



REDACTED – FOR PUBLIC INSPECTION

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

September 27, 2012

FILED/ACCEPTED

By Hand Delivery

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

SEP 27 2012

Federal Communications Commission
Office of the Secretary

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

Dear Ms. Dortch:

John Staurulakis, Inc. hereby files the attached Direct Case on behalf of Farmers 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.

No. of Copies rec'd 0+1
List ABCDE

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.

Echelon Building II, Suite 200
9430 Research Blvd., Austin, TX 78759
phone: 512-338-0473, fax: 512-346-0822

Eagandale Corporate Center, Suite 310
1380 Corporate Center Curve, Eagan, MN 55121
phone: 651-452-2660, fax: 651-452-1909

6849 Peachtree Dunwoody Road
Bldg. B-3, Suite 200, Atlanta, GA 30328
phone: 770-569-2105, fax: 770-410-1608

547 South Oakview Lane
Bountiful, UT 84010
phone: 801-294-4576, fax: 801-294-5124

FILED/ACCEPTED

SEP 27 2012

Federal Communications Commission
Office of the Secretary

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
FARMERS TELEPHONE COOPERATIVE, INC.**

Farmers Telephone Cooperative, Inc., (“Farmers”) 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, Farmers Telephone Cooperative, Inc., (alternatively “Farmers” 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”). Farmers is an Issuing Carrier of the JSI Tariff.

Farmers 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

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”).

Annual Access Tariff filings of all issuing incumbent local exchange carriers (“ILECs”) that charged an ARC, including those filed on behalf of Farmers. Pursuant to the *Designation Order*, Farmers hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Farmers’ 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 Farmers 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 Farmers as part of the June 18th filing, Farmers 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 Determination

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

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

compensation revenues). Base Period Revenue also includes revenues from non-recurring charges associated with the switched access services in question.

Farmers bills its carrier access bills (“CABs”) on a mid-month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Farmers was based on the time period from September 16, 2010 through September 15, 2011 and not the October 2010 through September 2011 Fiscal Year put forth by the Commission. Although this time period does not align exactly with the October 1, 2010 through September 30, 2011 Fiscal Year noted above, the fifteen day variance in the time frames has a de minimus impact on the Base Period Revenues included in the June 18th filing. 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.

The effort involved in subtracting and adding fifteen days to Farmers’ CABs billed revenues time frame reflected in the June 18th filing in order to match identically with the October 1, 2010 through September 30, 2011 Fiscal Year designated by the Commission, is unwarranted given the minimal impact such an adjustment will have on the Base Period Revenue amount. By way of an example, and to help quantify the impact of such an adjustment, Fairpoint Telephone Companies indicated in a recently filed Amended Transmittal No. 31, Supplement to Description and Justification filing that

such an adjustment using the designated Fiscal Year would result in a less than one percent increase.³

Farmers asserts that in light of the fact that there is only a fifteen day variance between Farmers' intrastate terminating billing usage time frame of September 16, 2010 through September 15, 2011 and the October 1, 2010 through September 30, 2011 Fiscal Year put forth by the Commission, like Fairpoint, the effort and expense associated with making this adjustment to "calendarize" this data is unwarranted when considering the minimal impact this adjustment will likely have on the ultimate ARC computation.

2. Non-recurring charges inclusions and eliminations

Farmers 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

Farmers 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*.

³ See the Fairpoint Telephone Companies Amended Transmittal No. 31, Supplement to Description and Justification, filed July 30, 2012. See also In the Matter of *July 3, 2012 Annual Access Tariff Filings*, WCB/Pricing No. 12-07, Order, DA 12-482 (Wireline Comp. Bur., rel. March 28, 2012).

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 [REDACTED] and the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F-10 is -12.11 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 -5.86 percent. This review indicates that Farmers' projected interstate and/or intrastate demand loss is less than an annualized rate of fifteen percent. Accordingly, Farmers 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 Farmers 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 Farmers' filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Farmers 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. Farmers 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 Farmers will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

Farmers presents this Direct Case in compliance with the aforementioned August 31, 2012 *Designation Order*. Farmers 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, Farmers' suspended ARC rates are just and reasonable and are reaffirmed by this Direct Case.

Respectfully submitted,

September 27, 2012

Farmers Telephone Cooperative, Inc.

/s/ Jeffrey L. Lawrimore
Jeffrey L. Lawrimore
Chief Financial Officer
P.O. Box 588
Kingstree, SC 29556

REDACTED FOR PUBLIC INSPECTION

EXHIBIT 1

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

Filing Date:	18-Jun-12
Filing Entity:	Farmers Telephone Cooperative, Inc.
Transmittal Number:	165
COSA:	240520

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 (A)		Local Switching Premium	MOU	0.00616	
** INFORMATION **					
17.2.3 (B)		Information Surcharge Premium	MOU	0.009547	
** TANDEM-SWITCHED TRANSPORT AND TANDEM **					
17.2.2		Tandem Switched Facility	MOU per Mile		0.000323
17.2.2		Tandem Switched Termination	MOU per Term		0.001399
17.2.2		Tandem Switching	MOU per Tand		0.011806
** SIGNALING FOR TANDEM SWITCHING **					
** DIRECT-TRUNKED TRANSPORT **					
17.2.2		Direct Trunked Facility	VG per Mile		2.01
17.2.2		Direct Trunked Facility	DS1 per Mile		12.64
17.2.2		Direct Trunked Facility	DS3 per Mile		101.96
17.2.2		Direct Trunked Termination	VG per Term		18.13
17.2.2		Direct Trunked Termination	DS1 per Term		59.74
17.2.2		Direct Trunked Termination	DS3 per Term		431.79
** DEDICATED SIGNALING TRANSPORT **					
** ENTRANCE FACILITIES **					
17.2.2		Entrance Facility	VG 2W per Term		22.7
17.2.2		Entrance Facility	VG 4W per Term		32.32
17.2.2		Entrance Facility	DS1 per Term		101.9
17.2.2		Entrance Facility	DS3 per Term		931.63
** LINE INFORMATION DATABASE **					
17.2.2		800 Series Data Base Access Service - Basic	per Query	0.0077	0.0077
17.2.2		800 Series Data Base Access Service - Vertical Feature	per Query	0.0084	0.0084
** 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:	18-Jun-12
Filing Entity:	Farmers Telephone Cooperative, Inc
Transmittal Number:	165
COSA:	240520

Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. Q
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	0.00616000
			<u>Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)</u>			
			SC Interim LEC Fund Bulk-Billed Access - Terminating Portion	billed monthly		
17.2.3 (B)	17.2.3 (B)		Information Surcharge - Terminating	mou	0.037400	0.00954700
			** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **			
			<u>Terminating Tandem-Switched Common Transport</u>			
17.2.2			Local Transport Facility - Terminating (avg miles w/BIP = 21.03)	mou x miles	0.00004	
17.2.2			Local Transport Termination - Terminating	mou	0.00036	
	17.2.2		Tandem Switched Facility (avg miles w/BIP = 15.48)	mou x miles		0.000323
	17.2.2		Tandem Switched Termination (avg terminations = 3.76)	mou x terms		0.001399
	17.2.2		Tandem Switching	mou		0.011806
			<u>Terminating Tandem Switching</u>			
			** 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		Direct Trunk Facility	DS-1		12.64
	17.2.2		Direct Trunk Termination	DS-1		59.47
	17.2.2		Entrance Facility	DS-1		101.9

Total

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

REDACTED FOR PUBLIC INSPECTION

EXHIBIT 2

Initial ARC Rate and Direct Case ARC Rate Comparison Table

REDACTED FOR PUBLIC INSPECTION

FARMERS 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

REDACTED FOR PUBLIC INSPECTION

EXHIBIT 3

Tariff Review Plan

Calculation of ARC Rates

REDACTED VERSION FOR PUBLIC REVIEW

Filing Date (enter w/leading '): 6/18/2012
 Holding Company:
 Filing Name: Farmers Telephone Cooperative, Inc

ARCCTRP-CAF-2

Eligible Revenue - Current Yr Recovery		Eligible Revenue - Current Yr Recovery	
Maximum Imputed ARC Revenue		Tariffed ARC Revenue + Expected CAF ICC Support	
Tariffed ARC Revenue			
Expected CAF ICC Support	\$ 3,168,121		

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

Totals

Exchange/RG	RESIDENCE / NP / BRI / SLB (excluding Lifeline)				MULTI-LINE BUSINESS			
	Residential	RES/NP/BRI Current Year		SLB	MLB	MLB Curr. Yr	NonCentrex	Centrex
	Total Rate Ceiling Chgs	Maximum ARC Rate	Tariffed ARC Rate	Tariffed ARC Rate	Federal SLC	Maximum ARC Rate	Tariffed ARC Rate	Tariffed ARC Rate
North Kingstree	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
West Andrews	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Bishopville	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
North Sumter	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Stateburg	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
North Manning	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Pocalla	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
North Summerton	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Mayesville	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Lane	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Scranton	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Turbeville	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Lynchville	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Oakland	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
East Sumter	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Greeleyville	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00
Pinewood	\$ 22 52	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ 1 00