

ORIGINAL

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REPLY TO:

Tallahassee

February 6, 1998

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

In re: Petition of BellSouth Telecommunications, Inc. for removal of St.
Joseph Telephone and Telegraph Company's InterLATA subsidy -
Docket No. 970808-TL

Dear Ms. Bayo:

Enclosed please find an original and 15 copies of Justification for Inclusion of Issues Proposed
by GTC, Inc. Copies have been provided to parties of record.

Sincerely,



David B. Erwin

ACK _____
AFA Wright
APP DBE/kdr
CAF Enclosures
CMU 2 cc: John Vaughan
CTR _____
EAG _____
LEG 1
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OPC _____
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FROM RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of BellSouth Telecommunications,
Inc. for removal of St. Joseph Telephone and)
Telegraph Company's InterLATA subsidy)
_____)

Docket No. 970808-TL

Filed: February 6, 1998

JUSTIFICATION FOR
INCLUSION OF ISSUES
PROPOSED BY GTC, INC.

GTC, Inc., in response to the request of Beth Keating, Staff Attorney, files this written justification for inclusion of the issues proposed by GTC, Inc., at the Issue Identification Workshop, held on January 30, 1998.

GTC, Inc. submits that it is necessary to adopt the issues proposed by GTC, Inc., in order to provide fair and reasoned consideration of and comment on pertinent factual and legal matters by all parties.

The issues agreed upon by Staff and BellSouth Telecommunications, Inc. (BellSouth) are not objectionable, unless they are the only issues, in which case they are woefully inadequate. The issues raised by GTC, Inc. are intended to have the Commission consider the factual background in existence at the time the subsidy was created, as well as subsequent regulatory and statutory developments that may affect the timing and impact of discontinuing the subsidy. Acceptance of its issues is necessary for GTC, Inc. to receive a fair hearing because GTC, Inc.'s issues ensure that the Commission will specifically address what GTC, Inc. considers to be the key facts and point of law that are raised by BellSouth's proposal. GTC, Inc. also framed the issues as an aid to the Commission's orderly disposition of the case. The issues framed by GTC are relatively few and straightforward; they are not unreasonable in number or level of detail.

Limiting the case to the factual issues framed by BellSouth is particularly deficient on one point. BellSouth's original petition and the issues it submitted both assume that there is no legal or policy impediment to ending the subsidy. BellSouth's theory of the case assumes that the

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Commission can end the subsidy without further ado; the issues are framed as to whether the Commission should end the subsidy. GTC, Inc. asserts that the Commission cannot, as a matter of law, and should not, as a matter of policy, selectively alter one component of rates during the period rates are frozen. The Legislature has made a determination that GTC's rates, which were approved by the Commission as fair and reasonable under rate of return regulation would continue to be in place for at least three years after price cap regulation is elected. Section 364.051(2)(a), Florida Statutes. This is a condition that ought to cut both ways. A company electing price cap regulation, and consequent frozen rates, ought to be able to rely on an absence of regulatory adjustment of rate components for a like period of time. While the statute does not directly address the subsidy issue, it does explicitly exempt a price regulated company from rate base, rate of return regulation. Section 364.051(1)(c), Florida Statutes. The legislative intent of encouraging small companies to elect price cap regulation is turned on its head if administratively imposed revenue reductions can be made while a company's rates are frozen. GTC, Inc. does not believe it will receive a fair hearing if this issue is not specifically addressed by the Commission.

The factual issues raised by GTC also raise the critical issue of whether the subsidy money paid to GTC, Inc. is BellSouth's to keep if the subsidy is discontinued. This point is not addressed in either BellSouth's petition or the issues it submitted.

Finally, GTC has raised two crucial policy issues that are masked by BellSouth's single issue about elimination of the subsidy. There is a public interest component to this docket and GTC's issues require consideration of the public's interest in this matter.

For the above reasons GTC, Inc. respectfully requests that its proposed issues be allowed. There is no legal basis to preclude their consideration, and the Commission's own rules allow a

party to raise issues considered at issue, if the issues are raised in a timely fashion. See Rule 25-22.038(2)(d), (e) and (f), F.A.C., Rule 25-22.038(3)(c), F. A. C., Rule 25-22.038(4)(b)2, F.A.C. Indeed, the Commission's rules encourage parties to identify issues.

Respectfully submitted this 6th day of February, 1998,



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**CERTIFICATE OF SERVICE
DOCKET NO. 970808-TL**

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U.S. Mail or by hand delivery this 6th day of February, 1998 to the following:

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