August 17, 2001

VIA HAND DELIVERY

The Honorable Walter Thomas
Alabama Public Service Commission
RSA Union Building
100 North Union Street
Montgomery, AL 36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Frontier Communications of Lamar County, Inc., regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms
Response of Frontier Communications of Lamar County, Inc. to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Frontier Communications of Lamar County, Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool or eligible companies that participate in the interstate average schedule settlement process administered by NECA that promotes reasonable Carrier Common Line rates. Frontier Communications of Lamar County, Inc. does not participate in the NECA interstate cost pool, as it participates in the NECA interstate average schedule settlement process. 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. Again, this is based upon certified cost studies submitted by rural ILEC’s to NECA or the FCC, with the exception of the companies that participate in the NECA interstate average schedule settlement process. It is the understanding of the Company that for average 2
schedule companies, such as Frontier Communications of Lamar County, Inc. the LSS support is calculated based on the information provided through the NECA average schedule settlement process. This amount is used to offset the rural ILECs’ interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies or as calculated in the average schedule settlement process, make up the switching rates which are charged to interexchange carriers.

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs or a similarly derived cost for average schedule companies calculated by NECA. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA.

All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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 and/or information collected through the average schedule settlement process provided by rural ILECs and all USF funding must be based upon financial statements. In addition, NECA performs focus reviews of cost studies and monthly average schedule settlement data, as well as the USF filings for the cost and average schedule companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information. USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002
Based on preliminary projections, the Company estimates it will receive approximately $293,000 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.
The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Deborah Horowitz, at (716) 777-4593.

Frontier C
By:

Title: Assist
Date: August 15, 2001
August 17, 2001

VIA HAND DELIVERY
The Honorable Walter Thomas Alabama Public Service Commission RSA Union Building 100 North Union Street Montgomery, AL 36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Frontier Communications of the South, Inc., regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms
Frontier Communications of the South, Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. Frontier Communications of the South, Inc. does not participate in the NECA interstate cost pool and does not receive any LTS support.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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.

All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $1,819,000 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Deborah Horowitz, Senior Analyst, at (716) 777 - 4593.

By:

Title: AsAstant Sec

Date: August 15, 2001
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL
36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Graceba Telephone Company regarding anticipated utilization of high-cost universal service support, as required by the Commission’s Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/ tms

Enclosures
Response of Graceba Telephone Company to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Graceba Telephone Company, Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support
The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC's rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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. All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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.
All cost studies submitted by rural ILECs and all USF funding 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $455,030 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to
October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Rod Ballard at (334) 240-3622. Respectfully Submitted,

Graceba Telephone Company, Inc. By:
Title: C
Date: August 17, 2001
The Honorable Walter Thomas
Alabama Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL 36104

Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by GTC, Inc., d/b/a GT Com, regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

MDW/tms

Enclosures
GTC, Inc. d/b/a GT Com (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. § 54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support
The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal State Joint Board on Universal Service, CC Docket No. 96-45/ CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. § 54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC’s rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs’ interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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. All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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.
All cost studies submitted by rural ILECs and all USF funding 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $482,708 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to
October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to John H. Vaughan at 850-229-7221.

Respectfully Submitted,

By:

Title: President Date:
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL
36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Gulf Telephone Company regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

Mark D. Wilkerson

MDW/tms

Enclosures
Response of Gulf Telephone Company to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Gulf Telephone Company, Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC's rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILEC's to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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.

All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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, and 54.
All cost studies submitted by rural ILECs and all USF funding 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $1,200,000 of federal high-cost universal service support in 2002. This estimated amount is long term support provided through the NECA Common Line Pool. The entire amount is used to reduce interstate common line rates. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.
The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Woodard S. Setzer at 251-9525379.

Respectfully Submitted,

Gulf Telephone Comp

I

Title: Vice President - Regulatory
Date: August 17, 2001
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL
26104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Hayneville Telephone Company, Inc., regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms

Enclosures
Hayneville Telephone Company, Inc., Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

**Overview of Procedures for Calculating High Cost Support**

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC’s rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs’ interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company’s annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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.

All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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
All cost studies submitted by rural ILECs and all USF funding 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $448,620 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to
October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Evelyn Causey at 334-548-2101.

Respectfully Submitted,

Hayneville Telephone Company, Inc.

By:

Title: CFD

Date: August 17, 2001
August 17, 2001

VIA HAND DELIVERY The Honorable Walter Thomas Alabama Public Service Commission RSA Union Building 100 North Union Street Montgomery, AL 36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Hopper Telecommunications, Inc., regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms

Enclosures
Response of Hopper Telecommunications, Inc. to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Hopper Telecommunications, Inc., (the "Company ") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support for 2002.

The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01-157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal high-cost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC’s rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common Line rate which is charged to interexchange carriers.
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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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.

All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $2,694,010 of federal high-cost universal service support for 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support for 2002. Any questions regarding this submission should be directed to Jerry Boles at (205) 625-3518.
Hopper Telecommunications, Inc.,

By.

Title: President

Date: August 14, 2001
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL 36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Interstate Telephone Company regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms

Enclosures
Response of Interstate Telephone Company to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Interstate Telephone Company, Inc. (the "Company ") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002.

The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal high-cost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC's rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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. All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $1,640,527 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1.

'This figure includes funds attributable to the Company's Alabama and Georgia operations. The Company is located on the Alabama-Georgia state line, and does not have the information necessary to break down the projected universal support between the two states.
service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Company respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Felix L. Boccucci at (706) 6458567.

Respectfully Submitted,

By: Felix L. Boccucci, Jr.

Title: Vice-President Business

Date: August 17, 2001
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL 36104

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Millry Telephone Company regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/ tms
Enclosures
Millry Telephone Company, Inc. (the "Company") submits the following in response to this Commission's order of July 13, 2001 requesting that rural carriers submit plans and procedures detailing their projected use of high-cost universal service support in 2002. The Company requests that this Commission certify, pursuant to 47 C.F.R. §54.314, that the Company is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01-157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement (to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification with the Universal Service Administrative Company and the FCC stating "that all federal highcost support provided to [rural incumbent local exchange carriers] will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended." If certification is not accomplished by October 1, 2001, then federal support for universal service in the areas served by the rural carriers within Alabama will not be provided for at least the first quarter of 2002. See paragraph 191 of FCC Order.
The FCC did not specify a mechanism pursuant to which that certification is to be accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Company is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC's rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs' interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the company's annual interstate cost study, less the LTS and SLC, make up the Carrier Common
Line rate which is charged to interexchange carriers.

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. Again, this is based upon certified cost studies submitted by rural ILECs to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are 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. All of these programs are administered through the Universal Service Administrative Company (“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 Universal Service Fund. 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.

The information that is submitted by rural ILECs must be attested to by the companies. 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.
All cost studies submitted by rural ILECs and all USF funding 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Company estimates it will receive approximately $1,993,716 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Company certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Company's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.
October 1 of this year that the Company is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Bobby Williams at (251) 8462911.

Respectfully Submitted,

B

Title: Vice President

Date: August 17, 2001
August 17, 2001

VIA HAND DELIVERY The
Honorable Walter Thomas Alabama
Public Service Commission RSA
Union Building
100 North Union Street
Montgomery, AL

Re: Response to Request for Plans and Procedures For Projected Utilization of High-Cost Universal Service Support

Dear Mr. Thomas:

Enclosed for filing with the Commission are the original and ten (10) copies of responses by Mon-Cre Telephone Cooperative regarding anticipated utilization of high-cost universal service support, as required by the Commission's Order of July 13, 2001.

Thank you for your courtesies in this matter. Please direct any questions regarding the documents to my office.

Very Truly Yours,

Mark D. Wilkerson

MDW/tms

Enclosures
Response of Mon-Cre Telephone Cooperative to Request for Plans and
Procedures For Projected Utilization of High-Cost Universal Service
Support

Mon-Cre Telephone Cooperative, Inc. (the "Cooperative") submits the following in
response to this Commission's order of July 13, 2001 requesting that rural carriers submit
plans and procedures detailing their projected use of high-cost universal service support in
2002. The Cooperative requests that this Commission certify, pursuant to 47 C.F.R. §54.314,
that the Cooperative is eligible to continue to receive federal high cost support.

Overview of Procedures for Calculating High Cost Support

The Commission's July 13, 2001 Order was in response to the recent action of the
Federal Communications Commission ("FCC") in its docket In the Matter of Federal-State
Joint Board on Universal Service, CC Docket No. 96-45/CC Docket No. 00-256, Fourteenth
Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed
Rulemaking in CC Docket No. 96-45 and Report and Order in CC Docket No. 00-256 (FCC 01-
157) (released May 23, 2001) ("FCC Order"). Specifically, the FCC has adopted a requirement
(to be codified in 47 C.F.R. §54.314) that state commissions must file an annual certification
with the Universal Service Administrative Company and the FCC stating "that all federal
high-cost support provided to [rural incumbent local exchange carriers] will be used only for
the provision, maintenance and upgrading of facilities and services for which the support is
intended." If certification is not accomplished by October 1, 2001, then federal support for
universal service in the areas served by the rural carriers within Alabama will not be provided
for at least the first quarter of 2002. See paragraph 191 of FCC Order.
accomplished, rather leaving it open for the state commissions and the affected carriers to develop an appropriate mechanism. The actual amount of high cost funding for 2002 is uncertain, since final calculations depend on information generated during the funding year. By necessity, the Cooperative is providing broad categories for the use of such high cost funds. However, as shown below, there are numerous safeguards at the federal and state levels to insure rural incumbent local exchange carriers receiving universal service support use it for the intended purpose.

The federal support received by rural incumbent local exchange companies is divided into three categories: Long Term Support ("LTS"); Local Switching Support ("LSS") and High Cost Loop Support ("HCLS"). All of these mechanisms have been created by the FCC in conjunction with the Federal-State Joint Board on Universal Service. This means that representatives from state commissions, including Alabama, have also been involved in the development of these mechanisms. LTS is a support mechanism for companies that participate in the interstate cost pool administered by NECA that promotes reasonable Carrier Common Line rates. The LTS 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 LTS is capped based upon an inflation factor as established by the FCC’s rules. This amount, together with those revenues received from subscribers from the interstate Subscriber Line Charge ("SLC"), is used to offset the rural ILECs’ interstate Carrier Common Line revenue requirement. The difference between that revenue requirement, again as set forth in the cooperative’s annual interstate cost study, less the LTS and SLC, make up the Carrier Common Line rate which is charged to interexchange carriers.
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. Again, this is based upon certified cost studies submitted by rural ILEC's to NECA or the FCC. This amount is used to offset the rural ILECs' interstate switching revenue requirement. The revenue requirements set forth in the annual interstate cost studies make up the switching rates which are charged to interexchange carriers.

The HCLS for rural ILECs is based upon each cooperative'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. All of these programs are administered through the Universal Service Administrative Company ("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 Universal Service Fund. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each cooperative submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

The information that is submitted by rural ILECs must be attested to by the companies. 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 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.

USF data used in the USF 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. All of the aforementioned information is available for inspection and review by the APSC.

Projected Use of High Cost Universal Service Funds in 2002

Based on preliminary projections, the Cooperative estimates it will receive approximately $346,609 of federal high-cost universal service support in 2002. This amount is subject to subsequent adjustment based on end of period information, such as loop counts. The Cooperative certifies that it will only use the federal high-cost support it receives during 2002 for the continued provision, maintenance and upgrading of facilities and service for which such support is intended as described in 47 C.F.R. Section 54.101. Those services, which are available to any customer in the Cooperative's service area are: single-party voice grade access to the public switched network, unlimited local usage, dual-tone multi-frequency signaling or its functional equivalent, access to emergency services, including 911 service or enhanced 9-1-1 service, access to operator service, access to interexchange service, and access to directory assistance, and toll limitation for qualifying low-income customers.

The Cooperative respectfully requests that the Commission notify the FCC prior to October 1 of this year that the Cooperative is eligible to receive federal high-cost support in 4
October 1 of this year that the Cooperative is eligible to receive federal high-cost support in 2002. Any questions regarding this submission should be directed to Rod Ballard at (334) 240-3622.

Respectfully Submitted,

Mon-Cre Cooperative, Inc. By:

G. L. McGee

Title: General Manager

Date: August 17, 2001