



DESCRIPTION AND JUSTIFICATION

ILLINOIS CONSOLIDATED TELEPHONE COMPANY (ICTC)

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 2

ANNUAL 2014 PRICE CAP SHORT FORM

May 19, 2014

TABLE OF CONTENTS

	Page
SECTION 1 -- INTRODUCTION AND SUMMARY	
Introduction	3
Description of Illinois Consolidated Telephone Company Operations	3
SECTION 2 -- OVERVIEW OF THE FILING PACKAGE	
Tariff Support Material	5
Exhibits	5
SECTION 3 -- TARIFF SUPPORT	
Determination of Exogenous Changes	6

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 08-1026¹ that falls 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.

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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.

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").

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 2001.³ 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**

Operating Company

COSA

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	

North American Numbering Plan Administration:

797 \$	777	777	0	-
18,099 \$	18,113	18,113	487	487

Regulatory Fee Support:

Exogenous Amount	2013 Annual			
	Total (499A)	Interstate End User Revenues (499A)	Regulatory Fee (C)=B * 0.00347	North American Numbering Plan Administration (E) = A * 0.0000302
	(A)	(B)	(D) = B * 0.01174	(E) = A * 0.0000302
	25,725,327	5,219,972	61,282	777

2013 End User Rev - FCC 499	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
\$	\$ 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)

Filing Date: 5/19/2014
Filing Entity: Illinois Consolidated Telephone Company
Transmittal Number:
May 19, 2014 Access Charge Short Form TRP Filing (ICTCas14.xls)

5/19/2014

Exogenous Cost Changes Detail

	2012 Annual		FCC 12-76	DA 13-1137	DA 13-1215
	Total	Interstate	7/19/2012	5/17/2013	5/28/2013
	End User Revenues	End User Revenues	Reg Fee	Telecom Relay	NANPA
	(A)	(B)	(C) = B * 0.00375	(D) = B * 0.02330	(E) = A * 0.0000302
Exogenous Amount	\$ 28,392,445	\$ 5,215,746	\$ 19,559	\$ 121,527	\$ 797
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

2012 Mid-Year Rate Changes

	FCC 12-76	FCC 13-110	Annualized	
	7/19/2012	8/12/2013	Difference	Reversal
	Reg Fee	Reg Fee	(E') = (D') - (C')	(F') = (E') * 12 / 9
	(C') = B'' * 0.00375	(D') = B * 0.00347		
Exogenous Amount	\$ 19,559	\$ 18,099	\$ (1,460)	\$ (1,947)

2012 Mid-Year Rate Changes

	DA 13-1137	DA 13-1483	Annualized	
	5/17/2013	7/1/2013	Difference	Reversal
	Telecom Relay	Telecom Relay	(E'') = (D'') - (C'')	(F'') = (E'') * 12 / 9
	(C'') = B * 0.02330	(D'') = B * 0.01484		
Exogenous Amount	\$ 121,527	\$ 77,402	\$ (44,125)	\$ (58,834)

	2013 Annual		FCC 13-110	DA 13-1483	DA 13-1215
	Total	Interstate	8/12/2013	7/1/2013	5/28/2013
	End User Revenues	End User Revenues	Reg Fee	TRS	NANPA
	(A''')	(B''')	(C''') = B''' * 0.00347	(D''') = B''' * 0.01484	(E''') = A''' * 0.0000302
Exogenous Amount	\$ 25,725,327	\$ 5,219,972	\$ 18,113	\$ 77,464	\$ 777
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
\$	121,527		
\$	(58,834)		
\$	62,693	\$ 77,464	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 62,693	\$ 77,464	
FCC 2012 Price Cap Interstate End User Revenue	\$ 5,215,746		
FCC 2013 Price Cap Interstate End User Revenue	\$ 5,219,972		
Revenue Change (R)	0.08%		
Price Cap Only with R Adj	\$ 62,744	\$ 77,464	\$ 14,720

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
\$	797		
\$	797	\$ 777	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 797	\$ 777	
FCC 2012 Total End User Revenue	\$ 28,392,445		
FCC 2013 Total End User Revenue	\$ 25,725,327		
Revenue Change (R)	-2.53%		
Price Cap Only with R Adj	\$ 777	\$ 777	\$ -

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
\$	19,559		
\$	(1,947)		
\$	17,612	\$ 18,113	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 17,612	\$ 18,113	
FCC 2012 Price Cap Interstate End User Revenue	\$ 5,215,746		
FCC 2013 Price Cap Interstate End User Revenue	\$ 5,219,972		
Revenue Change (R)	0.08%		
Price Cap Only with R Adj	\$ 17,626	\$ 18,113	\$ 487

499A 2013 Interstate End User Revenues

Allocation Basis
Telecom. Relay Support
NANPA
Regulatory Fee Support:

Common Line	Special	Price Cap Revenue
\$ 5,219,972	\$ -	\$ 5,219,972
100.00%	0.00%	
\$ 14,720	\$ -	\$ 14,720
\$ -	\$ -	\$ -
\$ 487	\$ -	\$ 487
\$ 15,208	\$ -	\$ 15,208