

LISA POLAK EDGAR  
CHAIRMAN

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
(850) 413-6044

Florida Public Service Commission

September 10, 2007

Honorable Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, D.C. 20554

**Re: CC Docket No. 96-45 - Certification pursuant to 47 C.F.R. §54.314**

Dear Secretary Dortch:

Pursuant to the requirements of 47 C.F.R. §54.314, the Florida Public Service Commission (FPSC) hereby certifies to the Federal Communications Commission that all federal high-cost funds flowing to Florida rural carriers for the year commencing January 1, 2008, and ending December 31, 2008, will be utilized in a manner consistent with §254(e) of the Telecommunications Act of 1996. The Florida rural carriers (and associated study area ID codes) are as follows: Windstream Florida, Inc., (210336); Frontier Communications of the South, LLC, (210318); GTC, Inc. d/b/a FairPoint Communications, (210291, 210329, 210339); ITS Telecommunications Systems, Inc., (210331); Northeast Florida Telephone Company, Inc., d/b/a NEFCOM Communications, (210335); Quincy Telephone Company d/b/a TDS Telecom, (210338); and Smart City Telecommunications LLC d/b/a Smart City Telecom, (210330). As required by §254(e), these companies will use the federal high-cost support for which they are eligible in the year 2008 only for the provision, maintenance, and upgrading of facilities and services for which support is intended.

The representations and certifications provided are a result of the Florida Public Service Commission's proceedings in Docket No. 011977-TL. A copy of the FPSC's order certifying these companies for the year 2008 is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Polak Edgar".

Lisa Polak Edgar  
Chairman

Enclosures

No. of Copies rec'd 0  
List A B C D E

BEFORE THE PUBLIC SERVICE COMMISSION

|   |   |
|---|---|
| In re: State certification of rural telecommunications carriers pursuant to 47 C.F.R. 54.314. | DOCKET NO. 010977-TL<br>ORDER NO. PSC-07-0685-FOF-TL<br>ISSUED: August 22, 2007 |
|---|---|

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. TEW  
NANCY ARGENZIANO  
NATHAN A. SKOP

FINAL ORDER REGARDING  
RURAL LOCAL EXCHANGE COMPANY CERTIFICATION  
AND REPORTING REQUIREMENTS

BY THE COMMISSION:

**I. Case Background**

Seven local exchange telecommunication companies have submitted their respective annual affidavits certifying that for the year 2008 they will use for proper purposes the federal high-cost support they receive. The seven telecommunication companies are Windstream Florida, Inc., Frontier Communications of the South, LLC, GTC, Inc. d/b/a FairPoint Communications, ITS Telecommunications Systems, Inc., Northeast Florida Telephone Company, Inc., d/b/a NEFCOM Communications, Quincy Telephone Company d/b/a TDS Telecom, and Smart City Telecommunications LLC d/b/a Smart City Telecom.

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 within their jurisdiction 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 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 2008, certification must be submitted by October 1, 2007.

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.

By Order No. 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 2008 have complied with the Commission's new reporting requirements.

This order addresses the Commission's certification of Florida's rural LECs for 2008.<sup>1</sup>

## II. Certification

Unless the Commission submits certifications to the FCC and to USAC by October 1, 2007, Florida's rural carriers will receive no interstate high-cost universal service funds during the first quarter of 2008, 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)

We note 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.<sup>2</sup> 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.<sup>3</sup> 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 commission, the Joint Board noted that the state commission may decline to grant an annual

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<sup>1</sup> We note 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.

<sup>2</sup> See *Federal-State Joint Board on Universal Service*, Recommended Decision, CC Docket No. 96-45, FCC 04J-1, pars. 46-48 (2004).

<sup>3</sup> 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).

certification or may rescind a certification granted previously.<sup>4</sup> To date, there have been no indications that the rural ETCs are in violation of any of the provisions of Section 214(e); thus, we do not need to conduct any reviews at this time. However, should the need arise this Commission shall 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.<sup>5</sup> 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 in which they have certified that their use of interstate high-cost universal service support received during 2008 will comport with Section 254(e) of the Act and applicable FCC rules. Given these ETCs' certifications, we hereby certify to the FCC and to the USAC that these ETCs will be using interstate high-cost universal service support in 2008 in a manner that complies with Section 254(e).

#### **IV. Conclusion**

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, this docket to remain open to handle subsequent certifications.

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<sup>4</sup> *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.

<sup>5</sup> *See Federal-State Joint Board on Universal Service*, Memorandum Opinion and Order, CC Docket No. 96-45, FCC 04-37, par. 43, (2004).

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission, and we hereby certify that Windstream Florida, Inc., Frontier Communications of the South, LLC, GTC, Inc. d/b/a FairPoint Communications, ITS Telecommunications Systems, Inc., Northeast Florida Telephone Company, Inc., d/b/a NEFCOM Communications, Quincy Telephone Company d/b/a TDS Telecom, and Smart City Telecommunications LLC d/b/a Smart City Telecom will be using interstate high-cost universal service support in 2008 in a manner that complies with Section 254(e) of the federal Telecommunications Act of 1996. It is further

ORDERED that this Docket shall remain open.

By ORDER of the Florida Public Service Commission this 22nd day of August, 2007.

/s/ Ann Cole

ANN COLE

Commission Clerk

This is an electronic transmission. A copy of the original signature is available from the Commission's website, [www.floridapsc.com](http://www.floridapsc.com), or by faxing a request to the Office of Commission Clerk at 1-850-413-7118.

( S E A L )

PKW

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORIGINAL

Windstream Communications, Inc.  
4001 Rodney Parham Road  
1170 - B1F03-53A  
Little Rock, AR 72212

Betty J. Willis  
Director - External Affairs

(p) 501.748.5692  
(f) 501.748.7996  
(m) 501.690.5451



April 27, 2007

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 323399-0870

RECEIVED  
07 APR 30 AM 9:54  
COMMISSION CLERK

Re: Docket No. 010977-TL

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and fifteen (15) copies of the signed Affidavit of Michael D. Rhoda on behalf of Windstream Florida, Inc.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,  
  
Betty Willis

Enclosure

cc: James White (Windstream)

RECEIVED  
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COMMISSION CLERK

DOCUMENT NUMBER-DATE  
03618 APR 30 06  
FPSC-COMMISSION CLERK

### AFFIDAVIT

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

1. My name is Michael D. Rhoda. I am Windstream Florida, Inc.'s, ("Windstream" or the "Company") 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. Windstream hereby certifies that it will only use the federal high-cost support it receives during 2008 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. Windstream hereby certifies that it has submitted via annual NECA filings, expenditures in support of its universal service filing and refers to these filings in lieu of providing formal network plans. USF disbursements received by the Company and other rural incumbent local exchange companies are 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 on the embedded, interstate loop costs of rate-of-return companies and allows these companies to recover from the fund the difference between their interstate common line costs and the subscriber line charge ("SLC") revenues collected from their customers. ICLS provides support to rate-of-return ILECs for investments and expenses already incurred. The ICLS calculation uses the interstate cost studies submitted and certified by the companies and received by NECA.

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 prescribed rate of return. Therefore, LSS provides support to rural ILECs for investments and expenses already incurred. This amount is used to offset the rural ILECs' interstate switching revenue requirement. Therefore, the difference between the interstate switching revenue requirement again as set forth in the company's annual interstate cost study, and LSS is used to calculate the local switching rate charged to interexchange carriers.

Rural ILECs are eligible for HCLS based upon their 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 provides support to rural ILECs for investments and expenses already incurred.

Pursuant to FCC Orders, SNAS is support above the HCL cap for carriers that make significant investments in rural infrastructure. 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 providing support to rural 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 received 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.

Windstream is eligible for and receives ICLS.

4. Windstream hereby certifies that it follows appropriate procedures for network outage reporting in accordance with the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2006 and March 1, 2007, Windstream did not have any FCC reportable outages. Windstream had no PSC reportable outages.

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

6. Windstream hereby certifies that for the period from March 1, 2006 through March 1, 2007 seven FCC complaints and sixty-six state PSC complaints were received.

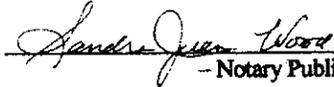
7. Windstream hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Michael D. Rhoda  
Senior Vice President, Governmental Affairs

STATE OF ARKANSAS  
COUNTY OF PULASKI

Acknowledged before me this 12 th day of July 2007, by Michael D. Rhoda, as Senior Vice President, Governmental Affairs of Windstream 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 \_\_\_\_\_



COMMUNICATIONS SOLUTIONS

180 S. Clinton Ave., 5th Floor, Rochester, NY 14646  
www.Frontier-Online.com

March 29th, 2007

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

Re: Frontier Communications of the South, LLC  
Study Area Code: 210318  
47 USC 254(e); 47 CFR § 54.314  
Docket No. 010977-TL

Dear Ms. Bayo:

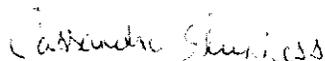
This letter is to request that the Florida Public Service Commission notify the Federal Universal Fund Administrator and the Federal Communications Commission that Frontier Communications of the South, LLC ("Frontier") is eligible to receive federal high-cost support in accordance with the above-referenced statute, federal rule and docket.

The amount of federal high-cost support Frontier will receive in 2008 will continue to be used for the services and functionalities outlined in 47 C.F.R. §54.101(a) and, as the attached affidavit shows, Frontier certifies that it will only use the federal high-cost support it receives for the provision, maintenance and upgrading of facilities and service for which such support is intended.

This state certification for federal support will be an annual process. In order to receive federal support beginning January 1 of each year, the Florida Public Service Commission must file its annual certification on or before October 1 of the year before.

Frontier respectfully requests that the Commission notify the FCC prior to October 1 of this year that Frontier is eligible to receive federal high-cost support for 2008.

Sincerely,

  
Cassandra S. Guinness  
Manager - Regulatory Compliance

CC: Beth Salak  
Director, Competitive Markets & Enforcement  
Florida Public Service Commission

Enclosure

ORIGINAL

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07 MAR 30 PM 3:45  
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CLERK

07 MAR 30 AM 10:04

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AFFIDAVIT

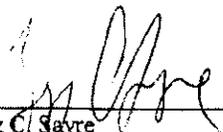
STATE OF NEW YORK  
COUNTY OF MONROE

BEFORE ME, the undersigned authority, appeared Gregg C. Sayre, who deposed and said:

1. My name is Gregg Sayre. I am Assistant Secretary of Frontier Communications of the South, LLC ("Frontier" or the "Company"). As an officer of the Company, I 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 2008 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
  - Ongoing maintenance activities to the plant.
4. Frontier experienced two outages that lasted more than 30 minutes and affected more than ten percent of the end users in its service area.
  - a. Date and Time of Outage -- March 9, 2006 at 9:50 pm to 10:53 pm (1:03 hrs)
  - b. Cause -- Storms
  - c. Services Affected -- loss of dial tone
  - d. Site -- Walnut Hill central office
  - e. Steps Taken -- power supplies were reset
  - f. Customers affected -- 205
  - a. Date and Time of Outage -- September 12, 2006 at 4:40 pm to 8:05pm (3:25 hrs)
  - b. Cause -- power supplies failed after a lightning strike hitting a pedestal next to the office melting a 200 pair cable
  - c. Services Affected -- loss of dial tone
  - d. Site -- Walnut Hill Central Office
  - e. Steps Taken -- power supplies were reset
  - f. Customers affected - 205

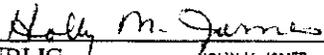
5. Frontier did not have any requests for service that were unfulfilled in 2006.
6. Frontier certifies that during 2006 Frontier did not receive any complaints. The rate of troubles per 1,000 access lines was zero.
7. Frontier certifies that the company is complying with applicable service quality standards 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 flat rate plan and provides equal access to long distance carriers.

FURTHER AFFIANT SAYETH NOT.

  
 \_\_\_\_\_  
 Gregg C. Sayre  
 Assistant Secretary  
 Frontier Communications of the South, LLC

STATE OF NEW YORK  
COUNTY OF MONROE

Acknowledged before me this 28<sup>th</sup> day of March, 2007 by Gregg C. Sayre, as Assistant Secretary for Frontier Communications of the South, LLC, who is personally known to me or produced identification and who did take an oath.

  
 \_\_\_\_\_  
 NOTARY PUBLIC  
 HOLLY M. JAMES  
 Notary Public, State of New York  
 Qualified in Monroe County  
 My Commission Expires Nov. 30, 2010

Printed Name of Notary

Personally Known   X    
 Produced Identification \_\_\_\_\_  
 Type of Identification Produced \_\_\_\_\_

**RUTLEDGE, ECENIA, PURNELL & HOFFMAN**  
PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW

**ORIGINAL**

STEPHEN A. ECENIA  
RICHARD M. ELLIS  
KENNETH A. HOFFMAN  
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J. STEPHEN MENTON

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GOVERNMENTAL CONSULTANTS  
JONATHAN M. COSTELLO  
MARGARET A. MENDONI

April 24, 2007

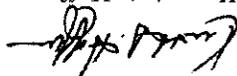
**HAND DELIVERY**

Ms. Ann Cole, Director  
Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Conference Center, Room 110  
Tallahassee, Florida 32399-0850  
Re: Docket No. 010977-TL  
Dear Ms. Cole:

Enclosed for filing on behalf of GTC, Inc. d/b/a FairPoint Communications are the original and fifteen copies of the Affidavit of R. Mark Ellmer. Mr. Ellmer's Affidavit is filed in compliance with Order No. PSC-05-0824-FOF-TL issued August 15, 2005, as amended by Amendatory Order No. PSC-05-0824A-FOF-TL issued August 17, 2005, in the above-referenced docket.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this filing.

Sincerely,

  
Kenneth A. Hoffman

KAH/1

Enclosures

cc: Mr. R. Mark Ellmer, with enclosure

Mr. Shevie B. Brown, with enclosure

Ms. Beth Salak, with enclosure

Mr. Bob Casey, with enclosure

Cheryl Bulecza-Banks, Esq., with enclosure

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**RECEIVED & FILED**

**CLERK OF RECORDS**

DOCUMENT NUMBER-DATE  
03465 APR 24 05  
FPSC-COMMISSION CLERK

DOCKET NO. 010977-TL

ORIGINAL

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 GTC, Inc. d/b/a FairPoint Communications (the "Company") as its Director Support Revenues. 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. GTC, Inc. d/b/a FairPoint Communications hereby certifies that it will only use the federal high-cost support it receives during 2008 for the provision, maintenance and upgrading of facilities and service for which such support is intended.

3. GTC, Inc. d/b/a FairPoint Communications 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 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 company's 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.

DOCUMENT NUMBER-DATE  
03465 APR24 5  
FPSC-COMMISSION CLERK

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. GTC, Inc. d/b/a FairPoint Communications 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, 2006 and February 28, 2007, GTC, Inc. d/b/a FairPoint Communications did not have any Federal FCC reportable outages or State PSC reportable outages.

5. GTC, Inc. d/b/a FairPoint Communications hereby certifies that it did fulfill all requests for service from potential customers.

6. GTC, Inc. d/b/a FairPoint Communications hereby certifies that for the period from March 1, 2006 and February 28, 2007 zero FCC complaints were received and twenty-three state PSC complaints were received, processed and resolved per PSC rules.

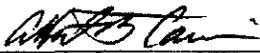
7. GTC, Inc. d/b/a FairPoint Communications hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

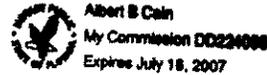
FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
R. Mark Ellmer  
Director Support Revenues

STATE OF FLORIDA  
COUNTY OF GULF

Acknowledged before me this 16<sup>th</sup> day of April, 2007, by R. Mark Ellmer, as Director Support Revenues, GTC, Inc. d/b/a FairPoint Communications, who is personally known to me or produced identification and who did take an oath.

  
\_\_\_\_\_  
Albert B. Cain, Notary



Personally Known   
Produced Identification \_\_\_\_\_  
Type of Identification Produced \_\_\_\_\_



**ITS TELECOMMUNICATIONS SYSTEMS, INC.**

15925 SW Warfield Blvd. • P. O. Box 277

Indiantown, Florida 34956

772-597-2111

2007 JUN 16 11:12  
MAIL ROOM

June 4, 2007

Mr. Robert J. Casey  
Public Utilities Supervisor  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: FPSC Docket No. 010977-TL  
State Certification of Rural Telecommunication Carriers

Dear Mr. Casey:

Enclosed is the original, signed copy of ITS' response to the Data Request in the above referenced docket. A copy of this document was provided to John Mann via e-mail on May 17, 2007.

Should you have any questions or need additional information, please contact me at (772) 597-3129. Thank you.

Sincerely,

ITS TELECOMMUNICATIONS SYSTEMS, INC.

Mary Ann Holt  
Administrative Services Manager

Enclosure

DOCUMENT NUMBER-DATE

05007 JUN 22 05

FPSC-COMMISSION CLERK

FPSC DOCKET NO. 010977-TL  
State Certification of Rural Telecommunication Carriers Pursuant to  
47 C.F.R. §54.314

**AFFIDAVIT**

STATE OF FLORIDA  
COUNTY OF MARTIN

BEFORE ME, the undersigned authority, 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.** (ITS or 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. ITS hereby certifies that it will utilize all federal high-cost support it receives during 2008 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.
3. In lieu of providing progress reports on a five-year service quality improvement plan, ITS submits that certain requirements, procedures and processes to which the Company adheres, and which are further explained in the following paragraphs, 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 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 ILEC's 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, not 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 1<sup>st</sup> of each year.

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. 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.

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.

HCLS for rural ILECs is based upon each company's embedded, unseparated loop cost. 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.

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.

ICLS is a universal service mechanism which is based upon each company's embedded, interstate loop cost 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.

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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. Carriers seeking to qualify for SNAS must provide written notice to USAC that a study area meets the 14 percent TRIS trigger.

4. ITS 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, 2006 and March 1, 2007, ITS did not have any Federal FCC reportable outages. ITS did have one (1) reportable State PSC outage. Following are the details of this outage.

At approximately 7:15 PM on Thursday, July 20, 2007, three (3) rectifiers in the Central Office failed due to power surges/lightning earlier in the afternoon. Approximately 3,679 dial tone customers and 12 T-1's lost service.

At approximately 9:15 PM that same evening, 2570 customers were restored to 100% service and 8 T-1's were restored. By 10:00 PM an additional 839 customers were restored and at 2:30 AM, the remaining 270 customers and T-1's were restored. As of 8:00 AM on Friday, July 21<sup>st</sup>, two of the three rectifiers were running. As of 5:00 PM Friday, July 21<sup>st</sup>, ITS was completely 100% restored and all equipment was running at 100%.

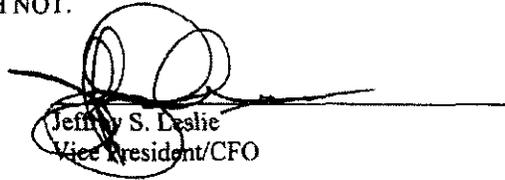
The Florida Public Service Commission (Rick Moses) was notified of this outage via e-mail at 10:29 AM on Friday, July 21, 2007 and again later that day when we were back to 100%.

In an effort to prevent further outages of this nature, ITS has replaced all surge protectors and rectifiers in the Central Office and conducted a ground study. The results of the ground study produced excellent results.

ITS received no Commission complaints as a result of this outage.

5. ITS hereby certifies that it received zero FCC complaints during the period March 1, 2006 through March 1, 2007; and received two (2) safety-issue related complaints filed with the FPSC during the period March 1, 2006 to March 1, 2007. These issues were satisfactorily handled by our Outside Plant Manger.
6. ITS hereby certifies that it did fulfill all requests for service from potential customers.
7. ITS 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.

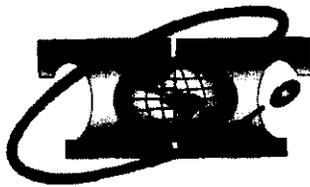
  
Jeffrey S. Leslie  
Vice President/CFO

STATE OF FLORIDA  
COUNTY OF MARTIN

Acknowledged before me this 17<sup>th</sup> day of May 2007 by Jeffrey S. Leslie, as Vice President/CFL of ITS Telecommunications Systems, Inc., who is personally known to me and did not take an oath.



  
Mary Ann Holt  
Notary Public



TOWNES TELECOMMUNICATIONS SERVICES CORPORATION

DISTRIBUTION CENTER  
07 APR 2008 AM 8:12

March 26, 2007

ORIGINAL

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED  
07 APR 30 AM 9:34  
COMMISSION  
CLERK

Re: FPSC Docket No. 010977-TL  
Northeast Florida Telephone Company  
State Certification of Rural Telecommunications Carriers Pursuant to  
47 C.F.R. §54.314

Dear Ms. Cole:

Enclosed herewith for filing in the above referenced docket, is the signed affidavit of Northeast Florida Telephone Company, Inc. d/b/a/ NEFCOM ("NEFCOM") certifying that all federal high-cost support received by NEFCOM in 2008 will only be used for the provision, maintenance and upgrading of facilities and services for which such support is intended. In addition, NEFCOM has certified to the new ETC reporting requirements established by Order No. PSC-05-0824-FOF-TL, issued August 15, 2005 in the above referenced docket.

Please contact me at (904) 688-0029 should you have any questions regarding this filing.

Sincerely,

Deborah Nobles  
Vice President of Regulatory Affairs

DOCUMENT NUMBER DATE  
03615 APR 30 2008  
FPSC-COMMISSION CLERK

DN:

Enclosure

Cc: Robert J. Casey, FPSC Public Utilities Supervisor, Div of Competitive Markets & Enforcement  
Mike Griffiths, NEFCOM General Manager

DOCKET NO. 010977-TL

ORIGINAL

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 2008 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

DOCUMENT NUMBER DATE

03615 APR 30 5

FPSC-COMMISSIONER

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.

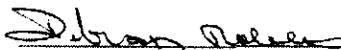
4. NEFCOM hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2006 and March 1, 2007, NEFCOM did not have any Federal FCC reportable outages or State PSC 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, 2006 and March 1, 2007, 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 25th day of March 2007, 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 \_\_\_\_\_



ORIGINAL

COMMUNICATIONS CENTER  
07 APR 19 AM 9:52

April 19, 2007

Blanca Bayo, Director Commission Clerk & Administrative Services  
Division of Communications Services  
Florida Public Service Commission  
1540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED  
07 APR 19 PM 2:04  
COMMISSION  
CLERK

Re: Docket No. 010977-TL  
Quincy Telephone Company d/b/a TDS Telecom

Dear Ms. Blanca Bayo;

This letter is to request that the Florida Public Service Commission notify the Universal Service Administrative Company (USAC) and the Federal Communications Commission (FCC) that Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone ("Quincy") is eligible to receive federal high-cost support in accordance with the above-referenced statute and federal rule.

The amount of federal high-cost support that Quincy will receive in 2008 will continue to be used for the services and functionalities outlined in 47 C.F.R. §54.101(a) and as the attached affidavit shows Quincy certifies that it will only use the federal high-cost support it receives for the provision, maintenance and upgrading of facilities and service for which such support is intended.

This state certification for federal support is an annual process. In order to receive federal support beginning January 1 of each year, the Florida Public Service Commission must file its annual certification on or before October 1 of the year before.

Quincy respectfully requests that the Commission notify the FCC prior to October 1 of this year that Quincy is eligible to receive federal high-cost support for 2008.

Sincerely,

Kristine M. Haskin  
Manager - Federal Affairs

Attachment

cc: Beth Salak  
Tom McCabe (TDS Telecom)  
5 copies

RECEIVED & FILED

A. V. N.  
OFFICE OF RECORDS

DOCUMENT NUMBER-DATE  
03327 APR 19 08

525 JUNCTION RD.  
MADISON, WI 53717

WWW.TDSTELECOM.COM

DOCKET NO. 010977-TL

**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 Senior Vice President, Government & 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. TDS hereby certifies that it will only use the federal high-cost support it receives during 2008 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.

DOCKET NO. 010977-TL  
Page 2 of 3

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, 2006 and March 1, 2007, TDS did not have any Federal FCC reportable outages or State PSC reportable outages.

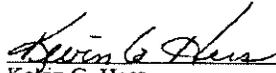
5. TDS hereby certifies that it did fulfill all requests for service from potential customers.

6. TDS hereby certifies that for the period from March 1, 2006 and March 1, 2007 zero FCC complaints were received and three state PSC complaints were received.

DOCKET NO. 010977-TL  
Page 2 of 3

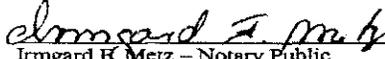
7. TDS hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

FURTHER AFFIANT SAYETH NOT.

  
\_\_\_\_\_  
Kevin G. Hess  
Senior Vice President  
Government & Regulatory Affairs

STATE OF WISCONSIN  
COUNTY OF DANE

Acknowledged before me this 26<sup>th</sup> day of March, 2007, by Kevin G. Hess, as Senior Vice President, Government & Regulatory 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  
My Commission expires: June 10, 2007

Personally Known X  
Produced Identification \_\_\_\_\_  
Type of Identification Produced \_\_\_\_\_



**ORIGINAL**

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07 APR 27 AM 9:36  
COMMISSION  
CLERK  
www.smartcity.com

April 25, 2007

**SENT VIA FEDERAL EXPRESS**

Ms. Ann Cole  
Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 010977-TL  
State Certification of Rural Telecommunications  
Carriers Pursuant to 47 C.F.R. §54.314

Dear Ms. Cole:

Enclosed for filing in the above referenced Docket, is an original and fifteen (15) copies of the signed Affidavit of James T. Schumacher on behalf of Smart City Telecommunications LLC d/b/a Smart City Telecom.

Should you have any questions, please contact me at (407) 828-6730.

Sincerely,

Lynn B. Hall  
Director – Contracts and Support Services

Enclosures

cc: Robert J. Casey, FPSC

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DOCUMENT NUMBER-DATE  
03570 APR 27 8

Post Office Box 22555 Lake Buena Vista, FL 32830-2555 phone (407) 827 2000 fax (407) 828-6651

FPSC-COMMISSION CLERK

ORIGINAL

Florida Public Service Commission  
Docket No. 010977-TL

**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 2008 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.

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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, 2006 and March 1, 2007, SCT did not have any Federal FCC reportable outages or Florida Public Service Commission reportable outages.

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

6. SCT hereby certifies that for the period from March 1, 2006 and March 1, 2007 no FCC or Florida Public Service Commission complaints were received.

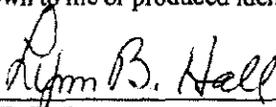
7. SCT hereby certifies that it is able to function in emergency situations, offers a tariffed local usage plan and provides equal access to long distance carriers.

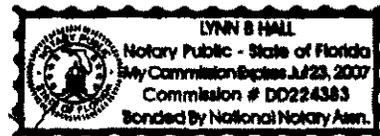
FURTHER AFFIANT SAYETH NOT.

  
James T. Schumacher  
Vice President - Finance and Administration

STATE OF FLORIDA  
COUNTY OF ORANGE

Acknowledged before me this 24<sup>th</sup> the day of April, 2007, 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.

  
Lynn B. Hall  
Notary Public - State of Florida



Personally Known \_\_\_\_\_  
Produced Identification \_\_\_\_\_  
Type of Identification Produced \_\_\_\_\_