

THE FAIRPOINT TELEPHONE COMPANIES

September 16, 2013

Transmittal No. 42

Description and Justification

DESCRIPTION

FairPoint Telephone Companies (FairPoint) hereby submits its Tariff Review Plan (TRP) revisions to F.C.C. Tariff No. 1 and 2 with the required supporting documentation. This filing fulfills the requirements established in Sections 61.41 through 61.49 of the Commission Rules. Exhibit 1 lists the COSAs' associated with each FairPoint company included in this filing.

In addition to the a mid-year Price Cap filing, FairPoint is proposing changes to the rates associated with the Federal Universal Service Fund (FUSF) Factor. These proposed changes include necessary supporting material and is in compliance with the Commission's rules. FairPoint's FCC Tariff No.1 proposes changes in compliance with the CALLS Order released in 2000 (*15 FCC Rcd 12,962 (2000)*), the Contribution Order released in 2002 (*17 FCC Rcd 24,952 (2002)*), and the Waiver Order released in 2003 and modified in 2008 (*18 FCC Rcd 4818 (2003) as modified by Federal-State Joint Board on Universal Service, Order on Reconsideration, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170 (rel. Feb. 14, 2008)*).

JUSTIFICATION

The following justification is provided for the proposed rates filed by FairPoint:

A. Demand

Demand data for the Price Cap regulated services reflects the period January 1 through December 31, 2012 and is used in the calculations of the Price Cap Index (PCIs), Actual Price Index (APIs), and Service Band Index (SBIs). Pursuant to paragraph 61.42(g) of the Commission's rules, only the demand for services that have not obtained pricing flexibility relief and have not been removed from Price Caps are included in the appropriate Price Cap baskets.

B. Compliance with Indices

The Commission requires FairPoint to compute the appropriate adjustments to the Price Cap Index (PCI) or CMT for each Price Cap basket. The PCI calculations are set forth in the Tariff Review Plan, form PCI-1.

C. Exogenous Cost Allocations

In this filing, FairPoint proposes exogenous cost adjustments for the Regulatory Fee and the Telecommunications Relay Service. Each of the incremental exogenous cost amounts in this filing is allocated based on Price Cap revenues. The Regulatory Fee and TRS expense are allocated to Common Line and Special Access baskets based on the 499A Interstate revenues. Exhibit 2 shows the incremental exogenous costs calculations and allocations that are included in this filing.

REGULATORY FEE

The calculation of change in regulatory fees to be reflected in the 2013-2014 tariff year is based on the application of the Commission prescribed factor of 0.00347 to 499A Price Cap revenues. This factor is set forth FCC Order 13-110, released August 12, 2013.

TELECOMMUNICATIONS RELAY SERVICE

The Telecommunications Relay Service (TRS) fee is based on the annual cost recovery factor of 0.1484 as set forth in FCC Order 13-1483, released on July 1, 2013.

Exhibit 2 details the calculations of the TRS exogenous costs.

D. Rate Detail

Included with the filing is a rate detail schedule. This detail shows the current and proposed rates in EXCEL spreadsheet format.

E. FUSF Rates

The proposed changes to the FUSF rates are attributed to the proposed changes to the EUCL and ARC rates outlined in this filing and the change in the FCC prescribed contribution factor between the 3rd quarter and the 4th quarter 2013 from 0.151 to 0.156 per CC Docket No. 96-45 (rel. September 11, 2013). In addition, FCC Tariff No. 1 multi-line FUSF proposed rates are adjusted to reflect updated multi-line demand associated with the multi-line equivalency calculation. Exhibit 3 provides a listing of the proposed FUSF rate changes for FCC Tariff No. 1 and Exhibit 4 provides supporting documentation for the proposed rate changes found in Exhibit 3. FCC Tariff No. 2 applies the new factor to all eligible interstate revenues.

F. CAF ICC Affects

There are no changes to the CAF eligible recovery therefore, no CAF ICC forms are submitted with this filing.

CONCLUSION

The FairPoint Telephone Companies hereby submit the accompanying TRP, proposed FUSF rate changes and exhibits consistent with the Commission's price cap regulations for local exchange carriers. The proposed adjustments are supported as just and reasonable.

EXHIBIT INDEX

The FairPoint Telephone Companies provides the necessary detail to support the calculations of indices, exogenous costs, and FUSF rates in various workpapers. The following is the index of such workpapers.

Certification

Tariff Review Plan (Long Form)

TRP Rate Detail

Exhibit 1

Exhibit 2

Exhibit 3

Exhibit 4

Rates and Revenues Detail

Affiliate and COSA Information

Exogenous Cost Calculations

Proposed FUSF Rate Changes

Calculation of the Proposed FUSF