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July 16, 1997

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

Re: Docket No. 970173-TP
Docket No. 970281-TL

Dear Ms. Bayo:

ACK ✓ Please find enclosed an original and fifteen copies of the Rebuttal Testimony of
AFA 3 Charles M. Scobie on behalf of GTE Florida Incorporated for filing in the above matters.
APP _____ Service has been made as indicated on the Certificate of Service. If there are any
CAF _____ questions regarding this matter, please contact me at (813) 483-2615.

CMU *Shelton* Very truly yours,

CTR _____ *Anthony P. Gillman*
EAG _____

LEG 2 Anthony P. Gillman

LIN *Stacy* APG:as

OPC _____ Enclosures

RCH _____

SEC 1 RECEIVED & FILED

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A part of GTE Corporation

DOCUMENT NUMBER DATE

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GTE FLORIDA INCORPORATED
REBUTTAL TESTIMONY OF CHARLES M. SCOBIE
DOCKET NOS. 970173 TP AND 970281-TL

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Charles Michael Scobie. My business address is One Tampa City Center, Tampa, Florida.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by GTE Florida Incorporated (GTEFL) as Regional Manager-Regulatory Affairs and Tariffs.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes. I have previously filed direct testimony in this proceeding.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my testimony is to respond to statements made by Mr. Guedel of AT&T.

Q. WHAT IS YOUR OVERALL IMPRESSION OF THE TESTIMONY OF AT&T?

A. Mr. Guedel's testimony has nothing to do with the issues in this case and as such, is irrelevant, confusing and misleading. His testimony regarding access charge levels and their associated incremental

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1 costs are far afield of the issues in this docket and of the
2 Commission's required actions under the FCC's orders.

3

4 **Q. WHAT IS THE PRIMARY ISSUE IN THIS CASE?**

5 A. The primary issue in this docket is whether an intrastate subsidy
6 exists. The Commission's first issue is stated as follows: "What is
7 the amount of intrastate payphone subsidy, if any, that needs to be
8 eliminated by each local exchange company pursuant to Section
9 276(B)(1)(b) of the Telecommunications Act of 1996?" The remaining
10 issues in the case all depend upon whether a subsidy exists. Thus,
11 before any issues arise pertaining to which rate elements should be
12 reduced, an intrastate payphone subsidy must be identified under
13 Issue No. 1.

14

15 **Q. HAS AT&T IDENTIFIED AN INTRASTATE PAYPHONE SUBSIDY**
16 **UNDER ISSUE NO. 1 WITH RESPECT TO GTE?**

17 A. No. In fact, other than a single citation to the Telecommunications
18 Act of 1996 on page 4, Mr. Guedel does not even mention the word
19 subsidy in his entire testimony.

20

21 **Q. WITHOUT EVIDENCE OF A SUBSIDY, WHAT DOES MR. GUEDEL**
22 **SEEK IN THIS CASE?**

23 A. On page 3, page 11 and again on pages 13 and 14 of his testimony,
24 Mr. Guedel recommends "that the Commission utilize all available
25 revenues identified through this payphone operations investigation to

1 reduce intrastate switched access charges." In other words, Mr.
2 Guedel is seeking a reduction in access charges regardless of
3 whether a subsidy exists or not. There is no basis for such a request
4 either under the FCC Order or Florida law. Furthermore, even if
5 such a request had any merit (which it doesn't), it is outside the scope
6 of the issues being considered in this docket.

7
8 **Q. WHAT IS THIS COMMISSION'S REQUIRED ACTIONS UNDER THE**
9 **FCC'S PAYPHONE RECLASSIFICATION ORDERS?**

10 A. As stated in my direct testimony, the FCC's Report and Order 96-388,
11 issued September 30, 1996, at ¶186, provides that "[s]tates must
12 determine the intrastate rate elements that must be removed to
13 eliminate any intrastate subsidies"

14
15 **Q. WHAT DOES THE COMMISSION'S OBLIGATIONS UNDER THE**
16 **FCC'S REPORT AND ORDER HAVE TO DO WITH UTILIZING "ALL**
17 **AVAILABLE REVENUES IDENTIFIED THROUGH THIS . . .**
18 **INVESTIGATION" AS MR. GUEDEL RECOMMENDS?**

19 A. Nothing. The LECs are required to remove any payphone subsidy
20 from their intrastate rates. However, if intrastate payphone revenues
21 recover the intrastate payphone costs, there is no intrastate subsidy
22 to be removed. To go beyond that is to exceed the requirements
23 contained in the issues of this proceeding.

1 **Q. DOES GTEFL'S INTRASTATE PAYPHONE REVENUES COVER**
2 **ITS INTRASTATE PAYPHONE COSTS?**

3 **A. As demonstrated by Mr. Olson in his testimony, GTEFL's intrastate**
4 **payphone revenues cover its intrastate payphone costs and GTEFL's**
5 **payphone operations are not being subsidized. Therefore, there is**
6 **no subsidy and the Commission can do what it is required to do in the**
7 **FCC Report and Order to come to the same conclusion that no**
8 **subsidy exists. Because no subsidy exists, there is no requirement**
9 **for GTEFL to reduce its CCL, RIC or any other rate element, as**
10 **recommended by AT&T.**

11

12 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13 **A. Yes, it does.**

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the Rebuttal Testimony of Charles M. Scobie on behalf of GTE Florida Incorporated in Docket Nos. 970173-TP and 970281-TL were sent via overnight delivery on July 15, 1997, to the parties on the attached list.


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