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FILED/ACCEPTED

SEP 27 2012

Federal Communications Commission
Office of the Secretary

September 27, 2012

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* NOT ADMITTED IN VIRGINIA

REDACTED – FOR PUBLIC INSPECTION
SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NO. 12-233, WCB/PRICING NO. 12-09

VIA HAND FILING

Ms. Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 205

Re: **Direct Case of SureWest Telephone**
WC Docket No. 12-233; WCB/Pricing No. 12-09

Dear Ms. Dortch:

On behalf of SureWest Telephone ("SureWest"), I hereby submit SureWest's Direct Case and responses to certain issues set for investigation in the August 31, 2012, Order Designating Issues for Investigation (DA 12-1430) in the above-captioned proceeding.

This filing contains redacted confidential information, and is being filed pursuant to the requirements of the Wireline Competition Bureau's September 21, 2012 *Protective Order* (DA 12-1518) in this proceeding.

Please contact me if there are any questions regarding this matter.

Sincerely,



Paul J. Feldman, Esq.
Counsel for SureWest Telephone

cc: Robin Cohn, WCB
Michael Shultz

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

FILED/ACCEPTED

SEP 27 2012

Federal Communications Commission
Office of the Secretary

In the Matter of)
)
Investigation of Certain 2012) WC Docket No. 12-233
Access Tariffs)
) WCB/Pricing No. 12-09
SureWest Telephone)
Tariff FCC No. 1, Transmittal No. 32)
)
)

DIRECT CASE OF SUREWEST TELEPHONE

SureWest Telephone (“SureWest”) hereby submits its Direct Case and responses to certain issues set for investigation in the August 31, 2012 Order Designating Issues for Investigation, DA 12-1430 (“*Designation Order*”) in the above-captioned proceeding.

I. Introduction

On June 18, 2012, SureWest issued tariff Transmittal No. 32 containing its biennial Annual Access Charge Filing. On July 2, 2012, the Wireline Competition Bureau released an Order that suspended for one day and set for investigation the Access Recovery Charge (“ARC”) rates contained in the 2012 Annual Access Tariff Filings of all issuing local exchange carriers (“LECs”) that charged an ARC.¹ On July 9, 2012, as directed by the Bureau in the 2012

¹ 2012 Annual Access Tariff Filings, WCB/Pricing No. 12-09, Order, DA 12-1037 (Wireline Comp. Bur., rel. July 2, 2012) (2012 Suspension Order). Separately, on July 2, 2012, SureWest Telephone became a wholly-owned subsidiary of Consolidated Communications Holdings, Inc., pursuant to Commission prior approval.

Suspension Order, SureWest issued Transmittal No. 35, which suspended ARC rates filed in its Annual Access Charge Tariff.²

The *Designation Order* designated six issues for investigation. Portions of four of those issues are currently applicable to the SureWest filing.³ Each of those issues are addressed separately below.

II. Issue A: Impact of Non-Recurring Charges on SureWest's Calculation of Base Period Revenue.

SureWest was identified in Appendix A, Issue A (Base Period Revenue) in the single category of non-recurring charges (“NRCs”). SureWest did not address intrastate non-recurring revenues in its Description and Justification (“D&J”) because no Fiscal Year (“FY”) intrastate orders placed during FY 2011 included a non-recurring charge. Nevertheless, SureWest derived its NRC earned and collected Base Period (“BP”) revenue using the same practices described in SureWest’s amended D&J Section V.C.1, as provided to the Commission in Amended Transmittal No. 32, filed August 17, 2012. Specifically, to determine the FY2011 earned revenue, SureWest downloaded monthly billing details for the billing period of November 1, 2010 through October 1, 2011, which represents the data period of October 1, 2010 through September 30, 2011. Using the monthly reports, SureWest performed several data filters to

² Subsequent to issuing Transmittal No. 32, SureWest discovered that some of the tariff pages in that filing contained typographical errors. SureWest had properly calculated a reduction to its Special Access DS3 rates. However, when nine of the rates were imported into the tariff pages, they were erroneously typed into the counter-part Switched Access rates rather than the intended Special Access rates. The typographical errors were remedied in two phases. With the June 27, 2012, issuance of Transmittal No. 33, SureWest was able to reduce, correctly, the nine Special Access DS3 rates; because the transmittal contained only rate reductions, it could become effective on seven days’ notice. The second phase involved restoring the erroneously reduced Switched Access rates. This was accomplished on June 29, 2012, when SureWest issued Transmittal No. 34 (pursuant to Special Permission 12-021).

³ Portions of Issues A and B, along with C and E, apply to the SureWest filing. Issue D is addressed to NECA pool members, which does not include SureWest. Issue F addresses further general procedures that may be necessary to implement an Order terminating the present investigation of all designated carriers.

extrapolate demand and revenue by carrier, jurisdiction, direction, and access billing element, including non-recurring charges. SureWest filtered out any prior period billing from these data exports. The filtered data was then copied into the fiscal year summary.

Accordingly, SureWest proposes to amend paragraph five of Section V.C.1 of its D&J to include at the end of the second sentence the words, “including non-recurring charges.”

To determine the FY2011 earned revenue, SureWest downloaded monthly billing details for the billing period of 11/1/2010 through 10/1/2011 which represents the data period of 10/1/2010 through 9/30/2011. Using the monthly reports, SureWest performed several data filters to extrapolate demand and revenue by carrier, jurisdiction, direction, and access billing element, [including non-recurring charges]. SureWest filtered out any prior period billing from these data exports. The filtered data was then copied into the fiscal year summary.

In regard to SureWest’s 2011 Interstate Switched Access Revenue Requirement, SureWest relied on its last filed cost study submitted on June 16, 2010, which inherently includes any NRC related rate elements. However, SureWest has discovered in a review of its 2012 RoR ILEC Interstate worksheet the inadvertent exclusion of Interstate NRCs in that worksheet, even though those NRCs are included in SureWest’s filed tariff. Accordingly, SureWest has revised its 2012 RoR ILEC Interstate worksheet sheet to include NRCs totaling \$5,780. The addition of interstate NRCs to SureWest’s worksheet resulted in a minor change to SureWest’s total eligible recovery. Therefore, SureWest provides a revised TRP consisting of the following files: RoR-ILEC-ICC-data.xls, RateCeiling-CAF.xls, and Tariff-Rate-Comparison_CAF.xls. SureWest notes the \$5,780 NRC amount reduces its eligible recovery.

III. Issue B: Impact of Non-Recurring Charges on SureWest's Calculation of Intrastate Rate Reductions.

SureWest was identified in Appendix A, Issue B (Intrastate Rate Reductions), solely for the sub-issue of NRCs. Apparently, the Commission is concerned that SureWest did not properly calculate the required intrastate rate reductions because NRCs were not included in SureWest's TRPs. Indeed, SureWest's 2012 RoR ILEC Intrastate Rates worksheet was absent of NRC detail. Nevertheless, SureWest has properly calculated its required intrastate rate reductions. SureWest elected not to include an NRC section in that worksheet because no FY 2011 intrastate orders were placed constituting an NRC and no change in demand was forecast (i.e., \$0.00 revenue and 0 expected demand). Although having no associated demand and revenue, SureWest hereby revises its 2012 RoR ILEC Intrastate worksheet to include the category of NRCs, and it attaches the revised worksheet hereto, as part of SureWest's revised TRP.

IV. Issue C: SureWest's Calculation of Projected Switched Access Demand.

SureWest was among the carriers designated for investigation as to whether it reasonably estimated its projected interstate and intrastate switched access demand for the 2012-13 tariff filing year. In preparing their tariff filings, LECs were directed to use existing demand estimation methods to project demand for the 2012-13 tariff period. As shown below, SureWest used the same existing demand estimation methods to project demand for the 2012-13 tariff period that SureWest used to project Test Year ("TY") demand in all prior interstate access charge filings.

Paragraph 19 of the *Designation Order* requires carriers to provide the amount of LSS reflected in cell F7 of their 2012 RoR ILEC Interstate Rates Worksheet. For SureWest, that

amount is \$0.00, as SureWest has never been a recipient of LSS. Further, in response to the request for the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F10 on SureWest’s 2012 RoR ILEC Interstate Rates Worksheet, SureWest calculates 14% as the annual loss in Local Switching and 3% in annual loss in Tandem Switching. Finally, for cell G9 on SureWest’s 2012 RoR ILEC Intrastate Rates Worksheet, SureWest calculates an 18% annual loss in Local Switching and a 4% annual loss in Tandem Switching.

The table below shows the annual percentage rate of demand loss used by SureWest in its filing. As seen therein, the projected demand is completely consistent with the historical trend. The table identifies projected Intrastate Local Switching as the only element with an annualized demand loss in excess of 15%. It should be noted that Local Switching volume is significantly less than Tandem Switching, which shows projected demand losses far less than 15% (i.e. 3% for Interstate and 4% for Intrastate).

Annual Percentage Rate of Demand Change			
		Intrastate MOU (000s)	Interstate MOU (000s)
Local Switching			
Jul 2008 - Jun 2009	Actual		
Jul 2009 - Jun 2010	Actual	(14%)	(24%)
Jul 2010 - Jun 2011	Actual	(19%)	(18%)
Jul 2011 - Jun 2012	Actual	(19%)	(14%)
Jul 2012 -Jun 2013	Projected TY	(18%)	(14%)
Tandem Switching			
Jul 2008 - Jun 2009	Actual		
Jul 2009 - Jun 2010	Actual	(1%)	(18%)
Jul 2010 - Jun 2011	Actual	(4%)	(2%)
Jul 2011 - Jun 2012	Actual	(5%)	(9%)
Jul 2012 -Jun 2013	Projected TY	(4%)	(3%)

In regard to demand loss in excess of 15%, what follows is a detailed explanation of how SureWest's loss factor was derived, as previously described in its 2012 Annual Access D&J, Section IV, Subpart B.

Demand quantities used in the development of rates include facility inventories, minutes of use and minute-miles. The required data were developed by forecasting demand for the period July 1, 2012, through June 30, 2013, based on historical demand quantities. Sources for the required historical demand data include carrier access billing records, end user billing records, access line trends, access service requests, and other independent variables. Traffic sensitive demand was compiled by month for the period January 2007 through December 2011.

Historical traffic sensitive demand was one factor used to forecast the traffic sensitive demand for all usage sensitive rate elements. For the past several years, SureWest has experienced a steady and rapid decline in both residential and business access lines. SureWest has continually faced competition for its wireline customer base. Most recently, with the advent of VoIP service provided by the incumbent cable television companies serving in SureWest's area, along with other competitive local exchange and wireless carriers, the number of lines currently served has declined by 25% since SureWest's last Interstate Access Charge Tariff filing of July 2010.

A separate forecast of both local switching and tandem switching access demand, independently, was constructed using an econometric modeling software application called "E-Views." Least squares linear regression was used to develop the forecast with five independent variables. The independent variables used include local and state statistics related to income, population, employment, and gross state product (GSP), as well as competitive factors including access line loss generated by growth in VoIP and wireless use. The independent variables were

derived from various sources including the U.S. Office of Management and Budget, FCC Wireline Competition Bureau – Industry Analysis and Technology Division, UCLA Anderson School of Business Forecast, California Department of Finance, City of Roseville – Planning Department, and the City of Citrus Heights – Finance Department. Based upon explanatory variables created by linear regression, the forecast is statistically significant. The final results from the “E-Views” application are similar to the national trends reflected in the FCC’s latest *Trends in Telephone Service* report released September 2010.

In regard to projecting interstate and intrastate annual demand loss, it should be noted that using the Base Period (“BP”) (as described by Footnote 39 in the *Designation Order*), compared to the Test Year (“TY”) gives a false indication of the year-over-year (“*annual demand*”) loss. In other words, the period between the BP and the TY spans 21 months for intrastate, and in SureWest’s case, 24 months for interstate, both reflecting greater than an annual change. For the interstate BP, SureWest used TY 2010-2011, as filed in the 2010 SureWest Annual Access Filing, the most recent filed by SureWest. SureWest’s interstate BP dates back two years, not one, and results in a 12-month gap between the end of SureWest’s BP and the beginning of SureWest’s TY. The gap creates a bi-annual change, not an annual change, which is the basis of the Commission’s focus of comparison for reviewing projected demand loss exceeding an *annualized* rate of 15%. Likewise, for intrastate, the period from FY 2011 (October 2010 through September 2011) through the TY (July 2012 through June 2012) spans 21 months and contains a nine-month gap between the end of the BP to the beginning of the TY period. Again, this gap creates a greater than annual change.

Although the comparison, as described in Footnote 39, is not a year-over-year comparison and it reflects greater than an annual change, as significant as those changes appear to be for each rate element, a weighted average shows the demand change to be much less. See Exhibit 1, attached hereto.

In Exhibit 1, SureWest developed a weighted change in demand from BP to TY, which results in a less than 6% for interstate and less than 12% for intrastate. The weighted demand change calculates a weighted percent demand growth/loss based on its Switched Access Demand for all switched access rate elements. The demand elements calculated on the stand-alone elements consists of: Local Switching, Tandem Switching, Tandem Transport, DS1 and DS3 Entrance Facilities, DS1 and DS3 Direct Trunk Transport, and for interstate only, SS7-STP Port Termination, SS7 Transport, and Database Query. A calculation of weighted switched access demand was then made to apply the weighted demand to individual element demand growth.

In sum, SureWest used the same existing demand estimation methods to project demand for the 2012-13 tariff period that it used in prior access demand calculations. Those methods properly projected Intrastate Local Switching as the only element with an annualized demand loss in excess of 15%. Further, a method using weighted change in demand from BP to TY results in a less than 6% projected demand loss for interstate and less than 12% for intrastate.

V. Issue E: SureWest's Proposed ARC Rates.

As discussed in response to Issue A, SureWest discovered in a review of its 2012 RoR ILEC Interstate worksheet relating to NRCs the inadvertent exclusion of Interstate NRCs in that worksheet. Accordingly, SureWest has revised its 2012 RoR ILEC Interstate worksheet sheet to include NRCs totaling \$5,780. The addition of interstate NRCs to SureWest's worksheet causes SureWest's eligible recovery to change. SureWest notes the \$5,780 NRC amount does reduce its

eligible recovery. However, the reduction in eligible recovery is so minimal that it does not impact SureWest's currently filed ARC rates. Therefore, the ARC rates remain the same as those filed in SureWest's Transmittal No. 32.

The *Designation Order* directs SureWest to submit a table showing its filed ARC rates and the ARC rates supported by its direct case. SureWest provides the following:

Access Recovery Charge (ARC) Rate Table			
	Filed Rates (T-32)	Supported DC Rates	Change in Rate
Residence	\$0.50	\$0.50	\$0.00
Single Line Business	\$0.50	\$0.50	\$0.00
Multi-Line Business, ISDN PRI, and Centrex	\$1.00	\$1.00	\$0.00

Finally, the *Designation Order* directs SureWest to include a complete TRP showing the calculation of SureWest's ARC rates. Accordingly, SureWest provides a revised TRP consisting of the following files: RoR-ILEC-ICC-data.xls, RateCeiling-CAF.xls, and Tariff-Rate-Comparison_CAF.xls.

VI. Conclusion

As shown herein, SureWest has properly calculated its ARC rates, has reasonably calculated its intrastate rate reductions, and has reasonably estimated its projected interstate and intrastate switched access demand. Its ARC rates are just and reasonable, and thus SureWest

requests that the Commission withdraw the suspension of those rates.

Respectfully submitted,
SUREWEST TELEPHONE

By: 
Paul J. Feldman

Its Attorney

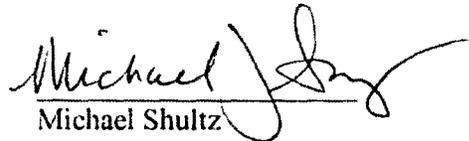
FLETCHER, HEALD & HILDRETH, PLC
1300 North 17th St.
11th Floor
Arlington, Virginia 22209
(703) 812-0400

September 27, 2012

CERTIFICATION

I hereby certify that the factual statements contained in the attached Direct Case of SureWest Telephone are true and correct to the best of my knowledge and belief.

September 27, 2012

A handwritten signature in black ink, appearing to read "Michael Shultz", with a long horizontal flourish extending to the right.

Michael Shultz
Vice President, Regulatory & Public Policy
Consolidated Communications, Inc.
(corporate parent of SureWest Telephone)

INTERSTATE DEMAND LOSS - Pursuant to Footnote 39 (used in reference to cell F10 of 2012 RoR ILEC Interstate Rates Worksheet)

From DMD - TRP Pages

Base Year Demand per 2010 TRP (Projected
 2010/2011 per footnote 39)
 Test Year Demand per 2012 TRP
 % Change in Demand by rate category over 24
 months

Local Switching	Tandem Switching	Tandem Transport	Entrance Facility - DS1	Entrance Facility - DS3	Direct Trunked Transport - DS1	Direct Trunked Transport - DS3	SS7 - STP Port Termination	SS7 - Transport	Database Query
-27.04%	-9.09%	-16.40%	700.00%	50.00%	-18.05%	-76.92%	-30.57%	10.10%	11.68%

Calculation of Weighted Switched Access Demand

End Office Switching

Rate	Demand	Revenue	Demand Growth	Weighted Demand Growth
0.002675			-27.04%	-2.99%
0.00549			-27.04%	-0.06%

Tandem Transport

0.008988			-9.09%	-5.44%
0.000475			-16.40%	-0.81%
0.000293			-16.40%	-0.34%

Non-Recurring Charges

192.21			0.00%	0.00%
45.08			0.00%	0.00%
196.00			0.00%	0.00%
385.00			0.00%	0.00%

Dedicated Transport

1391.04			50.00%	0.10%
306.36			-76.92%	-0.04%
55.80			-76.92%	-0.04%
124.8			700.00%	4.20%
55.2			-18.05%	-0.63%
16.08			-18.05%	-0.59%
272.03			-76.92%	-0.25%
5.50			0.00%	0.00%
25.00			0.00%	0.00%
503.81			0.00%	0.00%

Chargeable Optional Features

0.008147			11.68%	1.23%
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Total Revenues and Weighted Demand

\$ 1,995,603

-5.64%

* Less than 15% in designation order

= value in ROR ILEC Interstate worksheet cell F10

REDACTED - FOR PUBLIC INSPECTION

**SureWest Telephone
Response to FCC Designation order
Issue C: Switched Access Demand Loss**

INTRASTATE DEMAND LOSS - Pursuant to Footnote 39 (used in reference to cell G9 of 2012 RoR ILEC Intrastate Rates Worksheet)

<u>From TRP RoR-ILEC-ICC-data</u>	Local Switching	Tandem Switching	Tandem Transport	Entrance Facility - DS1	Entrance Facility - DS3	Direct Trunk Transport - DS1	Direct Trunk Transport - DS3
Base Year Demand per 2012 TRP (FY2011 per footnote 39)							
Test Year Demand per 2012 TRP							
% Change in Demand by rate category over 21 months	-31.06%	-8.39%	-8.39%	0.00%	0.00%	0.00%	0.00%

Calculation of Weighted Switched Access Demand

	Rate	Test Year Demand	Revenue	Demand Growth	Weighted Demand Growth
<u>End Office Switching</u>					
Local Switching	0.002675			-31.06%	-2.87%
Transitional Intrastate Access Additive Information Surcharge	0.002038			-31.06%	-2.19%
	0.00549			-31.06%	-0.06%
<u>Tandem Transport</u>					
Tandem Switching	0.008988			-8.39%	-5.69%
Tandem Switched Termination	0.000475			-8.39%	-0.26%
Tandem Switched Facility	0.000293			-8.39%	-0.46%
<u>Dedicated Transport</u>					
DS3 Entrance Facility	1391.04			0.00%	0.00%
DS3 Direct Term.	306.36			0.00%	0.00%
DS3 Direct Facility	55.80			0.00%	0.00%
DS1 Entrance Facility	124.8			0.00%	0.00%
DS1 Direct Term.	55.2			0.00%	0.00%
DS1 Direct Facility	16.08			0.00%	0.00%
Multiplexing DS3-DS1	272.03			0.00%	0.00%

Total Revenues and Weighted Demand

\$ 1,621,727

-11.53%

* Less than 15% in designation order

= value in ROR ILEC Intrastate worksheet cell G9

ROR-ILEC-ICC-DATA

Filing Date: 09/27/2012
 Filing Entity: SureWest Telephone
 Direct Case: DA 12-1430
 COSA: 2334AN12

REDACTED PUBLIC VERSION

Most Recently Filed Interstate Switched Access Revenue Requirement	Input	2,274,372
TY 2012-2013 Baseline Adjustment Factor (BAF)		0.95
BAF X Most Recently Filed Interstate Switched Access Revenue Requirement	F7*F8	2,160,653
Total TY 2012-2013 Expected Maximum Interstate Revenue	Sum of Col. H	1,995,603
TY 2012-2013 Interstate Eligible Recovery	F9-F10	165,051

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	TY 2012-2013 Expected Units	TY 2012-2013 Expected Maximum Revenue
Input	Input	Input (Note 1)	Input	Input	Input	Input	E*G
** LOCAL SWITCHING **							
17.1.4(A)	LS	End Office, Local Switching Premium	MOU	0.002675	0.002675		
** INFORMATION **							
17.1.4(B)	IS	Information Surcharge	per 100 MOU	0.00549	0.00549		
** TANDEM-SWITCHED TRANSPORT AND TANDEM **							
17.1.2(D)(1)	TSF	Tandem Switched Facility	MOU/Mile	0.000293	0.000293		
17.1.2(D)(2)	TST	Tandem Switched Termination	MOU/Term	0.000475	0.000475		
17.1.2(D)(3)	TS	Tandem Switching	MOU	0.008988	0.008988		
** NON RECURRING CHARGES **							
17.1.1(B)		Interim NXX Translation per Order	NRC	192.21	192.21		
17.1.1(C)		Direct Trunked Transport Activated	NRC	45.08	45.08		
17.1.1(D)		Installation per Line or Trunk	NRC	196	196		
17.1.1(A)		Local Transport Installation - DS-1	NRC	385	385		
** DIRECT-TRUNKED TRANSPORT **							
17.1.2(B)(1)	DTFHER+	Direct Trunked Facility DS1	DS1/Mile	16.08	16.08		
17.1.2(B)(2)	DTTHER	Direct Trunked Termination DS1	DS1/Term	55.20	55.20		
17.1.2(B)(1)	DTFH3ER+	Direct Trunked Facility DS3	DS3/Mile	55.80	55.80		
17.1.2(B)(2)	DTTH3ER	Direct Trunked Termination DS3	DS3/Term	306.36	306.36		
** DEDICATED SIGNALING TRANSPORT **							
17.1.3(A)(1)(a)	CMFSNAL+	Common Channel SS7, Chanel Mileage	Facility Mile	5.50	5.50		
17.1.3(A)(1)(a)	CMTSNAL	Common Channel SS7, Chanel Mileage	Facility Term	25.00	25.00		
17.1.3(A)(2)	STP	STP Port Termination	Port	503.81	503.81		
** ENTRANCE FACILITIES **							
17.1.2(A)	EFHER	Entrance Facility per Termination, High Capacity DS1	DS1	124.80	124.80		
17.1.2(A)	EFH3ERW	Entrance Facility per Termination, High Capacity DS3 (w/e DS3)	DS3	1391.04	1391.04		
17.1.2(C)		Multiplexing DS3 to DS1	Arrangement	272.03	272.03		
** CHARGEABLE OPTIONAL FEATURES **							
17.1.5(A)	-	Toll Free Number Database Query	Query	0.008147	0.008147		
** BILLING NAME AND ADDRESS **							
17.3.4(K)	-	Billing Name and Address Information - Per Request	Request	34.00	34.00		
17.3.4(K)	-	Billing Name and Address Information - Per BTN	BTN	0.35	0.35		

Total TY 2012-2013 Expected Maximum Interstate Revenue (Sum of Col. H) 1,995,603

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

Filing Date:	09/27/2012	REDACTED PUBLIC VERSION
Filing Entity:	SureWest Telephone	
Direct Case:	DA 12-1430	
CDSA:	2334AN12	

Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. D	2,021,385
95% of Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. P	1,920,316
Total TY 2012-2013 Expected Maximum Transitional Intrastate Access Service Revenue	Sum of Col. R	1,621,727
Total TY 2012-2013 Intrastate Eligible Recovery	Sum of Col. S	298,589

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	FY 2011 Intrastate Units Terminating for Non-Dedicated or Originating and Terminating for Dedicated Elements	Intrastate Price-Out with 12/29/2011 Rates and FY 2011 Units	Interstate Price-Out with 12/29/2011 Rates and FY 2011 Units	50% of Price-Out Difference	7/1/2012 Proposed Intrastate Rate	Intrastate Price-Out with Proposed Rates and FY 2011 Units	Intrastate Price-Out Difference	FY 2011 Actual Intrastate Revenue	95% of FY 2011 Actual Intrastate Revenue	TY 2012-2013 Expected Intrastate Units	TY 2012-2013 Expected Maximum Intrastate Revenue	TY 2012-2013 Intrastate Eligible Recovery	
Input	Input	Input	Input (Note 1)	Input	Input	Input	Input	F*H	G*H	.5*(I-J)	Input	L*H	I-M	Input	95*O	Input	L*Q	P-R	
			** TERMINATING END OFFICE ACCESS SERVICE **																
			Terminating Carrier Common Line																
			N/A																
			Terminating Local Switching																
17 1 3(A)	17 1 4(A)	LS	End Office, Local Switching	MOU	0 017670	0 002675													
			Transitional Intrastate Access Additive																
			Terminating Other (e.g., Information surcharge, Transport or Residual Interconnection Charges)																
17 1 3(B)	17 1 4(B)	IS	Information Surcharge	100 MOU	0 298700	0 005490													
			** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **																
			Terminating Tandem Switching																
17 1 2(C)(1)	17 1 2(D)(1)	TSF	Tandem Switched Facility	MOU Mile	0 000126	0 000293													
17 1 2(C)(2)	17 1 2(D)(2)	TSF	Tandem Switched Termination	MOU Term	0 000291	0 000475													
17 1 2(C)(3)	17 1 2(D)(3)	TS	Tandem Switching	MOU	0 001200	0 008988													
			** NON RECURRING CHARGES **																
N/A	17 1 1 (B)		Interim NXX Translation per Order	NRC	0 00	192 21													
17 1 1 (B)	17 1 1 (C)		Direct Trunked Transport Activated	NRC	45 08	45 08													
17 1 1 (C)	17 1 1 (D)		Installation per Line or Trunk	NRC	116 02	195 00													
17 1 1(A)	17 1 1 (A)		Local Transport Installation - DS-1	NRC	633 50	385 00													
			** ORIGINATING AND TERMINATING DEDICATED TRANSPORT ACCESS SERVICE **																
			Originating and Terminating Entrance Facilities																
17 1 2(A)	17 1 2(A)	EFHRA	Entrance Facility per Termination, High Capacity DS1	DS1	145 00	124 80													
17 1 2(A)	17 1 2(A)	EFH3RAW	Entrance Facility per Termination, High Capacity DS3 (w/equip)	DS3	2500 00	1391 04													
17 1 2(E)	17 1 2(C)		Multiplexing DS3-DS1	Arrangement	375 00	272 03													
			Originating and Terminating Tandem-Switched Dedicated Transport																
			N/A																
			Originating and Terminating Direct-Trunked Transport																
17 1 2(B)(1)	17 1 2(B)(1)	DTFHRA+	Direct Trunked Facility DS1	DS1 Mile	15 50	16 08													
17 1 2(B)(2)	17 1 2(B)(2)	DTHRA	Direct Trunked Termination DS1	DS1	35 00	55 20													
17 1 2(B)(1)	17 1 2(B)(1)	DTFH3RA+	Direct Trunked Facility DS3	DS3 Mile	43 70	55 80													
17 1 2(B)(2)	17 1 2(B)(2)	DTH3RA	Direct Trunked Termination DS3	DS3	300 00	306 36													
Total								2,021,378	1,689,939	165,720		1,855,659	165,720	2,021,385	1,920,316		1,621,727	298,589	

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

Filing Date:	09/27/2012	REDACTED PUBLIC VERSION
Filing Entity:	SureWest Telephone	
Direct Case:	DA 12-1430	
COSA:	2334AN12	

TY 2012-2013 Reciprocal Compensation Eligible Recovery Revenue	O20	83,462
TY 2012-2013 Reciprocal Compensation Eligible Recovery Expense	J26	6,819
TY 2012-2013 Net Reciprocal Compensation Eligible Recovery	E7-E8	76,643

TY 2012-2013 Reciprocal Compensation Eligible Recovery Revenue Calculations														
Reciprocal Compensation				Equivalent Interstate Access			Revised Reciprocal Compensation Rate and Eligible Recovery Calculations							
Revenue Category (Note 1)	FY 2011 Revenue	FY 2011 MOU	FY 2011 Average Rate	FY 2011 Terminating Revenue	FY 2011 Terminating MOU	FY 2011 Average Rate	July 1, 2012 Average Rate	Price Out with July 1, 2012 Average Rates and FY 2011 Units	Revenue Difference	% Revenue Difference	TY 2012-2013 Expected Demand	TY 2012-2013 Expected Revenue	95% of FY 2011 Revenue	TY 2012-2013 Rec. Comp. Eligible Recovery Revenue
	Input	Input	B/C	Input	Input	E/F	(D-G)/2+G or D	H*C	B - I	(J/B)*100	Input	H*L	.95*B	N-M
End Office Switching			0.001019			0.002675	0.001019							
Tandem Switching			0.003130			0.008989	0.003130							
Common Transport			0.000000			0.000000	0.000000							
Transport and Termination			0.000000			0.000768	0.000000							
Total	263,101			471,436				263,101	0	0.00%	53,993,746	166,484	249,946	83,462

TY 2012-2013 Reciprocal Compensation Eligible Recovery Expense Calculations									
Expense Category	FY 2011 Expense	FY 2011 MOU	FY 2011 Average Rate	% Revenue Difference	TY 2012 Average Rate	2012 Expected MOU	TY 2012-2013 Expected Expense	95% of FY 2011 Expense	TY 2012-2013 Rec. Comp. Eligible Recovery Expense
	Input	Input	B/C	K20	D*(1-E)	Input	F*G	.95*B	I-H
Total Expense			0.000860	0.00%	0.000860				6,819

Note 1 Use rows 16, 17, and 18 for traffic carried pursuant to reciprocal compensation agreements that specify separate rates for end office switching, tandem switching, and common transport. Use row 19 for traffic carried pursuant to reciprocal compensation agreements that specify only a single transport and termination rate.

TARIFF-RATE-COMPARISON_CAF

Filing Date (enter w/leading '): 09/27/2012
 Holding Company: SureWest Communications
 Filing Name: SureWest Telephone
 Direct Case: DA 12-1430

ARCRTRP-CAF-1

Study Area	EXCHANGES	Rate Ceiling Component Charges Calculation (51 915(b)(11))										MULTI-LINE BUSINESS			
		Res / NP / BRI Tariff Period <u>Projected Lines</u>	SLB Tariff Period <u>Projected Lines</u>	Stand-alone <u>R1 rate</u>	Mandatory <u>EAS</u>	Mandatory Zone <u>Charges</u>	State <u>SLC</u>	<u>E911</u>	<u>TR5</u>	State <u>USF</u>	Federal <u>SLC</u>	Total Rate Ceiling <u>Comp. Chgs</u>	nonCentrex Tariff Period <u>Projected Lines</u>	Centrex Tariff Period <u>Projected Lines</u>	Federal <u>SLC-MLB</u>
2334AN12	Roseville/Citrus Heights														

Filing Date (enter w/leading '): 09/27/2012
 Holding Company: SureWest Communications
 Filing Name: SureWest Telephone
 Dircet Case: DA 12-1430

Eligible Revenue - Current Yr Recovery \$ 540,282
 Maximum Imputed ARC Revenue \$ 353,379
 Tariffed ARC Revenue \$ 353,379
 Expected CAF ICC Support \$ 186,903

Eligible Revenue - Current Yr Recovery	\$ 540,282
Tariffed ARC Revenue + Expected CAF ICC Support	\$ 540,282

Residential Rate Ceiling (51 915(b)(12)) \$ 30 00
 Maximum MLB SLC+ARC (51 915(e)(5)(iv)) \$ 12 20
 Max ARC for current year. Res/SLB \$ 0 50
 Max ARC for current year MLB \$ 1 00

Exchange/RG	RESIDENCE / NP / BRI / SLB (excluding Lifeline)						MULTI-LINE BUSINESS							
	Res/NP/BRI Tariff Period Projected Line	SLB Tariff Period Projected Lines	Residential Total Rate Ceiling Chgs	RES/NP/BRI Current Year Maximum ARC Rate	Tariffed ARC Rate	SLB Tariffed ARC Rate	ARC Revenue at Tariffed Rate	NonCentrex Tariff Period Projected Lines	Centrex Tariff Period Projected Lines	MLB Federal SLC	MLB Curr Yr. Maximum ARC Rate	NonCentrex Tariffed ARC Rate	Centrex Tariffed ARC Rate	ARC Revenue at Tariffed Rate
Roseville/Citrus Heights Total														

REDACTED PUBLIC VERSION

Filing Date (enter w/leading '):

09/27/2012

ARCCTR-CAF-3

Holding Company:

SureWest Communications

Filing Name:

SureWest Telephone

Direct Case:

DA 12-1430

FOOTNOTES:

REDACTED-FOR PULIC INSPECTION

RATECEILING-CAF

Filing Date (enter w/leading '): 09/27/2012
 Holding Company: SureWest Communications
 Filing Name: SureWest Telephone
 Direct Case: DA 12-1430

ARC-CAF-1

Study Area EXCHANGES

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

2334AN12 Roseville/Citrus Heights

RESIDENCE / NP / BRI / SLB (excluding Lifeline)										MULTI-LINE BUSINESS	
Res / NP / BRI	SLB	Stand-alone	Mandatory	Mandatory	State	State	Federal	Total Rate		Tariff Period	Federal
Tariff Period	Tariff Period			Zone	SLC	USF	SLC	Ceiling		Projected Lines	SLC-MLB
Projected Lines	Projected Lines	R1 rate	EAS	Charges				Comp. Chgs			

Filing Date (enter w/leading '): 09/27/2012
 Holding Company: SureWest Communications
 Filing Name: SureWest Telephone
 Direct Case: DA 12-1430

ARC-CAF-2

Eligible Revenue - Current Yr Recovery \$ 540,282

Maximum ARC opportunity Revenue \$ 353,379

Maximum CAF ICC Support \$ 186,903

Residential Rate Ceiling: (51.915(b)(12)) \$ 30.00

Maximum MLB SLC+ARC: (51.915(e)(5)(iv)) \$ 12.20

Max ARC for current year: Res/SLB \$ 0.50

Max ARC for current year: MLB \$ 1.00

Study Area	Primary/Non Primary Residential/BRI			SLB			MLB			Total Eligible Lines	
	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines	Maximum ARC opportunity Revenue	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines	Maximum ARC opportunity Revenue	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines	Maximum ARC opportunity Revenue	Tariff Period Projected Eligible Line Demand	Maximum ARC opportunity Revenue
Total											\$ 353,379

Filing Date (enter w/leading '): 09/27/2012
 Holding Company: SureWest Communications
 Filing Name: SureWest Telephone
 Direct Case: DA 12-1430

Residential Rate Ceiling: (51.915(b)(12)) \$ 30.00
 Maximum MLB SLC+ARC (51.915(e)(5)(iv)) \$ 12.20
 Max ARC for current year: Res/SLB \$ 0.50
 Max ARC for current year: MLB \$ 1.00

Holding Company Eligible Recovery	Holding Company Maximum ARC Revenues	Maximum CAF ICC Support
\$540,282	\$353,379	\$ 186,903

Study Areas	Primary/Non Primary Residential/BRI		SLB		MLB		Total ARC Eligible Tariff Period Projected Line Demand	Residential ARC Revenue Opportunity (from eligible lines)	Maximum SLB ARC Revenue Opportunity	Maximum MLB ARC Revenue Opportunity	Total Maximum ARC Revenue Opportunity	Eligible Recovery	Maximum ARC Revenue Shortfall
	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines	All Tariff Period Projected Lines	ARC Eligible Tariff Period Projected Lines							
												\$ 540,282	\$ 186,903
Total											\$ 353,379	\$540,282	\$ 186,903

REDACTED PUBLIC VERSION

Filing Date (enter w/leading '):

09/27/2012

Holding Company:

SureWest Communications

Filing Name:

SureWest Telephone

Direct Case:

DA 12-1430

ARC-CAF-4

FOOTNOTES:

REDACTED-FOR PULIC INSPECTION