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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 Mt. Horeb Telephone Company**

Dear Ms. Dortch:

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

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

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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
MT. HOREB TELEPHONE COMPANY**

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

Mt. Horeb 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 Mt. Horeb. Pursuant to the *Designation Order*, Mt. Horeb hereby submits the required information and demonstrates that in light of the adjustments discussed in this Direct Case, Mt. Horeb’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 Mt. Horeb 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 Mt. Horeb as part of the June 18th filing, Mt. Horeb 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.

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

Mt. Horeb bills its carrier access bills (“CABs”) on a mid-month cycle. Consequently, intrastate terminating billing usage reflected in the June 18th filing for Mt. Horeb 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 Mt. Horeb’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

Mt. Horeb asserts that in light of the fact that there is only a ten day variance between Mt. Horeb'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

Mt. Horeb 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

Mt. Horeb 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 -10 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 -6.33 percent. This review indicates that Mt. Horeb's projected interstate and/or intrastate demand loss is less than an annualized rate of fifteen percent. Accordingly, Mt. Horeb 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 Mt. Horeb 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 Mt. Horeb's filed ARC rates and the ARC rates supported by this Direct Case. In this Direct Case, Mt. Horeb

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. Mt. Horeb 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 Mt. Horeb will not be filing revised ARC rates with the Commission in conjunction with this Direct Case.

III. CONCLUSION

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

Respectfully submitted,

September 27, 2012

Mt. Horeb Telephone Company

/s/ John Klarer

John Klarer

Secretary

P.O. Box 65

Mount Horeb, WI 53572

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EXHIBIT 1

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

Filing Date: 6/18/2012
 Filing Entity: Mount Horeb Telephone Company
 Transmittal Number: 165
 COSA: 330916

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)	N/A	originating local switching	mou	0.011251	
17.2.3(A)	N/A	terminating local switching	mou	0.011251	
** INFORMATION **					
** TANDEM-SWITCHED TRANSPORT AND TANDEM **					
17.2.2	N/A	originating tandem switched termination	mou		0.000513
17.2.2	N/A	terminating tandem switched termination	mou		0.000513
17.2.2	N/A	originating tandem switched facility	mou		0.000046
17.2.2	N/A	terminating tandem switched facility	mou		0.000046
** SIGNALING FOR TANDEM SWITCHING **					
** DIRECT-TRUNKED TRANSPORT **					
17.2.2	N/A	DIRECT TRUNKED TRANSPORT TERMINATION - HC DS1	ds1		30.12
17.2.2	N/A	DIRECT TRUNKED TRANSPORT FACILITY - VG	vg		1.23
17.2.2	N/A	DIRECT TRUNKED TRANSPORT FACILITY HC DS1	ds1		2.72
** DEDICATED SIGNALING TRANSPORT **					
** ENTRANCE FACILITIES **					
** LINE INFORMATION DATABASE **					
17.2.2	N/A	800 database query basic	query	0.005	0.005
** 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: 6/18/2012
 Filing Entry: Mount Horeb Telephone Company
 Transmittal Number: 165
 COSA: 330916

Total FY 2011 Actual Revenue for Transitional Intrastate Access Service Rate Elements	Sum of Col O
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>			
17.1.1		N/A	Terminating Carrier Common Line	MOU	0.015	0
			<u>Terminating Local Switching</u>			
17.2.3(A)	17.2.3(A)	N/A	Terminating Local Switching	MOU	0.0192	0.011251
			<u>Terminating Other (e.g., information surcharge, Transport or Residual Interconnection Charges)</u>			
17.2.3(B)		N/A	Terminating information surcharge	MOU	0.0139	0
			** TERMINATING TANDEM-SWITCHED TRANSPORT ACCESS SERVICE **			
			<u>Terminating Tandem-Switched Common Transport</u>			
17.2.2		N/A	local transport facility	MOU	0.0002	0
17.2.2		N/A	local transport termination	MOU	0.0057	0
	17.2.2	N/A	tandem switched facility	MOU	0	0.000046
	17.2.2	N/A	tandem switched termination	MOU	0	0.000513
			<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	N/A	VG-facility	VG	0	1.23
	17.2.2	N/A	DS1-facility	DS1	0	2.72
	17.2.2	N/A	VG-Termination	VG	0	12.28
	17.2.2	N/A	DS1-Termination	DS1	0	30.12

Total

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EXHIBIT 2

Initial ARC Rate and Direct Case ARC Rate Comparison Table

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MT. HOREB 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 '): 6/18/2012
 Holding Company:
 Filing Name: Mount Horeb Telephone Company

ARCCTRP-CAF-1

Study Area EXCHANGES

Rate Ceiling Component Charges Calculation (51 915(b)(11))										
RESIDENCE / NP / BRI / SLB (excluding Lifeline)										
Stand-alone	Mandatory			State	E911	IRS	State	Federal	Total Rate Ceiling	Federal
	R1 rate	EAS	Zone Charges							
330916 Mount Horeb	\$ 7.38	\$ 8.32	\$ -	\$ -	\$0.920	\$0.000	\$0.370	\$6.500	\$23.490	\$ 9.20

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Filing Date (enter w/leading '): 6/19/2012
 Holding Company:
 Filing Name: Mount Horeb Telephone Company

ARCCTRP-CAF-2

Eligible Revenue - Current Yr Recovery \$ 396,192
 Maximum Imputed ARC Revenue
 Tarriffed ARC Revenue
 Expected CAF ICC Support \$ 372,504

Eligible Revenue - Current Yr Recovery
 Tarriffed 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 Lrfeline)				MULTI-LINE BUSINESS			
	Residential Total Rate Ceiling Chgs	RES/NP/BRI Current Year Maximum ARC Rate	Tariffed ARC Rate	SLB Tariffed ARC Rate	MLB Federal SLC	MLB Curr Yr Maximum ARC Rate	NonCentrex Tariffed ARC Rate	Centrex Tariffed ARC Rate
Mount Horeb	\$ 23 49	\$ 0 50	\$ 0 50	\$ 0 50	\$ 9 20	\$ 1 00	\$ 1 00	\$ -