

**DESCRIPTION AND JUSTIFICATION**  
**John Staurulakis, Inc. Tariff F.C.C. No. 1**  
**Transmittal No. 152**

**Citizens Telephone Company d/b/a Comporium Communications, SAC 240521**

Citizens Telephone Company d/b/a Comporium Communications, (alternatively “Citizens” or “Company”), through its consultant John Staurulakis, Inc. (JSI) hereby provides a Description and Justification for its individual rates proposed under Transmittal No.152 of the John Staurulakis, Inc. Tariff F.C.C. No. 1 (JSI Tariff). Citizens is an Issuing Carrier of the JSI Tariff. Citizens files interstate access rates on a prospective basis pursuant to Section 61.38 of the Commission’s rules.

**1. DESCRIPTION OF FILING**

This summary together with the accompanying revised tariff material has been filed by JSI in order to comply with the rules and regulations of the Federal Communications Commission (Commission) with respect to annual access charge filings.

JSI Tariff F.C.C. No. 1 governs the provision by Citizens of interstate Switched Access, Special Access and Miscellaneous and Public Packet Data Network services. The instant filing revises Citizens rates for those services.

The filing is made in accordance with the Commission’s March 31, 2010 release entitled In the Matter of July 1, 2010 Annual Access Charge Tariff Filings, WCB/Pricing File No. 10-03, Order, DA 10-505, (Released March 31, 2010). The instant filing includes proposed revised rates for the provision of the applicable Switched Access, Special Access, Miscellaneous and Public Packet Data Network services offered by the issuing carriers. Additionally, material required pursuant to In the Matter of Material to be Filed in Support of 2010 Annual Access Tariff Filings, WCB/Pricing File No. 10-04, Tariff Review Plans, DA 10-506 (Released March 31, 2010) is included as part of this filing.

**Justification for Cost Support and Rate Development**

In addition to the summary information provided herein, the cost support data associated with this filing comprising, in addition to the Tariff Review Plan (TRP) schedules, Attachments #1-7. The Certification of the cost support data for this filing is shown in Attachment #8 included separately.

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**TYCOS Cost Support**

In accordance with Section 61.38(b)(1)(ii) of the Commission's rules and regulations, a projection of the Company's costs has been made for the fiscal year ending June 30, 2011 (also referred to herein as the July 1, 2010-June 30, 2011 Test Year Cost of Service or "TYCOS" or "2011 TYCOS"). The costs for the twelve (12) month period ending June 30, 2011 have been based on financial estimates and projections of Citizens, and are summarized as follows:

Summary Development of Traffic Sensitive Revenue Requirement .....	Attachment #1
Part 69 - Access Charge Development .....	Attachment #2
Part 36 – Separations of Costs .....	Attachment #3

**PYCOS Cost Support**

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, 2009, identified as follows (also referred to herein as the 2009 Prior Year Cost of Service or "PYCOS"):

Summary Development of Traffic Sensitive Revenue Requirement .....	Attachment #4
Part 69 - Access Charge Development .....	Attachment #5
Part 36 – Separations of Costs .....	Attachment #6

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

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**2. INTERSTATE RATE DEVELOPMENT PROCESS**

The Company follows the Commission's multi-step process to identify the cost of providing interstate access service by an incumbent local exchange carrier (ILEC). First, the rules require an ILEC to record all of its expenses, investments, and revenues in accordance with accounting rules set forth in our regulations [Uniform System of Accounts, Part 32 of the FCC's rules, 47 CFR §§ 32.1-.9000]. Second, the rules divide these costs between those associated with regulated telecommunications services and those associated with nonregulated activities [The Part 64 Cost Allocation Rules, 47 CFR §§ 64.901-.904]. Third, the rules determine the fraction of the incumbent LEC's regulated expenses and investment that should be allocated to the interstate jurisdiction [Part 36 of the FCC's rules, 47 CFR §§ 36.1-.641]. After the total amount of interstate cost is identified, the access charge rules translate these interstate costs into charges for the specific interstate access services and rate elements. Part 69 specifies in detail the rate structure for recovering those costs [47 CFR §§ 69.1-.612]. That is, the rules tell ILECs the precise manner in which they may assess charges on interexchange carriers and end users. The Company refers to the Part 36 and Part 69 cost studies collectively as the "cost study."

In addition to following the Commission's prescribed rules, carriers reflect various Commission orders in development of interstate access revenue requirements. Further, certain options, elections or interpretations may apply. Following is a summary of major prescriptions, elections or interpretations reflected in development of the interstate access revenue requirement and, in turn, interstate access rates for the Company.

<b>Common Line</b>	This filing does not include rates for Common Line rate elements such as End User Common Line charges. The Company is a member of the National Exchange Carrier Association (NECA) Common Line Pool. The Company's rate pages in JSI Tariff FCC No. 1 reference NECA Tariff FCC No. 5 for Common Line Rates including End User Common Line rates.
<b>Traffic Sensitive</b>	The Company is not a member of the NECA Traffic Sensitive Pool and thus files rates for Traffic Sensitive, Special Access and Miscellaneous Charges as an issuing carrier for JSI Tariff FCC No. 1.
<b>Wireline Broadband Internet Access Service</b>	Effective July 1, 2009, the Company elected to provide Wireline Broadband Internet Access Service ("WBIAS") on a permissively detariffed, common-carriage basis under Title II of the Communications Act, as Amended. 47 U.S.C § 151-161. The Company made the election pursuant to <i>Appropriate Framework for Broadband Access to the Internet over Wireline Facilities, Universal Service Obligations of Broadband Providers</i> , CC Docket No. 02-33, WC Docket No. 05-271, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853 (2005), FCC 05-150 (Rel. Sep 23,

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2005), (*Wireline Broadband Order*). Because WBIAS is a common-carriage service, apportionment of costs to WBIAS are based on Part 36 and Part 69. For Part 36, WBIAS plant investment is assigned to interstate. For Part 69, WBIAS plant investment is assigned to a new element in the access cost study, “WBI,” along with expenses identified as WBIAS-specific and apportioned expenses. Supporting cost study and TRP materials indicate the new category WBI.

The Company’s rate development for this filing excludes the WBIAS revenue requirement otherwise identified in the cost support. The WBIAS revenue requirement is recovered through charges to users of the WBIAS services pursuant to generally available rates, terms and conditions offered on a common-carriage basis.

**Rate  
Development  
and Cost  
Support**

The Company is a mandatory Section 61.38 filer, 47 C.F.R. § 61.38, and thus makes mandatory annual filings in even-numbered years with provision to the Commission of the cost support described in Section 61.38. Section 61.38 prescribes development of rates based on TYCOS and Test Year demand. The test year is prospective, comprising the twelve months beginning July 1, 2010 and ending June 30, 2011.

**Part 36  
Traffic  
Factors Freeze  
– Section  
36.3(a)**

The Company’s Part 36 allocations reflect use of the Company’s frozen traffic factors based on the 2000 separations study pursuant to Section 36.3(a) of the Commission’s rules. 47 C.F.R. § 36.3(a). The Commission adopted Section 36.3(a) in the *2001 Separations Freeze Order*. See *Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Report and Order, 16 FCC Rcd 11382, FCC 01-162 (rel. May 22, 2001). On May 16, 2006, the Commission released an Order in which it extended, on an interim basis, the freeze of Part 36 category relationships. See *Jurisdictional Separations and Referral to the Federal-State Joint Board*, CC Docket No. 80-286, Order and Further Notice of Proposed Rulemaking, FCC 06-70 (rel. May 16, 2006).

**Part 36  
Category  
Relationships-  
Section  
36.3(b)**

The Company has not elected to be subject to the provisions of Section 36.3(b) which allows for assignment of costs from the Part 32 accounts to the separations categories/sub-categories, as specified herein, based on the percentage relationships of the categorized/sub-categorized costs to their associated Part 32 accounts for the twelve month period ending December 31, 2009.

**MAG Order –  
Port Costs**

The Company uses a 30 percent factor for allocation of switching costs to the common line category pursuant to paragraph 95 of the MAG Order. See as part of the Company’s original “MAG Filing” under Transmittal No. 63 effective January 1, 2002. See *Multi-Association*

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*Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613, FCC 01-304 (rel. Nov. 8, 2001) (MAG Order).*

**MAG Order-  
Transport  
Inter-  
connection  
Charge (TIC)** Reallocation of the TIC has been made pursuant to Section 69.415, 47 C.F.R. § 415, in accordance with the Commission's Declaratory Ruling in DA 01-2871, released December 11, 2001. See MAG Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Declaratory Ruling, DA 01-2871 (rel. Dec. 11, 2001).

**Cash Working  
Capital** For cash working capital (CWC) included in net investment, the company has not changed its election under Section 65.820(d) and continues to use prescribed Wireline Competition Bureau B Company standard allowance of 15 days.

The Company develops "total-company" CWC and apportions it among interstate and intrastate operations based on total expenses less non-cash expense items consistent with Section 36.182(a) of the Commissions rules. 47 CFR § 36.182(a). In response to the AT&T petition respecting the 2004 annual filing, the Company defended the reasonableness of the "total company" approach in its response to AT&T. See John Staurulakis, Inc. See Petition of AT&T Corp. Addressing July 1, 2004 Annual Access Charge Tariff Filings, WCB 04-18, (June 28, 2004) (AT&T Petition or Petition) and John Staurulakis, Inc. Reply, July 1, 2004 Annual Access Charge Tariff Filings, WCB 04-18, (June 29, 2004). The Pricing Policy Division did not address the "total company approach" in any of its post-filing orders respecting the 2004 annual access filing.

**DEM  
Weighting** In an order adopted March 17, 2010, the Commission addressed the inequitable asymmetry in its rules governing high cost local switching support ("LSS"). See High-Cost Universal Service Support, Jurisdictional Separations, Coalition for Equity in Switching Support Petition for Reconsideration, WC Docket No. 05-337, CC Docket No. 80-286, Report And Order and Memorandum Opinion and Order, FCC 10-44, 25 FCC Rcd 3430 (Rel. March 18, 2010) Prior to this order, the ILEC Dial Equipment Minute ("DEM") weighting factor could only decrease due to line counts increasing above the DEM Weighting thresholds codified in the Commission's Part 36 Jurisdictional Separations rules. 47 C.F.R. §§ 36.125(j) and 54.301(a)(2)(ii). Together, these provisions were known as the "One-Way Rule."). The Commission addressed the inequity in the rule and, effective January 1, 2010, modified the rules to permit ILECs that have lost lines to receive

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additional LSS when they cross below a threshold (47 C.F.R. §§ 36.125(j)).

As a result of a projected decrease in access lines below 20,000 lines, the Company is now subject to a 2.5 percent Dem Weighting factor for the Test Year, as compared to a 2.0 percent Dem Weighting factor for the Prior Year. Consequently, the revision of the rules regarding the application of the DEM Weighting factor has had a minimal impact on the Company.

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**3. REVENUE IMPACT OF RATES PROPOSED IN ANNUAL FILING**

As shown on Table 1, the rates proposed by the Company will increase tariffed rates an average of 12.3 percent (see Table 1, Line 6). The most significant level of increase is that for Local Switching at 74 percent which is explained following.

**Table 1 – Revenue Impact of Proposed Rates**

	Access Category	Source	Revenue at Current Rates	Revenue at Proposed Rates	Revenue Impact of Proposed Rates	% Change in Rates
1	Special Access	Attachment 7, Page 4	\$ 288,959	\$ 327,635	\$ 38,676	13.38%
2	End Office	Table 2	\$122,638	\$124,157	1,519	1.24%
3	Information	Table 2	\$9,352	\$12,658	3,306	35.35%
4	Local Transport	Attachment 7, Page 3	38,700	53,297	14,597	37.72%
5	Combined Switched Access	Sum Lines 2 through 4	170,690	190,112	19,422	11.38%
6	Total Categories Tariffed in JSI Tariff FCC No. 1	Line 1 + 5	459,649	517,747	58,098	12.64%
7	Common Line (End User Charges + ICLS)	Attachment 1, Form 1	4,299,263	4,299,263	-	0.00%
8	Total Impact of Filing on Revenue	Line 6 + Line 7	\$ 4,758,912	\$ 4,817,010	\$ 58,098	1.22%

**Table 2 – Calculation of End Office Changes**

The following Table serves to convert the data from Attachment 7, Page 2 to the format displayed in Table 1 above.<sup>1</sup>

	Current Rate	Proposed Rate	Increase	% Increase	Projected MOU - Per Attachment 7 Page 2	Revenue at Current Rates	Revenue at Proposed Rates	Revenue Effect	% Revenue Effect
Category	A	B	C = B - A	D = C/A	E	F = E*A	G = E* B	H = G - F	I = H / F
Local Switching	\$0.00323	\$0.00327	\$0.00004	1.22%	37,968,401	\$122,638	\$124,157	\$1,519	1.2%
Infor. Surcharge - per 100 Minutes	\$0.024630	\$0.033338	\$0.008708	26.12%	37,968,401	\$9,352	\$12,658	\$3,306	35.4%

<sup>1</sup> Attachment 7 calculates revenue at the current and proposed rates for Switched Access Transport and Special Access, but for Local Switching compares the current and proposed rates, but calculates only the proposed revenue at the proposed rate and projected demand.

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**Special Access Proposed Rate Increases**

The proposed increases in Special Access rates represent an average increase in rates of 13.88 percent which will produce an additional \$39,000 in revenue for the TYCOS compared with the projected TYCOS demand at the current rates. See Table 1, Line 1 above. The principal cause of increases in Special Access rates is the need to adjust for projected decreases in demand. The effect of projected decreases in Special Access demand is expected to be \$51,742 as calculated in Table 3 following.

**Table 3 – Analysis of Decrease in Special Access Demand**

Rate Element	2009 TYCOS Demand	Forecast d 12 Months Ending June 30, 2011	Increase (Decrease) in Demand 2009 to TYCOS Forecast	Current Rate per Attachment 7, Page 4	Demand Decrease Effect on Revenues
	A	B	C = B - A	D	E = C * D
Voice Grade CT 2-Wire	57	49	(8)	\$19.06	\$ (152)
Voice Grade CT 4-Wire	61	49	(12)	\$27.25	(327)
Voice Grade CMF (rt*mi*bp)	198	193	(5)	\$1.24	(6)
Voice Grade CMT	77	76	(1)	\$12.65	(13)
Digital Data CT All Types	415	305	(110)	\$29.40	(3,234)
Digital Data CMF 4.8 / 9.6 / 19.2	23	15	(8)	\$1.06	(8)
Digital Data CMF 56k / 64k	751	603	(147)	\$2.14	(315)
Digital Data CMT 4.8 / 9.6 / 19.2	12	0	(12)	\$11.08	(133)
Digital Data CMT 56k / 64k	377	317	(60)	\$22.05	(1,323)
High Capacity CT 1.544	6,659	7,290	631	\$78.27	49,388
High Capacity CT 44.736	277	231	(46)	\$751.35	(34,562)
High Capacity CMF 1.544	10,652	10,007	(645)	\$8.64	(5,573)
High Capacity CMF 44.736	893	561	(332)	\$65.66	(21,801)
High Capacity CMT 1.544	3,970	3,235	(735)	\$44.85	(32,965)
High Capacity CMT 44.736	12	15	(2)	\$270.25	(541)
Combined Effect of Changes in Demand					\$ (51,742)

The proposed increases in Special Access rates represent an average increase in rates of 13.88 percent which will produce an additional \$39,000 in revenue for the TYCOS compared with the projected TYCOS demand at the current rates. See Table 1, Line 1 above. The principal cause of increases in Special Access rates is the need to adjust for projected decreases in demand. The effect of projected decreases in Special Access demand is expected to be \$51,742 as calculated in Table 3 following.



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**4. Local Transport Proposed Rate Increases**

The proposed composite increase of 37.7% in Local Transport rates, expected to produce an additional \$14,596 in Local Transport revenue at projected demand, serves, *inter alia*, to redress the effect of declining Local Transport demand of approximately \$9,000 shown in Table 4 following.

**Table 4 – Analysis of Decrease in Local Transport Demand**

	Element or Category	Current Demand	Proposed Demand - Attachment 7	Projected Decrease in Demand	Current Rate	Effect of Decrease at Current Rate
1	Direct Trunked Transport Termination - HC DS1	168	123	-45	\$37.88	-\$1,705
2	Direct Trunked Transport Facility HC DS1	1632	1195	-437	\$7.30	-\$3,190
3	Combined Direct Trunked Transport					-\$4,895
4	Tandem Switched Facility	192,055,241	154,421,198	-37,634,043	\$0.000074	-\$2,785
5	Tandem Switched Termination	19,758,769	15,886,954	-3,871,815	\$0.000380	-\$1,471
6	Subtotal Tandem Switched Transport					-\$4,256
7	Total Local Transport (Sum Line 11, 12 and 16)					-\$9,151

**5. CONCLUSION**

Based on the Description and Justification herein together with the accompanying Tariff Review Plan and Attachments 1 through 7, the Company believes the proposed rates for its 2010 annual access filing are reasonable in all respects and supported by both the historical and projected demand and cost. Moreover, the Company has complied with all prescriptions regarding development of its interstate cost of service and, in turn, rate calculations.