



**Consolidated**<sup>®</sup>  
communications

DESCRIPTION AND JUSTIFICATION

ILLINOIS CONSOLIDATED TELEPHONE COMPANY (ICTC)

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 2

ANNUAL 2014 PRICE CAP SHORT FORM

May 19, 2014

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# SECTION 1 INTRODUCTION AND SUMMARY

## Introduction

The Illinois Consolidated Telephone Company hereby provides a Description and Justification for its limited Tariff Review Plan revisions to F.C.C. Tariff No. 2 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 Illinois Consolidated Telephone Company Operations

The Illinois Consolidated Telephone Company (ICTC) is now a price cap company pursuant to FCC Order DA 08-1026<sup>1</sup> that falls 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.

It provides local service, toll, private line services, access services, DSL, CLASS services, and other modern telecommunications services to its customers.

Headquartered in Mattoon, Illinois, Consolidated Communications provides customers in East Central Illinois access to the latest available technologies to provide the best possible service. Illinois Consolidated officially began business in 1894 as the Mattoon Telephone Company founded by Dr. Iverson A. Lumpkin marking a century of service to East Central Illinois customers.

ICTC, along with other subsidiaries of then-Consolidated Communications, merged with McLeodUSA in 1997. In July 2002, an investment group, headed by ICTC Chairman and President Richard A. Lumpkin entered into an agreement to purchase ICTC and the other related subsidiaries from McLeodUSA. The sale closed on December 31, 2002, and the company name was changed to Consolidated Communications, Inc.

In April 2004, Consolidated Communications completed the purchase of Texas-based TXU Communications, which is comprised of the former Lufkin-Conroe Telephone Exchange and Fort Bend Communications.

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

<sup>2</sup> 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").

ICTC is a rural East Central Illinois telecommunications carrier providing service to approximately 53,000 customers. The 35 communities served include: Arcola, Arthur, Ashmore, Assumption, Atwood, Blue Mound, Charleston, Cowden, Edinburg, Effingham, Farmersville, Gays, Hillsboro, Humboldt, Irving, Kincaid, Litchfield, Mattoon, Morrisonville, Mt. Auburn, Nokomis, Oakland, Owaneco, Pana, Raymond, Shelbyville, Sigel, Stewardson, Stonington, Strasburg, Taylorville, Tower Hill, Westervelt, Windsor, and Witt.

## **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 file ICTCas14.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 0.0000302<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

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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 2013 through June 2014 (filed May 28, 2013) Public Notice, DA 13-1215, 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).

.00347 as prescribed in the Commission's *Regulatory Fee Order*,<sup>6</sup> 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,<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 .01174 as estimated in the May 1, 2014 FCC submission by Rolka Loube Saltzer Assoc. (RLSA)<sup>8</sup> 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.

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<sup>6</sup> *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*).

<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 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>
Illinois Consolidated Telephone Company (341037)	ICTC

## Exhibit 2

### Exogenous Cost Changes

Filing Date: 05/19/14

Filing Entity: Illinois Consolidated Telephone Company

Transmittal Number: Letter Filing

May 19, 2014 Access Charge Short Form TRP Filing (ICTCas14.xls)

Exhibit 2

RDEV-1 Page 1 of 2

Exogenous Cost Changes Detail

	Total	Interstate
FCC 2012 Price Cap Interstate End User Revenue	26,392,444.71	5,215,746
FCC 2013 Price Cap Interstate End User Revenue	25,725,326.56	5,219,972
Revenue Change (Line Loss)	-2.5%	0.1%

Telecommunications Relay Service Support:

	7/11-6/12 (A)	Adj. for Rev Change	7/12-6/13 (B)	From EXG Allocate (C)	Exogenous (D)=B-A+C (1,462)
	77,402 \$	77,464	61,282	14,720.3	
	797 \$	777	777	0	
	18,099 \$	18,113	18,113	487	487

North American Numbering Plan Administration:

Regulatory Fee Support:

	7/11-6/12 (A)	Adj. for Rev Change	7/12-6/13 (B)	From EXG Allocate (C)	Exogenous (D)=B-A+C (1,462)
	797 \$	777	777	0	
	18,099 \$	18,113	18,113	487	487

2013 Annual

Total End User Revenues (499A)	Interstate Revenues (499A)	Regulatory Fee (C)=B * 0.00347	Telecom Relay Service (D) = B * 0.01174	North American Numbering Plan Administration (E) = A * 0.0000302
(A)	(B)	(C)=B * 0.00347	(D) = B * 0.01174	(E) = A * 0.0000302
25,725,327	5,219,972	18,113	61,282	777

Exogenous Amount

25,725,327	5,219,972	18,113	61,282	777
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	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
2013 End User Rev - FCC 499	\$ 5,219,972	\$ -	\$ -	\$ -	\$ -	\$ 5,219,972
Allocation Basis	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Thousand Block Numbering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telecom. Relay Support	\$ (1,461.68)	\$ -	\$ -	\$ -	\$ -	\$ (1,462)

