



DESCRIPTION AND JUSTIFICATION

SUREWEST TELEPHONE

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 1

ANNUAL 2014 PRICE CAP SHORT FORM FILING

May 19, 2014

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# **SECTION 1**

## **INTRODUCTION AND SUMMARY**

### **Introduction**

SureWest Telephone hereby provides 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 SureWest Telephone Operations**

SureWest Telephone (SWTC) provides local service, toll, private line services, access services, DSL, CLASS services, and other modern telecommunications services to its customers. Effective July 2, 2013, SWTC is a price cap company pursuant to FCC Order DA 13-1253<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.

SureWest Telephone is a Roseville, CA based telecommunications company founded in 1914 by William Doyle as the Roseville Telephone Company; SureWest Telephone became the official name in 2003. As an incumbent local exchange carrier (ILEC) operating solely in California, SureWest Telephone's serving territory represents 83 square contiguous miles and includes the communities of Roseville, Citrus Heights, Granite Bay, Rocklin, and Antelope, all located in the greater Sacramento, California region. There, SureWest Telephone ILEC provides basic telephone services serving approximately 42,000 local access lines as of April 30, 2014. With the purchase of WINfirst in 2002 by SureWest Telephone's holding company, SureWest Communications, service was extended and continues to grow in the greater Sacramento region by the SureWest affiliate, SureWest TeleVideo, a competitive local exchange carrier (CLEC) serving the communities of Sacramento, Carmichael, Elk Grove, and Lincoln. SureWest CLEC services provided are telephone, Voice over IP, DSL (15 Mbit/s/1 Mbit/s, 10 Mbit/s/768 kbit/s, 6 Mbit/s/768 kbit/s, 3 Mbit/s/768 kbit/s, 1 Mbit/s/128 kbit/s), FTTH for competitive local exchange carrier areas up to 50 Mbit/s data both ways, IPTV in HD for copper customers with a bonded DSL modem, and IPTV in HD for FTTH customers. In 2008, SureWest Communications acquired Everest

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<sup>1</sup> See, Order, SureWest Telephone Petition for Conversion from Rate-of-Return to Price Cap Regulation and for Limited Waiver Relief (DA 13-1253, WC Docket No. 13-71)

<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").

Communications in Kansas and Missouri. SureWest Communications now operates in California, Kansas, and Missouri.

On July 2, 2012, SureWest Communications was acquired by Consolidated Communications Holding, Inc. and SureWest Telephone subsequently became a subsidiary of a Price Cap Holding Company.

## **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 SWTCas14.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 .00347 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 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).

<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*).

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 9, 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>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**

**Operating Company**

**COSA**

SureWest Telephone

SWTC

## Exhibit 2

### Exogenous Cost Changes

**Exogenous Cost Changes Detail**

	Total	Interstate
FCC 2012 Price Cap Interstate End User Revenue	31,822,034.00	11,131,522
FCC 2013 Price Cap Interstate End User Revenue	29,550,343.61	11,193,787
Revenue Change (Line Loss)	-7.1%	0.6%

	7/10-6/11 (A)	Adj. for Rev Change	7/11-6/12 (B)	From EXG Allocate	Exogenous (C)=B-A (3,135)
	165,192 \$	166,116 \$	131,415	31,566.5	

**Telecommunications Relay Service Support:**

**North American Numbering Plan Administration:**

	961 \$	892	892	0	-
	38,626 \$	38,842	38,842	1,045	1,045

**Regulatory Fee Support:**

	2013 Annual		Regulatory Fee (C)=B * 0.00347	Telecom Relay Service (D) = B * 0.01174	North American Numbering Plan Administration (E) = A * 0.0000302
	Total End User Revenues (499A) (A)	Interstate Revenues (499A) (B)			
Exogenous Amount	29,550,344	11,193,787	38,842	131,415	892

  

	Common Line	Database Access	Billing Name and Address	Special	Excluded Revenues	Total Revenue
2013 End User Rev - FCC 499	\$ 5,570,533	- \$	- \$	5,623,254 \$	- \$	\$ 11,193,787
Allocation Basis	49.76%	0.00%	0.00%	50.24%	0.00%	100.00%
Thousand Block Numbering	\$ -	- \$	- \$	- \$	- \$	-
Telecom. Relay Support	\$ (1,559.88)	- \$	- \$	(1,574.64) \$	- \$	(3,135)
NANPA	\$ -	- \$	- \$	- \$	- \$	-
Regulatory Fee Support:	\$ 519.92	- \$	- \$	525 \$	- \$	1,045
Sub-Total	\$ (1,039.96)	- \$	- \$	(1,049.81) \$	- \$	(2,090)

Filing Date: 05/09/14  
Filing Entity: SureWest Telephone  
Letter Filing  
May 19, 2014 Access Charge Short Form TRP Filing (SWTCas13.xls)

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
	(499A)	(499A)	Reg Fee	Telecom Relay	NANPA
Exogenous Amount	(A)	(B)	(C) = B * 0.00375	(D) = B * 0.02330	(E) = A * 0.0000302
Excluded Revenue	\$ 31,822,034	\$ 11,131,522	\$ 41,743	\$ 259,364	\$ 961
Price Cap Revenue Percentage	100.00%	100.00%			

2012 Mid-Year Rate Changes

	FCC 12-76	FCC 13-110	Difference	Annualized Reversal
	7/19/2012	8/12/2013		
	Reg Fee	Reg Fee		
Exogenous Amount	(C') = B' * 0.00375	(D') = B' * 0.00347	(E') = (D') - (C')	(F') = (E') * 12 / 9
	\$ 41,743	\$ 38,626	\$ (3,117)	\$ (4,156)

2012 Mid-Year Rate Changes

	DA 13-1137	DA 13-1483	Difference	Annualized Reversal
	5/17/2013	7/1/2013		
	Telecom Relay	Telecom Relay		
Exogenous Amount	(C'') = B'' * 0.02330	(D'') = B'' * 0.01484	(E'') = (D'') - (C'')	(F'') = (E'') * 12 / 9
	\$ 259,364	\$ 165,192	\$ (94,173)	\$ (125,564)

	2013 Annual		FCC 13-110	DA 13-1483	DA 13-1215
	Total	Interstate	8/12/2013	7/1/2013	5/28/2013
	(499A)	(499A)	Reg Fee	TRS	NANPA
Exogenous Amount	(A''')	(B''')	(C''') = B''' * 0.00347	(D''') = B''' * 0.01484	(E''') = A''' * 0.0000302
Excluded Revenue	\$ 29,550,344	\$ 11,193,787	\$ 38,842	\$ 166,116	\$ 892
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'''

% Price Cap Allocation  
Price Cap Exogenous Amount  
FCC 2012 Price Cap Interstate End User Revenue  
FCC 2013 Price Cap Interstate End User Revenue  
Revenue Change ( R )  
Price Cap Only with R Adj

7/13 - 6/14	7/14 - 6/15	Exogenous
\$ 259,364		
\$ (125,564)		
\$ 133,801	\$ 166,116	
100.00%	100.00%	
\$ 133,801	\$ 166,116	
\$ 11,131,522		
\$ 11,193,787		
0.56%		
\$ 134,549	\$ 166,116	\$ 31,566

North American Numbering Plan Administration:

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

% Price Cap Allocation  
Price Cap Exogenous Amount  
FCC 2012 Total End User Revenue  
FCC 2013 Total End User Revenue  
Revenue Change ( R )  
Price Cap Only with R Adj

0	0	Exogenous
\$ 961		
\$ 892		
\$ 961	\$ 892	
100.00%	100.00%	
\$ 961	\$ 892	
\$ 31,822,034		
\$ 29,550,344		
-7.14%		
\$ 892	\$ 892	\$ -

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'''

% Price Cap Allocation  
Price Cap Exogenous Amount  
FCC 2012 Price Cap Interstate End User Revenue  
FCC 2013 Price Cap Interstate End User Revenue  
Revenue Change ( R )  
Price Cap Only with R Adj

0	0	Exogenous
\$ 41,743		
\$ (4,156)		
\$ 37,587	\$ 38,842	
100.00%	100.00%	
\$ 37,587	\$ 38,842	
\$ 11,131,522		
\$ 11,193,787		
0.56%		
\$ 37,798	\$ 38,842	\$ 1,045

499A 2013 Interstate End User Revenues

Allocation Basis  
Telecom. Relay Support  
NANPA  
Regulatory Fee Support:

Common Line	Special	Price Cap Revenue
\$ 5,570,533	\$ 5,623,254	\$ 11,193,787
49.76%	50.24%	
\$ 15,709	\$ 15,858	\$ 31,566
\$ -	\$ -	\$ -
\$ 520	\$ 525	\$ 1,045
\$ 16,229	\$ 16,382	\$ 32,611