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July 18, 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. 970172-TP
Docket No. 970173-TP
Docket No. 970281-TL

Dear Ms. Bayo:

ACK Please find enclosed an original and fifteen copies of GTE Florida Incorporated's
AFA 2 Prehearing Statement for filing in the above matters. Also enclosed is a diskette with a
APP _____ copy of the Prehearing Statement in WordPerfect 6.1 format. Service has been made
CAF _____ as indicated on the Certificate of Service. If there are any questions regarding this
CMI _____ matter, please contact me at (813) 483-2615.

CTR _____ Very truly yours,
EAG _____
LEG 2 *Anthony P. Gillman*
LIN 5 Anthony P. Gillman

OPC _____
RCH _____ APG:tas
SEC 1 Enclosures

WAS _____
OTH 1 to each
file
RECEIVED & FILED
EPSC BUREAU OF RECORDS
A part of GTE Corporation

DOCUMENT NUMBER DATE
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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
)	Filed: July 18, 1997

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
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In re: Establishment of intrastate implementation requirement governing federally mandated deregulation of local exchange company payphones)	Docket No. 970281-TL
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GTE FLORIDA INCORPORATED'S PREHEARING STATEMENT

GTE Florida Incorporated (GTEFL) files its Prehearing Statement in accordance with the Commission's Rule 25-22.038(3) and its Order number PSC-97-0721-PCO-TP.

A. Witnesses

GTEFL's witnesses and the issues to which they will testify are as follows:

1. Steven A. Olson: Issue 1.
2. Charles M. Scobie: Issues 2-5.

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B. Exhibits

GTEFL intends to introduce Exhibit SO-1, attached to Mr. Olson's Direct Testimony. GTEFL reserves the right to introduce additional exhibits before and during the hearing.

C. GTEFL's Basic Position

Section 276(B)(1)(b) of the Telecommunications Act of 1996 requires incumbent LECs to remove any subsidies provided to their payphone operations by basic and exchange access revenues. The present docket has been opened to address the specific question of whether the payphone operations of Florida LECs are being subsidized. In order to determine whether a subsidy exists, the costs of a company's payphone operations must be compared with its payphone revenues. If the revenues exceed the costs, no subsidy exists.

The annual revenue associated with GTEFL's intrastate pay telephone operations for 1995 is \$20,873,637 and the total annual intrastate costs incurred to provide payphone service in the same year was \$16,776,835. Because GTEFL's intrastate payphone revenue exceeds its intrastate payphone costs, no subsidy exists with respect to GTEFL.

D., E., F. GTEFL's Specific Positions

GTEFL considers all of the issues in this proceeding to be mixed questions of fact, law, and policy. Its positions on the specific issues follow.

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?

GTEFL's Position: GTEFL does not have an intrastate payphone subsidy in Florida. The annual revenue associated with GTEFL's intrastate pay telephone operations for 1995 was \$20,873,637 and the total annual intrastate costs incurred to provide this service was \$16,776,835. Because GTEFL's intrastate payphone revenue exceeds its intrastate payphone costs, no subsidy exists with respect to GTEFL.

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?

GTEFL's Position: GTEFL's intrastate rates do not contain any subsidy amount. As such, this issue does not pertain to GTEFL. However, if there had been a subsidy, GTEFL's position would be that the FCC's Payphone Reclassification Orders do not require the Commission to specify which rate elements should be reduced to eliminate such subsidy.

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?

GTEFL's Position: GTEFL's intrastate rates do not contain any subsidy amount. As such, this issue does not pertain to GTEFL. However, if there had been a subsidy, GTEFL would have proposed reducing the intrastate Carrier Common Line (CCL) charge or the Residual Interconnection Charge (RIC).

Issue 4: If necessary, by what date should revised intrastate tariffs that eliminate any identified intrastate payphone subsidy be filed?

GTEFL's Position: GTEFL's intrastate rates do not contain any subsidy amount. As such, this issue does not pertain to GTEFL. However, if there had been a subsidy, GTEFL's position would have been that any tariff filings for the removal of such subsidy should be made within 30 days of the issuance of the final order in this docket.

Issue 5: Is April 15, 1997, the appropriate effective date for revised intrastate tariffs that eliminate any identified intrastate payphone subsidy?

GTEFL's Position: GTEFL's intrastate rates do not contain any subsidy amount. As such, this issue does not pertain to GTEFL. However, if there had been a subsidy, GTEFL's position would have been that April 15, 1997 is the appropriate effective date for revised intrastate tariffs to eliminate any such intrastate payphone subsidy.

Issue 6: Should these dockets be closed?

GTEFL's Position: Yes.

G. Stipulated Issues

No issues have been stipulated.

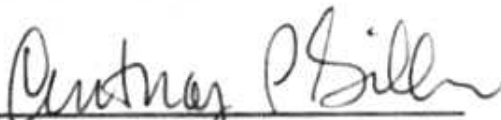
H. Pending Matters

There are no pending matters involving GTEFL at this time.

I. Compliance Statement

GTEFL can, to the best of its knowledge, comply with all requirements set forth in the Commission's Order Establishing Procedure in this case.

Respectfully submitted on July 18, 1997.

By: 

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Prehearing Statement in Docket Nos. 970172-TP, 970173-TP and 970281-TL were sent via overnight delivery on July 17, 1997, to the parties on the attached list.


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