



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 2014 PRICE CAP SHORT FORM FILING

May 19, 2014

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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 2014 TRP Notices released March 25, 2014 and April 14, 2014 (DA 14-404 and DA 14-494 respectively) 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 82,000 customers in two distinct market areas: Conroe and Lufkin. The 16 communities served include: Alto, Apple Springs, Central, Conroe, Cut-N-Shoot,

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

² See, Order, July 2014 Annual Access Charge Tariff Filings, released March 25, 2014, DA 14-404 ("2014 Filing Order"); and Tariff Review Plans, Material to be filed in support of 2014 Annual filings, DA 14-494, released April 14, 2014 ("2014 TRP Order").

Diboll, Etoile, Fuller Springs, Grangerland, Hudson, Lake Conroe, Lufkin, Montgomery, Riverbrook, Walden, and Wells. The 7 exchanges of the Conroe market area contain approximately 52,000 customers, primarily in Montgomery County.

The Lufkin market area serves 9 exchanges and 30,000 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 31,000 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 WC Docket No. 14-48, July, 2014 Annual Access Charge Tariff Filings released March 25, 2014, and Tariff Review Plans issued in WC Docket No. 14-48, Material to be Filed in Support of 2014 Annual Access Tariff Filings, released April 14, 2014.

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 files CCTXas14.xls and CCFBas14.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 2001.³ The Commission reviewed and accepted the North American Numbering Plan Administrator submission and ordered that a contribution factor of 0.0000302⁴. 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 decisions⁵ 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

³ *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)

⁴ *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 2013 through June 2014 (filed May 28, 2013) Public Notice, DA 13-1215, CC Docket No. 92-237.

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

.00347 as prescribed in the Commission's *Regulatory Fee Order*,⁶ and has been used as an estimate and included as an exogenous cost in this filing and is shown in Exhibit 2, RDEV-1. 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 2 of 2.

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. 90-571,⁷ 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 .01174 as estimated in the May 1, 2014 FCC submission by Rolka Loube Saltzer Assoc. (RLSA)⁸ and is displayed on Exhibit 2 , RDEV-1.

In addition, because of the 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 2 of 2.

⁶ *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2013*, Report and Order, (filed August 12, 2013) FCC Order 13-110, MD Docket 13-140 (*Regulatory Fee Order*).

⁷ *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*).

⁸ *Rolka Loube Saltzer Associates LLC submits payment formulas and funding requirements estimates for the Interstate Telecommunications Relay Service Fund for the July 2014 through June 2015 fund year* , FCC Report DA 14-627, CG Docket 03-123, Released May 9, 2014

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

Exogenous Cost Changes

Filing Date: 05/19/14

Filing Entity: Consolidated Communications of Texas Company

Transmittal Number: Letter Filing

May 19, 2014 Access Charge Short Form TRP Filing (CCTXas14.xls)

Exhibit 2

RDEV-1 Page 1 of 2

Exogenous Cost Changes Detail

	Total	Interstate
FCC 2012 Price Cap Interstate End User Revenue	36,761,481.75	9,048,363
FCC 2013 Price Cap Interstate End User Revenue	35,387,350.08	6,804,214
Revenue Change (Line Loss)	-3.7%	-24.8%

	<u>7/11-6/12</u>	<u>Adj. for Rev Change</u>	<u>7/12-6/13</u>	<u>From EXG Allocate</u>	<u>Exogenous</u>
	(A)		(B)		(C)=B-A
	134,278 \$	100,975 \$	79,881	19,187.9	(1,905)

Telecommunications Relay Service Support:

North American Numbering Plan Administration:

	1,110 \$	1,069	0	-
	31,398 \$	23,611	635	635

Regulatory Fee Support:

	2013 Annual			
Total	Interstate	Regulatory	Telecom	North American
End User Revenues	End User Revenues	Fee	Relay	Numbering Plan
(499A)	(499A)	(C)=B * 0.00347	Service	Administration
(A)	(B)	(D) = B * 0.01174	(E) = A * 0.0000302	
35,387,350	6,804,214	23,611	79,881	1,069

Exogenous Amount	Common Line	Database	Billing Name	Excluded	Total
	Access	Access	and Address	Revenues	Revenue
2013 End User Rev - FCC 499	\$ 6,668,020	\$ -	-	\$ -	\$ 6,804,214
Allocation Basis	98.00%	0.00%	0.00%	0.00%	100.00%
Telecom. Relay Support	\$ (1,866.98)	\$ -	\$ -	\$ -	\$ (1,905)
NANPA	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Fee Support:	\$ 622.35	\$ -	\$ -	\$ 13	\$ 635
Sub-Total	\$ (1,244.64)	\$ -	\$ -	\$ (25.42)	\$ (1,270)

Filing Date: 05/19/14
Filing Entity: Consolidated Communications of Texas Company
Letter Filing
May 19, 2014 Access Charge Short Form TRP Filing (CCTXas14.xls)

Exogenous Cost Changes Detail

	2012 Annual				
	Total	Interstate	FCC 12-76	DA 13-1137	DA 13-1215
	End User Revenues (499A) (A)	End User Revenues (499A) (B)	7/19/2012 Reg Fee (C) = B * 0.00375	5/17/2013 Telecom Relay (D) = B * 0.02330	5/28/2013 NANPA (E) = A * 0.0000302
Exogenous Amount	\$ 36,761,482	\$ 9,048,363	\$ 33,931	\$ 210,827	\$ 1,110
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

	2012 Mid-Year Rate Changes		Difference (E') = (D') - (C')	Annualized Reversal (F') = (E') * 12 / 9
	FCC 12-76	FCC 13-110		
	7/19/2012 Reg Fee (C') = B''' * 0.00375	8/12/2013 Reg Fee (D') = B * 0.00347		
Exogenous Amount	\$ 33,931	\$ 31,398	\$ (2,534)	\$ (3,378)

	2012 Mid-Year Rate Changes		Difference (E'') = (D'') - (C'')	Annualized Reversal (F'') = (E'') * 12 / 9
	DA 13-1137	DA 13-1483		
	5/17/2013 Telecom Relay (C'') = B * 0.02330	7/1/2013 Telecom Relay (D'') = B * 0.01484		
Exogenous Amount	\$ 210,827	\$ 134,278	\$ (76,549)	\$ (102,066)

	2013 Annual				
	Total	Interstate	FCC 13-110	DA 13-1483	DA 13-1215
	End User Revenues (499A) (A''')	End User Revenues (499A) (B''')	8/12/2013 Reg Fee (C''') = B''' * 0.00347	7/1/1013 TRS (D''') = B''' * 0.01484	5/28/2013 NANPA (E''') = A''' * 0.0000302
Exogenous Amount	\$ 35,387,350	\$ 6,804,214	\$ 23,611	\$ 100,975	\$ 1,069
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

Telecommunications Relay Service Support:

DA 13-1137 - 0.02330 Factor 2012 Revenue - D
DA 13-1483 - 0.01484 = F''
DA 13-1483 - 0.01484 Factor 2013 Revenue - D''

	7/13 - 6/14	7/14 - 6/15	Exogenous
	\$ 210,827		
	\$ (102,066)		
		\$ 100,975	
% Price Cap Allocation	100.00%	100.00%	100.00%
Price Cap Exogenous Amount	\$ 108,761	\$ 100,975	\$ 100,975
FCC 2012 Price Cap Interstate End User Revenue	\$ 9,048,363	\$ 100,975	
FCC 2013 Price Cap Interstate End User Revenue	\$ 6,804,214		
Revenue Change (R)	-24.80%		
Price Cap Only with R Adj	\$ 81,787	\$ 100,975	\$ 19,188

North American Numbering Plan Administration:

DA 13-1215 - 0.0000302 Factor 2012 Revenue - E
DA 13-1215 - 0.0000302 Factor 2013 Revenue - E''

	0	0	Exogenous
	\$ 1,110		
	\$ 1,110	\$ 1,069	
% Price Cap Allocation	100.00%	100.00%	100.00%
Price Cap Exogenous Amount	\$ 1,110	\$ 1,069	\$ 1,069
FCC 2012 Total End User Revenue	\$ 36,761,482		
FCC 2013 Total End User Revenue	\$ 35,387,350		
Revenue Change (R)	-3.74%		
Price Cap Only with R Adj	\$ 1,069	\$ 1,069	\$ -

Regulatory Fee Support:

FCC 12-76 - 0.00375 Factor 2012 Revenue - C
FCC 13-110 - 0.00347 = F'
FCC 13-110 - 0.00347 Factor 2013 Revenue - C'''

	0	0	Exogenous
	\$ 33,931		
	\$ (3,378)		
		\$ 23,611	
% Price Cap Allocation	100.00%	100.00%	100.00%
Price Cap Exogenous Amount	\$ 30,553	\$ 23,611	\$ 23,611
FCC 2012 Price Cap Interstate End User Revenue	\$ 9,048,363		
FCC 2013 Price Cap Interstate End User Revenue	\$ 6,804,214		
Revenue Change (R)	-24.80%		
Price Cap Only with R Adj	\$ 22,976	\$ 23,611	\$ 635

499A 2013 Interstate End User Revenues

Allocation Basis
Telecom. Relay Support
NANPA
Regulatory Fee Support:

	Common Line	Special	Price Cap Revenue
	\$ 6,668,020	\$ 136,194	\$ 6,804,214
	98.00%	2.00%	
	\$ 18,804	\$ 384	\$ 19,188
	\$ -	\$ -	\$ -
	\$ 622	\$ 13	\$ 635
	\$ 19,426	\$ 397	\$ 19,823

CCFB

Exhibit 2

Exogenous Cost Changes

5/19/2014
Filing Entity: Consolidated Communications of Fort Bend Company
Letter Filing
May 19, 2014 Access Charge Short Form TRP Filing (CCFBas14.xls)

Exogenous Cost Changes Detail

	2012 Annual				
	Total	Interstate	FCC 12-76	DA 13-1137	DA 13-1215
	End User Revenues (499A) (A)	End User Revenues (499A) (B)	7/19/2012 Reg Fee (C) = B * 0.00375	5/17/2013 Telecom Relay (D) = B * 0.02330	5/28/2013 NANPA (E) = A * 0.0000302
Exogenous Amount	\$ 13,582,543	\$ 3,220,324	\$ 12,076	\$ 75,034	\$ 410
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			
2012 Mid-Year Rate Changes					
	FCC 12-76 7/19/2012 Reg Fee (C)=B''*0.00375	FCC 13-110 8/12/2013 Reg Fee (D') = B * 0.00347	Difference (E') = (D') - (C')	Annualized Reversal (F') = (E') * 12 / 9	
Exogenous Amount	\$ 12,076	\$ 11,175	\$ (902)	\$ (1,202)	
2012 Mid-Year Rate Changes					
	DA 13-1137 5/17/2013 Telecom Relay (C'') = B * 0.02330	DA 13-1483 7/1/2013 Telecom Relay (D'') = B * 0.01484	Difference (E'') = (D'') - (C'')	Annualized Reversal (F'') = (E'') * 12 / 9	
Exogenous Amount	\$ 75,034	\$ 47,790	\$ (27,244)	\$ (36,325)	
2013 Annual					
	Total	Interstate	FCC 13-110	DA 13-1483	DA 13-1215
	End User Revenues (499A) (A'')	End User Revenues (499A) (B'')	8/12/2013 Reg Fee (C''') = B''' * 0.00347	7/1/1013 TRS (D''') = B''' * 0.01484	5/28/2013 NANPA (E''') = A''' * 0.0000302
Exogenous Amount	\$ 13,160,899	\$ 2,330,364	\$ 8,086	\$ 34,583	\$ 397
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			
Telecommunications Relay Service Support:					
DA 13-1137 - 0.02330 Factor 2012 Revenue - D	\$ 75,034				
DA 13-1483 - 0.01484 = F''	\$ (36,325)				
DA 13-1483 - 0.01484 Factor 2013 Revenue - D'''		\$ 34,583			
% Price Cap Allocation	\$ 38,708	\$ 34,583			
Price Cap Exogenous Amount	100.00%	100.00%			
FCC 2012 Price Cap Interstate End User Revenue	\$ 38,708	\$ 34,583			
FCC 2013 Price Cap Interstate End User Revenue	\$ 3,220,324				
Revenue Change (R)	\$ 2,330,364				
Price Cap Only with R Adj	-27.64%				
	\$ 28,011	\$ 34,583	\$ 6,572		
	0	0			
North American Numbering Plan Administration:					
DA 13-1215 - 0.0000302 Factor 2012 Revenue - E	\$ 410				
DA 13-1215 - 0.0000302 Factor 2013 Revenue - E'''		\$ 397			
% Price Cap Allocation	\$ 410	\$ 397			
Price Cap Exogenous Amount	100.00%	100.00%			
FCC 2012 Total End User Revenue	\$ 13,582,543				
FCC 2013 Total End User Revenue	\$ 13,160,899				
Revenue Change (R)	-3.10%				
Price Cap Only with R Adj	\$ 397	\$ 397	\$ -		
	0	0			
Regulatory Fee Support:					
FCC 12-76 - 0.00375 Factor 2012 Revenue - C	\$ 12,076				
FCC 13-110 - 0.00347 = F'	\$ (1,202)				
FCC 13-110 - 0.00347 Factor 2013 Revenue - C'''		\$ 8,086			
% Price Cap Allocation	\$ 10,874	\$ 8,086			
Price Cap Exogenous Amount	100.00%	100.00%			
FCC 2012 Price Cap Interstate End User Revenue	\$ 10,874	\$ 8,086			
FCC 2013 Price Cap Interstate End User Revenue	\$ 3,220,324				
Revenue Change (R)	\$ 2,330,364				
Price Cap Only with R Adj	-27.64%				
	\$ 7,869	\$ 8,086	\$ 218		
499A 2013 Interstate End User Revenues					
Allocation Basis	\$ 2,308,925	\$ 21,439	\$ 2,330,364		
Telecom. Relay Support	99.08%	0.92%			
NANPA	\$ 6,511	\$ 60	\$ 6,572		
Regulatory Fee Support:	\$ -	\$ -	\$ -		
	\$ 215	\$ 2	\$ 218		
	\$ 6,727	\$ 62	\$ 6,789		