



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 2

(Consolidated Communications Company of Pennsylvania)

ANNUAL 2013 PRICE CAP SHORT FORM FILING

May 17, 2013

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# SECTION 1 INTRODUCTION AND SUMMARY

## Introduction

The Consolidated Communications Companies, hereby provide a Description and Justification for its limited Tariff Review Plan revisions to F.C.C. Tariff No. 2 (Consolidated Communications of Pennsylvania Company) along with supporting documentation. This information is being filed in accordance with the Commission's 2013 TRP Notice released March 26, 2013 and April 19, 2013 (DA 13-553 and DA 13-789 respectively) and fulfills the requirements established in Sections 61.41 through 61.49 of the Commission rules.

## Description of the Consolidated Communications of Pennsylvania Company Operations

The Consolidated Communications of Pennsylvania Company (CCPA) was an average schedule Company through July, 2012, participating in the NECA Traffic Sensitive and Common Line pools. It provides local service, toll, private line services, access services, DSL, CLASS services, and other modern telecommunications services to its customers. CCPA is now a price cap company pursuant to FCC Order 12-154<sup>1</sup> that fall under Sections 61.41 through 61.49 of the Commission's Rules and relevant Commission Orders.<sup>2</sup> They provide local service, toll, private line services, access services, DSL, CLASS services, and other modern telecommunications services to their customers.

CCPA is an incumbent Local Exchange Carrier (ILEC) that serves several suburban communities north of Pittsburgh, PA. In 1906, several of the leading citizens of the community of Gibsonia and the vicinity met to discuss plans for obtaining telephone service. After discussing the matter with the Central District Printing and Telegraph Company, Pittsburgh, Pennsylvania (later Bell of Pennsylvania), certain officials of that Company suggested that those interested in telephone service north of Pittsburgh should organize a local company which could be connected to the Telephone Company by trunk lines. On November 1, 1906, a perpetual charter was secured in the name of North Pittsburgh Telephone Company operatin under the laws of the Commonwealth of Pennsylvania.

Within a period of two years from the inception of telephone service, the company installed 258 telephones or certificates by bequest. On December 4, 1909, a new building was ready for occupancy. A new Western Electric switchboard was installed, and the new exchange named "Gibsonia". The Wexford exchange was installed on July 1, 1910,

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<sup>1</sup> See, Order, Joint Petition of Price Cap Holding Companies for Conversion of Average Schedule Affiliates to Price Cap Regulation and for Limited Waiver Relief (FCC 12-154, WC Docket No. 12-63)

<sup>2</sup> See, Order, July 2013 Annual Access Charge Tariff Filings, released March 26, 2013, DA 13-553 ("2013 Filing Order"); and Tariff Review Plans, Material to be filed in support of 2013 Annual filings, DA 13-789, released April 19, 2013 ("2013 TRP Order").

and Curtisville during World War I, to serve the coal industry. Telephone lines were then extended north from Warrendale and west from Mars into Cranberry Township.

In the mid 1980s, North Pittsburgh formed a holding company and became part of North Pittsburgh Systems, INC. (NPSI). NPSI was a holding company and through its subsidiaries provided telecommunications services and equipment in western Pennsylvania and Pittsburgh. Its subsidiaries primarily included North Pittsburgh Telephone Company (NASDAQ: NPSI); Penn Telecom, Inc; and Pinntech Inc.

North Pittsburgh Telephone operated as an incumbent local exchange carrier (ILEC) that provided various services to business and residential telephone lines in southwestern Pennsylvania (northern Allegheny & southern Butler counties, and a small portion of Westmoreland county).

The Company also provided Digital Subscriber Line (DSL) services. Penn Telecom, through its optical fiber cable network, offered broadband services, competitive local exchange carrier (CLEC) services, and Long Distance services, as well as providing traditional key and private branch exchange (PBX) systems to business customers. Pinnatech principally provided Internet and broadband-related services primarily through their Nauticom brand. North Pittsburgh Systems provided directory advertising and billing, as well as sale of telecommunications equipment.

North Pittsburgh Systems, Inc. (parent company) was sold to Consolidated Communications, headquartered in Mattoon, Illinois in 2007. Consolidated also owns and operates telephone services in Illinois, Texas, California, Kansas, and Missouri. The sale was completed in January, 2008.

CCPA currently provides services to residential and business customers in several counties in western Pennsylvania. The CCPA territory consists of eight exchanges and covers 285 square miles, serving portions of Allegheny, Armstrong, Butler, and Westmoreland counties in Western Pennsylvania. The 8 exchanges served include: Cooperstown, Criders Corners, Curtisville, Freeport, Gibsonia, Mars, Saxonburg, and Wexford. The southernmost point of the ILEC territory is 12 miles north of the city of Pittsburgh. CCPA provides basic telephone services in this territory, with 47,615 local access lines (averaging 171.9 lines per square mile) as of June 30, 2012. Approximately 48.4% of its Pennsylvania local access lines in this territory serve residential customers and the remainder service business customers.

## **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 WC Docket No. 13-76, July, 2013 Annual Access Charge Tariff Filings released March 26, 2013, and Tariff Review Plans issued in WC Docket No. 13-76, Material to be Filed in Support of 2013 Annual Access Tariff Filings, released April 19, 2013.

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 – Exogenous Cost Changes

***Tariff Review Plan (Excel file CCPAas13.xls)***

## SECTION 3 TARIFF SUPPORT

### 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 2011 (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.

#### 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.<sup>3</sup> The Commission reviewed and accepted the North American Numbering Plan Administrator submission and ordered that a contribution factor of 0.0000254<sup>4</sup>. 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 2013 fiscal year (July 2013 to June 2014). The impact of the NANPA support has been included as an exogenous cost in this filing as shown in Exhibit 2, RDEV-1.. No updated factor has been used for this filing.

#### Regulatory Fees

Earlier Commission decisions<sup>5</sup> 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*,<sup>6</sup> and has been used as

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<sup>3</sup> *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)

<sup>4</sup> *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.

<sup>5</sup> *Price Cap Treatment of Regulatory Fees Imposed by Section 9 of the Communications Act*, 9 FCC 6060 (1994), erratum (November 2, 1994).

<sup>6</sup> *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2012*, Notice of Proposed Rulemaking, (filed July 19, 2012) FCC Order 12-76, MD Docket 12-116 (*Regulatory Fee Order*).

an estimate and included as an exogenous cost in this filing and is shown in Exhibit 2, RDEV-1.

### 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,<sup>7</sup> 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 .00233 as estimated in the May 1, 2013 FCC submission by Rolka Loube Saltzer Assoc. (RLSA)<sup>8</sup> and is displayed on Exhibit 2 , RDEV-1.

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<sup>7</sup> 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*).

<sup>8</sup> *Rolka Loube Saltzer Associates LLC submits payment formulas and funding requirements estimates for the Interstate Telecommunications Relay Service Fund for the July 2013 through June 2014 fund year* , CG Docket No. 03-123, Released May 1, 2013

## Exhibit 1

# Consolidated Communications Operating Companies and Study Area Designators

**Consolidated Communications Operating Companies  
And Study Areas**

**Operating Company**

**COSA**

Consolidated Communications of Pennsylvania Company (170193)

CCPA

CCPA

Exhibit 2

Exogenous Charges

**Exogenous Cost Changes Detail**

	Total	Interstate
FCC 2011 Price Cap Interstate End User Revenue	19,343,005.07	3,703,453
FCC 2012 Price Cap Interstate End User Revenue	21,449,038.04	4,630,567
Revenue Change (Line Loss)	10.9%	25.0%

<u>Telecommunications Relay Service Support:</u>	Z/10-6/11 (A)		Z/11-6/12 (B)		From EXG Allocate		Exogenous (C)=B-A	
		Adj. for Rev Change						
	38,997	\$ 48,760	107,892		-		59,132	

<u>North American Numbering Plan Administration:</u>	Z/10-6/11 (A)	Adj. for Rev Change	Z/11-6/12 (B)	From EXG Allocate	Exogenous (C)=B-A
	491	\$ 545	545	-	-

<u>Regulatory Fee Support:</u>	Z/10-6/11 (A)	Adj. for Rev Change	Z/11-6/12 (B)	From EXG Allocate	Exogenous (C)=B-A
	13,888	\$ 17,365	17,365	-	-

2012 Annual					
	Total End User Revenues (499A)	Interstate (B)	Regulatory Fee (C)=B * 0.00375	Telecom Relay Service (D) = B * 0.0233	North American Numbering Plan Administration (E) = A * 0.0000254
Exogenous Amount	21,449,038	4,630,567	17,365	107,892	545

	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
2009 End User Rev - FCC 499	\$ 3,014,512	\$ -	\$ -	\$ 28,627	\$ -	\$ 3,043,139
Allocation Basis	99.06%	0.00%	0.00%	0.94%	0.00%	100.00%
Thousand Block Numbering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecom. Relay Support	\$ 58,575.74	\$ -	\$ -	\$ 556.26	\$ -	\$ 59,132
NANPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Fee Support:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total	\$ 58,575.74	\$ -	\$ -	\$ 556.26	\$ -	\$ 59,132