

DESCRIPTION AND JUSTIFICATION
Dunkirk And Fredonia Telephone Company (NY)
Tariff F.C.C. Number 2
Transmittal No. 29

Dunkirk and Fredonia Telephone Company (Company) hereby provides a Description and Justification for its individual rates proposed under Transmittal No. 29 of the Company's Tariff F.C.C. No. 2.

Description of Filing

The accompanying revised tariff material has been filed by the Company in order to comply with the rules and regulations of the Federal Communications Commission (Commission) and the Commission's Tariff Review Plans released June 3, 2002, July 2, 2002 Annual Access Charge Tariff Filings, Tariff Review Plans for Carriers Subject to Rate-of-Return Regulation, DA 00-1269 (2002 TRP Order).

The Company's Tariff F.C.C. No. 2 governs the provision by the Company of End User Access Service. The instant filing revises the Company's rates for those services. All other federal access services offered by the Company are governed by the National Exchange Carrier Association, Inc. (NECA) Tariff F.C.C. No. 5 which is cross-referenced in the Company's tariff. The data required to be filed in accordance with the Tariff Review Plan has been incorporated in the data submitted by NECA in conjunction with the NECA Tariff No. 5 filing.

Justification for Cost Support and Rate Development

The Company has filed this tariff in order to enable it to charge its subscribers End User charges based on company specific costs to the extent that such rates are less than those set forth in NECA Tariff F.C.C. No. 5. In accordance with Section 69.104 of the Commission's rules and regulations, this tariff establishes the following rates for End User Access Service: \$6.00 per month for each individual line or trunk for residential and single line business subscribers and \$7.04 per month for each individual line or trunk for multiline business subscribers.

The entire cost support data associated with this filing is contained in one volume including the D&J and Attachments #1-10. The Certification of the cost support data for this filing is shown in Attachment #10.

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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, 2003. The costs for the twelve (12) month period ending June 30, 2003 were based on financial estimates and projections of the Company, and are summarized as follows:

Summary Development of End User Revenue	
Requirement.....	Attachment #1
Part 69 - Access Charge Development.....	Attachment #2
Part 36 – Separations of Costs.....	Attachment #3
Unseparated Cost Information.....	Attachment #4

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, 2001, identified as follows:

Summary Development of End User Revenue	
Requirement.....	Attachment #5
Part 69 - Access Charge Development	Attachment #6
Part 36 – Separations of Costs.....	Attachment #7
Unseparated Cost Information	Attachment #8

The total end user access service revenues generated under this tariff are projected to be \$946,058. See Attachment #9. The result of this revised tariff material will be an annual increase, to end users, of \$153,010 in direct charges. See Attachment #9.

General Support Facilities Investment Reapportionment

The Company provides billing and collection (B&C) services itself. Therefore, as requested by the Commission in the *2002 TRP Order*, the Company is providing the following information regarding reapportionment of General Support Facilities (GSF) investment in compliance with the *Rate-of-Return Access Charge Reform Order*. Multi-Association 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 (2001).

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GSF Investment Reapportioned to Interstate B&C:	
General Purpose Computer Investment	\$19,355
Net Investment	\$ 9,127
Interstate Revenue Requirement Reallocated:	
Common Line	(\$ 1,668)
Switched Access	(\$ 7,392)
Special Access	(\$ 1,485)
Billing and Collection (B&C)	\$10,545

In order to allocate GSF investment to the billing and collection category pursuant to the *Rate-of-Return Access Charge Reform Order*, the Company determined the cost of its investment in general purpose computers and applied the modified Big Three Expense Factor used by the price cap carriers.

