DESCRIPTION AND JUSTIFICATION
ILLINOIS CONSOLIDATED TELEPHONE COMPANY (ICTC)

ICTC TARIFF FCC No. 2

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DESCRIPTION

The competitive landscape for broadband services has been and is changing rapidly. With the introduction of VOIP services and the growing number of wireless only subscribers, Illinois Consolidated Telephone Company (ICTC) is experiencing significant access line loss. Many of those customers that have abandoned their land-based voice line, however, continue to require access to high speed data and video services and are requesting ADSL broadband service without the obligation to pay for the local dial tone service. This tariff filing proposes to satisfy this request by offering a Stand Alone ADSL service.

<u>Stand Alone ADSL</u>

Stand Alone ADSL service will allow ICTC to offer customers in its' service territory a broadband connection over the local loop without requiring ICTC provided local exchange service. This, in turn, will enable the customer to access video and/or internet services should they so choose. Offering this product will, therefore, allow ICTC to better compete with other broadband providers offering services within its' territories.

<u>Rate Development</u>

The rate for ICTC's new Stand Alone ADSL service was developed using a combination of internal cost analysis and external competitive factors. ICTC plans to offer this service at a $23.00 recurring monthly rate.

<u>Demand and Revenue Impacts</u>

As a result of this filing, ICTC expects to add an estimated 500 Stand Alone ADSL customers in 2007, as well as retain an additional estimated 175 customers. These forecast numbers would result in new and retained interstate revenues of approximately $15,500 monthly at the end of 2007. There is no cross-elastic or complementary demand impact expected as a result of this filing.

Unit Costs

This section describes the underlying costs and methodology used to determine the costs for Stand Alone ADSL service. The Engineered, Furnished, and Installed (EF&I) costs per line was determined using a combination of the vendor equipment costs and labor, in conjunction with the quantity of customers served by this equipment.

The unit investments were converted to monthly costs by applying an annual direct cost factor and then dividing by twelve. The costs include maintenance, power, income taxes, depreciation, as well as a cost of money calculation. See Exhibit 1, pages 1-2.

JUSTIFICATION

The Federal Communications Commission has identified a goal of increasing the broadband penetration in the country. This filing intends to do further that goal that for the Company's exchanges. This tariff change responds to our customers' desires for high speed access to data and video without the commitment to have dial tone.