

DESCRIPTION AND JUSTIFICATION
CONSOLIDATED COMMUNICATIONS COMPANIES (CCC)
Comprised of: Consolidated Communications of Ft Bend Company
d/b/a Consolidated Communications (CCFB) and
Consolidated Communications of Texas Company
d/b/a Consolidated Communications (CCTX)

Transmittal No. 6, Filed November 2, 2004
Effective November 17, 2004

Description

This filing accomplishes several tasks:

First, CCC concurs in end user and ISDN Line Port sections of the National Exchange Carrier Association's (NECA) Tariff FCC No. 5. In response to the FCC's Order Granting Petition for Rulemaking, Notice of Proposed Rulemaking, and Order Granting Interim Partial Waiver, in WC Docket No. 04-259 and RM-10603, released July 19, 2004 (FCC 04-174), NECA filed a tariff change on August 10, 2004. In this change NECA (1) reduced the number of assessed End User Common Line (EUCL)/Subscriber Line Charges (SLCs) from 24 to 5 on channelized DS1s where the customer provides the terminating channelization equipment and (2) added DS1 Line Ports as a billing element to recover the line port costs of DS1 channel services. CCC will continue to concur in these parts of the NECA FCC No. 5 tariff and is adjusting its Tariff to do so in this filing, although it currently has no channelized DS1s where the customer provides the terminating channelization equipment.

Second, DS3 service was added to the CCTX service area (Section 17.3.5), reflecting the increasing demand for high capacity services in the Company's serving area. DS3 service was already tariffed in the CCFB serving area (Section 18.3.8), so there was no need to change the CCFB high capacity offering. The cost study is being filed under confidentiality letter and supports the rates being filed.

Third, Optical Carrier Service (OCS), in the bandwidths of OC3/OC3c and OC12/OC12c, is being tariffed in both CCFB and CCTX serving areas. The rates were determined based on a reasonable crossover ratio for each service in each separate company. Since the CCFB DS1 rates are considerably lower than the CCTX rates, this results in lower rates for all high capacity and optical carrier services. A description of the service was added in section 7.9 and Network Channel Interfaces were specified in section 15.2.2(C)(5). The rates are found in Sections 17.3.6 and 18.3.9. The cost study is being filed under confidentiality letter and supports the rates being filed.

Fourth, minimum periods were clarified to state that DS1 service would be available for a minimum of 1 month and DS3, OC3/OC3c, and OC12/OC12c service would have a minimum service period of 12 months, reflecting the greater installation and operating costs of these more complex services.

Fifth, the termination liability for customer-initiated discontinuance of service was standardized for all services with a minimum period (ADSL, DS1, DS3, OC3, OC12). When a customer discontinues services, prior to the end of the minimum period, which (1) have a minimum period under the tariff or (2) are on a Term Pricing Plan (TPP), that customer will incur a termination liability.

The revised methodology permits CCC to recover the investment and/or expenses it originally intended to recover since the Companies may spread their installation cost and/or expenses over the total service period. Thus, without the proposed termination liability, the Companies would be unable to recover their investment and/or expenses if a customer discontinued his/her service prior to the end of the agreed upon service period.

Under the revised methodology, used by NECA and many other communications companies, if a customer agrees to a minimum period of service, he/she is responsible to continue to pay the rate currently in effect when the service is discontinued, for the remainder of the minimum period. For services with a minimum period of greater than one year, the termination liability is 100% of the unpaid remainder of the 1st year's charges and 50% of the charges due beyond the first year. This is a front-end-loaded incentive to stay with the high capacity or optical carrier service until the contract is completed. A similar methodology has already been instituted for the Company's ADSL service.

To avoid customer confusion, CCC has grandfathered those customers who have a prior termination liability to permit them to retain it. The liability assessed will be the lower amount of the two methodologies. This grandfathering will terminate at the end of the agreements currently in effect.

Sixth, a table showing high capacity and voice grade equivalents for high capacity and OCS was added for clarification.

Seventh, Term Pricing Plans for both CCFB and CCTX were expanded to include all high capacity and OCS's (DS1, DS3, OC3/OC3c, and OC12/OC12c). Encouraging customers to commit to a specified time period – 1 year, 3 years or 5 years – greatly improves the companies' ability to forecast and ensure future revenues. Customers who commit for the longest time receive the greatest discount from the month-to-month rates. Furthermore, the discounted rates are identified as actual rates, rather than the previous discount percentages, to make it easier for customers to understand and easier for CCC's billing systems to bill accurately. The discounted rates represent a 10% discount for a 3-year TPP and a 20% discount for a 5-year TPP.

Also, the discounts for DS3 and DS1 in CCFB were converted from a percentage (10% for 3 years and 20% for 5 years) into the actual amounts. This will clarify the rates for customers and make billing easier. There is only one change (a reduction) in the amount paid by the customers. Currently, CCC does not discount the mileage portion of Channel Mileage. Under the new rates, CCC will discount the Channel Termination, Channel Mileage (fixed and per mile) and the multiplexing charges. This is reflected in the tariff. For example, currently the rate for a DS3 Channel Termination in CCFB is \$89.95 with a 10% discount for a 3-year TPP. Under the proposed tariff the monthly and 1-year rate is still \$89.95, but the 3-year TPP is now stated as a rate of \$80.96 which is 90% of the \$89.95 rate; the remainder of the TPP rates are calculated in a similar fashion. The major advantage is to restate the rates into a more usable format.

Last, the tariff was updated for the constituent companies' final legal names. The Title Page now includes the following as part of the Consolidated Communications Companies' (CCC), effective July 1, 2004:

Consolidated Communications of Texas Company (CCTX), d/b/a Consolidated Communications, f/k/a TXU Communications Telephone Company, and
Consolidated Communications of Fort Bend Company (CCFB), d/b/a Consolidated Communications, f/k/a Fort Bend Telephone Company

The titles of Section 17 and 18 are being changed to reflect the name changes. Pages will be updated in the normal course of tariff changes. No other pages are affected, since they all list CCC as the issuing carrier in the upper right hand corner.

Justification

Approval of these changes will result in added services being made available in the Tariff for our customers and added revenues to the Companies. In addition, the Companies should enjoy improved efficiency and improved service to their customers as a result of these additions and changes. The new TPPs will incent customers to keep their high capacity and optical carrier services for an extended period of time, allowing the Companies to forecast and guarantee future revenue flows. The Companies have also followed in the footsteps of NECA by concurring in the latest changes for channelized DS1s (even though CCC has no qualifying DS1s at this time).