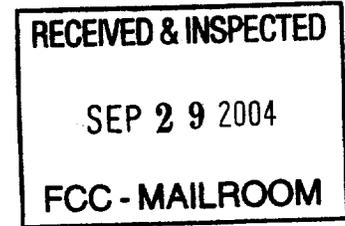




**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
P.O. BOX 304260  
MONTGOMERY, ALABAMA 36130-4260



September 24, 2004

JIM SULLIVAN, PRESIDENT  
JAN COOK, ASSOCIATE COMMISSIONER  
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

Ms. Irene Flannery  
Universal Service Administrative Company  
2000 L Street NW, Suite 200  
Washington, D.C. 20036



Re: FCC Docket No. 96-45 - U.S.F. Certification of Alabama's ETC's  
including all Rural and Non-Rural Carriers

Dear Ms. Flannery:

Attached hereto you will find a copy of the Certification which the Alabama Public Service Commission (the "APSC") dispatched to the Federal Communications Commission (the "FCC") concerning the eligibility of Alabama Non-Rural Carriers BellSouth Telecommunications, Inc. ("BellSouth") and CenturyTel of Alabama, L.L.C. ("CenturyTel") for year 2005 federal high-cost universal service funding. The APSC also certified within that filing the eligibility of Alabama's Rural Carriers for year 2005 federal high-cost universal service funding. Alabama's Rural Carriers are identified individually in the Certification filed with the FCC.

You will also note that the APSC certified the eligibility of Hayneville Fiber Transport, Inc., d/b/a Camellia Communications ("Camellia") for eligibility to receive federal high cost universal service funding for 2005. Camellia is Alabama's only non-incumbent LEC wireline ETC at the current time.

As required by 47 C.F.R. § 54.316, the APSC also certified to the FCC that the residential rates of Alabama's non-rural Incumbent LECs BellSouth and CenturyTel in rural areas of Alabama are reasonably comparable to urban rates nationwide. The APSC's certification in that regard was premised on the fact that the rural residential rates of BellSouth and CenturyTel were well below the FCC's nationwide urban benchmark of \$34.16 as of July 1, 2004.

Please date stamp the extra copy of this letter which is enclosed herein and return it in the stamped, self-addressed envelope which is also enclosed herein.

Thank you for your assistance in this matter.

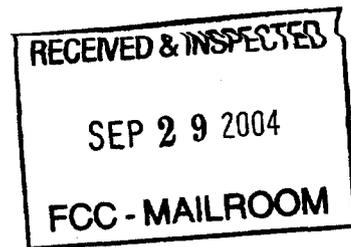
Sincerely,  
  
John A. Gamer  
Administrative Law Judge

JAG:eml  
Enclosures

No. of Copies rec'd 0  
List ABCDE



**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
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MONTGOMERY, ALABAMA 36130-4260



September 24, 2004

JIM SULLIVAN, PRESIDENT  
JAN COOK, ASSOCIATE COMMISSIONER  
GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**COPY**

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
9300 East Hampton Drive  
Capitol Heights, Maryland 20743

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW, Room TW-A306  
Washington, D.C. 20554

Re: CC Docket No. 96-45 - U.S.F. Certification of Alabama's ETC's  
including all Rural and Non-Rural Carriers

Dear Ms. Dortch:

Pursuant to the requirements of 47 C.F.R. §54.313, the Alabama Public Service Commission (the "APSC") hereby certifies to the Federal Communications Commission (the "Commission") that all federal high-cost universal service funds flowing to Alabama Non-Rural local exchange carriers BellSouth Telecommunications, Inc. (BellSouth) and CenturyTel of Alabama, L.L.C. ("CenturyTel") for the year commencing January 1, 2005, and ending December 31, 2005, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. As required by §254(e), BellSouth and CenturyTel will only utilize the federal high-cost support for which they are eligible in the year 2005 for the provision, maintenance and upgrading of facilities and services for which that support is intended.

The APSC also certifies that pursuant to the requirements of 47 C.F.R. §54.314, all of the federal universal service funding flowing to Alabama's Rural Carriers<sup>1</sup> for the year commencing January 1, 2005, and ending December 31, 2005, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. As required by §254(e), Alabama's Rural Carriers will only utilize the federal support for which they are eligible in the year 2005 for the provision, maintenance and upgrading of facilities and services for which that support is intended.

<sup>1</sup> Alabama's Rural Carriers herein certified are: ALLTEL Alabama, Inc. (250302); Ardmore Telephone Company, Inc. (254000); Blountsville Telephone Company, Inc. (250282); Brindlee Mountain Telephone Company (250283); Butler Telephone Company, Inc. (250284); Castleberry Telephone Company, Inc. (250285); Farmers Telephone Cooperative, Inc. (250290); Frontier Communications of Alabama, Inc. (250306); Frontier Communications of Lamar County, Inc. (250301); Frontier Communications of the South, Inc. (250318); Graceba Telephone Company, Inc. (250295); GTC, Inc., d/b/a GT Com (250294); Gulf Telephone Company, Inc. (250298); Hayneville Telephone Company, Inc. (250299); Hopper Telecommunications, Inc. (250300); Interstate Telephone Company, Inc. (250371); Millry Telephone Company, Inc. (250304); Mon-Cre Telephone Cooperative, Inc. (250305); Moundville Telephone Company, Inc. (250307); National Telephone Company, Inc. (250286); New Hope Telephone Cooperative, Inc. (250308); Oakman Telephone Company (250311); Otelco Telephone, LLC (250312); Peoples Telephone Company (250314); Pine Belt Telephone Company, Inc. (250315); Ragland Telephone Company, Inc. (250316); Roanoke Telephone Company, Inc. (250317); Union Springs Telephone Company, Inc. (250322); and Alley Telephone Company, Inc. (250324).

Ms. Marlene H. Dortch  
Federal Communications Commission  
September 24, 2004  
Page Two

The APSC also certifies that Alabama's lone non-incumbent LEC wireline Eligible Telecommunications Carrier, Hayneville Fiber Transport, Inc., d/b/a Camellia Communications ("Camellia") will utilize all federal high cost universal service funding it receives in the year 2005 in a manner consistent with the provisions of § 254(e). More particularly, Camellia will only utilize the federal support it receives in 2005 for the maintenance and upgrading of facilities and services for which such support is intended.

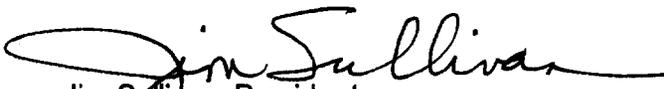
The APSC additionally certifies pursuant to 47 C.F.R. §54.316 that the rural residential rates of Alabama's non-rural Incumbent Local Exchange Carriers BellSouth and CenturyTel are reasonably comparable to urban rates nationwide. The APSC's conclusion in this regard is premised on the fact that BellSouth and CenturyTel's rural residential rates in Alabama were well below the established nationwide urban rate benchmark of \$34.16 as of July 1, 2004.

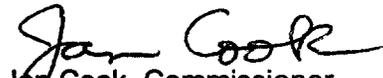
The representations and certifications herein provided are largely the product of informal proceedings conducted before the APSC in Docket 25980. A copy of the APSC's Order approving and certifying the proposals of BellSouth, CenturyTel, Alabama's Rural Carriers and Camellia regarding their intended utilization of the federal high-cost universal service support for which they are eligible in the year 2005 is enclosed herein.

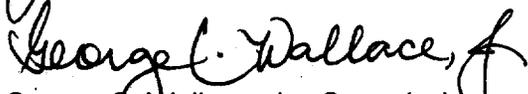
The APSC thanks the Commission for its diligence and cooperation in this matter. Please be advised that a copy of this notice is simultaneously being forwarded to the Universal Service Administrative Company. Please date stamp the extra copy of this filing and return it to the APSC in the enclosed, stamped, self-addressed envelope.

Sincerely,

ALABAMA PUBLIC SERVICE COMMISSION

  
Jim Sullivan, President

  
Jan Cook, Commissioner

  
George C. Wallace, Jr., Commissioner

JS/JC/GCWjr:eml  
Enclosures  
By FedEx Priority Overnight  
c: Irene Flannery  
Universal Service Administrative Company  
2000 L Street NW, Suite 200  
Washington, D.C. 20036



**STATE OF ALABAMA**  
ALABAMA PUBLIC SERVICE COMMISSION  
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GEORGE C. WALLACE, JR., ASSOCIATE COMMISSIONER

WALTER L. THOMAS, JR.  
SECRETARY

**IN RE: IMPLEMENTATION OF THE  
UNIVERSAL SERVICE REQUIREMENTS  
OF SECTION 254 OF THE  
TELECOMMUNICATIONS ACT OF 1996.**

**DOCKET 25980**

**(CERTIFICATION OF CARRIERS  
RECEIVING FEDERAL UNIVERSAL  
SERVICE SUPPORT FOR 2005)**

**FURTHER REPORT AND ORDER**

**BY THE COMMISSION:**

**I. Introduction and Background**

By Order entered in this cause on September 26, 2003, all local exchange carriers in Alabama were ordered to file no later than May 7, 2004, their proposals for the utilization of all federal high-cost universal support for which they will be eligible in the year 2005. Said Order afforded interested parties the latitude to submit comments in response to those filings no later than May 28, 2004, with any reply comments due on or before June 18, 2004.

By filing of May 7, 2004, BellSouth Telecommunications, Inc. ("BellSouth") submitted its proposal for the utilization of the federal high-cost universal service support for which it will be eligible in the year 2005. CenturyTel of Alabama, LLC ("CenturyTel") also submitted its initial proposal for the expenditure of the 2005 federal high-cost universal service support it anticipates receiving on May 7, 2004. CenturyTel subsequently revised said proposal, however, pursuant to filings made on May 11, 2004 and August 18, 2004. On various dates in May 2004, the Rural Carriers (the "Rural LECs") identified individually in Appendix "A" hereto submitted certifications regarding their proposed expenditure of the federal high-cost universal service support they anticipate receiving in 2005. Hayneville Fiber Transport, Inc., d/b/a Camellia

DOCKET 25980 - #2

Communications ("Camellia"), a facilities-based Competitive Local Exchange Carrier which was designated as an Eligible Telecommunications Carrier in Alabama pursuant to Commission Order entered in Docket 29307 on June 21, 2004, also submitted a statement indicating that it would expend all federal high cost universal service support it receives in 2005 exclusively for eligible projects.

**II. The 2005 Plan of BellSouth**

BellSouth premised its May 7, 2004, proposal to the Commission on the assumption that it would receive federal high-cost universal service support approximating \$24.7 million for the year 2005. BellSouth indicated that its proposal for 2005 reflected an expenditure of \$21.9 million for network improvements with the remaining \$2.8 million being applied to fund the annual value of the access charge reduction ordered in the Commission's March 24, 2000, Order in this cause. The Commission did not receive any comments in opposition to BellSouth's filing.

BellSouth's proposal for the year 2005 is attached hereto as Appendix "B". A summary of the major elements of BellSouth's filing are set forth below:

- Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design: 2005 - \$14.4 Million
- Replace Manufacturer's Discontinued Technology in the Loop: 2005 - \$3.1 Million
- Purchase of Emergency Restoration Equipment: 2005 - \$200,000
- Upgrade Air Pressure Systems: 2005 - \$200,000
- Switching Infrastructure Improvements Including Emergency Engine Replacements and DC Power Plant Upgrades in Rural Central Offices: 2005 - \$600,000
- Complete Self-Healing Facility Diversity and Replace Copper IOF Cables: 2005 - \$500,000

DOCKET 25980 - #3

Provide Diverse Facilities and Self-Healing Interoffice Diversity: 2005 - \$250,000

Replace Copper IOF Facilities to Independent Telephone Companies: 2005 - \$250,000

- Improve Testability, Timing, and Surveillance and Replace Technology Limiting Service Delivery: 2005 - \$2.9 Million

Improve Mechanized Loop Testing Capabilities: 2005 - \$300,000

Replace Manufacturer Discontinued Fiber Connectors and Transport Equipment: 2005 - \$700,000

Deploy Central Office Maintenance and Documentation Interface Equipment: 2005 - \$100,000

Deploy Test Equipment, Performance Monitoring and Test Access: 2005 - \$600,000

Replace Manufacturer's Discontinued DSO Test Access Equipment: 2005 - \$500,000

Replace Stratum 1 Primary Reference Source to Increase Network Reliability: 2005 - \$300,000

Replace E2A Alarm devices with ALT128 TCIP/IP Devices: 2005 - \$400,000

The Commission staff reviewed the 2005 expenditure plan submitted by BellSouth and found that with one exception, the federal high-cost universal service expenditures proposed therein by BellSouth should be certified as compliant with §254(e) of the Telecommunications Act of 1996.<sup>1</sup> The modification recommended by the staff related to BellSouth's proposal to expend \$14.4 Million on the deployment of loop fiber and next generation digital loop carrier for the implementation of CSA Design.

---

<sup>1</sup> Pub. L. No. 104-104, 110 Stat. 56 codified at 47 U.S.C. §151 *et seq.* (hereinafter the "Act"). Cites to sections of the Act are accordingly cites to 47 U.S.C.

DOCKET 25980 - #4

The amendment recommended by the staff would require BellSouth to utilize up to \$400,000 of the \$14.4 million BellSouth proposes to expend during 2005 to deploy loop fiber and next generation digital loop carrier to implement CSA design on the provision of basic local exchange telecommunications service to end users who have made application for service but have been unable to obtain service due to economic inefficiency and/or prohibitive aid to construction amounts ("unserved customers").<sup>2</sup> The staff recommended that said \$400,000 of federal high-cost universal service funding be made available to provide basic local exchange service to the unserved customers discussed above at primary dwellings only, up to an initial maximum of \$25,000 per applicant. The staff noted that construction projects with a cost of \$25,000 or less per applicant should be funded first. The staff further recommended that any funds from the Commission approved allocation remaining after application of the preceding guidelines be prioritized for the provision of basic service as follows:

- (a) The authorized rate per applicant will be increased from \$25,000 in \$5,000 increments.
- (b) With each \$5,000 increment, those projects that qualify under the revised guidelines will be prioritized for funding.
- (c) The process shall be repeated by increasing the rate per applicant by \$5,000 increments up to a maximum rate per applicant of \$40,000 until the entire \$400,000 is expended or all such projects that fit the criteria are completed (whichever comes first).
- (d) In the event that all eligible applications are in progress by October 1, 2005, any of the \$400,000 set aside for such eligible projects that is not needed to complete the eligible applications in progress shall be expended by BellSouth on the deployment of loop fiber and next generation digital loop carrier to implement CSA Design. BellSouth should accordingly endeavor to complete *all pending, eligible applications on or before October 1, 2005.*

---

<sup>2</sup> We note that the applicants in question need not be served by wire centers designated as "high cost" in order to be eligible for the support in question.

DOCKET 25980 - #5

For any projects involving the provision of basic local exchange telecommunications service to unserved customers wherein the costs of providing such service exceed the allocated resources described in the preceding paragraph, the staff recommended that the additional capital required to complete the project in question be the responsibility of the applicant for service. Applicants for service shall be afforded the opportunity to make a contribution in aid to construction, and the amounts due from such applicants must be received by BellSouth prior to the company's commencement of the construction project in question. The staff further recommended that no federal high-cost universal service funds be expended for the payment of nonrecurring tariffed charges for the initiation of service to the affected customers or tariffed recurring charges for the continued provision of such service.

The staff further recommended that BellSouth be required to provide a list of its held service applications along with the reports BellSouth is already required to file within thirty (30) days of the close of each calendar quarter. Said reports shall detail the status of each held service application.

**III. The CenturyTel Proposal for 2005**

In its second revised filing of August 18, 2004, CenturyTel indicated that it anticipated the receipt of \$7,143,061 in federal universal service high-cost funds above and beyond the \$7,749,629 embedded in CenturyTel's existing rate structure in Alabama. No party filed comments in opposition to CenturyTel's proposal for 2005 which is attached hereto as Appendix "C". A summary of the major elements of CenturyTel's filing are set forth below:

- Replace Obsolete Remotes: 2005 - \$1,755,121
- Replace Buried Air Core Cable: 2005 - \$500,000
- Fiber to Remotes: 2005 - \$135,000

DOCKET 25980 - #6

- Service Improvements (Remote replacements/building modifications in preparation for soft switch upgrade of Trussville Exchange; enhance network reliability by providing stand by emergency generators for 7 central office locations throughout Alabama; replace approximately 3 miles of underground air pressure cable in Scottsboro in order to eliminate non-color coded air core cable): 2005 - \$2,565,600
- High-Cost Applicants: 2005 - \$500,000
- DSL Deployment: 2005 - \$1,687,340

The Commission staff determined from its review of CenturyTel's August 18, 2004, filing that CenturyTel's proposals for the expenditure of federal high-cost universal service support for 2005 should be approved. With respect to CenturyTel's proposed expenditure of \$500,000 for high-cost applicants, the staff noted that high-cost applicants should be defined as end users who have applied for service but have been unable to attain such service due to economic inefficiency and/or prohibitive aid to construction amounts ("unserved customers").<sup>3</sup> The staff recommended that such funding be made available to provide basic local exchange service to unserved customers for primary dwellings only up to an initial maximum of \$25,000 per applicant. The staff further recommended that high-cost applicant construction projects with a cost of \$25,000 or less per applicant should be funded first. The staff noted that any funds from the Commission approved allocation for high-cost applicants remaining after adherence to the preceding guidelines should be prioritized for the provision of basic local service as follows:

- (a) The authorized rate per applicant will be increased from \$25,000 in \$5,000 increments.
- (b) With each \$5,000 increment, those projects that qualify under the revised guidelines will be prioritized for funding.

---

<sup>3</sup> We note that the applicants in question need not be served by wire centers designated as "high-cost" in order to be eligible for the support in question.

DOCKET 25980 - #7

- (c) The process shall be repeated by increasing the rate per applicant by \$5,000 increments up to a maximum rate per applicant of \$40,000 until the entire \$500,000 is expended or all such projects that fit the criteria are completed (whichever comes first).
- (d) In the event that all eligible applications are in progress by October 1, 2005, any of the \$500,000 set aside for such eligible projects that is not needed to complete the eligible applications in progress shall be expended by CenturyTel on the service improvement projects discussed above. CenturyTel should accordingly endeavor to complete all pending eligible high-cost applications on or before October 1, 2005.

For any projects involving the provision of basic local exchange telecommunications service to unserved customers wherein the costs exceed the allocated resources described in the preceding paragraph, the staff concluded that the additional capital required to complete the project in question shall be the responsibility of the applicant for service. Such applicants for service shall be afforded the opportunity to make a contribution in aid to construction, and the amounts due from such applicants must be received by CenturyTel prior to the company's commencement of the construction project in question. The staff recommended that no federal high-cost universal service funds be expended for the payment of nonrecurring tariffed charges for the initiation of service to the affected customers or tariffed recurring charges for the continued provision of such service.

The staff further recommended that CenturyTel be required to submit within thirty (30) days of the effective date of this Order a current list of all CenturyTel customers who have made application for basic local service but have been unable to receive it due to economic inefficiency and/or prohibitive aid to construction amounts. The staff further recommended that CenturyTel be required to submit, within thirty (30) days of the close of each calendar quarter, a report delineating the status of each project approved herein and the level of funding expended on such products. The staff suggested that CenturyTel include with those quarterly reports a

list of CenturyTel's held service applications. The staff recommended that the status of each such application be reflected in the report submitted by CenturyTel.

#### **IV. The Filings of the Rural Carriers**

With regard to the Rural Carriers listed in Appendix "A" hereto, the Commission previously determined in the Order entered in this cause on December 20, 2001 that the Commission could best meet its universal service monitoring and certification obligations for each Rural LEC "cost company" by requiring such companies to file with the Commission by January 15 of each year a copy of their supporting annual interstate cost separation studies, their annual USF-High-Cost loop support filings and, their estimated USF-local switching support filings that are made with the National Exchange Carriers Association ("NECA"). With respect to the Rural LECs that are "average schedule" companies, the Commission required such companies to file for review by January 15 of each year a copy of NECA's proposed annual USF-High-Cost loop support and USF-local switching support amounts. The certifications submitted by the Rural LECs listed in Appendix "A" hereto throughout May of 2004 reflect that each of those Rural LECs will in 2005 continue to utilize the high-cost universal service funding they receive in a manner compliant with the requirements of §254 of the Telecommunications Act of 1996. The Commission will continue to verify the certifications of the aforementioned Rural LECs through the filings they make with the Commission each year.

#### **V. The Filing of Camellia**

Camellia also submitted to the Commission a proposal for the expenditure of any federal high cost universal support it receives for 2005. The universal services projects proposed by Camellia are all compliant with the requirements of § 254(e) and include only projects related to the provision, maintenance and upgrading of facilities and services for which federal high cost

DOCKET 25980 - #9

universal service support is intended. Camellia's proposal for 2005 funds is attached hereto as Appendix "E."

**VI. Discussion and Conclusions**

We hereby adopt each of the recommendations of staff set forth herein and approve consistent therewith, the proposals submitted in this cause by BellSouth, CenturyTel, Alabama's Rural Carriers and Camellia governing their expenditure of federal high-cost universal service support during the year 2005. We will certify to the FCC that those plans are compliant with the provisions of §254(e) of the Act.

We specifically note, however, that our approval herein is contingent upon the staff's continued monitoring of the implementation of the aforementioned plans. The Commission specifically reserves the right to conduct any proceedings that may be necessary to determine if the funding under review should be redirected to other qualifying projects as required by the Commission.

We further note that the \$.0025 terminating switched access charge reduction approved in our Order of March 24, 2000, in this cause is hereby carried forward for 2005. BellSouth is accordingly authorized to expend \$2.8 million of the federal high-cost universal support it is scheduled to receive in 2005 to support that continued reduction. We further find that in the event that intrastate switched access charges in Alabama are reduced in the context of the Commission's local competition proceedings in Joint Dockets 24499, 24472, 24030 and 23865 or Docket 28590 prior to the end of 2005, BellSouth will be allowed to reallocate to its infrastructure construction budgets approved herein all funds required to implement the \$.0025 terminating switched access charge reduction which is carried forward by this Order. We find such a result to be consistent with the public interest, convenience and necessity.

DOCKET 25980 - #10

Pursuant to 47 C.F.R. § 54.316, we further certify herein that the residential rates in rural areas of Alabama served by Alabama's non-rural incumbent LECs BellSouth and CenturyTel are reasonably comparable to urban rates nationwide. The Commission's certification in this regard is based on the fact that the residential rates of BellSouth and CenturyTel in all rural areas of Alabama served by BellSouth and CenturyTel were well below the current nationwide urban rate benchmark of \$34.16 as of July 1, 2004.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That the May 7, 2004 proposal of BellSouth Telecommunications, Inc. attached hereto as Appendix "B" and delineating the company's intended utilization of the federal high-cost universal service support for which it is eligible during the year 2005 is hereby approved as modified herein and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That the August 18, 2004, proposal of CenturyTel of Alabama, LLC attached hereto as Appendix "C" and delineating the company's intended utilization of the forward-looking federal high-cost universal service support for which it is eligible during 2005 is hereby approved and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That pursuant to 47 C.F.R. § 54.316, the rural residential rates of Alabama's non-rural incumbent local exchange carriers BellSouth Telecommunications, Inc. and CenturyTel of Alabama, LLC in all rural areas of Alabama served by such carriers are reasonably comparable to urban rates nationwide.

IT IS FURTHER ORDERED BY THE COMMISSION, That the proposals/statements of Alabama's Rural Carriers collectively attached hereto as Appendix "D" are hereby approved and certified as compliant with the provisions of §254(e) of the Telecommunications Act of 1996.

DOCKET 25980 - #11

IT IS FURTHER ORDERED BY THE COMMISSION, That the proposal of Hayneville Fiber Transport, Inc., d/b/a Camellia Communications which is attached hereto as Appendix "E" is hereby certified as compliant with the provisions of § 254(e) of the Telecommunications Act of 1996.

IT IS FURTHER ORDERED BY THE COMMISSION, That the approval and certifications addressed herein shall be contingent upon satisfactory results from the Commission's ongoing review of the project specific expenditures of BellSouth, CenturyTel, Alabama's Rural Carriers and Camellia. The Commission specifically reserves the right to conduct whatever proceedings may be deemed necessary to determine that the universal service funding received by BellSouth, CenturyTel, Alabama's Rural Carriers and Camellia should be redirected by the Commission to other qualifying projects. To that end, BellSouth and CenturyTel shall submit to the Commission within thirty (30) days of the close of each calendar quarter, a report delineating the status of each project approved herein and the level of funding expended on said projects. Said reports shall include a listing of each of the local service applications held by each company and their status. The Rural LECs shall continue to comply with the reporting requirements established in the Commission's December 20, 2001 Order entered in this cause.

IT IS FURTHER ORDERED BY THE COMMISSION, That BellSouth, CenturyTel, Alabama's Rural Carriers and Camellia shall file their proposals for the utilization of the federal high-cost universal service support for which they are eligible in the year 2006 no later than May 6, 2005. Camellia shall include with its 2006 proposal an overview of all federal high cost universal service expenditures made during 2005. Interested parties may submit comments in

DOCKET 25980 - #12

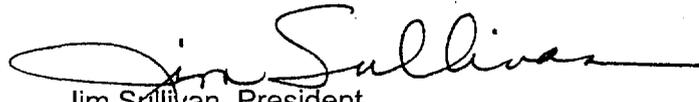
response to the foregoing filings no later than May 27, 2005. Reply comments will be considered by the Commission if received on or before June 17, 2005.

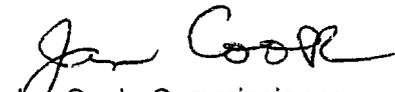
IT IS FURTHER ORDERED BY THE COMMISSION, That jurisdiction in this cause is hereby retained for the issuance of any further order or orders as may appear to be just and reasonable in the premises.

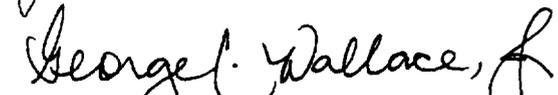
IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 24<sup>th</sup> day of September, 2004.

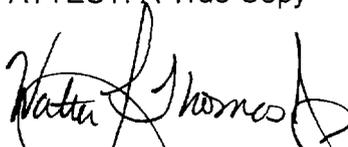
ALABAMA PUBLIC SERVICE COMMISSION

  
Jim Sullivan, President

  
Jan Cook, Commissioner

  
George C. Wallace, Jr., Commissioner

ATTEST: A True Copy

  
Walter L. Thomas, Jr., Secretary

DOCKET 25980 - #13

APPENDIX "A"

ALLTEL Alabama, Inc. (250302)  
Ardmore Telephone Company, Inc. (254000)  
Blountsville Telephone Company, Inc. (250282)  
Brindlee Mountain Telephone Company (250283)  
Butler Telephone Company, Inc. (250284)  
Castleberry Telephone Company, Inc. (250285)  
Farmers Telephone Cooperative, Inc. (250290)  
Frontier Communications of Alabama, Inc. (250306)  
Frontier Communications of Lamar County, Inc. (250301)  
Frontier Communications of the South, Inc. (250318)  
Graceba Telephone Company, Inc. (250295)  
GTC, Inc., d/b/a GT Com (250294)  
Gulf Telephone Company, Inc. (250298)  
Hayneville Telephone Company, Inc. (250299)  
Hopper Telecommunications, Inc. (250300)  
Interstate Telephone Company, Inc. (250371)  
Millry Telephone Company, Inc. (250304)  
Mon-Cre Telephone Cooperative, Inc. (250305)  
Moundville Telephone Company, Inc. (250307)  
National Telephone Company, Inc. (250286)  
New Hope Telephone Cooperative, Inc. (250308)  
Oakman Telephone Company (250311)  
Otelco Telephone, LLC (250312)  
Peoples Telephone Company (250314)  
Pine Belt Telephone Company, Inc. (250315)  
Ragland Telephone Company, Inc. (250316)  
Roanoke Telephone Company, Inc. (250317)  
Union Springs Telephone Company, Inc. (250322)  
Valley Telephone Company, Inc. (250324)

DOCKET 25890

APPENDIX "B"

BellSouth Telecommunications, Inc.  
Alabama Legal Department  
Room 304N  
3196 Highway 280 South  
Birmingham, AL 35243

francis.semmes@bellsouth.com

Francis B. Semmes  
General Counsel - Alabama

205 972 2556  
Fax 205 969 2285

May 6, 2004

VIA OVERNIGHT DELIVERY

Walter Thomas, Secretary  
ALABAMA PUBLIC SERVICE COMMISSION  
RSA Union Building, 8<sup>th</sup> Floor  
100 N. Union Street  
Montgomery, AL 36104

Re: Docket No. 25980

Dear Mr. Thomas:

Pursuant to Commission Order dated September 27, 2000 in the above referenced docket, attached is BellSouth's proposal for the utilization of the federal high-cost universal service support for the year 2005. We anticipate that the support level will be equal to the estimated \$24.7 million allocated for year 2004. The proposal reflects \$21.9 million for network improvements, with the remaining \$2.8 million used to fund the annual value of the access charge reduction made on July 1, 2000.

Sincerely,

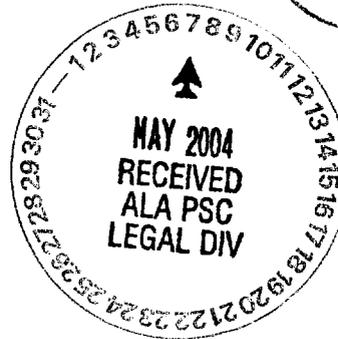
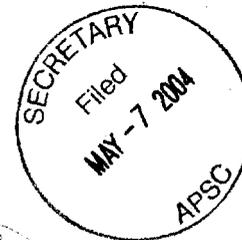


Francis B. Semmes

FBS/mhs  
Attachment

cc: Parties of Record

537494



**Loop Infrastructure Improvements**  
**Year 2005 - \$17.9M**

**1. Deploy Loop Fiber and Next Generation Digital Loop Carrier to Implement CSA Design (\$14.4M)**

The implementation of Carrier Serving Areas (CSAs) will provide improved service to the customer and will provide a means of delivering additional services and capabilities not available over a totally copper network.

The goal of the CSA concept is to sectionalize areas of a wire center beyond twelve thousand feet from the serving central office into discrete geographical units so those customers within the CSA can be provided digital services over an unrepeated facility by utilizing digital loop carrier.

Service improvements are obtained through the deployment of digital loop carrier in the CSA. Customers working over digital loop carrier facilities do not experience the transmission problems caused by metallic influences that are inherent of long copper facilities. Data transmission speeds are improved for services offered over digital loop carrier as opposed to long copper facilities.

BellSouth proposes deploying fiber in feeder routes to serve existing and new remote terminal sites and the placement of new Digital Loop Carrier in the USF wire centers to implement the CSA architecture.

**2. Replace Manufacturers' Discontinued Technology in the Loop (\$3.1M)**

BellSouth currently has in place Subscriber Line Carrier (SLC) and multiplexer technologies that are older types and cause limited service offerings or parts are not readily available from the vendor. BellSouth proposes to replace Manufacturer's Discontinued systems of DMS-1 Urban Digital Loop Carrier and DDM-1000 multiplexers to further reduce maintenance problems and trouble reports in targeted USF wire centers. *The replacement of these older systems should significantly improve modem speeds, improve service levels for customers served by these systems and provide a facility capable of carrying wide-band and broadband data services.*

The Loop Infrastructure Improvement initiatives will provide service improvements to the smaller rural wire centers in the state by eliminating trouble reports due to slow modem speeds and other transmission impairments.

**3. Emergency Restoration Equipment (\$200K)**

Alabama's weather contains a mix of ice storms, hurricanes, tornadoes, and severe thunderstorms. BellSouth's plan is to purchase additional small portable generators and trailers for deployment to restore power to Remote Digital Loop Carrier sites in the event of loss of commercial power. This would enhance our ability to quickly restore and maintain service to our rural customers during a natural disaster. These generators and trailers will be staged at four locations across the state to aid in rapid deployment.

**4. Upgrade Air Pressure Systems (\$200K)**

BellSouth currently has USF wire centers equipped with manufacturers' discontinued compressor and dehydrator units in the underground cable network. As a result, it is very difficult or impossible to secure replacement parts when servicing. In order to increase network reliability and prevent prolonged outages to rural customers, BellSouth proposes the replacement of these manufacturers'-discontinued units with newer, vendor-supported technology or the elimination of this equipment via the replacement of isolated sections of air-core cable.

**Switching Infrastructure Improvements**  
**Year 2005 - \$600K**

The program to replace non-compliant switches that began in 2000 was completed in 2003. For 2005, BellSouth proposes to continue the projects started in 2004 that include upgrades and improvements to the existing switch infrastructure, which will enhance our ability to improve service levels in the rural wire centers.

**1. Replace Emergency Engines and Upgrade DC Power Plants in Rural Central Offices**

To further improve service reliability in the rural central offices, the BellSouth plan proposes upgrades and/or replacement of the emergency generators and control equipment over the next three years. Weather in Alabama can be unpredictable and the likelihood is that some form of severe weather can occur during almost anytime of the year. Rural Alabama is usually hit the hardest and takes the longest to get commercial power restored. During these types of power outages, the central office switch relies on the AC power provided by the standby emergency generator. Technology and capacity in several of the rural central offices have surpassed the existing generators. Replacing these generators and/or modernizing them will provide a higher degree of reliability during these extended outages, thereby maintaining service to rural communities in critical times. By upgrading the technology and capacity of the generators and controllers presently in use, restoration of telephone and data services during a commercial AC interruption will be greatly enhanced.

The DC Power Plants are the heartbeat of the rural central offices. Some of these power plants are very old and require a considerable amount of upkeep and maintenance. The power plant is the one common thread that keeps all the central office and circuit equipment working. With the aging power plants, some of these offices could be in a precarious position because the power plant could deteriorate to a point that the switch fails. Replacing these power plants at this time will allow for a much sounder communications infrastructure in the rural communities for the future and provide improved service reliability.

**Complete Self Healing Interoffice Facility Diversity and**  
**Replace Copper IOF Cables**  
**Year 2005 - \$500K**

**1. Provide Diverse Facilities and Self-Healing Interoffice Diversity (\$250K)**

BellSouth proposes to complete the deployment of a second, diverse fiber route or build a Synchronous Optical Network (SONET) self-healing ring to the CenturyTel exchange of Irvington connected to our network via a single path. Customers in this wire center could be isolated from the rest of the world if this single cable is cut. This cable carries not only voice, but also data about the customer addresses and emergency information used during an E911 call. This initiative will improve reliability in the wire center due to the placement of SONET self-healing ring electronics in addition to the second fiber path. The wire center included in this proposal is:

Irvington - CenturyTel

At the same time, BellSouth will continue to provide diversity to some of BellSouth's USF offices by eliminating common cable structures and paths. Common equipment components for certain SS7 and E-911 circuits will be eliminated within the rural USF central offices to enhance service reliability.

**2. Replace Copper IOF Facilities to Independent Telephone Companies With Fiber (\$250K)**

The preferred method of interface between BellSouth and Independent Telephone Companies (ICOs) in Alabama is over a fiber cable. There is still one ICO area in Alabama that is connected to the BellSouth network via a copper cable. This ICO area serves a small rural location, and in the past, BellSouth has not been able to justify the expenditures to interconnect with these areas using fiber. BellSouth's plan calls for providing fiber and SONET electronics for facilities to replace the existing copper cables that interconnect with this ICO location. This plan will serve to accommodate future *growth in the affected BellSouth/ICO facilities and provide a higher level of service to customers served by the involved ICO.* The route targeted for 2005 is:

Orville - CenturyTel

**Improve Testability, Timing, Surveillance & Replace  
Technology that Limits Service Delivery:  
Year 2005 - \$2.9M**

BellSouth has put in place remote testing and surveillance systems to evaluate trouble reports or to verify available facilities for a new service before dispatching a technician. Several of the existing systems have been in place for ten or more years and the technology has high maintenance costs and is less accurate than systems available today. BellSouth has been replacing the older testing technology in some of the urban wire centers. BellSouth proposes to replace/upgrade testing and surveillance systems and add Performance Monitoring/Test Access systems in the USF wire centers in order to improve the Company's ability to monitor the network, to identify troubles earlier, and to analyze the trouble more completely. The result will be better service to the customers in the USF wire centers. A detail of the systems upgrades, replacements, and additions are provided below.

**1. Improve MLT Testability (\$300K)**

Mechanized Loop Testing (MLT) system upgrades will enhance the ability of BellSouth to monitor, detect, and resolve customer service troubles. By employing these upgrades, the customer will experience better service due to improved reliability of trouble isolation and minimized false-dispatches. The end result is a reduction in the time required to clear a trouble; thus, the customer's service is restored more quickly. The MLT upgrades also provide expanded remote testing functionality, such as the ability to test ISDN lines, and the ability to detect potential problem areas using Automatic Line Insulation Test (ALIT), which helps to analyze and resolve problems even before they cause a customer service outage.

**2. Replace Manufacturers' Discontinued Fiber Connectors and Transport Equipment (\$700K)**

To further improve service to the rural high cost areas, BellSouth's plan calls for replacing all manufacturers' discontinued connector equipment on fiber optic cables in the USF supported wire centers. This type of connector is found throughout the state and the replacement of these connectors will permit quicker service provisioning and allow for faster service restoration in case of a fiber failure.

To further improve service to rural areas, BellSouth's plan calls for replacing some manufacturers' discontinued Asynchronous and SONET equipment in USF supported wire centers. The replacement of this older equipment will improve provisioning intervals for new service offerings and position the rural central offices with interoffice facilities capable of greater bandwidth capacity with increased reliability. Because the

## EXHIBIT A

existing equipment is no longer manufactured, it is becoming increasingly difficult to obtain plugs and repair parts, which causes a negative impact on the ability to maintain and restore service in a timely manner.

### **3. Deploy Central Office Maintenance and Documentation Interface Equipment (\$100K)**

BellSouth has central offices in Alabama that are unmanned, and therefore, require that a technician be dispatched to perform on-site central office maintenance and provisioning functions. Through the deployment of central office maintenance and documentation (COMD) interface workstations, remote access to switch and circuit network elements is made available. By interconnecting the COMD workstations in each office of a host-remote cluster, a technician located in one office of the cluster then has the ability to remotely perform diagnostics, surveillance, and provisioning in any office within that cluster. This remote access capability provides the potential to reduce response time, increase technician productivity, and reduce the duration of customer service outages.

### **4. Deploy Test Equipment, Performance Monitoring and Test Access (PM/TA) – (\$600K)**

BellSouth proposes to replace/upgrade testing equipment and surveillance systems and add Performance Monitoring/Test Access systems in the USF wire centers in order to improve the Company's ability to monitor the network, to identify troubles earlier, and to analyze the trouble more completely. The result will be better service to the customers in the USF wire centers. Performance monitoring can be considered pro-active maintenance. By monitoring the customer's circuit, degradations of circuit quality can be detected and corrected prior to total failure of the circuit. In the case of circuit failure, BellSouth can begin trouble isolation using the remote test access devices and dispatch a repair technician as early as possible (at times prior to receiving a customer complaint). In order to provide improved performance monitoring and testing in the smaller USF wire centers, the BellSouth plan calls for deployment of DS1 PM/TA equipment.

### **5. Replace Manufacturers' Discontinued DS0 Test Access Equipment (\$500K)**

There are multiple USF offices in Alabama equipped with Anritsu 9960 DS-0 test heads. The 9960 performed the same function as the SMAS RTS/RTP bays replaced on previous USF jobs. The 9960 was chosen for smaller offices because it costs less than the RTS/RTP bay. Anritsu began manufacturing the 9961 Metallic Access Test System (MATS plus) in about 1992 and manufacturers started discontinuing the 9960 shortly

afterward. Replacement of the 9960 with either the 9961 or 9962 test head would improve test access speed (9600 baud vs. 1200 baud), improve spare plug-in availability, and position USF offices for testing new services (Anritsu halted R & D for the 9960 when it was made MD).

## **6. Place Stratum Primary Reference Source (1 PRS) to Increase Network Reliability (\$300K)**

The synchronization network is used to provide a Stratum 1 traceable timing signal to each office in the state. Presently, we have Primary Reference Source (PRS) equipment, a Stratum 1 clock source, in many offices in metropolitan offices and there are some placed in the rural offices. A PRS is either a Cesium reference or a reference from the Global Positioning System (GPS). The timing signal is passed from the PRS offices to other offices in a timing chain. Each office in the chain receives a timing signal and passes it on to the next office. The placing of Stratum 1 PRS will provide a stable clocking source for all equipment in the office. Placing a PRS in an office will eliminate or reduce the distribution chain of the clocking from one office to another. Because each office will have its own reference, problems with intervening clocks will not cascade from office to office.

## **7. Replace E2A Alarm Devices with ACT128 TCIP/IP Devices (\$400K)**

The existing remote telemetry for serial and discrete alarms is provided using E2A alarm devices connected to the Network Management Administration (NMA) computer via 1200-baud multipoint circuits. Trouble isolation on multipoint circuits is costly since the problem leg must first be identified before a dispatch can be made for repair of the problem. The multipoint circuits are provisioned using Metallic Facility Terminal (MFT) and frame mounted resistive bridges, which are outdated technologies.

With the implementation of Central Office Wide Area Network (COWAN) in Alabama, connectivity between our central offices and operations systems, such as NMA, will be readily available. Comserve Solutions has developed a device that will interface an E2A formatted data signal with a TCP/IP communications device (router). The Comserve ACT128, when connected to the E2A remote devices in our offices with a master ACT128 at the NMA computer, will eliminate the need for multipoint circuits. The baud rate for the alarm device can also be increased to 9600 baud.

Compared to maintenance of the existing multipoint circuits, a "ping" message can be sent over the COWAN to the remote office TCP/IP address. If answered, the problem is at the remote office. If not, the problem is within the COWAN network. The trouble could then be dispatched to a technician in the remote office or referred to the broadband group for resolution.

Replacement of the existing E2A network with Comserv ACT128 devices in conjunction with the COWAN network would benefit BellSouth and rural customers through better alarm surveillance with reduced maintenance.

**CERTIFICATE OF SERVICE**

This is to certify that I have served a copy of the foregoing on all parties of record by placing a copy of same in the United States Mail, First Class, Postage Prepaid, on this the 7th day of **May, 2004**.

Robin G. Laurie  
Attorney for AT&T  
Balch & Bingham  
2 Dexter Avenue  
Montgomery, AL 36101

Mark Wilkerson  
R. Winston Lee  
Brantley & Wilkerson, P.C.  
405 S. Hull Street  
Montgomery, AL 36104

Wendell Cauley  
Attorney for Sprint  
Bradley, Arant, Rose & White  
401 Adams Avenue, Suite 780  
Montgomery, AL 36104

Edgar C. Gentle, III  
Gentle, Pickens, Eliason, Turner & Ritondo  
Two North Twentieth Bldg. – Suite 1200  
2 North 20<sup>th</sup> Street  
Birmingham, AL 35203

Nanette S. Edwards  
ITC^Deltacom, Inc.  
4092 S. Memorial Pkwy.  
Huntsville, AL 35802

Virginia Tate  
AT&T, Law & Government Affairs  
1200 Peachtree Street, N.E.  
Suite 8100  
Atlanta, GA 30309

Olivia W. Martin  
Office of the Attorney General  
11 South Union Street  
Montgomery, AL 36103-0152

Kenneth D. Wallis  
Capell & Howard  
150 South Perry Street  
Montgomery, AL 36104

Michael S. Jackson  
Beers, Anderson, Jackson, Hughes  
250 Commerce Street, Suite 100  
P. O. Box 1988  
Montgomery, AL 36104

William Hanchey  
CenturyTel of Alabama, LLC  
RSA Union Building – Suite 132  
100 N. Union Street  
Montgomery, AL 36104

Benjamin Fincher  
Sprint Communications  
Mail Stop GAATN0802  
3065 Cumberland Blvd.  
Atlanta, GA 30339

Joshua M. Bobeck  
Swidler, Berlin Shereff Friedman, LLP  
3000 K Street, N.W., Suite 300  
Washington, D.C. 20007-5116



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FRANCIS B. SEMMES