



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 2

(Consolidated Communications Company of Pennsylvania)

ANNUAL 2016 PRICE CAP SHORT FORM FILING

May 17, 2016

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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 2016 TRP Notices released March 16, 2016 and April 13, 2016 (DA 16-274 and DA 16-399 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 12-154¹ 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.

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, and Curtisville

¹ 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)

² See, Order, July 2015 Annual Access Charge Tariff Filings, released March 16, 2016, DA 16-274 ("2016 Filing Order"); and Tariff Review Plans, Material to be filed in support of 2016 Annual filings, DA 16-399, released April 13, 2016 ("2016 TRP Order").

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 Pinnatech 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 Naticom 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 approximately 37,000 local access lines (averaging 130 lines per square mile) as of March 31, 2016. Approximately 41.9% 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. 16-71, July, 2016 Annual Access Charge Tariff Filings released March 16, 2016, and Tariff Review Plans issued in WC Docket No. 16-71, Material to be Filed in Support of 2016 Annual Access Tariff Filings, released April 13, 2016.

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 CCPAas16.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 2014 (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 0.0000387⁴. 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 2015 fiscal year (July 2015 to June 2016). The impact of the NANPA support has been included as an exogenous cost in this filing as shown in Exhibit 2, RDEV-1.

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 2015 – June 2016 fiscal year was calculated using a factor of .00331 as prescribed in the Commission's *Regulatory Fee NRPM*,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.

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 2015 through June 2016 (filed June 8, 2015) Public Notice, DA 15-670, 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).

⁶ *In the Matter of Assessment and Collection of Regulatory Fees for Fiscal Year 2015*, Notice of Proposed Rulemaking, (filed September 2nd, 2015) FCC 15-108, MD Docket 15-121 (*Regulatory Fee Order*).

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 factor of .01862 as prescribed in FCC DA16-518, Rolka Loube Associates TRS estimate for the 2016-17 funding year⁸ and is displayed on Exhibit 2 , RDEV-1.

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 Associates submits payment formulas and funding requirement for the interstate telecommunications relay services fund for the 2016 - 17 fund year, FCC Public Notice, (filed May 9, 2016, DA 16-518, CG Docket 03-123 (*TRS Order*)).

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

Exhibit 2

Exogenous Cost Changes

Filing Date: 05/17/2016
Filing Entity: Consolidated Communications of Pennsylvania Company
Transmittal Number: Letter

May 17, 2016 Short Form Annual Price Cap Filing (CCPAS16.XLS)
Exogenous Cost Changes Detail

2014 Annual		FCC 15-59	DA 15-612	DA 15-670
Total	Interstate	5/21/2015	5/20/2015	6/8/2015
End User Revenues	(L99A)	Reg Fee	Telecom Relay	NANPA
(A)	(B)	(C) = B * 0.00329	(D) = B * 0.01635	(E) = A * 0.0000387
\$ 17,770,510	\$ 4,737,925	\$ 15,588	\$ 77,465	\$ 688
\$	\$			
100.00%	100.00%			

Exogenous Amount
Excluded Revenue
Price Cap Revenue Percentage

2015 Annual		FCC 15-108	DA 15-612	DA 15-670
Total	Interstate	9/2/2015	5/20/2015	6/8/2015
End User Revenues	(L99A)	Reg Fee	TRS	NANPA
(A)	(B)	(C) = B * 0.00331	(D) = B * 0.01662	(E) = A * 0.0000387
\$ 17,770,510	\$ 4,617,825	\$ 15,285	\$ 85,984	\$ 654
\$	\$			
100.00%	100.00%			

Exogenous Amount
Excluded Revenue
Price Cap Revenue Percentage

Telecommunications Relay Service Support:
DA 15-612 - 0.01635 Factor 2014 Revenue - D
DA 14-946 - 0.0 = F
DA 15-612 - 0.01662 Factor 2015 Revenue - D

% Price Cap Allocation
Price Cap Exogenous Amount
FCC 2014 Price Cap Interstate End User Revenue
FCC 2015 Price Cap Interstate End User Revenue
Revenue Change (R)
Price Cap Only with R Adj

North American Numbering Plan Administration:
DA 15-670 - 0.0000387 Factor 2014 Revenue - E
DA 14-792 - 0.0000 = F
DA 15-670 - 0.0000387 Factor 2015 Revenue - E

% Price Cap Allocation
Price Cap Exogenous Amount
FCC 2014 Total End User Revenue
FCC 2015 Total End User Revenue
Revenue Change (R)
Price Cap Only with R Adj

Regulatory Fee Support:
FCC 15-59 - 0.00329 Factor 2014 Revenue - C
FCC 14-129 - 0.00 = F
FCC 15-108 - 0.00331 Factor 2015 Revenue - C

% Price Cap Allocation
Price Cap Exogenous Amount
FCC 2014 Price Cap Interstate End User Revenue
FCC 2015 Price Cap Interstate End User Revenue
Revenue Change (R)
Price Cap Only with R Adj

499A 2015 Interstate End User Revenues
Allocation Basis
Telecom Relay Support
NANPA
Regulatory Fee Support:

Common Line	Special	Price Cap Revenue
\$ 4,617,825	\$	\$ 4,617,825
100.00%	0.00%	
\$ 10,482	\$	\$ 10,482
\$	\$	\$
\$ 92	\$	\$ 92
\$ 10,575	\$	\$ 10,575