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Government and Regulatory Affairs

May 6, 2002

Via overnight mail

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Ms. Blanca S. Bayo, Director
Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Quincy Telephone Company - Path 3 Filing for Disaggregation and Targeting of Support

Dear Ms. Bayo:

Pursuant to FCC Order in CC Docket Numbers 96-45 and 00-256 issued May 23, 2001 and 54.315 of the FCC rules Quincy Telephone Company hereby encloses for filing a copy of its Path 3 disaggregation plan.

I may be reached at 608-664-4195 in the event you have any questions regarding this certification. Please date stamp the enclosed copy and return in the self-addressed stamped envelope.

Sincerely,

Jeff Jung
Director - Cost Analysis

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FPSC-BUREAU OF RECORDS

Attachments

cc: Mr. Tom McCabe - TDS TELECOM
Mr. Walter D'Haeseleer - Florida Public Service Commission
Ms. Irene Flannery - USAC

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Disaggregation Path of Federal high-cost support pursuant to the
 FCC Order in CC Docket Numbers 96-45 and 00-256,
 issued May 23, 2001, and 54.315 of the FCC Rules

Company Quincy Telephone Company

State Florida

Number of Wire Centers 3

Study Area Code 210338

2002 Disaggregated Monthly Support Per Line

WIRE CENTER	CLLI CODE	ESTIMATED PER LINE USF SUPPORT *				TOTAL SUPPORT PER LINE	ACCESS LINES	TOTAL SUPPORT FOR DISAGG'D ZONE
		HIGH COST LOOP	LONG TERM SUPPORT	INTERSTATE COMMON LINE	LOCAL SWITCHING SUPPORT			
Greensboro	GNBOFL	\$ 12.04	\$ 8.54	\$ 1.08	\$ 1.09	\$ 22.75	1,572	\$ 35,765
Gretna	GRETFL	\$ 15.30	\$ 10.85	\$ 1.37	\$ 1.09	\$ 28.61	1,456	\$ 41,652
Quincy	QNCYFL	\$ 2.84	\$ 2.01	\$ 0.25	\$ 1.09	\$ 6.20	10,971	\$ 68,000
TOTALS		\$ 72,354.41	\$ 51,303.00	\$ 6,472.50	\$ 15,286.81		13,999	\$ 145,417

* FORCASTED DATA IS SUBJECT TO TRUE-UP VIA USF TRUE-UP PROCESSES

**Proposal to disaggregate the Federal high-cost support pursuant to the
FCC Order in CC Docket Numbers 96-45 and 00-256,
Issued May 23, 2001, and Section 54.315 of the FCC Rules**

Disaggregation Plan

Quincy Telephone Company is electing path 3 – Self-Certification and will be disaggregating Federal high-cost loop support to the wire center. Below is a description of the disaggregation process.

1. The plan disaggregates the total study area Federal high-cost loop support to each of the wire centers within the study area. The methods of disaggregation vary for loop-related High Cost Loop (HCL), Long Term Support (LTS) and Interstate Common Line Support (ICLS) versus switch-related Local Switching Support (LSS). These methods are described in detail in the following descriptions.
2. All lines within the wire center receive the same per line amount of HCL, LTS, ICLS and LSS support.

Loop-Related Support

1. Loop related support funds are the HCL, ICLS and LTS. The different per line support levels among the wire centers reflect the different costs the Incumbent Local Exchange Carrier would incur to provide universal telephone service to the customers located in the wire center. By disaggregating the support from the study area to the wire center level, more loop-related support is provided to wire centers with higher costs relative to other wire centers within the same study area.
2. The relative loop-related investments of each wire center were developed using the publicly available Benchmark Cost Proxy Model (BCPM) Version 3.0 utilizing the FCC Common Inputs option. The BCPM was entered on the public record in the FCC CC Docket 96-45, December 11, 1997, by the sponsors of the Model, Bell South, Sprint and U.S. West. Actual line counts from year-end 2000 were input into the model to reflect the more current customer demographics.

3. The BCPM uses forward-looking, least-cost network engineering design and costing methods. One of the requirements of the design is that no customer location is greater than 18kft from either the central office or from the Digital Serving Area (DSA) site. Load coils and other long loop transmission equipment are not included in the design of the forward-looking network. The Model begins at the wire center's central office location and builds cable and/or fiber facilities in each direction from the central office using Census data to determine customer locations and density within the wire center. The customer locations and population density of the Census Blocks determine the size, location and number of Serving Area Interfaces (SAI), and DSAs. The size and footages of copper and fiber cable facilities from the SAIs and DSAs to the central office are also determined from the customer locations contained in the Census Block information. Terrain and other geographical information such as soil type and rock conditions determine the aerial, buried and underground mixture of the network. The total number of residential and business customers were developed from 1990 Census information and other sources of population statistics to determine the capacity of the switch.
4. To our knowledge, the BCPM is the only publicly available model and, therefore, can be used to satisfy the Order's requirement that will allow an interested party to make a meaningful analysis of how the disaggregation plan was developed. The data produced by the BCPM provides a publicly available source that develops the relative investments required to provide universal telephone service to wire centers within a given study area.
5. The model is used only to determine the relative network investment relationships of wire centers within a study area and is not meant to reflect the ILEC's embedded costs of the wire center. The total study area amount of support is distributed to the wire centers based on the relationships developed by the BCPM.

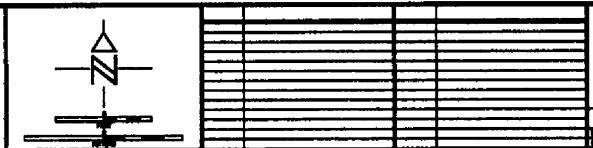
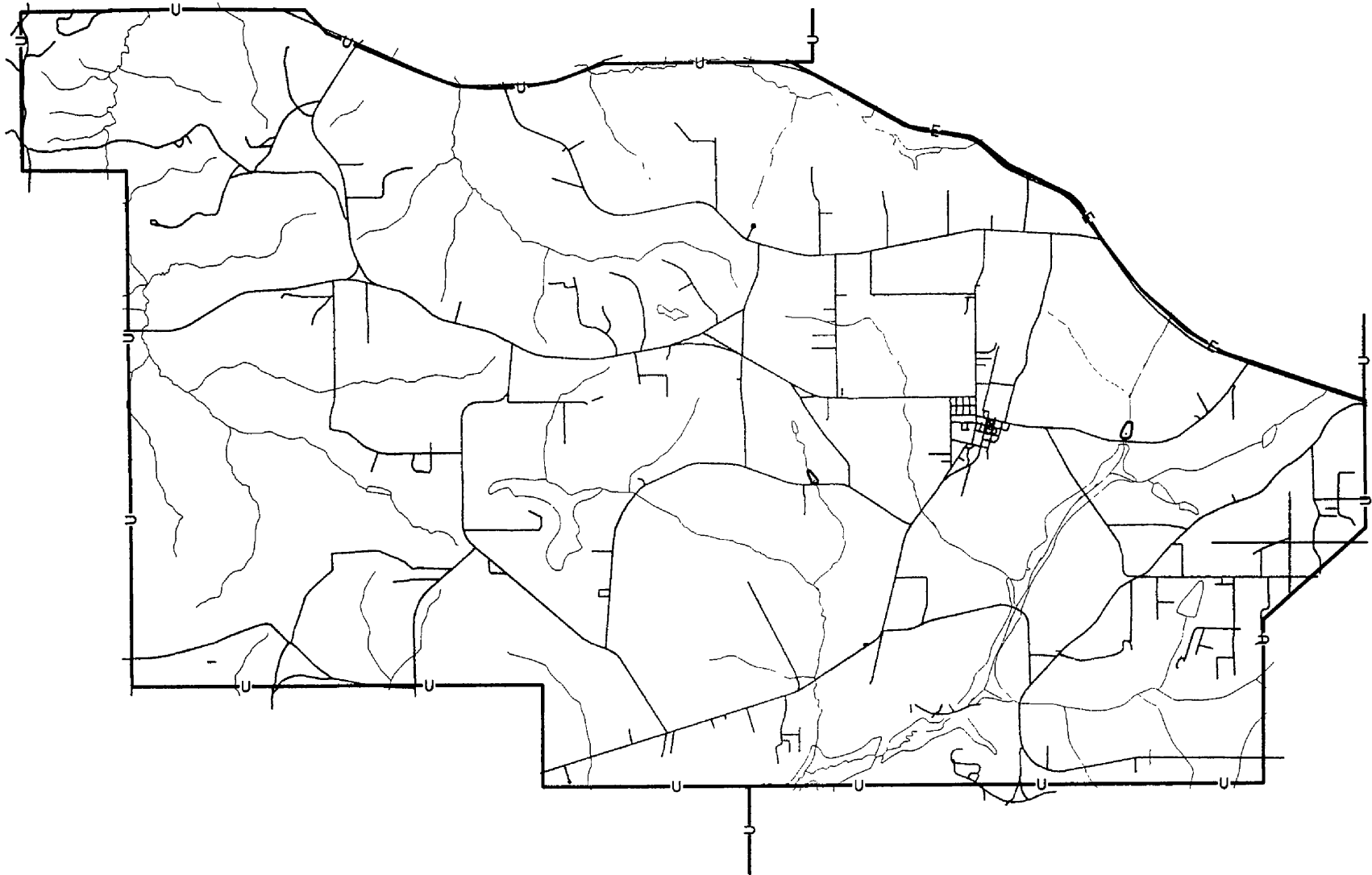
Benchmark

1. The second step in the process is to establish a benchmark to determine which wire centers have low cost relative to other wire centers in the study area and do not require loop-related support.
2. The process uses a benchmark level of 115% of the nationwide average cost as adopted by the FCC in CC Docket No. 96-45. The Rural Task Force (RTF) recommended a freeze of

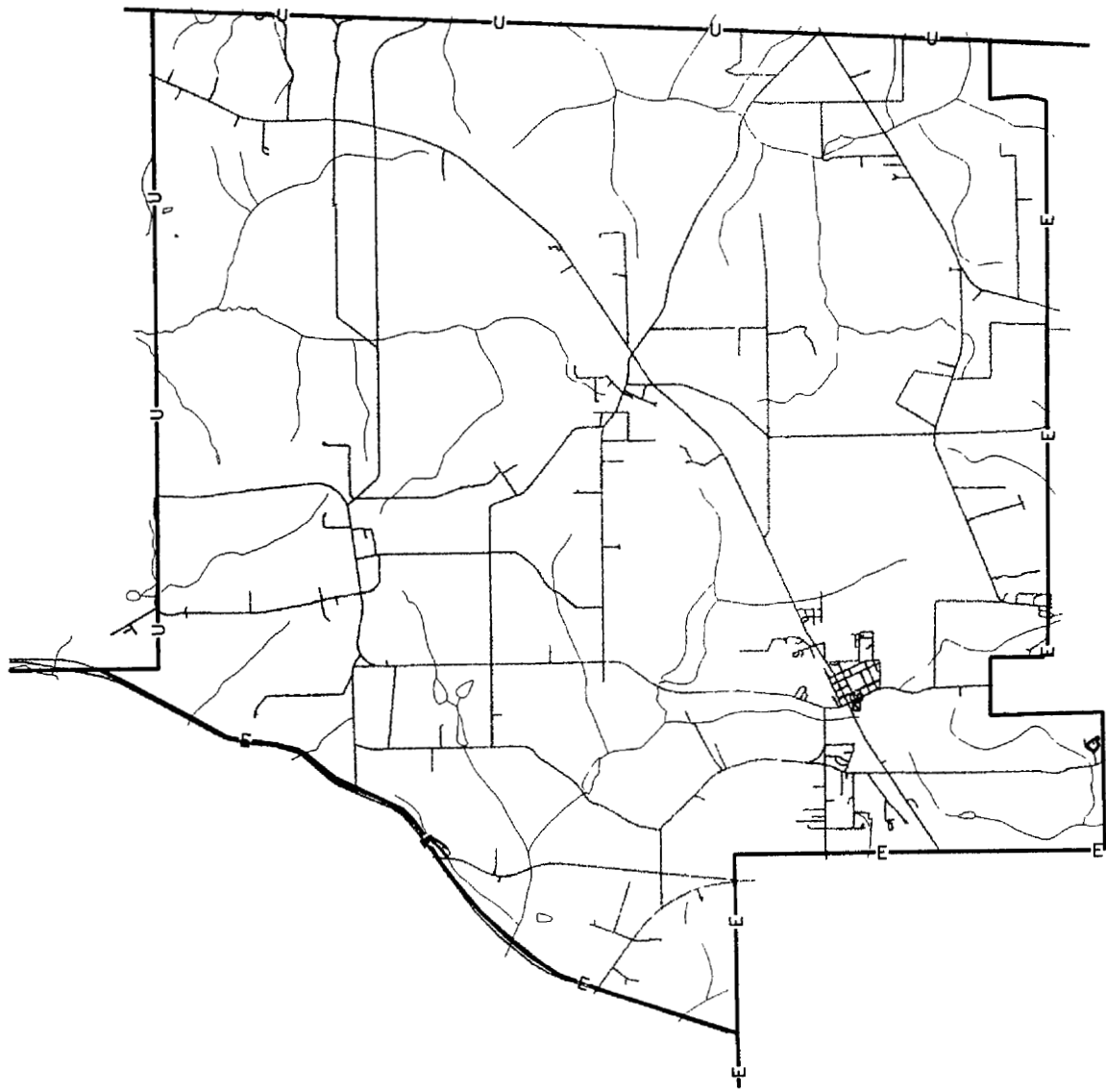
the national average loop cost at \$240.00 for the life of the plan. According to the Rural Task Force, \$240.00 approximates the national average loop cost for the year 2000 based on 1998 cost data submitted by NECA. The \$240.00 benchmark was used to determine the size of the high-cost loop support fund and will be used for the remainder of the length of the plan.

3. In our opinion, it is appropriate to use the RTF Recommended benchmark. The \$240.00 was based on actual costs of rural and non-rural companies from that 1998 cost data.
4. Since the nationwide average monthly cost is \$20.00, the benchmark is \$23.00 ($\20.00×1.15). The 115% benchmark was selected because the HCL support computation rules use a benchmark of 115% of nationwide average embedded cost to determine the point at which a study area qualifies for high-cost loop support.
5. The benchmark determines how much of the study area support should go to each of the wire centers that have costs above the benchmark level. Each wire center's loop-related support is determined by distributing the total support in proportion to the amount that each wire center's cost exceeds the benchmark. Wire centers with higher relative costs will always receive higher levels of per-line support.
6. The distribution of loop related support is computed in the following manner. The difference between each wire center's developed BCPM cost and the national average benchmark is computed and multiplied by the number of served lines within that wire center to determine a hypothetical "support requirement". These "support requirements" for all wire centers within the study area are then summed to determine a hypothetical "total support requirement". The individual "support requirements" are then divided by the "total support requirement" to arrive at the relationships (ratios) used to allocate the actual loop related support for each category of USF loop-related support. These support amounts are then trued-up to the total reported universal service support received by multiplying each ratio by the total support received for the support categories (HCL, LTS, & ICLS). The trued-up level of support for each wire center is then divided by the number of lines in that wire center to determine the level of loop-related support on a per line basis. The per line support for each of the support categories is then summed to determine the overall per line USF support disaggregated dollar amount.

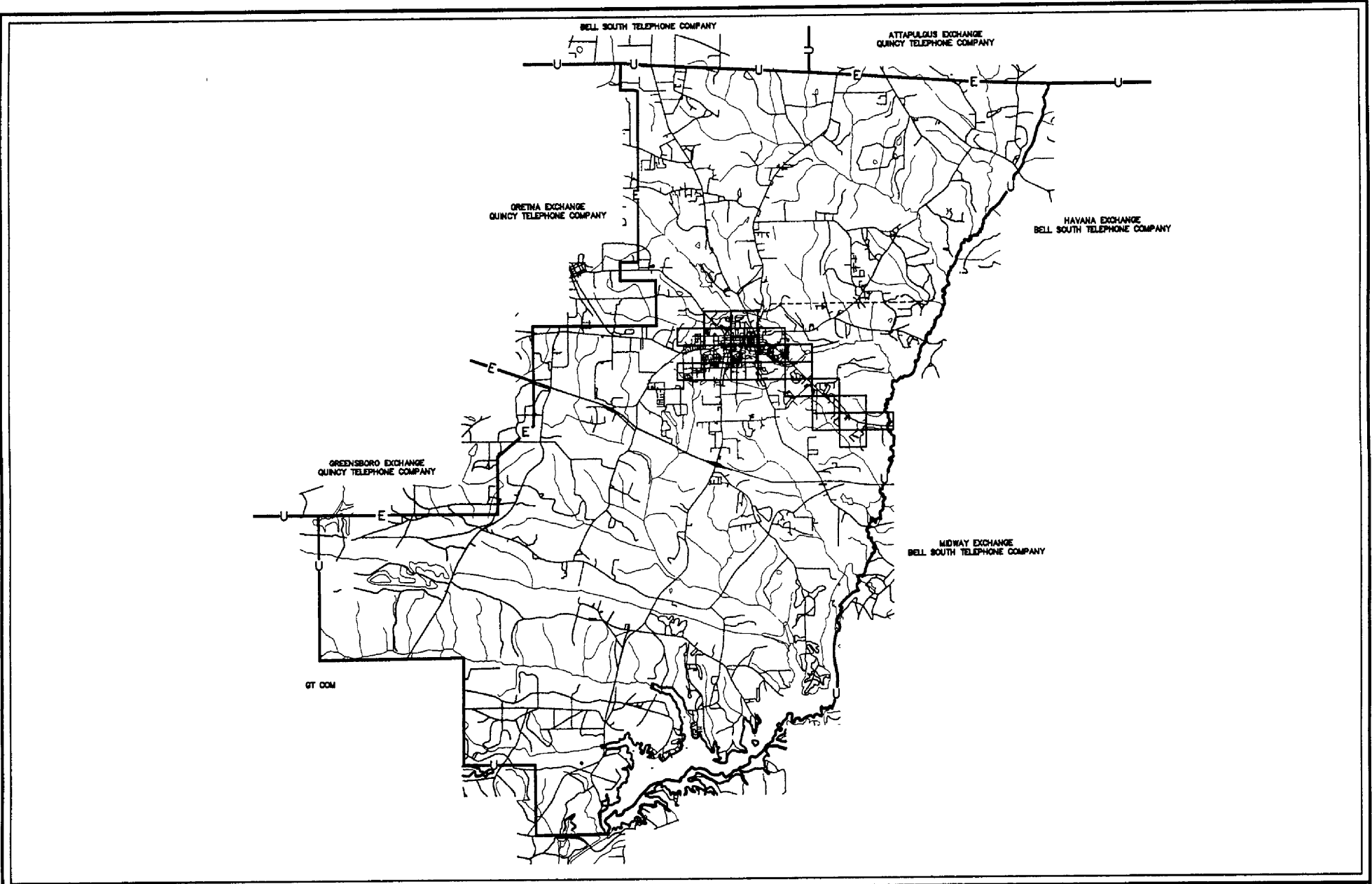
7. Switch-related support is composed of Local Switching Support (LSS) (Section 54.301). LSS is allocated to the wire center according to an overall study area per line average basis. Since switching support is not related to the same density and distance characteristics as loop related support, LSS is not disaggregated, but rather remains on average.
6. Maps of each wire center within the study area are attached.



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