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September 27, 2012

By Hand Delivery

FILED/ACCEPTED

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 Chesnee Telephone Company**

Dear Ms. Dortch:

John Staurulakis, Inc. hereby files the attached Direct Case on behalf of Chesnee Telephone Company 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.

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9430 Research Blvd., Austin, TX 78759
phone: 512-338-0473, fax: 512-346-0822

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phone: 770-569-2105, fax: 770-410-1608

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FILED/ACCEPTED

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

SEP 27 2012

Federal Communications Commission
Office of the Secretary

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

**DIRECT CASE OF
CHESNEE TELEPHONE COMPANY**

Chesnee Telephone Company, (“Chesnee”) 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, Chesnee Telephone Company, (alternatively “Chesnee” 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”). Chesnee is an Issuing Carrier of the JSI Tariff.

Chesnee 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 Chesnee. Pursuant to the *Designation Order*, Chesnee hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Chesnee’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. This revised financial information will also be filed with USAC as directed by the *Designation Order*.

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 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.

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Chesnee bills its carrier access bills (“CABs”) on a mid-month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Chesnee was based on the time period from September 17, 2010 through September 16, 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 fourteen 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 fourteen days to Chesnee’s 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

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).

Chesnee asserts that in light of the fact that there is only a fourteen day variance between Chesnee’s intrastate terminating billing usage time frame of September 17, 2010 through September 16, 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

Chesnee 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

Chesnee 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

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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 -6.67 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 -13.41 percent.

This review indicated that Chesnee's initial projected interstate and/or intrastate demand loss exceeded an annualized rate of fifteen percent. Accordingly, Chesnee did not fall within the safe harbor and is re-filing with the Commission in conjunction with this Direct Case, a revised 2012 ROR ILEC Interstate Rates Worksheet and a revised 2012 ROR ILEC Intrastate Rates Worksheet in order to reflect a demand loss annualized rate of fifteen percent for the applicable time period.

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

Not applicable to Chesnee Telephone Company.

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 Chesnee's filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Chesnee 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. Chesnee 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 Chesnee will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

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

Respectfully submitted,

September 27, 2012

Chesnee Telephone Company

/s/ Hannah A. Lancaster

Hannah A. Lancaster

President

208 South Alabama Avenue

P.O. Box 430

Chesnee, SC 29323

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EXHIBIT 1

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

	A	B	C	D	E	F	G	H
1	Filing Date:		June 18, 2012					
2	Filing Entity:		Chesnee Telephone Company, Inc.					
3	Transmittal Number:		JSI Transmittal 165					
4	COSA:		0515AN12					
5								
6								
7	Most Recently Filed Interstate Switched Access Revenue Requirement					Input		
8	TY 2012-2013 Baseline Adjustment Factor (BAF)						0.95	
9	BAF X Most Recently Filed Interstate Switched Access Revenue Requirement					F7*F8		
10	Total TY 2012-2013 Expected Maximum Interstate Revenue					Sum of Col. H		
11	TY 2012-2013 Interstate Eligible Recovery					F9-F10		
12								
13								
14	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		
15	Input	Input	Input (Note 1)	Input	Input	Input		
16	** LOCAL SWITCHING **							
17	17.2.3(A)		Local Switching	MOU	0.01159000			
18								
19								
20								
21								
22	** INFORMATION **							
23								
24	17.2.3(B)		Information Surcharge (Per 100 MOU)	MOU	0.01976000			
25								
26								
27								
28	** TANDEM-SWITCHED TRANSPORT AND TANDEM **							
29								
30	17.2.2		Tandem Switched Facility (avg miles w/BIP = 6.66)	MOU per mile		0.00009100		
31	17.2.2		Tandem Switched Termination	MOU		0.00044800		
32	17.2.2		Tandem Switching	MOU		-		
33								
34	** SIGNALING FOR TANDEM SWITCHING **							
35								
36								
37								
38								
39								
40	** DIRECT-TRUNKED TRANSPORT **							
41								
42	17.2.2		Direct Trunk Facility	DS-1		15.48		
43	17.2.2		Direct Trunk Termination	DS-1		76.33		
44								
45								
46	** DEDICATED SIGNALING TRANSPORT **							
47								
48								
49								
50								
51								
52	** ENTRANCE FACILITIES **							
53								
54								
55								
56								
57								
58	** LINE INFORMATION DATABASE **							
59								
60	17.2.2		800 Database Query - Basic	Message	0.00520000	0.00520000		
61	17.2.2		801 Database Query - Vertical	Message	0.00590000	0.00590000		
62								
63								
64	** BILLING NAME AND ADDRESS **							
65								
66								
67								
68								
69								
70								
71	Total TY 2012-2013 Expected Maximum Interstate Revenue (Sum of Col. H)							
72								
73								
74	Note 1: Enter one rate element per line under the relevant category. Insert rows as necessary							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S
1	Filing Date:	June 18, 2012																	
2	Filing Entity:	Chesnee Telephone Company, Inc																	
3	Transmittal Number:	JSI Transmittal 165																	
4	COSA:	0515AN12																	
5																			
6																			

7	Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. O
8	95% of Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. P
9	Total TY 2012-2013 Expected Maximum Transitional Intrastate Access Service Revenue	Sum of Col. R
10	Total TY 2012-2013 Intrastate Eligible Recovery	Sum of Col. S
11		
12		

13	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
14	Input	Input	Input	Input (Note 1)	Input	Input	Input
15				** TERMINATING END OFFICE ACCESS SERVICE **			
16				<u>Terminating Carrier Common Line</u>			
17							
18							
19							
20							
21							
22				<u>Terminating Local Switching</u>			
23							
24	17 2 3(A)	17 2 3(A)		Local Switching - Terminating	MOU	0 00779	0 01159000
25							
26							
27							
28				<u>Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)</u>			
29	17 2 3(B)	17 2 3(B)		Information Surcharge - Terminating (Per 100 MOU)	MOU	0 037400	0 01976000
30				SC Interim LEC Fund Bulk-Billed Access - Terminating Portion	billed monthly		
31							
32							
33							
34				** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **			
35				<u>Terminating Tandem-Switched Common Transport</u>			
36	17 2 2			Local Transport Facility - Terminating (avg miles w/BIP = 6 66)	MOU x miles	0 00004	
37	17 2 2			Local Transport Termination - Terminating	MOU	0 00036	
38		17 2 2		Tandem Switched Facility (avg miles w/BIP = 6 66)	MOU x miles		0 000091
39		17 2 2		Tandem Switched Termination (avg terminations = 1)	MOU x terms		0 000418
40							
41				<u>Terminating Tandem Switching</u>			
42		17 2 2		Tandem Switching	MOU		
43							
44							
45							
46							
47				** ORIGINATING AND TERMINATING DEDICATED TRANSPORT ACCESS SERVICE **			
48				<u>Originating and Terminating Entrance Facilities</u>			
49							
50							
51							
52							
53							
54				<u>Originating and Terminating Tandem-Switched Dedicated Transport</u>			
55							
56							
57							
58							
59							
60				<u>Originating and Terminating Direct-Trunked Transport</u>			
61							
62		17 2 2		Direct Trunk Facility	DS-1		15 48
63		17 2 2		Direct Trunk Termination	DS-1		76 33
64							
65							
66							
67	Total						
68							
69							

70 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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CHESNEE TELEPHONE COMPANY

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

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Filing Date (enter w/leading '): June 18, 2012
 Holding Company:
 Filing Name: Chesnee Telephone Company, Inc.

ARCRTRP-CAF-1

Study Area EXCHANGES

Rate Ceiling Component Charges Calculation (51.915(b)(11))												
RESIDENCE / NP / BRI / SLB (excluding Lifeline)												
Study Area	EXCHANGES	Stand-alone	Mandatory				State	State	Federal	Total Rate	Federal	Federal
			R1 rate	EAS	Zone	State						
				Charges	SLC	E911	TRS	USF	SLC	Comp. Chgs		
240515	Chesnee / Cherokee County	\$ 16.40	\$ -	\$ -	\$ -	\$ 0.89	\$ 0.15	\$ 0.52	\$ 6.50	\$ 24.46		\$ 9.20
240515	Chesnee / Spartanburg County	\$ 16.40	\$ -	\$ -	\$ -	\$ 0.50	\$ 0.15	\$ 0.52	\$ 6.50	\$ 24.07		\$ 9.20

MULTI-LINE BUSINESS

Filing Date (enter w/leading '): June 18, 2012
 Holding Company
 Filing Name: Chesnee Telephone Company, Inc.

Eligible Revenue - Current Yr Recovery
 Maximum Imputed ARC Revenue
 Tariffed ARC Revenue
 Expected CAF ICC Support \$ 503,051

Eligible Revenue - Current Yr Recovery
 Tariffed ARC Revenue + Expected CAF ICC Support

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	Maximum	Tariffed	Tariffed	Federal	Maximum	Tariffed	Tariffed
	<u>Ceiling Chgs</u>	<u>ARC Rate</u>	<u>ARC Rate</u>	<u>ARC Rate</u>	<u>SLC</u>	<u>ARC Rate</u>	<u>ARC Rate</u>	<u>ARC Rate</u>
Chesnee / Cherokee County	\$ 24.46	\$ 0.50	\$ 0.50	\$ 0.50	\$ 9.20	\$ 1.00	\$ 1.00	\$ 1.00
Chesnee / Spartanburg County	\$ 24.07	\$ 0.50	\$ 0.50	\$ 0.50	\$ 9.20	\$ 1.00	\$ 1.00	\$ 1.00

**Certification of Officer
to Authorize an Agent to File Data on Behalf of Reporting Carrier**

I certify that (Name of Agent) John Staurulakis, Inc. (JSI) is authorized to submit information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the data provided to the Authorized Agent; and, to the best of my knowledge, the actual data provided to the Authorized Agent are accurate.

Name of Authorized Agent John Staurulakis, Inc. (JSI)

Name of Reporting Carrier * Chesnee Telephone Company, Inc.

Signature of Authorized Officer *Hannah A. Lancaster* Date *September 25, 2012*

Printed name of Authorized Officer *HANNAH A. LANCASTER*

Title or position of Authorized Officer President

Telephone number of Authorized Officer. (864) 461-2211 ext. _____

Study Area Code of Reporting Carrier	^ 240515		Filing Due Date for this form (mm/dd/yyyy)	09/27/2012
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Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification of Officer as to the Accuracy of the CAF ICC Data Reported

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the actual data reported; and, to the best of my knowledge, the information reported on this form is accurate.

Name of Reporting Carrier		* Chesnee Telephone Company, Inc.	
Signature of Authorized Officer		Date	
<i>Hannah A. Lancaster</i>		<i>September 25, 2012</i>	
Printed name of Authorized Officer		<i>HANNAH A LANCASTER</i>	
Title or position of Authorized Officer		President	
Telephone number of Authorized Officer.		(864) 461-2211 ext. _____	
Study Area Code of Reporting Carrier	^ 240515	Filing Due Date for this form (mm/dd/yyyy)	09/27/2012

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification of Officer for Rate-of-Return Carrier Eligibility for CAF/ICC Recovery

I certify that I am an officer of the reporting carrier and that, to the best of my knowledge, the reporting carrier on this form certifies that it has complied with Eligible Recovery §51.917(d) and Access Recovery Charge §51.917(e) and is eligible to receive the CAF ICC support requested pursuant to §51.917(f).

Name of Reporting Carrier * Chesnee Telephone Company, Inc.

Signature of Authorized Officer *Hannah A. Lamaster* Date *September 25, 2012*

Printed name of Authorized Officer *HANNAH A. LAMASTER*

Title or position of Authorized Officer President

Telephone number of Authorized Officer. (864) 461-2211 ext. _____

Study Area Code of Reporting Carrier ^ 240515		Filing Due Date for this form (mm/dd/yyyy)	09/27/2012
---	---	---	------------

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.

Certification of Officer for Rate-of-Return Carrier Not Seeking Duplicative Recovery

I certify that I am an officer of the reporting carrier and that, to the best of my knowledge, the reporting carrier is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism as per §51.917(d)(vii).

Name of Reporting Carrier		* Chesnee Telephone Company, Inc.	
Signature of Authorized Officer		Date	
<i>Hannah A. Lancaster</i>		<i>September 25, 2012</i>	
Printed name of Authorized Officer		<i>HANNAH A. LANCASTER</i>	
Title or position of Authorized Officer		President	
Telephone number of Authorized Officer.		(864) 461-2211 ext. _____	
Study Area Code of Reporting Carrier	^ 240515	Filing Due Date for this form (mm dd/yyyy)	09/27/2012

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.