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September 27, 2012

By Hand Delivery

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

**Re: WC Docket No. 12-233
WCB/Pricing No. 12-09
Direct Case of Horry Telephone Cooperative, Inc.**

Dear Ms. Dortch:

John Staurulakis, Inc. hereby files the attached Direct Case on behalf of Horry Telephone Cooperative, Inc. pursuant to the Commission's *Order Designating Issues for Investigation*, DA 12-1430, released August 31, 2012 in the above-referenced docket. The Direct Case is filed as confidential under the Commission's Protective Order.¹ Pursuant to the Protective Order, provided are one copy of the confidential version and two copies of the redacted version. The redacted version has also been filed on the Electronic Comment Filing System.

Please direct any questions regarding this filing to the undersigned.

Sincerely,

John Kuykendall
Vice President
301-459-7590
jkuykendall@jsitel.com

Attachment

cc: Robin Cohn, Pricing Policy Division, via email.

¹ See *In the Matter of Investigation of Certain 2012 Annual Access Tariffs*, WC Docket No. 12-233, WCB/Pricing File No. 12-09, Protective Order, DA 12-1518, rel. Sept. 21, 2012.

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

In the Matter of)
) WC Docket No. 12-233
Investigation of Certain 2012 Annual)
Access Tariffs) WCB/Pricing No. 12-09
)

**DIRECT CASE OF
HORRY TELEPHONE COOPERATIVE, INC.**

Horry Telephone Cooperative, Inc., (“Horry”) pursuant to the August 31, 2012 Designation Order,¹ hereby files its Direct Case in the above-referenced matter.

I. INTRODUCTION

On June 18, 2012, Horry Telephone Cooperative, Inc., (alternatively “Horry” or “Company”), through its consultant John Staurulakis, Inc. (“JSI”) filed under Transmittal No. 165 of the John Staurulakis, Inc. Tariff F.C.C. No. 1 (“JSI Tariff”) revisions in accordance with the Commission’s March 28, 2012 release entitled In the Matter of July 3, 2012 Annual Access Charge Tariff Filings, WCB/Pricing File No. 12-07, Order, DA 12-482 (“June 18th filing”). Horry is an Issuing Carrier of the JSI Tariff.

Horry elected to file an Access Recovery Charge (“ARC”) pursuant to Section 51.917(e), to be effective July 3, 2012, and a Connect America Fund (“CAF”) election pursuant to Section 51.917(f). The Company made the appropriate filing on June 18, 2012. On July 2, 2012, the Wireline Competition Bureau released an Order that suspended for one day and set for investigation the ARC rates contained in the 2012 Annual Access Tariff filings of all issuing incumbent local exchange carriers (“ILECs”) that charged an ARC, including those filed on behalf of Horry. Pursuant to the

¹ Investigation of Certain 2012 Annual Access Tariffs, WC Docket No. 12-233, WCB/Pricing No. 12-09, *Order Designating Issues for Investigation*, DA 12-1430 (rel. August 31, 2012) (“Designation Order”).

Designation Order, Horry hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Horry’s ARC rates are just and reasonable.

The financial information presented in this Direct Case as Exhibit 1, the 2012 ROR ILEC Interstate Rates Worksheet and the 2012 ROR ILEC Intrastate Rates Worksheet,² is confidential and is being submitted with this Direct Case in both confidential and redacted versions. In light of the fact that Horry is not re-filing any financial information in conjunction with this Direct Case, and that it has not filed an amendment to the Tariff Review Plans filed on behalf of Horry as part of the June 18th filing, Horry will not be filing new certifications with this Direct Case

II. ISSUES DESIGNATED FOR INVESTIGATION

A. Whether LEC has Reasonably Determined the Amount of its Base Period Revenue

1. Fiscal Year 2011 Revenue Determinations

A rate-of-return Local Exchange Carrier’s (“LEC’s”) Base Period revenue is made up of three components: 1) its 2011 Interstate Switched Access Revenue Requirement; 2) Fiscal Year 2011 revenues from rate elements included in the definition of Transitional Intrastate Access Service received by March 31, 2012; and 3) Fiscal Year 2011 reciprocal compensation revenues received by March 31, 2012, less Fiscal Year 2011 reciprocal compensation payments made by March 31, 2012 (net reciprocal compensation revenues). Base Period Revenue also includes revenues from non-recurring charges associated with the switched access services in question.

² Also referred to as the Tariff Review Plan or financial information.

Horry bills its carrier access bills (“CABs”) on a calendar month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Horry was based on the time period from October 1, 2010 through September 30, 2011, which is the Fiscal Year put forth by the Commission. The CABs are used to ensure that the revenues are for services provided during Fiscal Year 2011, eliminate billed revenues not related to services provided such as late fees which are identified separately on the CABs and to make certain that billed revenues were collected by March 31, 2012. Accordingly, no adjustment to the intrastate terminating billing usage is required at this time.

2. Non-recurring charges inclusions and eliminations

Horry does not have any non-recurring charges associated with the services in question. As a result, Base Period Revenue is not impacted by non-recurring charges. Non-recurring charges not related to these services were also excluded from the billed revenues used in the June 18th filing and in this Direct Case.

B. Whether LEC has Reasonably Calculated its Required Intrastate Rate Reductions

Horry has followed the appropriate procedure when determining its required intrastate rate reductions for the purposes of the June 18th filing, and for this Direct Case, and is not subject to review of this issue as outlined in the Commission’s *Designation Order*.

C. Whether LEC has Reasonably Estimated its Projected Interstate and Intrastate Switched Access Demand

LECs were directed to use existing demand estimation methods to project demand for the 2012-2013 tariff period. In calculating the Eligible Recovery, a LEC must also subtract certain projected intrastate and interstate access revenues from its Base Period.

Please reference Exhibit 1. As indicated on the 2012 ROR ILEC Interstate Rates Worksheet, the LSS amount reflected in cell F-7 is ■ and the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F-10 is -11.62 percent. As indicated on the 2012 ROR ILEC Intrastate Rates Worksheet, the projected annual percentage rate of demand change reflected in the calculation of the amount in cell G-9 is -12.21 percent. This review indicates that Horry's projected interstate and/or intrastate demand loss is less than an annualized rate of fifteen percent. Accordingly, Horry falls within the "safe harbor" of fifteen percent and no further action is warranted.

D. Whether NECA's Allocation of Projected Pool Interstate Switched Access Revenues Based on Projected Switched Access Billed Revenues was Reasonable

Not applicable to Horry Telephone Cooperative, Inc.

E. Whether the Suspended Access Recovery Charge Rates are Just and Reasonable and, if not, the Process for Requiring Refunds

Please reference Exhibit 2 which is a Table reflecting Horry's filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Horry reaffirms the ARC rates that were established in the June 18th filing and asserts that the ARC rates established in the June 18th filing were just and reasonable. Horry is also filing Exhibit 3

with this Direct Case, which is the completed Tariff Review Plan showing the calculation of its ARC rates. In light of the fact that no changes are being proposed to the ARC rates calculations, this Tariff Review Plan will not be re-filed and Horry will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

Horry presents this Direct Case in compliance with the aforementioned August 31, 2012 Designation Order. Horry has reasonably determined the amount of its Base Period Revenue, reasonably calculated its required intrastate rate reductions, and reasonably estimated its projected interstate and intrastate switched access demand.

Accordingly, and in light of the adjustments described in this Direct Case, Horry's suspended ARC rates are just and reasonable and are reaffirmed by this Direct Case.

Respectfully submitted,

September 27, 2012

Horry Telephone Cooperative, Inc.

/s/ D. Carlton Lewis, Jr.

D. Carlton Lewis, Jr.

Comptroller

P.O. Box 1820

Conway, South Carolina 29528

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EXHIBIT 1

- 2012 ROR ILEC Interstate Rates Worksheet
- 2012 ROR ILEC Intrastate Rates Worksheet

Filing Date: June 18, 2012
 Filing Entity: Horry Telephone Cooperative, Inc.
 Transmittal Number: 165
 COSA: 240528

Most Recently Filed Interstate Switched Access Revenue Requirement	Input	
TY 2012-2013 Baseline Adjustment Factor (BAF)		0.95
BAF X Most Recently Filed Interstate Switched Access Revenue Requirement	F7*F8	
Total TY 2012-2013 Expected Maximum Interstate Revenue	Sum of Col. H	
TY 2012-2013 Interstate Eligible Recovery	F9-F10	

Interstate Tariff Section	USOC	Interstate Switched Access Rate Element	Unit of Demand (e.g., MOU or DS1)	12/29/11 Interstate Rate	7/1/2012 Proposed Rate
Input	Input	Input (Note 1)	Input	Input	Input
** LOCAL SWITCHING **					
17.2.3	LS	Local Switching	MOU	0.0043	
** INFORMATION **					
17.2.3	INFO	Information	MOU	0.006631	
** TANDEM-SWITCHED TRANSPORT AND TANDEM **					
17.2.2	TSF	Tandem Switched Facility	MOU per Mile		0.000338
17.2.2	TST	Tandem Switched Termination	MOU per Term		0.001347
** SIGNALING FOR TANDEM SWITCHING **					
17.2.2	TS	Tandem Switching	MOU		0.008083
** DIRECT-TRUNKED TRANSPORT **					
17.2.2	DTF	Direct Trunk Transport Facility	DS1's per Mile		15.31
17.2.2	DTF	Direct Trunk Transport Facility	DS3's per Mile		107.17
17.2.2	DTT	Direct Trunk Transport Termination	DS1's per Term		61.03
17.2.2	DTT	Direct Trunk Transport Termination	DS3's per Term		427.31
** DEDICATED SIGNALING TRANSPORT **					
** ENTRANCE FACILITIES **					
17.2.2	EF	Entrance Facilities	DS1's		53.21
17.2.2	EF	Entrance Facilities	DS3's		372.47
** LINE INFORMATION DATABASE **					
17.2.2	DBQ	800 Database Query - Basic	Queries	0.0050	0.0050
17.2.2	DBQ-V	800 Database Query - Vertical	Queries	0.0052	0.0052
** BILLING NAME AND ADDRESS **					
Total TY 2012-2013 Expected Maximum Interstate Revenue (Sum of Col. H)					

Note 1: Enter one rate element per line under the relevant category. Insert rows as necessary

Filing Date: June 18, 2012
 Filing Entity: Horry Telephone Cooperative, Inc.
 Transmittal Number: 165
 COSA: 240528

Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. O
95% of Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. P
Total TY 2012-2013 Expected Maximum Transitional Intrastate Access Service Revenue	Sum of Col. R
Total TY 2012-2013 Intrastate Eligible Recovery	Sum of Col. S

Intrastate Tariff Section	Interstate Tariff Section	USOC	Intrastate and Interstate Switched Access Rate Elements for Transitional Intrastate Access Service Categories	Unit of Demand (e.g., MOU or DS1)	12/29/2011 Intrastate Rate	12/29/2011 Interstate Rate
Input	Input	Input	Input (Note 1)	Input	Input	Input
			** TERMINATING END OFFICE ACCESS SERVICE **			
			<u>Terminating Carrier Common Line</u>			
			<u>Terminating Local Switching</u>			
17.2.3(A)	17.2.3(A)		Local Switching - Terminating	MOU	0.007779	0.00430000
17.2.3(B)	17.2.3(B)		Information Surcharge - Terminating	MOU	0.000374	0.00006633
			<u>Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)</u>			
17.2.3(B)	17.2.3(B)		Information Surcharge - Terminating	MOU	0.000374	0.00006633
			SC Interim LEC Fund Bulk-Billed Access - Terminating portion	billed monthly		
			** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **			
			<u>Terminating Tandem-Switched Common Transport</u>			
17.2.2			Local Transport Facility - Terminating (avg miles w/BIP = 15.02)	mou x miles	0.00004	
17.2.2			Local Transport Termination - Terminating	mou	0.00036	
	17.2.2		Tandem Switched Facility - Terminating (avg miles w/BIP = 13.53)	mou x miles		0.000338
	17.2.2		Tandem Switched Termination (avg terminations = 1.89)	mou x terms.		0.001349
			<u>Terminating Tandem Switching</u>			
	17.2.2		Tandem Switching	mou		0.008083
			** ORIGINATING AND TERMINATING DEDICATED TRANSPORT ACCESS SERVICE **			
			<u>Originating and Terminating Entrance Facilities</u>			
			<u>Originating and Terminating Tandem-Switched Dedicated Transport</u>			
			<u>Originating and Terminating Direct-Trunked Transport</u>			
	17.2.2		Transport (calculated) - based on composite NECA Rate less LS, Info, TSF, TST, and TS			

Total

Note 1: Enter one rate element per line under the relevant category. Insert rows as necessary.

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EXHIBIT 2

Initial ARC Rate and Direct Case ARC Rate

Comparison Table

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HORRY TELEPHONE COOPERATIVE, INC.

Exhibit 2

Initial ARC Rate and Direct Case ARC Rate Comparison Table

	Initial ARC Rate	Direct Case ARC Rate
Primary Residential or Single Line Business End User Common Line Charge	\$0.50	\$0.50
Multi-Line Business End User Common Line Charge	\$1.00	\$1.00

Excludes Lifeline Customers

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EXHIBIT 3

Tariff Review Plan

Calculation of ARC Rates

REDACTED VERSION FOR PUBLIC REVIEW

Filing Date (enter w/leading '):

6/18/2012

ARCRTRP-CAF-1

Holding Company:

Horry Telephone Cooperative, Inc.

Filing Name:

Study Area

EXCHANGES

Rate Ceiling Component Charges Calculation (51.915(b)(11))

RESIDENCE / NP / BRI / SLB (excluding Lifeline)

MULTI-LINE BUSINESS

Study Area	EXCHANGES	RESIDENCE / NP / BRI / SLB (excluding Lifeline)								Total Rate Ceiling Comp. Chgs	MULTI-LINE BUSINESS	Federal SLC-MLB
		Stand-alone R1 rate	Mandatory EAS	Mandatory Zone Charges	State SLC	E911	TRS	State USF	Federal SLC			
240528 All Exchanges - Standard		\$ 13.50	\$ -	\$ -	\$ -	\$0.52	\$0.15	\$0.50	\$6.50	\$21.17		\$ 9.20
240528 All Exchanges - Data Rate		\$ 8.50	\$ -	\$ -	\$ -	\$0.52	\$0.15	\$0.37	\$6.50	\$16.04		

