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April 2, 1998

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

Re: Docket No.: 970808-TL
Petition of BellSouth Telecommunications, Inc.,
For removal of St. Joseph Telephone and Telegraph
Company's interLATA access subsidy

Dear Ms. Bayo:

Enclosed find an original and 15 copies of the Reply to BellSouth Telecommunications, Inc.'s Motion to Hold Subsidy Payments in Escrow or, in the Alternative, Make Subsidy Payments Subject to Refund.


Thank you.

Sincerely,



David B. Erwin

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 FPSC-BUREAU OF RECORDS

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03861 APR-2 98

FPSC-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 access subsidy)
_____)

Docket No.: 970808-TL

Filed: April 2, 1998

REPLY TO BELLSOUTH TELECOMMUNICATIONS, INC.'S
MOTION TO HOLD SUBSIDY PAYMENTS IN
ESCROW OR, IN THE ALTERNATIVE,
MAKE SUBSIDY PAYMENTS SUBJECT TO REFUND

GTC, Inc., files this Reply to BellSouth Telecommunications, Inc.'s Motion to Hold Subsidy Payments in Escrow or, in the Alternative, Make Subsidy Payments Subject to Refund, and states as follows:

1. BellSouth has cited no statutory authority for its proposition; no rule has been cited; BellSouth has only referred to Order No. 14452, which does not support BellSouth's position, since the partial sentence quoted was lifted out of context. (See page 14 of the Order and the paragraph pertaining to the situation involving United Telephone.)

2. GTC, Inc., opposes this attempt by BellSouth to prematurely adjudicate this controversy.

3. BellSouth has inaccurately and inappropriately suggested that GTC, Inc., has delayed this proceeding. GTC, Inc., has taken no action for the purpose of delay. GTC, Inc., has raised what it considers to be an important legal issue of first impression concerning the Commission's authority and jurisdiction under the Florida Telecommunications Act of 1995. GTC, Inc., has a right to raise this or any other legal issue that it believes is pertinent to this matter and has done so in this case in a timely fashion and in good faith for reasons other than delay.

4. The money in question rightfully belongs to GTC, Inc., and BellSouth has no legitimate interest in the subsidy funds under any circumstances. The money does not belong to BellSouth. The money that makes up the subsidy amount is access charge revenue coming from IXCs. BellSouth is merely the subsidy administrator through which the IXC access charge revenue flows. The money could just as well flow directly to GTC, Inc., from the IXCs who pay the access charges. In fact, the time has probably come for the subsidy administrator to bow out of the picture, give up its duty of flowing through the access charge revenue and permit the revenue of GTC, Inc., to reach GTC, Inc., in a more straightforward and direct manner. The function of BellSouth as pool administrator and the source of the revenue is clearly reflected on

DOCUMENT NUMBER-DATE

03861 APR-28

FPSC RECORDS/REPORTING

13, of Order No. 14452, Docket No. 820537-TP, as set forth in the following portion of the order:

Even after adjusting for these additional revenues, seven LECs will still experience a shortfall. Since our stated intent is to have a "wash" when implementing bill and keep, we find that a temporary subsidy pool is required and is in the public interest. The pool will be funded by each LEC contributing a portion of the access revenue it receives for use of its local network. (Column 8, Chart 1, Appendix IV). The pool will be administered by the LEC chosen by the subsidy pool participants. (Emphasis supplied.)

If there were still any lingering doubt about whether the IXC access revenue is BellSouth's, the last order issued in Docket No. 820537-TP, which addresses the disposition of the subsidy pool revenue, should dispel that doubt. Order No. 22421, in Attachment A, shows that in 1990 BellSouth still received money from interLATA bill and keep (access charge revenue) in an amount in excess of the access revenue flowed through to GTC, Inc., and even in excess of any surplus otherwise disposed of.

5. If the Commission should decide to put any money subject to refund, the amount should be no more on a monthly basis than is paid to GTC (1/12th of \$1,223,000). BellSouth has put the wrong number in its motion. GTC, Inc., does not receive \$120,000 a month. In addition, if a potential refund is in order, then BellSouth should be prepared to refund the subsidy paid to GTC, Inc., and refund or account for the excess money it receives from the interLATA bill and keep impact (access revenues and DA and coin revenue) which is neither flowed through to GTC, Inc., nor has been previously disposed of. (See Attachment A, Order No. 22421, Docket No. 820537-TP.)

Respectfully submitted this 2nd day of April, 1998.



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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 20th day of April, 1998 to the following:

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