

**CONSOLIDATED COMMUNICATIONS COMPANIES**  
**FCC No. 1, 2, 3, 4, 6, 7, 8 & 9**

**June 16, 2020**

**Transmittal No. 105**

**Description and Justification**

**DESCRIPTION**

In connection with the June 16, 2020 Annual Filing, Consolidated Communications Companies (Consolidated Communications) hereby submits its Tariff Review Plan (TRP) revisions to Federal Communications Commission ("FCC") for its Companies regulated under Tariff Nos. 1, 2, 3, 4, 6, 7, 8 and 9 with the required supporting documentation. This information is being filed in accordance with the Commission's TRP Notices released April 15, 2020 (DA20-413) and May 12, 2020 (DA20-502) for Consolidated's incumbent local exchange carriers (LECs) subject to price cap regulation, as well as rate-of-return LECs electing Business Data Services (BDS) Incentive Regulation. This filing fulfills the requirements established in Sections 61.38, 61.39, 61.41 through 61.50, 51.907, 51.909, 51.915 and 51.917 of the Commission Rules. Exhibit 1 lists the COSAs' associated with each Consolidated Communications company included in this filing.

In addition to the annual TRP filing, Consolidated Communications is proposing changes to the rates associated with the Federal Universal Service Fund (FUSF) Factor. These proposed changes include necessary supporting material and is in compliance with the Commission's rules. Consolidated Communications' FCC Tariff No. 7 proposes

changes in compliance with the CALLS Order released in 2000 (*15 FCC Rcd 12,962 (2000)*), the Contribution Order released in 2002 (*17 FCC Rcd 24,952 (2002)*), and the Waiver Order released in 2003 and modified in 2008 (*18 FCC Rcd 4818 (2003) as modified by Federal-State Joint Board on Universal Service, Order on Reconsideration, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170 (rel. Feb. 14, 2008)*)).

## **JUSTIFICATION**

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

### **A. Demand**

Demand data for the TRP regulated switched, special access and common line services, if applicable, reflects the period January 1 through December 31, 2019. For BDS services, the demand is used in the calculations of the *Price Cap Index* (PCIs), *Actual Price Index* (APIs), and *Service Band Index* (SBIs). Commission Rules require new service offerings to be included in the first TRP filing following the completion of the base year in which the new services become effective. 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 BDS baskets. Consolidated Communications has received price cap regulatory relief under FCC 17-43 (released April 28, 2017) and elected to implement the rate-of-return BDS incentive regulation as outlined in §61.50. End User Channel Terminations in the SAC's of Berkshire Telephone Corp, Consolidated Communications of Maine – Community Services, and Consolidated Communications of Ohio –

Germantown have been deemed competitive per DA18-1089 (released October 25, 2018) and are omitted from the TRP and Tariff No. 9.

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, if applicable, and the Access Recovery Charge (ARC) are for the period of October 2010 through September 2011 as defined in §51.903(e), §51.915(c) and §51.917(b)(7).

Consolidated Companies rate-of-return LECs regulated under FCC Tariff No. 9 continue to participate in the National Exchange Carriers Association (NECA) tariff for switched access. Therefore, data for determining the Inter-carrier Compensation Access Reduction, Access Recovery Charge (ARC) for these rate-of return LECs are submitted to NECA.

#### **B. PCI Development**

PCIs for each BDS basket are calculated in accordance with Commission Rules. A GDP-PI factor of 1.6187% 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, 2019 and the corresponding quarter of 2018. 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 Consolidated Communications to compute the appropriate adjustments to the current indices or CMT, where applicable, 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 in this filing is allocated based on BDS 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. Exhibit 4 shows the incremental exogenous costs calculations and allocations that are included in this filing.

##### **REGULATORY FEE**

The calculation of change in regulatory fees to be reflected in the 2020-2021 tariff year is based on the application of the Commission prescribed factor of 0.00317 to 499A Price Cap revenues. This factor is set forth in the Notice of Proposed Rulemaking, FCC 19-83, released August 27, 2019.

##### **TELECOMMUNICATIONS RELAY SERVICE**

The Telecommunications Relay Service (TRS) fee is based on the annual cost recovery factor of 0.02779, FCC Order DA 19-607 released June 28, 2019 for the period of July 1, 2019 through June 30, 2020. As a result of this factor change, a mid-year filing was required. Effective October 1, 2019, the recovery of this exogenous cost was calculated to recovery of the annual expense over the remaining nine months of the tariff year. Exhibit 4 provides the calculation to reverse the grossed up calculation of this expense effective with the new tariff year.

##### **NORTH AMERICAN NUMBER PLAN ADMINISTRATION**

Pursuant to Public Notice, DA 19-810, released August 22, 2019, the contribution factor of 0.0000908 is applied total 499A interstate revenues to fund the 2019 numbering plan.

Exhibit 4 details the calculations of the TRS exogenous costs.

#### **E. 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 9 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 2020 from 0.196 to 0.265 per CC Docket No. 96-45 (rel. June 12, 2020). In addition, FCC Tariff No. 7, in compliance with the CALLS, the Contribution Order released in 2002, and the Waiver Order released in 2003 and modified in 2008, as outlined above, proposes multi-line FUSF rates that are adjusted to reflect updated multi-line demand associated with the multi-line equivalency calculation. Exhibit 7 provides a listing of the proposed FUSF rate changes for FCC Tariff No. 7 and Exhibit 8 provides supporting documentation for the proposed rate changes found in Exhibit 7. FCC Tariff Nos. 1, 2, 3, 4, and 8 applies the new factor to all eligible interstate revenues.

### **CONCLUSION**

The Consolidated Communications Companies hereby submits for FCC Tariff No. 1, 2, 3, 4, 6, 7, 8 and 9 the accompanying TRP, proposed FUSF rate changes and exhibits consistent with the Commission's regulations for price cap local exchange

carriers and rate of return LECs electing BDS Incentive Regulation. 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, Transitional Access rate reductions, Eligible Recovery, ARC and FUSF rates in various workpapers. The following is the index of such workpapers.

### **Certifications**

#### **FCC Tariff No. 1, 2, 3, 4, 7, 8 and 9 Price Cap CAF-ICC Forms**

- 2020 Rate Ceiling Final**
- 2020 Eligible Recovery Final**
- 2020 Tariff Rate Comp Final**
- 2020 Price Cap Summary Final**
- 2020 True Up Final**

#### **FCC Tariff No. 6 Rate of Return CAF-ICC Forms**

- 2020 Rate Ceiling CAF RoR ILEC**
- 2020 RoR ILEC ICC Data**
- 2020 Tariff Rate Comp CAF RoR ILEC**
- 2020 RoR ILEC Summary**
- 2020 True Up RoR ILEC**

#### **All tariffs – BDS Forms**

- Tariff Review Plan**
- TRP Rate Detail**

- Exhibit 1**
- Exhibit 2**
- Exhibit 3**
- Exhibit 4**
- Exhibit 5**
- Exhibit 6**
- Exhibit 7**
- Exhibit 8**

- Exhibit 9**

- Affiliate and COSA Information**
- GDP-PI Factor Development**
- IND-1 Transmittal Documentation**
- Exogenous Cost Calculations**
- New Services**
- Services Outside of Price Cap**
- Proposed FUSF Rate Changes**
- Calculation of the Proposed FUSF Rates**
- Revenue Impact Summary**