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May 14, 2012

VIA ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: WC Docket No. 12-63

Dear Ms. Dortch:

On May 10, 2012, a meeting took place (with some individuals participating by telephone) among the undersigned, Michael Shultz of Consolidated Communications, Eric Einhorn and Cesar Caballero of Windstream Corporation, Michael Saperstein and Ken Mason of Frontier Communications, and Victoria Goldberg, Nick Alexander, Pamela Arluk, Travis Litman, Deena Shetler, and Douglas Slotten of the Wireline Communications Bureau staff, to discuss the above-referenced Petition for Waiver.

The Petitioners suggested that, in lieu of initializing price cap rates as of July 1, 2012, at the 2011 NECA pool rates as proposed in the Petition for Waiver, they would be willing to initialize their price cap rates based on an adjustment to the NECA pool rates reflecting each converting company's particular net payment to or receipts from the pool, as detailed on the attachment to this letter.

Respectfully submitted,

/ *electronically signed* /

Russell M. Blau
Attorney for Consolidated Communications, Inc.

cc:	Michael Shultz	Pamela Arluk
	Eric Einhorn	Travis Litman
	Cesar Caballero	Deena Shetler
	Michael Saperstein	Douglas Slotten
	Ken Mason	Nick Alexander
	Victoria Goldberg	

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Modified Proposal for Average Schedule Company
Conversion to Price Cap Regulation

1. All of the Petitioners are currently charging the maximum permitted End User Common Line rates (of $6.50 for residential and single-line business, and $9.20 for multi-line business), so they would not be required to make any adjustment to common line rate elements upon conversion.

2. Petitioners would initialize their rates for the switched access traffic sensitive, trunking, and special access baskets by adjusting the 2011 NECA pool rates as reflected in Exhibit 1 and as follows:

a) Base period customer revenue = revenues collected from access customers for services provided in the relevant basket on an annualized basis starting July 1, 2011 through April 2012 (see Exhibit 1 column A, B, C, and D).

b) Base period realized revenue at the authorized rate of return = NECA pool settlements and less LSS Receipts for the tariff year starting July 1, 2011 (see Exhibit 1 column E, F, and G).

c) The Initial Price Cap rates will be determined by each holding company on a combined study area level. The proposed switched access revenue = the traffic sensitive and trunking element demand times the initial price cap rates. The proposed special access revenue = the special access element demand times the initial special access price cap rates (see Exhibit 1 column I through N).

d) Each company will establish initial price cap rates for each element where the total switched access plus special access revenue does not exceed the base period realized revenue (see Exhibit 1 column O cannot exceed column G).

3. In some cases, this adjustment may result in switched access rates that are higher than those that were in effect in 2011-12; the Commission would have to waive 47 CFR § 51.907(a) to permit this.

4. After conversion, switched access rates would be removed from price cap regulation and would be subject to the transition schedule for Price Cap Carriers under § 51.907(b)-(h),* and the converted companies would be eligible for access recovery as Non-CALLS Price Cap Carriers under § 51.915. For purposes of 51.915(c), these companies' Price Cap Carrier Base Period Revenue would be the base period realized revenue (as defined in 2(b)) for Fiscal Year 2011.

5. After conversion, special access rates would be subject to adjustment annually pursuant to §§ 61.41 – 61.49 and other applicable rules.

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* The first-step (July 1, 2012) reduction in intrastate access charges for price cap carriers under § 51.907(b) is the same as that for rate-of-return carriers under § 51.909(b), so it would not be affected by the proposed conversion.