

Citizens Telecommunications Companies  
Tariff F.C.C. No. 1  
Description and Justification  
Transmittal No. 175  
September 14, 2007

1. Introduction

Citizens Telecommunications Companies ("Citizens") submits herewith its Description and Justification ("D&J") in support changes to its Tariff F.C.C. No. 1 filed under Transmittal No. 175. 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 incorporates an exogenous change for Telecommunications Relay Service (TRS) costs into its Price Cap Indices, changes rates subject to price cap regulation, and decreases its USF Recovery Charge rate.. This filing is being made on a streamlined basis on 15 days' notice under Section 204(a)(3) of the Communications Act of 1934, as amended.

2. Exogenous Cost Change

On June 29, 2007, the Commission released an *Order* in CG docket 03-123, Telecommunications Relay Services and Speech-

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to-Speech Services for Individuals with Hearing and Speech Disabilities, DA 07-2904 ("*2007 TRS Order*"). In the *2007 TRS Order*, the Commission set the Telecommunications Relay Services ("TRS") contribution factor at 0.0072 for the July 2007 to June 2008 funding period. Because the *2007 TRS Order* was not released in time to be included in the 2007 Annual Access Tariff Filings, Citizens makes an exogenous change to recognize the increased level of TRS contributions with this filing.

The funding base to which the TRS contribution factor is applied is the interstate end user revenues for 2006 as reported on Form 499-A. Citizens reduces the funding base by its percentage of non-price cap end user revenues to get the price cap portion of the funding base. The annualized amount of current TRS obligation attributable to price caps is computed by multiplying the price cap portion of the funding base by the contribution factor. Citizens makes an exogenous adjustment for the difference between this amount and the amount embedded in current rates.

Calculation of exogenous change for TRS costs is shown on Exhibits 1.1-5, 1.2-5, 1.3-5, and 1.4-5 for the four Rate Groups.

### 3. Price Cap Ratemaking

End User Common Line (EUCL), Presubscribed Interexchange Carrier Charge (PICC), and Carrier Common Line (CCL) rates are developed in accordance with the Commission's rules applicable to price cap carriers. No changes are proposed to the rate elements comprising the Average Traffic Sensitive rate. All other rates subject to price cap regulation are set to achieve a below-cap, within-band filing. Citizens supplies exhibits detailing the various price cap rate calculations, including exhibits detailing price cap revenues at a rate element level. Tariff Review Plans ("TRPs") in the format prescribed by the Commission are included to demonstrate compliance with the relevant price cap rules.

4. USF Recovery Charge

On September 13, 2007, the Commission released a *Public Notice*, Proposed Fourth Quarter 2007 Universal Service Contribution Factor, DA 07-3928 ("*4Q07 USF Notice*"). The *4Q07 USF Notice* proposes a universal service contribution factor of 11.0% for the third quarter of 2007. In this filing, Citizens changes its USF Recovery Charge rate element to 11.0% in keeping with the change in the underlying contribution factor.