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7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.jsitel.com, e-mail: jsitel@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 Gearheart Communications Company, Inc. d/b/a Coalfields
Telephone Company**

Dear Ms. Dortch:

John Staurulakis, Inc. hereby files the attached Direct Case on behalf of Gearheart Communications Company, Inc. d/b/a Coalfields 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.

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

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

FILED/ACCEPTED

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

SFP 27 2012
Federal Communications Commission
Office of the Secretary

**DIRECT CASE OF
GEARHEART COMMUNICATIONS COMPANY, INC.
D/B/A COALFIELDS TELEPHONE COMPANY**

Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company, (“Gearheart”) 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, Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company, (alternatively “Gearheart” 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”).

Gearheart is an Issuing Carrier of the JSI Tariff.

Gearheart 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

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”).

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 Gearheart. Pursuant to the *Designation Order*, Gearheart hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Gearheart’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. Although Gearheart is not re-filing its financial information in conjunction with this Direct Case, Gearheart has in fact filed a revised Tariff Review Plan with the Commission, subsequent to the June 18th filing, in order to address issues raised by Commission Staff. This filing was submitted as an amendment to JSI Tariff Transmittal No. 165. Accordingly, and in an abundance of caution, Gearheart is also filing the appropriate certifications with this Direct Case indicating that this revised financial information is true and correct to the best of its knowledge, that it was not seeking duplicative recovery, and that it complied with sections 51.917(d), 51.917(e), and 51.917(f) of the Commission’s rules.³ These certifications are being filed in support of the revised Tariff Review Plan that was previously filed with the Commission.

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

³ See 47 C.F.R. §§ 1.16 (addressing unsworn declarations under penalty of perjury in lieu of affidavits); 51.917(d)(1)(vii) (requiring annual certification from Rate-of-Return carriers obtaining Eligible Recovery that no duplicative recovery is sought); and 51.917(f)(3) (stating that “A Rate-of-Return carrier that elects to receive CAF ICC support must certify with its 2012 annual access tariff filing and on April 1st of each subsequent year that it has complied with paragraphs (d) and (e), and, after doing so, is eligible to receive the CAF ICC support requested pursuant to paragraph (f) of this section”).

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.

Gearheart bills its carrier access bills ("CABs") on a calendar month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Gearheart 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

Gearheart 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

Gearheart 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 [REDACTED] and the projected annual percentage rate of demand change reflected in the calculation of the amount in cell F-10 is -6.84 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 -5.71 percent. This review indicates that Gearheart's projected interstate and/or intrastate demand loss is less than an annualized rate of fifteen percent.

Accordingly, Gearheart 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 Gearheart Communications Company, Inc. d/b/a Coalfields 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 Gearheart’s filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Gearheart 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. Gearheart 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 Gearheart will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

Gearheart presents this Direct Case in compliance with the aforementioned August 31, 2012 Designation Order. Gearheart 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.

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

Respectfully submitted,

September 27, 2012

**Gearheart Communications Company, Inc.
d/b/a Coalfields Telephone Company**

/s/ Paul D. Gearheart

Paul D. Gearheart

Vice President

20 Laynesville Road

P.O. Box 160

Harold, Kentucky 41635

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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:		06/18/2012					
2	Filing Entity:		Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company					
3	Transmittal Number:							
4	COSA:		260408					
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	LS	Local Switching	MOU	0.007			
18								
19								
20								
21								
22	** INFORMATION **							
23	17.2.3	INFO	Info Surcharge (Per 100 MOU)	100 MOU	0.014296			
24								
25								
26								
27								
28	** TANDEM-SWITCHED TRANSPORT AND TANDEM **							
29	17.2.2	TSF	Tandem Switching Facility	MOU per Mile		0.000344		
30	17.2.2	TST	Tandem Switched Termination	MOU per Term		0.001697		
31								
32								
33								
34	** SIGNALING FOR TANDEM SWITCHING **							
35	17.2.2	TS	Tandem Switching	MOU	0.005787	0.005787		
36								
37								
38								
39								
40	** DIRECT-TRUNKED TRANSPORT **							
41	17.2.2	DTF	DIRECT TRANSPORT FAC	DS1's per Mile		15.4		
42	17.2.2	DTF	DIRECT TRANSPORT FAC	DS3's per Mile		106.04		
43	17.2.2	DTT	DIRECT TRANSPORT TERM	DS1's per Term		75.95		
44	17.2.2	DTT	DIRECT TRANSPORT TERM	DS3's per Term		423.01		
45								
46	** DEDICATED SIGNALING TRANSPORT **							
47								
48								
49								
50								
51								
52	** ENTRANCE FACILITIES **							
53	17.2.2	EF	ENTRANCE FACILITY-FG ABCD	DS1's		142.3		
54								
55								
56								
57								
58	** LINE INFORMATION DATABASE **							
59	17.2.2	DBQ	800 QUERY-BASIC-FGD	Query's	0.004	0.004		
60	17.2.2	DBQ-V	800 QUERY- VERTICAL-FGD	Query's	0.0043	0.0043		
61								
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	06/18/2012																	
2	Filing Entity	Gearheart Communications Company, Inc. d/b/a Coalfields Telephone Company																	
3	Transmittal Number																		
4	COSA	260408																	
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 FY 2012-2013 Expected Maximum Transitional Intrastate Access Service Revenue									Sum of Col R									
10	Total FY 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 DS)	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				CCL/NTSR	MOU	0.046608	0.000000												
18																			
19																			
20																			
21																			
22				<u>Terminating Local Switching</u>															
23				Terminating Local Switching	MOU	0.036207	0.007143												
24																			
25																			
26																			
27				<u>Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)</u>															
28				Terminating Transitional Rate	MOU														
29																			
30																			
31																			
32																			
33				** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **															
34				<u>Terminating Tandem-Switched Common Transport</u>															
35				Terminating Tandem Switched Facilities	MOU x Miles	0.000189	0.000344												
36				Terminating Tandem Switched Terminations	MOU x Terms	0.000933	0.001697												
37																			
38																			
39																			
40																			
41				<u>Terminating Tandem Switching</u>															
42				Terminating Tandem Switching	MOU	0.003507	0.005787												
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				Direct Trunk Facility - VG		2.7	2.37												
62				Direct Trunk Facility - DS1		19.14	15.4												
63				Direct Trunk Facility - DS3		131.77	106.04												
64																			
65				Direct Trunk Termination- VG		27.08	23.82												
66				Direct Trunk Termination- DS1		94.38	75.95												
67				Direct Trunk Facility - DS3		575.64	423.01												
68																			
69				Entrance Facilities															
70																			
71																			
72																			
73	Total																		
74																			
75																			
76	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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**GEARHEART COMMUNICATIONS COMPANY, INC.
D/B/A COALFIELDS 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

REDACTED VERSION FOR PUBLIC REVIEW

Filing Date (enter w/leading '):
 Holding Company:
 Filing Name:

6/18/2012

ARCCTRP-CAF-1

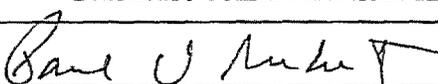
Gearheart Communications, Inc. DBA Coalfields Telephone Company

Study Area EXCHANGES

Rate Ceiling Component Charges Calculation (51.915(b)(11))										MULTI-LINE BUSINESS	
RESIDENCE / NP / BRI / SLB (excluding Lifeline)											
Mandatory											
Stand-alone	Mandatory	Zone	State			State	Federal	Total Rate		Federal	
<u>R1 rate</u>	<u>EAS</u>	<u>Charges</u>	<u>SLC</u>	<u>E911</u>	<u>TR5</u>	<u>USE</u>	<u>SLC</u>	<u>Ceiling</u>		<u>SLC-MLB</u>	
<u>Comp. Chgs</u>											
\$ 10.58	\$ -	\$ -	\$ -	\$1.41	\$0.04	\$0.00	\$6.50	\$18.53		\$ 9.20	
								\$0.00			

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	Gearheart Communications Inc. dba Coalfields Telephone		
Signature of Authorized Officer		Date	9-21-12
Printed name of Authorized Officer	Paul D Gearheart		
Title or position of Authorized Officer	Vice President		
Telephone number of Authorized Officer.	(606) 479-6254		
Study Area Code of Reporting Carrier	260408	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 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 **Gearheart Communications Inc dba Coalfields Telephone**

Signature of Authorized Officer *Paul D. Gearheart* Date **9-21-12**

Printed name of Authorized Officer **Paul D. Gearheart**

Title or position of Authorized Officer **Vice President**

Telephone number of Authorized Officer. **(606) 479-6254**

Study Area Code of Reporting Carrier	260408	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 for Rate-of-Return Carrier Eligibility for CAF/ICC Recovery

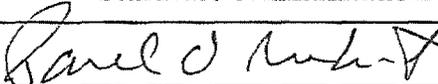
I certify that I am an officer of the reporting carrier and that, to the best of my knowledge, the reporting carrier on this form certifies that it has complied with Eligible Recovery §51.917(d) and Access Recovery Charge §51.917(e) and is eligible to receive the CAF ICC support requested pursuant to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

Name of Reporting Carrier		Gearheart Communications Inc dba Coalfields Telephone	
Signature of Authorized Officer	<i>Paul D. Gearheart</i>	Date	9-21-12
Printed name of Authorized Officer		Paul D. Gearheart	
Title or position of Authorized Officer		Vice President	
Telephone number or Authorized Officer.		(606) 479-6254	
Study Area Code of Reporting Carrier	260408	Filing Due Date for this form (mm/dd/yyyy)	09/27/2012

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**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	Gearheart Communications Inc. dba Coalfields Telephone		
Signature of Authorized Officer		Date	9-21-12
Printed name of Authorized Officer	Paul D. Gearheart		
Title or position of Authorized Officer	Vice President		
Telephone number of Authorized Officer.	(606) 479-6254		
Study Area Code of Reporting Carrier	260408	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.			