



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

CONSISTING OF

CONSOLIDATED COMMUNICATIONS OF TEXAS COMPANY
(CCTX) d/b/a CONSOLIDATED COMMUNICATIONS

AND

CONSOLIDATED COMMUNICATIONS OF FORT BEND COMPANY
(CCFB) d/b/a CONSOLIDATED COMMUNICATIONS

INTERSTATE ACCESS SERVICES

CONSOLIDATED COMMUNICATIONS COMPANIES
TARIFF FCC No. 1

ANNUAL 2010 PRICE CAP SHORT FORM FILING

May 17, 2010

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SECTION 1 INTRODUCTION AND SUMMARY

Introduction

The Consolidated Communications Companies, consisting of Consolidated Communications of Texas Company d/b/a Consolidated Communications and Consolidated Communications of Fort Bend Company d/b/a Consolidated Communications, hereby provide a Description and Justification for its limited Tariff Review Plan revisions to F.C.C. Tariff No. 1 along with supporting documentation. This information is being filed in accordance with the Commission's 2010 TRP Notice released March 31, 2010 (DA 10-505 and DA 10-506) and fulfills the requirements established in Sections 61.41 through 61.49 of the Commission rules.

Description of the Consolidated Communications Companies Operations

The Consolidated Communications Companies (CCC) consists of two separate legal entities: Consolidated Communications of Texas Company (CCTX) d/b/a Consolidated Communications and Consolidated Communications of Fort Bend Company (CCFB) d/b/a Consolidated Communications. Both of these entities are now price cap companies pursuant to FCC Order DA 08-1026¹ that fall under Sections 61.41 through 61.49 of the Commission's Rules and relevant Commission Orders.² They provide local service, toll, private line services, access services, DSL, CLASS services, and other modern telecommunications services to their customers.

CCTX originated with three separate telephone companies that merged over the years. Lufkin Telephone Exchange officially began business in 1898 and was incorporated in the state of Texas in 1910. Conroe Communications Company began providing service in the Conroe area in 1899 and was purchased by the owners of Lufkin Telephone Exchange and incorporated as the Conroe Telephone Company in 1929. The Alto Telephone Company was purchased in 1963. Ownership of the 3 entities was consolidated in 1969 to form Lufkin-Conroe Communications Company. In 1997, Lufkin-Conroe Communications Company and its subsidiaries were purchased by Texas Utilities Company and became TXU Communications Telephone Company. In April 2004, Consolidated Communications, Inc. purchased the company, changing the name to Consolidated Communications of Texas Company (CCTX).

CCTX is a rural East Texas telecommunications carrier providing service to approximately 94,000 customers in two distinct market areas: Conroe and Lufkin. The 16 communities served include: Alto, Apple Springs, Central, Conroe, Cut-N-Shoot, Diboll, Etoile, Fuller Springs, Grangerland, Hudson, Lake Conroe, Lufkin, Montgomery,

¹ See, Order, Consolidated communications Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, DA 08-1026.

² See, Order, July 2010 Annual Access Charge Tariff Filings, released March 31, 2010, DA 10-505 ("2010 Filing Order"); and Tariff Review Plans, Material to be filed in support of 2010 Annual filings, DA 10-506, released March 31, 2010 ("2009 TRP Order").

Riverbrook, Walden, and Wells. The 7 exchanges of the Conroe market area contain approximately 58,000 customers, primarily in Montgomery County.

The Lufkin market area serves 9 exchanges and 36,000 access lines in a separate area 85 miles north of the Conroe area, centered on the city of Lufkin. The area economy is supported primarily through manufacturing of paper and metal products, retail sales, service companies, government entities, and farming.

CCFB began business in 1898 as Fort Bend Telephone Company and was incorporated in Texas in 1910. In May 2000, Fort Bend Telephone Company and its affiliates were purchased by Texas Utilities Company and became Fort Bend Telephone Company d/b/a TXU Communications. In April 2004, TXU Communications, including Fort Bend Telephone Company, was purchased by Consolidated Communications, Inc., which changed the name to Consolidated Communications of Fort Bend Company (CCFB).

CCFB is also a rural carrier with approximately 35,000 access lines in 5 East Texas exchanges: Beasley, Brookshire, Damon, Katy, and Needville. CCFB possesses the same rural characteristics as CCTX, providing service in Brazoria, Harris, Fort Bend and Waller counties.

SECTION 2 OVERVIEW OF FILING PACKAGE

Tariff Support Material

This support material is submitted pursuant to Part 61.49 of the Federal Communications Commission (Commission) Rules and Regulations and the Order issued in WCB/Pricing 10-03, July, 2010 Annual Access Charge Tariff Filings, and Tariff Review Plans issued in WCB/Pricing 10-04, Material to be Filed in Support of 2010 Annual Access Tariff Filings, both adopted and released March 31, 2010.

In addition to the description and justification contained in this volume, the following information is submitted to provide specific support data at the proposed tariff level of detail for the Consolidated local operating companies.

Description and Justification

Exhibit 1 – Consolidation Local Operating Companies and Study Area Designators

Exhibit 2 – PCI Development

Tariff Review Plan (Lotus model CCTXas10.wk4 and CCFBas10.wk4)

SECTION 3 TARIFF SUPPORT

PCI Development

In Accordance with the Commission's Rules, the PCI for each service basket were calculated as shown in Exhibit RDEV-1, Page 1 of 5. A GDP-PI factor of 0.6410% was used in calculating the PCI's and is based on the percentage change in the Gross Domestic Product Price Index (GDP-PI) between the quarter ending December 31, 2009 and the corresponding quarter of the 2008 GDP-PI.

As directed by the Commission,³ a workpaper identifying the transmittal or letter filing date where the last index changes were implemented for the price cap categories has been included in Exhibit 2, RDEV-1, pages 4,5, and 6. Also, pursuant to DA 08-1026⁴, Consolidated has excluded ICLS receipts from its CMT PCI calculations.

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 typically 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 Consolidated Communications Companies has already achieved its ATS target rates prior to this filing, the Traffic Sensitive and Trunking PCI values 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 in Exhibit 2, RDEV-1, Page 1 of 5.

Determination of Exogenous Changes

In Accordance with the Commission's Rules, Consolidated developed certain exogenous changes for inclusion in the price cap formula. These changes include: (1) North American Number Plan Administration; (2) Regulatory Fees; and (3) Telecommunications Relay Service Fees.

Exogenous cost changes were individually developed for each of the items outlined above, and in the aggregate for all changes. Consolidated used base year 2008 (time of its last tariff filing) to estimate exogenous costs embedded in rates. Consolidated has also normalized 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 line remains unchanged if the factor is unchanged. A brief description of each change follows and a summary of the exogenous changes is shown in Exhibit 2, RDEV-1, Page 2 of 5.

³ 2010 TRP Notice, Supra., Paragraph 10.

⁴ See, Order, Consolidated Communications Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, DA 08-1026 para 18.

North American Numbering Plan Administration

On June 27, 2001, the Federal Communications Commission release an order approving the compensation plan for the North American Numbering Plan Administration (NANPA) for fiscal year 2001.⁵ The Commission reviewed and accepted the North American Numbering Plan Administrator submission and ordered that a contribution factor of 0.0000107⁶. This factor is used as an estimate for application to end user revenues of each telecommunications carrier in the United States to fund the program for the 2009 fiscal year (July 2009 to June 2010). The impact of the NANPA support has been included as an exogenous cost in this filing as shown in Exhibit 2, RDEV-1, Page 2 of 5.

Regulatory Fees

Earlier Commission decisions⁷ allow local exchange companies to reflect the impact of regulatory fees as an exogenous cost in annual price cap filings. The impact of regulatory fee changes for the July 2010 – June 2011 fiscal year was calculated using a factor of .00351 as prescribed in the Commission's *Regulatory Fee Order*,⁸ and has been included as exogenous cost in this filing and is shown in Exhibit 2, RDEV-1, Page 2 of 5. No updated factor has been used for this filing.

Telecommunications Relay Service

The Americans with Disabilities Act (ADA) required that all common carriers providing interstate voice telecommunications provide Telecommunications Relay Service (TRS) to customers effective July 26, 1993. In its *Third Report and Order* in CC Docket No. 90-571,⁹ the Commission required that all common carriers providing interstate telecommunications services contribute to an interstate shared fund to support the TRS function. The impact of the TRS exogenous cost for this filing is calculated using the .01137 contribution factor prescribed in the Commission's TRS Order¹⁰ and is displayed on Exhibit 2, RDEV-1, Page 2 of 5. No updated factor has been used for this filing

Work papers reflecting this exogenous change are shown in Exhibit 2, RDEV-1, Page 2 of 5.

⁵ *In the Matter of Administration of the North American Number Plan*, CC Docket No. 92-237 and *North American Number Plan Cost Recovery Contribution Factor and Fund Size*, NDS File No. L-00-72, Order (DA 01-1524), released June 7, 2001 (NANP Order)

⁶ *In the Matter of Administration of the North American Numbering Plan*, Proposed North American Numbering Plan Administration Fund Size Estimate and Contribution Factor for July 2009 through June 2010 (filed June 2, 2009) Public Notice, DA 09-1232, CC Docket No. 92-237.

⁷ *Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act*, 9 FCC 6060 (1994), erratum (November 2, 1994).

⁸ *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2010*, Notice of Proposed Rulemaking, MD Docket No. 10-87 (FCC 10-51), released April 13, 2010 (*Regulatory Fee Order*).

⁹ *In the Matter of Telecommunications Relay Services and the Americans with Disabilities Act of 1990*, Third Report and Order, CC Docket No. 90-571, released July 20, 1993 (*Third Report and Order*).

¹⁰ *In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities Order*, CG Docket No. 03-123, Public Notice FCC 09-39, Released May 14, 2009 (*TRS Order*)

Exhibit 1

Consolidated Communications Operating Companies and Study Area Designators

**Consolidated Communications Operating Companies
And Study Areas**

<u>Operating Company</u>	<u>COSA</u>
Consolidated Communications of Texas Company (442109)	CCTX
Consolidated Communications of Fort Bend Company (442072)	CCFB

CCTX

Exhibit 2

PCI Development

Filing Date: 05/17/2010
Filing Entity: Consolidated Communications of Texas Comi
Transmittal Number: Letter Filing
Proposed 2010 Annual Filing SHORTFORM TRP (CCTXas10.wk4)

5/17/10 PCI Development

	Common Line (A)	Traffic Sensitive (B)	Trunking (C)	Interexchange (D)	Special (E)
1. Revenues (R)	7,998,398	450,313	567,356	0	15,170,334
2. Exogenous Changes (Z)	800	0	0	0	21
a. EDFIT / ITC / Access Cost Changes	0	0	0	0	0
b. Telecom. Relay Service Changes	0	0	0	0	0
c. Lower Formula Adjustment (LFAM)	0	0	0	0	0
d. Regulatory Fee Support Changes	800	0	0	0	21
e. North American Numbering Plan Admin.	0	0	0	0	0
3. Z/R = (Ln 2 / Ln 1)	0.000100	0.000000	0.000000	0.000000	0.000001
4. W = ((Ln 1 + Ln 2) / R)	1.000100	1.000000	1.000000	0.000000	1.000001
5. GDP-PI Chain Weighted (4 Qtr 2008)	109.9020	109.9020	109.9020	109.9020	109.9020
6. GDP-PI Chain Weighted (4 Qtr 2007)	109.1550	109.1550	109.1550	109.1550	109.1550
7. Percent Change in GDP-PI (I) ((Ln 5 - Ln 6) / Ln 6) * 100	0.6410%	0.6410%	0.6410%	0.6410%	0.6410%
8. Productivity (X)	N/A	0.6410%	0.6410%	3.0000%	0.641000%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	0.0000%	0.0000%	-2.3590%	0.0000%
10. Growth Rate of CCL MOU/Line (g)	-6.0413%	N/A	N/A	N/A	N/A
11. Existing PCI	0.0000	100.0000	100.0000	0.0000	100.0000
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	0	0	N/A	N/A
13. Prop. PCI (NonExog Only: Annual Filing col.b&c: Ln 11; col.e: Ln 11 * (1 + Ln 9) SBI Upper Limit calculations only)	N/A	100.0000	100.0000	0.0000	100.0000
14. Proposed PCI col.b&c: Ln 11 * (1 + Ln 3 + Ln 12 / Ln 1) col.d&e: Ln 11 * (1 + Ln 3 + Ln 4 * Ln 9)	N/A	100.0000	100.0000	0.0000	100.0001

Exogenous Cost Changes Detail

FCC 2008 Price Cap Interstate End User Revenue	47,625,066.49	Interstate	10,133,732
FCC 2009 Price Cap Interstate End User Revenue	42,803,591.71	Total	9,119,037
Revenue Change (Line Loss)	-10.1%		-10.0%

Telecommunications Relay Service Support:

<u>7/08-6/09</u>	Adj. for Rev Change	<u>7/09-6/10</u>	<u>Exogenous</u> (C)=B-A
(A)		(B)	
115,221	\$ 103,683		103,683

North American Numbering Plan Administration:

510	\$	458	458	-
34,657	\$	31,187	32,008	821,00000

Regulatory Fee Support:

34,657	\$	31,187	32,008	821.00000
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Growth Rate of CCL MOU/Line (g)

<u>Growth Rate of CCL MOU/Line (g)</u>	2008	2009
Total Common Line MOUs	192,653,081	166,203,123
Average CPTs = Access Lines	98,292	90,250
MOUs / Access Line	1,960.00	1,841.59
Growth Rate (g)		-6.04%

Exogenous Amount	42,803,592	9,119,037	32,008	103,683	458
	(A)	(B)	(C)=B * 0.00351	(D) = B * 0.011370	(E) = A * 0.0000107
Total End User Revenues	(499A)	(499A)	Regulatory Fee	Telecom Relay Service	North American Numbering Plan Administration
2009 Annual					

	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
2009 End User Rev - FCC 499	\$ 8,890,444	\$ -	\$ -	\$ 228,592	\$ -	\$ 9,119,037
Allocation Basis				2.51%	0.00%	100.00%
Thousand Block Numbering	\$ -	\$ 0.00%	\$ -	\$ -	\$ -	\$ -
Telecom. Relay Support	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NANPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Fee Support:	\$ 800.42	\$ -	\$ -	\$ 21	\$ -	\$ 821
Sub-Total	\$ 800.42	\$ -	\$ -	\$ 20.58	\$ -	\$ 821

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2010 PCI (I)	6/30/2010 SBI (J)
Common Line Basket						
100 Total Common Line	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Sensitive Basket						
200 Local Switching	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
210 Information	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
220 Database Access	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
230 800 DB VertSvcs Sub-Cat	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
240 Billing Name and Address	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
250 Local Switching Trunk Ports	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
260 STP Port Terminations	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
299 Total Traffic Sensitive	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Trunking Basket						
300 Interconnection Charge	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
310 Tandem Switched Transport	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
311 TST Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
312 TST Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
313 TST Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
314 TST Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
315 TST Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
316 TST Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
317 TST Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
320 VoiceGrade - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
321 VG DTT/EF Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
322 VG DTT/EF Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
323 VG DTT/EF Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
324 VG DTT/EF Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
325 VG DTT/EF Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
326 VG DTT/EF Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
327 VG DTT/EF Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
340 High Cap & Other - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
350 DS-1 SubCat - Switched	N/A	N/A	N/A	N/A	N/A	N/A
351 DS1 DTT Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
352 DS1 DTT Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
353 DS1 DTT Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
354 DS1 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
355 DS1 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
356 DS1 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
357 DS1 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
360 DS-3 SubCat - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
361 DS3 DTT Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
362 DS3 DTT Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
363 DS3 DTT Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
364 DS3 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
365 DS3 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
366 DS3 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
367 DS3 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A

IND-1
Filing Date: 05/17/2010
Filing Entity: Consolidated Communications of Texas Company
Transmittal Number: Letter Filing
Proposed 2010 Annual Filing SHORTFORM TRP (CCTXas10.wk4)

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2010 PCI (I)	6/30/2010 SBI (J)
370 HC Other Sw Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
371 HC Other Sw Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
372 HC Other Sw Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
373 HC Other Sw Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
374 HC Other Sw Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
375 HC Other Sw Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
376 HC Other Sw Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
380 Signalling Interconnection	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
381 SigIntCon Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
382 SigIntCon Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
383 SigIntCon Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
384 SigIntCon Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
385 SigIntCon Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
386 SigIntCon Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
387 SigIntCon Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
499 Total Trunking	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Interexchange Basket						
600 Total Interexchange	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Special Access Basket						
720 VGWATS.Met.Tgh - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
721 VG Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
722 VG Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
723 VG Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
724 VG Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
725 VG Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
726 VG Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
727 VG Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
730 Audio & Video	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
731 Audio/Video Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
732 Audio/Video Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
733 Audio/Video Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
734 Audio/Video Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
735 Audio/Video Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
736 Audio/Video Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
737 Audio/Video Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
740 High Cap & DDS - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
751 DS1 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
752 DS1 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
753 DS1 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
754 DS1 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
755 DS1 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
756 DS1 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
757 DS1 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
760 DS-3 SubCat - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
761 DS3 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
762 DS3 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
763 DS3 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
764 DS3 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
765 DS3 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
766 DS3 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
767 DS3 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2010 PCI (I)	6/30/2010 SBI (J)
770 DDS&Other Sp Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
771 DDS&Other Sp Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
772 DDS&Other Sp Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
773 DDS&Other Sp Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
774 DDS&Other Sp Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
775 DDS&Other Sp Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
776 DDS&Other Sp Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
790 Wideband	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
791 WB Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
792 WB Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
793 WB Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
794 WB Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
795 WB Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
796 WB Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
797 WB Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
899 Total Special Access	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A

CCFB

Exhibit 2

PCI Development

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Proposed 2010 Annual Filing SHORTFORM TRP (CCFBas10.wk4)

5/17/10 PCI Development

	Common Line (A)	Traffic Sensitive (B)	Trunking (C)	Interexchange (D)	Special (E)
1. Revenues (R)	2,999,501	113,148	168,869	0	5,098,248
2. Exogenous Changes (Z)	299	0	0	0	1
a. EDFIT / ITC / Access Cost Changes	0	0	0	0	0
b. Telecom. Relay Service Changes	0	0	0	0	0
c. Lower Formula Adjustment (LFAM)	0	0	0	0	0
d. Regulatory Fee Support Changes	299	0	0	0	1
e. North Americal Numbering Plan Admin.	0	0	0	0	0
3. Z/R = (Ln 2 / Ln 1)	0.000100	0.000000	0.000000	0.000000	0.000000
4. W = ((Ln 1 + Ln 2) / R)	1.000100	1.000000	1.000000	0.000000	1.000000
5. GDP-PI Chain Weighted (4 Qtr 2007)	109.9020	109.9020	109.9020	109.9020	109.9020
6. GDP-PI Chain Weighted (4 Qtr 2006)	109.1550	109.1550	109.1550	109.1550	109.1550
7. Percent Change in GDP-PI (I) ((Ln 5 - Ln 6) / Ln 6) * 100	0.6410%	0.6410%	0.6410%	0.6410%	0.6410%
8. Productivity (X)	N/A	0.6410%	0.6410%	3.0000%	0.6410%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	0.0000%	0.0000%	-2.3590%	0.0000%
10. Growth Rate of CCL MOU/Line (g)	-8.3483%	N/A	N/A	N/A	N/A
11. Existing PCI	0.0000	100.0000	100.0000	0.0000	100.0000
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	0	0	N/A	N/A
13. Prop. PCI (NonExog Only: Annual Filing col.b&c: Ln 11; col.e: Ln 11 * (1 + Ln 9) SBI Upper Limit calculations only)	N/A	100.0000	100.0000	0.0000	100.0000
14. Proposed PCI col.b&c: Ln 11 * (1 + Ln 3 + Ln 12 / Ln 1) col.d&e: Ln 11 * (1 + Ln 3 + Ln 4 * Ln 9)	N/A	100.0000	100.0000	0.0000	100.0000

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Price Cap Tariff Review Plan
Indices

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2010 PCI (I)	6/30/2010 SBI (J)
Common Line Basket						
100 Total Common Line	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Sensitive Basket						
200 Local Switching	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
210 Information	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
220 Database Access	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
230 800 DB VertSvcs Sub-Cat	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
240 Billing Name and Address	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
250 Local Switching Trunk Ports	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
260 STP Port Terminations	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
299 Total Traffic Sensitive	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Trunking Basket						
300 Interconnection Charge	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
310 Tandem Switched Transport	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
311 TST Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
312 TST Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
313 TST Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
314 TST Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
315 TST Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
316 TST Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
317 TST Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
320 VoiceGrade - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
321 VG DTT/EF Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
322 VG DTT/EF Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
323 VG DTT/EF Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
324 VG DTT/EF Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
325 VG DTT/EF Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
326 VG DTT/EF Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
327 VG DTT/EF Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
340 High Cap & Other - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
350 DS-1 SubCat - Switched	N/A	N/A	N/A	N/A	N/A	N/A
351 DS1 DTT Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
352 DS1 DTT Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
353 DS1 DTT Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
354 DS1 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
355 DS1 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
356 DS1 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
357 DS1 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
360 DS-3 SubCat - Switched	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
361 DS3 DTT Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
362 DS3 DTT Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
363 DS3 DTT Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
364 DS3 DTT Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
365 DS3 DTT Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
366 DS3 DTT Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
367 DS3 DTT Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A

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	EXISTING PCI	EXISTING API	EXISTING SBI	EXISTING SBI LIMIT	6/30/2010 PCI	6/30/2010 SBI
	(E)	(F)	(G)	(H)	(I)	(J)
370 HC Other Sw Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
371 HC Other Sw Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
372 HC Other Sw Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
373 HC Other Sw Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
374 HC Other Sw Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
375 HC Other Sw Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
376 HC Other Sw Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
380 Signalling Interconnection	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
381 SigtCon Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
382 SigtCon Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
383 SigtCon Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
384 SigtCon Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
385 SigtCon Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
386 SigtCon Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
387 SigtCon Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
499 Total Trunking	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Interexchange Basket						
600 Total Interexchange	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A
Special Access Basket						
720 VG/WATS-Met.Tgh - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
721 VG Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
722 VG Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
723 VG Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
724 VG Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
725 VG Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
726 VG Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
727 VG Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
730 Audio & Video	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
731 Audio/Video Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
732 Audio/Video Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
733 Audio/Video Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
734 Audio/Video Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
735 Audio/Video Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
736 Audio/Video Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
737 Audio/Video Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
740 High Cap & DDS - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
751 DS1 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
752 DS1 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
753 DS1 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
754 DS1 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
755 DS1 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
756 DS1 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
757 DS1 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
760 DS-3 SubCat - Special	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
761 DS3 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
762 DS3 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
763 DS3 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
764 DS3 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
765 DS3 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
766 DS3 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
767 DS3 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A

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	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	6/30/2010 PCI (I)	6/30/2010 SBI (J)
770 DDS&Other Sp Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
771 DDS&Other Sp Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
772 DDS&Other Sp Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
773 DDS&Other Sp Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
774 DDS&Other Sp Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
775 DDS&Other Sp Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
776 DDS&Other Sp Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
790 Wideband	N/A	N/A	Trans.No. 24	Trans.No. 24	N/A	Trans.No. 24
791 WB Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
792 WB Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
793 WB Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
794 WB Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
795 WB Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
796 WB Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
797 WB Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
899 Total Special Access	Trans.No. 24	Trans.No. 24	N/A	N/A	Trans.No. 24	N/A