

Citizens Telecommunications Companies
Tariff F.C.C. No. 1
Description and Justification
Transmittal No. 137
April 16, 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. 137, 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, four separate rate schedules are maintained. These rate schedules are referred to as Rate Group 1 through Rate Group 4, and correspond to the COSA codes CTC1 through CTC4. In this filing, Citizens increases its USF Recovery Charge rate and changes its rate schedules to add additional exchanges where Local Number Portability (LNP) is now available so that Citizens may recover the LNP investment and expenses. The recovery of these costs was provided for in the FCC's Third Report and Order in Docket CC No. 95-116, "In the Matter of Telephone Number Portability," released May 12, 1998.

II. USF Recovery Charge

On March 21, 2003, the Commission released a *Public Notice*, Revised Second Quarter 2003 Universal Service Contribution Factor, DA 03-851 ("*9.1% Notice*"). In the *9.1% Notice*, the USF Contribution Factor is set at 9.1% in order to accommodate billing systems that do not support more than three decimal accuracy for surcharges.

As a price cap carrier, Citizens may recover its universal service contribution costs only through a line item on the customer's bill. Citizens' USF Recovery Charge is expressed as a percentage applied to the interstate telecommunications portion of the end user's bill. Due to the late release of the *9.1% Notice*, Citizens was unable to modify its tariff to reflect the 9.1% contribution factor in time to make it effective April 1, 2003. Citizens sets its USF Recovery Charge at 9.1% in this filing to maintain consistency between its contribution obligation and its recovery mechanism.

III. LNP Recovery Charge

Citizens recovers the allowable costs of implementing Local Number Portability through its LNP Surcharge rate element. This rate element was developed in accordance with the Commission's Rules and Orders, using cost data for the total company. However, Citizens was only allowed to recover of these costs in exchanges that had received bona fide requests for LNP from competitors and where Citizens had implemented LNP in response to these requests.

Citizens has received a bona fide request for Local Number Portability in the Blooming Prairie, Minnesota switch. In this filing, Citizens extends the existing LNP Surcharge rates to the exchanges served by this switch and its remotes. The rates for LNP Surcharge are set at the level originally developed for recovery, and the five year cost recovery period is set to start on June 1, 2003. Citizens expects to be providing LNP to competitors from this switch on that date.