



Tracy Hatch
Attorney

Suite 700
101 N. Monroe St.
Tallahassee, FL 32301
904 425-6364
FAX: 904 425-6361

July 18, 1997

Mrs. Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

FILE COPY

RE: Dockets Nos. 970281-TP, 970172-TP and 970173-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced dockets is AT&T of the Southern States, Inc.'s (AT&T) Prehearing Statement.

Copies of the foregoing are being served on all parties or record in accordance with the attached Certificate of Service. Thank you for your assistance in this matter.

Sincerely,

Tracy Hatch
Tracy Hatch

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DOCUMENT NUMBER DATE
07241 JUL 18 97

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
FILE COPY

In re: Establishment of)
intrastate implementation)
requirements governing federally)
mandated deregulation of local)
exchange company payphones.)

DOCKET NO. 970281-TL

In re: Petition by MCI)
Telecommunications Corporation)
for an order requiring BellSouth)
Telecommunications, Inc. to)
remove its deregulated payphone)
investment and associated)
expenses from its intrastate)
operations and reduce the Carrier)
Common Line rate element of its)
intrastate switched access)
charges by approximately \$36.5)
million as required by the)
Federal Telecommunications Act of)
1996.)

DOCKET NO. 970172-TP

In re: Petition by MCI)
Telecommunications Corporation)
for an order requiring GTE)
Florida Incorporated to remove)
its deregulated payphone)
investment and associated)
expenses from its intrastate)
operations and reduce Carrier)
Common Line rate element of its)
intrastate switched access)
charges by approximately \$9.6)
million as required by the)
Federal Telecommunications Act of)
1996.)

DOCKET NO. 970173-TP

FILED: July 18, 1997

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, and Order No. PSC-0721-
PCO-TP, hereby submits its Prehearing Statement in the
above-referenced dockets.

DOCUMENT NUMBER-DATE

07241 JUL 18 97

FPSC-RECORDS/REPORTING

A. and B. Witnesses and Exhibits:

AT&T intends to sponsor the direct testimony of Mike Guedel. Mr. Guedel has not prefiled any exhibits. AT&T reserves the right to present any exhibits that may be necessary to cross-examine opposing witnesses or to respond to matters which are raised for the first time at the hearings in this proceeding.

C. Basic Position:

Each LEC has been granted the right to receive dial-around compensation from the IXCs. In conjunction with requiring dial-around compensation, the FCC has required the LECs to remove charges that recover the costs of payphones and any intrastate subsidies. The interstate portion of the payphone subsidies has been removed by reductions to the interstate CCL charge. The FCC delegated to the states the task of removing the payphone subsidies from intrastate rates. The most widely acknowledged source of subsidies in intrastate rates is switched access charges, particularly the CCL. In the context of the Florida Public Service Commission's task to remove payphone subsidies from intrastate rates, this is by far the most appropriate rate to be reduced.

D.-F. Positions on the Issues:

ISSUE 1: What is the amount of intrastate payphone subsidy, if any, that needs to be eliminated by each local exchange company pursuant to Section 276(B)(1)(b) of the Telecommunications Act of 1996?

AT&T Position: AT&T is unable to take a position at this time. AT&T's provide a position upon completion of its review of the discovery in this case.

ISSUE 2: If an intrastate payphone subsidy is identified in Issue 1, do the FCC's Payphone Reclassification Orders require the Florida Public Service Commission to specify which rate element(s) should be reduced to eliminate such a subsidy?

AT&T Position: Yes. The FCC has delegated to the state commissions the responsibility determine that payphone costs and subsidies have been removed from intrastate rates. The Commission's determination must logically specify the rate being reduced to remove the subsidy.

ISSUE 3: If an intrastate payphone subsidy is identified in Issue 1, what is the appropriate rate element(s) to be reduced to eliminate such subsidy?

AT&T Position: The Commission should utilize all available revenues to reduce switched access charges - specifically to reduce the Carrier Common Line (CCL) charge or the Interconnection Charge (RIC). In taking this action the Commission should consider: 1) Access charges are still priced significantly above their underlying costs (10 to 24 times underlying cost), 2) the mark-up on switched access charges is significantly higher than the mark-up LECs enjoy on any other major revenue producing service that they offer, 3) the incremental cost incurred in providing the RIC or the CCL is zero, 4) switched access has traditionally been recognized to be priced high in an effort to "keep other rates low" - this cannot be said of "hunting arrangements" or other local service offerings, 5) price cap LECs already have sufficient opportunity to reduce end user rates to meet potentially or perceived competitive markets and, 6) because of price cap opportunities granted by the Florida legislature, this docket may offer one of the last opportunities for this Commission to move access charges closer to cost.

ISSUE 5: If necessary, by what date should revised intrastate tariffs that eliminate any identified intrastate payphone subsidy be filed?

AT&T Position: Tariffs should be filed within 30 days of the issuance of the order in this docket.

ISSUE 6: Is April 15, 1997, the appropriate effective date for revised intrastate tariffs that eliminate any identified intrastate payphone subsidy?

AT&T Position: This issue must be addressed on a LEC-by-LEC basis based on when a LEC has an effective tariff that is compliant.

ISSUE 7: Should this docket be closed?

AT&T Position: Yes.

G. Stipulated Issues:

No issues have been stipulated at this time.

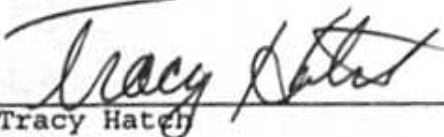
H. Pending Motions:

AT&T has no pending motions at this time.

1. 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 18th day of July, 1997.



Tracy Hatch
AT&T
101 North Monroe Street
Suite 700
Tallahassee, FL 32301

Attorney for AT&T Communications
of the Southern States, Inc.

CERTIFICATE OF SERVICE

DOCKETS NOS. 970172-TP, 970173-TP AND 970281-TL

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by United States Mail or hand-delivery to the following parties of record this 18th day of July, 1997:

Ms. Nancy White
C/o Ms. Nancy Sims
BellSouth Telecommunications
150 S. Monroe Street, Suite 400
Tallahassee, Florida 32301

Mr. Richard Melson
Hopping Boyd Sams and Smith
Post Office Box 6526
Tallahassee, Florida 32314

Mr. William Cox
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Ms. Angela Green
Florida Public Telecommunications
25 S. Gadsden Street, Suite 200
Tallahassee, Florida 32301-1525

Mr. Michael Henry
MCI Telecommunications
780 Johnson Ferry Road., #700
Atlanta, Georgia 30342

Ms. Martha Brown
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Mr. Charles Rehwinkel
Sprint-Florida, Inc.
Post Office Box 2214 - (MC 2565)
Tallahassee, Florida 32301

Ms. Beverly Menard
GTE Florida, Incorporated
106 E. College Ave., Ste. 1440
Tallahassee, Florida 32301


Tracy Hatch