7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.jsitel.com, e-mail: jsi@jsitel.com

May 18, 2012

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

Attention: Wireline Competition Bureau

Re: Eastex Telephone Cooperative, Inc.
<u>Supplement To</u> Petition for Waiver of 47 C.F.R. Sections 36.3, 36.123-126, 36.141, 36.152-157, 36.191 and 36.372-382 to Unfreeze Part 36 Category Relationships, CC Docket No. 80-286

Dear Ms. Dortch:

On behalf of Eastex Telephone Cooperative, Inc. (the "Company"), John Staurulakis, Inc. respectfully resubmits the above-referenced Supplement to Petition for Waiver ("Supplement"). This Supplement provides further information in support of the Company's Petition for Waiver to Unfreeze Part 36 Category Relationships[1] pursuant to discussions with the Commission's staff.

Please direct inquiries regarding the Company's Supplement to the undersigned consultant for the Company.

Sincerely,

John Kuykendall
Vice President

Enclosures

cc: Chief, Wireline Competition Bureau

[1] Petition of Eastex Telephone Cooperative, Inc. for Waiver of 47 C.F.R. Sections 36.3, 36.123-126, 36.141, 36.152-157, 36.191 and 36.372-382 of the Commission's rules to unfreeze Part 36 Category Relationships, CC Docket No. 80-286 (May 25, 2011).

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

In the Matter of	)	
	)	
Jurisdictional Separations and Referral	)	CC Docket No. 80-286
To the Federal-State Joint Board	)	
	)	
Petition by Eastex Telephone Cooperative, Inc.	)	
For Waiver of 47 C.F.R. Sections 36.3, 36.123-126,	)	
36.141, 36.152-157, 36.191 and 36.372-382	)	
to Unfreeze Part 36 Category Relationships	)	

To: Chief, Wireline Competition Bureau

SUPPLEMENT TO
PETITION OF EASTEX TELEPHONE COOPERATIVE, INC. FOR WAIVER OF 47 C.F.R. SECTIONS 36.3, 36.123-126, 36.141, 36.152-157, 36.191 AND 36.372-382 TO UNFREEZE PART 36 CATEGORY RELATIONSHIPS

In the Commission's USF-ICC Order, incumbent local exchange carriers ("ILECs") are eligible to recover intercarrier compensation revenues reduced as part of the FCC's intercarrier compensation reforms, "up to a defined baseline, from alternate revenue sources: incremental, and limited increases in end user rates and, where appropriate, universal service support through the Connect America Fund."[1] The revenue that rate-of-return ILECs are eligible to recover, the "Eligible Recovery", is "the difference between: (a) the Rate-of-Return Baseline, subject to five percent annual reductions; and (b) the revenues from the reformed intercarrier compensation

[1] *Connect America Fund,* WC Docket No. 10-90, *A National Broadband Plan for Our Future,* GN Docket No. 09-51, *Establishing Just and Reasonable Rates for Local Exchange Carriers,* WC Docket No. 07-135, *High-Cost Universal Service Support,* WC Docket No. 05-337, *Developing an Unified Intercarrier Compensation Regime,* CC Docket No. 01-92, *Federal-State Joint Board on Universal Service,* CC Docket No. 96-45, *Lifeline and Link-Up,* WC Docket No. 03-109, *Universal Service – Mobility Fund,* WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 at para. 847 (rel. Nov. 18, 2011) ("*USF-ICC Order*").

rates in that year, based on actual minutes of use multiplied by the associated default rate for that year."[2] These Eligible Recovery procedures will commence July 1, 2012.

Because Eastex's petition seeking waiver of the frozen category rules was filed prior to the issuance of these procedures, Eastex hereby supplements its petition to assure the Commission that grant of this petition will not result in any duplicative recovery. First, in order to avoid duplicative recovery from the Eligible Recovery procedures established in the Commission's USF-ICC Order if the Commission were to grant Eastex's petition and lift the category freeze for Eastex, Eastex commits to revising the information which must be submitted pursuant to the Eligible Recovery requirements specified in the USF-ICC Order. Specifically, the 2011 Interstate Switched Access Revenue Requirement included in the 2011 Rate-of-Return Carrier Baseline Period Revenue is based on the data provided to NECA in February 2011 projecting Eastex's revenue requirement for the period July 1, 2011 through June 30, 2012. This projection was based on frozen categories. If the category freeze is lifted, Eastex would re-run these projections using actual (unfrozen) categories. Eastex would make no changes to any of the financial data in those forecasts. The only changes that would be made would be to the "categories".

Second, Eastex hereby certifies that there would not be any duplicative recovery in the intrastate jurisdiction. The Intrastate Transitional Access Service portion of the 2011 Rate-of-Return Carrier Base Period Revenue is made up of fiscal year 2011 revenues from Transitional Intrastate Access Service received by March 31, 2012. The access rates charged for terminating this access intrastate traffic (as well as originating intrastate traffic) are not based on Eastex's

[2] *Id.* at para 851.

cost. The intrastate access rates charges were originally established by the Texas Public Utility Commission in 1984. In 1996, these rates were further reduced to remove implicit support from the rates. The rates have no bearing whatsoever on Eastex's actual allocated costs.

Respectfully Submitted,

Eastex Telephone Cooperative, Inc.

By: Rusty Dorman, Assistant General Manager

May 17, 2012