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February 4, 2000

EX PARTE OR LATE FILED

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Ms. Magalie Roman Salas
Secretary
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445 Twelfth Street, SW - TW-A325
Washington, DC 20554

FEB 07 2000

FCC MAIL ROOM

Re: CC Docket No. 96-45, Federal-State Joint Board On Universal Service
Ex Parte Reply Comments of the Florida Public Service Commission
on Public Notice Regarding the FCC's Interim Hold-Harmless Provision

Dear Ms. Salas:

Enclosed please find the original and five (5) copies of the Florida Public Service Commission Reply Comments in the above-noted docket. Please date stamp and return one copy in the enclosed self-addressed envelope.

An additional copy is being sent under separate cover pursuant to your rule on ex parte presentations.

Sincerely,

Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

CBM:tf

cc: Brad Ramsay, National Association of Regulatory Utility Commissioners
Sheryl Todd, Accounting Policy Division, Common Carrier Bureau
International Transcription Service (with diskette)

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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In the Matter of:)
)
Federal-State Joint Board on Universal Service) CC Docket No. 96-45
)
Comments on the Interim Hold-Harmless Provision) FCC 99J-2
)
_____)

**EX PARTE REPLY COMMENTS
OF THE FLORIDA PUBLIC SERVICE COMMISSION
ON PUBLIC NOTICE REGARDING
THE FCC'S INTERIM HOLD-HARMLESS PROVISION**

The Florida Public Service Commission (FPSC or Florida Commission) hereby respectfully submits its comments in the above docket. These comments are in response to the Federal Communications Commission's (FCC's) Public Notice released on November 3, 1999, regarding the interim hold-harmless provision incorporated within the new forward-looking, high-cost support mechanism for non-rural carriers. The Florida Commission does not object to an interim hold-harmless provision in order to prevent potential rate shocks and disruptions in state rate designs when the forward-looking mechanism takes effect. However, the FPSC does not believe that a hold-harmless provision should extend beyond year-end 2001, and under no circumstance beyond the implementation date of a new forward-looking, high-cost support mechanism for rural carriers.

In its Ninth Report and Order, the FCC established a new forward-looking, high-cost support mechanism for non-rural carriers that will take effect on January 1, 2000. This mechanism contains an interim hold-harmless provision, as recommended by the Federal-State Joint Board on Universal Service (Joint Board). This provision ensures that if a non-rural carrier does not qualify for forward-looking support under the new mechanism, or qualifies for forward-looking support but in an amount less than it would receive under the existing mechanism, the carrier shall receive interim hold-harmless support based on the existing mechanism. The FCC emphasized that this interim hold-

harmless provision is a transitional measure, and requested that the Joint Board provide the FCC with a recommendation on how the interim hold-harmless provision can be phased out without causing undue disruption to consumer rates in high-cost areas.

The Florida Commission favors a two-year phase out process, which would provide full hold-harmless support for the first year and move to reduce support by half in the second year. Support beyond this period is unfairly burdensome to net payer states, such as Florida, which will be sustaining support based on both embedded data and on forward-looking economic costs simultaneously. The FPSC believes that this is sufficient time for the non-rural companies to prepare for any changes in the level of high-cost support they receive. Many of these non-rural companies have been actively participating with the FCC in the development of the model and are, to some extent, knowledgeable as to the possible outcome.

Thus, the FPSC recommendation falls squarely between the one-year proposal by California and the three-year proposal urged by both SBC and New York. We believe a two-year time frame is reasonable and would accomplish what GTE urges--that states have time to implement their own funds if they would experience any shortfalls in federal support.

Respectfully submitted,



Cynthia B. Miller, Esquire
Bureau of Intergovernmental Liaison

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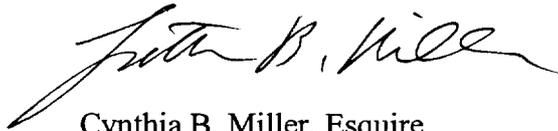
DATED this 4th day of February, 2000.

Florida Public Service Commission Ex Parte Comments
CC Docket No. 96-45

CERTIFICATE OF SERVICE

I hereby certify that copies of these FPSC ex parte reply comments are being mailed to the attached abbreviated service list for the above docket.

Respectfully submitted,



Cynthia B. Miller, Esquire
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