

# CONSOLIDATED COMMUNICATIONS COMPANIES

## FUSF Rate Revisions

March 15, 2024

Transmittal No. 126

### Description and Justification

#### 1.0 INTRODUCTION

Consolidated Communications Companies<sup>1</sup> (Consolidated Communications) hereby submits tariff pages for proposed changes to the Federal Universal Service Fund (“FUSF”) rates in Consolidated Communications’ Tariffs FCC No. 1 - FCC No. 4, and FCC No. 6 - FCC No. 9. These tariff changes are to be effective on April 01, 2024. This filing is in compliance with, including but not necessarily limited to the Commission's rules, the CALLS Order released in 2000,<sup>2</sup> the Contribution order released in 2002,<sup>3</sup> and the Waiver Order released in 2003 (as modified by the Payphone Modification Order released in 2008).<sup>4</sup>

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<sup>1</sup> Consolidated Communications Companies includes: Consolidated Communications of Texas Company; Consolidated Communications of Pennsylvania, L.L.C.; Consolidated Communications of Illinois; Consolidated Communications of California; Consolidated Communications of Minnesota Company; Consolidated Communications of Northern New England LLC; Consolidated Communications of Vermont Company LLC; Consolidated Communications of Maine Company; Consolidated Communications of Northland Company; Berkshire Telephone Corporation; Chautauqua and Erie Telephone Corporation; Taconic Telephone Corp.; Consolidated Communications of Pennsylvania Company, LLC; Consolidated Communications of Florida Company; Consolidated Communications of Central Illinois Company; Consolidated Communications of Kansas Company; Consolidated Communications of Missouri Company; Consolidated Communications of Oklahoma Company; Consolidated Communications of Colorado Company; and Consolidated Communications of Washington Company, LLC.

## Federal Universal Service Fund End-User Charge Development

### 1.1 CALCULATION OF FUSF END-USER CHARGE

Pursuant to the CALLS Order,<sup>5</sup> amounts assessed for various universal service support mechanisms are recovered directly from end-users. Starting with the third quarter of 2000, the Common Line amount of the FUSF obligation is recovered through a per-line charge assessed to end-user customers to whom End-User Common Line (EUCL) and other interstate charges apply.

Per the Contribution Order, and beginning with the second quarter 2003, with the limited exceptions granted in the Waiver Order (as modified by the Payphone Modification Order), telecommunications carriers are limited to recovering their FUSF contribution using monthly end-user rates that are equal to the total monthly interstate revenues for a customer times the relevant contribution factor. The Waiver Order (as modified by the Payphone Modification Order) preserves the carrier's option to assess the universal service end-user charge on Centrex customers on a per-line basis using the "equivalency" relationships established for the multi-line business PICC for Centrex lines as identified in Section 69.158 of the Commission rules. The Commission also allows

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<sup>2</sup> *Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, Federal-State Joint Board on Universal Service, Order, 15 FCC Rcd 12,962 (2000) ("CALLS Order").*

<sup>3</sup> *Federal-State Joint Board on Universal Service, Report and Order and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 24,952 (2002) ("Contribution Order").*

<sup>4</sup> *Federal- State Joint Board on Universal Service, Order and Second Order on Reconsideration, Order and Second Order on Reconsideration, 18 FCC Rcd 4818 (2003) ("Waiver Order"), 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) ("Payphone Modification Order").*

carriers to average among certain multi-line business customers the net reductions in charges attributed to the use of the PICC equivalency structure. The interstate Special Access and interstate Incidental Revenue FUSF obligation amount is recovered through an FUSF percentage surcharge using the FCC-prescribed rate applied to interstate end-user revenues.

## **1.2 End-User FUSF Charges**

Consolidated Communications' preliminary obligation to the FUSF for the second quarter of 2024<sup>6</sup> is based on the FCC's contribution rate rounded to the nearest tenth of a percent times Consolidated Communications' projected interstate end-user revenues for the second quarter of 2024.

The proposed changes to the FUSF rate for residential, non-primary residential, single line business, ISDN, PBX, Centrex and multi-line business-payphone<sup>7,8</sup> can be attributed to the change in the FCC prescribed contribution factor between the first quarter 2024 and the second quarter 2024 from 0.346 to 0.328.

## **1.3 FUSF CHARGES APPLIED ON A PERCENTAGE BASIS**

The FUSF rate applied to special access services and applied to eligible charges regulated by FCC No. 1 - FCC No. 4 and FCC No. 6 - FCC No. 9 are calculated based on the percentage factor provided in the FCC Public Notice rounded to the nearest tenth of a percent. The FCC's published factor is applied to each dollar of interstate Access revenue subject to this charge in Consolidated Communications' billing systems.

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<sup>5</sup> CALLS Order, ¶ 221.

<sup>6</sup> FCC Public Notice, Proposed Second Quarter 2024 Universal Service Contribution Factor, CC Docket No. DA 24-257 (rel. March 14, 2024) ("FCC Public Notice").

Also, the FUSF end-user charge applied to incidental types of service is assessed on the same percentage basis as prescribed by the FCC Public Notice. Incidental service consists of non-recurring charges for the Presubscribed Interexchange Carrier (PIC) and the recurring Primary Interexchange Carrier Charge assessed to end-users. The FUSF charge will also apply to interexchange carriers that pay the PIC charge on behalf of the end-user customer. The FUSF charge on interstate incidental services will also apply to Lifeline customers.

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<sup>7</sup> Payphone Modification Order, ¶ 8.

<sup>8</sup> The effect of the Payphone Modification Order is to treat payphone service provider lines in the same manner as single line residential and business lines