

**CONSOLIDATED COMMUNICATIONS COMPANIES
FCC No. 1, 2, 3, 4 & 8**

June 17, 2019

Transmittal No. 90

Description and Justification

DESCRIPTION

In connection with the June 17, 2019 Annual Filing, Consolidated Communications Companies ("CCI") hereby submits its Tariff Review Plan (TRP) revisions to the Federal Communications Commission ("FCC") for its Price Cap Companies regulated under Tariff Nos. 1, 2, 3, 4 and 8 with the required supporting documentation. This information is being filed in accordance with the Commission's 2019 TRP Notices released April 4, 2019 (DA19-246) and May 1, 2019 (DA19-313). This filing fulfills the requirements established in Sections §61.41 through §61.49 of the Commission Rules. Exhibit 1 lists the COSAs associated with each Consolidated Communications company included in this filing.

In addition to the annual Price Cap filing, CCI is proposing changes to the rates associated with the Federal Universal Service Fund (FUSF) Factor.

JUSTIFICATION

The following justification is provided for the proposed rates filed by Consolidated Communications:

A. Demand

Demand data for the Price Cap regulated special access and common line services regulated by FCC Tariff 1, 2, 3, 4 and 8 reflects the period January 1 through December 31, 2018 and is used in the calculations of the *Price Cap Index* (PCIs), *Actual Price Index* (APIs), and *Service Band Index* (SBIs). Exhibit 5 provides a listing of the new services that were introduced in the base period.

Pursuant to paragraph §61.42(g) of the Commission's rules, only the demand for services that have not received regulatory relief pursuant to §61.42(f) are included in the appropriate Price Cap baskets. Consolidated Communications has received price cap regulatory relief under FCC 17-43 (released April 28, 2017). The TRP Order requires a detailed listing of services excluded from price cap regulation. These excluded services are listed in Exhibit 6.

Demand data for the Fiscal Year (FY) 2012 Base Period Revenues used in determining the Inter-carrier Compensation Access Reduction, ARC and CAF ICC are for the period of October 2010 through September 2011 as defined in §51.903(e) and §51.915(c).

B. PCI Development

PCIs for each basket are calculated in accordance with Commission Rules. A GDP-PI factor of 2.1140% was used in calculating the PCIs and is based on the percentage change in the Gross Domestic Product Price Index (GDP-PI) between the quarter ending December 31, 2018 and the corresponding quarter of 2017. Pursuant to FCC 17-43, a productivity offset equal to 2% was applied in calculating PCIs for the special access basket. Information on the GDP-PI calculation is provided in Exhibit 2.

C. Compliance with Indices

In this filing, the Commission requires CCI to compute the appropriate adjustments to the current indices or CMT for each Price Cap basket. The adjustments

to the Indices are set forth in the Tariff Review Plan, form IND-1. The sources for the existing indices are found in Exhibit 3, IND-1 References.

D. Exogenous Cost Allocations

Consolidated Communications proposes the following general exogenous cost adjustments: 1) Regulatory Fee, 2) Telecommunications Relay Service, and 3) North American Number Plan Administration. Each of the incremental exogenous cost amounts in this filing is allocated based on Price Cap revenues. The Regulatory Fee and TRS expense are allocated to Common Line and Special Access baskets based on the 499A Interstate revenues. The NANPA expense is calculated on the Total 499A Interstate revenues. Consolidated Communications has also adjusted 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 dollar of revenue remains unchanged if the factor is unchanged.

The amount of 499A revenue generated from competitive services and excluded from the exogenous cost allocations was overstated in last year's annual and mid-year TRP filings for FCC Tariff No. 8. These calculations have been corrected in this annual filing and are reflected in our allocation of exogenous expense. Exhibit 4 shows the incremental exogenous costs calculations and allocations that are included in this filing.

E. Rate Detail & Revenue Impact Summary

Included with the filing is a rate detail schedule. This detail shows the current and proposed rates in an EXCEL spreadsheet format. In addition to the rate detail schedule, a revenue impact summary is provided to ensure that the rate detail calculations agree with the SUM-1 and the RTE-1. Exhibit 7 contains the Revenue Impact Summary.

F. FUSF Rates

The proposed changes to the FUSF rates are attributed to the change in the FCC prescribed contribution factor between the 2nd quarter and the 3rd quarter 2019 from

0.188 to 0.244 per CC Docket No. 96-45 (rel. June 12, 2019). FCC Tariff Nos. 1, 2, 3, 4 and 8 applies the new factor to all eligible interstate revenues.

CAF-ICC FILINGS

CAF-ICC filings are calculated at the holding company level for all of the price cap carriers. Therefore, this transmittal contains all of the CAF-ICC schedules and supporting documentation for FCC Tariffs 1, 2, 3, 4, 7 and 8. The BDS TRP for FCC Tariff 7 is provided in Transmittal #91.

A. Access Reduction & Reciprocal Compensation Worksheet

This year, the Access Reduction and the Reciprocal Compensation spreadsheets have been eliminated for the price cap carriers because the adjustment to bill-and-keep required by section §51.907 of the Commission's rules is complete.

B. True Up Calculation

Consolidated Communications determined the 2017-18 Access Recovery Charge (ARC) True Up amount allowed by 47 C.F.R. §51.915(B)(13) utilizing the "2019 True Up" template released by the FCC on May 1, 2019. The FCC spreadsheet template provides the methodology for calculating the ARC True Up revenues. The total 2017-18 ARC True-up Revenues for CCI are then included in the Eligible Recovery Form.

C. Access Recovery Charge (ARC)-Rate Ceiling Worksheet

Consolidated Communications calculates the Access Recovery Charge allowed by 47 C.F.R. §51.915 utilizing the "2019 Rate Ceiling" template released by the FCC on May 1, 2019. The FCC template provides the methodology for calculating expected Access Recovery Charge revenues in compliance with §51.915.

D. Eligible Recovery Worksheet

In accord with Section §51.915(d)(1)(viii), a Price Cap Carrier's eligible recovery will be equal to the amount calculated in paragraph §51.915(d)(1)(vii)(A) through

(d)(1)(vii)(H) of this section before the application of the Price Cap Carrier Traffic Demand Factor applicable in 2019 multiplied by the appropriate Price Cap Carrier Traffic Demand Factor. If applicable, the Exogenous Cost ARC Recoverable amount is included in the Eligible Recovery calculation as found in Cap 5, line 610, of the included Tariff Review Plan along with any true-up amount calculated in the “2019 True Up” template. The final step is to add the amounts together resulting in the Eligible Recovery that is used in the “2019 Rate Ceiling” template as described above.

Consolidated Communications has prepared redacted and non-redacted versions of the template workbooks.

CONCLUSION

The Consolidated Communications Companies hereby submits for FCC Tariff No. 1, 2, 3, 4, and 8 the accompanying TRP, proposed FUSF rate changes and exhibits consistent with the Commission’s price cap regulations for local exchange carriers. The proposed adjustments are supported as just and reasonable.

EXHIBIT INDEX

The Consolidated Communications Companies provides the necessary detail to support the calculations of indices, exogenous costs, Eligible Recovery, ARC and FUSF rates in various workpapers. The following is the index of such workpapers.

Certification

2019 Rate Ceiling

Eligible Recovery

Tariff Rate Comp

2019 Summary Eligible Recovery TRP

2019 True Up

Tariff Review Plan (Long Form)

TRP Rate Detail

Exhibit 1

Exhibit 2

Exhibit 3

Rates and Revenues Detail

Affiliate and COSA Information

GDP-PI Factor Development

IND-1 Transmittal Documentation

Exhibit 4
Exhibit 5
Exhibit 6
Exhibit 7

Exogenous Cost Calculations
New Services
Excluded Services
Revenue Impact Summary