



Agenda Date: 11/20/12

Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF UNITED)
TELEPHONE COMPANY OF NEW JERSEY, INC. d/b/a)
CENTURYLINK FOR CERTIFICATION)
WITH REGARD TO THE USE OF HIGH-COST)
SUPPORT FUNDS-YEAR 2013)
ORDER OF APPROVAL
DOCKET NO. TO12090874

Parties of Record:

Sue Benedek, Esq., for Century Link
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 27, 2012, United Telephone Company of New Jersey, Inc. d/b/a CenturyLink filed a verified petition with the Board requesting that the Board, pursuant to 47 C.F.R. § 54.314(d), certify to the Federal Communications Commission ("FCC") and the Universal Service Administrative Company that all federal high-cost support ("HCS") funds provided to CenturyLink within New Jersey were used in the preceding calendar year and will be used in the coming calendar year 2013 only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The report concerning its use of federal high-cost support funds contained 2011 data for cost support and proforma, 2012 data for cost support and proforma, and reports to satisfy requirements of FCC-11-161 and the Board. The certification requested by CenturyLink was to be filed by the Board with the FCC by October 1, 2012 in order for Eligible Telecommunications Carriers ("ETC") to receive its full allocation of funds under the requirements imposed by the FCC.

However, the application of the November 18, 2011 FCC Transformation Order to carriers such as CenturyLink that had not been required to seek ETC certification from the state because of the type of funds (Interstate Access Support) previously received was unclear. It was unclear whether those carriers needed to receive state certification in 2012 or if the FCC would allow self-certification as in the past. As a result of the uncertainty, many carriers had not begun the process, and an FCC Order of September 17, 2012 extended the state review and certification

time to the FCC for ETC companies by 60 days from the release date of the Order, which makes the extension due date November 16, 2012¹.

CenturyLink is an incumbent local exchange carrier ("ILEC") certified as an Eligible Telecommunications Carrier ("ETC") by the Board. CenturyLink provides telecommunications services to customers in the counties of Hunterdon, Sussex, Somerset, Morris, and Warren, New Jersey. CenturyLink provides ILEC service to approximately 72,759 residential access lines and 41,670 business lines. CenturyLink is a rural telephone company as defined by the Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56 (codified in scattered Sections of 47 U.S.C. §§ 151 et seq. (hereinafter, "the Act"). See 47 U.S.C. § 153 (44). The Board has certified CenturyLink as an Eligible Telecommunications Carrier pursuant to 47 U.S.C. § 214(e). See Order of Approval, I/M/O a Petition by United Telephone Company of New Jersey, Inc for Designation as an Eligible Telecommunications Carrier Under the Telecommunications Act of 1996, Docket No. TO97110828 (December 16, 1998). Under the Act, certification as an Eligible Telecommunications carrier is necessary in order to receive federal Universal Service Support high-cost funds. 47 U.S.C § 254(e).

The FCC's rule at 47 C.F.R. § 54.314(a) requires that, in order for CenturyLink to receive federal high-cost support funds, the Board must file an annual certification with the Universal Service Support ("USS") Fund Administrator and state to the FCC that "all federal high-cost support provided to [CenturyLink] within New Jersey will be used only for provision, and upgrading of facilities and services for which the support is intended." Pursuant to 47 C.F.R. §54.314(d), the Board's annual certification must be filed with the Administrator and the FCC by October 1, 2012, which has been extended to November 16, 2012 by the FCC in order for CenturyLink to receive USS funds in 2013.

CenturyLink has filed the following information:

- A- Cost Support Response Form and supporting schedules of CenturyLink prepared as of September 27, 2012 (schedules for 2012 pro forma and 2013 projected).
- B- Affidavit of David D. Cole, Senior Vice President and Controller of CenturyLink, certifying that federal high-cost support funds received by CenturyLink in calendar years 2012 and 2013 have been and will be used for the purposes intended under the Act.
- C- An annual report filing of CenturyLink as required by 47 C.F.R. § 54.313. The report provides responses, where applicable and available, to sections 54.313 (a)(2)-(6) and 54.313 (H).

The preceding year pro forma indicated that the largest portion of CenturyLink's high-cost support funds went into cable and wire facilities and equipment depreciation. CenturyLink provided documentation regarding its use of those funds as well as a pro forma for USS high-cost funds for the next year.

¹ The Board had planned to authorize the certification for CenturyLink to the FCC and the USAC at its November 16, 2012 agenda meeting, but urgencies regarding Hurricane Sandy caused the Board to adjourn its planned meeting to November 20, 2012. On November 15, 2012, Board Staff advised CenturyLink of the adjournment and suggested that CenturyLink notify the FCC and USAC accordingly.

Having reviewed the petition and the information submitted in support thereof, the Board **HEREBY CERTIFIES** that all federal high-cost support provided to CenturyLink within New Jersey was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Board **HEREBY ORDERS** that CenturyLink shall use the federal high-cost support funds it receives during 2013 for the provision, maintenance, and updating of facilities and services for which such support is intended, as required by section 254(e) of the Telecommunications Act of 1996 and 47 C.F.R. § 54.101 et seq.

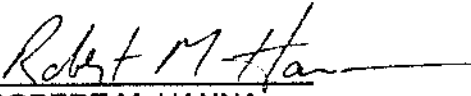
State certification is now required on an annual basis, and in order to ensure use of federal high-cost support funds in a manner consistent with federal law, the Board **HEREBY DIRECTS** CenturyLink to continue to submit to the Board, no later than July 1st and January 1st of each year, a report, in a manner and format to be determined by Staff, providing auditable information sufficient to determine CenturyLink's compliance with federal law, including, but not limited to, compliance with the FCC's required uses of Universal Service Support high-cost funds. The Board **FURTHER DIRECTS** CenturyLink to file its future requests for Board certification no later than July 1st of each year, absent extenuating circumstances, and to simultaneously publish notice of the filing in newspapers of general circulation in its service territory. Such notice shall be reviewed by Staff prior to its publication.


In addition, the Board **DIRECTS** that the Director of the Division of Telecommunications, with the assistance of the Office of the Attorney General, if such assistance is deemed necessary, provide to both the office of the Secretary of the FCC and the Administrator of the high-cost universal service support mechanism a letter transmitting this Order to serve as compliance


with the certification requirements as set forth in 47 C.F.R. § 54.314. Finally, for future 47 C.F.R. § 54.314 filing by CenturyLink or another ETC, the Board **HEREBY AUTHORIZES** the Director of the Division of Telecommunications, with the assistance of the Office of the Attorney General, if such assistance is deemed necessary, to provide the FCC and the USAC with the required State Certification using a letter that is consistent with the Sample Section 54.314(a) State Certification Letter (attached hereto), thereby obviating the need for the Certification to be made by a Board Order.


DATED: 11/20/12

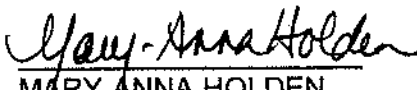
BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

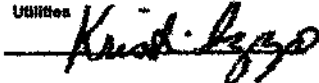

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF UNITED TELEPHONE
COMPANY OF NEW JERSEY, INC. d/b/a CENTURYLINK
FOR CERTIFICATION WITH REGARD TO THE USE OF
HIGH-COST SUPPORT FUNDS-YEAR 2013

DOCKET NO. TO012090874

SERVICE LIST

Carol Artale, Esq.
Legal Specialist
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625

Alex Moreau, DAG
Department of Law and Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07102

Thomas Chu
Board of Public Utilities
Division of Telecommunications
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625

Sue Benedek, Esq.
Senior Attorney
240 North Third Street, Suite 300
Harrisburg, PA 17101
Sue.benedek@centurylink.com

Stefanie A. Brand, Esq.
Director
New Jersey Division of Rate Council
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07102