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

June 16, 2023

Transmittal No. 121

Description and Justification

DESCRIPTION

In connection with the June 16, 2023 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 3, 2023 (DA23-282) and May 11, 2023 (DA23-386) 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.

Pursuant to FCC20-143, in the matter of 8YY Access Charge Reform, Consolidated Communications also files support in Exhibit 10 for the required rate changes to implement the third and final step of a three-year reduction applicable to usage based toll free originating rate elements. Tariff revisions reflect the required reduction to the Info Surcharge, Toll Free Database Query Charge and Toll Free End Office Rates.

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 special access and common line services, if applicable, reflects the period January 1 through December 31, 2022. For price cap and rate of return 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 rate of return SACs' of Berkshire Telephone Corp, and Consolidated Communications of Maine – Community Services have been deemed competitive per DA18-1089 (released October 25, 2018). Subsequently, Chatutauqua & Erie Telephone Co., also a rate of return SAC, was granted BDS regulatory relief in DA 20-114 (released on January 31, 2020). The demand for the End User Channel Terminations in these competitive rate of return SACs' 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 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 6.3218% 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, 2022 and the corresponding quarter of 2021. 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.

The Subscriber Line Charges in FCC #1-4 are set at the current capped levels pursuant to Consolidated's Price Cap Orders[1]. PICC and CCL rates continue to be capped at zero for all Consolidated Companies.

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 costs in this filing is allocated based on Common Line and BDS revenues. Exogenous costs allocated to competitive BDS services are excluded from the TRP. Common Line services are excluded from the TRP for the Incentive Regulation Plan per Section 61.50 of the Commission rules; thus, the exogenous costs allocated to the Common Line services are excluded from the BDS TRP that governs the special access rate development for FCC #6 and #9.

Consolidated Communications has also adjusted the BDS 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 the BDS TRP filing.

[1] See, Orders, Consolidated Communications Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief, DA 08-1026 para 17; Joint Petition of Price Cap Holding Companies for Conversion of Average Schedule Affiliates to Price Cap Regulation and for Limited Waiver Relief (FCC 12-154, WC Docket No. 12-63) para 31; 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) para 19.

Carriers with Subscriber Line Charges at the maximum SLC level, are permitted to include that portion of exogenous cost increases in mandatory TRS, regulatory, or NANPA fees in their Eligible Recovery Form and recover such expenses through the ARC and/or CAF-ICC funding mechanism, when applicable. Exhibit 4A provides cumulative exogenous cost calculations that are authorized per DA12-575 to be included in the CAF-ICC Eligible Recovery Form.

REGULATORY FEE

The calculation of change in regulatory fees to be reflected in the 2023-2024 tariff year is based on the application of the Commission prescribed factor of 0.00452 to 499A Interstate Revenues. This factor is set forth in the Notice of Proposed Rulemaking, FCC 22-68, released September 2, 2022.

TELECOMMUNICATIONS RELAY SERVICE

The Telecommunications Relay Service (TRS) fee is based on the annual IPCTS cost recovery factor of 0.00653 to the 499A Total Revenues and the Non-IPCTS cost recovery factor of 0.01125 is applied to the 499A Interstate Revenues per FCC Order DA 22-699, released on June 30, 2022.

NORTH AMERICAN NUMBER PLAN ADMINISTRATION

Pursuant to Public Notice, DA 22-833, released August 8, 2022, the contribution factor of 0.0000853 is applied Total 499A Revenues to fund the 2022 numbering plan.

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. FCC Tariff #9 contains many study areas with four rate bands. For convenience, Exhibit 1 contains a list if the study areas and the band that applies to each study area. 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 2023 from 0.290 to 0.292 per CC Docket No. 96-45 (rel. June 14, 2023). 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 business rate changes for FCC Tariff No. 7 and Exhibit 8 provides supporting documentation for the proposed rate changes found in Exhibit 7.

Beginning in the 2022 tariff filing, a revenue neutral change in the application of the FUSF assessment to residential end users was implemented. Consolidated's FCC Tariff #7 no longer bills a flat rate FUSF Charge on residential services. Varying ARC charges have complicated the calculation of a flat rated FUSF Charge on residential services. Consolidated applies the FUSF factor on eligible interstate revenues consistent with the FUSF factor application in FCC Tariff Nos. 1, 2, 3, 4, 6, 8 and 9.

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, and 8 Price Cap CAF-ICC Forms
- **2023 Rate Ceiling Final**
- **2023 Eligible Recovery Final**
- **2023 Tariff Rate Comp Final**
- **2023 Price Cap Summary Final**
- **2023 True Up Final**

FCC Tariff No. 6 Rate of Return CAF-ICC Forms
- **2023 Rate Ceiling CAF RoR ILEC**
- **2023 RoR ILEC ICC Data**
- **2023 Tariff Rate Comp CAF RoR ILEC**
- **2023 RoR ILEC Summary**
- **2023 True Up RoR ILEC**

All tariffs – BDS Forms
- **Tariff Review Plan**
- **TRP Rate Detail**

Exhibit 1	Affiliate and COSA Information
Exhibit 2	GDP-PI Factor Development
Exhibit 3	IND-1 Transmittal Documentation
Exhibit 4	Exogenous Cost Calculations
Exhibit 4A	Cumulative Exogenous Cost Calculations
Exhibit 5	New Services
Exhibit 6	Services Outside of Price Cap
Exhibit 7	Proposed FUSF Rate Changes
Exhibit 8	Calculation of the Proposed FUSF Rates
Exhibit 9	Revenue Impact Summary
Exhibit 10	Toll Free Originating End Office Access Service Rate Calculations