FPTA
FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION

August 18, 1997

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 970281-TL

Dear Ms. Bayó:

Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of the Florida Public Telecommunications Association, Inc.'s Post-Hearing Brief. Also enclosed is a copy of this filing on diskette in Word 7.0 format. The title of the document on the diskette is brief.doc.

An extra copy of this letter is enclosed. Please mark it to indicate that the original was filed. Copies have been served on the parties shown on the attached Certificate of Service.

Thank you for your assistance with this filing.

Sincerely,

Angela B. Green

Angela B. Green
General Counsel

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Enclosures

cc: All Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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 the 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
In re: Establishment of intrastate implementation requirements governing federally mandated deregulation of local exchange company payphones	Docket No. 970281-TL Filed: August 18, 1997

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, INC.'S POST-HEARING BRIEF

Pursuant to Rule 25-22.056, Florida Administrative Code, and Order No. PSC-97-0721-PCO-TP, issued June 19, 1997, the Florida Public Telecommunications Association, Inc. ("FPTA"), through its undersigned counsel, hereby submits its Post-Hearing Brief in the above-referenced dockets.

FPTA'S BASIC POSITION

The FCC Orders require each LEC to remove all pay telephone equipment from its regulated operations and eliminate all subsidies or cost recovery for its pay telephone operations from regulated local exchange and exchange access services by April 15, 1997. The Florida Public Service Commission ("FPSC" or "the Commission") must determine whether this has in fact occurred and then determine what rate reductions are appropriate to reflect the removal of payphone subsidy burdens from regulated services.

It logically follows that this review should be undertaken in conjunction with the review of the rates that payphone service providers (PSPs) are charged by the LECs so that cost savings for regulated services from the removal of subsidies for LEC payphones are used to reduce LEC charges to PSPs to cost-based levels. However, since the Commission has not yet begun its review of the rates that PSPs are charged by the LECs, this offset process cannot take place and the Commission will have to reduce some other rate(s) to reflect removal of payphone subsidies from intrastate rates. This in no way negates the requirement that all LECs must reduce the rates they charge PSPs to cost-based levels.

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?

****SUMMARY OF FPTA's POSITION**: The Commission has approved stipulations resolving this issue for all companies except BellSouth. For BellSouth, the amount of the subsidy is $7,502,000.**

DISCUSSION: The Commission has approved stipulations that address this issue for all local exchange companies except BellSouth. For BellSouth, the amount of the subsidy is $7,502,000, when BellSouth's subsidy calculation is corrected to make the methodology consistent throughout the entire study. (Lohman, Tr. 74-77)

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 subsidy?

****SUMMARY OF FPTA's POSITION**: Yes, the Commission is required to specify which rate element(s) must be reduced to eliminate any subsidies identified in Issue 1.**

DISCUSSION: The FCC's Payphone Reclassification Orders require the Commission to specify which rate element(s) must be reduced to eliminate any subsidies identified in Issue 1. There is no disagreement between the parties on this issue. *See* Prehearing Order No. PSC-97-0914-PHO-TP, issued August 4, 1997, Pages 12-13. All of the witnesses testifying in this proceeding agree with FPTA's position. (Lohman, Tr. 36; Guedel, Tr. 110-111; Reid, Tr. 149)

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:

****SUMMARY OF FPTA's POSITION**: The Commission should reduce the rates that LECs charge PSPs to cost-based levels **

DISCUSSION: The Commission should first reduce the rates that LECs charge PSPs to cost-based levels since these reductions will have to be made by the Commission in any event. (Lohman, Tr. 58) Any benefits from subsidy removal should flow primarily to the pay telephone industry, as Congress intended when it passed Section 276 of the Telecommunications Act of 1996. (Lohman, Tr. 53-54)

However, since the Commission has not yet begun its review of the rates that PSPs are charged by the LECs, this offset process cannot take place and the Commission will have to reduce some other rate(s) to reflect removal of payphone subsidies from intrastate rates. This in no way negates the requirement that all LECs must reduce the rates they charge PSPs to cost-based levels. (Lohman, Tr. 59)

<u>ISSUE 4</u>: If necessary, by what date should revised intrastate tariffs that eliminate any identified intrastate payphone subsidy be filed?

****<u>SUMMARY OF FPTA's POSITION</u>**: The Commission has approved a stipulation resolving this issue.**

<u>DISCUSSION</u>: The Commission has approved a stipulation resolving this issue.

<u>ISSUE 5</u>: Is April 15, 1997, the appropriate effective date for revised intrastate tariffs that eliminate any identified intrastate payphone subsidy?

****<u>SUMMARY OF FPTA's POSITION</u>**: The Commission has approved a stipulation resolving this issue.**

<u>DISCUSSION</u>: The Commission has approved a stipulation resolving this issue.

<u>ISSUE 6</u>: Should these dockets be closed?

****<u>SUMMARY OF FPTA's POSITION</u>**: The Commission has approved a stipulation resolving this issue.**

<u>DISCUSSION</u>: The Commission has approved a stipulation resolving this issue.

CONCLUSION

The FCC Orders require all LECs to remove all pay telephone equipment from their regulated operations and eliminate all subsides for their pay telephone operations from local exchange and exchange access services by April 15, 1997. The benefits of this subsidy removal should flow primarily to the pay telephone industry, as Congress intended. However, since the Commission has not yet begun its review of the rates charged by LECs to PSPs, this offset process cannot take place and the Commission will have to reduce some other rate(s) to reflect removal of payphone subsidies from intrastate rates. This in no way negates the requirement that all LECs must reduce the rates they charge PSPs to cost-based levels.

RESPECTFULLY SUBMITTED this 18th day of August, 1997.

Angela B. Green

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Florida Public Telecommunications Association, Inc.'s Post-Hearing Brief was furnished by U.S. Mail this 18th day of August, 1997, to the following parties of record:

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