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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of BellSouth Telecommunications,) Docket No.:
Inc., for removal of St. Joseph Telephone and)
Telegraph Company's interLATA access subsidy) Filed: July 1, 1997

**BELLSOUTH TELECOMMUNICATION, INC.'S
PETITION TO REMOVE INTERLATA ACCESS SUBSIDY**

BellSouth Telecommunications, Inc., ("BellSouth"), petitions the Florida Public Service Commission (the "Commission"), pursuant to Rule 25-22.036, Florida Administrative Code, to remove the interLATA access subsidy received by St. Joseph Telephone and Telegraph Company ("St. Joseph"), and as grounds in support of this petition states as follows:

1. BellSouth is a telephone company lawfully doing business in the State of Florida, the regulated operations of which are subject to the Commission pursuant to Chapter 364, Florida Statute.

2. BellSouth's principal place of business in Florida is 150 W. Flagler Street, Suite 1910, Miami, Florida, 33130.

3. Pleadings and process in this matter may be served upon:

Robert G. Beatty
Nancy B. White
c/o Nancy Sims
BellSouth Telecommunications, Inc.
150 W. Monroe Street, Suite 400
Tallahassee, FL 32301

4. Pursuant to Commission Order No. 14452, issued June 10, 1985, the pooling system of access subsidies was discontinued and bill and keep was

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instituted. To ease the transition from the pooling environment to the bill and keep environment, a temporary subsidy pool was established.

5. As stated in Order 14452, Docket 820537, issued June 20, 1985:

The basic purpose of going to bill and keep was to eliminate the subsidies inherent in the pooling system. The subsidy pool was designed to keep LEC's whole in the transition from pooling to bill and keep. It was never envisioned that the access subsidy would be permanent. It was intended to last only until the Commission was presented with an opportunity to address each company's particular circumstances either through a rate case or other proceeding.

6. The Commission has consistently followed this policy. All interLATA subsidiaries have been eliminated except for St. Joseph.

7. This subsidy payment provides St. Joseph revenues that would otherwise be shared at a 60% level with BellSouth's customers if BellSouth's earnings reached the sharing level prescribed by this Commission. Based on these facts, it is logical that the subsidy should end.

8. On June 25, 1996, St. Joseph filed its notice of price regulation pursuant to Florida Statutes 364.051. By Commission Order No. 96-1108-FOF-TL, issued August 29, 1996, as amended in Order No. 96-1108A-FOF-TL, issued September 5, 1996, St. Joseph's election of price regulation was approved. Accordingly, effective June 25, 1996, St. Joseph became subject to the price regulation provisions set forth in Florida Statute 364.051.

9. BellSouth believes it is in the best interest of the public to eliminate this subsidy payment to St. Joseph on an expedited basis in order to provide the potential sharing benefit to BellSouth's customers.

WHEREFORE, BellSouth respectfully requests that the interLATA access subsidy be eliminated as soon as possible and the authority granted to St. Joseph to receive amounts from the subsidy from BellSouth cease.

Respectfully Submitted this 14 day of July 1997.

BellSouth Telecommunications, Inc.

Robert G. Beatty
(law)

Robert G. Beatty, Esq.
Nancy B. White, Esq.
c/o Nancy H. Sims
150 S. Monroe St., Suite 400
Tallahassee, Fl. 32301
(305) 347-5555

CERTIFICATE OF SERVICE
Removal of St. Joseph's InterLATA Access Subsidy

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via hand-delivery this 15th day of July, 1997 to the following:

Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Nancy B. White
Nancy B. White (NW)