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November 2, 1998

Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
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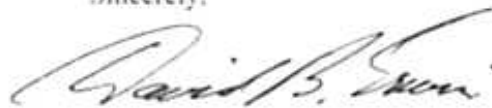
In re: Docket No. 980696-TP, Determination of the Cost of  
Basic Local Telecommunications Services,  
Pursuant to Section 364.025, Florida Statutes.

Dear Ms. Bayo:

Please find enclosed the original and 15 copies of the Posthearing Statement of Frontier  
Communications of the South, Inc. in Docket No. 980696-TP.

A copy has been provided to each party shown on the attached Certificate of Service.

Sincerely,



David B. Erwin, Attorney  
for Frontier Communications of the South, Inc.

ACK	_____
AFA	2
APP	DBE:jm
CAF	_____
CM	King
CTR	_____
EAG	_____
LEV	2
LIN	5
OPC	_____
RCM	_____
SEC	1
WAS	_____
OTH	_____

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

) In re: Determination of the Cost of

) Basic Local Telecommunications

) Services, Pursuant to Section

) 364.025, Florida Statutes.

) FILED: November 2, 1998

) DOCKET NO. 980696-1P

POSTHEARING STATEMENT  
OF  
FRONTIER COMMUNICATIONS OF THE SOUTH, INC.

Frontier Communications of the South, Inc. (Frontier) hereby files its posthearing statement in this matter. Frontier has a basic position and positions on the same two specific issues set forth in Order No. PSC 98-1008-P-C-1P that Frontier addressed in its prehearing statement. Frontier's basic position and its positions on Issues 6(a) and 6(c) remain unchanged.

The basic position of Frontier is that the determination of the cost of basic local telecommunications service appropriate for establishing a permanent universal service mechanism should be through the use of an embedded cost study, since Frontier is a rural LEC that serves fewer than 100,000 access lines. With regard to Issues 6(a) and 6(c), Frontier submits that the Commission should not use a cost proxy model to compute the cost of basic local telecommunications service for LECs such as Frontier that serve fewer than 100,000 access lines. Instead, the Commission should use an embedded cost study approach to determine the cost of basic local telecommunications service for all such LECs, including Frontier.

Using an embedded cost study approach, the resulting cost per access line, per month, for Frontier is \$56.13. (TR453) Frontier's embedded cost study determined these amounts by using the small company LEC's methodology for embedded cost studies, as testified to by ALLTEL Corporation's witness, Dennis Curry. (TR452)

The method by which Frontier has determined the cost of providing basic local telecommunications service is in accordance with the law. Section 364.025(4)(c), Florida Statutes, states as follows:

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The use of an embedded cost study approach would seem not to inflate or exaggerate the cost of local service for Frontier. The BCPM has calculated results for many wire centers in BellSouth Telecommunications, Inc.'s (BellSouth) serving area, and the results in many rural BellSouth areas show a cost well in excess of the embedded cost in Frontier's rural areas. (See Revised Exhibit PM-1 to the testimony of Peter F. Martin.) For example, the wire centers for the following rural areas all have costs

important for sizing a universal service fund and targeting eligible recipients (TR977) providing local service (TR 989-990), the location of customers and, hence, the cost to service them, is provide the average cost for each subscriber. Since the loop is the largest item making up the cost of embedded cost study can not indicate the exact geographical location of each subscriber, but it will apparent under such circumstances that the use of actual, precise data should be acceptable. Even an adequately (TR 560, 821, 829 - 831, 927 - 928, 930 - 932, 934 - 937, 940, 942 - 943, 997) It seems accuracy, even though in the Yankeeown wire center, the BCPM model did reflect customer locations rural areas; and since both proxy models have problems locating rural subscribers with a high degree of wisdom of allowing the use of an embedded cost study for small LECs, since these small LECs serve

The evidence submitted during the hearing in this docket strongly confirms the legislative

1. A different proxy model, or following options:  
providing basic local telecommunications services based on one of the calculate a small local exchange telecommunications company's cost of companies, but no sooner than January 1, 2001. The commission shall until a mechanism is implemented by the Federal Government for small required to use the cost proxy model selected pursuant to paragraph (b) which serve less than 100,000 access lines, the commission shall not be
2. A fully distributed allocation of embedded costs, identifying high-cost areas within the local exchange area the company serves and including all embedded investments and expenses incurred by the company in the provision of universal service. Such calculations may be made using fully distributed costs consistent with 47 C.F.R. ss. 32.36, and 64. The geographic basis for the calculations shall be no smaller than a census block group.


calculated by the BCPM model that are higher than the costs of Frontier's rural areas calculated using an embedded cost study methodology:

Archer	\$ 59.92 per line
Bronson	\$ 58.25 per line
ChIPLEy	\$ 56.17 per line
Graceville	\$ 67.30 per line
Jay	\$ 86.69 per line
Micanopy	\$ 74.08 per line
Munson	\$102.09 per line
Old Town	\$ 70.67 per line
Trenton	\$ 60.42 per line
Vernon	\$ 86.10 per line
Youngstown	\$ 71.02 per line
Yankeetown	\$ 61.88 per line

In comparison, as stated earlier, Frontier's cost is \$56.13 per line, and it is unlikely that any of the BellSouth areas shown above are more rural than Frontier's service areas.

In summary, the Commission should accept and use Frontier's embedded cost study to determine the cost of basic local telecommunications service in establishing a permanent universal service mechanism.

Respectfully submitted this 2<sup>nd</sup> day of November, 1998.



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of the South, Inc.

**CERTIFICATE OF SERVICE  
DOCKET NO. 980696-TP**

I hereby certify a copy of the Posthearing Statement in Docket 980696-TP was sent via U. S. Mail on November 2, 1998 to the parties on the list below.

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