

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Transmittal No. 135
March 17, 2003

I. Introduction

Citizens Telecommunications Companies ("Citizens") submits herewith its Description and Justification ("D&J") in support of changes to its Tariff F.C.C. No. 1 filed under Transmittal No. 135, pursuant to sections 61.41 through 61.49 of the Commission's rules and relevant Commission orders. This filing is made on behalf of the exchange carriers issuing Citizens Tariff F.C.C. No. 1. In this tariff, five separate rate schedules are maintained. These rate schedules are referred to as Rate Group 1 through Rate Group 5, and correspond to the COSA codes CTC1 through CTC5. In this filing, Citizens removes Rate Group 5 from its tariff due to the sale of the exchanges comprising Rate Group 5 to other companies; changes rates, terms, and conditions for certain ADSL services; restructures its USF Recovery Charge Rate to be a percentage surcharge; and files rates for an instance of Special Construction.

II. Removal of Rate Group 5

At 11:59 PM on March 31, 2003, Citizens expects to close the sale

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of its exchanges in North Dakota to Nemont Telephone Cooperative, Inc. and Reservation Telephone Cooperative. The purchasers have indicated an intention to participate in the National Exchange Carrier Association ("NECA") Tariff F.C.C. No. 5 for interstate access purposes. Citizens has been in communication with the relevant NECA personnel and has been told that NECA will be making appropriate changes to its tariff reflecting the purchase of these exchanges effective April 1, 2003. Citizens seeks to remove Rate Group 5 effective the same date.

III. ADSL Channel

In this filing, Citizens modifies the terms and conditions for its ADSL Channel, Class R2 offering to reflect a maximum download speed of 1.0 Mbps. This change is being made to reflect the completion of Citizens' conversion of this service from 384 Kbps to 1.0 Mbps. Citizens also reduces the rates for ADSL Channel, Class R1 at several companies. Cost support information submitted with Transmittal No. 116 applies to this rate reduction and is incorporated

in this filing by reference.

IV. USF Recovery Charge

On December 13, 2002, the Commission released a *Report and Order and Second Further Notice of Proposed Rulemaking* in CC Dockets 96-45, 93-171, 90-571, 92-237, 99-200, 95-116, and 98-170 and NSD File No. L-00-72, FCC 02-329 ("*Interim USF Order*"). In the Interim USF Order, the Commission modified §54.712 of its rules to read, in part, "If a telecommunications carrier chooses to recover its federal universal service contribution costs through a line item on a customer's bill, as of April 1, 2003, the amount of the federal universal service line-item charge may not exceed the interstate telecommunications portion of that customer's bill times the relevant contribution factor."¹

As a price cap carrier, Citizens may recover its universal service contribution costs only through a line item on the customer's bill.

Accordingly, Citizens modifies the rate structure for its Universal Service Fund Recovery Charge (formerly known as Universal Service Fund Surcharge) to be a percentage applied to the interstate telecommunications portion of the end user's bill. This percentage is not applied on bills issued to Lifeline customers.²

On March 7, 2003, the Commission released a *Public Notice*, Proposed Second Quarter 2003 Universal Service Contribution Factor, DA 03-689 ("*2Q03 USF Notice*"). In the *2Q03 USF Notice*, the contribution factor is set at 0.090044. In keeping with the requirements of the *Interim USF Order* cited above, Citizens sets its USF Recovery Charge at 9.0044%.

V. Special Construction Rates

Citizens has received a request from Electric Lightwave for installation of a DS3 circuit where facilities do not exist and are not

¹ 47 CFR §54.712(a) as modified by the *Interim USF Order*.

² See, 47 CFR §54.712(b) as modified by the *Interim USF Order*.

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required for any other purpose. In keeping with the terms of Section 10 of Citizens' tariff, this circuit requires Special Construction.

Citizens has determined its non-recoverable costs for constructing the necessary fiber facilities, and has quoted a non-recurring charge for the amount of these costs to the customer. The customer has agreed to pay the Special Construction charge, and Citizens seeks to file this charge in Section 10 of its tariff.