



DESCRIPTION AND JUSTIFICATION

CONSOLIDATED COMMUNICATIONS COMPANIES

INTERSTATE ACCESS SERVICES

TARIFF FCC No. 3

(Consolidated Communications of Illinois Company)

2017 MID COURSE

ACCESS CHARGE TARIFF FILING –IMPLEMENTATION OF FCC
BUSINESS DATA SERVICES ORDER

TRANSMITTAL No. 77

November 16, 2017

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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. 3 (Consolidated Communications of Illinois Company, f/k/a Illinois Consolidated Telephone Company) along with supporting documentation proposed under transmittal 77 of the Consolidated Communications Companies.

This information is being filed in accordance with the Commission's 2017 Notice for Procedures for the filing of Access Charge Revisions and Tariff Review Plans subject to new requirements established in the Business Data Services (Special Access) Proceeding released October 13, 2017 (DA 17-1009).

Description of the Consolidated Communications of Illinois Company Operations

The Consolidated Communications of Illinois Company (COSA 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, In the Matter of Business Data Services in an Internet Protocol Environment, released October 13, 2017, DA 17-1009 ("2017 BDS Filing Order").

ICTC is a rural East Central Illinois telecommunications carrier providing service to approximately 48,000 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. 16-143 , In the Matter of Business Data Services in an Internet Protocol Environment, released October 13, 2017 per DA 17-1009 (“2017 BDS Filing Order”).

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 – PCI Development

Exhibit 3 – Price Cap Revenue Impact Analysis

Files:

Tariff Review Plan (Excel files ICTCN167.xls)

Rate Detail (Excel files ICTCA17a.xls)

SECTION 3 TARIFF SUPPORT

PCI Development

In Accordance with the Commission's Rules and in conjunction with the Business Data Services Public Notice, CCI has excluded all demand from competitive services in the analysis. The PCI for each service basket is calculated as shown in Exhibit 2, RDEV-1, Page 1 of 3. A GDP-PI factor of 1.5385%, and the new 2% Productivity (X) factor was used in calculating the PCI. The GDP-PI factor is based on the percentage change in the Gross Domestic Product Price Index (GDP-PI) between the quarter ending December 31, 2016 and the corresponding quarter of the 2015 GDP-PI.

CCI is also including a workpaper identifying the transmittal or letter filing date where the last index changes were implemented for the price cap categories has been included in Exhibit 2, RDEV-1, Page 3.

The prospective PCI values for the Special Access Basket are calculated using formula found in 61.45(b) of the Commission's rules. Calculation of PCI values is shown in Exhibit 2, RDEV-1, Page 1 of 3.

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 2016 (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 0.0000518⁴ This factor is

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 Wireline Competition Bureau announces the proposed North American Numbering Plan Administration fund size estimate and contribution factor for October 2017 through September 2018 (filed August 17, 2017) Public Notice, DA 17-783, CC Docket No. 92-237.

used as an estimate for application to end user revenues of each telecommunications carrier in the United States to fund the program for the 2017 year (October 2017 to September 2018). 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 2017 – June 2018 fiscal year was calculated using a factor of .00302 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.

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 .02289 as estimated in the June 2, 2017 FCC Public Notice⁸ and is displayed on Exhibit 2, RDEV-1.

Rate Detail and other Exhibits

Rate Detail files will be submitted as part of the Consolidated TRP submission to display demand quantities, current rates, proposed rates, and the associated quantities for the specific baskets. For CMT, proposed SLC rates are set at current capped levels pursuant to Consolidated's price cap order⁹ and PICC and CCL rates continue to be zero. For non-CMT baskets, PCI, SBI, and sub-index calculations are shown.

Consolidated also includes a revenue impact analysis in Exhibit 3, RDET1 to display overall impacts of any rate changes in the filing.

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 2017*, Report and Order and further notice of Proposed Rulemaking, (filed September 5, 2017) FCC Order 17-111, MD Docket 17-134 (*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 *In the Matter of Telecommunications Relay Services and Speech to Speech Services for Individuals with hearing and speech disabilities*, FCC Order 17-642, (filed June 30, 2017, CG Docket 03-123 (*TRS Order*)).

⁹ See, Order, Consolidated Communications Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, DA 08-1026 para 17.

Exhibit 1

Consolidated Communications Operating Companies and Study Area Designators

**Consolidated Communications Operating Companies
And Study Areas**

<u>Operating Company</u>	<u>COSA</u>
Consolidated Communications of Illinois Company (341037)	ICTC

Exhibit 2

PCI Development

Filing Date: 11/16/2017
Filing Entity: Consolidated Communications of Illinois Compar
Transmittal Number: 77
December 1, 2017 BDS Access Charge TRP Filing (ICTCN167.xls)

7/1/17 PCI Development

	Common Line (A)	Interexchange (D)	Special (E)
1. Revenues (R)	3,643,806	0	299,435
2. Exogenous Changes (Z)	14,706	0	0
a. EDFIT / ITC / Access Cost Changes	0	0	0
b. Telecom. Relay Service Changes	17,944	0	0
c. Lower Formula Adjustment (LFAM)	0	0	0
d. Regulatory Fee Support Changes	(3,194)	0	0
e. North American Numbering Plan Admin.	(44)	0	0
3. Z/R = (Ln 2 / Ln 1)	0.004036	0.000000	0.000000
4. W = ((Ln 1 + Ln 2) / R)	1.004036	0.000000	1.000000
5. GDP-PI Chain Weighted (4 Qtr 2016)	112.2380	112.2380	112.2380
6. GDP-PI Chain Weighted (4 Qtr 2015)	110.4980	110.4980	110.4980
7. Percent Change in GDP-PI (I) ((Ln 5 - Ln 6) / Ln 6) * 100	1.5385%	1.5385%	1.5385%
8. Productivity (X)	N/A	3.0000%	2.000000%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	-1.4615%	-0.4615%
10. Growth Rate of CCL MOU/Line (g)	4.2298%	N/A	N/A
11. Existing PCI	0.0000	0.0000	100.0000
12. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	N/A	N/A
13. Prop. PCI (NonExog Only: Annual Filing col.b&c: Ln 11; col.e: Ln 11 * (1 + Ln 9) SBI Upper Limit calculations only)	N/A	0.0000	99.5385
14. Proposed PCI col.b&c: Ln 11 * (1 + Ln 3 + Ln 12 / Ln 1) col.d&e: Ln 11 * (1 + Ln 3 + Ln 4 * Ln 9)	N/A	0.0000	99.5385

Filing Date: 11/16/2017
Filing Entity: Consolidated Communications of Illinois Company
Transmittal Number: 77

November 16, 2017 BDS Annual Price Cap Filing (ICTCN167.XLS)
Exogenous Cost Changes Detail

2016 Annual Interstate		FCC 17-62	FCC 17-111	Difference	Annualization
End User Revenues (499A)		5/23/2017 Regulatory Fee (B) = A * 0.00302	9/5/2017 Regulatory Fee (C) = A * 0.00302		
Exogenous Amount	\$ 4,697,439	\$ 14,186	\$ 14,186	\$ -	\$ -
Excluded Revenue	\$ -				\$ 100.00%
Price Cap Revenue Percentage	100.00%				

2016 Annual Interstate		Relka Loube Est. 6/2/2017	DA 17-642 6/30/2017	Difference	Annualization
End User Revenues (499A)		Telecom Relay (B) = A * 0.02244	Telecom Relay (C) = A * 0.02289		
Exogenous Amount	\$ 4,697,439	\$ 105,411	\$ 107,524	\$ 2,114	\$ 3,624
Excluded Revenue	\$ -				\$ 100.00%
Price Cap Revenue Percentage	100.00%				

2016 Annual Total		DA 16-899 8/8/2016	DA 17-703 8/17/2017	Difference
End User Revenues (499A)		NANPA (B') = A' * 0.0000368	NANPA (C') = A' * 0.0000518	
Exogenous Amount	\$ 23,079,053	\$ 849	\$ 1,195	\$ 346
Excluded Revenue	\$ -			\$ 100.00%
Price Cap Revenue Percentage	100.00%			

	Common Line	Special	Price Cap Revenue
499A 2016 Interstate End User Revenues	\$ 4,697,439	\$ -	\$ 4,697,439
Allocation Basis	100.00%	0.00%	
Telecom. Relay Support	\$ 3,624	\$ -	\$ 3,624
NANPA	\$ 346	\$ -	\$ 346
Regulatory Fee Support:	\$ -	\$ -	\$ -
	\$ 3,970	\$ -	\$ 3,970

Annual Filing Special End User	Sum-t Special	
	\$ 8,758,688	7/1/2017 Annual Filing
	\$ 299,435	12/1/2017 After removal of BDS competitive services
-	\$ -	Adjusted End User Special Access
\$	\$ -	Additional Excluded Rev
	\$ -	Adjusted Excluded Revenue

IND-1

Filing Date: 11/16/2017

Filing Entity: Consolidated Communications of Illinois Company

Transmittal Number: 77

December 1, 2017 BDS Access Charge TRP Filing (ICTCN167.xls)

Price Cap Tariff Review Plan
Indices

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	12/01/2017 PCI (I)	12/01/2017 SBI (J)
<u>Common Line Basket</u>						
100 Total Common Line	N/A	N/A	N/A	N/A	N/A	N/A
<u>Interexchange Basket</u>						
600 Total Interexchange	Trans.No. 142	Trans.No. 142	N/A	N/A	Trans.No. 142	N/A
<u>Special Access Basket</u>						
720 VG/WATS, Met, Tgh - Special	N/A	N/A	Trans.No. 142	Trans.No. 142	N/A	Trans No. 77
730 Audio & Video	N/A	N/A	Trans.No. 142	Trans.No. 142	N/A	Trans No. 77
740 High Cap & DDS - Special	N/A	N/A	Trans.No. 142	Trans.No. 142	N/A	Trans No. 77
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 142	Trans.No. 142	N/A	Trans No. 77
760 DS-3 SubCat - Special	N/A	N/A	Trans.No. 142	Trans.No. 142	N/A	Trans.No. 77
770 DDS&Other - Special	N/A	N/A	N/A	N/A	N/A	Trans.No. 77
899 Total Special Access	Trans.No. 142	Trans.No. 142	N/A	N/A	Trans.No. 77	Trans No. 77

Exhibit 3

Revenue Impact

TRP

December 1, 2017 BDS Access Charge TRP Filing (ICTCN167.xls)
IMPACT ANALYSIS FOR INDUSTRY

Basket Description	Demand Times		Difference (C) = (B) - (A)	% Difference (D) = (C)/(A)
	Current Rate (A)	Proposed Rate (B)		
Common Line Basket				
End User Common Line	\$3,643,806	\$3,643,806	\$0	0.00%
Common Line per MOU	\$0	\$0	\$0	0.00%
PICC Common Line	\$0	\$0	\$0	0.00%
Other Common Line	\$0	\$0	\$0	0.00%
Total Common Line	\$3,643,806	\$3,643,806	\$0	0.00%
Special Access Basket				
VoiceGrade/WATS - NonDZ	\$1,823	\$1,815	(\$8)	-0.46%
Audio & Video - NonDZ	\$0	\$0	\$0	0.00%
Total High Cap/DDS	\$297,612	\$296,238	(\$1,373)	-0.46%
Total High Cap - DS1 - Special	\$257,641	\$256,452	(\$1,189)	-0.46%
High Cap - DS1 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS1 - SP - NonDZ	\$257,641	\$256,452	(\$1,189)	-0.46%
Total High Cap - DS3 - Special	\$37,421	\$37,249	(\$173)	-0.46%
High Cap - DS3 - SP - DZ1	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ2	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - DZ3	\$0	\$0	\$0	0.00%
High Cap - DS3 - SP - Non DZ	\$37,421	\$37,249	(\$173)	-0.46%
High Cap - Digital Data NonDZ	\$2,550	\$2,538	(\$12)	-0.46%
Wideband - Non-Zone	\$0	\$0	\$0	0.00%
Total Special Access Basket	\$299,435	\$298,053	(\$1,382)	-0.46%
Grand Total	\$3,943,241	\$3,941,859	(\$1,382)	-0.04%