

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

1. Introduction

Citizens Telecommunications Companies ("Citizens") submits herewith its Description and Justification ("D&J") in support of its Annual 2009 Price Cap Tariff Review Plan Filing, made under letter dated May 1, 2009, pursuant to sections 61.41 through 61.49 of the Commission's Rules and relevant Commission orders.¹ This filing is made on behalf of the exchange carriers issuing Citizens Tariff F.C.C. No. 1. In this tariff, five separate rate schedules are maintained. These rate schedules are referred to as Rate Group 1 through Rate Group 5, and correspond to the COSA codes CTC1 through CTC5.

2. Development of Proposed CMT Revenue per Line and PCI Values

Citizens develops the proposed CMT revenue per line values by applying exogenous cost changes to the current CMT per line

¹ See, *Order*, July 2009 Annual Access Charge Tariff Filings, released March 26, 2009, DA 09-683 ("*2009 Filing Order*"); and *Tariff Review Plans*, Material to be Filed in Support of 2009 Annual Tariff Filings, released March 26, 2009, DA 09-684 ("*2008 TRP Order*").

values. The exogenous cost changes allocated to the CMT basket are divided by total EUCL lines to yield an exogenous change per line. The exogenous change per line is then divided by the existing CMT per line to yield an exogenous cost change factor. This factor is multiplied by the existing CMT revenue per line to get the proposed CMT revenue per line. These calculations are shown on Exhibit 2.1-1, 2.2-1, 2.3-1, 2.4-1, and 2.5-1 for the five Rate Groups.

Because the effects of $GDP-PI - X$ and g are targeted to the Average Traffic Sensitive Rate, the prospective PCI values for the Traffic Sensitive and Trunking Baskets are calculated by adjusting the existing PCI values for the effects of exogenous cost changes allocated to those baskets plus the amount of ATS targeting allocated to those baskets. Because the five Citizens rate groups achieved their ATS target rates in prior filings, the Traffic Sensitive and Trunking PCI values for these rate groups reflect no ATS targeting. The prospective PCI values for the Special Access

Basket are calculated using formula found in §61.45(b) of the Commission's rules. Calculation of PCI values is shown on Exhibits 2.1-2, 2.2-2, 2.3-2, 2.4-2, and 2.5-2 for the five Rate Groups.

Calculation of a "g" factor has in the past been associated with the development of PCIs. The g factor is now used only in ATS targeting, because the CMT basket is measured on the basis of revenues per line. Citizens calculates g factors on Exhibits 2.1-3, 2.2-3, 2.3-3, 2.4-3, and 2.5-3 for the five Rate Groups. Because the five Citizens rate groups achieved their ATS target rates in prior filings, there will be no ATS targeting. For purposes of populating the TRP, a zero g factor is used for the five Citizens rate groups.

3. Exogenous Cost Changes

Citizens has identified exogenous cost changes for changes in Federal Regulatory Fees, Telecommunications Relay Service (TRS) costs, and North American Numbering Plan (NANPA) funding. The amounts that Citizens pays for these obligations are

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

based on percentages of interstate end user revenues. The exogenous cost changes by basket are summarized on Exhibits 1.1-1 to 1.1-2, 1.2-1 to 1.2-2, 1.3-1 to 1.3-2, 1.4-1 to 1.4-2, and 1.5-1 to 1.5-2 for the five Rate Groups.

As permitted by the Commission², Citizens is including the impact of changes in Federal Regulatory Fees as an exogenous cost with this annual filing. The fee for Fiscal Year 2008 is \$0.00314 per interstate end user revenue dollar.³ The fee for Fiscal Year 2009 is not yet available. For purposes of this filing, Citizens assumes that the fee for Fiscal Year 2009 will be the same as for Fiscal Year 2008. Citizens anticipates that the actual fee for Fiscal 2009 will be available in time for the Annual Interstate Access Tariff Filings that must be made in June 2008.

² Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act, *Order*, DA 94-1119 (October 7, 1994).

³ See, *Report and Order and Further Notice of Proposed Rulemaking*, released 8/8/08,

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

The funding base to which this factor is applied is the interstate end user revenues for 2008 as reported on Form 499-A. Citizens reduces the funding base by its percentage of non-price cap end user revenues to get the price cap portion of the funding base. The annualized amount of current Federal Regulatory obligation attributable to price caps is computed by multiplying the price cap portion of the funding base by the contribution factor.

Citizens makes an exogenous adjustment for the difference between this amount and the amount embedded in current rates. The amount embedded in current rates for the existing four Citizens rate groups is calculated by adjusting the amount from the previous exogenous cost filing by the percentage change in price cap funding base between the prior base period and the current base period. This adjustment is necessary to accurately capture the amount of Federal Regulatory Fee cost embedded in the current

"Assessment and Collection of Regulatory Fees for Fiscal Year 2008", FCC 08-182.

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

rates. The calculation of the exogenous cost change for Federal Regulatory Fees is shown on Exhibits 1.1-4, 1.2-4, 1.3-4, 1.4-4, and 1.5-4 for the five Rate Groups.

On June 24, 2008, the Commission released an *Order* in CG docket 03-123, Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, DA 08-1476 ("*2008 TRS Order*"). In the *2008 TRS Order*, the Commission set the Telecommunications Relay Services ("TRS") contribution factor at 0.0102 for the July 2008 to June 2009 funding period. The TRS contribution factor for the July 2009 to June 2010 funding period is not yet available. For purposes of this filing, Citizens assumes that the actual factor to be used for the July 2009 to June 2010 period will be the same as the factor from the *2008 TRS Order*. Citizens anticipates that the actual factor to be used for the July 2009 to June 2010 rate period will be available in time for the Annual Interstate Access Tariff Filings that must be made in June 2009.

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

The funding base to which the this factor is applied is the interstate end user revenues for 2008 as reported on Form 499-A. Citizens reduces the funding base by its percentage of non-price cap end user revenues to get the price cap portion of the funding base. The annualized amount of current TRS obligation attributable to price caps is computed by multiplying the price cap portion of the funding base by the contribution factor.

Citizens makes an exogenous adjustment for the difference between this amount and the amount embedded in current rates. The amount embedded in current rates for the existing four Citizens rate groups is calculated by adjusting the amount from the previous exogenous cost filing by the percentage change in price cap funding base between the prior base period and the current base period. This adjustment is necessary to accurately capture the amount of TRS cost embedded in the current rates. Calculation of exogenous change for TRS costs is shown on Exhibits 1.1-5, 1.2-5,

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

1.3-5, 1.4-5, and 1.5-5 for the five Rate Groups.

On May 22, 2008, the Commission released a *Public Notice*, DA 08-1201, setting a contribution factor of 0.0000165 times interstate end user revenues to support the North American Numbering Plan Administration (NANPA) for the July 2008 to June 2009 funding period. The prospective contribution factor for the July 2009 to June 2010 rate period is not yet available. For purposes of this filing, Citizens assumes that the actual factor to be used for the July 2009 to June 2010 rate period will be the same as the factor applied to the July 2008 to June 2009 rate period. Citizens anticipates that the actual factor to be used for the July 2009 to June 2010 rate period will be available in time for the Annual Interstate Access Tariff Filings that must be made in June 2009.

The funding base to which this factor is applied is the interstate end user revenues for 2008 as reported on Form 499-A. Citizens reduces the funding base by its percentage of non-price cap end

user revenues to get the price cap portion of the funding base. The annualized amount of current NANPA obligation attributable to price caps is computed by multiplying the price cap portion of the funding base by the contribution factor.

Citizens makes an exogenous adjustment for the difference between this amount and the amount embedded in current rates. The amount embedded in current rates for the existing four Citizens rate groups is calculated by adjusting the amount from the previous exogenous cost filing by the percentage change in price cap contribution base between the prior base period and the current base period. This adjustment is necessary to accurately capture the amount of NANPA cost per access line embedded in the current rates. Calculation of the exogenous cost change for NANPA payments is shown on Exhibits 1.1-6, 1.2-6, 1.3-6, 1.4-6, and 1.5-6 for the five Rate Groups.

4. Other Exhibits

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

Citizens supplies the calculation of Transport Minutes used for the calculation of the Average Traffic Sensitive (ATS) rate on Exhibits 2.1-4, 2.2-4, 2.3-4, 2.4-4, and 2.5-4 for the five Rate Groups. Exhibits 2.1-5 to 2.1-6, 2.2-5 to 2.2-6, 2.3-5 to 2.3-6, 2.4-5 to 2.4-6, and 2.5-5 to 2.5-6 display the calculations needed to populate the TGT series forms of the May 1, 2009 TRP for the five Rate Groups. Citizens identifies the transmittals in which the current index levels became effective on Exhibits 3.1-1, 3.2-1, 3.3-1, 3.4-1, and 3.5-1 for the five Rate Groups, as required by ¶10 of the *2009 TRP Order*. Exhibits 4-1 and 4-2 display the services that have been removed from price caps, as required by ¶20 of the *2009 TRP Order*. Calculation of the Pooling Reversal quantities needed for Row 540 of Form TGT-2 of the TRP are developed on Exhibit H-1 for all tariff units commonly owned with Citizens.

Citizens submits TRPs in the format specified by the *2009 TRP Order* for the five Rate Groups. As with all filings, electronic copies of TRPs are uploaded to the Commission's electronic filing system,

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Tariff Review Plan Letter Filing
May 1, 2009

which allows any interested person to obtain a copy of the original
file submitted.