

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: November 1, 2013

TO: Office of Commission Clerk (Cole)

FROM: Office of Telecommunications (Polk, Fogelman) *[Handwritten initials]*
Office of the General Counsel (Tan) *[Handwritten initials]*

RE: Docket No. 130158-TP – 2014 State certification Section 54.313 and Section 54.314, annual reporting requirements for high-cost recipients, and certification of support for eligible telecommunications carriers.

AGENDA: 11/14/13 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: December 16, 2013, filing deadline with the Federal Communications Commission and Universal Service Administrative Company.

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\TEL\WP\130158.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..." States seeking federal high-cost support for carriers within their jurisdiction are required to file a certification annually with the Federal Communications Commission (FCC) and with the Universal Service Administrative Company (USAC).

The carrier annual reporting data collection form known as Form 481 is an FCC form that all eligible telecommunications carriers (ETCs) in the High Cost and Lifeline programs file with the FCC and state commissions. For carriers in the High Cost Program, the form collects a progress report on the carrier's five-year service quality improvement plan (not required for 2013 certification), detailed information on any outages, the number of requests for service, branding information of the holding company and its affiliates, documentation demonstrating the carrier is engaged with Tribal governments, certification of voice services pricing, results of network performance tests, certifications on frozen high-cost support, certifications on broadband services, and an annual report on the company's financial condition and operations. For carriers in the Lifeline Program, the form collects branding information of the holding company and its affiliates and terms and conditions on service plans offered to subscribers.

Florida ETCs filed copies of their Form 481 filings concurrently with the Florida Public Service Commission (FPSC or Commission) and the FCC. Staff reviewed each of the Form 481 filings to ensure all necessary information required for high-cost certification was provided by the ETCs.

The following is a list of information that is required this year as part of a carrier's annual certification:¹

For both Incumbent and Competitive Eligible Telecommunications Carriers (ETCs)²

- Detailed information on any outages in the prior calendar year
- The number of unfulfilled service requests during the prior calendar year
- The number of complaints per 1,000 connections in the prior calendar year
- Certification of service quality compliance
- Certification of emergency operation capability
- The holding company name and study area codes

For Interstate Price Capped Carriers

- Certification that frozen support received in 2012 was used consistently with the goal of achieving universal availability of voice and broadband³
- Certification that high-cost support designated for the use of offsetting reductions in access charges was used in the prior calendar year to build and operate broadband-capable networks used to offer provider's own retail service in areas substantially unserved by an unsubsidized competitor⁴

¹ In addition to the information required in Form 481, incumbent local exchange carriers that receive high-cost support are required to report all rates for residential local service, as well as state fees, to the extent the sum of those rates are below the rate floor (\$14) pursuant to 47 C.F.R. §§ 54.313(h), 54.318(e).

² 47 C.F.R. §54.313(a)(2) – (a)(6), (a)(8)

³ 47 C.F.R. §54.313(c)(1)

⁴ 47 C.F.R. §54.313(d)

For Interstate Rate-of-Return Carriers

- Privately held rate-of-return carriers must file a complete annual report of the company's financial condition⁵
- Carriers without access to terrestrial backhaul must certify this annually⁶

The staff proposed certification affirms that the federal high-cost funds flowing to carriers in the state, or to any competitive eligible telecommunications carriers seeking support for serving customers within a carrier's service area, will be used in a manner that comports with Section 254(e). Certification is defined by 47 C.F.R. 54.314(a) as follows:

Certification of support for eligible telecommunications carriers.

- (a) *Certification.* States that desire eligible telecommunications carriers to receive support pursuant to the high-cost program 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 was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. High-cost support shall only be provided to the extent that the State has filed the requisite certification pursuant to this section.

In order for a carrier to be eligible for high-cost universal service support for all of calendar year 2014, certification must be submitted by December 16, 2013.⁷ Based on prior support received by carriers in Florida, staff estimates that the amount of funding carriers will receive for 2014 will likely be between \$55 and \$60 million in high-cost support.⁸

⁵ 47 C.F.R. §54.313(f)(2)

⁶ 47 C.F.R. §54.313(g)

⁷ FCC Public Notice, DA 13-1707, WC Docket Nos. 10-90 and 11-42, released August 6, 2013

⁸ This estimate does not include wireless carriers.

Discussion of Issues

Issue 1: Should the FPSC certify to the FCC and to the USAC, by letter from the Chairman, that BellSouth Telecommunications, LLC d/b/a AT&T Florida; Embarq Florida, Inc. d/b/a CenturyLink; Frontier Communications of the South, LLC; GTC, Inc. d/b/a FairPoint Communications; ITS Telecommunications Systems, Inc.; Knology of Florida, Inc. d/b/a /WOW! Internet, Cable, and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; Smart City Telecommunications, LLC d/b/a Smart City Telecom; Verizon Florida LLC; and Windstream Florida, Inc. have used the federal high-cost support in the preceding calendar year, and will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended?

Recommendation: Yes. Staff recommends that the FPSC should certify to the FCC and to the USAC, by letter from the Chairman, that BellSouth Telecommunications, LLC d/b/a AT&T Florida; Embarq Florida, Inc. d/b/a CenturyLink; Frontier Communications of the South, LLC; GTC, Inc. d/b/a FairPoint Communications; ITS Telecommunications Systems, Inc.; Knology of Florida, Inc. d/b/a /WOW! Internet, Cable, and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; Smart City Telecommunications, LLC d/b/a Smart City Telecom; Verizon Florida LLC; and Windstream Florida, Inc. have used the federal high-cost support in the preceding calendar year, and will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. (Polk, Fogleman)

Staff Analysis: Unless the Commission submits certifications to the FCC and to the USAC by December 16, 2013, Florida's carriers will not receive high-cost universal service funds during the first quarter of 2014, and would forego all federal support for that quarter. Certifications filed after December 16, 2013, would cause carriers to be eligible for high-cost funds for only partial quarters of 2014. For example, certifications filed by January 1, 2014, would allow carriers to be eligible for high-cost funds in the second, third, and fourth quarters of 2014. Certifications filed by April 1, 2014, would only allow carriers to be eligible for high-cost funds in the third and fourth quarters of 2014.

Staff reviewed each of the carrier annual reporting data collection forms (Form 481) to ensure all necessary information required for high-cost certification was provided by the ETCs. In addition, each of the Florida ETCs has provided the Commission with an affidavit in which they have certified that all federal high-cost support provided to them within Florida was used in the preceding calendar year (**2012**) and will be used in the coming calendar year (**2014**) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Certification from the FPSC may be filed with the FCC and USAC in the form of a letter from the FPSC.⁹ The USAC has developed a letter template for use with annual high-cost

⁹ 47 C.F.R. §54.314(c)

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certifications of state ETCs. Attachment A is a draft letter under the Chairman's signature using the USAC template to certify high-cost for Florida ETCs.

Given these ETCs' certifications, staff recommends that the Commission certify to the FCC and to the USAC, by letter from the Chairman, that BellSouth Telecommunications, LLC d/b/a AT&T Florida; Embarq Florida, Inc. d/b/a CenturyLink; Frontier Communications of the South, LLC; GTC, Inc. d/b/a FairPoint Communications; ITS Telecommunications Systems, Inc.; Knology of Florida, Inc. d/b/a /WOW! Internet, Cable, and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; Smart City Telecommunications, LLC d/b/a Smart City Telecom; Verizon Florida LLC; and Windstream Florida, Inc. have used the federal high-cost support in the preceding calendar year, and will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

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Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed and subsequent annual certifications of telephone companies should be addressed in a new docket. (Tan)

Staff Analysis: Under 47 C.F.R. §54.314, state commission certification that its ETCs used federal high-cost universal service support in the preceding calendar year, and will use high-cost universal service support in the coming calendar year only in a manner that comports with Section 254(e) will need to be addressed once a year. Staff anticipates that in subsequent years, Florida's ETCs that continue to desire to receive high-cost universal service support will again submit carrier annual reporting data collection forms and affidavits to this Commission. Accordingly, staff believes it is appropriate that this docket should be closed and subsequent annual certifications of telephone companies should be addressed in a new docket.

STATE OF FLORIDA

RONALD A. BRISÉ
CHAIRMAN



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Public Service Commission

November 14, 2013

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

USAC
Vice President, High Cost and Low Income Division
2000 L Street NW, Suite 200
Washington, DC 20036

Re: CC Docket No. 96-45/WC Docket No. 10-90, Annual State-Certification of Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R. § 54.314

Dear Ms. Dortch:

Pursuant to the requirements of 47 C.F.R. § 54.314, the Florida Public Service Commission hereby certifies to the Federal Communications Commission and the Universal Service Administrative Company that the telecommunications carriers included in this letter are eligible to receive federal high-cost support for the program years cited.

Per the attached Order, the Florida Public Service Commission certifies for the carriers listed below that all federal high-cost support provided to such carriers within Florida was used in the preceding calendar year (**2012**) and will be used in the coming calendar year (**2014**) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.¹⁰

¹⁰ 47 C.F.R. §54.314(a) ("Certification. States that desire eligible telecommunications carriers to receive support pursuant to the high-cost program 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 was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. High-cost support shall only be provided to the extent that the State has filed the requisite certification pursuant to this section.").

Company Name	Study Area Code
BellSouth Telecommunications, LLC d/b/a AT&T Florida	215191
Embarq Florida, Inc. d/b/a CenturyLink	210341
Frontier Communications of the South, LLC	210318
GTC, Inc. d/b/a FairPoint Communications	210291, 210329, 210339
ITS Telecommunications Systems, Inc.	210331
Knology of Florida, Inc. d/b/a /WOW! Internet, Cable, and Phone	219904
Northeast Florida Telephone Company d/b/a NEFCOM	210335
Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone	210338
Smart City Telecommunications, LLC d/b/a Smart City Telecom	210330
Verizon Florida LLC	210328
Windstream Florida, Inc.	210336

If you have any questions regarding this certification, please contact Jim Polk at (850) 413-6510, or Greg Fogleman at (850) 413-6574.

Sincerely,

Ronald A. Brisé
Chairman