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February 3, 1998

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

Re: 970808-TP (St. Joseph) InterLATA Access Subsidy

Dear Ms. Bayó:

Pursuant to the request of Ms. Keating, this is to advise the Commission of BellSouth's position on the appropriate issues for the above captioned docket. At the issue identification conference held on January 30, 1998, BellSouth agreed to the following issues. These issues are a combination of suggestions from both Staff and BellSouth.

1. Was the interLATA access subsidy pool intended to be a permanent subsidy? If not, what criteria should be used for ending the InterLATA Access Subsidy pool?
2. Should the interLATA access subsidy receive by St. Joseph be removed?
3. If the subsidy should be removed, should it be removed entirely at one time, or should the subsidy be phased out over a certain time period?
4. If the subsidy should be removed entirely at one time, on what date should the removal be effective?
5. If the subsidy should be phased out, over what time period should the reduction of the subsidy be in each period?

ACK Wright
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St. Joseph (now GTC, Inc.) did not agree with these issues and set forth its own list. St. Joseph refused to compromise on the language of its issues. BellSouth does not accept the issues as proposed and worded by St. Joseph for several reasons & First, most of St. Joseph's issues can be subsumed into the issues listed above. Second, St. Joseph's third factual issue ("other than the

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interLATA access subsidy, what other subsidies can price regulated LECs receive, either state or federal?") is irrelevant to this docket. BellSouth is seeking to remove the interLATA access subsidy from St. Joseph. BellSouth has not requested a generic docket on the appropriateness of subsidies in general to certain LECs. Third, the issues concerning the so-called "source" of the interLATA access subsidy are inappropriate. The Commission discontinued the pooling system of access subsidies in 1985 and established the interLATA access subsidy as a transition from pooling to bill and keep (Order No.) 14452, Order No. 15327, and Order No. 17321). Over 13 years of transition have resulted and St. Joseph is the only beneficiary of the subsidy left.

BellSouth offered, in the issues identification conference, compromises to St. Joseph's language and was rebuffed. For the reasons set forth above, BellSouth does not endorse the issues as proposed by St. Joseph.

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.

Sincerely,

Nancy B. White
Nancy B. White (BW)

Enclosures

cc: Beth Keating, Legal Counsel for FPSC
All parties of record
A. M. Lombardo
R. G. Beatty
William J. Ellenberg II

CERTIFICATE OF SERVICE
Docket No. 970808-TP


I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
U.S. Mail this 3rd day of February, 1998 to the following:

Florida Public Service
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