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March 27, 1998

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Florida Public Service Commission
2540 Shumard Oak Boulevard
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HAND DELIVERY

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MAR 27 1998

FPSC - Records/Reporting

Re: Docket No. 971056-TX

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of Teleport Communications Group, Inc. and TCG South Florida ("TCG") are the following documents:

1. Original and fifteen copies of TCG's Prehearing Statement; and
2. A disk in Word Perfect 6.0 containing a copy of the Prehearing Statement.

ACK
FSA 1

APP

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Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,

John R. Ellis

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FPSC-BUREAU OF RECORDS

cc: All Parties of Record

DOCUMENT NUMBER-DATE

03645 MAR 27 98

FPSC-RECORDS/REPORTING

In re: Application for certificate)
 to provide alternative local)
 exchange telecommunications)
 service by BellSouth BSE, Inc.)
)
)
 _____)

Docket No. 971056-TX

Filed: March 27, 1998

**PREHEARING STATEMENT OF
 TELEPORT COMMUNICATIONS GROUP INC.
 AND TCG SOUTH FLORIDA**

Teleport Communications Group Inc. and TCG South Florida (collectively "TCG"), pursuant to Order No. PSC-98-0098-PCO-TX, submits its Prehearing Statement in this matter.

A. Witnesses

TCG does not intend to present the testimony of any witnesses in this proceeding.

B. Exhibits

TCG does not intend to present any exhibits in this proceeding, but reserves the right to utilize exhibits for purposes of cross-examination.

C. Basic Position

TCG is certificated by the Commission as an alternative local exchange telecommunications company ("ALEC"). TCG provides local exchange service, including facilities-based local exchange service, in territory served by BellSouth Telecommunications, Inc. ("BellSouth") in Florida, pursuant to TCG's Interconnection Agreement with BellSouth approved by the Commission's Order No PSC-96-13'3-FOF-TP. TCG opposes the granting of an ALEC certificate to BellSouth BSE, Inc. ("BSE") for the geographic territory currently served by BellSouth as the incumbent LEC.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BSE and BellSouth are subsidiaries of BellSouth Corporation. BSE acknowledges in its application that their parent corporation will finance its operations; that its sole director may be deemed to be an executive officer of their parent corporation; and that all five of its senior managers come from BellSouth or their parent corporation.

The intent of the Telecommunications Act of 1996 and Chapter 364, Florida Statutes, to promote competition for the provision of telecommunications services including local exchange service, necessarily implies diminishing the monopoly of the regional Bell operating companies in their service territories. Certifying BSE as an ALEC in BellSouth's service territory not only does nothing to promote competition with BellSouth, it necessarily reduces competition with BellSouth for each customer that BSE is successful in acquiring.

Certification of BSE as an ALEC in BellSouth's service territory also would create opportunities for cross-subsidization, predatory pricing, and unfair competition in such forms as delaying the provision by BellSouth of unbundled network elements to competitors in order to favor BSE, and selectively implementing new network elements and services through BSE in order to avoid or delay their provision to BellSouth's competitors. There is no benefit to having the Commission certify BSE now and deal with such actual abuses later as may be exposed and become the subject of complaint proceedings, because there is no benefit to the goal of promoting competition with BellSouth by certifying BSE as an ALEC in BellSouth's territory in the first place.

D. Issues and Positions

Issue 1: In light of the provisions of the Telecommunications Act of 1996 and Chapter 364, Florida Statutes, should the Commission grant BellSouth BSE a certificate to provide alternative local exchange service pursuant to Sections 364.335 and 364.337, Florida Statutes, in the

territory served by BellSouth Telecommunication, Inc. as the incumbent LEC?

Position: No. Certification of BSE as an ALEC serves only to defeat the common statutory goal of increasing competition for the provision of local exchange service.

Issue 2: In light of the provisions of the Telecommunications Act of 1996 and Chapter 364, Florida Statutes, if the Commission grants BellSouth BSE a certificate to provide alternative local exchange service in the territory served by BellSouth Telecommunications, Inc. as the incumbent LEC, what conditions or modifications, if any, should the Commission impose?

Position: If the Commission certifies BSE as an ALEC in territory served by BellSouth, the Commission should impose appropriate conditions on both BSE and BellSouth to expose and deter potential abuses which are unique to a BellSouth-affiliated ALEC, including cross-subsidization, predatory pricing, and unfair competition in the provision of unbundled network elements. In particular, the Commission should impose upon BSE the same obligations of interconnection, resale, and provision of unbundled network elements as are imposed upon BellSouth by Chapter 364, Florida Statutes and the Telecommunications Act of 1996.

E. Stipulations

TCG is not a party to any stipulation in this proceeding.

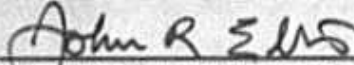
F. Pending Motions

BellSouth's January 23, 1998 amended motion to dismiss TCG's petition for leave to intervene, is pending.

G. Other Requirements

None.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of Prehearing Statement of Teleport Communications Group Inc. and TCG South Florida was furnished by U. S. Mail to the following this 27th day of March, 1998:

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