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ORIGINAL  
FILE COPY

July 9, 1997

**BY HAND DELIVERY**

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

Re: Docket Nos. 970172-TP, 970173-TP and 970281-TL

Dear Ms. Bayo:

Enclosed are the original and fifteen (15) copies of ALLTEL Florida, Inc.'s Exhibit to the Direct Testimony of Harriet E. Eudy filed yesterday. This Exhibit was inadvertently omitted from the filing, but was served on the parties in accordance with the certificate of service.

Sincerely,

*J. Jeffrey Mahlen*  
J. Jeffrey Mahlen esq

Enclosures

ACK \_\_\_\_\_ cc: All parties of record (w/o encl.)

AFA 3 all/970281-byo

APP \_\_\_\_\_

CAF \_\_\_\_\_

CMU Jeffrey

CTR \_\_\_\_\_

EAG \_\_\_\_\_

LEG 1

LIN Page 5

OPC \_\_\_\_\_

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SEC 1

WAS \_\_\_\_\_

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OFFICE OF RECORDS

DOCUMENT FILED DATE

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FILED IN 2000

DOCKET NO. 970281-TL  
DOCKET NO. 970172-TP  
DOCKET NO. 970173-TP  
EXHIBIT \_\_\_\_\_ (HEE-1)  
H. E. EUDY  
ALLTEL FLORIDA, INC.

FCC Letter



The Commission implemented this statutory mandate in the rules it enacted in the Payphone Reclassification Order.<sup>4</sup>

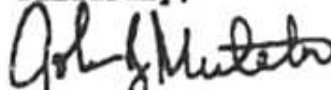
In paragraph 186 of the Payphone Reclassification Order, the Commission delegated to the states the authority to identify the subsidies that must be terminated pursuant to Section 276 and the Commission's orders:

States must determine the intrastate rate elements that must be removed to eliminate any intrastate subsidies within this time frame.<sup>5</sup>

The Bureau clarifies here, pursuant to your specific request, that a state has the authority to determine the subsidies that exist for a LEC's payphone operations, regardless of where the subsidies may be located, including within intraLATA toll service rates. In accordance with Section 276 and the Commission's orders in the Payphone Reclassification Proceeding, these subsidies must then be terminated.<sup>6</sup> The language from Bureau Waiver Order,<sup>7</sup> as cited in your letter, does not contradict this directive by the Commission.

We trust that this clarification responds sufficiently to your letter request.

Sincerely,



John B. Muleta  
Chief  
Enforcement Division  
Common Carrier Bureau

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<sup>4</sup> Implementation of the Pay Telephone Reclassification and Compensation provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Report and Order, FCC 96-388 (rel. Sept. 20, 1996) ("Payphone Reclassification Order"); Order on Reconsideration, FCC 96-419 (rel. Nov. 8, 1996) ("Order on Reconsideration"), appeal docketed sub nom. Illinois Public Telecommunications Assn. v. FCC and United States, Case No. 96-1394 (D.C. Cir., filed Oct. 17, 1996) .

<sup>5</sup> Payphone Reclassification Order at para. 186.

<sup>6</sup> Id.

<sup>7</sup> Bureau Waiver Order at para. 30.