDKOFSKY

<u>Via Federal Express</u>
Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Docket No. 920260-TL

Dear Mrs. Bayo:

Enclosed for filing in the referenced proceeding are the ACK original and 15 copies of the prehearing statement of the Florida Ad Hoc Telecommunications Users Committee.

A copy of this letter is enclosed for your convenience. I would appreciate it if you could stamp it as a receipt copy and return it to me. Parties shown on the attached certificate of service have been served with a copy of this letter.

Sincerely,

Benjamin H. Dickens,

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cc: All parties of record

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DOCUMENT PUBBLE-DATE

06498 JULIOS

FPSC-REGORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION COMPANY

In re: Comprehensive review of the revenue)		
requirement and rate stabilization plan of Southern)	Docket No:	920260-TI
Bell Telephone and Telegraph Company)	Filed:	July 10, 1995
)		•

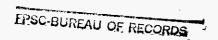
PREHEARING STATEMENT OF FLORIDA AD HOC TELECOMMUNICATIONS USERS' COMMITTEE

The Florida Ad Hoc Telecommunications Users' Committee ("Ad Hoc") hereby submits its Prehearing Statement. Ad Hoc's response to the Order Establishing Precedure follows:

- (a) Witnesses Ad Hoc will present one witness. Douglas S. Metcalf will address appropriate alternatives for the distribution of the \$25 million available as of July 1, 1995.
- (b) Exhibits No exhibits are contemplated at this time.
- (c) Basic Position The legislation recently passed in Florida requires future Commissions to promote competition more actively within the state. Thus, the PSC must use available opportunities to rectify current competitive telecommunications service prices in a manner which encourages the development of an active and aggressive telecommunications market. A threshold requirement for such pricing is the consistent application of costing and pricing methodologies for the Southern Bell (SBT) provided elements of competing services, and relatively equal contribution levels for similar services.

Private branch exchange (PBX) with direct inward dial (DID) is, to users, functionally similar to SBT's ESSX service. But past differences in the methodologies used to cost and price PBX have rendered it unable to compete effectively. Repricing PBX and DID to a level which appropriately reflects its costs would allow a competitive market to develop. Large system and CPE producers could then reenter this market with new and better technology which would ultimately provide new options for all users.

- (d) Questions of fact Whether SBT's proposal supports the Legislature's guidance to the Commission or their legislative intent for a competitive marketplace. Ad Hoc submits that it does not.
- (e) Questions of law Whether the current rate structure for PBX trunks and DID versus functionally similar ESSX service is unreasonably discriminatory. Ad Hoc submits that it is.



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(f) **Policy questions** - Whether SBT has appropriately priced services utilized by business users. Ad Hoc submits that SBT has incorrectly priced such services.

(g) Ad Hoc positions -

<u>Issue 1a</u>: - SBT's ECS proposal will discourage the expansion of competition by, in effect, remonopolizing the southeast LATA, something which appears contrary to the PSC's intent with their presubscription Order in Docket 930330-TP. ECS as proposed would effectively foreclose that market to further competition by the IXCs. The Legislature clearly wanted to create a competitive telecommunications market for local and toll service within Florida on the assumption that competition would bring more and better services and lower prices to its citizens and business users.

<u>Issue 1b</u>: - CWA's proposal will lower rates for certain groups of subscribers, but does not enhance competition for any services or markets and provides few benefits to the majority of users in Florida.

<u>Issue 1c</u>: - McCaw's proposal is speculative and should not be resolved in this docket.

<u>Issue 1d</u>: - A Commission alternative is the only option.

Ad Hoc submits that increased competition and customer choice can better be achieved by using the available revenues to review those tariffed elements and rates for which there is competition, but which are the most overpriced using, as a benchmark, the relative contribution of various competitive services provided by Southern Bell.

Using this revenue to reprice PBX and DID services toward cost, and to establish a level of contribution similar to ESSX service would serve to reopen a product and service market which has been stifled by inconsistent pricing decisions. Business services should be consistently costed (including contribution) and priced as discussed in Ad Hoc's testimony.

<u>Issue 2</u>: - The Commission should allow full competition on all toll routes within Florida.

<u>Issue 3</u>: - The changes should become effective as soon as possible.

<u>Issue 4</u>: - No, this docket should remain open until the settlement agreement has been fully satisfied.

- (h) Stipulations None
- (i) **Pending motions** Ad Hoc has no pending motions before the Commission in this docket.
- (j) Requirements Ad Hoc has complied with all requests and discovery by any party or the Commission in this docket.

Respectfully submitted,

FLORIDA AD HOC TELECOMMUNICATIONS USERS' COMMITTEE:

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By:

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