

CONSOLIDATED COMMUNICATIONS COMPANIES
CONSOLIDATED COMMUNICATIONS OF MINNESOTA COMPANY – MANKATO AND
MIDCOM STUDY AREAS

FCC No. 6

September 16, 2019

Transmittal No. 96

Description and Justification

DESCRIPTION

In connection with the September 16, 2019 MidYear Filing, Consolidated Communications Companies (CCI) hereby submits its Tariff Review Plan (TRP) to the Federal Communications Commission ("FCC") for its Consolidated Communications of Minnesota Company (Mankato and Midcom Study Areas - SAC 361427 and SAC 361375) that have previously converted business data services (BDS) to Incentive Regulation pursuant to §61.50 of the Commission Rules with the required supporting documentation. This information is being filed in accordance with the Commission's 2019 TRP Notices released May 1, 2019 (DA19-313) and April 4, 2019 (DA19-246) and fulfills the requirements established in Sections §61.41 through §61.49 of the Commission Rules. Exhibit 1 lists the Consolidated Communications operating companies and the associated study areas included in this filing.

This information is an update from the filing made on June 17th, 2019 and is being adjusted to reflect the updated TRS, Regulatory Fee and NANPA orders. Accordingly, the filing will reflect the new rates inherent with the exogenous changes between its original June 17 filing and today.

As part of its mid-year filing, Consolidated Communications is proposing changes to the Consolidated Communications FCC #6 that will collapse rate bands A and B into one rate group in the tariff. Previous to the June 17th 2019 filing, Consolidated always filed a combined Special Access TRP and the rates for rate bands A and B were identical. Consolidated would now have to adjust the rates between bands A and B differently due to Special Access revenue and exogenous cost weightings which would create slight differences between the two bands. Consolidated would realize billing economies in keeping these rates in unison by collapsing the two rate groups into one. There are also proposed rate changes associated with the Federal Universal Service Fund (FUSF) Factor.

JUSTIFICATION

A. RATES

The January 1, 2019 rate elements were used as the starting point to move the rate development into the incentive regulation TRP.

The rates were then imported into the TRP and the adjustment for inflation and productivity were applied to the rates.

Demand

Demand data for the regulated special access rate elements reflect 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).

PCI Development

PCIs for each basket are calculated in accordance with Commission Rules. A GDP-PI factor of 2.114% 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 18-146, 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.

B. Compliance with Indices

In this filing, the Commission requires Consolidated Communications to compute the appropriate adjustments to the current indices for each Price Cap basket. The adjustments to the Indices are set forth in the Tariff Review Plan, form IND-1. As no exogenous changes we're filed in the original June 17th annual filing, the combining of the tariff rates will have no impact on previous indices.

C. Exogenous Cost Allocations

Consolidated Communications proposes the following general exogenous cost adjustments: 1) Regulatory Fee, 2) Telecommunications Relay Service (TRS), and 3) North American Number Plan Administration. Each of the incremental exogenous cost amounts in this filing is allocated based on Incentive Regulation 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. 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 revenue requirement utilized to determine the current rates in the TRP filed in July contain exogenous costs at the previous factors; based on 2017 revenue data and therefore, unlike the Price Cap Carriers, no incremental exogenous costs were included in that filing. Consolidated Communications now reconciles that difference with updated factors, based on 2018 revenue data in this filing.

D. Rate Detail & Revenue Impact Summary

Included with the filing is a rate detail schedule. This detail shows the current and proposed rates in 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 3 contains the Revenue Impact Summary.

E. 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 0.244 to 0.25 per CC Docket No. 96-45 (rel. September 12, 2019). FCC Tariff Nos. 6 applies the new factor to all eligible interstate revenues.

CONCLUSION

The Consolidated Communications Companies hereby submits for FCC Tariff No. 6 the accompanying TRP and exhibits consistent with the Commission's Incentive Regulations for local exchange carriers. The proposed adjustments are supported as just and reasonable.

TARIFF SUPPORT MATERIAL

The Consolidated Communications Companies provides the necessary detail to support the calculations of indices, and exogenous costs in various workpapers and files. The following is the index of such work papers and files.

Description and Justification

- Exhibit 1 – Consolidation Local Operating Companies and Study Area Designators
- Exhibit 2 – PCI Development/Exogenous Costs
- Exhibit 3 – Price Cap Revenue Impact Analysis

Files:

Tariff Review Plan (Excel files CCMNAN19.xls)
Rate Detail (Excel files CCMNA19a.xls)

Exhibit 1

Consolidated Communications Operating Companies
and Study Area Designators
FCC No. 6

Consolidated Communications Study Areas

<u>Study Areas</u>	<u>COSA</u>	FRN	Study Area
Consolidated Communications of Minnesota Company - Mankato (361427)	CCMN	0003-7139-30	361427
Consolidated Communications of Minnesota Company - MidCom (361375)	CCMC	0003-7139-30	361475

Exhibit 2

PCI Development

	<u>Common Line</u> (A)	<u>Special</u> (B)
1. Revenues (R)	1,520,807	2,134,749
2. Exogenous Changes (Z)	402	144
a. EDFIT / ITC / Access Cost Changes	0	0
b. Telecom. Relay Service Changes	(509)	(182)
c. Regulatory Fee Support Changes	601	215
d. Removal of Lower Formula Adj. (LFAM)	0	0
e. Lower Formula Adjustment (LFAM)	0	0
f. North Americal Numbering Plan Admin.	310	111
3. $Z/R = (Ln\ 2 / Ln\ 1)$	0.000265	0.000067
4. $W = ((Ln\ 1 + Ln\ 2) / R)$	1.000265	1.000067
5. GDP-PI Chain Weighted (4 Qtr 2018)	111.1	111.1
6. GDP-PI Chain Weighted (4 Qtr 2017)	108.8	108.8
7. Percent Change in GDP-PI (I) $((Ln\ 5 - Ln\ 6) / Ln\ 6) * 100$ (Zero for Mid-Year Filings)	2.1140%	2.1140%
8. Productivity (X)	N/A	2.0000%
9. GDP-PI - X (Ln 8 - Ln 7)	N/A	0.1140%
10. Existing PCI	N/A	100.0000
11. Targeted Revenue Differential TRP Form TGT- 1 r1100	N/A	0.0000%
12. Prop. PCI (NonExog Only: Annual Filing col.e: Ln 10 * (1+ Ln 9) SBI Upper Limit calculations only)	N/A	100.1140
13. Proposed PCI col.d&e: Ln 10 * (1+ Ln 3 + Ln 4 * Ln 9)	N/A	100.1207

Filing Date: 09/16/2019
Filing Entity: Consolidated Communications of Minnesota - MidCom
Transmittal Number: 96

Sept 16, 2019 Price Cap Annual Filing (CCMCAN19.XLS)
Exogenous Cost Changes Detail

	2017 Annual		FCC DA 18-126	FCC DA 18-680	DA 18-727
	Total	Interstate	08/29/18	06/29/18	07/13/18
	End User Revenues		Regulatory Fee	Telecom Relay	NANPA
	(499A)	(499A)	(C) = B * 0.00291	(D) = B * 0.02801	(E) = A * 0.0000427
	(A)	(B)			
Exogenous Amount	\$ 8,743,950	\$ 3,137,162	\$ 9,129	\$ 87,872	\$ 373
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

	2018 Annual		FCC DA 19-83	FCC DA 19-607	DA 19-810
	Total	Interstate	8/27/2019	6/28/2019	8/22/2019
	End User Revenues		Regulatory Fee	Telecom Relay	NANPA
	(499A)	(499A)	(C') = B' * 0.00317	(D') = B' * 0.02779	(E') = A' * 0.0000908
	(A')	(B')			
Exogenous Amount	\$ 8,743,950	\$ 3,137,162	\$ 9,945	\$ 87,182	\$ 794
Excluded Revenue	\$ -	\$ -			
Price Cap Revenue Percentage	100.00%	100.00%			

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A'')	(B'')	(C'') = B'' - A''
FCC DA 18-126 - 0.00291 Factor 2017 Revenue - C	\$ 9,129		
FCC DA 19-83 - 0.00317 Factor 2017 Revenue - C'		\$ 9,945	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 9,129	\$ 9,945	816

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A'')	(B'')	(C'') = B'' - A''
FCC DA 18-680 - 0.02801 Factor 2017 Revenue - D	\$ 87,872		
FCC DA 19-607 - 0.02779 Factor 2017 Revenue - D'		\$ 87,182	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 87,872	\$ 87,182	(690)

	7/18 - 6/19	7/19 - 6/20	Exogenous
	(A'')	(B'')	(C'') = B'' - A''
North American Numbering Plan Administration:			
DA 18-727 - 0.0000427 Factor 2017 Revenue - E	\$ 373		
DA 19-810 - 0.0000908 Factor 2017 Revenue - E'		\$ 794	
% Price Cap Allocation	100.00%	100.00%	
Price Cap Exogenous Amount	\$ 373	\$ 794	421

	Common Line	Special	Price Cap Revenue
499A 2017 Interstate End User Revenues	\$ 473,573	\$ 169,091	\$ 642,665
Allocation Basis	73.69%	26.31%	
Regulatory Fee Support Exogenous	\$ 601	\$ 215	\$ 816
Telecom. Relay Support Exogenous	\$ (509)	\$ (182)	\$ (690)
NANPA Exogenous	\$ 310	\$ 111	\$ 421
Total Exogenous	\$ 402	\$ 144	\$ 546

IND-1

Filing Date: 09/16/2019

Filing Entity: Consolidated Communications of Minnesota - Mankato

Transmittal Number: 96

October 1, 2019 Access Charge TRP Filing (CCMNAN19.xls)

Price Cap Tariff Review Plan
Indices

	EXISTING PCI (E)	EXISTING API (F)	EXISTING SBI (G)	EXISTING SBI LIMIT (H)	10/01/2019 PCI (I)	10/01/2019 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	N/A	N/A	N/A	N/A	N/A	N/A
<u>Special Access Basket</u>						
720 VG/WATS, Met, Tgh - Special	N/A	N/A	Trans.No. 82	Trans.No. 82	N/A	Trans.No. 90
721 VG Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
722 VG Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
723 VG Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
724 VG Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
725 VG Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
726 VG Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
727 VG Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
730 Audio & Video	N/A	N/A	Trans.No. 82	Trans.No. 82	N/A	Trans.No. 90
731 Audio/Video Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
732 Audio/Video Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
733 Audio/Video Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
734 Audio/Video Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
735 Audio/Video Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
736 Audio/Video Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
737 Audio/Video Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
740 High Cap & DDS - Special	N/A	N/A	Trans.No. 82	Trans.No. 82	N/A	Trans. No. 96
750 DS-1 SubCat - Special	N/A	N/A	Trans.No. 82	Trans.No. 82	N/A	Trans. No. 96
751 DS1 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
752 DS1 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
753 DS1 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
754 DS1 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
755 DS1 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
756 DS1 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
757 DS1 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
760 DS-3 SubCat - Special	N/A	N/A	Trans.No. 82	Trans.No. 82	N/A	Trans.No. 90
761 DS3 Spec Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
762 DS3 Spec Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
763 DS3 Spec Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
764 DS3 Spec Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
765 DS3 Spec Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
766 DS3 Spec Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
767 DS3 Spec Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
770 DDS&Other Sp Density Zone 1	N/A	N/A	N/A	N/A	N/A	N/A
771 DDS&Other Sp Density Zone 2	N/A	N/A	N/A	N/A	N/A	N/A
772 DDS&Other Sp Density Zone 3	N/A	N/A	N/A	N/A	N/A	N/A
773 DDS&Other Sp Density Zone 4	N/A	N/A	N/A	N/A	N/A	N/A
774 DDS&Other Sp Density Zone 5	N/A	N/A	N/A	N/A	N/A	N/A
775 DDS&Other Sp Density Zone 6	N/A	N/A	N/A	N/A	N/A	N/A
776 DDS&Other Sp Density Zone 7	N/A	N/A	N/A	N/A	N/A	N/A
899 Total Special Access	Trans.No. 82	Trans.No. 82	N/A	N/A	Trans. No. 96	N/A

Exhibit 3

Revenue Impact

IMP-ANALYSIS

Filing Entity: Consolidated Communications of Minnesota - Mankato and MidCom Study Areas

Filing Date: 9/16/2019

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IMPACT ANALYSIS FOR INDUSTRY

<u>Basket Description</u>	<u>Demand Times</u> <u>Current Rate</u> <u>(A)</u>	<u>Demand Times</u> <u>Proposed Rate</u> <u>(B)</u>	<u>Difference</u> <u>(C) = (B) - (A)</u>	<u>% Difference</u> <u>(D) = (C)/(A)</u>
<u>Common Line Basket</u>				
End User Common Line	\$1,520,807	\$1,520,807	\$0	0.00%
Total Common Line	\$1,520,807	\$1,520,807	\$0	0.00%
<u>Special Access Basket</u>				
VoiceGrade/WATS - NonDZ	\$1,425	\$1,426	\$2	0.11%
Audio & Video - NonDZ	\$0	\$0	\$0	0.00%
Total High Cap/DDS	\$2,133,324	\$2,135,900	\$2,576	0.12%
Total High Cap - DS1 - Special	\$1,140,744	\$1,142,189	\$1,445	0.13%
High Cap - DS1 - SP - NonDZ	\$1,140,744	\$1,142,189	\$1,445	0.13%
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%
Total High Cap - DS3 - Special	\$980,078	\$981,195	\$1,117	0.11%
High Cap - DS3 - SP - NonDZ	\$980,078	\$981,195	\$1,117	0.11%
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 - Digital Data NonDZ	\$12,502	\$12,516	\$14	0.11%
Total Special Access Basket	\$2,134,749	\$2,137,327	\$2,577	0.12%
Grand Total	\$3,655,556	\$3,658,133	\$2,577	\$0