



Control Number: 43957



Item Number: 10

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APPLICATION OF VALLEY  
TELEPHONE COOPERATIVE, INC.  
FOR TRUE-UP OF 2012 FEDERAL  
UNIVERSAL SERVICE FUND IMPACTS  
TO THE TEXAS UNIVERSAL SERVICE  
FUND

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**VALLEY TELEPHONE COOPERATIVE, INC.'S  
RESPONSES TO THE COMMISSION STAFF'S  
FIRST REDACTED REQUEST FOR INFORMATION  
QUESTION NOS. STAFF 1-1 THROUGH STAFF 1-12**

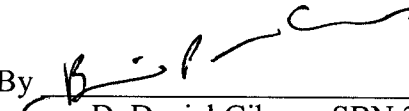
NOW COMES the Valley Telephone Cooperative, Inc. ("VTCI") and provides the following responses to the Commission Staff's First Redacted Request for Information Question Nos. Staff 1-1 through 1-12.

Without waiving any objection and in reservation of its rights, VTCI hereby responds as detailed herein.

The responses may be treated by all parties as if they were filed under oath.

Respectfully submitted,

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3223 South Loop 289, Suite 424 (79423)  
P.O. Box 64657  
Lubbock, Texas 79464-4657  
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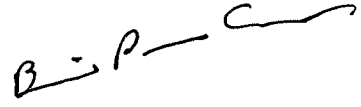
By   
for D. Daniel Gibson, SBN 24045939

*Attorneys for Valley Telephone Cooperative, Inc.*

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon all parties of record by either e-mail or facsimile on this 9th day of March 2015.

  
for D. Daniel Gibson

DOCKET NO. 43957

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**STAFF 1-1:** Please attest that the subject company has accounted for all prior period adjustments in the current true-up filing in Docket No. 43957. If the Company has not accounted for all prior period adjustments, please amend the current true-up filing to incorporate the prior period adjustments for the respective schedules.

**RESPONSE:** VTCI has accounted for all prior period adjustments in the current true-up filing in Docket No. 43957.

PREPARED BY: D. Daniel Gibson  
SPONSORED BY: Tanner Hamann

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**STAFF 1-2:** Please confirm that the subject local exchange company serves fewer than 31,000 access lines and that the company is not an electing company under Chapter 58 or 59 on June 1, 2013.

**RESPONSE:** VTCI has fewer than 31,000 access lines and is not an electing company under Chapter 58 or 59 on June 1, 2013.

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SPONSORED BY: Tanner Haman

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**STAFF 1-3:** If the local Exchange company is an electing company under Chapter 58 or 59, please justify why the Public Utility Commission Texas should provide reimbursement through rates or universal fund.

**RESPONSE:** VTCI is not an electing company under Chapter 58 or 59.

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**STAFF 1-4: Explain the difference in payments reflected with the USAC report for 2012 report and Schedule A of your filing.**

**RESPONSE:**

- HCLS - There is no difference in distribution payments reflected in the USAC report for 2012.
- ICLS - The 2012 disbursed amount is based on a 2012 forecast study result. In 2013, the 2012 ICLS was trued-up with USAC via FCC Form 509 utilizing actual 2012 study results flowed to the company in 2014.
- SNA - There is no difference in the distribution payments reflected in the USAC report for 2012.
- LSS - The 2012 disbursed amounts reflect 6 months of forecasted LSS and 6 months of frozen LSS at a 5% reduction.

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**STAFF 1-5:** Please provide the FCC Form 507 (ICLS FCC Line Counts).

**RESPONSE:** See FCC Form 507 is attached as Exhibit "A."

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**STAFF 1-6:** Please explain what controls the Company performed in calculating the costs for each program to avoid cost shifting.

**RESPONSE:** VTCI complies with federal cost allocation rules, FCC Part 32 and Part 64, which were followed when completing the Toll Cost Study and HCL Study.

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**STAFF 1-7:** Please provide a detail explanation why the projected amount of [REDACTED] for Applied Corporation Operation Expense was significantly different from the actual amount of [REDACTED]

**RESPONSE:** THIS ANSWER IS CONFIDENTIAL AND IS FILED UNDER SEAL.

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**STAFF 1-8:** Please provide an explanation of how the HCLF, ICLS and LSS were affected by the creation of new rules implemented by the Federal Government and/or State in detail for each program. Please prepare a written statement for the justification of the amounts due or being reimbursed to the Texas Universal Fund for an uninformed reader.

**RESPONSE:** PURA § 56.025 allows for replacement of reasonably projected revenue caused by FCC order, rule, or policy that changes the federal universal service fund revenue of a local exchange company. VTCI demonstrated in its original application in Docket No. 41332 that it projected a loss of federal support that resulted from actions taken by the FCC in its USF/ICC Transformation Order and Further Notice of Proposed Rulemaking ("Order"), as well as the FCC's Regression Analysis Order and the Third Order on Reconsideration. Pursuant to the Final Order in Docket No. 41332, VTCI has provided supporting data and documentation to justify its true-up calculation and amount due to be reimbursed to the Texas Universal Service Fund. Following is an explanation of the impacts to the individual federal USF funds resulting from actions taken by the FCC.

- HCLS – The FCC updated its corporate cap limitation formula.
- ICLS – The FCC implemented the corporate cap limitation formula to ICLS.
- LSS – The FCC froze the LSS and reduced the amount 5% annually.

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**STAFF 1-9:** Please provide, by exchange, loop counts of business and residential local service, for each month of the period to which the proposed true-up applies.

**RESPONSE:** The loop counts by exchange monthly were provided in section VII of Schedule A, Bates Stamped Pages 17-28 filed on December 12, 2014.

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**STAFF 1-10:** Please provide, by exchange, the local rate for business and residential local service for each month of the period to which the proposed true-up applies.

**RESPONSE:** The local rates by exchange monthly were provided in section VII of Schedule A, Bates Stamped Pages 17-28 filed on December 12, 2014.

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**STAFF 1-11: Why is the local revenue amount submitted in Docket 43957 different from the projected local revenue amount of \$ [REDACTED] as provided in the Final Order in Docket 41332 (July 19, 2013)?**

**RESPONSE: THIS ANSWER IS CONFIDENTIAL AND IS FILED UNDER SEAL.**

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**STAFF 1-12:** Was the \$[REDACTED] of projected local revenue in Docket 41332 a projected or actual amount? Please explain.

**RESPONSE:** THIS ANSWER IS CONFIDENTIAL AND IS FILED UNDER SEAL.

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