

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of  
Access Reform Tariff Filings

)  
) 97-249 ✓  
) 97-250

**REPLY OF LAFOURCHE TELEPHONE COMPANY**

Lafourche Telephone Company ("Lafourche"), by its attorneys and pursuant to 47 C.F.R. § 1.773(b), hereby submits this reply to the Petition of AT&T Corp. ("AT&T") to suspend an investigate Lafourche's December 17, 1997 revision to its access tariff.<sup>1/</sup> AT&T's claim as to Lafourche's host/remote revenue requirement calculations are in error and should be disregarded.

AT&T states that Lafourche has inappropriately added together two years of host/remote revenue requirements (1995 and 1996) instead of using the latest year (1996) to develop a revenue adjustment factor for its tandem switched transport rates.<sup>2/</sup> AT&T claims that by using this methodology, Lafourche has significantly inflated its revenue adjustment factor and, consequently, doubled its host/remote cost recovery – from \$115,827 to \$356,257 – in the switched tandem transport rates.<sup>3/</sup>

AT&T's proposed methodology is in error and should be rejected. In its Access Charge Reform Order, the FCC required host/remote trunking costs in the Transport Interconnection Charge ("TIC") to be reallocated to the Tandem Switched Transport Category ("TSTC"). Moving the host/remote trunking costs from the TIC to the TSTC requires four steps. These

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<sup>1/</sup> In the Matter of Access Reform Tariff Filings, Petition of AT&T Corp. on Rate-of-Return LEC Tariff Filings (filed December 23, 1997).

<sup>2/</sup> Id. at 9.

<sup>3/</sup> Id.

steps were presented on Schedule 3 of Lafourche's cost support in its June 17, 1997 access tariff revision.<sup>4/</sup>

First, Lafourche identified host/remote revenue requirements of \$508,461 for the years 1995 and 1996, which were used in developing the TIC charge in the company's June 15, 1997 biennial access tariff filing.<sup>5/</sup> Second, Lafourche calculated host/remote tandem switched transport revenues of \$152,204, which were derived from its revised tandem switched transport charges (before adjustment for any host/remote revenue deficiency), and applied it to host/remote demand quantities for the same 1995-1996 test period.<sup>6/</sup> The excess host/remote revenue requirement over host/remote revenues of \$356,257 for the years 1995 and 1996 would normally be included in the TIC charge without any further rate adjustment.

In compliance with the Access Charge Reform Order, Lafourche determined its transport switched revenue requirement to be the sum of the host/remote revenue deficiency of \$356,257 for the years 1995 and 1996, and total tandem switched transport revenues from revised rates (before host/remote adjustment) of \$258,514 for the years 1995 and 1996. Lafourche then calculated a revenue adjustment factor of 2.378093 by dividing the tandem switched transport revenue requirement of \$614,771 by the total tandem switched transport revenues from revised rates for the years 1995 and 1996 (\$258,514).<sup>7/</sup> As a final step, Lafourche applied the revenue adjustment factor of 2.378093 to the revised tandem switched transport rate to arrive at the proposed adjusted Tandem Switched Transport Facility Termination and Mileage charges.<sup>8/</sup>

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<sup>4/</sup> See Attachment A.

<sup>5/</sup> See id. at schedule 3, page 4, line 45.

<sup>6/</sup> See id. at schedule 3, page 4, line 55.

<sup>7/</sup> See id. at schedule 3, page 4, line 63.

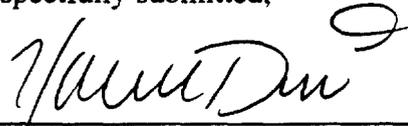
<sup>8/</sup> See id. at schedule 3, page 2.

Lafourche's proposed tandem switched transport charges are set to recover the tandem switched transport revenue requirement of \$614,771 for the historic 1995 and 1996 biennial test period.

As a subset 3 carrier and under Section 61.39, Lafourche is permitted to file historical biennial rates in support of its access tariff filings.<sup>9/</sup> Lafourche's most recent access tariff, filed June 15, 1997, used remote revenue requirements for the historic test period of January 1, 1995 through December 31, 1996 in support of its rate development methodology. Any adjustment to Lafourche's rates should therefore likewise rely on the historic test period identified in the company's June 15, 1997 tariff filing.

In developing a revenue adjustment factor to adjust its tandem switched transport rates, Lafourche properly relied upon the 1995-1996 historic test period identified in its latest biennial access tariff filing. AT&T's proposed methodology would understate Lafourche's host/remote revenue by \$240,430, thereby leaving this amount to be recovered from the TIC, and should be rejected.

Respectfully submitted,



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<sup>9/</sup> See 47 C.F.R. §§ 61.39 and 69.602.