

# **THE FAIRPOINT TELEPHONE COMPANIES**

## **F.C.C. Tariff #1**

### **2011 PRICE CAP REVISIONS Short Form Filing**

**May 17, 2011**

#### **Description and Justification**

#### **INTRODUCTION**

In connection with the May 17, 2011 Annual Filing early submission, FairPoint Telephone Companies (FairPoint) hereby submits limited Tariff Review Plan (TRP) revisions to F.C.C. Tariff No. 1 and the required supporting documentation. Exhibit 1 lists the COSAs associated with each company regulated under F.C.C. Tariff No. 1. This information is being filed in accordance with the Commission's 2011 TRP Notice released March 29, 2011 (DA11-570 and DA11-569) and fulfills the requirements established in Sections 61.41 through 61.49 of the Commission Rules.

This filing reflects the effects of the exogenous cost adjustments associated with Telecommunication Relay Service (TRS) and Regulatory Fee Obligations.

#### **EXOGENOUS COST ALLOCATIONS**

The TRP guidelines provide for consideration of exogenous cost changes between filing periods. Exogenous cost changes include the regulatory fees and Telecommunications Relay Service (TRS) expense. Prescribed factors are multiplied against Form 499A revenues to determine the amounts owed for the various exogenous assessments. None of the exogenous costs have been allocated to the Traffic Sensitive and Trunking baskets to avoid any recovery by the Average Traffic Sensitive rate per

Commission rule 61.45(d)(3). FairPoint has also adjusted the exogenous amounts to reflect any shift in revenue growth. The result is that no exogenous adjustment is made if the support rate has not changed. In other words the rate per dollar of revenue remains unchanged if the factor is unchanged. Exhibit 2 shows the incremental exogenous costs included in the filing.

### REGULATORY FEE

The calculation of change in regulatory fees to be reflected in the 2011 tariff year is based on the application of the Commission prescribed factor of 0.00361 to 499A Price Cap revenues. This factor was set forth in Assessment and Collection of Regulatory Fees for Fiscal Year 2011, MD 11-68, Notice of Proposed Rulemaking, (released May 3, 2011).

### TELECOMMUNICATIONS RELAY SERVICE

The Telecommunications Relay Service (TRS) fee is based on the annual cost recovery factor of .01056 as released May 4, 2011 in FCC DA11-826. The exogenous cost amount in this filing is preliminary; FairPoint will update the TRS exogenous costs if the proposed factor changes.

### **EXHIBIT INDEX**

The FairPoint Telephone Companies have provided the necessary detail to support the calculations of exogenous costs in various workpapers. The following is the index of such workpapers.

#### **Tariff Review Plan (Short Form)**

<b>EXG-1</b>	Exogenous Cost Summary
<b>Exhibit 1</b>	Affiliate and COSA Information
<b>Exhibit 2</b>	Exogenous Cost Calculations