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EX PARTE OR LATE FILED

FILED/ACCEPTED

SEP 22 2011

Federal Communications Commission
Office of the Secretary

ORIGINAL

September 22, 2011

Filed Via ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Notice of Ex parte regarding: WC Docket Nos. 10-90, 07-135, 05-337 and 03-109, GN Docket No. 09-51 and CC Docket Nos. 01-92 and 96-45 in the matter of Connect America Fund, a National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-cost Universal Support, developing a Unified Intercarrier Compensation Regime, federal-State Joint Board on Universal Service, Lifeline and Link-up

Dear Ms Dortch:

On September 21, 2011, Archie Macias of Wheat State Telephone Company, and Stuart Polikoff and Brian Ford of The Organization for the Promotion and Advancement of Small Telecommunication Companies (OPASTCO), met with the following members of the Federal Communications Commission's (FCC) Wireline Competition Bureau, Carol Mattey, Amy Bender, Al Lewis, Katie King, Doug Slotten, Gary Seigel, and Patrick Halley to discuss the FCC's pending universal service and inter-carrier compensation notice of proposed rulemaking in the referenced dockets. The discussion was both in general and how the proposed Rural Local Exchange Carrier (RLEC) plan and the American Broadband Connectivity (ABC) plan would impact Wheat State specifically.

Wheat State previously filed comments on April 18, 2011 in the mentioned dockets and on July 12, 2010 in the additional WC Docket Nos. 10-90 and 05-337, and GN Docket 09-51. Wheat State also participated in an ex parte meeting with the FCC on June 24, 2011.

Archie Macias presented a comparison of the impact of the proposed Connect America Fund (CAF) and ICC reform transition steps in the RLEC's plan versus the current Universal Service Fund support under FCC rules. Information was also provided that supported the fact that Kansas established a Kansas Universal Service Fund and statewide average local rates fifteen years ago, and that Kansas's approved intrastate access charges are in parity with interstate access charges.

On behalf of Wheat State Telephone Company and pursuant to Section 1.1206(b) of the Commission's rules, a redacted version of this submission is filed for inclusion in the public record of the referenced proceeding.

Sincerely,

William J. Warinner

William J. Warinner, Partner

MOSS ADAMS LLP

cc: Archie Macias, Wheat State Telephone Company

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WHEAT STATE TELEPHONE, INC.

EX PARTE PRESENTATION TO FCC WIRELINE COMPETITION BUREAU STAFF

REDACTED VERSION
CONFIDENTIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135, AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FCC

Washington, D.C.
September 21, 2011

Wheat State
TELEPHONE

INTRODUCTIONS

Archie Macias, General Manager
Wheat State Telephone
106 West First, PO Box 320
Udall, KS 67146-0320
620-782-3341
agmacias@wheatstate.com

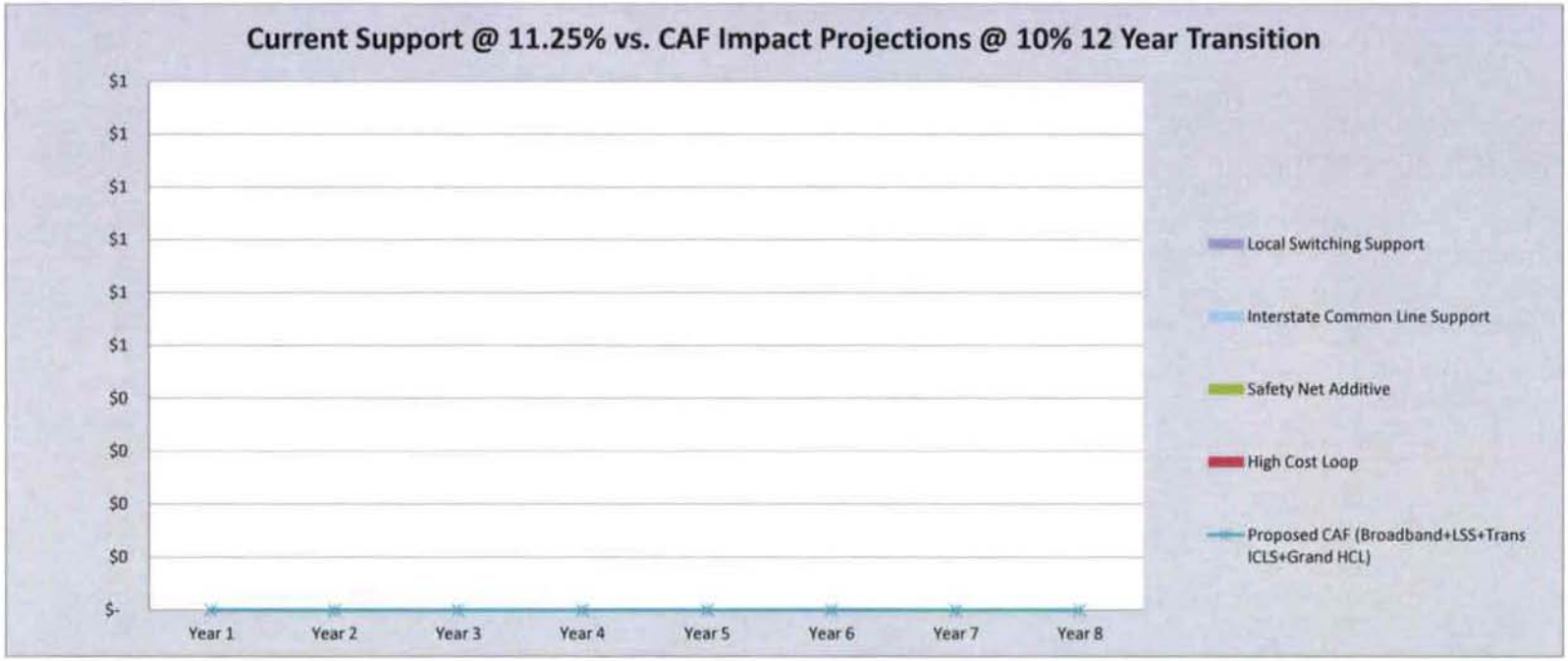
REDACTED VERSION
CONFIDENTIAL INFORMATION SUBJECT TO
PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET
NOS. 05-337, 07-135, AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FCC

CHARTS AND SUPPORTING DOCUMENTATION

1- Graph - Current Support @ 11.25% versus CAF Impact Projections @ 10%
2 - Graph - CAF Projections @ 10% versus Current Support @ 11.25%
3 - Graph - Line Graph comparing CAF Projections versus Current Support
4 - Graph - Compare CAF Projection with Interstate Revenue Requirement recoverable through rates and Current Support with Interstate Revenue Requirement Recoverable Through Rates
5 - Graph - Comparison of Current Terminating Revenue versus Proposed Terminating Revenue
6 - 10% ROR - Model at 10% RR and CAF Support
7 - Base @ 11.25% Model @ 11.25% and existing support
8 - ICC Revenue Impact - Calculates Transition to $ .007
9 - Corp Cap - provides High Cost Loop Calculation for Corporate Operations CAP

REDACTED VERSION
CONFIDENTIAL INFORMATION SUBJECT TO
PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET
NOS. 05-337, 07-135, AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FCC

Wheat State Telephone Company, Inc.
Summary of Support Under Current Rules
REDACTED VERSION



	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2018 Year 7	2019 Year 8
Current Support at 11.25%								
Local Switching Support								
High Cost Loop								
Safety Net Additive								
Interstate Common Line Support								
Current Support at 11.25%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CAF Impact Projections @ 10% 12 Year Transition								
Proposed CAF (Broadband+LSS+Trans ICLS+Grand HCL)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNATION COMMISSION

Wheat State Telephone Company, Inc.
Summary of Support Under Proposed CAF Changes
REDACTED VERSION

	2012	2013	2014	2015	2016	2017	2018	2019
AF Impact Projections @ 10% 12 Year Transition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
Total Proposed CAF	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
urrent Support at 11.25%								
Current Support (HCL+LSS+ICLS+SNA+SV)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

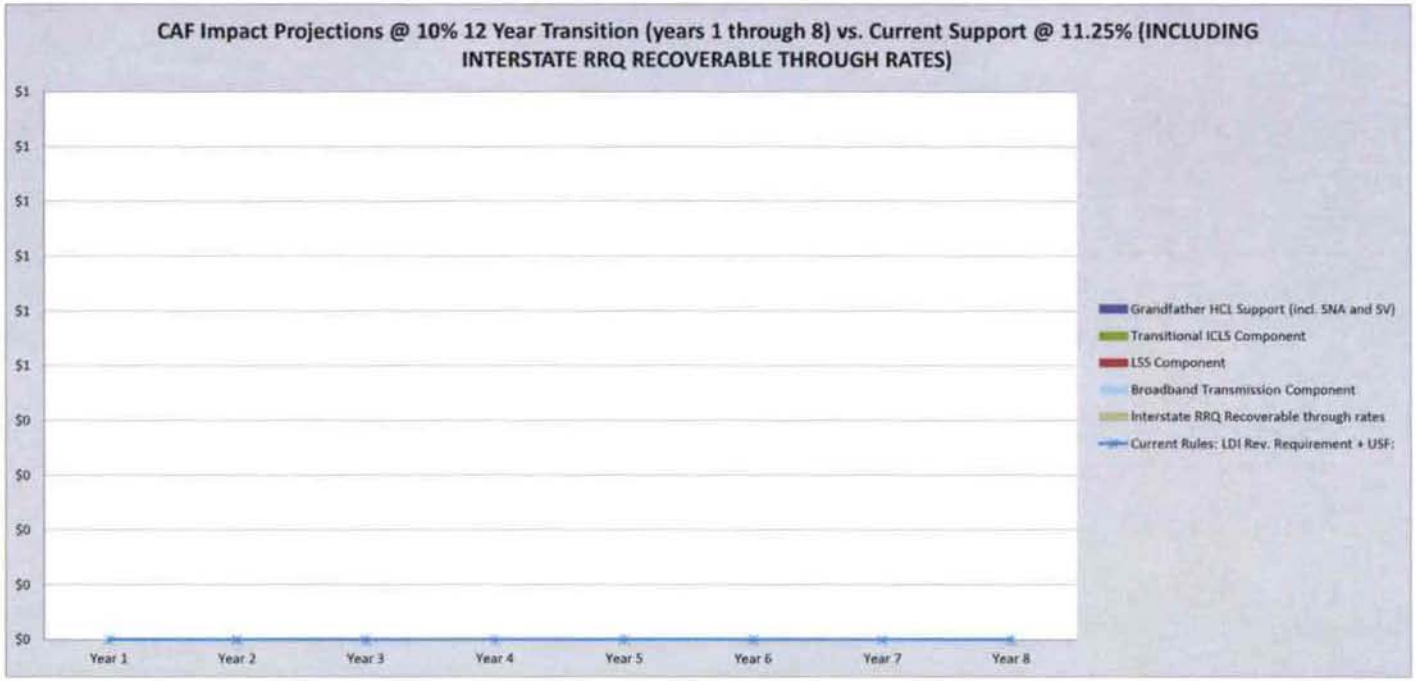
CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, **07-135 AND 10-90 AND GN** DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNATION COMMISSION

Wheat State Telephone Company, Inc.
Comparison of Current Support and Support Under Proposed CAF Changes
REDACTED VERSION

	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2018 Year 7	2019 Year 8
CAF Impact Projections @ 10% 12 Year Transition								
Current Support at 11.25%								
Difference Proposed CAF vs. Existing Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Summary of Support Components								
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
CAF Impact Projections @ 10% 12 Year Transition	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Switching Support								
High Cost Loop								
Safety Net Additive								
Interstate Common Line Support								
Current Support at 11.25%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNATION COMMISSION

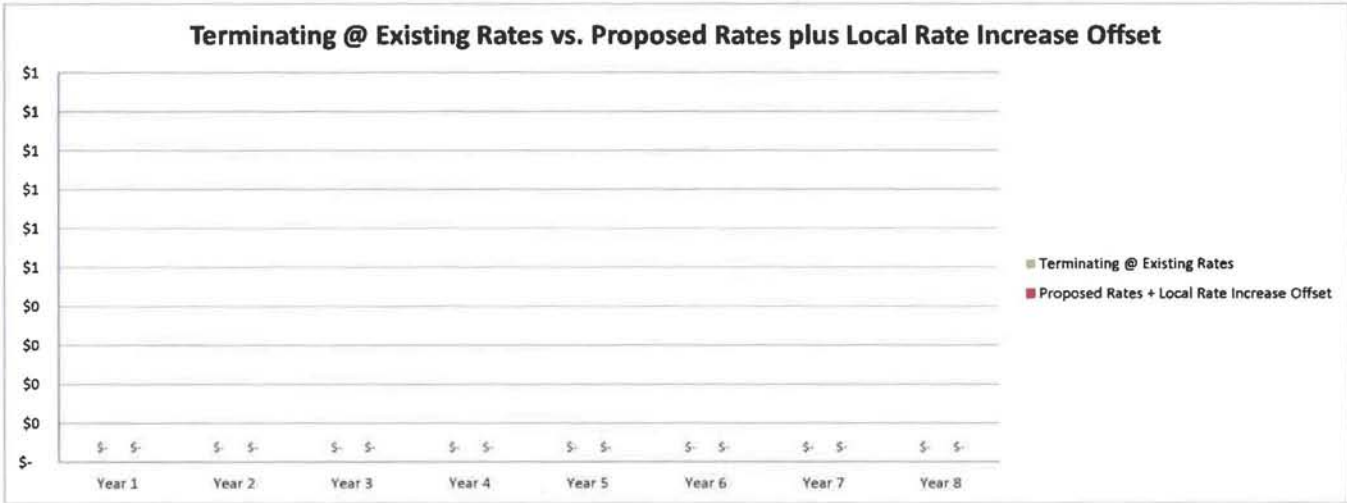
Wheat State Telephone Company, Inc.
Summary of CAF Projections Including Interstate Revenue Requirement Recoverable Through Rates
Versus Current Support and Interstate Revenue Requirement Recoverable Through Rates
REDACTED VERSION



	2012	2013	2014	2015	2016	2017	2018	2019
Proposed CAF Support & Interstate Rev Req Through Rates	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Broadband Transmission Component								
LSS Component								
Transitional ICLS Component								
Grandfather HCL Support (incl. SNA and SV)								
Interstate RRQ Recoverable through rates								
Total CAF & Interstate Rev Req Through Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current Support & Interstate Rev Req Through Rates								
Current Support at 11.25%								
Interstate RRQ Recoverable through rates								
Current **Rules: LDI Rev.** Requirement + USF:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Difference								
Proposed CAF with Rates vs. Existing Support with Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNATION COMMISSION

Wheat State Telephone Company, Inc.
Comparison of Current Terminating Revenue versus Proposed Terminating Revenue
Local Offset to $25.00 Recoverable Through End User Increase (Proposed SLC Increase)
REDACTED VERSION



	Kansas Mirrors Interstate Rates and Rate Structure	2012 Year 1	2013 Year 2	2014 Year 3	2015 Year 4	2016 Year 5	2017 Year 6	2018 Year 7	2019 Year 8
	Existing Rates								
	Interstate Terminating at Current Rate								
	Intrastate Terminating at Current Rate								
	Reciprocal Compensation at Current Rate								
Ln 1	Terminating @ Existing Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Proposed Rates								
	Interstate Terminating at Proposed Rate								
	Intrastate Terminating at Proposed Rate								
	Reciprocal Compensation at Proposed Rate								
Ln 2	Terminating @ Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Average Local Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ln 3	Local Rate Increase Offset								
Ln 4 = 2 + 3	**Proposed Rates + Local Rate Increase Offset**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ln 5	Access Recovery Impact (Line 4 - Line 1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNATION COMMISSION

PRELIMINARY RLEC CAF COMPUTATION
STUDY AREA CALCULATION TEMPLATE
VERSION 2.0 - JULY 2Q 2011
Assumes 10% Authorized ROR Over 12 Year Transition

WORK IN PROGRESS
DRAFT ONLY

DATA INPUTS

Wheat State Telephone Company, Inc 10% Interstate ROR & Corp Ops Cap REDACTED VERSION	FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION											
Total Company (Regulated) Rev. Reqmt. (RRQ)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CL RRQ											
SW RRQ											
SP RRQ (excl. DSL)											
DSL RRQ											
Interstate RRQ	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intrastate RRQ											
Middle mile RRQ											
Access Lines											
DSL Lines											
SLC revenues											
Broadband Take Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Increase for additional loop costs (Moss Adams)											
Additional Loop Costs Based on Take Rate	$ -										
Broadband RRQ	$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Switching Support											
High Cost Loop											
Safety Net Additive											
Safety Valve Support											
Interstate Common Line Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study Area Benchmark Value (calculated)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study area variable line component (calculated)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study area fixed non-line component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PRELIMINARY RLEC CAF COMPUTATION
STUDY AREA CALCULATION TEMPLATE
VERSION 2.0 - JULY 20 2011
Assumes 10% Authorized ROR Over 12 Year Transition

WORK IN PROGRESS
DRAFT ONLY

Wheat State Telephone Company, Inc
10% Interstate ROR & Corp Ops Cap
REDACTED VERSION

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

CALCULATIONS

Ln		FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
1	Total Company (Regulated) Rev. Reqmt.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	a. Current Interstate Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	b. Current Intrastate Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Middle Mile Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Additional Loop Costs @ Take Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Interstate Rural CAF Components:											
	a. Broadband Transmission Component	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	b. LSS component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	c. Transitional ICLS component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Interstate RRQ Recoverable through rates	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6	Adjusted Intrastate RRQ	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Grandfathered HCL Support (incl. SNA and SV)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Total Support (Sum of Lns 4a, 4b, 4c and 7)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9	Current Support (HCL+LSS+ICLS+SNA+SV)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	a. Difference (Ln 8 - Ln 9)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Added by Moss Adams											
10	Total IS Rev Req & CAF Support (Ln 5 + Ln 8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Revenue Under Existing Rules											
11	Interstate RRQ Recoverable through rates (incl SLC Rev)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	USF Support from Existing Rules	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Total IS Rev Req & USF Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Revenue Increase (Decrease) from NBP Proposals	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Wheat State Telephone Company, Inc 10% Interstate ROR & Corp Ops Cap REDACTED VERSION	FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

Data Inputs Instructions:

1 Amounts in shaded cells are for input and should reflect best estimates of study area specific operations and growth characteristics. Base year amounts and current support should be calculated at 11.25% ROR; Year 1 to 8

2 Interstate Revenue requirement (RRQ) amounts = sum of CL, SW, SP (excl DSL) and DSL RRQ and include the USF high cost loop corporate operations expense limitation and a 10% capital expenditure limitation. Default

3 Special Access RRQ includes the DSL Access Service Connection Point (DSL ASCP) and the interconnection between the DSL ASCP and the ISP.

4 DSL RRQ includes NIDs, INIDs (up to 50% allocation), DSLAMs, Fiber To The Premise (FTTP) Optical Line Terminal (up to 50% allocation), FTTP Optical Network Terminals (up to 50% allocation), second mile

5 Intrastate Revenue requirement (RRQ) amount = State/Local RRQ from Part 36 allocation

6 Middle mile RRQ should be actual or estimated amounts for the costs of broadband transmission beyond the DSL connection point to the Internet backbone.
Default estimated amounts = $5.34 x broadband lines x 12. Note that $5.34 is based on NECA pool average. Substitute with more accurate company-specific middle mile cost per line.

7 Counts of "Naked DSL" lines should be included in both Access Lines and DSL Lines. Broadband take rate = DSL Lines/Total Access Lines. If broadband take rate is less than 25%, enter 25%.
Broadband take rate cannot exceed 100% by definition.

8 SLC revenues are to be based on currently effective subscriber line charges applied according to current FCC access charge rules.

9 Additional Loop Costs based on broadband take rate have been calculated by comparing the "before" (i.e., current 25% gross allocator) and "after" (i.e., gross allocator = broadband take rate) results of allocator model runs.

10 Broadband RRQ represents last mile, second mile, middle mile and related Internet connection costs for working broadband lines (ADSL and naked DSL) and is calculated as: (CLRRQ x broadband take rate) + Transitioned

11 Local Switching Support, High Cost Loop Support, Interstate Common Line Support, Safety Net Additive and Safety Valve Support are to be calculated or estimated according to current rules.

12 Study area benchmark is comprised of a fixed non-line component starting at $19.25 in year 1 increasing for all study areas to $24.75 in year 8, plus a study area variable line component that is based on the study area's

Calculations:

Ln	Description
1	Revenue Requirement (Total Co., Interstate and Intrastate) = value from Data Inputs
2	Middle mile RRQ = value from Data Inputs
3	Add'l Loop Costs based on Broadband Allocation Factor (study area increase above current 25%); transitional impact over 12 years, i.e., increase loop allocation 1/12 each year.
4a	Broadband transmission component = (Broadband RRQ per broadband line per month - study area benchmark) x broadband lines x 12 to annualize; broadband lines assumed to equal DSL lines
	Broadband RRQ per broadband line (per month) = (last mile + second mile + middle mile) / DSL lines / 12
	Last mile = (CL RRQ x take rate) + Transitioned Additional Loop Costs; Second mile = DSL RRQ; Middle mile = Middle Mile RRQ
	Study area benchmark is calculated using Data Inputs
4b	Current LSS ; limited to total Local Switching revenue requirement
4c	Calculated using voice-only components of CL revenue requirement and SLC revenues = (CL RRQ x (1-broadband take rate)) - (SLC Revenues x (1-broadband take rate))
5	Sum of lines 1 to 3 minus sum of lines 4a to 4c
6	Adjusted Intrastate RRQ = Line 1b - Line 3
7	Grandfathered support = difference between the amount of HCL+SNA+SV support and Transitioned Additional Loop Costs (Ln 3) included in Broadband Transmission Component (Ln 4a)

Preliminary RLEC CAF Computation
Study Area Calculation Template
Version 2.0 - July 20, 2011
Assumes 10% Authorized ROR and 12-year transition

WORK IN PROGRESS
DRAFT ONLY

DATA INPUTS

Wheat State Telephone Company, Inc FTTH Base - 11.25% Interstate ROR REDACTED VERSION	FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION											
Total Company (Regulated) Rev. Reqmt. (RRQ)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CL RRQ											
SW RRQ											
SP RRQ (excl. DSL)											
DSL RRQ											
Interstate RRQ	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intrastate RRQ											
Middle mile RRQ											
Added by Moss Adams											
Interstate RRQ at 10%		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Percent Decrease due to ROR		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Access Lines											
DSL Lines											
SLC revenues											
Broadband Take Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Additional Loop Costs Based on Take Rate	$ -										
Broadband RRQ	$ -			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Local Switching Support											
High Cost Loop											
Safety Net Additive											
Safety Valve Support											
Interstate Common Line Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study Area Benchmark Value (calculated)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study area variable line component (calculated)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Study area fixed non-line component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Preliminary RLEC CAF Computation
Study Area Calculation Template
Version 2.0 - July 20, 2011
Assumes 10% Authorized ROR and 12-year transition

WORK IN PROGRESS
DRAFT ONLY

Wheat State Telephone Company, Inc
FTTH Base - 11.25% Interstate ROR
REDACTED VERSION

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

CALCULATIONS

Ln		FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
1	Total Company (Regulated) Rev. Reqmt.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	a. Current Interstate Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	b. Current Intrastate Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Middle Mile Revenue Requirement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Additional Loop Costs @ Take Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Interstate Rural CAF Components:											
	a. Broadband Transmission Component	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	b. LSS component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	c. Transitional ICLS component	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Interstate RRQ Recoverable through rates	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
6	Adjusted Intrastate RRQ	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Grandfathered HCL Support (Incl. SNA and SV)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Total Support (Sum of Lns 4a, 4b, 4c and 7)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9	Current Support (HCL+LSS+ICLS+SNA+SV)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	a. Difference (Ln 8 - Ln 9)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
9a	Current Support & Interstate RRQ Recoverable through rates				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Added by Moss Adams											
10	Total IS Rev Req & CAF Support (Ln 5 + Ln 8)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
	Revenue Under Existing Rules											
11	Interstate RRQ Recoverable through rates (incl SLC Rev)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	USF Support from Existing Rules	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Total IS Rev Req & USF Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Revenue Increase (Decrease) from NBP Proposals	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a

Preliminary RLEC CAF Computation
Study Area Calculation Template
Version 2.0 - July 20, 2011
Assumes 10% Authorized ROR and 12-year transition

WORK IN PROGRESS
DRAFT ONLY

Wheat State Telephone Company, Inc FTTH Base - 11.25% Interstate ROR REDACTED VERSION	FYI 2009	Base Year 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

1 Amounts in shaded cells are for input and should reflect best estimates of study area specific operations and growth characteristics. Base year amounts and current support should be calculated at 11.25% ROR; Year 1 to 8 revenue requirements and proposed support should be calculated at 10% ROR. Amounts can either be entered in each cell or calculated by applying company-specific growth percentages in cell calculations. NOTE: none of the cells have been "protected", giving you the opportunity to do other "what-if" calculations on the preliminary RLEC CAF computations. However, doing so will produce results different from the main CAF model.

2 Interstate Revenue requirement (RRQ) amounts = sum of CL, SW, SP (excl DSL) and DSL RRQ and include the USF high cost loop corporate operations expense limitation and a 10% capital expenditure limitation. Default average annual growth projections: CL RRQ=+2.2%; SW RRQ = -3.0%; SP RRQ (incl. DSL) = +4.9%; LS RRQ = -3.3%; LSS = -4.2%; SLC revs = -4.7%

3 Special Access RRQ includes the DSL Access Service Connection Point (DSL ASCP) and the interconnection between the DSL ASCP and the ISP.

4

DSL RRQ includes NIDs, INIDs (up to 50% allocation), DSLAMs, Fiber To The Premise (FTTP) Optical Line Terminal (up to 50% allocation), FTTP Optical Network Terminals (up to 50% allocation), second mile transmission equipment and facilities, ILEC broadband aggregation equipment (not including the DSL ASCP), and in the case of naked DSL, the loop cost. Second mile costs are included in the DSL RRQ.

5 Intrastate Revenue requirement (RRQ) amount = State/Local RRQ from Part 36 allocation

6 Middle mile RRQ should be actual or estimated amounts for the costs of broadband transmission beyond the DSL connection point to the Internet backbone.
Default estimated amounts = $5.34 x broadband lines x 12. Note that $5.34 is based on NECA pool average. Substitute with more accurate company-specific middle mile cost per line.

7 Counts of "Naked DSL" lines should be included in both Access Lines and DSL Lines. Broadband take rate = DSL Lines/Total Access Lines. If broadband take rate is less than 25%, enter 25%.
Broadband take rate cannot exceed 100% by definition.

8 SLC revenues are to be based on currently effective subscriber line charges applied according to current FCC access charge rules.

9 Additional Loop Costs based on broadband take rate have been calculated by comparing the "before" (i.e., current 25% gross allocator) and "after" (i.e., gross allocator = broadband take rate) results of allocator model runs. Additional loop costs are calculated to be the difference in the resulting Common Line RRQ amounts.

10 Broadband RRQ represents last mile, second mile, middle mile and related Internet connection costs for working broadband lines (ADSL and naked DSL) and is calculated as: (CLRRQ x broadband take rate) + Transitioned Additional Loop Costs + Second mile (DSL RRQ)+ Middle Mile costs

11 Local Switching Support, High Cost Loop Support, Interstate Common Line Support, Safety Net Additive and Safety Valve Support are to be calculated or estimated according to current rules.

12 Study area benchmark is comprised of a fixed non-line component starting at $19.25 in year 1 increasing for all study areas to $24.75 in year 8, plus a study area variable line component that is based on the study area's take rate, eg. Line component at 25% take rate = $6.50, at 50% take rate = $13.00, at 75% take rate = $19.50 transitioned over 12 year period. For example, if year 1 take rate is 50%, year 1 variable line component would be $6.50 plus 1/12 of additional $6.50 = $6.50 + $0.54 = $7.15; total year 1 benchmark would be $19.25 + $7.15 = $26.40.

Calculations:

Ln	Description
1	Revenue Requirement (Total Co., Interstate and Intrastate) = value from Data Inputs
2	Middle mile RRQ = value from Data Inputs
3	Add'l Loop Costs based on Broadband Allocation Factor (study area increase above current 25%); transitional impact over 12 years, i.e., increase loop allocation 1/12 each year.
4a	Broadband transmission component = (Broadband RRQ per broadband line per month - study area benchmark) x broadband lines x 12 to annualize; broadband lines assumed to equal DSL lines
	Broadband RRQ per broadband line (per month) = (last mile + second mile + middle mile) / DSL lines / 12
	Last mile = (CL RRQ x take rate) + Transitioned Additional Loop Costs; Second mile = DSL RRQ; Middle mile = Middle Mile RRQ
	Study area benchmark is calculated using Data Inputs
4b	Current LSS ; limited to total Local Switching revenue requirement
4c	Calculated using voice-only components of CL revenue requirement and SLC revenues = (CL RRQ x (1-broadband take rate)) - (SLC Revenues x (1-broadband take rate))
5	Sum of lines 1 to 3 minus sum of lines 4a to 4c
6	Adjusted Intrastate RRQ = Line 1b - Line 3
7	Grandfathered support = difference between the amount of HCL+SNA+SV support and Transitioned Additional Loop Costs (Ln 3) included in Broadband Transmission Component (Ln 4a)

Wheat State Telephone Company, Inc
Analysis of ICC Reform Proposed Model 7/29/11
REDACTED VERSION

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS
NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

Line	Description	MOU *	Rate Band	Element	Current Rate	Base 2010	Exclude 2011	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019
	Interstate Demand														
1	Interstate originating						-	-	-	-	-	-	-	-	-
2	Interstate terminating						-	-	-	-	-	-	-	-	-
	MOUs reduced by 8% beginning in 2012														
	Intrastate Demand														
3	Intrastate originating						-	-	-	-	-	-	-	-	-
4	Intrastate terminating						-	-	-	-	-	-	-	-	-
	MOUs reduced by 8% beginning in 2012														
	Interstate Rates														
5	Interstate originating					0	0	0	0	0	0	0	0	0	0
6	Interstate terminating					0	0						0	0	0
	Intrastate Rates Mirror Interstate														
7	**Intrastate originating**					0	0	0	0	0	0	0	0	0	0
8	Intrastate terminating					0	0	0.000000	0.000000	0.000000	0				
	Interstate Impact														
9 = 1 * 5	Interstate originating					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10 = 2 * 5	Interstate Terminating at Current Rate					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11 = 2 * 6	Interstate Terminating at Proposed Rate					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12 = 11 - 10	Reduced Interstate Revenue (Transition over 3 year period)					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Intrastate Local Switching Impact														
13 = 3 * 7	Intrastate originating					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14 = 4 * 7	Intrastate Terminating at Current Rate					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15 = 4 * 8	Intrastate Terminating at Proposed Rate					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16 = 15 - 14	Intrastate Reduced Interstate Revenue (Transition over 3 year period)							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Reciprocal Compensation - MOUs						-	-	-	-	-	-	-	-	-
	Reciprocal Revenue and Average Rate														
	Reciprocal Comp Revenue @ Existing Rates					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Reciprocal Comp Revenue @ Proposed Rates							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Reciprocal Comp Reduced Revenue (Transition over 3 year period)							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Interstate, Intrastate and Reciprocal Comp Reduced Revenue							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Current (from 2/9/11 NPRM analysis)	2012	2013	2014	2015										
18	**Monthly Average Local Rate**					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19 = Rate * 22	Monthly Average SLC Rate					$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20 = 18 + 19	Current Local	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20a	**Additional over three years**														
21	**Monthly Local Benchmark Rate**														
22	**Access lines**					0	0	0	0	0	0	0	0	0	0
23 = 21 - 20	Average Local Rate Increase														
24 = 21 * 23 Annual	Over Three Years							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25 = 17 + 24	**Potential Revenue Loss to be Recovered from the RM**							$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes:
* MOUs are July 2011, annualized; reciprocal compensation are August 2011
Originating remains at current rates.
Interstate MOUs are going down; future payment for VoIP MOUs are shown with 8% loss of MOUs rather than 13%
Lost Interstate revenue part of RM.
Lost Intrastate revenue part of RM, subject to a 10% earnings test
Lost Reciropcal Compensation revenue part of RM.

Wheat State Telephone Company, Inc
Corporate Operations Expense Limitation

REDACTED VERSION

CONFIDENTIAL INFORMATION - SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKETS NOS. 05-337, 07-135 and 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATION COMMISSION

HCL Work paper Line	Source	Description	Data Year 2010 Value	Data Year 2011 Value	Data Year 2012 Value	Data Year 2013 Value	Data Year 2014 Value	Data Year 2015 Value
Required Inputs:								
A.	DL535	Executive Expense						
B.	DL550	G&A Expense						
C.	DL60	Total Loops						
D.	DL70	Category 1.3 Loops						
E.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
F.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
G.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(A))						
H.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(B))						
J.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(B))						
K.	FCC	FCC Constant (see Part 36.621 (a)(4)(ii)(C))						
L.	CS input 762	GDP-CPI (varies yearly)						
Step 1: Calculate Total Reported Corporate Operations Expense per loop per month								
M.	(A+B)/C/12	Total Reported Corporate Operations Expense per loop per month	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Step 2: Calculate Total Allowed Corporate Operations Expense per loop per month								
N.	(E-F*D)*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is less than or equal to 6,000 (Calculation 1)	0	0	0	0	0	0
P.	G/D*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is less than or equal to 6,000 (Calculation 2)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Q.	(H+J/D)*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is greater than 6,000 but less than 18,006	n/a	n/a	n/a	n/a	n/a	n/a
R.	K*L	Total Allowed Corporate Operations Expense per loop per month when the number of working loops is greater than or equal to 18,006	n/a	n/a	n/a	n/a	n/a	n/a
S.	N,P,Q, or R (see Note #1)	Applicable Total Allowed Corporate Operations Expense per loop per month (chosen from above)	0	0	0	0	0	0
Step 3: Perform Limitation Test								
T.	A+B	Total Reported Corporate Operations Expense	0	0	0	0	0	0
U.	(M,S)*C*12 (see Note #2)	Total (limited) Corporate Operations Expense	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
V.	T-U	Corporate Operations Expense Disallowed	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Note #1: The number of working loops determines the applicable Total Allowed Corporate Operations Expense per loop per month. When the number of loops is less than or equal to 6,000, the greater of N and P is selected.

Note #2: The lesser of M or S is used in the calculation.

Wheat State does not qualify for the Corporate operations cap, based on this algorithm.