

DESCRIPTION AND JUSTIFICATION
Dunkirk and Fredonia Telephone Company (“D&F”) Tariff F.C.C. No. 2
Transmittal No. 34
June 16, 2008

Dunkirk and Fredonia Telephone Company (“D&F”), an incumbent local exchange carrier (“ILEC”) operating in New York, hereby provides a Description and Justification for its Residential, Single Line Business and Multi-Line Business (“MLB”) End User Common Line (“EUCL”) rates proposed under Transmittal No. 34 of the Dunkirk and Fredonia Tariff F.C.C. No. 2 (“D&F Tariff FCC No. 2”).

With respect to Traffic Sensitive, Special Access and Common Line rates other than EUCL rates, D&F Tariff FCC No. 2 references National Exchange Carrier Tariff F.C.C. No. 5 (NECA Tariff FCC No. 5”). Thus, this filing only addresses EUCL rates.

Specifically, the MLB EUCL rate, and the corresponding Centrex EUCL rate, are increasing from \$7.09 per line to the capped \$9.20 rate per line. The Single Line (“SL”) EUCL rate remains at the capped level of \$6.50 per line.

Because all interstate rates charged by D&F other than EUCL charges are based on NECA Tariff FCC No. 5, the effect of this filing is limited to end user customers.

Description of Filing

This summary together with the accompanying revised tariff material has been filed by John Staurulakis, Inc. (“JSI”) on behalf of D&F in order to comply with the rules and regulations of the Federal Communications Commission (“Commission”) with respect to annual access charge filings.

The instant filing is made in accordance with the Commission’s March 28, 2008 release entitled In the Matter of July 1, 2008 Annual Access Charge Tariff Filings, WCB/Pricing File No. 08-14, Order, DA 08-758 and revises the Company’s End User access rates pursuant to Section 61.38 of the Commission’s rules.

Justification for Cost Support and Rate Development

In addition to the summary information provided herein, the cost support data associated with this filing is contained in one volume comprising Attachments #1 - 7. The Certification of the cost support data for this filing is shown in Attachment #8 included separately. Because D&F is a member of the NECA Traffic Sensitive Pool and bills all Switched Access and Special Access charges at rates established in NECA Tariff FCC No. 5, D&F historically has not prepared and filed a Tariff Review Plan (“TRP”) with its annual filings.

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In accordance with Section 61.38(b)(1)(ii) of the Commission’s rules and regulations, a projection of D&F’s costs has been made for the test year beginning July 1, 2008 and ending June 30, 2009 (also referred to herein as the July 1, 2008-June 30, 2009 Test Year Cost of Service or “TYCOS”). The costs for the TYCOS have been based on financial estimates and projections of D&F, and are included in the attachments summarized as follows:

Summary Development of End User Common Line Revenue Requirement	Attachment #1
Part 69 - Access Charge Development	Attachment #2
Part 36 – Jurisdictional Separations of Costs.....	Attachment #3

In accordance with Section 61.38(b)(1)(i) of the Commission’s rules and regulations, attached is a cost of service study for the most recent twelve (12”) month period ending December 31, 2007, identified as follows (also referred to herein as the 2007 Prior Year Cost of Service or “PYCOS”):

Summary Development of End User Common Line Revenue Requirement	Attachment #4
Part 69 - Access Charge Development.....	Attachment #5
Part 36 – Jurisdictional Separations of Costs	Attachment #6

Additionally, the Company has included as Attachment 7 schedules analyzing revenue impacts of the filing.

Impact of Proposed Rate Change

The only rate change proposed in this filing is that for the MLB EUCL. Because of continued erosion in access lines for the Company, the revenue requirement per line has risen from \$7.09 as projected for the TYCOS for the 2006 annual filing (July 2006 through June 2007) to \$11.17 per line notwithstanding only a 1.33 percent increase in the Common Line revenue requirement. See the analysis on the following page summarizing data from the supporting documentation filed with this filing.

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Recap of Test Year Cost of Service (“TYCOS”) Compared with Prior Year Cost of Service (“PYCOS”) for Common Line

Following is a summary of the EUCL rate development for the proposed rate to become effective July 1, 2008 compared with the rate development for the current rate per the 2006 annual filing (Transmittal No. 33).

	Description	Source	2006 Annual Filing TYCOS Trans 33	2008 Annual Filing TYCOS Trans 34	Change	% Change
1	Common Line Revenue Requirement	Attachment 1, Line 27	\$ 918,277	\$930,508	\$ 12,231	1.33%
2	SL EUCL Lines	Attachment 7	7,706	4,645	-3,061	-39.72%
3	MLB EUCL Lines	Attachment 7	3,087	2,294	-793	-25.69%
4	Total EUCL Lines	Line 2 + Line 3 also Attachment 1	10,793	6,939	-3,854	-35.71%
5	Revenue Requirement per Line	Line 1 / Line 4 /12 also Attachment 1 Line 27	\$7.09	\$11.17	\$4.08	57.61%
6	Single Line EUCL Cap	47 CFR 69.104(o)(1)	\$6.50	\$6.50		
7	MLB EUCL Cap	47 CFR 69.104(n)(1)	\$9.20	\$9.20		
8	SL EUCL Rate	Lower of Line5 or Line 4	\$6.50	\$6.50	\$0.00	0.00%
9	MLB EUCL Rate	Lower of Line 3 or Line 5	\$7.09	\$9.20	\$2.11	29.76%

Following is the billed EUCL revenue impact of the proposed MLB EUCL rate increase.

		Projecte d Lines	Cur- rent Rate	Pro- posed Rate	Billed Revenue at Current Rate	Billed Revenue at Proposed Rate	Increase	% Change
		(A)	(B)	(C)	(D) = A*B*12	(E) = A*B*12	(F) = E - D	(G) = F / D
1	SL EUCL	4,645	\$6.50	\$6.50	\$362,310	\$362,310	\$ -	0.00%
2	MLB	2,294	\$7.09	\$9.20	\$ 195,175	\$253,258	\$ 58,082	29.76%
3	COMBINE D	6,939			\$ 557,485	\$615,568	\$ 58,082	10.42%

Based on the foregoing, including the analyses at Attachments 1 through 7, the annual filing of Dunkirk and Fredonia Telephone Company resulting in a rate increase for Multiline Business End User Common Line charges is compliant with applicable Commission rules and reasonable in all respects.