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March 11, 1997

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket 970173-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation in the above docket are the original and 15 copies of MCI's Response to GTE's Motion to Dismiss.

By copy of this letter this document has been provided to the parties on the attached service list.

Very truly yours,

Richard D. Melson

Richard D. Melson

ACK ✓
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: MCI Telecommunications Corporation's Petition to Reduce CCL to Remove DeRegulated Payphone Investment from the rates of GTE Florida, Incorporated.)	Docket No. 970173-TP
)	Filed: March 11, 1997

MCI'S RESPONSE TO GTE'S MOTION TO DISMISS

1. On February 7, 1997, MCI filed its Petition with the Florida Public Service Commission ("Commission") requesting that the Commission direct GTE to file an intrastate switched access tariff reduction to reflect the removal of the deregulated investment and expenses associated with GTE's Florida intrastate payphone operations. As stated in that Petition, Section 276 of the Federal Telecommunications Act of 1996 (FTA) and the FCC's Report and Order in CC Docket 96-128, (FCC Order) require GTE to remove from its intrastate rates any charges that recover the costs of its payphone operations by April 15, 1997.

2. With MCI's Petition, MCI filed the Affidavit of Lane Kollen with Kennedy and Associates (attached as Exhibit 3 to the Petition) which provided a preliminary calculation of the revenue requirement associated with GTE's intrastate payphone operations of approximately \$10.5 million. MCI also served on GTE with its Petition a set of Interrogatories in an attempt to obtain data from GTE in order to determine the amount of the revenue requirement and subsidy associated with GTE's intrastate Florida payphone operations. MCI also requested that the Commission establish an expedited discovery and hearing schedule so that

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this matter could be decided by the April 15, 1997, deadline in compliance with the FTA and FCC Order.

3. On February 27, 1997, GTE filed its Motion to Dismiss MCI's Petition. GTE raised two principal objections to MCI's Petition.

4. In Paragraph 1 of GTE's Motion to Dismiss, GTE claims that Exhibit 3 attached to MCI's Petition is incomplete because it refers to line numbers which are not also included in the filing. Exhibit 3 to MCI's Petition is a summary level calculation of the revenue requirements associated with GTE's Florida investment and expenses in its payphone operations based on GTE ARMIS data filed with the FCC.

5. As an initial matter, it is not MCI's burden to demonstrate the revenue requirement associated with GTE's Florida intrastate payphone operations. Under Section 276 of the FTA and the FCC Order, it is GTE's obligation to demonstrate the revenue requirements associated with its payphone operations and to insure that the subsidy is removed from its intrastate operations.

6. In addition, the summary level revenue requirement calculation contained in Exhibit 3 to MCI's Petition is a preliminary calculation which will be updated after MCI is able to obtain the data requested from GTE in MCI's Interrogatories. For example, MCI's calculation contained in Exhibit 3 does not contain commission expenses or the imputed costs of GTE payphone

lines associated with GTE's payphone operations. MCI did not have this data at the time that Exhibit 3 was prepared.

7. GTE's second objection to MCI's Petition, contained in Paragraph 2 of its Motion to Dismiss, is similarly misplaced. GTE objects because MCI's calculation does not compare the revenue requirement shown in Exhibit 3 to GTE's payphone revenues. MCI has requested in its interrogatories that GTE provide the revenue accounts and amounts that it believe will be deregulated and offset the revenue requirement associated with its payphone operations.

8. GTE states in Paragraph 3 of its Motion to Dismiss that intrastate revenues in Account 5010 (Public Telephones) offsets the revenue requirement associated with its payphone operations. However, MCI would note that in BellSouth's calculation of the subsidy from its payphone operations, it appears that a significant amount of its revenues booked to Account 5010 includes Operator Services revenues. It is precisely these types of questions that should be answered through the discovery process and explored in Commission hearings on this matter.

9. For all of the above reasons, MCI's Petition should not be subjected to the summary disposition requested by GTE in its Motion to Dismiss. MCI has no objection to the process proposed by the Staff in its Recommendation filed March 6, 1997, in this Docket so long as the discovery process can continue and all parties will have an opportunity to examine the data filed by GTE and the other LECs and to make recommendations to the Commission

with respect to the disposition of any subsidy that is found to exist.

Respectfully submitted on March 11, 1997.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 11th day of March, 1997.

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