AUSLEY & MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

June 13, 2016

VIA HAND DELIVERY

Ms. Carlotta S. Stauffer, Director
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket No. 160119 – TP—
Smart City Telecommunications LLC d/b/a Smart City Telecom; 2016 State certification §54.313 and §54.314, annual reporting requirements for high-cost recipients, and certification of support for eligible telecommunications carriers.

Dear Ms. Stauffer:

In accordance with 47 CFR § 54.313, enclosed for filing is Smart City's affidavit that attests the company will only use the federal high-cost support it receives for the purposes outlined in statute.

Smart City requests that the Florida Public Service Commission file the annual certifications regarding federal high-cost support with the FCC and Universal Service Administrative Company (USAC) pursuant to 47 CFR § 54.314.

You may contact me if there are questions regarding this filing.

Sincerely,

Ashley M. Daniels

Enclosures

cc: Debbie Huttenhower; Bob Casey (w/ encls.)

Smart City Telecommunications, LLC June 6, 2016

Florida Public Service Commission
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AFFIDAVIT

BEFORE ME, the undersigned authority appeared **James T. Schumacher**, who deposed and said:

1. My name is James T. Schumacher. I am employed by Smart City Telecommunications LLC d/b/a Smart City Telecom ("Smart City Telecom" or the "Company") as its Vice President – Finance and Administration. I am an officer of the Company and am authorized to give this affidavit on behalf of the Company. This affidavit is being given to support the Florida Public Service Commission's certification as contemplated in 47 C.F.R. §54.313 and §54.314.

2. Smart City Telecom hereby certifies that all federal high-cost and CAF support ("USF") was used in the preceding year and will be used in 2017 only for the provision, maintenance and upgrading of facilities and service for which such support is intended.

Smart City Telecom hereby certifies that it has submitted via annual NECA filings, the supporting documentation on network improvements and expenditures in support of its universal service filing and refers to this in lieu of formal network plans. On March 30, 2016, the Federal Communications Commission ("FCC") released "Report and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking" (FCC 16-33) ("Reform Order") which modernizes and reforms the federal universal service program supporting the nation's rate-of-return ("ROR") carriers. Prior to the release of this decision, USF disbursement received by the Company and other rural incumbent local exchange companies were divided into four categories: Interstate Common Line Support ("ICLS"); High Cost Loop Support ("HCLS"); Safety Net Additive Support ("SNAS") and CAF-ICC Support ("CAF-ICC"). A description of these mechanisms and changes made by the Reform Order which will take effect in 2016 and 2017 are provided below.

With the release of the Reform Order, ROR carriers have the option to voluntarily elect to use a cost-based model for support known as the "Alternative Connect America Model" or "A-CAM." Carriers electing A-CAM support will receive model support for a ten year period that is associated with specific build-out obligations and will no longer receive ICLS and HCLS. Carriers that do not choose A-CAM support will remain on a modified version of ROR regulation under which the authorized interstate ROR will be reduced from 11.25% to 9.75% over a six-year period. CAF-ICC Support will remain regardless of whether the carrier chooses A-CAM or remains on modified ROR.

ICLS is a universal service mechanism which is based upon each companies embedded, interstate loop costs and allows rate-of-return companies to offset interstate common line access charges and recover its interstate common line revenue requirement and still allow SLCs to remain affordable to customers. ICLS is reimbursing incumbent local exchange carriers ("ILECs") for investments and expenses already incurred. The ICLS calculation uses the interstate cost structure of a rural ILEC based upon annual interstate cost studies that are submitted and certified by the companies and received by NECA. The difference between the interstate common line revenue requirement, again as set forth in the company's annual interstate cost study and the SLC revenue collected from end users, makes up the ICLS. The Reform Order makes the following changes to ICLS: (1) moves ICLS to a new mechanism called "Connect America Fund - Broadband Loop Support" or "CAF-BLS" which includes support for broadband-only loops; (2) applies a competitive overlap policy that subjects CAF-BLS to "disaggregation" in census blocks where an unsubsidized competitor demonstrates that it serves 85% or more of the locations within the census blocks with "qualifying" voice and broadband service; (3) establishes build-out obligations that require a certain percentage of CAF-BLS to be spent in areas that do not currently have broadband deployment of 10 Mbps downstream/1 Mbps upstream; and (4) imposes certain capital and operating expense limitations (impacts both CAF-BLS and HCLS).

The HCLS for rural ILECs is based upon each company's embedded, unseparated loop costs. These costs are calculated using a set of complex algorithms approved by the FCC, the inputs for which are scrutinized by NECA. Therefore, HCLS is reimbursing ILECs for investments and expenses already incurred. As noted above, the Reform Order imposes certain capital and operating expense limitations on HCLS as well as CAF-BLS.

SNAS is support above the HCLS cap for carriers that make significant investment in rural infrastructure in years in which HCLS is capped. SNAS is received for a five-year period. In its 2011 USF-ICC Transformation Order and 2014 Omnibus Order, the FCC ruled that the SNAS program would be eliminated. Accordingly, no company can qualify for SNAS in the future and none of those companies that have been receiving SNAS will receive this form of support after 2017.

CAF-ICC was established in the USF-ICC Transformation Order and includes a recovery mechanism designed to partially offset revenues reduced as a result of the intercarrier compensation ("ICC") rate transition. For ROR carriers, the recovery mechanism begins with calculation of Base Period Revenue ("BPR"). BPR is the sum of certain ICC intrastate switched access revenues and net reciprocal compensation revenues received by March 31, 2012, for services provided during FY 2011, and the projected revenue requirement for interstate switched access services provided during the 2011-2012 tariff period. BPR is then reduced by 5% initially and by an additional 5% in each year of the transition. The amount a ROR carrier is entitled to recover in each year of the transition is equal to the adjusted BPR for the year in question less, for each relevant year of the ICC transition, the sum of: (1) projected intrastate (terminating) switched access revenue; (2) projected interstate switched access revenue; and (3) projected net reciprocal compensation revenue. This amount, known as Eligible Recovery, is recoverable through an Access Recovery Charge ("ARC") assessed on end-users, and, to the extent not recoverable through ARCs, through CAF-ICC support. The FCC also found that Eligible Recovery based on carrier's interstate switched access requirement allowed the FCC to eliminate Local Switching Support ("LSS") which had been a separate universal service support mechanism for ROR carriers.

All of these programs are administered through the USAC. USAC, as a private, not-for-profit corporation, is responsible for providing every state and territory of the United States with access to affordable telecommunications service through the federal USF. USAC has contracted with NECA to assist in data collection necessary for the remittance of universal service funds. What this means is that each company submits, no less frequently than annually, detailed information requested by NECA in the USF data collection process.

Rural ILECs must attest to the information submitted. Further, NECA and its auditors must attest to the validity and integrity of NECA's process. In other words, the ILEC cost studies and responses to data collection requests are subject to audit. The information provided in response to all of the universal service fund mechanisms utilizes FCC accounts for regulated costs and must be in compliance with FCC rules in Parts 32, 36, 54 and 64.

All cost studies submitted by rural ILECs and all USF funding submitted by rural ILECs must be based upon financial statements. NECA also performs focus reviews of cost studies as well as the USF filings for the cost companies involved in the NECA process. In addition, an officer of the rural ILEC must certify the accuracy and validity of the filed information.

HCLS data used in the HCLS calculations by NECA must also be filed with the FCC in October of each year. This data contains the regulated financial inputs into the algorithm as well as the number of loops that will receive universal service support.

BPR is calculated only one time, but is used during each step of the ICC recovery mechanism calculations for each year of the transition. Rate-of-return LECs calculated their BPR once as part of their tariff filings in 2012. Carriers must then file data on an annual basis regarding their ICC rates, revenues, expenses, and demand for the preceding fiscal year.

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3. SCT hereby certifies that it follows appropriate procedures for network outage reporting as per the Federal Outage Reporting Order and State Outage Reporting Requirements. For the period between March 1, 2015 and March 1, 2016, SCT did not have any Federal FCC reportable outages or Florida Public Service Commission reportable outages.

4. SCT hereby certifies that it had two requests for service from potential customers within its service area that were unfulfilled during the prior calendar year and has followed the appropriate procedures for reporting these as required by 47 C.F.R §54.313(a)(3) including detailing how SCT attempted to provide service to these potential customers..

5. SCT hereby certifies that for the period from March 1, 2015 and March 1, 2016 no Florida Public Service Commission or FCC complaints were received.

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

FURTHER AFFIANT SAYETH NOT.

James T. Schumacher

James T. Schumacher
Vice President – Finance and Administration

STATE OF FLORIDA
COUNTY OF ORANGE

Acknowledged before me this 6th day of June, 2016, by James T. Schumacher, as Vice President – Finance and Administration of Smart City Telecommunications LLC d/b/a Smart City Telecom, who is personally known to me or produced identification and who did take an oath.

Lynn B. Hall

Lynn B. Hall
Notary Public – State of Florida

LYNN B. HALL
Notary Public - State of Florida
Commission # FF 214965
My Comm. Expires Jul 23, 2019
Bonded through National Notary Assn.

NOTARY PUBLIC
STATE OF FLORIDA

Personally Known X
Produced Identification
Type of Identification Produced