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REDACTED- FOR PUBLIC INSPECTION

September 27, 2012

By Hand Delivery

FILED/ACCEPTED

SEP 27 2012

Federal Communications Commission
Office of the Secretary

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

Re: WC Docket No. 12-233
WCB/Pricing No. 12-09
Direct Case of Hargray Telephone Company

Dear Ms. Dortch:

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

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.

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 HARGRAY TELEPHONE COMPANY

Hargray Telephone Company, ("Hargray") 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, Hargray Telephone Company, (alternatively "Hargray" 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"). Hargray is an Issuing Carrier of the JSI Tariff.

Hargray 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 Hargray. Pursuant to the *Designation Order*, Hargray hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Hargray's ARC rates are just and reasonable.

The financial information presented in this Direct Case as Exhibit 1, the 2012 ROR ILEC Interstate Rates Worksheet and the 2012 ROR ILEC Intrastate Rates Worksheet,[2] is confidential and is being submitted with this Direct Case in both confidential and redacted versions. In light of the fact that Hargray 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 Hargray as part of the June 18th filing, Hargray 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.

Hargray bills its carrier access bills ("CABs") on a mid-month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Hargray was based on the time period from September 21, 2010 through September 20, 2011 and not the October 1, 2010 through September 30, 2011 Fiscal Year put forth by the Commission. Although this time period does not align exactly with the October 2010 through September 2011 Fiscal Year noted above, the ten 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 ten days to Hargray'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]

Hargray asserts that in light of the fact that there is only a ten day variance between Hargray's intrastate terminating billing usage time frame of September 21, 2010 through September 20, 2011 and the October 2010 through September 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

Hargray 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

Hargray 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 -13.53 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 -9.71 percent. This review indicates that Hargray's projected interstate and/or intrastate demand loss is less than an annualized rate of fifteen percent. Accordingly, Hargray 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 Hargray 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 Hargray's filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Hargray 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. Hargray 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 Hargray will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

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

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

Respectfully submitted,

September 27, 2012

Hargray Telephone Company

/s/ Andrew Rein
Andrew Rein
Vice President
P.O. Box 5519
Hilton Head Island, SC 29938

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EXHIBIT 1

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

REDACTED VERSION FOR PUBLIC REVIEW

Filing Date: June 18, 2012
Filing Entity: Hargray Telephone Company
Transmittal Number: JSI Transmittal 165
COSA: 0523AN12

Most Recently Filed Interstate Switched Access Revenue Requirement	Input	[redacted]
TY 2012-2013 Baseline Adjustment Factor (BAF)		0.95
BAF X Most Recently Filed Interstate Switched Access Revenue Requirement	F7*F8	[redacted]
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	[redacted]
Input	Input	Input (Note 1)	Input	Input	Input	
		** LOCAL SWITCHING **				
		Local Switching	MOU	0.009529	[redacted]	
		** INFORMATION **				
		Information	MOU	0.001360	[redacted]	
		** TANDEM-SWITCHED TRANSPORT AND TANDEM **				
		Tandem Switching Facility	MOU per Mile	[redacted]	0.000137	
		Tandem Switched Termination	MOU per Term		0.000557	
		** SIGNALING FOR TANDEM SWITCHING **				
		Tandem Switching	MOU	[redacted]	0.009006	
		** DIRECT-TRUNKED TRANSPORT **				
		Direct Trunk Transport Facility	DS1's per Mile	[redacted]	14.52	
		Direct Trunk Transport Termination	DS1's per Term		59.75	
		** DEDICATED SIGNALING TRANSPORT **				
		** ENTRANCE FACILITIES **				
		Entrance Facilities	DS1's	[redacted]	65.27	
		** LINE INFORMATION DATABASE **				
		800 Database Query -Basic	Queries	0.004988	0.004988	
		800 Database Query -Vertical	Queries	0.005192	0.005192	
		** BILLING NAME AND ADDRESS **				

Total TY 2012-2013 Expected Maximum Interstate Revenue (Sum of Col. H)	[redacted]

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

Filing Date: June 18, 2012
Filing Entity: Hargray Telephone Company
Transmittal Number: JSI Transmittal 165
COSA: 0523AN12

REDACTED VERSION FOR PUBLIC REVIEW

Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col. O	[redacted]
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	Demand Units (e g , MOU or DS1)	12/29/2011 Intrastate Rate	12/29/2011 Interstate Rate	[redacted]
Input	Input	Input	Input (Note 1)	Input	Input	Input	
			** TERMINATING END OFFICE ACCESS SERVICE **				
			Terminating Carrier Common Line				
			Terminating Local Switching				
			Local Switching - Terminating	MOU	0 007779	0 009529	
	Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)						
			Information Surcharge - Terminating	MOU	0 0374	0 001360	
			SC Interim LEC Fund Bulk Billed -Access Terminating Portion	Billed Monthly			
		** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **					
			Terminating Tandem-Switched Common Transport				
			Local Transport Facility -Terminating (avg miles w/BIP = 14 17)	MOU x Miles	0 00004		
			Local Transport Termination - Terminating	MOU	0 00036		
			Tandem Switched Facility (avg miles w/BIP = 7 07	MOU x Miles		0 000137	
			Tandem Switched Termination (avg terminations = 2 6)	MOU x Terms		0 000557	
			Terminating Tandem Switching				
			Tandem Switching	MOU		0 009006	
		** ORIGINATING AND TERMINATING DEDICATED TRANSPORT ACCESS SERVICE **					
			Originating and Terminating Entrance Facilities				
			Originating and Terminating Tandem-Switched Dedicated Transport				
			Originating and Terminating Direct-Trunked Transport				
			Direct Trunk Facility	DS-1		14 52	
			Direct Trunk Transport	DS-1		59 75	
			Entrance Facility	DS-1		65 27	
Total							

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

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EXHIBIT 2

Initial ARC Rate and Direct Case ARC Rate

Comparison Table

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HARGRAY 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**

***Only applies to the Limited Use rate plan**

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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: Hargray Communications Group
Filing Name: Hargray Telephone Company

ARCRCTRP-CAF-1

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

Study Area	EXCHANGES	RESIDENCE / NP / BRI / SLB (excluding Lifeline)	Stand-alone R1 rate	Mandatory EAS	Mandatory Zone Charges	State SLC	E911	TRS	State USF	Federal SLC	Total Rate Ceiling Comp. Chgs	MULTI-LINE BUSINESS	Federal SLC-MLB
240523	Hilton Head	[redacted]	$ 23.99	$ -	$ -	$ -	$0 60	$0.15	$ 0.90	$6.50	$32.14	[redacted]	$ 9 20
240523	Hilton Head Limited Use		$ 16 60	$ -	$ -	$ -	$0 60	$0.15	$ 0.69	$6.50	$24.54		$ -
240523	Hardeeville		$ 23.99	$ -	$ -	$ -	$0.60	$0.15	$0.90	$6.50	$32.14		$ 9.20
240523	Hardeeville Limited Use		$ 16 60	$ -	$ -	$ -	$0.60	$0.15	$0.69	$6.50	$24.54		$ -

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Filing Date (enter w/leading '): June 18, 2012
Holding Company: Hargray Communications Group
Filing Name: Hargray Telephone Company

ARCRCTRP-CAF-2

Eligible Revenue - Current Yr Recovery	$	3,136,929
Maximum Imputed ARC Revenue		
Tariffed ARC Revenue	[redacted]	
Expected CAF ICC Support	$	2,980,047

Eligible Revenue - Current Yr Recovery	[redacted]
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 [redacted]

Exchange/RG		RESIDENCE / NP / BRI / SLB (excluding Lifeline) Residential Total Rate Ceiling Chgs	RES/NP/BRI Current Year Maximum ARC Rate	Tariffed ARC Rate	SLB Tariffed ARC Rate		MULTI-LINE BUSINESS MLB Federal SLC	MLB Curr Yr Maximum ARC Rate	NonCentrex Tariffed ARC Rate	Centrex Tariffed ARC Rate	
Hilton Head	[redacted]	$ 32.14	$ -	$ -	$ 0.50	[redacted]	$ 9.20	$ 1.00	$ 1.00	$ -	[redacted]
Hilton Head Limited Use		$ 24.54	$ 0.50	$ 0.50	$ 0.50		$ -	$ 1.00	$ 1.00	$ -	
Hardeeville		$ 32.14	$ -	$ -	$ -		$ 9.20	$ 1.00	$ 1.00	$ -	
Hardeeville Limited Use		$ 24.54	$ 0.50	$ 0.50	$ 0.50		$ -	$ 1.00	$ 1.00	$ -	