

FILED/ACCEPTED

AUG - 6 2008

Federal Communications Commission  
Office of the Secretary

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of

**Federal-State Joint Board on Universal Service**

**Flat Rock Telephone Co-Op, Inc. (SAC #341012)**

Petition for Waiver of Section 54.301(e)(1) Filing Deadline

For Submission of True-Up Data for Local Switching

Support for a Rural Incumbent Local Exchange Carrier

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) *wc* 08-71 ✓  
) *CC* Docket No. 96-45  
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**PETITION FOR WAIVER OF SECTION 54.301(e)(1) DEADLINE  
FOR LOCAL SWITCHING SUPPORT TRUE-UP DATA**

Flat Rock Telephone Co-Op, Inc. ("Flat Rock"; Service Provider ID Number 143013247; Study Area Code 341012), by its attorney and pursuant to Section 1.3 of the Commission's Rules, requests waiver of the December 31, 2007 deadline established by Section 54.301(e)(1) of the Rules for the submission of true-up data for adjustment of its Local Switching Support ("LSS") for calendar year 2006. The requested waiver is needed because an inadvertent clerical error resulted in the attachment of a document other than Flat Rock's intended trued-up version of FCC Form LSSc (Local Switching Support Reporting Worksheet for Cost Companies) for 2006 to the electronic mail submission that was made to the Universal Service Administrative Company ("USAC") in timely fashion on December 19, 2007. Without the requested waiver, Flat Rock is threatened with the potential loss of approximately \$87,000 of LSS which it has received and to which it is otherwise entitled for calendar year 2006.

Good cause exists for the requested waiver because: (1) Flat Rock made material and substantial attempts to comply with the Section 54.301 requirements for LSS for calendar year 2006, including the timely and proper submission to USAC on September 27, 2005, of its projected LSS data for calendar year 2006; (2) Flat Rock made a timely and good faith effort to

prepare and submit its true-up LSS data for calendar year 2006 before the December 31, 2007 deadline, but inadvertently attached the wrong document to its intended December 17, 2007 email submission of the true-up data due to a clerical error; (3) Flat Rock believed that it had complied with all Section 54.301 filing requirements for calendar year 2006, and had no reason to suspect otherwise until it received a Disbursement Adjustment Invoice, dated June 20, 2008, from USAC seeking return of \$86,889 of LSS for calendar year 2006; (4) Flat Rock immediately investigated the matter, found the suspected clerical error that explains the situation, and promptly submitted its intended 2006 true-up data to USAC on July 1, 2008; (5) grant of the requested waiver will have no significant adverse impact upon USAC's administration of the LSS program; (6) the loss of approximately \$87,000 of LSS will impair the ability of Flat Rock to invest in new and upgraded telecommunications infrastructure, and may ultimately result in service quality decreases or local service rate increases for its rural Illinois member-customers; and (7) the loss of approximately \$87,000 of annual LSS would constitute an excessive penalty for Flat Rock and its member-customers for what was an unintentional clerical error.

## I

### Background

Flat Rock is an Illinois rural telephone cooperative that maintains its headquarters at 104 North Rundle Street (P.O. Box 147) in Flat Rock, Illinois 62427-0147. Flat Rock serves a single exchange (approximately 530 access lines) in and around the village of Flat Rock (2000 population: 415) in Crawford County in rural southeastern Illinois. This single exchange constitutes the entire local exchange service area of Flat Rock, as well as its entire Illinois study area (Study Area No. 341012).

Flat Rock is a rural telephone company, an incumbent local exchange carrier ("ILEC") and a Rate of Return carrier that operates on a cost basis. It has been an eligible telecommunications carrier ("ETC") since the Telecommunications Act of 1996 was first implemented. During recent years, Flat Rock has been receiving LSS, High Cost Loop Support ("HCL") and Interstate Common Line Support ("ICLS"), with LSS constituting about half of its total monthly Universal Service Fund ("USF") support during the first half of 2008.

On September 27, 2005, Flat Rock's cost consultants submitted to USAC via electronic mail (Attachment A) its original projection for LSS for calendar year 2006 on a version of FCC Form LSSc (Local Switching Support Reporting Worksheet for Cost Companies) (Attachment B). This filing was made in timely fashion prior to the October 1 deadline established by Section 54.301(b) of the Rules. Flat Rock's original projection estimated that it should receive \$99,387 of LSS for calendar year 2006. Flat Rock received an email receipt confirmation later that day (Attachment C), and received monthly LSS disbursements from USAC during 2006 without any questions or comments.

During November or early December, 2007, Flat Rock's cost consultants prepared its "True-up to Actual" historical LSS data filing for calendar year 2006 on a version of FCC Form LSSc (Local Switching Support Reporting Worksheet for Cost Companies) (Attachment D). The actual historical switching revenue requirement data therein indicated that Flat Rock was entitled to \$86,758 of LSS for 2006, rather than the originally projected \$99,387. Flat Rock reviewed and approved the true-up submission, and its responsible Executive Vice President signed the certification for the FCC Form LSSc on December 12, 2007 (Attachment E).

On December 19, 2007, Flat Rock's cost consultant submitted what he intended and believed to be Flat Rock's certification and trued-up FCC Form LSSc for calendar year 2006 to

USAC via email (Attachment F). Unfortunately, in retrospect, an employee of the cost consultant appears to have correctly attached to the email the correct Flat Rock certification, but to have erroneously attached a letter to Flat Rock rather than the intended trued-up version of FCC Form LSSc for Flat Rock. It appears that the letter was saved in an Adobe file named "Flat Rock Letter.pdf" while the trued-up FCC Form LSSc was saved in an Adobe file named "Flat Rock.pdf," and that the two files were adjacent to one another in the consultant's computer directory (Attachment G). It is not certain at this time whether the cost consultant's employee confused the name of the desired file, or accidentally clicked on one when he intended to attach the other and failed to notice his "fat finger" error. In any event, the intended trued-up FCC Form LSSc was completed and ready for filing in timely fashion, but was not attached to the December 19, 2007, email submission due to an inadvertent clerical error.

Flat Rock's cost consultant received an "Email Receipt Confirmation" from USAC's agent later on December 19, 2007 (Attachment H). Flat Rock and its cost consultant believed that they had completed all of the Section 54.301 filing requirements for 2006 LSS twelve days prior to the December 31, 2007 true-up deadline specified in Section 54.301(e)(1). Prior to late June 2008, they received no inquiries or other communications from USAC or the Commission or any other entity that might have led them to suspect anything to the contrary.

On or about June 26, 2008, Flat Rock received a "Disbursement Adjustment Invoice" dated June 20, 2008 (Attachment I) from USAC, containing a charge of \$86,889.00 for "High Cost Support Mechanism Disbursement Adjustment LSS True-up 2006." Flat Rock forwarded the invoice to its cost consultant for analysis and investigation. The cost consultant reviewed the matter, consulted with USAC, and determined that the charge was very likely the result of an inadvertent attachment of the wrong file to the December 19, 2007, true-up submission.

On July 1, 2007, Flat Rock's cost consultants transmitted the correct and intended "True-up to Actual" FCC Form LSSc for calendar year 2006 to USAC (Attachment J). The true-up submission (Attachment D) did not have to be created or revised. Rather, it had been saved and maintained in the cost consultant's computer files since it had been completed, approved and certified in mid-December 2007.

## II

### Good Cause Exists for Waiver of the Section 54.301(e)(1) Deadline

Section 1.3 of the Rules permits the Commission's rules to be waived for good cause shown. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. Northeast Cellular Telephone Co. v. FCC, 897 F.2d 1164, 1166 (D.C. Cir. 1990). In addition, the Commission may take into account considerations of hardship, equity, and the effective implementation of public policy on an individual basis. WAIT Radio v. FCC, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972).

#### **A. Material and Substantial Compliance Efforts**

The special circumstances supporting grant of the requested waiver begin with the material and substantial efforts made by Flat Rock to comply with all of the requirements and filings necessary to qualify for and receive LSS for calendar year 2006.

For small ILECs like Flat Rock having fewer than 50,000 access lines in their study area, the principal Commission filing requirement is Section 54.301(b) of the Rules, which requires submission to USAC on or before October 1 of each year of the ILEC's projected dollar amounts for the accounts used to calculate its projected total unseparated local switching revenue

requirement. Flat Rock submitted its "Original Projection" for LSS for calendar year 2006 (Attachment B) in timely fashion on September 27, 2005 (Attachment A). This filing appears to have been complete and fully compliant with the substantive as well as procedural requirements of Section 54.301(b), and Flat Rock received monthly LSS disbursements from USAC during 2006 without any questions or modifications.

In November and early December 2007, Flat Rock had its cost consultant address its other significant Section 54.301 filing obligation by assembling the requisite historical cost data and preparing its "True-up to Actual" calculation of LSS for calendar year 2006 (Attachment D). Flat Rock reviewed and approved the true-up filing, and had its responsible officer certify the document on December 12, 2007 (Attachment E). Both Flat Rock and its cost consultant believed that the trued-up data and certification were filed with USAC via electronic mail on December 19, 2007, and that all of Flat Rock's Section 54.301 filing obligations for calendar year 2006 had been completed in timely fashion.

Once Flat Rock discovered in late June 2008 that the trued-up data had not been attached to the December 19, 2007 email, it proceeded promptly to file the trued-up data with USAC (Attachment J).

In sum, throughout the entire period and circumstances relating to this proceeding, Flat Rock made substantial, material, prompt and good faith efforts to comply with the LSS requirements and procedures of this Commission and USAC.

#### **B. Inadvertent Clerical Error**

Like errors in baseball, clerical errors are an unavoidable fact of life in our increasingly computer and data-based society. No matter how much training and practice an entity requires and no matter how many operating and supervisory procedures it mandates, the human beings that it

employs will inevitably hurry or suffer momentary attention lapses, and fail to notice that someone has hit the wrong key or missed the right one. As the Commission itself is well aware, errata regularly have to be issued to correct clerical errors and omissions in its own orders.

The Commission has frequently waived deadlines that were missed due to clerical errors and similar inadvertent mistakes, and/or allowed modification or correction of the affected filings. It has found that policy and equitable considerations, as well as the avoidance of undue hardship, warrant the grant of waivers in such circumstances. See, for example, *Aventure Communications Technology, L.L.C., Request for Review of USAC Rejection Letter and Request for Waiver of USAC 45 Day Revision Deadline*, CC Docket No. 95-45 and WC Docket No. 06-122, DA 08-1514 (Wireline Comp. Bur. June 26, 2008) (waiver of FCC Form 499-Q revision period to allow USF contributor to correct erroneous input of total revenues in order to avoid large overpayment of USF contributions); *Mineola Union Free School District, FCC Form 471*, DA 08-872 (Wireline Comp. Bur. April 14, 2008) (Schools and Libraries support applicant permitted to correct clerical error that resulted in omission of two funding requests totaling approximately \$15,000); *APCC Services, Inc. et al. v. Network IP, LLC et al., File No. EB-03-MD-011*, released October 27, 2005 (waiver of six-month period for conversion of informal complaint to formal complaint due to submission of outdated and incorrect filing fee by counsel); *Metricom, Inc. Request for Waiver of Section 27.208(A) of the Commission's Rules*, 13 FCC Rcd 890 (Wireless Tel. Bur. 1998) (waiver of payment deadline when bank error in transmitting payment caused the delay); *Atlanta Trucking Associates, Inc. et al.*, FCC 97-154, released May 6, 1997 (waiver of bid withdrawal payment requirements due to clerical errors and remote bidding system design problem); and *Application of Fred Farley for Authority to Construct and Operate a Domestic Public Cellular radio*

*Telecommunications Service*, 4 FCC Rcd 4670 (Comm. Carr. Bur. 1989) (waiver of filing deadline because clerical error caused improper filing on due date).

Here, Flat Rock complied fully with the "Original Projection" requirement of Section 54.301(b) and took every substantive step necessary to comply with the "True-up to Actual" requirement of Section 54.301(e)(1). The innocent clerical error that thwarted its latter effort was the kind that everyone attaching documents to emails or to electronic filings with the Commission is likely to make at some time. Undersigned counsel would not be shocked if he has made the same clerical error and, if he has not, expects that his luck will run out some day. Equity requires that Flat Rock's substantial compliance efforts be recognized and that the Section 54.301(e)(1) deadline be waived in order to avoid the imposition of undue hardship for a wholly innocent and readily understandable clerical error.

#### **C. No Adverse Impact on USF Administration**

USAC received Flat Rock's projected LSS data for calendar year 2006 in timely fashion on September 27, 2005 (Attachments A and B), and was able to incorporate Flat Rock's projected LSS needs into its contribution and disbursement plans and programs for 2006. Flat Rock's 2006 true-up data, which will require Flat Rock to return approximately \$12,800 of the projected LSS that it received during 2006, was filed promptly on July 1, 2008 (Attachments J and D) after the clerical error was discovered. The relatively brief delay in USAC's receipt of the true-up data and the relatively small Flat Rock adjustment (as compared to the overall size of the approximately \$468 million LSS program) will not disrupt or delay USAC's administration of the LSS program or other federal USF programs. Hence, grant of Flat Rock's requested waiver will not adversely impact administration of the USF programs.

#### **D. Adverse Impacts upon Investment, Local Rates and Jobs**

In contrast, the loss of the approximately \$87,000 of LSS to which Flat Rock was entitled for 2006 would be a severe blow to the member-customers of the small, 530-line cooperative. That amount represents approximately 11.9 percent of Flat Rock's regulated telecommunications revenues for 2006, and approximately 8.3 percent of its total revenues for that year.

Revenue losses of this magnitude are extremely onerous and disruptive for small companies like Flat Rock, particularly when they are not accompanied by any offsetting local switching or other cost reductions. Flat Rock will have no choice but to reduce its cash outlays, or increase its revenues from other sources, in order to offset such a substantial LSS loss.

One option would be to increase the local service rates paid by Flat Rock's rural customer-members. The projected \$87,000 reduction in LSS represents an average of \$164.15 for each of the approximate 530 access lines in Flat Rock's Illinois study area. Rate increases to recover such amounts constitute an unwarranted penalty to Flat Rock's member-customers for an innocent clerical error, and do not advance the fundamental Universal Service principle of just, reasonable and affordable rates.

In the alternative, the loss of approximately \$87,000 of LSS revenues will impair their ability of Flat Rock to invest in infrastructure additions and upgrades, thereby reducing the future services and service quality available to its rural member-customers. In addition to eliminating \$87,000 in potential cash reserves available for equipment purchases and down payments, the LSS revenue loss will make it more difficult for Flat Rock to obtain infrastructure investment loans at reasonable interest rates by reducing the assets and financial ratios used by bankers to evaluate and price such loans.

Yet another alternative for offsetting a loss of \$87,000 in LSS is to reduce operating expenses. Whereas rural telephone companies take very seriously their responsibilities as significant employers in rural communities, it may not be possible for a small company like Flat Rock to weather an \$87,000 LSS revenue loss without cutting jobs or salaries. In very small rural communities like Flat Rock, Illinois (2000 population: 415), the loss or temporary lay-off of even a couple of telephone cooperative jobs can cause significant disruptions and hardships.

#### E. Excessive and Onerous Penalty

It is not readily clear in Section 54.301(e) of the Rules that the Commission has imposed a penalty entailing the loss of the entire year's LSS for a late-filed true-up data submission, or that it has authorized USAC to adopt and implement such a penalty. However, assuming *arguendo* that such a penalty is lawful and appropriate, the Commission has been particularly sympathetic to LSS filing errors and omissions because a single missed filing deadline can endanger a small carrier's critical LSS support for an entire year, and has granted waivers to avoid excessive and onerous penalties for missed LSS deadlines. For example, in *Smithville Telephone Company*, 19 FCC Rcd 8891 (Wireline Comp. Bur. May 18, 2004), the Section 54.301(b) LSS deadline was waived to accept a projected LSS data submission that was filed four months late due to disruptions caused by the death of the carrier's president and the illness of its regulatory accountant. Similarly, in *Alliance Communications Cooperative, Inc. and Hills Telephone Company, Inc.*, DA 05-3024 (Wireline Comp. Bur. November 22, 2005), the Section 54.301(b) LSS deadline was waived to accept a projected LSS data submission that was filed four months late due to disruptions caused by corporate reorganizations and employee reassignments. Again, in *Farmers Mutual Telephone Company*, DA 08-925 (Wireline Comp. Bur. April 21, 2008), the Section 54.314(d) filing deadline for state certification was waived in order to allow a LSS recipient to

receive support when confusion between it and the Idaho Public Utility Commission regarding new state ETC requirements resulted in a late-filed certification.

Penalties and forfeitures are not favored by the law, and should be enforced only when they are within both the spirit and letter of the law. *United States v. One Ford Coach*, 307 U.S. 219, 226 (1939). In determining whether penalties and fines are excessive, courts have examined whether they are "so disproportionate to the offense as to shock public sentiment" or "contrary to the judgment of reasonable people concerning what is proper under the circumstances." *Hindt v. State*, 421 A.2d 1325, 1333 (Del. 1980).

The imposition of an effective penalty of approximately \$87,000 upon Flat Rock for an inadvertent clerical error would be wholly disproportionate to the alleged "offense" and would be deemed "excessive" in the judgment of virtually all reasonable people. In this respect, it should be noted that Section 503(b)(2)(B) of the Act imposes a maximum penalty of \$100,000 (or not much more than \$87,000) upon a common carrier for a willful violation of a law or regulation.

### III

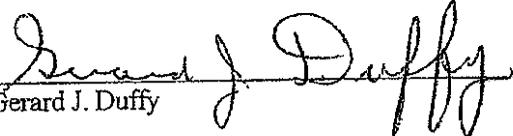
#### Conclusion

Good cause, as well as considerations of hardship, equity, and the effective implementation of the Commission's universal service policies, warrant grant of Flat Rock's requested waiver of the Section 54.301(e)(1) LSS true-up filing deadline. Flat Rock complied with the critical Section 54.301(b) projected LSS requirements and deadline, and exerted every reasonable effort to comply fully and in good faith with the Section 54.301(e)(1) true-up deadline only to be frustrated at the last moment by an innocent and unintentional clerical error. Whereas grant of the requested waiver will not disrupt or impair USAC's administration of LSS

and other universal service programs, the potential loss by Flat Rock of approximately \$87,000 of LSS for 2006 to which it is otherwise entitled would impose severe and unwarranted hardships upon its member-customers, employees and investment plans and constitute an excessive and onerous penalty for the clerical error.

Good cause having been shown, the Commission is requested to waive the Section 54.301(e)(1) true-up deadline, and to order USAC to cease its efforts to recover the approximately \$87,000 of trued-up LSS to which Flat Rock was entitled for calendar year 2006.

Respectfully submitted,  
FLAT ROCK TELEPHONE CO-OP, INC.

By   
Gerard J. Duffy

Its Attorney

Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP  
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Washington, DC 20037  
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Facsimile: (202) 828-5568  
Email: [gid@bloostonlaw.com](mailto:gid@bloostonlaw.com)

Dated: July 15, 2008

DECLARATION

I, Kevin J. Jacobsen, hereby declare, under penalty of perjury, as follows:

1. I am the Executive Vice President of Flat Rock Telephone Co-Op, Inc. ("Flat Rock").
2. I have reviewed Flat Rock's "Petition for Waiver of Section 54.301(e)(1) Deadline for Local Switching Support True-Up Data," dated July 15, 2008, and declare that the factual statements and representations therein are true and correct to the best of my knowledge, information and belief.



\_\_\_\_\_  
Signature

July 16, 2008  
\_\_\_\_\_  
Date

**Attachment A**

**Bryan Sant**

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**From:** HC FILINGS [HCFilings@telcordia.com]  
**Sent:** Tuesday, September 27, 2005 5:26 PM  
**To:** bsant@gvnw.com  
**Subject:** RE: 2006 Local Switching Support Filing

EMAIL RECEIPT CONFIRMATION!

-----Original Message-----

**From:** bsant@gvnw.com [mailto:bsant@gvnw.com]  
**Sent:** Tuesday, September 27, 2005 3:53 PM  
**To:** HC FILINGS  
**Subject:** 2006 Local Switching Support Filing

Please see the attached file for the 2006 Local Switching Support - Original Projection for Flat Rock Telephone Cooperative, Filer # 341012.

Bryan Sant  
GVNW Consulting, Inc.  
3220 Pleasant Run  
Springfield, IL 62711  
Ph : (217) 698-2700  
Fax: (217) 698-2715

**Attachment B**

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by OMB  
3660-0814

Ave. Burden Estimate per Respondent: 24 Hours  
S:\LSS\2006 SUBMISSION\Flat Rock 2006 LSS.XLS\Inputs

CS File: 225-PROJ06

(010) Exchange Carrier Study Area Code (010) 341012  
 (020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Cooperative, Inc.  
 (023) Data Period (023) 2006  
 (025) Submission Period (Check One) Original Projection  True-up to Actual

(030) Contact Name: Person USAC should contact for questions about this data (030) John Ewert

(040) Contact Telephone Number: Number of the person identified in Data Line (030). (040) (217) 698-2700

(045) Tax Status (Y = Taxable, N = NonTaxable) (045) Y

II. WORKING LOOPS & DIAL EQUIPMENT MINUTE FACTOR

(050) Category 1.3 Loops: Enter the count of Category 1.3 Loops excluding Category 1.3 TWX (Teletypewriter Exchange service) loops. (050) 545

(060) 1996 Interstate Unweighted Dial Equipment Minute (DEM) Factor used in 1996 Cost Study (n.nnnnn) (060) 0.217480

(070) 1996 DEM Weighting Factor (n.n) (070) 3.0

III. INVESTMENT, PLANT OPERATIONS EXPENSE AND TAXES

	Total Account	Local Switching
(100) Account 200 - Telecommunication Plant In Service	(100) <u>2,756,721</u>	
(110) Account 221 - Central Office Switching Equipment	(110) <u>758,779</u>	
(115) Account 221) Cat. 3 - COE Category 3 (local switching) W/Pwr & Com	(115) <u>695,516</u>	<u>\$695,516</u>
(120) Account 222 - Operator System Equipment	(120) <u>0</u>	
(130) Account 223 - Central Office Transmission Equipment	(130) <u>493,733</u>	
(140) Total Central Office Equipment [Sum of Data Lines (110) + (120) + (130)]	(140) <u>1,192,512</u>	
(150) Account 231 - Information Origination/Termination	(150) <u>0</u>	
(160) Account 241 - Cable and Wire Facilities	(160) <u>1,078,244</u>	
(170) Account 211 - General Support Facilities	(170) <u>485,817</u>	<u>\$148,802</u>
(180) Account 268 - Amortizable Tangible Assets	(180) <u>0</u>	<u>\$0</u>
(190) Account 269 - Intangibles	(190) <u>148</u>	<u>\$45</u>
(200) Account 2002 - Property Held for Future Telecommunications Use	(200) <u>0</u>	<u>\$0</u>
(210) Account 2003 - Telecommunications Plant Under Construction	(210) <u>0</u>	<u>\$0</u>
(220) Account 2005 - Telecommunications Plant Adjustment	(220) <u>0</u>	<u>\$0</u>
(230) Account 1402 - Investments in non-Affiliated Companies (Rural Telephone Bank Stock)	(230) <u>12,260</u>	<u>\$3,091</u>
(240) Account 1220 - Materials and Supplies	(240) <u>65,768</u>	<u>\$16,593</u>
(250) Cash Working Capital	(250) <u>16,524</u>	<u>\$4,169</u>
(260) Account 3100 - Accumulated Depreciation-Switching	(260) <u>682,274</u>	<u>\$625,389</u>
(265) Account 3100 - Accumulated Depreciation-Support Assets	(265) <u>327,794</u>	<u>\$82,702</u>

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by OMB  
3060-0814

Ave. Burden Estimate per Respondent: 24 Hours  
S:\LSS\2006 SUBMISSION\Flat Rock 2006 LSS.XLS\Inputs

CS File: 225-PROJ06

(010) Exchange Carrier Study Area Code (010) 341012  
 (020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Cooperative, Inc.  
 (023) Data Period (023) 2006  
 (025) Submission Period (Check One) Original Projection  True-up to Actual

(270)	Account 4100 - Net Deferred Operating Income Taxes	(270)	<u>0</u>	<u>\$0</u>
(280)	Account 4340 - Net Noncurrent Operating Income Taxes	(280)	<u>0</u>	<u>\$0</u>
(290)	Account 3400 - Accumulated Amortization - Tangible	(290)	<u>0</u>	<u>\$0</u>
(300)	Account 3500 - Accumulated Amortization - Intangible	(300)	<u>0</u>	<u>\$0</u>
(310)	Account 3600 - Accumulated Amortization - Other	(310)	<u>0</u>	<u>\$0</u>
(320)	Account 6110 - Network Support Expense	(320)	<u>0</u>	<u>\$0</u>
(330)	Account 6120 - General Support Expense	(330)	<u>20,186</u>	<u>\$6,183</u>
(340)	Account 6210 - Central Office Switching Expense	(340)	<u>70,165</u>	<u>\$40,923</u>
(350)	Account 6220 - Operator Systems Expense	(350)	<u>0</u>	<u>\$0</u>
(360)	Account 6230 - Central Office Transmission Expense	(360)	<u>55,879</u>	<u>\$32,591</u>
(361)	Account 6310 - Information Origination/Termination Expense	(361)	<u>0</u>	
(362)	Account 6410 - Cable and Wire Facilities Expense	(362)	<u>29,213</u>	
(370)	Account 6510 - Other Property Plant and Equipment Expense	(370)	<u>0</u>	<u>\$0</u>
(380)	Account 6530 - Network Operations Expense	(380)	<u>8,423</u>	<u>\$1,621</u>
(381)	Account 6540 - Access Expense	(381)	<u>0</u>	
(390)	Account 6610 - Customer Services Marketing Expense	(390)	<u>6,806</u>	<u>\$1,717</u>
(400)	Account 6620 - Customer Operations Services Expense	(400)	<u>43,549</u>	<u>\$10,987</u>
(410)	Account 6710 - Executive and Planning Expense	(410)	<u>22,601</u>	<u>\$9,369</u>
(420)	Account 6720 - Corporate Operations Expense	(420)	<u>128,977</u>	<u>\$53,431</u>
(430)	Account 7230 - Operating State and Local Income Taxes	(430)	<u>1,025</u>	<u>\$259</u>
(440)	Account 7240 - Operating Other Taxes	(440)	<u>3,453</u>	<u>\$871</u>
(450)	Account 7210 - Operating Investment Tax Credits - net	(450)	<u>0</u>	<u>\$0</u>
(460)	Account 7250 - Provision for Deferred Operating Income Taxes -net	(460)	<u>0</u>	<u>\$0</u>
(470)	Account 6590 - Depreciation and Amortization Expense-Switching	(470)	<u>33,923</u>	<u>\$31,095</u>
(475)	Account 6560 - Depreciation and Amortization Expense-Support	(475)	<u>35,739</u>	<u>\$9,017</u>
(480)	Account 7370 - Charitable Contributions only	(480)	<u>0</u>	<u>\$0</u>
(490)	Account 7500 - Interest and Related Items	(490)	<u>0</u>	<u>\$0</u>
(500)	Account 7340 - Allowance for Funds Used During Construction	(500)	<u>0</u>	<u>\$0</u>

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by DMB  
3060-0814

Ave. Burden Estimate per Respondent: 24 Hours  
S:\LSS\2006 SUBMISSION\Flat Rock 2006 LSS.XLS\Inputs

CS File: 225-PROJ06

(010) Exchange Carrier Study Area Code (010) 341012  
 (020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Cooperative, Inc.  
 (023) Data Period (023) 2006  
 (025) Submission Period (Check One) Original Projection  True-up to Actual

(510)	Account 1410 - Other Non-current Assets	(510)	<u>0</u>	<u>\$0</u>
(520)	Account 1500 - Other Jurisdictional Assets - net	(520)	<u>0</u>	<u>\$0</u>
(530)	Account 4370 - Other Jurisdictional Liabilities and Deferred Credits - net	(530)	<u>0</u>	<u>\$0</u>
(540)	Account 4040 - Customer Deposits	(540)	<u>1,430</u>	<u>\$361</u>
(550)	Account 4310 - Other Long-Term Liabilities	(550)	<u>0</u>	<u>\$0</u>
(560)	Account 1430 - Deferred Maintenance and Retirements	(560)	<u>0</u>	<u>\$0</u>

A Factor	((COE Category 3)/(COE+CWF+10T))	<u>0.306293</u>
B Factor	(COE Category 3/Total Plant In Service)	<u>0.252298</u>
C Factor	(COE Category 3/Total COE)	<u>0.583235</u>
D Factor	(COE 3 Expense/Big 3 Expense)	<u>0.414264</u>
E Factor	(COE 3/COE Switching)	<u>0.916625</u>

Current Period Net Investment	<u>\$159,764</u>
Prior Period Net Investment	<u>\$182,006</u>
Average Net Investment	<u>\$175,885</u>
Return on Investment	<u>\$19,787</u>
Federal Taxable Income	<u>\$19,787</u>
Federal Income Tax Requirement	<u>\$10,655</u>
Expenses and Other Taxes	<u>\$198,056</u>
Local Switching Revenue Requirement	<u>\$228,498</u>
Local Switching Support	<u>\$99,387</u>

**Attachment C**

**Bryan Sant**

---

From: HC FILINGS [HCFilings@telcordia.com]  
Sent: Tuesday, September 27, 2005 5:26 PM  
To: bsant@gvnw.com  
Subject: RE: 2006 Local Switching Support Filing

EMAIL RECEIPT CONFIRMATION!

-----Original Message-----

From: bsant@gvnw.com [mailto:bsant@gvnw.com]  
Sent: Tuesday, September 27, 2005 3:53 PM  
To: HC FILINGS  
Subject: 2006 Local Switching Support Filing

Please see the attached file for the 2006 Local Switching Support - Original Projection for Flat Rock Telephone Cooperative, Filer # 341012.

Bryan Sant  
GVNW Consulting, Inc.  
3220 Pleasant Run  
Springfield, IL 62711  
Ph : (217) 698-2700  
Fax: (217) 698-2715

**Attachment D**

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by OMB  
3090-0814

Ave. Burden Estimate per Respondent: 24 Hours  
S:\COSTUDY\06STUDY\225\2006 LSS - Flat Rock.xls\Inputs

CS File: 225\_C06

(010) Exchange Carrier Study Area Code (010) 341012  
 (020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Coop, Inc.  
 (023) Data Period (023) 2006  
 (025) Submission Period (Check One) Original Projection  True-up to Actual

(030) Contact Name: Person USAC should contact for questions about this data (030) John Ewert  
 (040) Contact Telephone Number: Number of the person identified in Data Line (030). (040) (217) 690-2700  
 (045) Tax Status: (Y = Taxable, N = NonTaxable) (045) Y

II. WORKING LOOPS & DIAL EQUIPMENT MINUTE FACTOR

(050) Category 1.3 Loops: Enter the count of Category 1.3 Loops excluding Category 1.3 TWX (Teletypewriter Exchange service) loops. (050) 531  
 (060) 1996 Interstate Unweighted Dial Equipment Minute (DEM) Factor used in 1996 Cost Study (n.nnnnnn) (060) 0.217480  
 (070) 1996 DEM Weighting Factor (n.n) (070) 3.0

III. INVESTMENT, PLANT OPERATIONS EXPENSE AND TAXES

	Total Account	Local Switching
(100) Account 2001 - Telecommunication Plant in Service	<u>2,608,855</u>	
(110) Account 2210 - Central Office Switching Equipment	<u>741,304</u>	
(115) Account 2210 Cat. 3 - COE Category 3 (local switching) W/Pwr & Com	<u>722,302</u>	<u>\$722,302</u>
(120) Account 2220 - Operator System Equipment	<u>0</u>	
(130) Account 2230 - Central Office Transmission Equipment	<u>425,929</u>	
(140) Total Central Office Equipment [Sum of Data Lines (110) + (120) + (130)]	<u>1,167,233</u>	
(150) Account 2310 - Information Origination/Termination	<u>0</u>	
(160) Account 2410 - Cable and Wire Facilities	<u>1,033,179</u>	
(170) Account 2110 - General Support Facilities	<u>408,095</u>	<u>\$133,304</u>
(180) Account 2680 - Amortizable Tangible Assets	<u>0</u>	<u>\$0</u>
(190) Account 2690 - Intangibles	<u>146</u>	<u>\$49</u>
(200) Account 2002 - Property Held for Future Telecommunications Use	<u>0</u>	<u>\$0</u>
(210) Account 2003 - Telecommunications Plant Under Construction	<u>0</u>	<u>\$0</u>
(220) Account 2005 - Telecommunications Plant Adjustment	<u>0</u>	<u>\$0</u>
(230) Account 1402 - Investments in non-Affiliated Companies (Rural Telephone Bank Stock)	<u>0</u>	<u>\$0</u>
(240) Account 1220 - Materials and Supplies	<u>60,026</u>	<u>\$16,633</u>
(250) Cash Working Capital	<u>16,554</u>	<u>\$4,587</u>
(260) Account 3100 - Accumulated Depreciation-Switching	<u>670,037</u>	<u>\$652,862</u>
(265) Account 3100 - Accumulated Depreciation-Support Assets	<u>289,086</u>	<u>\$80,105</u>

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by OMB  
3060-0814

Avg. Burden Estimate per Respondent: 24 Hours  
S:\COSTUDY\06STUDY\225\2006 LSS - Flat Rock.xls\inputs

CS File: 225\_C06

(010) Exchange Carrier Study Area Code (010) 341012  
(020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Coop, Inc.  
(023) Data Period (023) 2006  
(025) Submission Period (Check One) Original Projection  True-up to Actual

(270) Account 4100 - Net Deferred Operating Income Taxes	(270) 0	\$0
(280) Account 4340 - Net Noncurrent Operating Income Taxes	(280) 0	\$0
(290) Account 3400 - Accumulated Amortization - Tangible	(290) 0	\$0
(300) Account 3500 - Accumulated Amortization - Intangible	(300) 0	\$0
(310) Account 3600 - Accumulated Amortization - Other	(310) 0	\$0
(320) Account 6110 - Network Support Expense	(320) 0	\$0
(330) Account 6120 - General Support Expense	(330) 19,800	\$5,500
(340) Account 6210 - Central Office Switching Expense	(340) 42,123	\$26,066
(350) Account 6220 - Operator Systems Expense	(350) 0	\$0
(360) Account 6230 - Central Office Transmission Expense	(360) 45,414	\$28,103
(361) Account 5310 - Information Origination/Termination Expense	(361) 0	
(362) Account 5410 - Cable and Wire Facilities Expense	(362) 27,939	
(370) Account 6510 - Other Property Plant and Equipment Expense	(370) 0	\$0
(380) Account 6530 - Network Operations Expense	(380) 12,242	\$3,392
(381) Account 6540 - Access Expense	(381) 0	
(390) Account 6610 - Customer Services Marketing Expense	(390) 10,786	\$2,989
(400) Account 6620 - Customer Operations Services Expense	(400) 46,489	\$13,436
(410) Account 6710 - Executive and Planning Expense	(410) 25,168	\$9,965
(420) Account 6720 - Corporate Operations Expense	(420) 121,031	\$47,888
(430) Account 7230 - Operating State and Local Income Taxes	(430) 7,125	\$1,974
(440) Account 7240 - Operating Other Taxes	(440) 5,777	\$1,801
(450) Account 7210 - Operating Investment Tax Credits - net	(450) 0	\$0
(460) Account 7250 - Provision for Deferred Operating Income Taxes - net	(460) 0	\$0
(470) Account 6560 - Depreciation and Amortization Expense-Switching	(470) 26,444	\$25,766
(475) Account 6560 - Depreciation and Amortization Expense-Support	(475) 21,396	\$5,929
(480) Account 7370 - Charitable Contributions only	(480) 0	\$0
(490) Account 7500 - Interest and Related Items	(490) 7,992	\$2,215
(500) Account 7340 - Allowance for Funds Used During Construction	(500) 0	\$0

LOCAL SWITCHING SUPPORT  
DATA COLLECTION FORM  
COST COMPANY

Approved by OMB  
3060-0814

Ave. Burden Estimate per Respondent: 24 Hours  
S:\COSTUDY\06STUDY\225\2006 LSS - Flat Rock.xls\inputs

CS File: 225\_C06

(010) Exchange Carrier Study Area Code (010) 341012  
 (020) Exchange Carrier Study Area Name (020) Flat Rock Telephone Coop, Inc.  
 (023) Data Period (023) 2006  
 (025) Submission Period (Check One) Original Projection  True-up to Actual

(510)	Account 1410 - Other Non-current Assets	(510)	<u>0</u>	<u>\$0</u>
(520)	Account 1500 - Other Jurisdictional Assets - net	(520)	<u>0</u>	<u>\$0</u>
(530)	Account 4370 - Other Jurisdictional Liabilities and Deferred Credits - net	(530)	<u>0</u>	<u>\$0</u>
(540)	Account 4040 - Customer Deposits	(540)	<u>1,438</u>	<u>\$398</u>
(550)	Account 4310 - Other Long-Term Liabilities	(550)	<u>0</u>	<u>\$0</u>
(560)	Account 1438 - Deferred Maintenance and Retirements	(560)	<u>0</u>	<u>\$0</u>

A Factor	((COE Category 3)/((COE+CWF+IOT))	<u>0.328258</u>
B Factor	(COE Category 3/Total Plant In Service)	<u>0.277099</u>
C Factor	(COE Category 3/Total COE)	<u>0.818816</u>
D Factor	(COE 3 Expense/Blg 3 Expense)	<u>0.395685</u>
E Factor	(COE 3/COE Switching)	<u>0.974367</u>

Current Period Net Investment	<u>\$143,509</u>
Prior Period Net Investment	<u>\$169,007</u>
Average Net Investment	<u>\$156,258</u>
Return on Investment	<u>\$17,579</u>
Federal Taxable Income	<u>\$15,364</u>
Federal Income Tax Requirement	<u>\$8,273</u>
Expenses and Other Taxes	<u>\$173,609</u>
Local Switching Revenue Requirement	<u>\$169,461</u>
Local Switching Support	<u>\$86,758</u>

**Attachment E**

Local Switching Support  
Instructions for 2006 Support Calculation

VII. CERTIFICATION

This certification statement must be signed by the officer or employee responsible for the overall preparation of the data submission. (Ref. Part 54 of FCC Rules, 47 C.F.R. Section 54.707).

The completed certification statement must accompany the data submission.

CERTIFICATION

I am Executive Vice President, I hereby certify that I have overall responsibility for  
(Title of Certifying Officer or Employee)  
the preparation of all data in the attached 2006 LSS data submission  
(Title of Data Submission)  
for Fear Rock Telephone Coop. and that I am authorized to execute this certification. Based  
(Name of Carrier)  
on information known to me or provided to me by employees responsible for the preparation of  
the data in this submission, I hereby certify that the data have been examined and reviewed and  
are complete, accurate, and consistent with the rules of the Federal Communications  
Commission.

Date:

12/12/07

Certifying Signature:

[Signature]

Name:

Kevin J. Jacobsen

Title:

Executive Vice President

Period Covered:

January 1, 2006 to December 31, 2006

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, as amended, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

**Attachment F**

**Bryan Sant**

---

**From:** Bryan Sant  
**Sent:** Wednesday, December 19, 2007 4:52 PM  
**To:** 'hcfilings@hcli.universalservice.org'  
**Subject:** 2006 LSS True Up  
**Attachments:** Flat Rock Letter.pdf; Flat Rock Certification.pdf

Please see the attached files for the 2006 Local Switching Support True-Up for Flat Rock Telephone Cooperative, Filer # 341012.

**Bryan Sant**  
**GVNW Consulting, Inc.**  
**(217) 862-1932**  
**(217) 698-2715 fax**

**Attachment G**

**Attachment H**

**Bryan Sant**

---

**From:** HC FILINGS [HCFilings@telcordia.com]  
**Sent:** Wednesday, December 19, 2007 5:16 PM  
**To:** Bryan Sant  
**Subject:** RE: 2006 LSS True Up

EMAIL RECEIPT CONFIRMATION!

---

**From:** Bryan Sant [mailto:bsant@gvnw.com]  
**Sent:** Wednesday, December 19, 2007 5:52 PM  
**To:** HC FILINGS  
**Subject:** 2006 LSS True Up

Please see the attached files for the 2006 Local Switching Support True-Up for Flat Rock Telephone Cooperative, Filer # 341012.

**Bryan Sant**  
**GYNW Consulting, Inc.**  
**(217) 862-1932**  
**(217) 698-2715 fax**

**Attachment I**

2006 SUBMISSION TRUE-UP

File Edit View Favorites Tools Help

Back Search Folders

Address bar: S:\2006 SUBMISSION\True-Up

Name	Size	Type	Date Modified
Flat Rock Issue		File Folder	6/27/2006 10:50 AM
Flat Rock Certification.pdf	46 KB	Adobe Acrobat Doc...	12/19/2007 5:16 PM
Flat Rock Letter.pdf	82 KB	Adobe Acrobat Doc...	12/12/2007 4:07 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 4:44 PM
Flat Rock Certification.pdf	60 KB	Adobe Acrobat Doc...	12/19/2007 5:24 PM
Flat Rock Letter.pdf	78 KB	Adobe Acrobat Doc...	12/12/2007 4:08 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 4:49 PM
Flat Rock Template.pdf	50 KB	Adobe Acrobat Doc...	12/12/2007 11:00 AM
Flat Rock Certification.pdf	62 KB	Adobe Acrobat Doc...	12/19/2007 6:24 PM
Flat Rock Letter.pdf	80 KB	Adobe Acrobat Doc...	12/12/2007 5:25 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 4:53 PM
Flat Rock Certification.pdf	65 KB	Adobe Acrobat Doc...	12/19/2007 5:25 PM
Flat Rock Letter.pdf	65 KB	Adobe Acrobat Doc...	12/19/2007 5:26 PM
Flat Rock Letter.pdf	84 KB	Adobe Acrobat Doc...	12/12/2007 4:10 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 5:00 PM
Flat Rock Certification.pdf	62 KB	Adobe Acrobat Doc...	12/19/2007 5:25 PM
Flat Rock Letter.pdf	85 KB	Adobe Acrobat Doc...	12/12/2007 4:12 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 5:23 PM
Flat Rock Certification.pdf	66 KB	Adobe Acrobat Doc...	12/19/2007 5:28 PM
Flat Rock Letter.pdf	81 KB	Adobe Acrobat Doc...	12/12/2007 4:11 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 5:23 PM
Flat Rock Certification.pdf	55 KB	Adobe Acrobat Doc...	12/31/2007 11:24 AM
Flat Rock 2006.pdf	51 KB	Adobe Acrobat Doc...	12/31/2007 10:59 AM
Flat Rock Certification.pdf	61 KB	Adobe Acrobat Doc...	12/19/2007 5:28 PM
Flat Rock Letter.pdf	80 KB	Adobe Acrobat Doc...	12/12/2007 4:14 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 5:30 PM
Flat Rock True-Up Certification...	37 KB	Microsoft Word Doc...	12/12/2007 6:05 PM
Flat Rock Certification.pdf	61 KB	Adobe Acrobat Doc...	12/19/2007 5:29 PM
Flat Rock Letter.pdf	86 KB	Adobe Acrobat Doc...	12/12/2007 5:52 PM
Flat Rock .pdf	51 KB	Adobe Acrobat Doc...	12/12/2007 5:28 PM
Flat Rock .pdf	52 KB	Adobe Acrobat Doc...	12/31/2007 11:29 AM
Flat Rock .pdf	140 KB	Adobe Acrobat Doc...	12/31/2007 10:56 AM

# USAC

Universal Service Administrative Company

Helping Keep America's Commerce

Statement Date: 7/20/2008

Invoice Number: NCHC00000042

SPIN Number: 143013217

Balance Due: \$26,889.00

Amount Enclosed: \$0.00

FLAT ROCK TEL CO-OP  
Attn: Donna Branson  
104 N. Rundle St. P.O. Box 147  
Flat Rock, IL 62127

Mail Payment To:  
Universal Service Administrative Company  
1259 Papyrus Circle  
Chicago, IL 60674-1259

Please read payment for this invoice separate of any payments towards a filed 1997 ID Contributor Invoice  
Send full portion of payment with payment. Keep bottom portion for your records.

### DISBURSEMENT ADJUSTMENT INVOICE

Date	Description	Charges	Credits
06/27/2008	Universal Service Administrative Company Disbursement Adjustment 7/15/2008	\$26,889.00	\$0.00

**BALANCE DUE USAC ON 7/15/2008 \$26,889.00**

POSTAL FAX Note 7671

To:	From:
Company:	CC:
Phone #:	Phone #:
Fax #:	Fax #:

The balance due on this Statement represents your mandatory obligation to universal service support and constitutes a Debt owed to the United States as defined by 31 U.S.C. 3701, the Debt Collection Act of 1992 (Public Law 3736) and the Debt Collection Improvement Act of 1996 (Public Law 104-134) as amended (the DCIA) and any amendments thereto. This Statement constitutes a demand for payment of the balance due. Non-payment will result in a default under the Federal Communications Regulations (47 C.F.R. 1.911) and the DCIA.

Invoice Date	Invoice Number	SPIN Number	Amount Due
7/20/2008	NCHC00000042	143013217	\$26,889.00

**PAYMENT INFORMATION**  
Payment must be received by the due date to avoid late payment penalty.  
Please mail ACH Payment to: CPO Form ID  
ADA 471005-2 or call 1-800-435-9000  
Please allow 48 hours for Company to verify SPIN Number and invoice Number.

**Attachment J**

**Gerard J. Duffy**

---

**From:** Jeff Gough [jgough@gvnw.com]  
**Sent:** Tuesday, July 01, 2008 9:42 AM  
**To:** Gerard J. Duffy  
**Cc:** 'Bob Schonmaker'  
**Subject:** FW: 2006 LSS

Gerry,

Here is a copy of the receipt from the filing of the correct 2006 LSS data for Flat Rock.

---

**From:** HC FILINGS [mailto:HCFilings@telcordia.com]  
**Sent:** Tuesday, July 01, 2008 8:29 AM  
**To:** Jeff Gough  
**Subject:** RE: 2006 LSS

EMAIL RECEIPT CONFIRMATION!

---

**From:** Jeff Gough [mailto:jgough@gvnw.com]  
**Sent:** Tuesday, July 01, 2008 8:43 AM  
**To:** HC FILINGS  
**Subject:** 2006 LSS

Transmitted is the 2006 Local Switching Support True-Up for Flat Rock Telephone Cooperative (Filer 341012). It was intended to be submitted on December 19, 2007, but it was recently discovered that another document was inadvertently substituted in the email transmission.

7/9/2008