



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION CLERK

DATE: JUNE 6, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (DOWDS)
OFFICE OF THE GENERAL COUNSEL (B. KEATING) *ZK*

RE: DOCKET NO. 010977-TL - STATE CERTIFICATION OF RURAL
TELECOMMUNICATIONS CARRIERS PURSUANT TO 47 C.F.R. 54.314.

AGENDA: 06/18/02 - REGULAR AGENDA - FINAL AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\010977-2.RCM

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CASE BACKGROUND

Section 254(e) of the Telecommunications Act of 1996 provides that a carrier that receives universal service support ". . . shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." In its Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 00-256 (the Rural Task Force Order; hereafter, the RTF Order) the Federal Communications Commission (FCC) modified its rules pertaining to the provision of high-cost support for rural telephone companies. In addition, the FCC adopted a rule requiring that states who wish for rural carriers in their territory to receive federal high-cost support must file a certification annually with the FCC and with the Universal Service Administrative Company (USAC). This certification is to state that all federal high-cost funds flowing to rural carriers in the state, or to any competitive eligible telecommunications carriers requesting support

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FPSC-COMMISSION CLERK

for serving within a rural carrier's service area, will be used in a manner that comports with section 254(e). The rule provisions are:

§54.314. State certification of support for rural carriers.

(a) *State certification.* States that desire rural incumbent local exchange carriers and/or eligible telecommunications carriers serving lines in the service area of a rural incumbent local exchange carrier within their jurisdiction to receive support pursuant to §§54.301, 54.305, and/or 54.307 of this part and/or part 36, subpart F of this chapter must file an annual certification with the Administrator and the Commission stating that all federal high-cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. . .

(c) *Certification format.* A certification pursuant to this section may be filed in the form of a letter from the appropriate regulatory authority for the State, and shall be filed with both the Office of the Secretary of the Commission clearly referencing CC Docket No. 96-45, and with the Administrator of the high-cost universal service support mechanism, on or before the deadlines set forth below in subsection (d). . . .

The FCC requires that certifications for the funding year January 1, 2003 - December 31, 2003, must be submitted by October 1, 2002, in order for a rural carrier to be eligible for high-cost universal service support for all of calendar year 2003.

This recommendation pertains to the Commission's certification of Florida's rural LECs for 2003.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission certify to the FCC and to USAC that for the year 2003 ALLTEL Florida, Inc., Frontier Communications of the South, Inc., GTC, Inc., Indiantown Telecommunications Systems, Inc., Northeast Florida Telephone Company, TDS Telecom, and Smart City Telecom will only use the federal high-cost support they receive for the provision, maintenance and upgrading of facilities and services for which the support is intended?

RECOMMENDATION: Yes. (DOWDS)

STAFF ANALYSIS: As indicated in the Case Background, unless the Commission submits certifications to the FCC and to USAC by October 1, 2002, Florida's seven rural carriers will receive no interstate high-cost universal service funds during the first quarter of 2003, and may forego all support if certification from the FPSC is not eventually submitted. Other than Frontier, these rural LECs are under intrastate price regulation and thus this commission's regulatory oversight over their operations is somewhat limited. However, the FCC anticipated that certain state commissions may have restricted authority:

In the case of non-rural carriers, we concluded that states nonetheless may certify to the Commission that a non-rural carrier in the state had accounted to the state commission for its receipt of federal support, and that such support will be "used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." We determined that, in states in which the state commission has limited jurisdiction over such carriers, the state need not initiate the certification process itself. . . .We conclude that this approach is equally appropriate here with regard to rural carriers and competitive eligible telecommunications carriers serving lines in the service area of a rural local exchange carrier. (RTF Order, ¶188)

Each of the seven Florida rural LECs has submitted an affidavit (see Attachments A through G) in which they have certified that their use of interstate high-cost universal service support

received during 2003 will comport with section 254(e) of the Act and applicable FCC rules. Staff notes that this procedure is identical to that followed for funding year 2002, the first year that FPSC certification was required. Given these LECs' certifications, staff again recommends that the Commission certify to the FCC and to the USAC that these LECs will be using interstate high-cost universal service support in 2003 in a manner that complies with section 254(e).

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open in order to deal with future certification of rural telephone companies. (B.KEATING)

STAFF ANALYSIS: Under the FCC's rule 54.314, state commission certification that their rural LECs will use interstate high-cost universal service support in a manner that comports with section 254(e) will need to be addressed once a year. We anticipate that in subsequent years, Florida's rural LECs who continue to desire to receive interstate high-cost universal service support will again submit affidavits to this Commission; such affidavits would need to be received on a schedule that allows for an order to be issued and forwarded with a letter to the FCC and the USAC prior to October 1. Accordingly, staff believes it is appropriate for this docket to remain open to handle subsequent year's certifications.

DOCKET NO. 010977-TL
DATE: JUNE 6, 2002

AFFIDAVIT

ATTACHMENT A

STATE OF NEW YORK
COUNTY OF Monroe

BEFORE ME, the undersigned authority, appeared Gregg C. Sayre, who deposed and said:

1. My name is Gregg C. Sayre. I am employed by Frontier Communications of the South, Inc. ("Frontier" or the "Company") as Assistant Secretary. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.

2. Frontier hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

FURTHER AFFIANT SAYETH NOT.

Gregg C. Sayre
Name Gregg C. Sayre, Assistant Secretary
Title
Frontier Communications of the South, Inc.

STATE OF NEW YORK
COUNTY OF Monroe

Acknowledged before me this 29th day of April, 2002, by Gregg C. Sayre, as Assistant Secretary of Frontier Communications of the South, Inc., who is personally known to me or produced identification and who did take an oath.

Holly M. James
NOTARY PUBLIC

HOLLY M. JAMES
Notary Public, State of New York
Qualified in Monroe County
My Commission Expires Nov. 30, 2002

Printed Name of Notary

Personally Known 15 years
Produced Identification _____
Type of Identification Produced _____

DOCKET NO. 010977-TL
DATE: JUNE 6, 2002
STATE OF FLORIDA
COUNTY OF BAKER

AFFIDAVIT

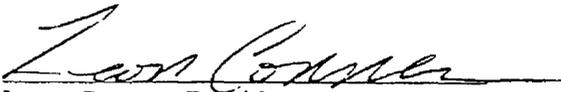
ATTACHMENT C

BEFORE ME, the undersigned authority, appeared Leon Conner, who deposed and said:

1. My name is Leon Conner. I am employed by Northeast Florida Telephone Company, Inc. ("Northeast" or the "Company") as its President. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.

2. Northeast hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and services for which such support is intended.

FURTHER AFFIANT SAYETH NOT.


Leon Conner, President

STATE OF FLORIDA
COUNTY OF BAKER

Acknowledged before me this 10th day of April, 2002, by Leon Conner, as President of Northeast Florida Telephone Company, Inc., who is personally known to me or produced identification and who did take an oath.


NOTARY PUBLIC



Eileen Stavelly
MY COMMISSION # CC770365 EXPIRES
August 25, 2002
BONDED THRU TROY FAIN INSURANCE, INC.

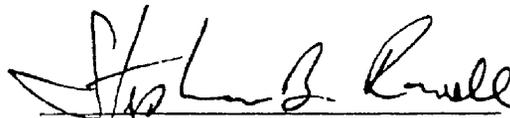
Personally Known
Produced Identification _____
Type of Identification Produced _____

STATE OF ARKANSAS
COUNTY OF PULASKI

BEFORE ME, the undersigned authority, appeared Stephen B. Rowell, who deposed and said:

1. My name is Stephen B. Rowell. I am Senior Vice President of ALLTEL Florida, Inc. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.
2. ALLTEL Florida, Inc. hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and service for which such support is intended as indicated by 47 C.F.R. §54.101.

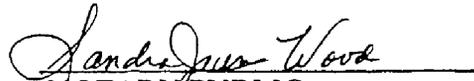
FURTHER AFFIANT SAYETH NOT.



 Stephen B. Rowell, Senior Vice President

STATE OF ARKANSAS
COUNTY OF PULASKI

Acknowledged before me this 12th day of April, 2002 by Stephen B. Rowell, as Senior Vice President of ALLTEL Florida, Inc. who is personally known to me or produced identification and who did take an oath.



 NOTARY PUBLIC

SANDRA JEAN WOOD

 Printed Name of Notary



Personally Known ✓ _____
 Produced Identification _____
 Type of Identification _____

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AFFIDAVIT

ATTACHMENT E

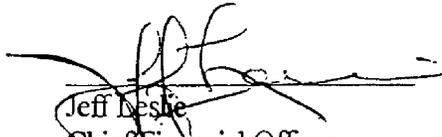
STATE OF FLORIDA
COUNTY OF MARTIN

BEFORE ME, the undersigned authority, appeared Jeff Leslie, who deposed and said:-

1. My name is Jeff Leslie. I am employed by Indiantown Telecommunications Systems, Inc. ("ITS" or the "Company") as Chief Financial Officer. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.

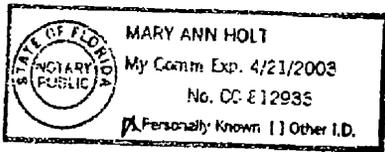
2. ITS hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

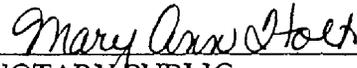
FURTHER AFFIANT SAYETH NOT.


Jeff Leslie
Chief Financial Officer
ITS Telecommunications Systems, Inc.

STATE OF FLORIDA
COUNTY OF MARTIN

Acknowledged before me this 17th day of April, 2002, by JEFF LESLIE, as C.F.O. of ITS Telecommunications Systems, Inc., who is personally known to me or produced identification and who did take an oath.




NOTARY PUBLIC

MARY ANN HOLT
Printed Name of Notary

Personally Known
Produced Identification _____
Type of Identification Produced _____

AFFIDAVIT

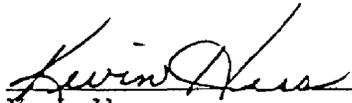
STATE OF WISCONSIN
COUNTY OF DANE

BEFORE ME, the undersigned authority, appeared Kevin Hess who deposed and said:

1. My name is Kevin Hess I am employed by TDS TELECOM, the parent company of Quincy Telephone Company d/b/a TDS TELECOM/Quincy ("TDS" or the "Company") as its Vice President, Government and Regulatory Affairs. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.

2. TDS TELECOM hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

FURTHER AFFIANT SAYETH NOT.



Kevin Hess
Vice President, Government & Regulatory Affairs

STATE OF WISCONSIN
COUNTY OF DANE

Acknowledged before me this 18th day of April, 2002, by Kevin Hess, as Vice President, Government & Regulatory Affairs of TDS TELECOM d/b/a TDS TELECOM/Quincy Telephone, who is personally known to me or produced identification and who did take an oath.


NOTARY PUBLIC

Lois L. Spath
Printed Name of Notary

Personally Known ✓
Produced Identification _____
Type of Identification Produced _____

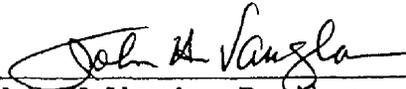
AFFIDAVIT

STATE OF FLORIDA
COUNTY OF GULF

BEFORE ME, the undersigned authority, appeared John H. Vaughan, who deposed and said:

1. My name is John H. Vaughan, I am employed by GTC, Inc. d/b/a GT Com ("GT Com" or the "Company") as its President. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.314.
2. GT Com hereby certifies that it will only use the federal high-cost support it receives during 2003 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

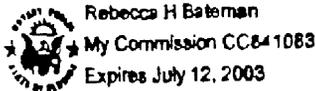
FURTHER AFFIANT SAYETH NOT.



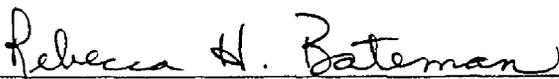
John H. Vaughan, President

STATE OF FLORIDA
COUNTY OF GULF

Acknowledged before me this 19th day of April, 2002, by John H. Vaughan, as President of GTC, Inc., who is personally known and who did take an oath.



Notary Seal



Notary Public
Rebecca H. Bateman