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March 9, 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-TL (St. Joseph) InterLATA Access Subsidy**

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Direct Testimony of T. F. Lohman, which we ask that you file in the captioned docket.

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 (re)*  
Nancy B. White

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Enclosures

cc: All parties of record  
A. M. Lombardo  
R. G. Beatty  
William J. Ellenberg II

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

**CERTIFICATE OF SERVICE**  
**Docket No. 970808-TL**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via  
U.S. Mail this 9th day of March, 1998 to the following:

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*Nancy B. White (re)*  
Nancy B. White

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BELLSOUTH TELECOMMUNICATIONS, INC.

TESTIMONY OF T. F. LOHMAN

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 970808-TL

MARCH 9, 1998

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS, AND POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC..

A. My name is Thomas F. Lohman. My business address is 675 West Peachtree Street N. E., Atlanta, Georgia. My title is Senior Director in the Finance Department of BellSouth Telecommunications, Inc. (hereinafter referred to as "BellSouth" or "the Company").

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I received a Bachelor of Science Degree (Accounting and Finance majors) from Florida State University in 1972. I am a Certified Public Accountant and a current member of both The American and Florida Institutes of Certified Public Accountants.

1 I was employed by Southern Bell Comptrollers in  
2 Jacksonville, Florida in 1972, and have held various  
3 Comptrollers positions of increasing responsibility  
4 since that time. I have been involved with Florida  
5 regulatory accounting operations since 1980.

6

7 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

8

9 A. I am responsible for BST's multi-state regulatory  
10 accounting operations and budget functions, including  
11 Florida. The regulatory operations include  
12 preparation of the monthly surveillance reports as  
13 well as the annual reports required by this and other  
14 Commissions. In addition, I am responsible for  
15 providing financial data required in regulatory  
16 dockets, Florida Public Service Commission (FPSC) and  
17 Federal Communications Commission (FCC) audits, as  
18 well as informal requests for data.

19

20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

21

22 A. Yes. I provided testimony in Docket No. 930485-TL  
23 regarding inside wire services, Docket No. 890190  
24 concerning Southern Bell's cost allocation procedure,

25

1 and Docket Nos. 970172 and 970281 concerning  
2 BellSouth's deregulation of pay telephones.

3

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5

6 A. My testimony addresses all of the issues related to  
7 St. Joseph Telephone (GTC) interLATA subsidy and  
8 whether it should be eliminated.

9

10 Issue 1: What is the interLATA access subsidy and why was  
11 the interLATA access subsidy established?

12 Issue 1b: What is the history of the interLATA access  
13 subsidy and how has Commission policy regarding the  
14 subsidy evolved since the subsidy was established?

15 Issue 2: Was the interLATA access subsidy pool intended  
16 to be a permanent subsidy? If not, what criteria  
17 should be used for ending the interLATA access  
18 subsidy pool?

19

20 **Q. WHAT WAS THE ORIGINAL PURPOSE OF THE INTERLATA ACCESS**  
21 **SUBSIDY PAYMENT?**

22

23 A. The "temporary" subsidy payments were established by  
24 Order No. 14452, June 10, 1985 almost 13 years ago as  
25 a transition from the pooling of access revenues to a

1        ``more appropriate approach of each company keeping  
2        the revenue it receives for use of its local  
3        facilities''. Order at page 13. This Commission  
4        recognized that all of their access plans could not  
5        be implemented at that time, for example bill and  
6        keep of LEC toll was not yet completed and therefore,  
7        established this ``temporary'' subsidy plan so that  
8        there was a ``wash'' on companies earnings at that  
9        time. The order stated on page 12 that the  
10        ``temporary subsidy pool is required and is in the  
11        public interest. The pool will be funded by each LEC  
12        contributing a portion of the access revenue it  
13        receives for use of its local network.'' On page 13,  
14        the Commission stated that, ``Doing away with pooling  
15        of access revenues is in the public interest in that  
16        the inequities inherent in pooling are being replaced  
17        with the more appropriate approach of each company  
18        keeping the revenue it receives for use of its local  
19        facilities. We recognize that discontinuance of the  
20        access pool is not complete because we have  
21        established a temporary subsidy pool. However, our  
22        implementation plan is an important first step in  
23        this complex process.'' The Commission went on to  
24        state on page 14 that, ``We believe it would not be  
25        logical to provide a subsidy to a LEC that is in an

1           overearnings position" and that "all subsidy pool  
2           contributions and receipts are subject to refund."

3

4   Q.   DID THIS COMMISSION INTEND FOR THE SUBSIDY PAYMENT TO  
5           BE PERMANENT WHEN THE INTERLATA SUBSIDY POOL WAS  
6           ESTABLISHED?

7

8   A.   No, definitely not! Order No. 14452 states on page  
9           12 that "a temporary subsidy pool is required" and  
10          then very explicitly acknowledges the temporary  
11          nature of the subsidy by stating on page 13 that, "we  
12          recognize that discontinuance of the access pool is  
13          not complete because we have established a temporary  
14          subsidy pool. (emphasis added) However, our  
15          implementation plan is an important first step in  
16          this complex process." Page 15 again refers to  
17          "the temporary subsidy pool we have established."  
18          The ordering paragraph itself on page 16 orders that  
19          there "be a temporary subsidy pool as set forth in  
20          the body of this order". Based on the order, I can  
21          unequivocally state that the subsidy pool established  
22          in 1985 was never intended to be a permanent subsidy.  
23  
24          Commission orders rendered after Order No. 14452 also  
25          refer to the temporary nature of the subsidy pool:

1 No. 15327 page 5 ``we established a temporary  
2 subsidy pool'';  
3 No. 21954 page 2 ``the interLATA subsidy  
4 mechanism was established as a transition  
5 mechanism'';  
6 No. PSC-92-0028-FOF-TL page 3 ``subsidy mechanism  
7 to keep LECs whole during the transition. It  
8 was never envisioned that the access subsidy  
9 would be permanent. It was intended to last  
10 only until we were presented with an opportunity  
11 to address each company's particular  
12 circumstances in a rate case or other  
13 proceeding.'' ; (emphasis added)  
14 No. PSC-93-0562-FOF-TL page 28 ``subsidy pool was  
15 established as a temporary mechanism to ease the  
16 transition'';  
17 No. PSC-93-1176-FOF-TL page 2 ``it is appropriate  
18 to continue to reduce ALLTEL's interLATA  
19 subsidy, consistent with the Commission goal of  
20 placing each LEC on a true bill and keep basis'';  
21 No. PSC-94-0383-FOF-TL page 5 ``subsidy pool was  
22 established as a temporary mechanism to ease the  
23 transition''; and  
24  
25



1 No. PSC-95-0486-FOF-TL page 1 ``subsidy pool was  
2 established as a temporary mechanism to ease the  
3 transition''.

4

5 Q. HAS THIS COMMISSION VIEWED THE SUBSIDY PAYMENTS AS  
6 PERMANENT SINCE THE ORDER ESTABLISHING THE INTERLATA  
7 SUBSIDY POOL?

8

9 A. No, this Commission has been proactive in eliminating  
10 the subsidy payments. The original pool had six  
11 companies (Alltel, Gulf, Indiantown, Northeast, GTC  
12 and United) receiving subsidy payments. All of these  
13 companies, except GTC, have had their interLATA  
14 subsidies eliminated. My schedule TFL-1 provides the  
15 chronological history of the removal of these  
16 companies from the temporary interLATA subsidy pool.

17

18 Q. WHAT CRITERIA HAS THE COMMISSION UTILIZED IN REMOVING  
19 THE TEMPORARY SUBSIDY?

20

21 A. Gulf, in 1988, was the first company receiving this  
22 temporary subsidy to have it eliminated by the  
23 Commission. Order No. 19692 states on page 1, ``we  
24 noted that, at the same time Gulf was overearning,  
25 the Company was also receiving a subsidy from the

1 interLATA access subsidy pool." Order at page 1. The  
2 Order went on to state that, "In light of Gulf's 1986  
3 earnings level it appears that Gulf is financially  
4 healthy indeed. Therefore, we find it inappropriate  
5 that Gulf should receive an interLATA access charge  
6 subsidy in light of its current earnings posture. It  
7 is clear that Gulf no longer needs the current access  
8 subsidy to support its current earnings.  
9 Accordingly, effective August 1, 1988, Gulf shall no  
10 longer receive a subsidy from the interLATA access  
11 charge subsidy pool." Order at page 1.

12

13 Indiantown's temporary subsidy was removed in 1989.  
14 Order No. 21954 states on page 2 that, "In light of  
15 Indiantown's current and anticipated earnings  
16 situation, we find it inappropriate that Indiantown  
17 should continue to receive an interLATA access charge  
18 subsidy. Accordingly, effective September 1, 1989,  
19 Indiantown shall no longer receive a subsidy from the  
20 interLATA access subsidy mechanism." The Order also  
21 states, page 1, that, "the interLATA subsidy  
22 mechanism was established as a transition mechanism  
23 to keep LECs whole in going from a pooling to access  
24 bill and keep."

25

1 Northeast's temporary subsidy was removed in 1993.  
2 Order No. PSC-93-0228-FOF-TL states on page 2 that,  
3 ``Based on Northeast's level of earnings and the  
4 stimulation which is occurring with the \$.25 calling  
5 plan from MacClenny to Jacksonville, Northeast's  
6 remaining interLATA subsidy shall be eliminated and  
7 Northeast shall be removed from the interLATA subsidy  
8 pool, effective January 1, 1993.''  
9  
10 Alltel's subsidy was reduced several times in  
11 disposing of their various years of overearnings,  
12 then eliminated completely in 1995. Reductions  
13 started with Order No. PSC-92-0028-FOF-TL, pages 3-4,  
14 which states that Alltel will dispose of its 1991  
15 overearnings in the following manner: ``ALLTEL will  
16 reduce its interLATA subsidy \$472,000 annually,  
17 effective April 1, 1992.''  
18 Order No. PSC-95-0486-FOF-  
19 TL states on page 2 that, ``subsidy receipts and  
20 payments do not change each year except by specific  
21 action of the Commission. We have reduced subsidies  
22 and removed LECs from the interLATA subsidy pool when  
23 it appeared that the LEC no longer needed the  
24 subsidy.'' (emphasis added). The Order also states on  
25 page 2 that, ``ALLTEL's 1994 earnings in excess of its  
cap are sufficient to warrant a reduction to the

1 Company's current interLATA access subsidy''. The  
2 Order holds that, ``ALLTEL's remaining interLATA  
3 subsidy receipts shall be eliminated effective July  
4 1, 1995. This will remove ALLTEL from the interLATA  
5 access subsidy pool.'' Page 3. Basically, the  
6 Commission has removed the subsidy payment when  
7 circumstances change and the company no longer needs  
8 it.

9

10 Q. HAS THE INTERLATA SUBSIDY FOR GTC BEEN REDUCED DUE TO  
11 GTC EARNINGS?

12

13 A. Yes. In 1989 the GTC subsidy was reduced by \$300,000  
14 effective January 1, 1990. According to the Staff  
15 Analysis included on page 13 of the memorandum dated  
16 November 20, 1989 regarding Docket No. 820537-TP -  
17 Access Charges, ``St. Joseph Telephone has proposed to  
18 reduce its interLATA subsidy by \$300,000. This  
19 action is consistent with action approved by the  
20 Commission for Gulf Telephone and Indiantown  
21 Telephone. Gulf and Indiantown's subsidies were  
22 eliminated because the companies were overearning and  
23 the overearnings were expected to continue into the  
24 foreseeable future. As discussed in the  
25 recommendation in Docket No. 891238-TL, Investigation

1 into St. Joseph Telephone's Authorized Return on  
2 Equity and Earnings, we believe that St. Joe will  
3 have sufficient earnings to absorb this reduction in  
4 its subsidy and still earn within its newly  
5 authorized range.'" Order No. 22284 on page 2 states  
6 that, ``St. Joe has proposed to reduce its revenues by  
7 \$400,000 annually through a reduction in its  
8 interLATA subsidy of \$300,000 and a reduction in its  
9 intraLATA subsidy of \$100,000. These reductions will  
10 reduce the Company's ROE by 2.96%. Based on the  
11 Company's current and expected earnings level, we  
12 believe that this proposal will bring the Company's  
13 achieved earnings within its newly authorized ROE  
14 range to 12.91%. Therefore, we hereby accept the  
15 Company's proposal to reduce its revenues.'"

16

17 Q. TO YOUR KNOWLEDGE HAS THERE BEEN ANYTHING IN THE  
18 RECORD STATING THAT THIS WAS TO BE A PERMANENT  
19 SUBSIDY?

20

21 A. No. All references in the record describe this as a  
22 temporary subsidy.

23

24 Q. WHAT CRITERIA SHOULD BE USED FOR ENDING THIS  
25 TEMPORARY INTERLATA ACCESS SUBSIDY POOL?

1

2 A. To date the subsidy pool has been reduced either due  
3 to companies asking to be relieved from participating  
4 in the pool or companies experiencing changed  
5 circumstances, such as an excess of earnings,  
6 sufficient for the Commission to order their  
7 elimination from the pool. As Frontier Communications  
8 of the South, Inc. ("Frontier") recognized, election  
9 of price regulation is a changed circumstance.  
10 Frontier states in its Petition for a Limited Scope  
11 Proceeding to Change its Existing Rate Relationships,  
12 dated June 26, 1996, "Before Frontier Communications  
13 of the South, Inc. and BellSouth become competitors,  
14 Frontier Communications of the South, Inc. must  
15 eliminate its reliance upon revenue from BellSouth,  
16 but in order to achieve this necessary goal, Frontier  
17 Communications of the South, Inc. must rearrange its  
18 rate relationships to generate the revenue that will  
19 be lost by eliminating its LEC toll bill and keep  
20 subsidy." Pages 3-4.

21

22 In Order No. PSC-92-0028-FOF-TL, page 3, the  
23 Commission states that, "It was never envisioned that  
24 the access subsidy would be permanent. It was  
25 intended to last only until we were presented with an

1 opportunity to address each company's particular  
2 circumstances in a rate case or other proceeding."  
3 (emphasis added). I believe that these criteria -  
4 earnings or other changes in circumstances - as  
5 envisioned by the Commission are appropriate for  
6 discontinuing the subsidy, and should be the criteria  
7 utilized in this proceeding.

8

9 Issue 3: What is the legal authority for the BellSouth  
10 Telecommunications, Inc.'s proposal to eliminate the  
11 interLATA access subsidy of GTC, Inc.?

12

13 **Q. WHAT IS THE LEGAL AUTHORITY FOR THE BELLSOUTH**  
14 **TELECOMMUNICATIONS, INC.'S PROPOSAL TO ELIMINATE THE**  
15 **INTERLATA ACCESS SUBSIDY OF GTC, INC.?**

16

17 A. I am not an attorney, and I know that BellSouth will  
18 address this issue in the brief of this case.  
19 However, the Commission had the authority to impose  
20 the subsidy in the first place, and I believe they  
21 have the authority to eliminate the subsidy. As  
22 discussed herein, there are various factors that the  
23 Commission may consider in their decision. BellSouth  
24 believes GTC's choice of price cap regulation is one  
25 of those factors. The Commission, in eliminating the

1       subsidy, is not changing any rates that GTC is  
2       charging its customers nor engaging in rate of return  
3       regulation. The Commission has plainly stated in  
4       past orders that the subsidy was intended to last  
5       only until each company's particular circumstances  
6       could be addressed in a rate case or other  
7       proceeding. GTC's election of price regulation is  
8       certainly a major change in circumstances that  
9       eliminates any need for BellSouth's customers to  
10      provide GTC's shareholders a subsidy.

11

12      In addition, if the election of price regulation  
13      removes the subsidy payment from this Commission's  
14      authority, then BellSouth could unilaterally  
15      eliminate the payment. Although BellSouth has not  
16      advocated that the Commission does not have authority  
17      over the subsidy payment between two price regulated  
18      companies, if this becomes the legal finding, then  
19      there is no need for continuing this proceeding.

20

21   Issue 4: Considering that the rates of a small LEC  
22      electing price cap regulation may not be altered  
23      during the period rates are frozen, except as  
24      provided for in Section 364.051(5), Florida Statutes,  
25      may the subsidy in effect at the time price cap



1 regulation was elected be discontinued during the  
2 period rates are frozen?

3

4 Q. ARE YOU AWARE OF ANY AVENUE THAT GTC MAY USE TO  
5 RESTRUCTURE THEIR RATES TO COMPENSATE FOR LACK OF  
6 OVEREARNINGS TO COVER THE SUBSIDY ELIMINATION?

7

8 A. Yes, Florida Statutes, Section 364.051(5) states  
9 that, "any local exchange telecommunications company  
10 that believes circumstances have changed  
11 substantially to justify any increase in the rates  
12 for basic local telecommunications services may  
13 petition the commission for a rate increase".  
14 Depending on the amount of GTC earnings, the above  
15 section would apply.

16

17 Issue 5: Should the interLATA access subsidy received by  
18 GTC, Inc. be removed?

19

20 Q. SHOULD THE INTERLATA ACCESS SUBSIDY RECEIVED BY GTC  
21 BE REMOVED?

22

23 A. Yes, GTC's interLATA access subsidy should be  
24 removed. BellSouth and its customers should not

25

1 continue to send money to GTC's owners now that both  
2 companies are price regulated.

3

4 Q. WHY DO YOU THINK GTC ELECTED TO OPEN ITS TERRITORY TO  
5 COMPETITION FIVE YEARS BEFORE IT WAS REQUIRED TO DO  
6 SO?

7

8 A. Although I have no personal knowledge of GTC's  
9 decision making process, I believe the only logical  
10 explanation is that they expected to earn in excess  
11 of their authorized rate of return. Why else would  
12 they voluntarily open their market to competition?  
13 Also, they knew that excessive earnings would  
14 eliminate the ``temporary'' subsidy payments from  
15 BellSouth. It appears, based on their arguments in  
16 this case, they hoped that price regulation election  
17 would turn the temporary subsidy into a permanent  
18 one, thus assuring their owners of a windfall at  
19 BellSouth's expense.

20

21 Q. IS GTC EARNING IN EXCESS OF ITS AUTHORIZED RETURN?

22

23 A. Because GTC has not responded to our discovery  
24 requests, I am unable to state with certainty that  
25 they are over earning. However, my assumption is

1 that they are earning above a reasonable return.

2 This assumption is based on the following:

3

4 1. There is absolutely no reason for their early  
5 election of price regulation if they did not  
6 anticipate earnings above the authorized level.  
7 Opening their territory to competition before it is  
8 required does not make economic sense otherwise.

9 2. I remember reading that the new owners planned to  
10 reduce the number of employees and streamline  
11 operations. These steps would obviously improve  
12 earnings.

13 3. GTC overearned in 1989 and their subsidy receipt  
14 was reduced by \$300,000. The annual STATISTICS OF  
15 THE FLORIDA LOCAL EXCHANGE COMPANIES report,  
16 published by the Florida Public Service Commission,  
17 was used to develop my schedule TFL-2. With the  
18 exception of 1995, it shows that GTC has had from  
19 3.42% to 11.02%% annual growth rate since the  
20 subsidy reduction 1/1/90. They exceeded the state  
21 of Florida average for five out of the seven years  
22 displayed. It should be noted they had a strong  
23 come back in 1996 when Florida was 5.50% and GTC  
24 was 11.02%.

25

1           When GTC responds to the discovery requests, this  
2           Commission will be able to determine whether they are  
3           overearning.

4

5   Q.    **SHOULD THE SUBSIDY PAYMENT BE REMOVED EVEN IF GTC IS**  
6           **NOT OVEREARNING BY THE FULL AMOUNT OF THE PAYMENT?**

7

8   A.    Yes.  This Commission has always stated that the  
9           subsidy was temporary and should be removed as each  
10          company's circumstances changed.  GTC's election of  
11          price regulation is a 180 degree change of  
12          circumstances from rate base regulation.  Because GTC  
13          received price regulation approval effective June 25,  
14          1996, it should not be eligible to receive this  
15          ``temporary'' subsidy.

16

17   Issue 6:  If the access subsidy being paid to GTC, Inc. is  
18           eliminated, should BellSouth Telecommunications, Inc.  
19           be directed to cease collection of the access subsidy  
20           funds?  If the access subsidy being paid to GTC, Inc.  
21           is eliminated, and collection of the access subsidy  
22           funds is not terminated, what disposition should be  
23           made of the funds?

24

25

1 Q. IF THE ACCESS SUBSIDY BEING PAID TO GTC, INC. IS  
2 ELIMINATED, HOW SHOULD BELLSOUTH TELECOMMUNICATIONS,  
3 INC. BE DIRECTED ON THE DISPOSITION OF THE RELATED  
4 FUNDS?

5

6 A. Order No. 14452 stated on page 12 the ``temporary  
7 subsidy pool ... will be funded by each LEC  
8 contributing a portion of the access revenue it  
9 receives for use of its local network.'' The original  
10 surplus for BellSouth was \$2.7 million. BellSouth  
11 has completely eliminated its ``surplus'' by reducing  
12 access charges by well over this amount since 1985,  
13 when the ``surplus'' was created by going to Bill and  
14 Keep for access charges. In fact, just since August,  
15 1995, BellSouth has reduced switched access rates by  
16 over \$130 million dollars. The surplus of \$2.7  
17 million has not existed for many years; therefore,  
18 there is no surplus remaining for disposition. The  
19 payment is just a subsidy from BellSouth to GTC.  
20 However, because BellSouth was under a sharing  
21 requirement through 1997, BellSouth will commit to  
22 refunding to its customers any refund that it  
23 receives from GTC for any year subject to the sharing  
24 requirement (See Issues 7, 8, and 9).

25

1 Issue 7: If the subsidy should be removed, should it be  
2 removed entirely at one time, or should the subsidy  
3 be phased out over a certain time period?

4 Issue 8: If the subsidy should be removed entirely at one  
5 time, on what date should the removal be effective?

6 Issue 9: If the subsidy should be phased out, over what  
7 time period should the phase out take place and how  
8 much should the reduction of the subsidy be in each  
9 period?

10

11 **Q. IF THE SUBSIDY SHOULD BE REMOVED, SHOULD IT BE**  
12 **REMOVED ENTIRELY AT ONE TIME, OR SHOULD THE SUBSIDY**  
13 **BE PHASED OUT OVER A CERTAIN TIME PERIOD?**

14

15 A. The subsidy should be eliminated entirely at one time  
16 as was the case with both Gulf and Indiantown. Since  
17 Order No. 14452 states that, "all subsidy pool  
18 contributions and receipts are subject to refund",  
19 GTC should refund to BellSouth all subsidies received  
20 from the date GTC first had overearnings or June 25,  
21 1996 when price regulation was effective, whichever  
22 is earlier.

23

24 If the Commission decides to phase out the subsidy,  
25 the phase out period should be equally over 3 years

1 starting from the earlier of when GTC first  
2 overearned or when GTC price regulation was effective  
3 (June 25, 1996).  
4

5 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

6  
7 **A.** This Commission established the subsidy payment to  
8 GTC (and others) almost 13 years ago in 1985 and  
9 described it as a temporary, transition related  
10 payment that would be eliminated as circumstances  
11 changed. The intent of the subsidy was to eliminate  
12 fluctuations in the rates companies charged  
13 customers, as the Commission worked its way through  
14 Bill and Keep for toll and access. The subsidy  
15 payments were never intended to be permanent nor  
16 extend beyond the transition to a full Bill and Keep  
17 system.

18  
19 GTC is the only company currently receiving an  
20 interLATA subsidy payment, they have elected price  
21 regulation, and the transition to Bill and Keep for  
22 both toll and access has been completed. The  
23 Commission should eliminate the payment to GTC  
24 effective on the date it became price regulated (or  
25

1 earlier if they were overearning). This ``temporary''  
2 subsidy has now run its course.

3

4

5 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

6

7 A. Yes.

8

9

10

11

12

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**HISTORY  
 REMOVAL OF COMPANIES RECEIVING PAYMENTS  
 FROM INTERLATA SUBSIDY POOL**

	Order Number	Effective Date	(000) INTERLATA SUBSIDY			
			Original	Reduction	Current	
<b>ALLTEL</b>	PSC-92-0028- FOF-TL	4/1/92	\$1,899	\$472		
	PSC-93-0562- FOF-TL	4/1/93		\$690		
	PSC-94-1176- FOF-TL	10/1/93		\$140		
	PSC-94-0383- FOF-TL	1/1/95		\$443		
	PSC-95-0486- FOF-TL	7/1/95		Balance	<b>\$0</b>	
<b>GULF</b>	19692	8/1/88	\$7	Balance	<b>\$0</b>	
<b>INDIANTOWN</b>	21954	9/1/89	\$117	Balance	<b>\$0</b>	
<b>NORTHEAST</b>	PSC-92-0337- AS-TL	7/1/92	\$137	\$23		
	PSC-93-0228- FOF-TL	7/1/93		Balance	<b>\$0</b>	
<b>UNITED</b>	21954	9/1/89	\$675	Balance	<b>\$0</b>	
<b>GTC</b>	22421	1/1/90	**	\$1,523	\$300	<b>\$1,223</b>

**Since July 1995 the Only Company Still Receiving Payments from Interlata Subsidy Pool**

\*\* Amount reflected is net of \$17 subsidy contribution.

**Florida Access Line Statistics**

Year	No. of Exchanges	<u>St. Joe/ GTC</u>		% Annual Growth Rate	<u>FLORIDA</u> % Annual Growth Rate
		FL Access Lines	Percent of State		
1990	13	21,666	0.28%	4.30%	4.00%
1991	13	22,408	0.28%	3.42%	5.84%
1992	13	23,821	0.29%	6.31%	3.29%
1993	13	24,974	0.29%	4.84%	4.38%
1994	13	26,889	0.30%	7.67%	3.71%
1995	13	27,016	0.29%	0.47%	5.10%
1996	13	29,994	0.30%	11.02%	5.50%

Source: STATISTICS OF THE FLORIDA LOCAL EXCHANGE COMPANIES,  
 published by the FPSC