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Legal Department

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July 18, 1997

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

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

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Prehearing Statement, which we ask that you file in the captioned matter.

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

- ACK _____
- AFA 2 _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LET 2 Enclosures
- LIN 5 *MF*
- GPC _____ cc: All parties of record
- RCH _____ A. M. Lombardo
- SEC 1 _____ R. G. Beatty
- WAS _____ William J. Ellenberg II
- OTH 1 to _____

Sincerely,

Nancy B. White (KE)

Nancy B. White

each file

RECEIVED & FILED
[Signature]
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07254 JUL 18 97
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CERTIFICATE OF SERVICE
DOCKET NO. 970281-TL and 970172-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by Federal Express this 18th day of July, 1997 to the following:

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Nancy B. White (KE)
Nancy B. White

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

In re: Establishment of)
intrastate implementation)
requirement governing)
federally mandated)
deregulation of local)
exchange company payphones.)
_____)

Docket No. 970281-TL

Prehearing Statement of BellSouth Telecommunications, Inc.

DOCUMENT FILED DATE
07254 JUL 18 97

BellSouth Telecommunications, Inc. ("BellSouth"), in compliance with the Order Establishing Procedure (Order No. PSC-97-0721-PCO-TP) issued June 19, 1997, submits its Prehearing Statement for Docket Nos. 970172-TP, 970173-TP and 970281-TL.

A. Witnesses

BellSouth proposes to call the following witness to offer testimony on the issues set forth in this matter:

Thomas F. Lohman (Direct and Rebuttal)	All issues
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BellSouth reserves the right to call witnesses to respond to Commission inquiries not addressed in direct or rebuttal testimony and witnesses to address issues not presently designated that may be designated by the Prehearing Officer at the prehearing conference to be held on July 30, 1997.

B. Exhibits

TFL-1	Florida Payphone Subsidy Calculation
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BellSouth reserves the right to file exhibits to any testimony that may be filed under the circumstances identified in Section "A" above. BellSouth also reserves the right to introduce exhibits for cross-examination, impeachment, or any other purpose authorized by the applicable Florida Rules of Evidence and Rules of this Commission.

C. Statement of Basic Position

The amount of intrastate payphone subsidy in BellSouth's rates is \$6,501,000. BellSouth submits that FCC Order 96-388 requires incumbent LECs to remove any intrastate payphone subsidy from intrastate rates. It is this Commission's duty to determine the intrastate rates that must be reduced to fully remove the subsidy. BellSouth filed and this Commission approved a tariff filing reducing BellSouth's intrastate hunting rates by the amount of the subsidy. BellSouth's tariff filing is appropriate, beneficial to end users, was properly approved by this Commission, and is consistent with the requirements of the FCC Order.

D. BellSouth's Position on the Issues

Issue No. 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?

Position: The amount of intrastate payphone subsidy in BellSouth's rates is \$6,501,000.

Issue No. 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?

Position: The FCC's Order states that the subsidy must be removed from intrastate rates. This Commission has authority, under the Order, to determine what elements should be reduced in order to eliminate the subsidy. The Commission has exercised that authority by reducing BellSouth's hunting charges.

Issue No. 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?

Position: Business hunting charges.

Issue No. 4: If necessary, by what date should revised intrastate tariffs that eliminate any identified intrastate payphone subsidy be filed?

Position: The intrastate tariff filed by BellSouth that became effective April 1, 1997 and was approved by the Commission serves as BellSouth's filing. No additional filing should be required of BellSouth.

Issue No. 5: Is April 15, 1997, the appropriate effective date for revised intrastate tariffs that eliminate any identified intrastate payphone subsidy?

Position: In general yes, however, the effective date for BellSouth was April 1, 1997.

Issue No. 6: Should this docket be closed?

Position: Yes.

E. Stipulations

There are no stipulations of which BellSouth is aware.

F. Pending Motions

There are no pending motions at this time.

G. Other Requirements

BellSouth knows of no requirement set forth in any prehearing order with which it cannot comply.

Respectfully submitted this 18th day of July, 1997.

BELLSOUTH TELECOMMUNICATIONS, INC.

Robert G. Beatty (KR)

ROBERT G. BEATTY

NANCY B. WHITE

c/o Nancy Sims

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