

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: July 31, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (Fogleman, Williams, Hawkins, Long, Casey)
Office of the General Counsel (Teitzman) *AT*

RE: Docket No. 140119-TP – 2015 State certification §54.313 and §54.314, annual reporting requirements for high-cost recipients, and certification of support for eligible telecommunications carriers.

AGENDA: 08/12/14 – Regular Agenda – Proposed Agency Action – Except Issue No. 1 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: October 1, 2014 filing deadline with the Federal Communications Commission and Universal Service Administrative Company.

SPECIAL INSTRUCTIONS: None

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

annually with the FCC and state commissions. For carriers in the High Cost Program, the form collects a carrier's five-year improvement or upgrade plan (only required for four Florida interstate rate-of-return ETCs in 2014),¹ detailed information on any outages, the number of unfulfilled requests for service, number of complaints per 1,000 connections, branding information of the holding company and its affiliates, documentation demonstrating whether the carrier is engaged with Tribal governments, certification of service quality compliance, certification of emergency operation capability, certification that frozen support received in 2013 was used consistently with the goal of achieving universal availability of voice and broadband, and 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 competitor.²

New this year for carriers in the High Cost Program are requirements to provide the company's price offerings, and incumbent carriers receiving high-cost loop support or high-cost model support with rates below the benchmark must report rates and lines on the Rate Floor Data Collection Report and Certification. 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 staff recommended 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.

¹ ITS Telecommunications Systems, Inc., Northeast Florida Telephone Company d/b/a NEFCOM, Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone, and Smart City Telecommunications, LLC d/b/a Smart City Telecom.

² 47 C.F.R. §54.313(d)

Unless the Commission submits certifications to the FCC and to the USAC by October 1, 2014, Florida's carriers will not receive high-cost universal service funds during the first quarter of 2015, and would forego all federal support for that quarter. Certifications filed after October 1, 2014, would cause carriers to be eligible for high-cost funds for only partial quarters of 2015. For example, certifications filed by January 1, 2015, would allow carriers to be eligible for high-cost funds in the second, third, and fourth quarters of 2015. Certifications filed by April 1, 2015, would only allow carriers to be eligible for high-cost funds in the third and fourth quarters of 2015.

In order for a carrier to be eligible for high-cost universal service support for all of calendar year 2015, certification must be submitted by October 1, 2014.³ Based on prior support received by carriers in Florida, staff estimates that the amount of funding carriers will receive for 2015 will likely be between \$60 and \$65 million in high-cost support.⁴

Certification from the FPSC may be filed with the FCC and USAC in the form of a letter from the FPSC.⁵ The USAC has developed a letter template for use with annual high-cost 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.

³ FCC Public Notice, DA 13-1707, WC Docket Nos. 10-90 and 11-42, released August 6, 2013

⁴ This estimate does not include wireless carriers.

⁵ 47 C.F.R. §54.314(c)

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; Knology of Florida, Inc. d/b/a WOW! Internet, Cable, and Phone; Verizon Florida LLC; and Windstream Florida, Inc. are eligible to receive federal high-cost support, and 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; Knology of Florida, Inc. d/b/a WOW! Internet, Cable, and Phone; Verizon Florida LLC; and Windstream Florida, Inc. are eligible to receive federal high-cost support, and 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. (Fogleman, Williams, Hawkins, Teitzman)

Staff Analysis: By Order DA 14-591, issued May 1, 2014,⁶ the FCC waived the requirement that interstate price cap ETCs receiving frozen or incremental support file new five-year build-out plans by July 1, 2014. The grant of a waiver of this requirement for interstate price cap ETCs for an additional year was because the FCC just finalized the Connect America Cost Model, and interstate price cap carriers have not yet had the opportunity to make a state-level commitment for Connect America Phase II. The FCC found that it is not in the public interest to require interstate price cap ETCs to file new five-year plans in 2014 for the same reason as last year: they do not yet know which areas they will be serving in the future.

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. Within Form 481, each of the Florida ETCs has certified that all federal high-cost support provided to them within Florida was used in the preceding calendar year (**2013**) and will be used in the coming calendar year (**2015**) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

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; Knology of Florida, Inc. d/b/a WOW! Internet, Cable, and Phone; Verizon Florida LLC; and Windstream Florida, Inc. are eligible to receive federal high-cost support, and have used the federal high-cost support in the preceding

⁶ In the Matter of Connect America Fund, WC Docket No. 10-90.

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.

Issue 2: Should the FPSC certify to the FCC and to the USAC, by letter from the Chairman, that ITS Telecommunications Systems, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; and Smart City Telecommunications, LLC d/b/a Smart City Telecom are eligible to receive federal high-cost support, and 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 ITS Telecommunications Systems, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; and Smart City Telecommunications, LLC d/b/a Smart City Telecom are eligible to receive federal high-cost support, and 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. (Fogleman, Williams, Hawkins, Teitzman)

Staff Analysis: This Issue addresses annual federal high-cost certification for Florida's four interstate rate-of-return carriers. For 2014, FCC Form 481 requires interstate rate-of-return carriers receiving support for voice telephony service and offering broadband as a condition of such support to file a five-year build-out plan that accounts for the new broadband obligations adopted in the USF/ICC Transformation Order.⁷ For the July 1, 2014 filing, carriers making an initial five-year plan filing must forecast network improvements for calendar years 2015 through 2019. The initial five-year build-out plan, consistent with 47 C.F.R. §54.202 (a)(1), must include the specific proposed improvements or upgrades to the network, and an estimate of the area and population that will be served as a result of the improvements.

Staff reviewed each of the interstate rate-of-return carrier's annual reporting data collection forms (Form 481) to ensure all necessary information required for high-cost certification was provided by the ETCs. Within Form 481, each of the Florida ETCs has certified that all federal high-cost support provided to them within Florida was used in the preceding calendar year (**2013**) and will be used in the coming calendar year (**2015**) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Given these ETCs' certifications, staff recommends that the Commission certify to the FCC and to the USAC, by letter from the Chairman, that ITS Telecommunications Systems, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; and Smart City Telecommunications, LLC d/b/a Smart City Telecom are eligible to receive federal high-cost support, and 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.

⁷ In the Matter of Connect America Fund, WC Docket No. 10-90, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, released November 18, 2011.

Issue 3: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Fogleman, Williams, Hawkins, Teitzman)

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.

STATE OF FLORIDA

ART GRAHAM
CHAIRMAN



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Public Service Commission

August 12, 2014

Ms. 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 (**2013**) and will be used in the coming calendar year (**2015**) only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.⁸

⁸ 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 Greg Fogleman at (850) 413-6574, or Curtis Williams at (850) 413-6924.

Sincerely,

Art Graham
Chairman