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State of Florida



Public Service Commission

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: May 25, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (Brown, Bulecza-Banks, Casey, Fogleman) *AF*
Office of the General Counsel (Wiggins) *plw*

RE: Docket No. 010977-TL – State certification of rural telecommunications carriers pursuant to 47 C.F.R. 54.314.

AGENDA: 06/06/06 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

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

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. 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 affirm that the federal high-cost funds flowing to rural carriers

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FPSC-COMMISSION CLERK

in the state, or to any competitive eligible telecommunications carriers seeking support for serving customers 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 §§54.30 (local switching support), 54.305 (sale or transfer of exchanges), and/or 54.307 (support to competitive ETC) 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 next calendar funding year must be submitted by the preceding October 1; thus, in order for a rural carrier to be eligible for high-cost universal service support for all of calendar year 2007, certification must be submitted by October 1, 2006.¹

On March 17, 2005, the FCC released Order No. FCC 05-46 establishing new annual certification and reporting requirements to comply with the conditions of ETC designation and to ensure universal service funds are used for their intended purposes. In making its decision, the FCC believed that the new reporting requirements were reasonable and consistent with the public interest and the Act, and will further the FCC's goal of ensuring that ETCs satisfy their obligation under section 214(e) of the Act to provide supported services throughout their designated service areas. The FCC also believed that the administrative burden placed on carriers would be outweighed by strengthening the requirements and certification guidelines to help ensure that high-cost support is used in the manner that it was intended, and would help prevent carriers from seeking ETC status for purposes unrelated to providing rural and high-cost consumers with the access to affordable telecommunications and information services.

¹ Wireless ETCs in Florida are designated by the FCC. Those wireless ETCs serving lines in the service area of a rural ILEC that desire to recover high cost support must file an annual certification with the FCC and USAC.

Docket No. 010977-TL

Date: May 25, 2006

By Order Nos. PSC-05-0824-FOF-TL issued August 15, 2005 and Order No. PSC-05-0824A-FOF-TL issued August 17, 2005, the Commission approved the establishment of the new annual certification and reporting requirements. Each of the rural carriers which are seeking state certification for 2007 have complied with the Commission's new reporting requirements.

This recommendation pertains to the Commission's certification of Florida's rural LECs for 2007.²

² Staff notes that there is a companion FCC rule, §54.313, associated with state certification for non-rural carriers in order for them to receive high-cost model support or interim hold-harmless support.

Discussion of Issues

Issue 1: Should the Florida Public Service Commission (FPSC or Commission) certify to the FCC and to USAC that for the year 2007, 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. (BROWN, CASEY, BULECZA-BANKS)

Staff Analysis: Unless the Commission submits certifications to the FCC and to USAC by October 1, 2006, Florida's rural carriers will receive no interstate high-cost universal service funds during the first quarter of 2007, and would forego all federal support if certification from the FPSC is not eventually submitted. Other than Frontier, these rural ETCs are under intrastate price regulation; 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 FCC 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)

Staff notes that on February 27, 2004, the Federal-State Joint Board on Universal Service (Joint Board) recommended that the FCC encourage states to use the annual ETC certification process to ensure that federal universal service support is used to provide the supported services and for associated infrastructure costs.³ It made this recommendation in order to ensure the accountability of all ETCs for the proper use of funds received. Annual review affords states the opportunity for a periodic review of ETC fund use.⁴ The Joint Board asserted that states should examine compliance with any build-out plans. Where an ETC fails to comply with the requirements in section 214(e) and any additional requirements proposed by the state

³ See *Federal-State Joint Board on Universal Service*, Recommended Decision, CC Docket No. 96-45, FCC 04J-1, pars. 46-48 (2004).

⁴ See *Federal-State Joint Board on Universal Service*, Ninth Report and Order and Eighteenth Order on Reconsideration, CC Docket No. 96-45, FCC 99-306, par. 95 (1999) (*Ninth Report and Order*) (stating that accountability for the use of federal funds in the state ratemaking process is an appropriate mechanism to ensure that non-rural carriers use high-cost support for the provision, maintenance and upgrading of facilities and services for which the support is intended); see also *Rural Task Force Order*, CC Docket 96-45, FCC 01-157, par. 187 (2001) (anticipating that states would take the appropriate steps to account for the receipt of high-cost support and ensure that federal support is being applied in a manner consistent with section 254).

commission, the Joint Board noted that the state commission may decline to grant an annual certification or may rescind a certification granted previously.⁵ To date, there have been no indications that the rural ETCs are in violation of any of the provisions of Section 214(e); thus, staff sees no need to conduct any reviews at this time. However, should the need arise prospectively, we would recommend to the Commission that it take the necessary steps to ensure that all ETCs in Florida are in compliance, as a condition of recertification.

Similarly, the FCC has noted that it may institute an inquiry on its own motion for companies for which it, rather than state commissions, has conducted ETC designations.⁶ Such an inquiry could include an examination of the ETC's records and documentation to ensure that the high-cost support it receives is being used "only for the provision, maintenance, and upgrading of facilities and services." The FCC stated that failure to fulfill the requirements of the statute, its rules and the terms of its designation order, could result in the loss of the carrier's ETC designation.

As has been done in prior years, each of the seven Florida rural ETCs has provided the Commission with an affidavit (see Attachments A through G) in which they have certified that their use of interstate high-cost universal service support received during 2007 will comport with Section 254(e) of the Act and applicable FCC rules. Given these ETCs' certifications, staff again recommends that the Commission certify to the FCC and to the USAC that these ETCs will be using interstate high-cost universal service support in 2007 in a manner that complies with Section 254(e).

⁵ *Federal-State Joint Board on Universal Service*; Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission, Declaratory Ruling, CC Docket No. 96-45, (2000), recon. pending (Section 214(e) Declaratory Ruling), par. 15.

⁶ See *Federal-State Joint Board on Universal Service*, Memorandum Opinion and Order, CC Docket No. 96-45, FCC 04-37, par. 43, (2004).

Docket No. 010977-TL

Date: May 25, 2006

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open in order to address future certification of rural telephone companies. **(WIGGINS)**

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 that 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 certifications.

AFFIDAVIT

STATE OF FLORIDA
COUNTY OF CLAY

BEFORE ME, the undersigned authority, appeared Deborah Nobles who deposed and said:

1. My name is Deborah Nobles. I am employed by Northeast Florida Telephone Company, Inc. d/b/a NEFCOM ("NEFCOM" or the "Company") as its Vice President of 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. NEFCOM hereby certifies that it will only use the federal high-cost support it receives during 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. NEFCOM hereby certifies that it has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of our universal service filing and refers to this in lieu of formal network plans. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into four categories: Interstate Common Line Support ("ICLS"), Local Switching Support ("LSS"); High Cost Loop Support ("HCLS"); and Safety Net Additive Support ("SNAS"). The FCC in conjunction with the Federal-State Joint Board on Universal Service has created each of these mechanisms. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers.. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the

company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

Pursuant to the FCC Order, SNAS is support above the HCL cap for carriers that make significant investment in rural infrastructure in years in which HCL is capped. To receive SNAS, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Therefore, SNAS is reimbursing ILECs for investments and expenses already incurred. Carriers seeking to qualify for safety net additive support must provide written notice to USAC that a study area meets the 14 percent TPIS trigger.

All of these programs are administered through the USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.


4. NEFCOM hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2005 and March 1, 2006, NEFCOM did not have any Federal FCC reportable outages or State PSC reportable outages.

5. NEFCOM hereby certifies that it did fulfill all requests for service from potential customers.

6. NEFCOM hereby certifies that for the period from March 1, 2005 and March 1, 2006, zero FCC complaints were received and zero state PSC service complaints were received.

7. NEFCOM hereby certifies that it complies with the applicable state PSC quality of service standards, federal and state consumer protection rules, is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

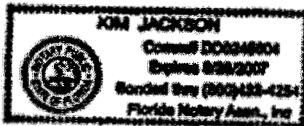
FURTHER AFFIANT SAYETH NOT.


Deborah Nobles
Vice President of Regulatory Affairs

STATE OF FLORIDA
COUNTY OF CLAY

Acknowledged before me this 27th day of March 2006, by Deborah Nobles, as Vice President of Regulatory Affairs of Northeast Florida Telephone Company, Inc. d/b/a NEFCOM, who is personally known to me or produced identification and who did take an oath.


Kim Jackson - Notary Public



Personally Known
Produced Identification _____
Type of Identification Produced _____

AFFIDAVIT

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

1. My name is Kevin G. Hess. I am employed by TDS Telecommunications Corporation, the parent company of Quincy Telephone Company d/b/a TDS Telecom/Quincy ("TDS" or the "Company") as its Vice President, Federal 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 hereby certifies that it will only use the federal high-cost support it receives during 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. TDS hereby certifies that it has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of our universal service filing and refer to this in lieu of formal network plans. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into four categories: Interstate Common Line Support ("ICLS"), Local Switching Support ("LSS"); High Cost Loop Support ("HCLS"); and Safety Net Additive Support ("SNAS"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers.. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred.. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

Pursuant to the FCC Order, SNAS is support above the HCL cap for carriers that make significant investment in rural infrastructure in years in which HCL is capped. To receive SNAS, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Therefore, SNAS is reimbursing ILECs for investments and expenses already incurred. Carriers seeking to qualify for safety net additive support must provide written notice to USAC that a study area meets the 14 percent TPIS trigger.

All of these programs are administered through the USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.

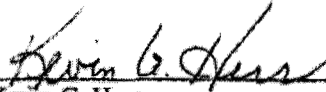
4. TDS hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2005 and March 1, 2006, TDS did not have any Federal FCC reportable outages or State PSC reportable outages.

5. TDS hereby certifies that it did fulfill all requests for service from potential customers.

6. TDS hereby certifies that for the period from March 1, 2005 and March 1, 2006 zero FCC complaints were received and one state PSC complaint was received.

7. TDS hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

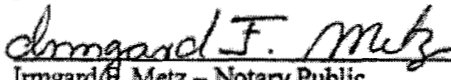
FURTHER AFFIANT SAYETH NOT.



Kevin G. Hess
Vice President, Federal Affairs

STATE OF WISCONSIN
COUNTY OF DANE

Acknowledged before me this 27th day of March, 2006, by Kevin G. Hess, as Vice President, Federal Affairs of TDS Telecommunications Corporation d/b/a TDS TELECOM/Quincy Telephone, who is personally known to me or produced identification and who did take an oath.



Irmgard F. Metz - Notary Public

Personally Known X
Produced Identification _____
Type of Identification Produced _____



180 S. Clinton Ave.
Floor 5
Rochester, NY 14646

AFFIDAVIT


STATE OF NEW YORK
COUNTY OF MONROE

BEFORE ME, the undersigned authority, appeared Ann Burr, who deposed and said:

1. My name is Ann Burr. I am employed by Frontier Communications of the South, LLC ("Frontier" or the "Company") as VP, Gov. & 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. Please refer to Docket No. 010977-TL.
2. Frontier hereby certifies that it will only use the federal high-cost support it receives during 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.
3. Frontier has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of our universal service filing and refer to this in lieu of formal network plans. Below are the activities that are supported with USF funding to improve service coverage, service quality and capacity:
 - Extension of distribution facilities to new locations
 - Shortening of local loops
 - Enhancement of interoffice trunking facilities
 - Increasing capacity of exhausted plant
 - On going maintenance activities to the plant.
4. Frontier certifies that during 2005, Frontier did not have any outages that lasted at least 30 minutes affecting at least ten percent of the end users in its service area or that affected a 911 special facility
5. Frontier did not have any requests for service that were unfulfilled in 2005
6. Frontier certifies that during 2005 Frontier had 0.45 complaints per 1,000 access lines.
7. Frontier certifies that the company is complying with applicable service quality standards and consumer protection rules.
8. Frontier hereby certifies that it is able to function in emergency situations.

9. Frontier is the incumbent LEC in the relevant exchange area and offers a tariffed local usage plan and provides equal access to long distance carriers.

FURTHER AFFIANT SAYETH NOT.

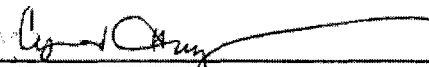


Ann Burr
VP, Gov. & Regulatory Affairs
Frontier Communications of the South, LLC

STATE OF NEW YORK
COUNTY OF MONROE

Acknowledged before me this 27th of March 2006, by Ann Burr, as VP, Gov. & Regulatory Affairs of Frontier Communications of the South, LLC, who is personally known to me or produced identification and who did take an oath.

CYNTHIA A. GAYDEN
NOTARY PUBLIC, STATE OF NEW YORK
No. 01GA5103491
QUALIFIED IN MONROE COUNTY
MY COMMISSION EXPIRES DEC. 22, 2007



NOTARY PUBLIC
CYNTHIA A. GAYDEN
Printed Name of Notary

Personally Known IMMEDIATE MANAGER
Produced Identification YES
Type of Identification Produced DRIVER'S LICENSE

AFFIDAVIT

BEFORE ME, the undersigned authority appeared Michael D. Rhoda who deposed and said:

1. My name is Michael D. Rhoda. I am employed by Alltel Florida, Inc., ("Alltel" or the "Company") as its Senior Vice President, Governmental 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. Alltel hereby certifies that it will only use the federal high-cost support it receives during 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. Alltel hereby certifies that it has submitted via annual NECA filings, expenditures in support of our universal service filing and refer to this in lieu of formal network plans. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into four categories: Interstate Common Line Support ("ICLS"), Local Switching Support ("LSS"); High Cost Loop Support ("HCLS"); and Safety Net Additive Support ("SNAS"). The FCC in conjunction with the Federal-State Joint Board on Universal Service has created each of these mechanisms, except ICLS. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred.. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

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The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

Pursuant to the FCC Order, SNAS is support above the HCL cap for carriers that make significant investment in rural infrastructure in years in which HCL is capped. To receive SNAS, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Therefore, SNAS is reimbursing ILECs for investments and expenses already incurred. Carriers seeking to qualify for safety net additive support must provide written notice to USAC that a study area meets the 14 percent TPIS trigger.

All of these programs are administered through USAC, a private, not-for-profit corporation. USAC assist NECA in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process necessary for the remittance of universal service funds.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.

Alltel is eligible for and receives ICLS.


4. Alltel hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2005 and March 1, 2006, Alltel did not have any Federal FCC reportable outages. Alltel had two State PSC reportable outages.

5. Alltel hereby certifies that it did fulfill all requests for service from potential customers.

6. Alltel hereby certifies that for the period from March 1, 2005 and March 1, 2006 four FCC complaints were received and twenty-seven state PSC complaints were received.

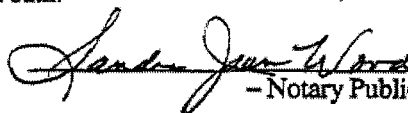
7. Alltel hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

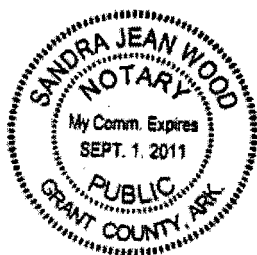
FURTHER AFFIANT SAYETH NOT.


Michael D. Rhoda
Senior Vice President, Governmental Affairs

STATE OF ARKANSAS
COUNTY OF PULASKI

Acknowledged before me this 29 th day of March, 2006, by Michael D. Rhoda, as Senior Vice President, Governmental Affairs of Alltel Florida, Inc. who is personally known to me or produced identification and who did take an oath.


- Notary Public



Personally Known
Produced Identification _____
Type of Identification Produced _____

AFFIDAVIT

BEFORE ME, the undersigned authority appeared R. Mark Ellmer who deposed and said:

1. My name is R. Mark Ellmer. I am employed by GT Com (the "Company") as its Regional Controller. 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 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. GT Com hereby certifies that it has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of our universal service filing and refer to this in lieu of formal network plans. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into four categories: Interstate Common Line Support ("ICLS"), Local Switching Support ("LSS"); High Cost Loop Support ("HCLS"); and Safety Net Additive Support ("SNAS"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers.. ICLS is reimbursing ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural incumbent local exchange carrier ("ILEC") based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred.. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the

DOCUMENT NUMBER-DATE

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company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

Pursuant to the FCC Order, SNAS is support above the HCL cap for carriers that make significant investment in rural infrastructure in years in which HCL is capped. To receive SNAS, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Therefore, SNAS is reimbursing ILECs for investments and expenses already incurred. Carriers seeking to qualify for safety net additive support must provide written notice to USAC that a study area meets the 14 percent TPIS trigger.

All of these programs are administered through the USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. In addition, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.

4. GT Com hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2005 and February 28, 2006, GT Com did not have any Federal FCC reportable outages or State PSC reportable outages.

5. GT Com hereby certifies that it did fulfill all requests for service from potential customers.

6. GT COM hereby certifies that for the period from March 1, 2005 and February 28, 2006 zero FCC complaints were received and twenty-seven state PSC complaints were received, processed and resolved per PSC rules.

7. GT COM hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

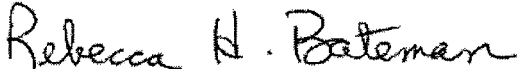
FURTHER AFFLIANT SAYETH NOT.



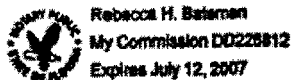
R. Mark Ellmer
Regional Controller

STATE OF FLORIDA
COUNTY OF GULF

Acknowledged before me this 30th day of March, 2006, by R. Mark Ellmer, as Regional Controller GTC Inc, d/b/a GT Com, who is personally known to me or produced identification and who did take an oath.



Rebecca H. Bateman - Notary Public



Personally Known _____
Produced Identification _____
Type of Identification Produced _____

AFFIDAVIT

BEFORE ME, the undersigned Notary, personally appeared **Jeffrey S. Leslie**, known to me to be a credible person and of lawful age, who deposed and said:

1. My name is Jeffrey S. Leslie. I am employed by ITS Telecommunications Systems, Inc. (the "Company") as Vice President, Chief Financial Officer. I possess substantial knowledge of the Company's operations and am an officer authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the certification of the Florida Public Service Commission ("Commission") as contemplated in 47 C.F.R. §54.314.
2. The Company is a "rural telephone company" as that term is defined in 47 U.S.C. § 153(37), subject to the jurisdiction of the Commission.
3. The Company is eligible for disbursements from the federal Universal Service Fund as prescribed by the Federal Communications Commission ("FCC").
4. The Company hereby certifies that it will utilize all federal high-cost support it receives during 2006 only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with 47 U.S.C. § 254(e) of the Telecommunications Act of 1996.
5. In lieu of providing progress reports on a five-year service quality improvement plan, the Company submits that certain requirements, procedures, and processes to which the Company adheres, and which are further explained in the attachment to this affidavit, constitute the Company's progress report with respect to the receipt and utilization of federal universal service support. Under the existing rules and processes discussed in the attachment, the federal support funds received by the Company and other rural incumbent local exchange carriers ("ILECs") are, in fact, an integral part of the rural ILECs' recovery of expenditures incurred in the provision, maintenance and upgrading of its provision of universal service. Essentially, the Company receives federal universal service support ("USF") through various programs which are administered through the Universal Service Administrative Company ("USAC"). USAC has contracted with the National Exchange Carrier Association, Inc. ("NECA") to assist in data collection necessary for the remittance of USF. The Company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process. USF data used in the USF calculations by NECA must also be filed with the FCC by November 1st of each year. This process ensures that the Company will not be deprived of the USF funding upon which the Company depends to provide rural telephone customers with affordable and quality telecommunications services.

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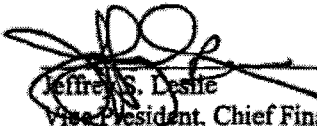
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Affidavit
Florida Public Service Commission
Docket No. 010977-TL
Page 2

6. The Company reports that for the period beginning March 1, 2005 and ending March 1, 2006, it had no outage lasting at least 30 minutes in any part of its service area that potentially affected at least ten percent of the end users served in the area, or that potentially affected a 911 special facility. The Company also certifies that it follows all applicable federal and state network outage reporting requirements.
7. The Company reports that it had no requests for service from potential customers within its service area that were not fulfilled.
8. The Company reports that for the period beginning March 1, 2005 and ending March 1, 2006, the Company did not receive any notification of complaints filed with the FCC or the Commission.
9. The Company hereby certifies that it is in compliance with all applicable federal and state service quality standards and consumer protection rules.
10. The Company hereby certifies that it is able to function in emergency situations.
11. The Company is an ILEC and hereby certifies that it offers a local usage plan as part of its basic service package of supported services and provides equal access to long distance carriers.


FURTHER AFFIANT SAYETH NOT.


Jeffrey S. Leslie
Vice President, Chief Financial Officer
ITS Telecommunications Systems, Inc.
P.O. Box 277
Indiantown, Florida 34956-0277
772-597-2111

STATE OF FLORIDA
COUNTY OF MARTIN

Acknowledged before me this 30th day of March 2006, by Jeffrey S. Leslie, Vice President, Chief Financial Officer of ITS Telecommunications Systems, Inc., who is personally known to me and or produced identification and who did take an oath.


NOTARY PUBLIC


Printed Name of Notary



ATTACHMENT TO AFFIDAVIT

Under the existing rules and processes explained below, the federal support funds received by the Company and other rural ILECs are, in fact, an integral part of the rural ILECs' recovery of expenditures incurred in the provision, maintenance and upgrading of its provision of universal service. The operation of these processes ensure that the USF directed to the Company is both properly quantified and utilized in accordance with the provision and maintenance of the facilities and services for which the support is intended.

The federal USF received by the Company and other rural ILECs is divided into four categories: High Cost Loop Support ("HCLS"), Local Switching Support ("LSS"), Interstate Common Line Support ("ICLS"); and Safety Net Additive Support ("SNAS"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

All of these programs are administered through USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process. USF data used in the USF calculations by NECA must also be filed with the FCC by November 1st of each year. This data contains the regulated financial inputs into the algorithms as well as the number of loops that will receive universal service support.¹

The Company receives its interstate recovery based on "cost studies." All cost studies submitted by rural ILECs and all USF received by rural ILECs must be based on financial statements. Rural ILECs must attest to the information submitted. An officer of the rural ILEC must certify the accuracy and validity of the filed information. Additionally, NECA performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the USF mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

In order for rural ILECs to receive HCLS and LSS, a State that has jurisdiction over the carriers must certify annually 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. The State must file the certification with the FCC and USAC. To be eligible to receive ICLS, rural ILECs must make a similar annual certification which the carrier files with the FCC and USAC. Rural ILEC are not eligible to receive SNAS unless they are able to demonstrate that growth in telecommunications plant in service (TPIS)

¹ See Section (a) below for explanation regarding the algorithm.

Attachment to Affidavit
Florida Public Service Commission
Docket No. 010977-TL
Page 2

per line is at least 14 percent greater than the study area's TPIS in the prior year. The following is a description of each of these programs:

a. HCLS

HCLS is provided to the Company to defray the costs the Company has incurred associated with the loop that connects an end user to the Company's central office. A rural ILEC is eligible for HCLS only if its embedded unseparated loop cost exceeds 115 percent of the national average loop cost.² These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Further, HCLS is subject to an indexed cap, which limited the total support to the previous year's total, increased by a "rural growth factor."³ For Fiscal Year 2005, it was determined that the Company's cost per loop exceeded the national average. Accordingly, the Company was eligible to receive HCLS for that year.

b. LSS

LSS is provided to the Company to "cover some of the intrastate switching costs of carriers serving study areas with 50,000 or fewer lines, in recognition of such carriers' high average fixed switching costs compared to larger carriers with greater economies of scale."⁴ The remainder of the costs of providing switching access is recovered through the switching rate, which is charged to interexchange carriers. The number of access lines in the Company's study area is below the 50,000-line threshold. Accordingly, the Company qualified to receive LSS for Fiscal Year 2005.

The LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. For "cost" companies, this is based upon certified cost studies submitted by each rural ILEC and reviewed by NECA. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, makes up the switching rate which is charged to interexchange carriers.

² In its Fourteenth R&O, the FCC "froze" the national average loop cost at \$240 for purposes of calculating rural HCLS. See *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket Nos. 96-45, 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256, FCC 01-157 (released May 23, 2001) ("Fourteenth R&O") at para. 56.

³ The "rural growth factor" is based on the GDP-CPI for the year in which costs are incurred and the difference between the total number of working loops of rural ILECs for the cost year and the preceding calendar year. *Id.* at para. 49. The FCC provides the following example, "for support disbursed in year 2001, the rural growth factor shall be based on the percentage change in the GDP-CPI for calendar year 1999 and the percentage change in the total number of rural ILEC working loops between calendar years 1998 and 1999." *Id.*

⁴ See *Federal-State Joint Board on Universal Service: Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order*, 18 FCC Rcd 22559 (2003) at para. 103.

Attachment to Affidavit
Florida Public Service Commission
Docket No. 010977-TL
Page 3

c. ICLS

After the divestiture of AT&T, the FCC created a capped flat-rated end-user charge called the "Subscriber Line Charge" or "SLC" to enable rate-of-return carriers to recover part of their non-traffic sensitive interstate loop costs. The FCC also created a "common carrier line charge" or "CCL" to be charged to interexchange carriers to recover any residual interstate common line costs not recoverable by the SLC. Subsequently, NECA developed the "common line pool" to enable ILECs to maintain a nationwide average CCL charge. Initially, all ILECs were required to participate in the pool.

In 1987, the FCC eliminated mandatory pooling, but required non-pooling carriers to continue to contribute to the pool through a mechanism called Long Term Support ("LTS") to maintain a nationwide average CCL rate. Subsequent to the passage of the Telecommunications Act of 1996, the FCC removed LTS from the access rate structure and made it recoverable through USF. The FCC also ruled that LTS for each qualifying carrier would remain at the level of LTS for 1997 plus growth based on nationwide average loop costs.⁵ According to the FCC, "[t]he combination of SLCs, LTS and CCL charges . . . enable rate-of-return carriers to recover all of their allowed interstate common line revenues based on their embedded costs."⁶

In 2001, the FCC reformed its interstate access charge system for rate-of-return carriers by increasing the SLC and replacing the CCL with a new USF mechanism, ICLS.⁷ Subsequently, the FCC ruled that LTS would be merged into the ICLS effective July 1, 2004.⁸ Accordingly, the ICLS advanced to the Company for Fiscal Year 2005 provided the Company with its "allowable common line revenues" to the extent they cannot be recovered through end user charges.⁹

⁵ See *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers; Federal-State Joint Board on Universal Service: Report and Order and Second Further Notice of Proposed Rulemaking*, CC Docket Nos. 00-256, 96-45, FCC 04-31 (rel. Feb. 26, 2004) ("MAG II Order") at para. 56.

⁶ *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers; Federal-State Joint Board on Universal Service; Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate-of-Return Regulation; Prescribing the Authorized Rate of Return for Interstate Services of Local Exchange Carriers: Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166*, 16 FCC Red 19613 (2001) ("MAG I Order") at para. 132.

⁷ *Id.* at para. 15.

⁸ MAG II Order at paras. 54 & 67.

⁹ *Id.* at para. 58.

Attachment to Affidavit
Florida Public Service Commission
Docket No. 010977-TL
Page 4

d. SNAS

SNAS is support above the HCLS cap for carriers that make significant investment in rural infrastructure in years in which HCLS is capped. To receive this support, a rural ILEC must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year.¹⁰ Carriers seeking to qualify for SNAS must provide written notice to USAC that a study area meets the 14 percent TPIS trigger. The Company has not met this threshold and thus does not receive SNAS.

¹⁰ Fourteenth R&O at para. 82.

Florida Public Service Commission
Docket No. 010977-TL

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DIVISION OF
COMPETITIVE SERVICES
AFFIDAVIT

BEFORE ME, the undersigned authority, appeared **James T. Schumacher**, who deposed
and said:

1. My name is James T. Schumacher. I am employed by Smart City Telecommunications LLC d/b/a Smart City Telecom ("Smart City Telecom" or the "Company") as its Vice President -- Finance and Administration. 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. Smart City Telecom hereby certifies that it will only use the federal high-cost support it receives during 2007 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. Smart City Telecom hereby certifies that it has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of its universal service filing and refers to this in lieu of formal network plans. USF disbursement received by the Company and other rural incumbent local exchange companies is divided into four categories: Interstate Common Line Support ("ICLS"), Local Switching Support ("LSS"); High Cost Loop Support ("HCLS"); and Safety Net Additive Support ("SNAS"). Each of these mechanisms has been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from State Commissions have also been involved in the development of these mechanisms through their representation in the Joint Board process.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers. ICLS is reimbursing incumbent local exchange carriers ("ILECs") for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural ILEC based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS.

LSS rules established by the FCC use the embedded costs of the rural ILECs associated with switching investments, depreciation, maintenance, expenses, taxes and an FCC established rate of return. Therefore, LSS is reimbursing ILECs for investments and expenses already incurred.

This amount is used to offset the rural ILECs' interstate switching revenue requirement. The difference between the interstate switching revenue requirement, again as set forth in the company's annual interstate cost study and LSS, makes up the switching rate which is charged to interexchange carriers.

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred.

Pursuant to the FCC Order, SNAS is support above the HCL cap for carriers that make significant investment in rural infrastructure in years in which HCL is capped. To receive SNAS, a rural carrier must show that growth in telecommunications plant in service (TPIS) per line is at least 14 percent greater than the study area's TPIS in the prior year. Therefore, SNAS is reimbursing ILECs for investments and expenses already incurred. Carriers seeking to qualify for safety net additive support must provide written notice to USAC that a study area meets the 14 percent TPIS trigger.

All of these programs are administered through the USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.


All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. NECA also performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.

4. SCT hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2005 and March 1, 2006, SCT did not have any Federal FCC reportable outages or Florida Public Service Commission reportable outages.

- 5. SCT hereby certified that it did fulfill all requests for service from potential customers.
- 6. SCT hereby certifies that for the period from March 1, 2005 and March 1, 2006 no FCC or Florida Public Service Commission complaints were received.
- 7. SCT hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.


FURTHER AFFIANT SAYETH NOT.



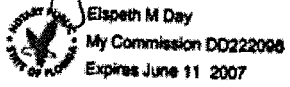
 James T. Schumacher
 Vice President – Finance and Administration

STATE OF FLORIDA
COUNTY OF ORANGE

Acknowledged before me this 24th day of March, 2006, by James T. Schumacher, as Vice President – Finance and Administration of Smart City Telecommunications LLC d/b/a Smart City Telecom, who is personally known to me or produced identification and who did take an oath.



 Elspeth M. Day
 Notary Public – State of Florida



Personally Known _____ ✓
 Produced Identification _____
 Type of Identification Produced _____