

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6530

Investigation into State Certification of)
Compliance by Nine Rural Telephone)
Companies with Subsection 254(e) of the)
Telecommunications Act of 1996)

Order entered: 8/2/2001

ORDER OPENING INVESTIGATION
AND NOTICE OF HEARING

I. BACKGROUND

The Federal Communications Commission ("FCC") provides, through the Universal Service Administrative Company, financial support for hundreds of "rural incumbent local exchange carriers."¹ The FCC now requires that if this federal support is to continue in 2002, each state utility commission must file a certification. The requirement applies to (among others) all Vermont incumbent local exchange carriers other than Verizon New England Inc. d/b/a Verizon Vermont ("Verizon"). The first such certification is due October 1, 2001, and they will be due annually thereafter. The certification must state that:

all federal high-cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.²

Under a similar FCC requirement,³ this Board has previously filed similar certifications for its only "nonrural" carrier, Verizon. Those certifications were made on the premise that Verizon

1. 47 C.F.R. § 54.5 defines this term as a carrier that is both an "incumbent local exchange carrier" and a "rural telephone company."

2. 47 C.F.R. § 54.314; 47 U.S.C. § 254(e); see, *In re Federal State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order, Released May 23, 2001, FCC 01-157. The certification requirement also applies to competitive eligible telecommunications carriers seeking high-cost support in the service area of a rural local exchange carrier.

3. 47 C.F.R. § 54.313.

would use incremental federal universal service support to establish an explicit bill credit for residential and commercial customers. Verizon subsequently filed tariffs to effectuate that plan.

In this docket we intend to examine whether and under what conditions the Public Service Board should issue a letter certifying that Vermont's rural carriers will use federal universal service support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. We direct the Hearing Officer to examine, in particular, whether an explicit bill credit mechanism should be instituted for some or all federal universal service support to these carriers, and if so, what other billing changes will be needed.

Because all incumbent local exchange carriers other than Verizon are affected, they shall each be a party to this docket. Any competitive local exchange carrier and Verizon may intervene as of right provided that they file a motion not later than August 10, 2001. Because our certification is due on October 1, we direct the Hearing Officer to use expedited procedures.

II. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Pursuant to 30 V.S.A. §§ 203 and 209 and 47 C.F.R. § 54.314, an investigation is commenced into whether and under what conditions this Board should issue a letter certifying Vermont's rural carriers under section 47 U.S.C. § 254(e) and 47 C.F.R. § 54.314.
2. All incumbent local exchange carriers in Vermont, other than Verizon, shall be parties to this docket.
3. Pursuant to 30 V.S.A. § 8, Peter M. Bluhm, Esq., Director of Regulatory Policy, is appointed to serve as the Hearing Officer in this proceeding.
4. The Hearing Officer shall endeavor to provide a proposed decision to this Board, with comments from the parties, not later than September 19, 2001.
5. Pursuant to 30 V.S.A. § 10, a prehearing conference will be held in this matter on Monday, August, 13, 2001, commencing at 1:00 P.M., at the Public Service Board Hearing Room, Third Floor, Chittenden Bank Building, 112 State Street, Montpelier, Vermont.

Dated at Montpelier, Vermont, this 2nd day of August, 2001.

s/Michael H. Dworkin)

) PUBLIC SERVICE

s/David C. Coen)

) BOARD

s/John D. Burke)

) OF VERMONT

OFFICE OF THE CLERK

FILED: August 2, 2001

ATTEST: s/Susan M. Hudson

Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or mail) of any technical errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)