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July 27, 1994

Mrs. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399

Re: Docket No. 921074-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen (15) copies of AT&T's Prehearing Statement. Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,

Michael W. Tye
Michael W. Tye

MWT:sad

Attachments

cc: J. P. Spooner, Jr.
Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Expanded Interconnection) DOCKET NO. 921074-TP
Phase II and Local Transport) DOCKET NO. 930955-TL
Restructure) DOCKET NO. 940014-TL
) DOCKET NO. 940020-TL
) DOCKET NO. 931196-TL
) DOCKET NO. 940190-TL
) SUBMITTED FOR FILING:
July 27, 1994

AT&T'S PREHEARING STATEMENT

AT&T Communications of the Southern States, Inc. (hereinafter "AT&T"), pursuant to Rule 25-22.038, Florida Administrative Code, Order No. PSC-94-0076-PCO-TL issued on January 21, 1994, Order No. PSC-94-0277-PCO-TL issued on March 10, 1994, Order No. PSC-94-0777-PCO-TP issued on June 23, 1994, and Order No. PSC-94-0830-PCO-TP issued on July 7, 1994 by the Florida Public Service Commission (hereinafter the "Commission") in the above-referenced docket, hereby submits its Prehearing Statement.

A. Witness

AT&T intends to sponsor the testimony of the following witness:

1. Mike Guedel: Mr. Guedel is employed by AT&T as a Manager in its Network Services Division. The purpose of Mr. Guedel's Direct Testimony (filed on May 23, 1994) is to recommend that the Commission find that expanded interconnection of AAVs to LEC facilities for

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switched access services is in the public interest, and that the Commission take the necessary steps to expedite the implementation of expanded interconnection for switched access services. Mr. Guedel's direct testimony further supports the restructure of Local Transport (hereinafter "LT") Charges consistent with the structure recently approved by the Federal Communications Commission (hereinafter the "FCC".)

Mr. Guedel's Rebuttal Testimony (filed on June 27, 1994) rebuts the direct testimony of various other parties to this proceeding with respect to the issues regarding the restructure of LT charges.

Mr. Guedel's Supplemental Direct Testimony (filed on July 15, 1994) presents AT&T's positions on expanded interconnection in light of the U.S. Court of Appeals decision vacating the FCC prescription for mandatory physical collocation.

In addition to the foregoing witness, whose testimony has been prefiled, AT&T reserves the right to present responsive testimony, if necessary, in the event that there are matters raised by the parties for the first time at the hearing.

B. Exhibits.

AT&T has prefiled the following exhibit which is attached to Mr. Guedel's Direct Testimony:

Mike Guedel, Exhibit 1 - Interim Transport Rate Structure

In the event that there are matters raised by the parties for the first time at the hearing, AT&T reserves the right to submit responsive exhibits, if necessary.

C. Basic Position.

AT&T submits that the Commission should find expanded interconnection for switched access to be in the public interest and should take the necessary steps to expedite its implementation. Expanded interconnection is the next logical step towards the introduction of competition into one of the remaining monopoly preserves of the Local Exchange Companies (hereinafter "LECs"). Expanded interconnection will facilitate competition in the market for switched access services by allowing end user customers greater opportunity to reach competing access suppliers, thus bringing the benefits of competition to a larger number of special access customers. Expanded interconnection clearly serves the public interest, and its implementation should be immediately ordered by the Commission.

AT&T further supports the restructure of LT Charges consistent with the structure recently approved by the FCC. Such restructure will more accurately reflect the underlying costs associated with the provision of transport services. Additionally, the restructure will facilitate the introduction of expanded interconnection services. Moreover, in approving restructured LT Charges, the Commission should

seek to maintain revenue neutrality for the respective LECs with respect to the provision of local transport service.

D. Fact Issues.

See Attachment 1 (AT&T's Positions on Issues).

E. Legal Issues.

See Attachment 1 (AT&T's Positions on Issues).

F. Policy Issues.

See Attachment 1 (AT&T's Positions on Issues).

G. Position on Issues.

See Attachment 1 (AT&T's Positions on Issues).

H. Stipulated Issues.

AT&T is not aware of any issues that have been stipulated to by the parties.

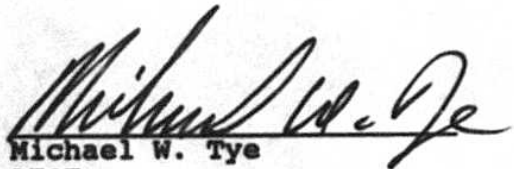
I. Pending Motions.

AT&T is not aware of any pending motions.

J. Other Requirements.

AT&T is not aware of any requirements set forth in the Order on Prehearing Procedure with which it is unable to comply.

Respectfully submitted this 27th day of July, 1994.



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ATTORNEY FOR AT&T
COMMUNICATIONS OF THE
SOUTHERN STATES, INC.

**AT&T'S PREHEARING
STATEMENT
DOCKET NO. 921074-TP
ATTACHMENT 1**

AT&T'S POSITIONS ON ISSUES

ISSUE 1: How is switched access provisioned and priced today?

AT&T'S POSITION: Switched access is provisioned by the local exchange companies and offered to customers through access tariffs approved by this Commission. Switched access rate elements are generally billed on the basis of access minutes of use. These elements include: local switching (LS1 and LS2), local transport, carrier common line, and information surcharge. In addition, five companies (Centel, Florala, General, Quincy, and Vista-United) will still have a Busy Hour Minute of Capacity (hereinafter "BHMOC") charge after July 1, 1994. The BHMOC is a switched access charge that is billed on the basis of access capacity rather than minutes of use.

AT&T WITNESS: Mike Guedel

ISSUE 2: How is local transport structured and priced today?

AT&T'S POSITION: Local transport is currently assessed on an access minute of use basis. The service is currently not sensitive to either distance or utilized networking configurations (i.e., direct vs. tandem arrangements).

AT&T WITNESS: Mike Guedel

ISSUE 3: Under what circumstances should the Commission impose the same or different forms and conditions of expanded interconnection than the F.C.C.?

AT&T's POSITION: Recognizing the FCC action of July 14, 1994 (modifying its previous orders regarding collocation), AT&T is not aware of any circumstances that should cause this Commission to prescribe different forms or conditions of expanded interconnection than the FCC.

AT&T WITNESS: Mike Guedel

ISSUE 4: Is expanded interconnection for switched access in the public interest? (The following should be discussed within this issue: Potential separations impact; Potential revenue impact on LECs, their ratepayers, and potential competitors; potential ratepayer impact.)

AT&T'S POSITION: Yes. The adoption of expanded interconnection would facilitate the beginning of competition within the local exchange and would benefit customers in much the same way as competition in other aspects of the telecommunications industry (i.e., interexchange services or telephone sets) has benefited customers over the years. Competition facilitates customer choice and the development and production of new and innovative services designed or tailored to meet particular customer needs. Competition fosters better price performance as competing vendors vie for customers in the open market place. Competition will also assist the regulator in regulating the local exchange companies, encouraging those companies to become more efficient and more responsive to customer needs.

AT&T WITNESS: Mike Guedel

ISSUE 5: Is the offering of dedicated and switched services between non-affiliated entities by non-LECs in the public interest?

AT&T'S POSITION: Yes. This also represents a potential for the introduction of some competition within the local exchange. It is in the public interest for the same reasons as discussed in AT&T's response to item No. 4 above.

AT&T WITNESS: Mike Guedel

ISSUE 6: Does Chapter 364, Florida Statutes, allow the Commission to require expanded interconnection for switched access?

AT&T'S POSITION: AT&T has no position on this issue at this time.

ISSUE 7: Does a physical collocation mandate raise federal or state constitutional questions about the taking or confiscation of LEC property?

AT&T'S POSITION: AT&T has no position on this issue at this time.

ISSUE 8: Should the Commission require physical and/or virtual collocation for switched access expanded interconnection?

AT&T'S POSITION: The Commission should order the Local Exchange Companies (LECs) to provide switched access expanded interconnection through virtual collocation (as defined by the Federal Communications Commission, FCC). The Commission should exempt a LEC(s) from the mandatory virtual collocation requirements at central offices (or other interconnecting points) in which the LEC(s) choose to offer physical collocation. This prescription would be consistent with the action taken by the FCC on July 14, 1994.

ISSUE 9: Which LECs should provide switched access expanded interconnection?

AT&T'S POSITION: Tier I LECs should offer expanded interconnection for switched access at all locations where interstate expanded interconnection is available and at other locations predicated upon the filing of a bona fide request for such service. All other LECs should be required to provide expanded interconnection upon a bona fide request at similar interface points where technical and physical compatibilities allow.

AT&T WITNESS: Mike Guedel

ISSUE 10: From what LEC facilities should expanded interconnection for switched access be offered? Should expanded interconnection for switched access be required from all such facilities?

AT&T'S POSITION: Consistent with the terms discussed in AT&T's response to item No. 9 above, expanded interconnection should be offered from central offices, tandem switches, serving wire centers, remotes, and rating points.

AT&T WITNESS: Mike Guedel

ISSUE 11: Which entities should be allowed expanded interconnection for switched access?

AT&T'S POSITION: Expanded interconnection should be made available to all customers at like rates, terms, and conditions.

AT&T WITNESS: Mike Guedel

ISSUE 12: Should collocators be required to allow LECs and other parties to interconnect with their networks?

AT&T'S POSITION: No. The purpose of expanded interconnection is to facilitate the entry of potential competitors into the monopoly preserves of the LECs. Because none of those potential competitors possess a monopoly, interconnection requirements are not necessary, and in fact, would tend to frustrate rather than encourage the development of competition.

AT&T WITNESS: Mike Guedel

ISSUE 13: Should the Commission allow switched access expanded interconnection for non-fiber optic technology?

AT&T'S POSITION: AT&T takes no position on this issue at this time.

ISSUE 14: Should all switched access transport providers be required to file tariffs?

AT&T'S POSITION: AT&T takes no position on this issue at this time.

ISSUE 15: Should the proposed LEC flexible pricing plans for private line and special access services be approved?

AT&T'S POSITION: AT&T does not oppose the approval of "zone pricing" plans consistent with plans approved by the FCC, providing the LECs meet all of the other requirements for expanded interconnection and collocation as prescribed by the FCC.

AT&T WITNESS: Mike Guedel

ISSUE 16: Should the LECs' proposed intrastate private line and special access expanded interconnection tariffs be approved?

AT&T'S POSITION: AT&T does not oppose the approval of LEC tariffs filed to meet the requirements of this Commission's order in Phase I of this docket (Order No. PSC-94-0285-FOF-TP).

AT&T WITNESS: Mike Guedel

ISSUE 17: Should the LECs proposed intrastate switched access interconnection tariffs be approved?

AT&T'S POSITION: While AT&T would encourage the LECs to offer physical collocation arrangements as originally ordered by the FCC, AT&T would not oppose the approval of LEC tariffs modified to incorporate the changes that the FCC ordered with respect to interstate interconnection in its action of July 14, 1994.

AT&T WITNESS: Mike Guedel

ISSUE 18: Should the LECs be granted additional pricing flexibility? If so, what should it be?

AT&T'S POSITION: AT&T does not oppose the approval of "zone pricing" plans consistent with plans approved by the FCC, providing the LECs meet all of the other requirements for expanded interconnection and collocation as prescribed by the FCC.

AT&T WITNESS: Mike Guedel

ISSUE 19: Should the Commission modify its pricing and rate structure regarding switched transport service?

- a) With the implementation of switched expanded interconnection.

AT&T'S POSITION: Yes.

- b) Without the implementation of switched expanded interconnection.

AT&T'S POSITION: Yes.

AT&T WITNESS: Mike Guedel

ISSUE 20: If the Commission changed its policy on the pricing and rate structure of switched transport service, which of the following should the new policy be based on:

- a) The intrastate pricing and rate structure of local transport should mirror each LEC's interstate filing, respectively.
- b) The intrastate pricing and rate structure of local transport should be determined by competitive conditions in the transport market.
- c) The intrastate pricing and rate structure of local transport should reflect the underlying cost based structure.
- d) The intrastate pricing and rate structure of local transport should reflect other methods.

AT&T'S POSITION: AT&T's position on this issue is as follows:

Structure: The Commission should approve a rate structure that mirrors the interstate structure approved by the FCC.

Rates: Ultimately, the rates should follow costs - the RIC should be eliminated and the remaining rates

should be set as close to incremental costs as possible.

For purposes of this filing, the Commission should approve rates that: 1) track the relationship approved by the FCC, 2) maintain revenue neutrality with respect to the intrastate transport service for each LEC, and 3) are calculated based upon existing rather than hypothetical network configurations.

AT&T WITNESS: Mike Guedel

ISSUE 21: Should the LECs' proposed local transport restructure tariffs be approved? If not, what changes should be made to the tariffs?

AT&T'S POSITION: The Commission should approve the rates and structure proposed by BellSouth Telecommunications.

The Commission should approve the structure and all rates except the residual interconnection charge (RIC) filed by GTE, United, and Centel. It is AT&T's understanding that these companies calculated the RIC on the basis of an assumed or "reconfigured" network. This approach tends to artificially inflate the level of the RIC and for that reason was rejected by the FCC in its investigation of local transport restructure. These companies should be required to refile their respective RICs based upon and existing network configuration.

Further the RIC should be calculated to maintain revenue neutrality within the transport element. Companies should not be allowed to "rate rebalance" in this filing, i.e., eliminate the BHMOC and roll the associated revenue into the RIC.

AT&T WITNESS: Mike Guedel

ISSUE 22: Should the Modified Access Based Compensation (MABC) agreement be modified to incorporate a revised transport structure (if local transport

restructure is adopted) for intraLATA toll traffic between LECs?

AT&T'S POSITION: Yes. The LECs should settle with each other under the new transport structure based upon actual facilities used.

AT&T WITNESS: Mike Guedel

ISSUE 23: How should the Commission's imputation guidelines be modified to reflect a revised transport structure (if local transport restructure is adopted)?

AT&T'S POSITION: A surrogate per minute rate for local transport would have to be developed for each LEC based upon its approved transport rates and the utilization of its network. The components of that surrogate would include 1) the Residual Interconnection charges (RIC), 2) a percentage of the tandem charge (based upon utilization of tandem switching), and 3) a per minute of use estimate for the trunking facilities. The actual rate would vary by LEC.

The remainder of the current imputation guidelines need not be changed.

AT&T WITNESS: Mike Guedel

ISSUE 23(a): Should the Commission modify the Phase I order in light of the decision of the United States Court of Appeals for the District of Columbia Circuit?

AT&T'S POSITION: Yes. The Commission should order the Local Exchange Companies (LECs) to provide expanded interconnection through virtual collocation (as defined by the Federal Communications Commission, FCC). The Commission should exempt a LEC(s) from the virtual collocation requirements at central offices (or other interconnecting points) in which the LEC(s) choose to offer physical collocation.

This modification of the Phase I order would be consistent with the action taken by the FCC on July 14, 1994.

AT&T'S WITNESS: Mike Guedel

ISSUE 24: Should these dockets be closed?

AT&T'S POSITION: The dockets regarding local transport restructure can be closed. The docket regarding expanded interconnection should remain open to address continuing issues such as interconnection with switching equipment.

AT&T WITNESS: Mike Guedel

CERTIFICATE OF SERVICE

DOCKET NO. 921074-TP

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand-delivery to the following parties on this 27th day of July, 1994:

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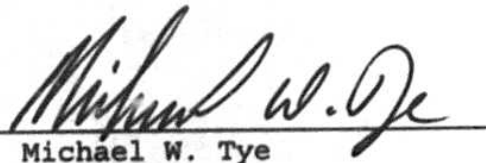
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