



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

CONSISTING OF

CONSOLIDATED COMMUNICATIONS OF TEXAS COMPANY (CCTX)

AND

CONSOLIDATED COMMUNICATIONS OF FORT BEND COMPANY (CCFB)

INTERSTATE ACCESS SERVICES

**CONSOLIDATED COMMUNICATIONS COMPANIES
TARIFF FCC No. 1**

ANNUAL 2012 ACCESS CHARGE TARIFF FILING

TRANSMITTAL No. 38

June 18, 2012

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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 with individual company rates (Section 17 and Section 18, respectively), along with supporting documentation proposed under transmittal 38 of the Consolidated Communications Companies. This information is being filed in accordance with the Commission's 2012 TRP Notice released March 28, 2012 (DA 12-482 and DA 12-575) 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 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 87,000 access lines 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, Riverbrook, Walden, and

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

² See, Order, July 2012 Annual Access Charge Tariff Filings, released March 28, 2012, DA 12-482 ("2012 Filing Order"); and Tariff Review Plans, Material to be filed in support of 2012 Annual filings, DA 12-575, released April 19, 2012 ("2012 TRP Order").

Wells. The 7 exchanges of the Conroe market area contain approximately 54,000 access lines, primarily in Montgomery County.

The Lufkin market area serves 9 exchanges and 33,000 access lines in a separate area 85 miles north of the Conroe area, centered on the city of Lufkin in Angelina County. 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 32,000 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 12-07, July, 2012 Annual Access Charge Tariff Filings released March 28, 2012, and Tariff Review Plans issued in WCB/Pricing 12-08, Material to be Filed in Support of 2012 Annual Access Tariff Filings, released April 19, 2012.

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

Exhibit 3 – Price Cap Revenue Impact Analysis

Files:

Tariff Review Plan (Excel files CCTXAN12.xls and CCFBAN12.xls)

Rate Detail (Excel files CCTXA12a.xls and CCFBA12a.xls)

Eligible Recovery Spreadsheet (Excel file CCTCER12.xls)

Confidential Files:

Access Reduction Spreadsheet (Excel files CCTXAR12.xls and CCFBAR12.xls)

Recip Comp Spreadsheet (Excel file CCTCRC12.xls)

ARC Spreadsheet (Excel file CCTCARC12.xls)

Tariff Rate Comparison (Excel file CCTCTRC12.xls)

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 2, RDEV-1, Page 1 of 3. A GDP-PI factor of 2.1486% was used in calculating the PCI and is based on the percentage change in the Gross Domestic Product Price Index (GDP-PI) between the quarter ending December 31, 2011 and the corresponding quarter of the 2010 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, Page 3. Also, pursuant to DA 08-1026⁴, Consolidated has excluded ICLS receipts from its CMT PCI calculations.

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 3.

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 2010 (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 3. The detail of the exogenous changes is shown in its TRP, Form EXG-1, Pages 1 and 2.

³ 2012 TRP Notice, Supra., Paragraph 11.

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 0.0000254⁶. 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 2012 fiscal year (July 2012 to June 2013). 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 3.

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 2012 – June 2013 fiscal year was calculated using a factor of .00375 as prescribed in the Commission's *Regulatory Fee Order*,⁸ and has been used as an estimate and included as an exogenous cost in this filing and is shown in Exhibit 2, RDEV-1, Page 2 of 3. In addition, because of the timing of last year's regulatory fee order, CCC elected to leave its last annual filing unchanged and reflect the difference in this year's filing. Because of this event, it is now necessary to normalize the exogenous rate over the full year thereby reversing the accelerated ratemaking. This exogenous allocation can be seen in RDEV-1, Page 2a.

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 .001058 as prescribed in the Commission's *TRS Order*¹⁰ and is displayed on Exhibit 2, RDEV-1, Page 2 of 3. In addition, because of the

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 2012 through June 2013* (filed May 21, 2012) Public Notice, DA 12-799, 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 2011*, Notice of Proposed Rulemaking, (filed July 22, 2011) FCC Order 11-114, MD Docket 11-76 (*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 *National Exchange Carrier Association submits payment formulas and funding requirements for the Interstate Telecommunications Relay Service Fund for the July 2011 through June 2012 fund year*, CG Docket No. 03-123, FCC Order 11-104, Released June 30, 2011

timing of last year's TRS order, CCC elected to leave its last annual filing unchanged and reflect the difference in this year's filing. Because of this event, it is now necessary to normalize the exogenous rate over the full year thereby reversing the accelerated ratemaking. This exogenous allocation can be seen in RDEV-1, Page 2a.

Rate Detail and other Exhibits

Rate Detail files will be submitted as part of the Consolidated TRP submission to display demand quantities, current rates, proposed rates, and the associated quantities for the specific baskets. For CMT, proposed SLC rates are set at current capped levels pursuant to Consolidated's price cap order¹¹ and PICC and CCL rates continue to be zero. For non-CMT baskets, PCI, SBI, and sub-index calculations are shown.

Consolidated also includes a revenue impact analysis in Exhibit 3, RDET1 to display overall impacts of any rate changes in the filing.

Additional Forms were added as a result of the November 18, 2011 release of the *USF/ICC Transformation Order*,¹² and are attached as exhibits to the filing as follows:

ARC Spreadsheet (CONFIDENTIAL) – The ARC Spreadsheet demonstrates the calculations necessary to arrive at an ARC rate for filing carriers. This is a new spreadsheet in the TRP created to comply with section 51.915(e) of the Commission's rules.¹³

Access Reduction Spreadsheet (CONFIDENTIAL) – The Access Reduction spreadsheet identifies the rates that are required to be reduced pursuant to section 51.907(b)-(g) of the Commission's rules and calculates the amount of the reductions. The spreadsheets also show the calculation of a price cap ILEC's eligible recovery pursuant to section 51.915(d) of the Commission's rules. This is a new spreadsheet in the TRP created to comply with sections 51.907(b)-(g) and 51.915(d) of the Commission's rules.¹⁴

The Access Reduction Spreadsheet establishes the rates in effect as of December 29, 2011 for both its intrastate and interstate components (see columns A and B). To determine "collected" revenue, Consolidated used an average of its Accounts Receivable for Intrastate Switched Access that was aged at 60 days or more for fiscal year 2011. Consolidated took measure of its monthly billing for intrastate aging by comparing the current month to the "left unpaid" balance at 60 days out.¹⁵ Making an assessment of "collected only" revenues to develop fiscal year 2011

¹¹ See, Order, Consolidated Communications Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, DA 08-1026 para 17.

¹² See *USF/ICC Transformation Order*, 26 FCC Rcd at 17934-35, para. 801 (although many of the switched access rate elements are subject to the transition adopted, other rates are not being specifically reduced at this time.) See also *id.* At 18109-115, paras. 1297-1314 (seeking comment on the appropriate transition for rate elements not specifically addressed in the Order).

¹³ 47 C.F.R. §51.915(e)

¹⁴ *Id.* At §§ 51.907(b)-(g), 51.915(d).

¹⁵ i.e., October, 2011 billing period was used to determine 60 day unpaid balance for the August 2011 bills, November, 2011 billing period was used to get the 60 unpaid balance for the September 2011 invoices, etc...

collected intrastate demand (see column D), Consolidated calculates the price out of intrastate terminating demand using both intrastate and interstate rates (see columns E and F). A calculation is then made to determine the amount equal to 50% of the difference between the price out columns (see column G). Proposed intrastate terminating rates are then input (see column H). The rates highlighted in green will be changed in the company's intrastate access tariffs. Using the input proposed rates, a new price out is calculated using intrastate terminating demand (see column I). This new price out is compared to the price out using the original rates (column E) to calculate the difference between the original and proposed revenues (column J). The total of Column J is then reconciled to the required price out (column G) to ensure that the 50% reduction threshold is met.

Reciprocal Compensation Spreadsheet (CONFIDENTIAL) – The Reciprocal Compensation spreadsheet demonstrates the calculations necessary to comply with section 51.705 of the Commission's rules and calculates the eligible recovery for reciprocal compensation rate reductions pursuant to section 51.915(d). This is a new spreadsheet in the TRP created to comply with section 51.705 and 51.915(d) of the Commission's rules.¹⁶

Eligible Recovery Spreadsheet - The Eligible recovery sheet is created to summarize eligible recovery outputs by operating company from the access reduction, reciprocal compensation, and TRP exogenous forms.

Tariff Rate Comparison (CONFIDENTIAL) – The Tariff Rate Comparison sheet is created to show the implementation of ARC rates in exchanges in relation to the FCC revenue benchmark restrictions in the ICC Transformation Order.

¹⁶ *Id.* At §§ 51.705, 51.915(d).

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

CCFB

Exhibit 2

PCI Development

Filing Date: 06/18/2012
 Filing Entity: Consolidated Communications of Fort Bend C
 Transmittal Number: 38
 July 3, 2012 Access Charge TRP Filing (CCFBAN12.xls)

7/3/12 PCI Development

	Common Line (A)	Interexchange (D)	Special (E)
1. Revenues (R)	2,739,191	0	6,036,753
2. Exogenous Changes (Z)	899	0	9
a. EDFIT / ITC / Access Cost Changes	0	0	0
b. Telecom. Relay Service Changes	(25)	0	(0)
c. Lower Formula Adjustment (LFAM)	0	0	0
d. Regulatory Fee Support Changes	879	0	8
e. North American Numbering Plan Admin.	46	0	0
3. Z/R = (Ln 2 / Ln 1)	0.000328	0.000000	0.000001
4. W = ((Ln 1 + Ln 2) / R)	1.000328	0.000000	1.000001
5. GDP-PI Chain Weighted (4 Qtr 2011)	114.0610	114.0610	114.0610
6. GDP-PI Chain Weighted (4 Qtr 2010)	111.6990	111.6990	111.6990
7. Percent Change in GDP-PI (I) ((Ln 5 - Ln 6) / Ln 6) * 100	2.1486%	2.1486%	2.1486%
8. Productivity (X)	N/A	3.0000%	2.1486%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	-0.8514%	0.0000%
10. Growth Rate of CCL MOU/Line (g)	-15.2472%	N/A	N/A
11. Existing PCI	0.0000	0.0000	100.0000
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	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	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	0.0000	100.00014

Exogenous Cost Changes Detail

	Total	Interstate
FCC 2010 Price Cap Interstate End User Revenue	15,068,832.64	3,292,157
FCC 2011 Price Cap Interstate End User Revenue	13,559,686.16	3,043,139
Revenue Change (Line Loss)	-10.0%	-7.6%

	<u>7/09-6/10</u> (A)	Adj. for Rev Change	<u>7/10-6/11</u> (B)	<u>From EXG Allocate</u>	<u>Exogenous</u> (C)=B-A
	34,831 \$	32,196	32,044	126.7	(25)

North American Numbering Plan Administration:

	332 \$	298	344	46
	12,346 \$	11,412	11,412	887

Regulatory Fee Support:

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	2011 Annual	Interstate
Total End User Revenues	(499A)	(499A)
	(A)	(B)
Exogenous Amount	13,559,686	3,043,139
		11,412
		32,044
		344

Regulatory Fee (C)=B * 0.00375
 (D) = B * 0.01053
 North American Numbering Plan Administration (E) = A * 0.0000254

	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
2009 End User Rev - FCC 499 Allocation Basis	\$ 3,014,512	\$ -	\$ -	\$ 28,627	\$ -	\$ 3,043,139
Thousand Block Numbering	\$ 99.06%	\$ 0.00%	\$ 0.00%	\$ 0.94%	\$ 0.00%	\$ 100.00%
Telecom. Relay Support	\$ (25.06)	\$ -	\$ -	\$ (0.24)	\$ -	\$ (25)
NANPA	\$ 45.57	\$ -	\$ -	\$ 0.43	\$ -	\$ 46
Regulatory Fee Support:	\$ 878.60	\$ -	\$ -	\$ 8	\$ -	\$ 887
Sub-Total	\$ 899.11	\$ -	\$ -	\$ 8.54	\$ -	\$ 908

Filing Date: 06/18/12
Filing Entity: Consolidated Communications of Fort Bend Company
Transmittal Number: 38
July 3, 2012 Access Charge TRP Filing (CCFBAN12.xls)

Exogenous Cost Changes Detail

	2010 Annual		FCC 11-68	DA 11-826	DA 11-884
	Total	Interstate	5/3/2011	5/4/2011	5/16/2011
	End User Revenues	End User Revenues	Reg Fee	TRS	NANPA
	(499A)	(499A)			
	(A)	(B)	(C)=B * 0.00361	(D) = B * 0.01056	(E) = A * 0.0000220
Exogenous Amount	15,068,833	3,292,157	\$ 11,885	\$ 34,765	\$ 332
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

	2010 Annual		FCC 11-114	FCC 11-104
	Total	Interstate	7/22/2011	6/30/2011
	End User Revenues	End User Revenues	Reg Fee	TRS
	(499A)	(499A)		
	(A)	(B)	(C) = B * 0.00375	(C) = B * 0.01058
Exogenous Amount	\$ 15,068,833	\$ 3,292,157	\$ 12,346	\$ 34,831
Excluded Revenue	\$ -	\$ -		
Price Cap Revenue Percentage	100.00%	100.00%		

	2011 Annual		FCC 11-114	FCC 11-104	DA 11-884
	Total	Interstate	7/22/2011	6/30/2011	5/16/2011
	End User Revenues	End User Revenues	Reg Fee	TRS	NANPA
	(499A)	(499A)			
	(A)	(B)	(C) = B * 0.00375	(D) = B * 0.01058	(E) = A * 0.0000220
Exogenous Amount	\$ 13,559,686	\$ 3,043,139	\$ 11,412	\$ 32,196	\$ 298
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

Telecom Relay Support

	7/11 - 6/12	7/12 - 6/13
DA 11-826 - (D) = B * 0.01056	34,765	
FCC 11-104 = D * 0.01058		\$ 66
FCC 11-104 - (D') = B' * 0.01058		32,196
	\$ 34,765	\$ 32,262
		\$ (2,503)
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 34,765	\$ 32,262
FCC 2010 Price Cap Interstate End User Revenue	3,292,157	
FCC 2011 Price Cap Interstate End User Revenue	3,043,139	
Revenue Change (R)	-7.56398%	
Price Cap Only with R Adj	\$ 32,136	\$ 32,262
		\$ 127

Regulatory Fee Support:

	7/11 - 6/12	7/12 - 6/13
FCC 11-68 - (C)=B * 0.00361	11,885	
FCC 11-114 - (C) = B * .00375		\$ 461
FCC 11-114 - (C') = B' * 0.00375		11,412
	11,885	11,873
		\$ (12)
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 11,885	\$ 11,873
FCC 2010 Price Cap Interstate End User Revenue	3,292,157	
FCC 2011 Price Cap Interstate End User Revenue	3,043,139	
Revenue Change (R)	-7.56398%	
Price Cap Only with R Adj	\$ 10,986	\$ 11,873
		\$ 887

North American Numbering Plan Administration:

	7/11 - 6/12	7/12 - 6/13
DA 11-884 - (E) = A * 0.0000220	332	
DA 11-884 - (E') = A' * 0.0000220		298
	332	298
		\$ (33)
% Price Cap Allocation	100.00%	100.00%
Price Cap Only	\$ 332	\$ 298
FCC 2010 Price Cap Interstate End User Revenue	15,068,833	
FCC 2011 Price Cap Interstate End User Revenue	13,559,686	
Revenue Change (R)	-10.01502%	
Price Cap Only with R Adj	\$ 298	\$ 298
		\$ -

	Common Line	Special	Price Cap Revenue
499A 2011 Annual Interstate End User Revenues	\$ 3,014,512	\$ 28,627	\$ 3,043,139
Allocation Basis	99.06%	0.94%	
Telecom. Relay Support	\$ 126	\$ 1	\$ 127
Regulatory Fee Support:	\$ 879	\$ 8	\$ 887
NANPA	\$ -	\$ -	\$ -
	\$ 1,004	\$ 10	\$ 1,014

IND-1

Filing Date: 06/18/2012

Filing Entity: Consolidated Communications of Fort Bend Company

Transmittal Number: 38

July 3, 2012 Access Charge TRP Filing (CCFBAN12.xls)

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
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. 32	Trans.No. 32	N/A	Trans.No. 32
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 32	Trans.No. 32	N/A	Trans.No. 32
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
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. 32	Trans.No. 32	N/A	N/A	Trans.No. 32	N/A

CCTX

Exhibit 2

PCI Development

Filing Date: 06/18/2012
 Filing Entity: Consolidated Communications of Texas Company
 Transmittal Number: 38
 July 3, 2012 Access Charge TRP Filing (CCTXAN12.xls)

7/3/12 PCI Development

	Common Line (A)	Interexchange (D)	Special (E)
1. Revenues (R)	7,471,080	0	18,161,277
2. Exogenous Changes (Z)	2,436	0	48
a. EDFIT / ITC / Access Cost Changes	0	0	0
b. Telecom. Relay Service Changes	(72)	0	(1)
c. Lower Formula Adjustment (LFAM)	0	0	0
d. Regulatory Fee Support Changes	2,389	0	47
e. North American Numbering Plan Admin.	119	0	2
3. Z/R = (Ln 2 / Ln 1)	0.000326	0.000000	0.000003
4. W = ((Ln 1 + Ln 2) / R)	1.000326	0.000000	1.000003
5. GDP-PI Chain Weighted (4 Qtr 2011)	114.0610	114.0610	114.0610
6. GDP-PI Chain Weighted (4 Qtr 2010)	111.6990	111.6990	111.6990
7. Percent Change in GDP-PI (I) ((Ln 5 - Ln 6) / Ln 6) * 100	2.1486%	2.1486%	2.1486%
8. Productivity (X)	N/A	3.0000%	2.148600%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	-0.8514%	0.0000%
10. Growth Rate of CCL MOU/Line (g)	-8.5092%	N/A	N/A
11. Existing PCI	0.0000	0.0000	100.0000
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	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	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	0.0000	100.0003

Exogenous Cost Changes Detail

	Total	Interstate
FCC 2010 Price Cap Interstate End User Revenue	39,983,035.05	8,959,469
FCC 2011 Price Cap Interstate End User Revenue	35,458,056.98	8,445,353
Revenue Change (Line Loss)	-11.3%	-5.7%

	<u>7/09-6/10</u>	<u>Adj. for Rev Change</u>	<u>7/10-6/11</u>	<u>From EXG Allocate</u>	<u>Exogenous</u>
	(A)		(B)		(C)=B-A
	94,791 \$	89,352 \$	88,930	348.1	(74)

Telecommunications Relay Service Support:

North American Numbering Plan Administration:

Regulatory Fee Support:

	880 \$	780	901	0	121
	33,598 \$	31,670	31,670	2,437	2,437

2011 Annual

Total	Interstate	Regulatory	Telecom	North American
End User Revenues	End User Revenues	Fee	Relay	Numbering Plan
(499A)	(499A)	(C)=B * 0.00375	Service	Administration
(A)	(B)	(D)=B * 0.01053	(E) = A * 0.0000254	
35,458,057	8,445,353	31,670	88,930	901

Exogenous Amount	35,458,057	8,445,353	31,670	88,930	901
2009 End User Rev - FCC 499	\$ 8,281,272	\$ -	\$ -	\$ 164,082	\$ -
Allocation Basis	98.06%	0.00%	0.00%	1.94%	0.00%
Thousand Block Numbering	\$ -	\$ -	\$ -	\$ -	\$ -
Telecom. Relay Support	\$ (72.47)	\$ -	\$ -	\$ (1.44)	\$ (74)
NANPA	\$ 118.65	\$ -	\$ -	\$ 2.35	\$ 121
Regulatory Fee Support:	\$ 2,389.33	\$ -	\$ -	\$ 47	\$ 2,437
Sub-Total	\$ 2,435.52	\$ -	\$ -	\$ 48.26	\$ 2,484
					Total Revenue
					8,445,353
					100.00%

Billing Name and Address

Excluded Revenues

Total Revenue

Filing Date: 06/18/12
Filing Entity: Consolidated Communications of Texas Company
Transmittal Number: 38
July 3, 2012 Access Charge TRP Filing (CCTXAN12.xls)

Exogenous Cost Changes Detail

	2010 Annual		FCC 11-68	DA 11-826	DA 11-884
	Total End User Revenues (499A) (A)	Interstate (499A) (B)	5/3/2011 Reg Fee (C)=B * 0.00361	5/4/2011 TRS (D) = B * 0.01056	5/16/2011 NANPA (E) = A * 0.0000220
Exogenous Amount	\$ 39,983,035	\$ 8,959,469	\$ 32,344	\$ 94,612	\$ 880
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

2011 Mid-Year Rate Changes

	2010 Annual		FCC 11-114	FCC 11-104
	Total End User Revenues (499A) (A)	Interstate (499A) (B)	7/22/2011 Reg Fee (C) = B * 0.00375	6/30/2011 TRS (C) = B * 0.01058
Exogenous Amount	\$ 39,983,035	\$ 8,959,469	\$ 33,598	\$ 94,791
Excluded Revenue	\$ -	\$ -		
Price Cap Revenue Percentage	100.00%	100.00%		

	2011 Annual		FCC 11-114	FCC 11-104	DA 11-884
	Total End User Revenues (499A) (A)	Interstate (499A) (B)	7/22/2011 Reg Fee (C) = B * 0.00375	6/30/2011 TRS (D) = B * 0.01058	5/16/2011 NANPA (E) = A * 0.0000220
Exogenous Amount	\$ 35,458,057	\$ 8,445,353	\$ 31,670	\$ 89,352	\$ 780
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

Telecom Relay Support

	7/11 - 6/12	7/12 - 6/13	
DA 11-826 - (D) = B * 0.01056	94,612		
FCC 11-104 = D * 0.01058		\$ 179	
FCC 11-104 - (D') = B' * 0.01058		89,352	
	\$ 94,612	\$ 89,531	\$ (5,081)
% Price Cap Allocation	100.00%	100.00%	
Price Cap Only	\$ 94,612	\$ 89,531	\$ (5,081)
FCC 2010 Price Cap Interstate End User Revenue	8,959,469		
FCC 2011 Price Cap Interstate End User Revenue	8,445,353		
Revenue Change (R)	-5.73824%		
Price Cap Only with R Adj	\$ 89,183	\$ 89,531	\$ 348

Regulatory Fee Support:

	7/11 - 6/12	7/12 - 6/13	
FCC 11-68 - (C)=B * 0.00361	32,344		
FCC 11-114 - (C) = B * .00375		\$ 1,254	
FCC 11-114 - (C') = B' * 0.00375		31,670	
	32,344	32,924	\$ 581
% Price Cap Allocation	100.00%	100.00%	
Price Cap Only	\$ 32,344	\$ 32,924	\$ 581
FCC 2010 Price Cap Interstate End User Revenue	8,959,469		
FCC 2011 Price Cap Interstate End User Revenue	8,445,353		
Revenue Change (R)	-5.73824%		
Price Cap Only with R Adj	\$ 30,488	\$ 32,924	\$ 2,437

North American Numbering Plan Administration:

	7/11 - 6/12	7/12 - 6/13	
DA 11-884 - (E) = A * 0.0000220	880		
DA 11-884 - (E') = A' * 0.0000220		780	
	880	780	\$ (100)
% Price Cap Allocation	100.00%	100.00%	
Price Cap Only	\$ 880	\$ 780	\$ (100)
FCC 2010 Price Cap Interstate End User Revenue	39,983,035		
FCC 2011 Price Cap Interstate End User Revenue	35,458,057		
Revenue Change (R)	-11.31725%		
Price Cap Only with R Adj	\$ 780	\$ 780	\$ -

	Common Line	Special	Price Cap Revenue
499A 2011 Annual Interstate End User Revenues	\$ 8,281,272	\$ 164,082	\$ 8,445,353
Allocation Basis	98.06%	1.94%	
Telecom. Relay Support	\$ 341	\$ 7	\$ 348
Regulatory Fee Support:	\$ 2,389	\$ 47	\$ 2,437
NANPA	\$ -	\$ -	\$ -
	\$ 2,731	\$ 54	\$ 2,785

Filing Date: 06/18/2012
Filing Entity: Consolidated Communications of Texas Company
Transmittal Number: 38
July 3, 2012 Access Charge TRP Filing (CCTXAN12.xls)

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
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. 32	Trans.No. 32	N/A	Trans.No. 32
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 32	Trans.No. 32	N/A	Trans.No. 32
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
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. 32	Trans.No. 32	N/A	N/A	Trans.No. 32	N/A

CCFB

Exhibit 3

Revenue Impact

06/18/12

38

TRP

July 3, 2012 Access Charge TRP Filing (CCFBAN12.xls)
IMPACT ANALYSIS FOR INDUSTRY

Basket Description	Demand Times		Difference (C) = (B) - (A)	% Difference (D) = (C)/(A)
	Current Rate (A)	Proposed Rate (B)		
Common Line Basket				
End User Common Line	\$2,739,191	\$2,739,191	\$0	0.00%
Common Line per MOU	\$0	\$0	\$0	0.00%
PICC Common Line	\$0	\$0	\$0	0.00%
Other Common Line	\$0	\$0	\$0	0.00%
Total Common Line	\$2,739,191	\$2,739,191	\$0	0.00%
Special Access Basket				
VoiceGrade/WATS - NonDZ	\$7,726	\$7,726	\$0	0.00%
Audio & Video - NonDZ	\$0	\$0	\$0	0.00%
Total High Cap/DDS	\$2,924,085	\$2,924,093	\$9	0.00%
Total High Cap - DS1 - Special	\$2,282,132	\$2,282,141	\$9	0.00%
High Cap - DS1 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - NonDZ	\$2,282,132	\$2,282,141	\$9	0.00%
Total High Cap - DS3 - Special	\$523,521	\$523,521	\$0	0.00%
High Cap - DS3 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - Non DZ	\$523,521	\$523,521	\$0	0.00%
High Cap - Digital Data NonDZ	\$118,431	\$118,431	\$0	0.00%
Wideband - Non-Zone	\$3,104,942	\$3,104,942	\$0	0.00%
Total Special Access Basket	\$6,036,753	\$6,036,761	\$9	0.00%
Grand Total	\$8,775,944	\$8,775,952	\$9	0.00%

CCTX

Exhibit 3

Revenue Impact

Consolidated Communications of Texas Company
06/18/12

38

TRP

July 3, 2012 Access Charge TRP Filing (CCTXAN12.xls)
IMPACT ANALYSIS FOR INDUSTRY

Basket Description	Demand Times		Difference (C) = (B) - (A)	% Difference (D) = (C)/(A)
	Current Rate (A)	Proposed Rate (B)		
Common Line Basket				
End User Common Line	\$7,471,080	\$7,471,080	\$0	0.00%
Common Line per MOU	\$0	\$0	\$0	0.00%
PICC Common Line	\$0	\$0	\$0	0.00%
Other Common Line	\$0	\$0	\$0	0.00%
Total Common Line	\$7,471,080	\$7,471,080	\$0	0.00%
Special Access Basket				
VoiceGrade/WATS - NonDZ	\$54,870	\$54,870	\$0	0.00%
Audio & Video - NonDZ	\$0	\$0	\$0	0.00%
Total High Cap/DDS	\$9,449,317	\$9,449,366	\$48	0.00%
Total High Cap - DS1 - Special	\$6,388,408	\$6,388,456	\$48	0.00%
High Cap - DS1 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - NonDZ	\$6,388,408	\$6,388,456	\$48	0.00%
Total High Cap - DS3 - Special	\$2,764,111	\$2,764,111	\$0	0.00%
High Cap - DS3 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - Non DZ	\$2,764,111	\$2,764,111	\$0	0.00%
High Cap - Digital Data NonDZ	\$296,798	\$296,798	\$0	0.00%
Wideband - Non-Zone	\$8,657,090	\$8,657,090	\$0	0.00%
Total Special Access Basket	\$18,161,277	\$18,161,326	\$48	0.00%
Grand Total	\$25,632,358	\$25,632,406	\$48	0.00%