



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 4

(Consolidated Communications of California Company)

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. 4 (Consolidated Communications of California Company). 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 Consolidated Communications of California Operations (formerly SureWest Telephone)

Consolidated Communications of California (CCCA, formerly 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, CCCA became a price cap company pursuant to FCC Order DA 13-1253¹ 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.

Consolidated Communications of California 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. SureWest Telephone changed its name to Consolidated Communications of California Company on January 1st, 2016. As an incumbent local exchange carrier (ILEC) operating solely in California, Consolidated Communications of California 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, CCCA provides basic telephone services serving approximately 33,000 local access lines as of April 30, 2015. 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 (now Consolidated Communications Enterprise Services), 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

¹ 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)

² See, Order, July 2016 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").

2008, SureWest Communications acquired Everest 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. 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 SWTCas16.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

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).

.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.

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.

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*).

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 California Company

SWTC

Exhibit 2

Exogenous Cost Changes

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

May 17, 2016 Short Form Annual Price Cap Filing (CCTxas16.XLS)
Exogenous Cost Changes Detail

	2014 Annual				2015 Annual			
	Total	Interstate	FCC 15-59	DA 15-612	Total	Interstate	FCC 15-108	DA 15-612
End User Revenues	(A)	(B)	Reg Fee	TRF	End User Revenues	(A')	Reg Fee	TRF
Exogenous Amount	28,753,193	11,760,305	(C) = B * 0.00329	(D) = B * 0.01635	28,753,193	11,760,305	(C') = B' * 0.00331	(D') = B' * 0.01662
Excluded Revenue	-	-	38,691	192,281	-	-	38,691	192,281
Price Cap Revenue Percentage	100.00%	100.00%			100.00%	100.00%		

	2015 Annual				2016 Annual			
	Total	Interstate	FCC 15-108	DA 15-612	Total	Interstate	FCC 15-108	DA 15-612
End User Revenues	(A')	(B')	Reg Fee	TRF	End User Revenues	(A'')	Reg Fee	TRF
Exogenous Amount	28,753,193	11,760,305	(C') = B' * 0.00331	(D') = B' * 0.01662	28,753,193	11,760,305	(C'') = B'' * 0.00331	(D'') = B'' * 0.01662
Excluded Revenue	-	-	38,691	192,281	-	-	38,691	192,281
Price Cap Revenue Percentage	100.00%	100.00%			100.00%	100.00%		

Telecommunications Relay Service Support:
DA 15-612 - 0.01635 Factor 2014 Revenue - D
DA 14-846 - 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
\$ 4,606,627	\$ 2,702,514	\$ 7,309,141
63.03%	36.97%	
\$ 10,457	\$ 6,135	\$ 16,592
\$ 92	\$ 54	\$ 146
\$ 10,549	\$ 6,189	\$ 16,738