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November 2, 1998

Blanca Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

In re: Docket No. 980696-TP, Determination of the Cost of  
Basic Local Telecommunications Services,  
Pursuant to Section 364.025, Florida Statutes.

Dear Ms. Bayo:

Please find enclosed the original and 15 copies of the Posthearing Statement of GTC,  
Inc., in Docket No. 980696-TP.

A copy has been provided to each party shown on the attached Certificate of Service.

Sincerely,



David B. Erwin, Attorney  
for GTC, Inc.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980696-TP  
FILED: November 2, 1998

In re: Determination of the Cost of  
Basic Local Telecommunications  
Services, Pursuant to Section  
364.025, Florida Statutes

POSTHEARING STATEMENT  
OF  
GTC, INC.

GTC, Inc. hereby files its posthearing statement in this matter. GTC has a basic position and positions on the same two specific issues set forth in Order No. PSC-98-1008-PCO-TP that GTC, Inc. addressed in its prehearing statement. GTC, Inc.'s basic position and its positions on Issues 6(a) and 6(c) remain unchanged.

The basic position of GTC, Inc. is that the determination of the cost of basic local telecommuni-  
cations service appropriate for establishing a permanent universal service mechanism should be through  
the use of an embedded cost study, since GTC, Inc. is a rural LEC that serves fewer than 100,000 access  
lines.

With regard to Issues 6(a) and 6(c), GTC, Inc., submits that the Commission should not use a  
cost proxy model to compute the cost of basic local telecommunications service for LECs such as GTC,  
Inc. that serve fewer than 100,000 access lines. Instead, the Commission should use an embedded cost  
study approach to determine the cost of basic local telecommunications service for all such LECs,  
including GTC, Inc.

Using an embedded cost study approach, the resulting cost per access line, per month, for each  
division of GTC, Inc. is as follows: St. Joe - \$44.16; Perry - \$38.07; Florida (Florida only) - \$49.81.  
(TR459) GTC, Inc.'s embedded cost study determined these amounts by using the small company LEC's  
methodology for embedded cost studies, as testified to by ALLETEL Corporation's witness, Dennis Curry.  
(TR458)

Telecommunications, Inc.'s (BellSouth) serving area, and the results in many rural BellSouth areas show local service for GTC, Inc. The BCPM has calculated results for many wire centers in BellSouth

The use of an embedded cost study approach would seem not to inflate or exaggerate the cost of important for sizing a universal service fund and targeting eligible recipients (TR977).

providing local service (TR 989-990), the location of customers and, hence, the cost to service them, is provide the average cost for each subscriber. Since the loop is the largest item making up the cost of

embedded cost study can not indicate the exact geographical location of each subscriber, but it will apparent under such circumstances that the use of actual, precise data should be acceptable. Even an

adequately. (TR 560, 821, 829 - 831, 927 - 928, 930 - 932, 934 - 937, 940, 942 - 943, 997) It seems accuracy, even though in the Yanketown wire center, the BCPM model did reflect customer locations

rural areas, and since both proxy models have problems locating rural subscribers with a high degree of wisdom of allowing the use of an embedded cost study for small LECs, since these small LECs serve

The evidence submitted during the hearing in this docket strongly confirms the legislative basis for the calculations shall be no smaller than a census block group.

distributed costs consistent with 47 C.F.R. ss. 32.36, and 64. The geographic provision of universal service. Such calculations may be made using fully all embedded investments and expenses incurred by the company in the

cost areas within the local exchange area the company serves and including 2. A fully distributed allocation of embedded costs, identifying high- 1. A different proxy model; or following options:

providing basic local telecommunications services based on one of the calculate a small local exchange telecommunications company's cost of companies, but no sooner than January 1, 2001. The commission shall until a mechanism is implemented by the Federal Government for small

required to use the cost proxy model selected pursuant to paragraph (b) which serve less than 100,000 access lines, the commission shall not be for small local exchange telecommunications companies. (c) In determining the cost of providing basic local telecommunications-

ions service is in accordance with the law. Section 364.025(4)(c), Florida Statutes, states as follows: The method by which GTC, Inc. has determined the cost of providing basic local telecommunica-

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Respectfully submitted this 2<sup>nd</sup> day of November, 1998.

service mechanism

determine the cost of basic local telecommunications service in establishing a permanent universal

In summary, the Commission should accept and use GTC, Inc.'s embedded cost study to

rural than GTC, Inc.'s highest cost area, Laurel Hill.

depending on the area involved, and it is unlikely that any of the BellSouth areas shown above are more

In comparison, as stated earlier, GTC, Inc.'s costs range from \$38.07 to \$49.81 per line.

Archer	\$ 59.92 per line	Keystone Heights	\$ 54.11 per line
Bronson	\$ 58.25 per line	Micanopy	\$ 74.08 per line
Chipley	\$ 56.17 per line	Munson	\$102.09 per line
Cross City	\$ 51.38 per line	Newberry	\$ 53.57 per line
Dunnellon	\$ 55.13 per line	Old Town	\$ 70.67 per line
Graceville	\$ 67.30 per line	Trenton	\$ 60.42 per line
Havana	\$ 51.32 per line	Vernon	\$ 80.10 per line
Jay	\$ 86.69 per line	Yankeetown	\$ 61.88 per line
		Youngstown	\$ 71.02 per line

an embedded cost study methodology:

calculated by the BC PM model that are higher than the costs of GTC, Inc.'s rural areas calculated using

testimony of Peter E. Martin.) For example, the wire centers for the following rural areas all have costs

a cost well in excess of the embedded cost in GTC, Inc.'s rural areas. (See Revised Exhibit PM-1 to the

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 980696-TP**

I hereby certify a copy of the Posthearing Statement in Docket 980696-TP was sent via U.S. Mail on November 2, 1998 to the parties on the list below.

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